

# FINANCIAL REPORT

Updated: 11 May 2017

## Preface

Nearly one year has passed since the current bureau was elected. When I was elected Treasurer in April 2016, I promised to work on better transparent reporting. Last autumn, I presented my first interim financial report, covering 1 January till 31 July. This is the first full financial report I am presenting that covers all finances in 2016. I am happy to report that both the internal and the external auditors only had minor remarks on the bookkeeping.

The report is broadly compiled in the same fashion as the interim financial report. It includes not only the general profit and loss statement and balance sheet, but also several other in-depth budgets and actuals. The ultimate goal of providing these sheets is to give you a better insight into the finances of LYMEC, so that you and the representatives of other Member Organisations have the right financial tools for making decisions.

### No more “net” and “gross” profit and loss statements

You might remember that, in the interim financial report, I chose to create a “gross” and a “net” profit and loss statement. I found that to be more transparent, because several of our external sponsors (ALDE Group, ELF, etc.) mostly provide us with project-based funding. In other words, they only sponsor a specific event or a specific expenditure.

In the “net” profit and loss statement, those project-based funds were not shown. Only the funds that LYMEC can distribute freely were shown in the reduced statement. This, in my opinion, would help LYMEC Congress get a better picture of the spending it can decide on itself.

However, I have now decided to only keep the “gross” profit and loss statement. I mainly decided that because most of our project-based funding does *not* go through our bank accounts, that is: our project sponsors (e.g. ELF, ALDE Group) are mostly invoiced directly. If LYMEC, for example, organises an ELF seminar, the hotel sends the invoice to ELF, not to LYMEC.

In the “gross” profit and loss statement (which I presented in the interim report last November) I added *all* expenses for projects, including the expenses that were invoiced to our sponsors. The external auditor advised against doing so, despite it being allowed.

Now that I have followed the advice of our external auditor, the difference between the “gross” and “net” profit and loss is less than 10.000 euros, instead of some 60.000 euros. Therefore, there is no need for detailing a net and a gross profit and loss statement next to the gross profit and loss statement.

### New: attachments 3 and 4 for project expenses

In order to keep a similar level of transparency regarding the project expenses that are paid for by our sponsors, I have included attachments 3 and 4 for the ALDE Group and ELF grant, respectively. In those attachments, you will find the expenses that have gone through our accounts, and which have not.

### Reading this report

This report starts with a paragraph with general remarks: the ‘State of our finances’. After that, I will thoroughly discuss our income, our expenses and our balance sheet – in that order. The full profit and loss statement is provided as an attachment to this report.

The road to transparent reporting does not end here. I will continue to find ways to better report, reflect and visualise our finances throughout the rest of my two-year mandate. Do contact me if you have any remarks or questions about this report. I am very much looking forward to hearing and reading your feedback.

Sincerely yours, on behalf of the LYMEC Bureau,

Marijn de Pagter  
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14 April 2017

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## State of our finances

The finances of LYMEC are in a good shape, despite a struggle with the gala dinner restaurant of our anniversary congress (see detailed paragraph on page 13). LYMEC has excellent working relationships with both the European Liberal Forum (ELF), ALDE Group and ALDE Party, all three of which kindly sponsor events or general office expenses. Also, LYMEC profits from the Erasmus+ grant of the European Commission, which allows LYMEC to have paid staff (our Secretary General and Assistant) at the office in Brussels.

LYMEC budgeted a financial loss in 2016, but the actual loss is inflated by three factors:

- The remaining European Commission Grant has not been received yet, so that it has to be booked in 2017. (€10.000,-)
- We've booked 15 months of rent in 2016, so that 9 months will be booked in 2017. (€1500,-)
- We have been forced to write off 4.200 euros for a deposit LYMEC paid to the gala dinner restaurant at our Congress. Up to this date, the deposit has not been reimbursed, but the Bureau is still keen on getting the money back. I refer to page 13 for more detailed info.

## In short: the profit and loss figures

<b>Profit and loss</b>		
<b>Income</b>	<b>2016 Budget</b>	<b>Actuals</b>
<b>A General Income</b>	<b>132.815,00</b>	<b>130.427,99</b>
<b>B Project-based income</b>	<b>96.600,00</b>	<b>8.628,29</b>
<b>C Other income</b>	<b>380,00</b>	<b>385,81</b>
<b>TOTAL INCOME</b>	<b>229.795,00</b>	<b>139.442,09</b>
<b>Expenses</b>	<b>2016 Budget</b>	<b>Actuals</b>
<b>D Non policy-related general expenses</b>	<b>11.340,00</b>	<b>13.231,11</b>
<b>E Policy-related general expenses</b>	<b>120.720,00</b>	<b>122.038,00</b>
<b>F Project expenses</b>	<b>100.280,00</b>	<b>17.683,96</b>
<b>G Other expenses</b>	<b>400,00</b>	<b>400,00</b>
<b>TOTAL EXPENSES</b>	<b>232.740,00</b>	<b>153.353,07</b>
<b>NET PROFIT</b>	<b>-2.945,00</b>	<b>-13.910,98</b>

Please bear in mind that the 2016 Budget included all the project-based funding that does not pass our bank accounts. (see preface) This explains the difference in project-based income.

## Income in detail

The following section will show all income accounts, section by section, and offer explanations to what is and what is not included in every account.

<b>A</b>	<b>General income</b>	<b>2016 Budget</b>		<b>Actuals</b>
<b>Account</b>				
<b>1</b>	<b>European Commission Grant</b>	<b>50.000,00</b>		<b>40.000,00</b>
<b>2</b>	<b>ALDE Party Grant</b>	<b>40.000,00</b>		<b>39.989,82</b>
<b>3</b>	<b>Membership Fees</b>	<b>€ 17.050,00</b>	<b>€</b>	<b>17.550,16</b>
3.1	Member Organisation Membership fees	16.050,00		16.259,16
3.2	Individual Membership fees	1.500,00		1.660,00
3.3	Membership fee reductions	-500,00		-369,00
<b>4</b>	<b>Participation Fees</b>	<b>€ 25.750,00</b>	<b>€</b>	<b>26.773,00</b>
4.1	Spring Congress	13.250,00		13.705,00
4.2	Autumn Congress	12.500,00		13.068,00
<b>5</b>	<b>ELF Organiser grant</b>	<b>€ -</b>	<b>€</b>	<b>5.900,00</b>
<b>6</b>	<b>Donations</b>	<b>€ 10,00</b>	<b>€</b>	<b>210,00</b>
<b>7</b>	<b>Other general income</b>	<b>€ 5,00</b>	<b>€</b>	<b>5,01</b>
<b>TOTAL GENERAL INCOME</b>		<b>132.815,00</b>		<b>130.427,99</b>

### A.1 | European Commission Grant

The largest general funding LYMEC receives is the Erasmus+ grant of the European Commission. LYMEC has to apply for this grant every three years. Every spring, LYMEC receives 80 percent of the requested amount. After closing the books of a financial year and reporting to the Commission, LYMEC receives the other 20 percent.

