

General Assembly Documents

Treasurer's report

30th September 2010



The EUROPARC Federation Treasurer's Report, Fiscal Year 2009

General Assembly 2010

The EUROPARC Federation continued to deliver an exciting and valuable service to all its PA's in 2009 with approximately 423 registered members and numbers of valuable programs such as the WWF Danube-Carpathian Program, the CharterNet, Alfred Toepfer Scholarships, the 100 years of National Parks project, PARKS & BENEFITS project, the contribution to the PAME project, the NatuRegio project, and of course the EUROPARC programmes Transboundary Protected Areas: Following Nature's Design Initiative, in addition to the EUROPEAN Charter for Sustainable Tourism, the European Day of Parks and last but not least the Junior Ranger programme.

The investment policy and strategy are overseen by the Council and are implemented by the Directorate and the staff.

Although the general weak financial situation of public administrations around Europe and the continuous cutting on State budgets, the Federation is in good financial condition and ready to support the 423 members spread all around Europe as well as newcomers.

This report is based in turn on the reports assessed by our auditors and by our Director and staff of EUROPARC Federation and focuses on financial year (FY) 2009, starting from the 1st of January 2009 and ending on the 31st of December 2009.

Some important issues concerning the presentation of the scheme of the statements of accounts for the years to come will be addressed later in the report as well as on the issue of the free reserves which were reported at € 259.672,60.

Starting balance on January 1st 2009 amounted at 341.309,80. The cash balance at the beginning of the period was the same.

Auditor's Report

In March 2010 the EUROPARC Federation received a positive report from its auditors, WP StB Peter Leidel from Leidel Puching & Partner, Kinoweg 4, D-94209 Regen. The audit is made under attention of the rules of the "Institut der Wirtschaftsprüfer (IDW) – German Public Accountant. No deficiencies or material weakness was addressed after the report.

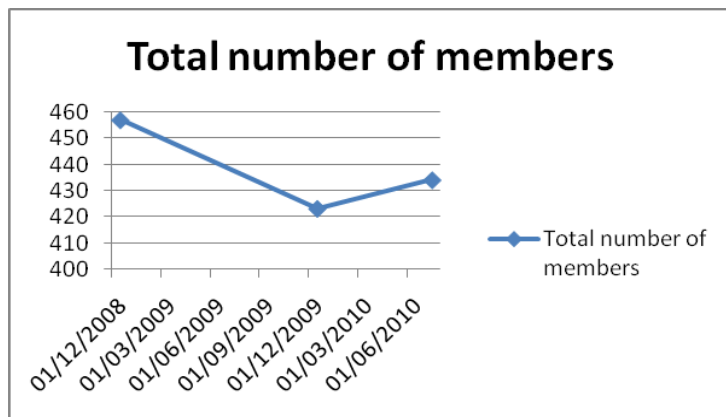
Revenues, expenses, and other changes in Net Assets

- The income received during the FY2009, amounted at 726.921,29 up from 709.857,23
- Total expenses in FY 2009 increased at 738.996,94 from 687.845,53
- **Actual** income from fees by member organisations increased to € 320.672,74 up from € 302.158.
- In addition the European Commission core grant increased to 101.600 up from € 99.175,60.
- Net result of the Federations operations was a loss of € 12.075,65 compared to a profit of € 22.011,70 of financial year 2008.

