

Interbull Centre Financial Report



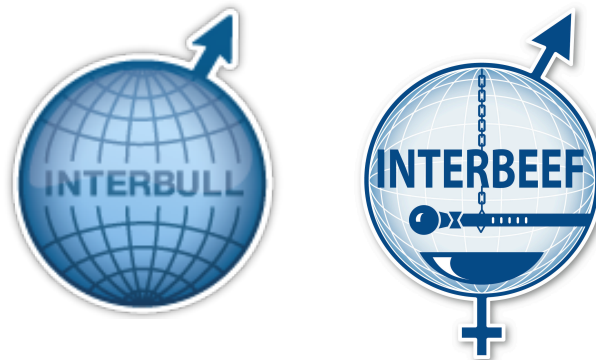
2018/2019

INTERBULL CENTRE

FINANCIAL REPORT 2018/2019¹

Contents

INTERBULL CENTRE FINANCIAL REPORT	2
Comments to accounts and budgets.....	2
Interbull Centre - Overall Finances and Budgets	5
Interbull Centre - Interbull (Dairy) specific Finances and Budgets	6
Interbull Centre - Interbeef specific Finances and Budgets.....	7
Interbull Centre - GenoEx specific Finances and Budgets	8



interGenomics

GENOEX
International Genotype Exchange Platform

¹ Draft version of this report as presented at the 2019 Interbull Meeting, Cincinnati, USA, June 2019.



INTERBULL CENTRE FINANCIAL REPORT

The complete Interbull Centre financial report 2018/2019 can be found in this document. The budgets and financial reports follow formats adopted in previous years. The accounts have been audited within the normal procedures for the Swedish University of Agricultural Sciences (SLU). The Tables include final accounts for 2017 and 2018, forecast for 2019 (based on the financial status as of 31 March 2019) and an indicative budget for 2020. All figures are given in Euros.

Comments to accounts and budgets

Activities addressed through this report include Interbull, Interbeef and GenoEx. Although each of these addresses ICAR-related activities, they are managed separately, with distinct work plans and budgets, and therefore specific clarifications are provided separately.

The Interbull Centre budgets and financial report presented here are in draft version until they have been approved by the Interbull Steering Committee, following review during the 2019 Interbull Business Meeting in Cincinnati, Ohio, USA.

Financial Report Tables

The financial situation of the Interbull Centre is presented in the following tables:

- Table I: Interbull Centre - Overall Finances and Budget (€), June 2019;
- Table II: Interbull Centre - Interbull (Dairy) specific Finances and Budget (€), June 2019;
- Table III: Interbull Centre - Interbeef specific Finances and Budget (€), June 2019;
- Table IV: Interbull Centre - GenoEx specific Finances and Budget (€), June 2019.

Notes for all tables:

- Salary and associated costs are the biggest drivers of costs at the Interbull Centre;
- Salary costs drive associated costs such as Office Rent, Support Functions and Overhead;
- "Support Functions and Overheads" relates to costs incurred by Interbull Centre through internal SLU recharges; these include overhead/indirect costs, but also include salary and associated costs for SLU personnel whose activities can be directly associated with Interbull Centre, but who are employed at the Department for Animal Breeding and Genetics (administrator, IT support staff and publishing of Interbull Bulletin).
- Charges (calculated as percentage of salary and social costs) are provided in the following table:

Year:	2016	2017	2018	2019
Office Rent	17.21%	16.24%	15.26%	14.78%
Support Functions and Overhead	39.0%	39.7%	39.2%	40.3%

- "Other personnel expenses" include travel allowances, medical expenses, expenses with people not employed by SLU, etc.
- The cost items 'Publications' and 'Phone, fax, post' have declined in recent years, and were consistently listed with amounts less than €1000. Therefore, both items are now included in "Miscellaneous costs".

- Costs for License fees and consultancy have previously been included in “Outsourced activities”. They are now listed separately.
- Other income includes income through currency exchange differences.

Service Fee Income

- Interbull Service Fee values are based on the latest number of milk-recorded cows received from ICAR. As the number for several countries were unexpectedly high or low in comparison with previous years, these have been checked with the Interbull Service Users directly. Methodology for calculation of fees is detailed in chapter 10 of the Interbull Code of Practice: https://interbull.org/ib/cop_chap10.
- The Interbeef Service Fees have stood at €100K for a number of years. The fee is paid to the Interbull Centre by ICAR. Discussions on a new fee structure are well-advanced, and include an increase in fee, as the number of services increases.
- The Service Fee for GenoEx-PSE is €1 000 per annum. In the start-up years 2018 and 2019, upto 100% discounts were applied.
- The EURC Grant is set, and paid, by the EC according to its rules, regulations and overall budget for all EURCs. The maximum Grant has in recent years been approximately €150 000 per annum.