On the date of writing this financial report, the 20 percent (10.000 euros) still had not been received. This means that, once we have received it, we will have to book it on 2017 as 'income previous financial year'. Because of this, the deficit for 2016 is inflated. In 2017, we should have an inflated surplus for the very same reason.

## A.2 | ALDE Party Grant

Another large donor is the ALDE Party. Even though ALDE Party only sponsors actual costs, these can be any (office) expense. Therefore, the ALDE Party grant is considered general funding.

## A.3 | Membership fees

The total fees invoiced to our Member Organisations in 2016 amount to 16.259,16 euros. By 31 December, €2.956,84 of this amount (from 13 organisations) had not been collected yet. Two organisations are proposed for disaffiliation during this congress. The other 11 organisations have received reminders. Some will apply for debt reduction in 2017.

LYMEC Congress can decide to reduce the membership fee or debt of an organisation. In 2016, Spring Congress has decided to reduce the fees of two organisations: MLBiH (Bosnia) and LYM (Moldova). During that congress, debts of ECPY (Estonia) had also been written off. Those are not shown here, but are written off through the 'allowance for doubtful accounts' on the balance sheet.

### A.3.2 | Individual membership fees

LYMEC has a growing number of Individual Members. Members of the Individual Members Section (IMS) pay through PayPal, so that the payments can be automated every time the membership ends. LYMEC has three membership types:

- One year membership: 10 euros
- Five-year membership: 35 euros
- Lifelong membership: 90 euros

Currently, existing members are not automatically invoiced but can rather voluntarily renew their membership. Most IMS members have an automatic payment plan through PayPal. Consider the following example:

A young European joins LYMEC as a one-year member on 1 August 2016 and sets up an automatic payment plan. Her membership ends on 31 July 2017. PayPal automatically pays a new year of membership on 1 August 2017. The individual member can, however, ask PayPal to end the payment plan (before 1 August 2017) or ask PayPal for a reimbursement (shortly after 1 August), thereby ending her membership.

For financial purposes and for better membership management, automatic invoicing shall be introduced in the future. That way, we can keep a better eye on the individual members that we are expecting payments from and those that terminate their membership. This does not change any of the rights of the individual member, though. The invoice of an individual that terminates his or her membership, shall simply be voided.

## A.4 | Participation fees

The participation fees of congresses are collected by LYMEC. The income that is created is therefore technically not attached to a project and can be spent on any expense. Therefore, the participation fees are shown in general income.

## A.5 | ELF Organisers grant

Since LYMEC organises several ELF events, LYMEC can collect an organisers fee. The organisers fee amounts to a maximum of 20% of the expenses of the events that have been organised.

## A.6 and A.7 | Donations and other general income

Donations are high because several bureau members donated refunds which they received from other organisations to LYMEC. Once, for example, a bureau member was paid for representing LYMEC at an

event and donated that amount to LYMEC. The small amount in ‘other general income’ is due to the fact that LYMEC sold one of its books in 2016.

<b>B Project-based income</b>		<b>2016 Budget</b>	<b>Actuals</b>
<b>Account</b>			
<b>1</b>	<b>ALDE Group Grants</b>	<b>36.600,00</b>	<b>1.619,58</b>
1.1	Spring Congress	10.000,00	-
1.2	Autumn Congress	25.000,00	-
1.3	Macedonia Seminar	1.600,00	1.619,58
<b>2</b>	<b>European Liberal Forum Grants</b>	<b>40.000,00</b>	<b>7.008,71</b>
2.1	Spring Congress Seminar	5.000,00	-
2.2	Autumn Congress Seminar	6.250,00	1.360,78
2.3	Young Leaders Meeting	7.000,00	1.842,03
2.4	IMS / ELSN Event	2.600,00	1.929,60
2.5	Defending Europe	7.300,00	722,62
2.6	Bucharest Seminar Neighbourhood Policy	5.350,00	1.153,68
2.7	Young Liberals in Parliaments	6.500,00	-
<b>3</b>	<b>ALDE Party Congress Grant</b>	<b>20.000,00</b>	<b>-</b>
3.1	Spring Congress	10.000,00	-
3.2	Autumn Congress	10.000,00	-
<b>TOTAL PROJECT-BASED INCOME</b>		<b>96.600,00</b>	<b>8.628,29</b>

### B.1 | ALDE Group Grants

The ALDE Group Grant used to be a so-called ‘lump sum’ grant. That meant the grant could be used to cover any LYMEC expense, just like the European Commission Grant can be used for any expense. However, the grant is project-based from 2016 onwards.

Also, all expenses in 2016 that were covered by the ALDE Group grant have been invoiced directly to the ALDE Group. That means the money does not pass our bookkeeping. Therefore, it is not advised to state the grant, nor the expenses, in our profit and loss statement.

A detailed statement of the expenses that were covered by ALDE Group is found in attachment 3.

### B.2 | European Liberal Forum Grants

The European Liberal Forum funds full events. For example, the education seminar in Brussels was funded by ELF, as well as the seminar at the start of our Spring Congress.

Some expenses for these events are paid directly by ELF. As is the case for booking code B.1, those expenses cannot be shown in our profit and loss statement, as ELF is directly invoiced, not LYMEC.

Other expenses for ELF events are paid by LYMEC and, after that, reimbursed by ELF. Those expenses are shown in our profit and loss statement, since LYMEC was invoiced for those expenses.

