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CED BUDGET REFERENCE COMMITTEE

23 May 2019, Vienna

Present

CED Members:

- Nuala Carney (Ireland)
- Ferruccio Berto (Italy)
- Nico Diederich (Luxembourg)
- Marek Szewczynski (Poland)
- Miguel Angel Lopez-Andrade (Spain)
- Susie Sanderson (UK)

CED Board and Staff:

- Marco Landi (CED President)
- Mick Armstrong (CED Treasurer)
- Nina Bernot (CED staff)
- Ainhoa Zamacona (CED staff)

- The President welcomed the participants. He expressed satisfaction that the number of participants increased in comparison to last year's meeting and wished all a successful discussion.
- The Treasurer introduced 2018 Final Accounts. In 2018, the CED recorded a deficit of €139.000, mainly due to the costs related to the new office. At the request of Susie Sanderson he elaborated on the process of choosing the office and defining an appropriate budget; he stressed that the chosen office was judged to be the best fit for the organisation and that the costs were kept as low as possible after clever negotiation led by CED staff.
- Nuala Carney asked what was meant by landlord contribution (income in 2018). Nina Bernot replied that it was agreed that the landlord would contribute to the costs of office renovation.
- Nico Diederich asked for clarification of the rental costs, specifically the difference between 2018, 2019 and 2020, as well as what could be expected from 2021. Nina Bernot explained that in 2018-2020 the CED was benefitting from rent-free periods (August 2018-January 2019 and August 2019-January 2020) as well as from a rent discount (August 2018-July 2020). The costs from 2021 will be slightly higher than in 2020.
- Nico Diederich asked whether the Final Accounts balance corresponded to the cash situation. Nina Bernot explained that there was a very small difference of around €100 between the two final amounts and showed the detailed calculation of costs/income paid

but not booked in 2018 and of costs/income booked but not paid in 2019. By coincidence, the difference between the two amounts for 2018 was very small.

- At the request of Nico Diederich, the Treasurer reported on the Board discussion about CED reserves. He noted that the minimal level of cash reserves the CED should maintain is 36% of annual costs; the current level of reserves is equal to 48% of costs. If a decision is taken to continue to increase membership fees at the level of inflation (2%) the level of reserves will continue to fall and can be expected to reach 39% by the end of 2025. If the fees increase at a slightly higher level (2,5%), the reserves will be 46% by the end of 2025. These projections do not include possible additional costs for projects such as the update of the EU Manual or a new CED website. The Board also discussed other options such as external funding (sponsorship by non-industry partners), increasing fees overall and different ways of calculating fees. Susie Sanderson commented that the CED should not have enormous profits but that it should focus on gradually rebuilding reserves.
- Susie Sanderson raised the question of whether the CED should have a medium term (3-5 year) financial strategy or if finances should be reviewed year by year. The Treasurer replied that after 2018 which was an unusual year, the Board was making one-off decisions. Nico Diederich felt that it would be difficult to have a commitment by the Members for the next 5 years but that it was useful to keep updating financial projections to make future decisions.
- At the request of Nuala Carney, the Treasurer explained the audit process.
- Marek Szewczynski asked why the legal costs were so high in 2018; Nina Bernot replied that this was due to additional legal advice that was needed in connection to renting the new office, hiring and letting go staff and adopting new Statutes and Internal Rules.
- At the end of the meeting, the Treasurer remarked that if the BDA were to leave the CED, the loss of subscriptions would be significant. The CED would have to increase membership fees, use more of its reserves or cut its costs.