EURLZ/EURC Grants:

The Interbull Centre held the status of European Union Reference Laboratory for Zootechnics from 1996 (96/463/EC: Council Decision of 23 July 1996) until 31 October 2018.

The Interbull Centre is the European Union Reference Centre for the “scientific and technical contribution to the harmonisation and improvement of the methods of performance testing and genetic evaluation of purebred breeding animals of the bovine species”, as of 1 November 2018 (Commission Implementing Regulation (EU) 2017/1422, as published in the Official Journal of the European Union Issue L204/78, 5.8.2017).

- In September 2015, **one two-year budget** for the Centre’s activities as the European Reference Lab (EURL) was submitted and approved for 2016-2017.
- The maximum Grant during 2016-2017 was €305 500. The EC approved expenses of €300 461 for Interbull Centre’s EURL activities during the period 1 January 2016 – 31 December 2017. ‘Pre-finance’ of 30% (€91 500) was paid in 2016 and in 2017. In 2018 the remaining €117 461 was paid.
- For 2018, **two separate budgets** were submitted to the EU; **10 months for the EURL activities and 2 months for the EURC activities**.
- The maximum EURL Grant for (January to October) 2018 was €125 000. 50% (€62 500) was received in 2018, while the remaining €62 500 is expected to be paid in 2019.
- The maximum EURC Grant for (November – December) 2018 was €25 000. Due to shortage of personnel during these two months, only €17 893.73 of expenses were claimed. This payment is also expected in 2019.
- The EU has approved a maximum grant of €299 999 for the Centre’s activities as the EURC during the period 2019-2020. In April 2019, pre-financing of € 90 000 has been received.

Project funding:

- Renzo Bonifazi left Interbull Centre on 15 March 2018, and started on 1 May 2018 his 4-year PhD studies in Wageningen. The main financial contributors are ICAR and Interbeef. The Interbull Steering Committee has agreed an annual contribution of €5 000 towards the costs of this project, under the condition (amongst others) that the project addresses aspects of importance to Interbull's dairy evaluations. The first payment was made in 2019.

Indicative Budget for 2020

Income:

For 2020, all income posts for Interbull and Interbeef are expected to stay at similar levels as in 2019.

Service Fees:

Interbull:

- Revisions in the fee structure (if any) for **Interbull** and **InterGenomics** services are not expected to result in a decrease in service fees.
- No additional Interbull Service Users have been budgeted for 2020.
- A successful introduction of InterGenomics-Holstein would generate additional income through service fees, but they have not been budgeted.

Interbeef:

- The **Interbeef** service fee has remained at €100 000 to date. As a result of ongoing discussions on Interbeef Service fee structure and budget, the budget has increased.

GenoEx:

- Service-fee based income from **GenoEx-PSE** is budgeted for 2020 at €15 000, accounting for new users in addition to the current 9 Service Users, at the annual fee of €1 000;
- No revenue for GenoEx-GDE has been included in the budget.

Grants/other income:

- The maximum EU grant for SLU to serve as the **EU Reference Centre** for 2019-2020 is € 300 00 (i.e. €150 000 per annum).
- Continued support by **SLU** is assumed (but not guaranteed)
- SLU is involved in various collaborative projects. In two of these the Interbull Centre is also involved: **GenTORE** and **ReDiverse**; the finances and budgets for these two projects have however not been included in this report:
 - For the time that Interbull Centre staff is involved in the project, the Interbull Centre will be reimbursed by SLU;
 - GenTORE is funded by the EU Horizon2020 program. Start date 1 June 2017. Five-year project;
 - ReDiverse is funded by the EraNet program. Start date 1 September 2017. Three-year project;
 - Total SLU budget for each project is € 300K, and 100% of costs are funded for both projects.

Costs:

- The budget takes into account continued activities for GenoEx-PSE (but at a lower level than in 2016/2017), while other activities, costs and income continue at similar levels as in 2020. Costs for GenoEx-GDE have not been budgeted in full, as detailed plans are still being prepared.

Interbull Centre - Overall Finances and Budgets

Overall finances and budgets for Interbull, Interbeef and GenoEx activities.