A detailed statement of the expenses that were covered by ELF is found in attachment 4.

### B.3 | ALDE Party Congress Grants

The ALDE Party covers 10.000 euros for the hotel during a LYMEC congress. This payment does not pass through our bank account but is instead paid for directly by the ALDE Party. Therefore, the grants are not shown in our profit and loss statement.



<b>C Other income</b>	<b>2016 Budget</b>	<b>Actuals</b>
<b>Account</b>		
<b>1 Income previous financial year</b>	<b>330,00</b>	<b>332,55</b>
<b>2 Interest bank accounts</b>	<b>50,00</b>	<b>53,22</b>
<b>3 Rounding</b>	<b>-</b>	<b>0,04</b>
<b>TOTAL OTHER INCOME</b>	<b>380,00</b>	<b>385,81</b>

### C.1 | Income previous financial year

LYMEC has switched to fully accrual<sup>1</sup> bookkeeping in 2016, but some of last year's income was booked after closing the 2015 books. That is shown in this account. In 2017, the 'income previous financial year' will cease to exist because of the switch to accrual bookkeeping.

### C.3 | Rounding

This is an automatically generated account. If a debtor pays a rounded amount of an invoice (e.g. 5 instead of 4,99), this account is automatically adjusted.

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<sup>1</sup> Cash-based bookkeeping records any revenue or expense on the day cash is received or paid. Accrual bookkeeping records income when it is earned (e.g. the day of sending an invoice) and records deductions when expenses are incurred (e.g. the day of receiving an invoice). An accrual-based booking system reflects the financial state of LYMEC much better.

## Expenses in detail

The following section will show all expense budget lines, section by section, and offer explanations to what is and what is not included in every budget line. The expenses are divided in the following fashion.

- Non policy-related general expenses: expenses that are recurring yearly and that are not influenced by LYMEC Policy. These include bank fees, audit expenses, etc.
- Policy-related general expenses: all general expenses that can be influenced by LYMEC policy.
- Project expenses: all expenses that are related to projects and events.
- Other expenses: expenses for the previous financial year that have been booked in 2016 or expenses that are booking-system-generated, such as 'rounding'.

<b>D Non-policy related general expenses</b>	<b>2016 Budget</b>	<b>Actuals</b>
<b>Account</b>		
<b>1 Association fees</b>	<b>2.115,00</b>	<b>2.115,00</b>
<b>2 Audit Expenses</b>	<b>4.000,00</b>	<b>4.028,60</b>
2.1 Internal Audit Expenses	850,00	868,08
2.2 External Audit Expenses	3.150,00	3.160,52
<b>3 Bank fees &amp; insurance</b>	<b>1.425,00</b>	<b>1.373,31</b>
3.1 Bank fees	300,00	353,76
3.2 Paypal fees	300,00	201,55
3.3 Insurance	825,00	818,00
<b>4 Bad debts reserve</b>	<b>2.500,00</b>	<b>4.500,00</b>
<b>5 VAT</b>	<b>500,00</b>	<b>507,50</b>
<b>6 Depreciation</b>	<b>800,00</b>	<b>706,70</b>
<b>TOTAL NON-POLICY RELATED GENERAL EXPENSES</b>	<b>11.340,00</b>	<b>13.231,11</b>

### D.1 | Association fees

LYMEC is members of the European Liberal Forum as well as the European Youth Forum and pays fees to both organisations. These are budgeted as Association fees.

### D.2 | Audit Expenses

The yearly Audit is done by both our own (internal) auditors and professional (external) auditors. The internal auditors meet twice a year in Brussels; their travel and accommodation is covered by LYMEC. The external audit is conducted every year by a professional company, as selected by Spring Congress. The external audit does not only improve our bookkeeping, but is also necessary because of regulations regarding the grants LYMEC receives.

The internal audit costs are very low compared to earlier years. This is the case, because our two internal auditors are from Belgium and Denmark and because the Treasurer is from the Netherlands. Travel costs are low, whilst the Treasurer is not accommodated in a hotel but at LYMEC staff or friends.

### D.3 | Bank fees & insurance

This account includes the basic fees for having a bank account at KBC Bank. Furthermore, whenever LYMEC transfers money to a country outside the euro zone, a fee is automatically charged by the bank. To reduce transfer fees, the Bureau has created an account at TransferWise. PayPal fees are automatically charged to LYMEC whenever LYMEC receives a payment on its PayPal account.

### D.4 | Bad debts reserve

If an invoice is not paid, it is seen as a 'bad debt'. This bad debt reserve makes sure LYMEC does not spend money it hasn't received and is solely an accounting measure. 4.500 euros of bad debt reserve is transferred to the 'allowance for doubtful accounts' on the balance sheet. This is 2.000 euros more than budgeted, to better deal with the financial risk of bad debt write-offs in the future.

## D.5 | VAT

LYMEC sometimes pays for goods or services from outside the EU. In that case, LYMEC pays VAT separately to the Belgian tax authorities.

## D.6 | Depreciation

When LYMEC orders new office equipment, those goods still have financial value. The good (e.g., a laptop) is placed on the balance sheet and written off as the good loses its value (as time passes). The bookkeeping system calculates this 'depreciation' automatically.