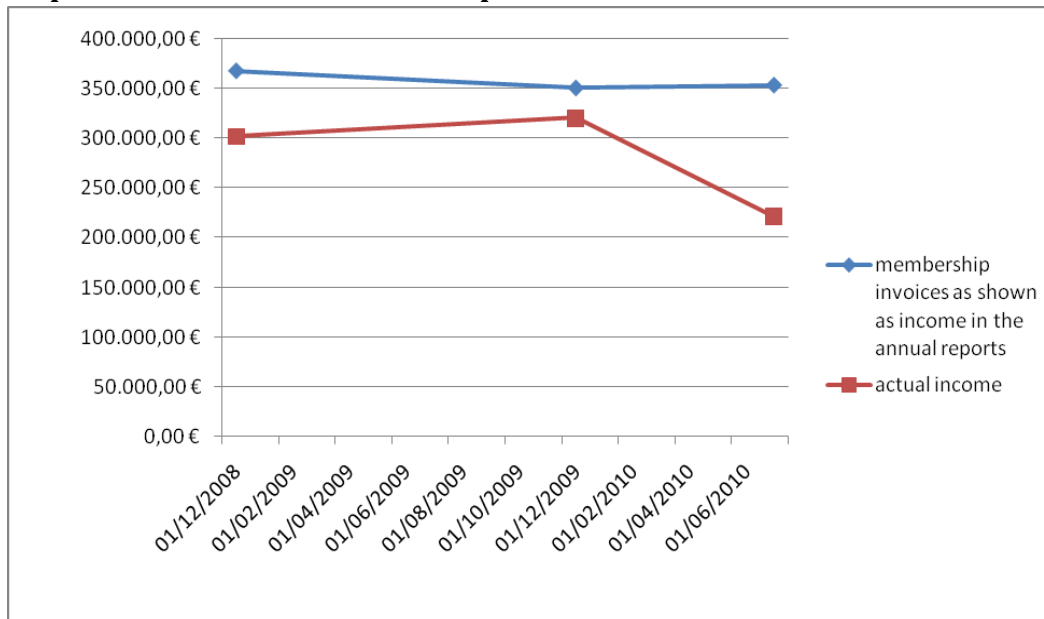
Membership Information 2008, 2009 and 2010

Date	Total number of members	Number of countries	Membership fees invoiced as shown in the annual report	Actual income on December 31st	Receivable fees as of 31st December	Comments
31.12.2008	457	39	368.078,00 €	302.157,71 €	65.920,29 €	20.560,29 were written off in December 2008, 27.000 in December 2009; rest was paid in 2009
31.12.2009	423	36	350.672,74 €	320.601,74 €	30.071,00 €	27.000 were written off in December 2009/ about 10.000 Euro were paid in 2010/ expected to write off another 20.000 in December 2010
31.07.2010	434	36	353.548,05 €	221.182,70 €	132.365,35 €	expected to write off 20.000 in December
Debts written off in 2009:						
61 members from 23 countries, 27.292,00 Euros worth of yearly membership fees were written off for 2008 AND 2009. This totals a 54.584 Euro loss in income in 2009.						
The current rate of payment for 2010 is at 63%. If membership fee payments stay at the current rate EUROPARC expects to write off another 24 members worth 20.000 Euro in membership fees for 2009 AND 2010. The total loss for 2010 will be 40.000 Euro.						

Graphic 1: Total number of members in the Federation since December 2008



Graphic 2: Income from membership fees since December 2008



Total Assets

At the end of the financial year 2009, the Federation had total assets of € 313.459,94 down from 432.040,59, in the financial year 2008. The majority of these assets (€ 213.800,80) are comprised of cash from membership fees accumulated over the past years.

The bank balances of the organizations accounts on 31.12.2009 were the following:

- Account no. 190007 351 + 39.845,13 €
- Account no. 918 501 8 + 145.177,69 €
- Account no. 918504 2 + 28.541,13 €
- Account no. 850 000 8381 - 2.024,15 €

During the FY2009 we cleared the balance from the liability we were carrying , for prospective income from memberships who had not yet paid (and are probably never going to). Those members were informed accordingly.

EUROPARC Federation Reserve Fund, 2009

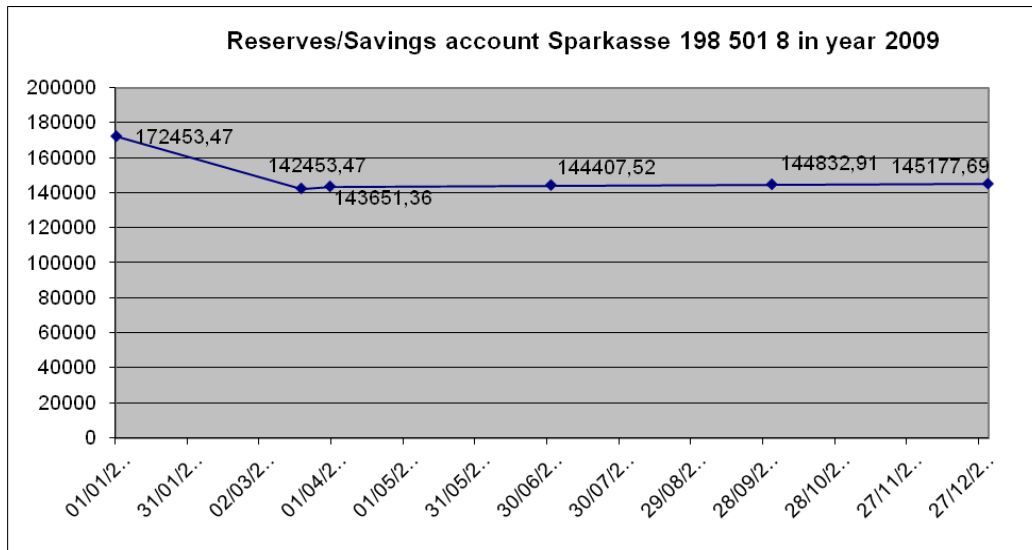
We have to draw special attention to the Reserve Fund, reported in the accounts as free profit reserve of € 271.748,25. A recommendation is to be addressed at this Assembly and at the Council.