Table I: Interbull Centre: Overall Finances and Budget (€), June 2019

	2017	2018	2019	2019	2020	
	Actual	Budget	Actual	Budget	Projected ^a	Budget
Income						
1 Interbull Service fee	842 569	825 512	832 024	825 512	845 583	845 583
2 SLU grants	51 975	52 094	48 884	48 884	48 884	48 884
3 InterGenomics	32 970	38 700	31 921	32 000	32 000	32 000
4 EURLZ/EURC	213 126	213 850	142 896	150 000	150 000	150 000
5 Interbeef Service fee	101 332	100 000	99 977	100 000	122 500	122 500
6 GenoEx Service fee	0	35 000	0	1 000	1 000	15 000
7 Other income	2 607	0	15 902	0	0	0
8 Total	1 244 577	1 247 094	1 171 603	1 157 395	1 199 967	1 213 967
Cost						
Salaries incl social						
9 costs)	707 144	715 005	658 460	733 153	679 882	729 209
10 Other staff costs	3 961	8 516	10 839	3 911	3 599	4 264
11 Office rent	116 585	116 117	104 386	94 978	104 475	90 832
Support functions and						
12 overhead	282 111	283 857	260 408	266 175	275 562	263 655
Travels, conference,						
13 training	51 613	57 304	57 679	42 535	42 535	43 166
14 ITC (Hardware)	12 876	22 923	19 636	25 589	24 472	25 000
15 ITC (License fees)	18 816	17 360	16 563	18 500	18 238	18 500
16 Consultancy	26 811	92 037	72 324	79 623	81 477	81 477
17 ICAR	9 176	7 275	11 618	7 500	7 500	7 500
18 Miscellaneous	18 089	10 419	38 300	10 418	10 418	9 963
19 Total	1 247 182	1 330 813	1 250 214	1 282 381	1 248 159	1 273 565
20 Balance	-2 605	-83 719	-78 611	-124 986	-48 192	-59 599
21 Accum balance	588 259		509 648		461 456	401 857
Exchange rate						
22 (SEK:EUR)	9.62	9.8438	10.2284	10.2284	10.6953	10.6953

Notes:

- Fee incomes for 2019: Budget is based on the same budget as 2018, whereas projected income is based on the service fee levels that have been calculated, using the latest figures of milk-recorded cows per country.
- Salary for 2020 is based on same budget as 2019 (in Swedish Crown). However due to a difference in exchange rate, the budget for 2020 (in €) has reduced.
- Consultancy fees for 2018, 2019 and 2020: CDN/Lactanet, ISO audits and certification, and SNP Mace (or alternative external research project).

Interbull Centre - Interbull (Dairy) specific Finances and Budgets

These figures are extracted from the overall budget and finances for the Interbull Centre (Table I) to illustrate expenditure and income related to Interbull (Dairy) specific activities.



Table II: Interbull Centre - Interbull (Dairy) specific Finances and Budget (€), June 2019

	2017	2018		2019		2020
	Actual	Budget	Actual	Budget	Projected	Budget
Income						
1 Interbull Service fee	842 569	825 512	817 024	820 512	840 583	840 583
2 SLU grants	31 137	52 094	28 884	48 884	48 884	48 884
3 InterGenomics	32 970	38 700	31 921	32 000	32 000	32 000
4 EURLZ/EURC	213 126	213 850	132 896	150 000	135 000	135 000
5 Other income	2 607	0	15 902	0	0	0
6 Total	1 122 407	1 112 094	1 026 626	1 051 396	1 056 467	1 056 467
Costs						
7 Salaries incl social costs	594 994	625 789	542 496	633 658	548 812	612 799
8 Other staff costs	1 719	7 453	8 521	3 617	979	1 937
9 Office rent	98 337	101 628	86 690	80 273	85 167	76 331
10 Support functions and overhead	237 588	242 438	214 996	226 078	222 878	221 566
11 Travels, conference, training	50 161	50 923	55 972	40 835	37 835	39 052
12 ITC (Hardware)	9 498	18 558	15 857	24 856	21 106	20 889
13 ITC (License fees)	13 965	13 119	14 491	14 259	17 981	18 220
14 Consultancy	26 811	92 037	72 324	74 623	76 477	76 477
15 ICAR	9 176	7 275	11 618	7 500	7 500	7 500
16 Miscellaneous	18 089	9 571	38 300	8 838	10 418	9 963
17 Total	1 060 339	1 168 791	1 061 265	1 114 537	1 029 152	1 084 732
18 Balance	62 069	-38 635	-34 638	-63 142	27 314	-28 265
19 Accum balance	662 245		627 607		654 921	626 656

Interbull Centre - Interbeef specific Finances and Budgets

These figures are extracted from the overall budget and finances for the Interbull Centre (Table I) to illustrate the expenditure of the incoming service fees.