<b>E</b>	<b>Policy-related general expenses</b>	<b>2016 Budget</b>	<b>Actuals</b>
	<b>Account</b>		
<b>1</b>	<b>50% contribution to all LYMEC ELF Events</b>	<b>20.000,00</b>	<b>20.000,00</b>
<b>2</b>	<b>Bureau expenses</b>	<b>7.500,00</b>	<b>7.377,81</b>
2.1	Communications	1.000,00	882,18
2.2	Bureau meetings	6.000,00	5.888,55
2.3	Other expenses	500,00	607,08
<b>3</b>	<b>Communications and PR</b>	<b>5.350,00</b>	<b>3.690,84</b>
3.1	Internet, website, e-marketing	2.000,00	1.840,37
3.2	Mailing expenses	150,00	266,00
3.3	Printed material	1.700,00	393,00
3.4	Promotional material	1.500,00	1.191,47
<b>4</b>	<b>Office</b>	<b>7.400,00</b>	<b>8.915,16</b>
4.1	Bookkeeping system	350,00	331,11
4.2	Office equipment	200,00	157,54
4.3	Reception of groups and visitors	50,00	54,00
4.4	Rent	6.000,00	7.500,00
4.5	Telecommunication costs	800,00	872,51
<b>5</b>	<b>Political activities</b>	<b>1.350,00</b>	<b>1.305,13</b>
5.1	Attending political events	700,00	616,00
5.2	Other political activities	650,00	689,13
<b>6</b>	<b>Representation</b>	<b>7.500,00</b>	<b>6.072,55</b>
6.1	ALDE Party & ALDE Group	5.000,00	3.564,77
6.2	ELF	-	56,21
6.3	IFLRY & LI	500,00	-
6.4	LYMEC MOs	2.000,00	2.195,13
6.5	European Youth Forum	-	26,32
6.6	Other	-	230,12
<b>7</b>	<b>Staff expenses</b>	<b>71.020,00</b>	<b>74.132,51</b>
<b>8</b>	<b>Online voting tool for Congresses</b>	<b>600,00</b>	<b>544,00</b>
<b>9</b>	<b>Other general expenses</b>	<b>-</b>	<b>-</b>
	<b>TOTAL POLICY-RELATED GENERAL EXPENSES</b>	<b>120.720,00</b>	<b>122.038,00</b>

## E.1 | 50% contribution to all LYMEC ELF Events

LYMEC pays 50% of the ELF events itself. This is not calculated per event, but rather based on the total grant of 40.000 euros. LYMEC pays 20.000 euros to ELF at the start of each year.

## E.2 | Bureau Expenses

These accounts show bureau expenses. E.2.1 (Communications) includes the telecommunications refund every bureau member is allowed to receive. Also, it includes the Project Management system LYMEC uses: Basecamp.

The LYMEC Bureau has gathered twice in 2016 for an in-person bureau meeting weekend (E.2.2). One Bureau Meeting and team building gathering took place in Brussels (March) and one in Strasbourg (May). The Bureau Meeting in Strasbourg coincided with Yo!Fest of the European Youth Forum, to which the LYMEC President was kindly invited as a speaker.

Other in-person Bureau Meetings took place during LYMEC events (e.g. the Young Leaders Meeting, LYMEC Congress) or through Skype.

The general expenses include the 'thank you gifts' for the bureau members that stepped down at the Electoral Congress in April as well as the Bureau Member business cards.

### [E.3, E.4 and E.5 | Communications and PR; Office; Political Activities](#)

The accounts 'Communications and PR and Office' rather speak for themselves. In account 42.1, Facebook advert expenses are also included.

#### **Rent for 2017 booked in 2016**

By accident, the rent of the first three months of 2017 has been booked in 2016. Therefore, the rent is over budget by 1.500 euros. We discussed this with the external auditor, and it is not a problem. In 2017, we will simply book 9 months of rent because 15 months were booked in 2016.

This does mean, the deficit is inflated by another 1.500 euros in this year.

#### **Political activities**

The accounts included in political activities used to be 'other' political activities and 'other' missions. We've decided to stop using 'Other missions' and have instead started using 'Attending political events'. LYMEC sometimes participates in external events or is invited to panels, roundtables, etc.. Any travel or participation fee is included in the account 'Attending political events'. One event included in this account is, for example, the Europride that took place in Amsterdam.

We have not found a definite naming of these accounts. 'Other political activities' will continue to exist for now and, in 2016, includes the costs of the gathering of the Baltic Liberal Network.

### [E.6 | Representation](#)

If LYMEC is invited to an event, such as an event of the European Youth Forum, the travel expenses are shown here. Any travel refund LYMEC receives is booked as credit (= negative expense) to the 'Representation' account. This explains why the travel expenses for representation to the European Youth Forum are this low: the refund is subtracted from the travel costs.

### [E.7 | Staff](#)

In spring, our new Secretary General – Danica Vihinen – was appointed. Because of the handover from the former Secretary General, we had double staff costs for one month.

LYMEC has, for years, had temporary Assistants at the office. The Bureau had not hired an Assistant in spring, but decided to hire one for three months from September to December 2016.

Our internal auditors have been so thorough that they found a double payment to the Belgian social security services. The office has contacted the authorities, and the double payment has been reimbursed.

#### **Holiday pay**

During the external audit, the external auditor advised to include the 2017 holiday pay for our staff in the books of 2016. In Belgian law, holiday pay is accumulated throughout the year (2016) and paid in spring of the following year (2017). The external auditor explained that Belgian tax authorities require the holiday pay to be booked in the year it is accumulated. We have followed the advice of the external

auditor and have created a provision for the holiday entitlement of our Secretary General. It is visible on our balance sheet.

<b>F Project expenses</b>		<b>2016 Budget</b>	<b>Actuals</b>
<b>Account</b>			
<b>1</b>	<b>Spring Congress</b>	<b>22.750,00</b>	<b>2.748,77</b>
<b>2</b>	<b>Autumn Congress</b>	<b>35.850,00</b>	<b>7.119,50</b>
<b>3</b>	<b>ALDE Group events</b>	<b>1.680,00</b>	<b>1.695,88</b>
3.1	Macedonia Seminar	1.680,00	1.695,88
3.2	Winter Academy	-	-
<b>4</b>	<b>ELF events</b>	<b>40.000,00</b>	<b>6.119,81</b>
4.1	ELF: Spring Congress Seminar	5.000,00	-
4.2	ELF: Autumn Congress Seminar	6.250,00	-
4.3	ELF: Young Leaders Meeting	7.000,00	2.267,01
4.4	ELF: IMS / ELSN	2.600,00	1.943,60
4.5	ELF: Defending Europe	7.300,00	722,62
4.6	ELF: Bucharest Seminar Neighbourhood Policy	5.350,00	1.186,58
4.7	ELF: Young Liberals in Parliaments	6.500,00	-
<b>TOTAL PROJECT EXPENSES</b>		<b>100.280,00</b>	<b>17.683,96</b>

#### [F.1 and F.2 | Congresses](#)

For congresses, we have several sponsors. In these project expenses, only the amounts that go are invoiced to LYMEC are shown. For other expenses, please consult attachments 3 and 4.