The Profit reserve shown in the auditing for FY2009 for €259.672,60 should not be considered a Profit Reserve or Cash reserves but an accumulated figure that results from:

1. The amount that was used in 1973 to establish the Federation;
2. The profit and loss of each year since then.

Reserves/savings account 2009 information

You can see in the graph below that 30.000 Euro were taken out in March 2009 and never put back in – it was used to cover the 12.075,65 Euro deficit at the 31st of December 2009 and to increase the cash flow during the year for the current accounts.



Change Scheme

For this reason, and in the view of giving a better understanding of the figures to the Assembly as well as to deliver a governance policy about the Reserve fund, I would recommend for future years to change the scheme of the financial statements. If this is not feasible according to the German Law the auditors are to draw a by-side report on the Balance Sheet according to the following scheme:

Assets:

Cash and cash equivalent

Accounts receivable

Other receivables

Inventories

Land, building and equipment

TOTAL ASSETS

Liabilities and Net Assets:

Accounts and payable and accrued liabilities

Unearned fees and subscription

Insurance reserves

TOTAL LIABILITIES

NET ASSETS

Unrestricted (3)

General Operations

Board designated

Total unrestricted

Temporarily restricted (2)

Permanently restricted (1)

Total Net Assets

Total liabilities and net assets

In particular

(1) The restricted assets will comprise those amounts restricted by donors, grantors or applicable state law for endowment or other specific purposes.

(2) Temporarily restricted net assets comprise those amounts restricted by donors or grantors for use during a specific time period or for a particular purpose. The expiration of a temporary restriction is evidenced by a transfer of net assets to the unrestricted classification and the Council being the authorized board to do so.

(3) Unrestricted net assets include "general operations" and "board designated". General operations comprise the ongoing, day-to-day activities of the Council/Directorate, including but not limited to, service to the members, merchandise sales, program development, field support, program marketing and general operation.

Board designated net assets are designated by the Council and act as endowment; are invested in property, plant and equipment; maybe designated for use in specific program efforts.

Board Actions During 2009

During FY2009 most of the liability we were holding and which positively affected the balance sheet of past years were written off by the Council's decision for an amount of € 54.584,00 and this negatively affected the bottom line in the current FY 2009 with the small loss reported.

Financial condition, Liquidity and Capital resources

Our finances are healthy enough, although as not as strong of a footing as many of us would like, and even if we are not on the safest path, thanks to the hard work of the Directorate we trimmed back and tightened up the procedures and brought in additional money and expenditures, which will make us a better fit for the future. Next year is looking good (FY2010) and we could be in profit (assuming a stand still membership fee situation)

Acting on the recommendation of the Directorate, the Council believes that our liquidity provided by the existing cash balances, will be sufficient to satisfy its liquidity requirements during the next 12 months.

We have not capital to expand, but we are working hard on new projects from which to pay a portion of our core costs which will allow us to improve the service to our members and to maintain a high level of service to its constituents.

The Federation remains in solid financial condition thanks to the support of all of you, the Directorate, the Staff, The Council as well as other dedicated volunteers in the Sections, all together make EUROPARC Federation what it is, a Strong Entity that helps the members and all the stakeholders involved to remain effective and true to its mission.

All of this leads me to encourage the Council, the Directorate and you as mainly you as members to undertake the creative thinking and bold actions necessary to keep going on in forging a strong, sustainable future for EUROPARC Federation.

Respectfully,

Pio Forte

Treasurer

August 13, 2010