The specific budget for Interbeef is shown in Table III. As a result of a service/research agreement in 2012 with ICAR, Interbull Centre is the operational unit for the Interbeef Working Group. For this reason, the Interbeef income and costs are included in the overall financial reporting of the Interbull Centre.



Management of the finances follows a different model than Interbull, being under the responsibility of Service ICAR instead of the Interbull Centre. Service fees for each National Genetic Evaluation Centre are therefore not defined nor handled by the Interbull Centre, but by Service ICAR. Interbull Centre invoices Service ICAR for the full year for the agreed value of €100 000 per annum.

As a result of ongoing discussion on Interbeef Fee Structure and Interbeef Budget, the budget has been increased over recent years.

Table III: Interbull Centre - Interbeef specific Finances and Budget (€), June 2019

	2017 Actual	2018 Budget	Actual	2019 Budget	Projected	2020 Budget
Income						
1 Interbull Service fee	0	0	0	5 000	5 000	5 000
2 EURLZ/EURC ^a	0	0	10 000	0	15 000	15 000
3 Interbeef Service fee	101 332	100 000	99 977	100 000	122 500	122 500
4 Total	101 332	100 000	109 977	105 000	142 500	142 500
Costs						
5 Salaries incl social costs ^b	64 576	58 159	72 216	61 556	88 070	81 411
6 Other staff costs	1 291	693	1 444	293	1 761	1 627
7 Office rent	10 508	9 445	11 020	9 098	12 973	10 141
8 Support functions and overhead	25 637	23 089	28 280	24 807	35 400	29 435
9 Travels, conference, training ^c	1 198	4 661	1 707	1 700	4 701	4 114
10 ITC (Hardware)	826	1 865	1 379	733	1 835	1 816
11 Consultancy	0	0	0	5 000	5 000	5 000
12 Miscellaneous		847		1 580		
13 Total	104 035	98 759	116 045	104 768	149 741	133 544
14 Balance	-2 704	1 241	-6 069	232	-7 241	8 956
15 Accum balance	2 716		-3 353		-10 594	-1 638

a: In previous years, the EURC activities were budgeted only towards dairy activities, including validation. To date, validation of beef has not been practiced. 10% of the EURC activities has been budgeted towards developing validation services for beef cattle.

b: Development and implementation of the Performance Database took place in 2018/2019. This was essential for smooth running and further expansion of the service. Adjustment of the Interbeef pipeline is scheduled for 2019. More efficient routine services will allow for more time in future years to be allocated towards expansion of traits, countries, breeds and services.

c: in recent years one person was running Interbeef services. It is expected that from 2019 onwards at least 2 people are part-time involved in Interbeef services.

Interbull Centre - GenoEx specific Finances and Budgets

The International Genotype Exchange Platform ("GenoEx") was established thanks to contributions from ICAR and SLU, who provided grants of respectively €60 000 and €80 000, and from Interbull (€13 000).

The specific finances for GenoEx are shown in Table IV. These figures are extracted from the overall budget and finances for the Interbull Centre (Table I) to illustrate the GenoEx specific finances.

Increased costs of GenoEx-PSE were caused due to problems implementing the BC Platforms system, resulting in in-house development of GenoEx-PSE, and hence increased costs.

Table IV: Interbull Centre - GenoEx specific Finances and Budget (€), June 2019

	2017	2018		2019		2020
	Actual	Budget	Actual	Budget	Projected	Budget
Income						
1		15 000	15 000	0	0	0
2	20 838	20 000	20 000	0	0	0
3	0		0	1 000	1 000	15 000
4 Total	20 838	35 000	35 000	1 000	1 000	15 000
Costs						
5	47 573	31 057	43 749	37 939	43 000	35 000
6	951	370	875	0	860	700
7	7 741	5 044	6 676	5 607	6 334	4 360
8	18 886	12 330	17 132	15 289	17 284	12 655
9	254	1 719	0	0	0	0
10	2 552	2 501	2 400		1 530	2 295
11	4 851	4 241	2 072	4 241	257	280
12 Total	82 808	57 262	72 903	63 076	69 265	55 290
13	-61 970	-22 262	-37 903	-62 076	-68 265	-40 290
14	-76 703		-114 606		-182 871	-223 161

Salary costs include development costs for PSE and (for 2019/2020 partly) for GDE.



INTERBULL CENTRE

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The Interbull Centre:

- *is the operational unit of the ICAR permanent sub-committee Interbull;*
- *holds the status of European Union Reference Centre (EURC) for Zootechnics (Bovine Breeding);*
- *is ISO 9001:2015 certified.*