From 2017 onwards, full congress budgets and actuals will be shared in the financial reports as an attachment.

#### [Struggle with gala dinner restaurant over prepayment](#)

Unfortunately, the Bureau has great difficulty collecting a deposit of 4.200 euros LYMEC paid to the gala dinner restaurant. The situation is as follows.

The gala dinner in Tallinn was sponsored by the ALDE Group. Normally, in that situation, the dinner location sends its invoice directly to the ALDE Group after the event.

One week before our congress, however, it became clear that the gala dinner restaurant needed to receive a deposit of 4.200 euros to finalise the booking. Because of the short notice, ALDE Group was unable to transfer that amount to the restaurant. The LYMEC Bureau therefore decided LYMEC should pay for the deposit, in order to guarantee the celebration of our 40<sup>th</sup> anniversary.

In a clear agreement (by email) with the restaurant, LYMEC and the restaurant agreed on the following steps.

1. Before the event, LYMEC would pay the deposit of 4.200 euros;
2. After the event, ALDE Group would pay the full invoice, thus including the deposit again;
3. After the payment by ALDE Group, the restaurant would return the deposit of 4.200 to LYMEC.

Even though steps 1 and 2 have been completed, the restaurant still has not returned the prepayment. It is unclear if LYMEC will ever receive the money again.

Because of that, the Bureau has decided to write off 4.200 euros from the 2016 books. The deposit is booked as an expense under booking code F.2 in our profit and loss statement, 'Autumn congress'.

We will continue to do our best to collect the money in 2017. If we do collect it, it will be booked as extraordinary revenue in 2017. One of our Estonian member organisation, which helped organise the congress, is standing by our side. We hope to be able to collect the deposit without starting any legal procedures. If we were to start a legal battle, LYMEC stands strong because of the clear, emailed agreement.

**F.3 | ELF events**

In the ELF events, our Young Leaders Meeting is included. Just like in earlier years, LYMEC covered some expenses during the young leaders meeting. LYMEC contributed €471,88 from its own funds.

For full details of the ELF project expenses that were covered by ELF, please consult attachment 4.

<b>G Other expenses</b>	<b>2016 Budget</b>	<b>Actuals</b>
<b>Account</b>		
<b>60 Expenses previous financial year</b>	<b>400,00</b>	<b>400,00</b>
<b>61 Rounding</b>	<b>-</b>	<b>-</b>
<b>TOTAL OTHER EXPENSES</b>	<b>400,00</b>	<b>500,00</b>

**F. 60 | Expenses previous financial year**

LYMEC has switched to fully accrual<sup>2</sup> bookkeeping in 2016, but some of last year’s expenses have been booked after closing the 2015 books. Those expenses are shown in this account. In 2017, the ‘expenses previous financial year’ account will cease to exist because of the switch to accrual bookkeeping.

<sup>2</sup> See note 1 (p. 8)

## Balance

<b>Assets</b>		
<b>Account</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
<b>1 Bank</b>	<b>44.143,63</b>	<b>45.305,37</b>
1.1 KBC Current Account	4.680,93	4.011,85
1.2 KBC Savings Accounts	38.929,48	40.709,81
1.3 LYMEC PayPal	533,22	583,71
<b>2 Current Assets</b>	<b>12.666,87</b>	<b>18.042,10</b>
2.1 Accounts Receivable	19.170,11	15.130,26
2.2 Accrued Income	0,00	9.634,48
2.3 Allowance for doubtful accounts	-6.503,24	-6.722,64
<b>3 Fixed Assets</b>	<b>1.582,98</b>	<b>1.653,70</b>
3.1 Accumulated Depreciation	-1.051,63	-344,93
3.2 Fixed assets	2.634,61	1.998,63
<b>TOTAL ASSETS</b>	<b>58.393,48</b>	<b>65.001,17</b>

  

<b>Liabilities</b>		
<b>Account</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
<b>4 Current Liabilities</b>	<b>7303,29</b>	-
4.1 Accounts Payable	1867,55	-
4.2 Holiday pay provision	5.088,96	-
4.3 Accrued expense	346,78	-
<b>5 Equity</b>	<b>51.090,19</b>	<b>65.001,17</b>
5.1 Current Year Earnings	-13.910,98	4.691,43
5.2 Retained Earnings	65.001,17	60.309,74
<b>TOTAL LIABILITIES</b>	<b>58.393,48</b>	<b>65.001,17</b>

### 1 | Bank Accounts

LYMEC has three bank accounts: two accounts at KBC Bank (one Current, one Savings) and one account at PayPal. The PayPal accounts is used to collect membership fees from our Individual Members and participation fees from people attending our congresses.

### 2 | Current Assets

The Current Assets include invoices that had not been paid on 31 December as 'Accounts Receivable'. The larger part of the €19.170,11 shown was collected in January. A full list of the accounts receivable of 31 December is shown in attachment 2.

Some of the unpaid invoices are old and will most likely never be collected (e.g. invoices sent to member organisations that are not active anymore). Therefore, we use the 'Allowance for doubtful accounts'. That accounts serves as a financial reserve for invoices that will most likely have to be written off in the future. If an old invoice is written off, it is written off from the reserves generated by the allowance.

A full list of the Accounts Receivable is attached to this financial report.

### 4 | Current Liabilities

Any bills LYMEC still needed to pay on 31 December, are shown in the Accounts Payable. These have been paid by LYMEC in January.

The holiday pay provision has been added at the advice of our external auditor. For more information, please consult the explanation at booking code E.7 (Staff).

The accrued expense account includes bills related to 2016 that were sent in January 2017.

