

EXPLANATORY NOTE BUDGET OPTION "F"

Preliminary remarks:

- Given the high degree of variability of the main cost and (especially) revenue factors as explained below it is suggested to focus on the principles rather than the figures which can vary quite a lot in the budgetary phase and in forecasting phase are not "carved in stone".
- On the contrary, the principles of Transparency, Accountability, and Fairness of the treatment of the parents of BRU IV cannot be considered as variable.
- **Legal and financial framework is provided by:**
- the Statute adopted by the General Assembly on the 7/6/2007
- the conclusions of the GA of 7/6/2007 and in particular point 6 (attached below):

"6- Budget

M. Soyer explique les hypothèses sur lesquelles le budget a été construit. Le déficit prévu sera supportable grâce au prêt consenti par les 3 APEEE de Bruxelles.

En réponse à des questions de la salle, il précise que notre AISBL est de droit belge et ne peut être soumise aux règles internes de contrôle des Institutions. Concernant le remboursement des frais de transport, nous devons cependant nous conformer aux règles édictées par le PMO.

Il est évident que le retour à une exploitation bénéficiaire sera nécessaire dans les prochaines années, mais ceci ne pourra se produire que dans le contexte d'une croissance de la population scolaire.

Résolution adoptée à l'unanimité moins une abstention :

5- L'ASSEMBLÉE GÉNÉRALE adopte le budget pour l'année 2007-08 et fixe la cotisation à 40 euro par famille "

- the budget and its assumptions adopted by the General Assembly on the 7/6/2007 (please refer to APEEE BRUIV website, also already distributed))
- the period and deadlines established by the Loan agreement signed among between the APEEE BRU I, II and III (lenders) and APEEE BRU IV (borrower)
- the Belgian law of "2 mai 2002" modifying the law of "25 octobre 1919" on AISBL (no profit organisations inter/national of Belgian Law)

MAIN ASSUMPTIONS

It is necessary to remedy to the structural understaffing of the APEEE BRU IV by recruiting an extra person for:

- Strengthening the administration, accounting and control tasks.
- Availability of an extra person for the monitoring and surveillance of the bus monitors for the functioning and safety of the transport system, to replace them in case of last minute problem to have a second person to replace the other administrator in case of absence or other urgent commitment.
- Create a real administrative Team of the APEEE BRU IV
- Reinforce the presence and effectiveness of the APEEE BRU IV
- Have internal accounting, planning and control management
- Comparing the staff available at the other APEEE it appears clearly that 1 person is not enough for the workload (under-budgeted in budget adopted on 7/6/2007 by GA).
- Initial set-up phase and Berkendael's specificities obviously increases not reduce workload and our administrator is currently overloaded

Accordingly 4 months have been included on the budget 2007-2008, hoping this person can start working as of 1/3/2008.



It is necessary to have an external auditor for the certification of the accounts:

- It has been decided by the GA of 7/6/2007 to appoint external auditor before 31/12/2007
- To ensure maximum level of transparency and accountability vis-à-vis of our members, the European Institutions. Furthermore, it is proposed to use an international firms used also by the European Institutions to ensure maximum value and recognition of the external auditors certification.
- To try to obtain further subsidies from the Board of Governors it is necessary to ensure full transparency on the accounting and finance of the APEEE BRU IV.

It is necessary to have internal and not external accounting resource:

- Vital aspects of the functioning of the APEEE BRU IV that cannot be externalised to ensure full ownership of the financial and accounting management
- On the basis of the applicable Belgian Law we are currently authorised to use "single entry" simplified accounting procedures. In future it would be possible to go for "double entry" by ensuring the accounting system runs first in parallel. For the moment provision for procurement instead of depreciation is foreseen.
- Specific financial rules and procedures with European Institution have to be followed beside those valid for the private sector.

It is not appropriate to modify the percentage of the administration costs decided in the initial budget approved by the GA 7/6/2007 because:

- Few months down the line of the difficult start-up phase is too early to modify basis established in the GA 7/6/2007.
- To increase the percentage of the transport for which there is already and agreed subsidy of maximum 70K€ doesn't seem correct. It would be more transparent to leave the loss where it is on the basis of the forecasted results and request to use the balance of the subsidy for it (e.g. for the canteen or administration).

REVENUES

The possible leverages on the revenue side are the following:

- Possible increase of the annual fee (for instance from € 40 to €50 or more)
- Modification of the Statute to render compulsory the payment of the annual fee by all members or price discrimination (i.e. non active members pay higher fees).
- Possible increase of the Canteen prices to reduce forecasted loss (with no retroactive effect to simplify accounting management and respect prices agreed on 7/6/2007 by the GA).

Of course it is always necessary to see if the price increase is not going to reduce the number of pupils enrolled and thus annulling the forecasted revenue increase.

Other possibilities:

- Explain to the political level that with the current number of pupils and until it reaches break-even point it is necessary to provide further subsidies to avoid those higher percentages of fixed costs have to be paid by the pupils who have been obliged to enrol at BRU IV in view of the CEA enrolment policy.

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