## Attachment 1: Full Profit & Loss Statement

<b>INCOME</b>				
<b>A</b>	<b>General income</b>	<b>2016 Budget</b>		<b>Actuals</b>
<b>Account</b>				
<b>1</b>	<b>European Commission Grant</b>		<b>50.000,00</b>	<b>40.000,00</b>
<b>2</b>	<b>ALDE Party Grant</b>		<b>40.000,00</b>	<b>39.989,82</b>
<b>3</b>	<b>Membership Fees</b>	€	<b>17.050,00</b>	€ <b>17.550,16</b>
3.1	Member Organisation Membership fees		16.050,00	16.259,16
3.2	Individual Membership fees		1.500,00	1.660,00
3.3	Membership fee reductions		<b>-500,00</b>	<b>-369,00</b>
<b>4</b>	<b>Participation Fees</b>	€	<b>25.750,00</b>	€ <b>26.773,00</b>
4.1	Spring Congress		13.250,00	13.705,00
4.2	Autumn Congress		12.500,00	13.068,00
<b>5</b>	<b>ELF Organiser grant</b>	€	<b>-</b>	€ <b>5.900,00</b>
<b>6</b>	<b>Donations</b>	€	<b>10,00</b>	€ <b>210,00</b>
<b>7</b>	<b>Other general income</b>	€	<b>5,00</b>	€ <b>5,01</b>
<b>TOTAL GENERAL INCOME</b>			<b>132.815,00</b>	<b>130.427,99</b>
<b>B</b>	<b>Project-based income</b>	<b>2016 Budget</b>		<b>Actuals</b>
<b>Account</b>				
<b>1</b>	<b>ALDE Group Grants</b>		<b>36.600,00</b>	<b>1.619,58</b>
1.1	Spring Congress		10.000,00	-
1.2	Autumn Congress		25.000,00	-
1.3	Macedonia Seminar		1.600,00	1.619,58
<b>2</b>	<b>European Liberal Forum Grants</b>		<b>40.000,00</b>	<b>7.008,71</b>
2.1	Spring Congress Seminar		5.000,00	-
2.2	Autumn Congress Seminar		6.250,00	1.360,78
2.3	Young Leaders Meeting		7.000,00	1.842,03
2.4	IMS / ELSN Event		2.600,00	1.929,60
2.5	Defending Europe		7.300,00	722,62
2.6	Bucharest Seminar Neighbourhood Policy		5.350,00	1.153,68
2.7	Young Liberals in Parliaments		6.500,00	-
<b>3</b>	<b>ALDE Party Congress Grant</b>		<b>20.000,00</b>	<b>-</b>
3.1	Spring Congress		10.000,00	-
3.2	Autumn Congress		10.000,00	-
<b>TOTAL PROJECT-BASED INCOME</b>			<b>96.600,00</b>	<b>8.628,29</b>
<b>C</b>	<b>Other income</b>	<b>2016 Budget</b>		<b>Actuals</b>
<b>Account</b>				
<b>1</b>	<b>Income previous financial year</b>	€	<b>330,00</b>	€ <b>332,55</b>
<b>2</b>	<b>Interest bank accounts</b>	€	<b>50,00</b>	€ <b>53,22</b>
<b>3</b>	<b>Rounding</b>	€	<b>-</b>	€ <b>0,04</b>
<b>TOTAL OTHER INCOME</b>		€	<b>380,00</b>	€ <b>385,81</b>
<b>GROSS PROFIT</b>			<b>229.795,00</b>	<b>139.442,09</b>



## EXPENSES

<b>D</b>	<b>Non-policy related general expenses</b>	<b>2016 Budget</b>	<b>Actuals</b>
	<b>Account</b>		
<b>1</b>	<b>Association fees</b>	<b>2.115,00</b>	<b>2.115,00</b>
<b>2</b>	<b>Audit Expenses</b>	<b>4.000,00</b>	<b>4.028,60</b>
2.1	Internal Audit Expenses	850,00	868,08
2.2	External Audit Expenses	3.150,00	3.160,52
<b>3</b>	<b>Bank fees &amp; insurance</b>	<b>1.425,00</b>	<b>1.373,31</b>
3.1	Bank fees	300,00	353,76
3.2	Paypal fees	300,00	201,55
3.3	Insurance	825,00	818,00
<b>4</b>	<b>Bad debts reserve</b>	<b>2.500,00</b>	<b>4.500,00</b>
<b>5</b>	<b>VAT</b>	<b>500,00</b>	<b>507,50</b>
<b>6</b>	<b>Depreciation</b>	<b>800,00</b>	<b>706,70</b>
	<b>TOTAL NON-POLICY RELATED GENERAL EXPENSES</b>	<b>11.340,00</b>	<b>13.231,11</b>

<b>E</b>	<b>Policy-related general expenses</b>	<b>2016 Budget</b>	<b>Actuals</b>
	<b>Account</b>		
<b>1</b>	<b>50% contribution to all LYMEC ELF Events</b>	<b>20.000,00</b>	<b>20.000,00</b>
<b>2</b>	<b>Bureau expenses</b>	<b>7.500,00</b>	<b>7.377,81</b>
2.1	Communications	1.000,00	882,18
2.2	Bureau meetings	6.000,00	5.888,55
2.3	Other expenses	500,00	607,08
<b>3</b>	<b>Communications and PR</b>	<b>5.350,00</b>	<b>3.690,84</b>
3.1	Internet, website, e-marketing	2.000,00	1.840,37
3.2	Mailing expenses	150,00	266,00
3.3	Printed material	1.700,00	393,00
3.4	Promotional material	1.500,00	1.191,47
<b>4</b>	<b>Office</b>	<b>7.400,00</b>	<b>8.915,16</b>
4.1	Bookkeeping system	350,00	331,11
4.2	Office equipment	200,00	157,54
4.3	Reception of groups and visitors	50,00	54,00
4.4	Rent	6.000,00	7.500,00
4.5	Telecommunication costs	800,00	872,51
<b>5</b>	<b>Political activities</b>	<b>1.350,00</b>	<b>1.305,13</b>
5.1	Attending political events	700,00	616,00
5.2	Other political activities	650,00	689,13
<b>6</b>	<b>Representation</b>	<b>7.500,00</b>	<b>6.072,55</b>
6.1	ALDE Party & ALDE Group	5.000,00	3.564,77
6.2	ELF	-	56,21
6.3	IFLRY & LI	500,00	-
6.4	LYMEC MOs	2.000,00	2.195,13
6.5	European Youth Forum	-	26,32
6.6	Other	-	230,12
<b>7</b>	<b>Staff expenses</b>	<b>71.020,00</b>	<b>74.132,51</b>
<b>8</b>	<b>Online voting tool for Congresses</b>	<b>600,00</b>	<b>544,00</b>
<b>9</b>	<b>Other general expenses</b>	<b>-</b>	<b>-</b>
	<b>TOTAL POLICY-RELATED GENERAL EXPENSES</b>	<b>120.720,00</b>	<b>122.038,00</b>

<b>F</b>	<b>Project expenses*</b>	<b>2016 Budget</b>	<b>Actuals</b>
	<b>Account</b>		
<b>1</b>	<b>Spring Congress</b>	<b>22.750,00</b>	<b>2.748,77</b>
<b>2</b>	<b>Autumn Congress</b>	<b>35.850,00</b>	<b>7.119,50</b>
<b>3</b>	<b>ALDE Group events</b>	<b>1.680,00</b>	<b>1.695,88</b>
3.1	Macedonia Seminar	1.680,00	1.695,88
3.2	Winter Academy	-	-
<b>4</b>	<b>ELF events</b>	<b>40.000,00</b>	<b>6.119,81</b>
4.1	ELF: Spring Congress Seminar	5.000,00	-
4.2	ELF: Autumn Congress Seminar	6.250,00	-
4.3	ELF: Young Leaders Meeting	7.000,00	2.267,01
4.4	ELF: IMS / ELSN	2.600,00	1.943,60
4.5	ELF: Defending Europe	7.300,00	722,62
4.6	ELF: Bucharest Seminar Neighbourhood Policy	5.350,00	1.186,58
4.7	ELF: Young Liberals in Parliaments	6.500,00	-
	<b>TOTAL PROJECT EXPENSES</b>	<b>100.280,00</b>	<b>17.683,96</b>
<b>G</b>	<b>Other expenses</b>	<b>2016 Budget</b>	<b>Actuals</b>
	<b>Account</b>		
<b>1</b>	<b>Expenses previous financial year</b>	<b>400,00</b>	<b>400,00</b>
<b>2</b>	<b>Rounding</b>	<b>-</b>	<b>-</b>
	<b>TOTAL OTHER EXPENSES</b>	<b>400,00</b>	<b>400,00</b>
	<b>TOTAL EXPENSES</b>	<b>232.740,00</b>	<b>153.353,07</b>
	<b>NET PROFIT</b>	<b>-2.945,00</b>	<b>-13.910,98</b>

\*Only expenses paid by grants that were invoiced to LYMEC are shown in the profit and loss statement. Most expenses that were funded by ALDE Group and ELF were invoiced directly to them. Please consult attachment 3 and 4 for more information.

## Attachment 2: Accounts receivable of 31 December 2016

<b>A Membership fees 2014</b>						
Debtor	Invoice Date	Type of debt	Amount (€)	Status	Remarks	
1 Jeunes Radicaux de Gauche	13-1-2014	Associate membership 2014	175,00	Payment unlikely	Have paid 2015 and 2016	
2 Mladi LDP	13-1-2014	Membership fee 2014	882,96	Pending	Applies for debt reduction	
3 Mladi Liberali Slovakia	13-1-2014	Membership fee 2014	197,68	Payment very unlikely	<b>Organisation will be suspended</b>	
4 MLD Slovenia	13-1-2014	Membership fee 2014	229,48	<b>Will be written off</b>	<b>Organisation will be disaffiliated</b>	
5 Norges Liberale Studentforbund	13-1-2014	Membership fee 2014	175,00	Payment unlikely	Applied for debt reduction	
6 Youth Movement of Republican Party	13-1-2014	Associate membership 2014	175,00	Payment unlikely	Have paid more recent years	
7 Youth of NMSP	13-1-2014	Associate membership 2014	175,00	<b>Will be written off</b>	<b>Organisation will be disaffiliated</b>	
<b>Total 2014 fees</b>			<b>2.010,12</b>			
<b>B Membership fees 2015</b>						
Debtor	Invoice Date	Type of debt	Amount (€)	Status	Remarks	
1 Armenian National Movement Youth	19-1-2015	Membership fee 2015	214,48	Pending	Applies for debt reduction	
2 Eesti Keskerakonna Noortekogu	19-1-2015	Membership fee 2015	116,00	Payment unlikely	Had debt reduced in spring 2016, but haven't been in contact since	
3 Jungfreisinnige Schweiz	19-1-2015	Membership fee 2015	292,00	Payment unlikely	Refuse to pay membership fee	
4 Lietuvos Liberalus Jaunimas	19-1-2015	Membership fee 2015	100,00	Payment unlikely	Have paid more recent years	
5 Mladi LDP	19-1-2015	Membership fee 2015	882,96	Pending	Applies for debt reduction	
6 Mladi Liberali Slovakia	19-1-2015	Membership fee 2015	197,68	Payment very unlikely	<b>Organisation will be suspended</b>	
7 MLD Slovenia	19-1-2015	Membership fee 2015	229,48	<b>Will be written off</b>	<b>Organisation will be disaffiliated</b>	
8 Norges Liberale Studentforbund - NLSF	19-1-2015	Membership fee 2015	175,00	Pending	Applies for debt reduction	
9 Projekt:Polaska	19-1-2015	Membership fee 2015	201,52	Payment unlikely	---	
10 Youth Movement of Republican Party	19-1-2015	Associate membership 2015	175,00	Payment unlikely	Have paid more recent years	
11 Youth of NMSP	19-1-2015	Associate membership 2015	175,00	<b>Will be written off</b>	<b>Organisation will be disaffiliated</b>	
<b>Total 2015 fees</b>			<b>2.759,12</b>			

<b>C Membership fees 2016</b>						
Debtor	Invoice Date	Type of debt	Amount (€)	Status	Remarks	
1 Armenian National Movement Youth	14-1-2016	Membership fee 2016	214,48	Pending	Applies for debt reduction	
2 Civil Forum- Gramadyanski Forum	14-1-2016	Membership fee 2016	40,00	Pending	---	
3 Mladi Liberali Bosne i Hercegovine	14-1-2016	Membership fee 2016	10,00	Pending	---	
4 European Youth of Ukraine	15-1-2016	Membership fee 2016	263,72	Pending	---	
6 Jungfreisinnige Schweiz - JFS	15-1-2016	Membership fee 2016	292,00	Payment unlikely	Refuse to pay membership fee	
7 LIDEM Macedonia	15-1-2016	Membership fee 2016	100,00	Paid	---	
8 LY Montenegro	15-1-2016	Membership fee 2016	175,00	Pending	---	
9 Mladi LDP	15-1-2016	Membership fee 2016	882,96	Pending	Applies for debt reduction	
10 Mladi Liberali Slovakia	15-1-2016	Membership fee 2016	197,68	Payment very unlikely	Organisation will be suspended	
11 MLD Slovenia	15-1-2016	Membership fee 2016	229,48	Will be written off	Organisation will be disaffiliated	
12 Projekt:Polska	15-1-2016	Membership fee 2016	201,52	Pending	---	
13 Youth of NMSP	15-1-2016	Membership fee 2016	175,00	Will be written off	Organisation will be disaffiliated	
14 TLDE Romania	23-2-2016	Associate membership 2016	175,00	Pending	---	
<b>Total 2016 fees</b>			<b>2.956,84</b>			

<b>D Other</b>						
Debtor	Invoice Date	Type of debt	Amount (€)	Status	Remarks	
1 -- 2 individuals on 1 invoice --	24-3-2016	Vienna Congress Part. Fee	240,00	Paid	---	
2 ---2 individuals---	Several	Several	101,00	Paid	---	
3 JEF	03-11-2016	Gala dinner part. fee	50,00	Pending	---	
4 EU Commission	10-11-2016	New Narratives	73,90	Paid	---	
5 ALDE Group	21-12-2016	Winter academy refund	474,43	Paid	---	
6 European Youth Forum	18-12-2016	Travel refund	248,21	Paid	---	
7 European Liberal Forum	Several	Several	10.256,49	Paid	---	
<b>Total</b>			<b>11.444,03</b>			

<b>Total Aged Receivables</b>	<b>19.170,11</b>
Of which paid	11.494,03
Of which covered by <b>allowance for doubtful accounts</b> ("bad debts")	6503,24
<b>Rest</b>	<b>1172,84</b>

For further details, see next page

## FURTHER DETAILS RELATING TO ATTACHMENT 3

### Total Membership Fee Debts

Member Organisation	Total debt	Proposal*
Mladi LDP	2.648,88	Debt reduction
MLD Slovenia	688,44	Disaffiliate organisation, write off debt
Mladi Liberali Slovakia	593,04	Suspend organisation
Jungfreisinnige Schweiz - JFS	584,00	---
Youth of NMSP	525,00	Disaffiliate organisation, write off debt
Armenian National Movement Youth	428,96	---
Projekt:Polska - Project: Poland Association	403,04	---
Norges Liberale Studentforbund - NLSF	350,00	Debt reduction
Youth Movement of Republican Party	350,00	---
European Youth of Ukraine	263,72	---
Jeunes Radicaux de Gauche	175,00	---
LY Montenegro	175,00	---
TLDE Romania	175,00	---
Eesti Keskerakonna Noortekogu - YAACP	116,00	---
LIDEM Macedonia	100,00	---
Lietuvos Liberalus Jaunimas - LLJ	100,00	---
Civil Forum- Gramadyanski Forum	40,00	---
Mladi Liberali Bosne i Hercegovine - MLBiH	10,00	---
<b>Total</b>	<b>7.902,08</b>	

\* These proposals are done in a separate document

## Attachment 3: ALDE Group project-based grant

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Description of transaction	Paid directly by ALDE Group (€)	Refunded to LYMEC (€)
Spring Congress	13.184,03	0,00
LYMEC 40th Anniversary Booklet	785,00	0,00
Autumn Congress Gala Dinner and Venue	6.392,60	0,00
Autumn Congress Hotel	7.934,82	0,00
Autum Congress travel: Bureau, auditors, chairs	3.063,33	0,00
<b>TOTAL GRANT TRANSACTIONS</b>	<b>31.359,78</b>	<b>0,00</b>

### ALDE Group Grant Budget vs. Actuals

Last year, the ALDE Group grant switched from being a lump sum grant of 35.000 euros to a project-based grant of the same amount. As is visible from these actuals, LYMEC did not use the full 35.000 euro grant.

The 31.359,78 euros shown in this chart, are not shown in our profit and loss statement. This is because the invoices were sent directly to ALDE Group. Thus, the payments did not pass our bank accounts.

## Attachment 4: ELF project-based grant

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<b>Description of transaction</b>	<b>Paid directly by ELF (€)</b>	<b>Refunded to LYMEC (€)</b>	<b>TOTAL (€)</b>
Defending Europe Seminar Brussels	5.171,02	722,62	<b>5.893,64</b>
Spring Congress Seminar	5.052,00	--	<b>5.052,00</b>
Education Seminar Brussels	938,54	1.929,60	<b>2.868,14</b>
Young Leaders Meeting Dublin	3.304,00	1.842,03	<b>5.146,03</b>
Autumn Congress Seminar - Hotel conf. Rooms	4.938,39	1.360,78	<b>6.299,17</b>
Neighbourhood Policy Seminar Bucharest	3.802,50	1.153,68	<b>4.956,18</b>
<b>TOTAL GRANT TRANSACTIONS</b>	<b>23.206,45</b>	<b>7.008,71</b>	<b>30.215,16</b>
<b>ELF Organisers grant</b>	<b>1239,00 (VAT)</b>	<b>5.900,00</b>	<b>7139,00</b>
<b>TOTAL ELF GRANT</b>	<b>-----</b>	<b>-----</b>	<b>37.354,16</b>

### ELF Grant Budget vs. Actuals

As visible in this chart, the ELF Grant is composed of two parts. Some expenses are invoiced to ELF directly (e.g. hotels), other expenses are invoiced to LYMEC first. The latter expenses are reimbursed at ELF.

Since the reimbursed expenses pass the LYMEC Bank accounts, the €7.008,71 is shown on our profit and loss statement. This is not the case for the other €23.206,45 of the grant, as those expenses were invoiced to ELF directly and did not pass our bank accounts.

LYMEC used €37.354,16 of the €40.000 that was available. This is mainly explained by the fact that we didn't organise a meeting for Young Liberal Parliamentarians, because only a few parliamentarians were able to attend.