

Interbull Centre Financial Report

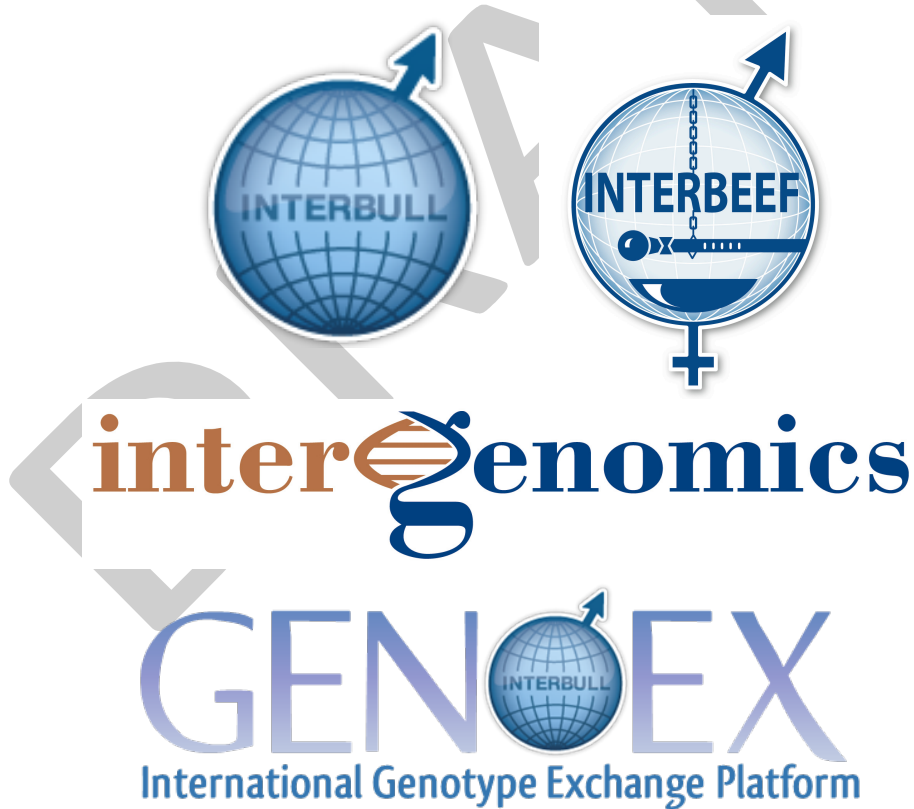


2015/2016

INTERBULL CENTRE FINANCIAL REPORT 2015/2016¹

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¹ Presented at the 2016 Interbull Meeting, Puerto Varas, Chile, October 2016



INTERBULL CENTRE FINANCIAL REPORT

The complete Interbull Centre financial report 2015/2016 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 2015 in comparison with accounts for 2014 and budget for 2017. A prognosis for 2016 is made according to the financial status as of 30 September 2016. All figures are given in Euros.

Comments to accounts and budgets

Activities addressed through this report include Interbull, Interbeef and GenoEx. Although they are all 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 2016 Interbull Business Meeting in Puerto Varas, Chile.

Financial Report Tables

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

- Table I: Interbull Centre - Overall Finances and Budget (€), September 2016;
- Table II: Interbull Centre - Interbull (Dairy) specific Finances and Budget (€), September 2016;
- Table III: Interbull Centre - Interbeef specific Finances and Budget (€), September 2016;
- Table IV: Interbull Centre - GenoEx specific Finances and Budget (€), September 2016.

GenoEx

During the presentation of the financial results at the Interbull Business Meeting in Orland in July 2015, the Business Meeting requested that the finances for the development and implementation of the International Genotype Exchange Platform ("GenoEx") would be visualised better. This is implemented in the current Financial Report; the GenoEx income and expenses are identified in the "Overall Finances and budget" (Table I), and details are also provided in the "GenoEx specific Finances and Budget (Table IV).

Accounts for 2015

Despite a reduced income (versus budget and versus previous year), the financial result for 2015 was better than budgeted, resulting in a positive balance for the year of €118 619 (versus a budgeted balance of €32 781).

Income:

- Previous years' fee were paid by some customers;
- Fluctuations in exchange rate were both large and favourable;

- The European Union continued its support of the Interbull Centre as the European Reference Lab with a grant of € 150,000. Due to the accounting method in use, only €92K is shown in the accounts for 2015; the balance was received in 2016;
- The World Guernsey Cattle Federation continued its support of the Interbull Centre with £3,000.

Costs:

The main reasons for the increased balance are 10% lower than budgeted costs. These are mainly due to delays in recruitment, and the fact that two members of Interbull Centre worked part time during 2015:

- Lower “Salary and social costs” due to continued vacancies at the Interbull Centre during 2015. Two new members of staff were employed early in 2015, but due to delay in new recruitment of the Director, and departure of one employee, the Interbull Centre’s personnel remained under capacity during 2015.
- The lower “Salary and social costs” directly reduces “Office rental costs” and “University overheads and charges” as they are calculated as a percentage of “Salary and social costs”.
- In addition, the Interbull Centre moved to new offices in 2014. The increase in (pro-rata) “Office rental costs” turned out lower than expected.

Projected results for 2016

The income for 2016 is expected to remain close to budget. Despite higher than budgeted “Overheads and charges”, a reduction of costs is foreseen in comparison to the budget presented in July 2015, thanks to reduced “Salary and social costs” (full staffing was achieved in August 2016) and operational costs (especially reduced “Computer costs”).

It should also be noted that the SEK:€ exchange rate changed from 9.19 on 31 December 2015 to 9.62 on 30 September 2016.

Income:

- Income remained stable: Due to changes in the recording of number of milk-recorded cows at ICAR, the Interbull service fees were based on the same number of milk-recorded cows as were used to calculate service fees in 2015.
- The invoices for some of the Interbull Service Users were reduced in order to correct for an invoicing error made in 2015 for these Interbull Service Users.
- SLU’s contribution to the Interbull Centre activities in the area of databases (including GenoEx) is included in 2016 for a sum of €40 000.

Costs:

Total costs are expected to increase in comparison to 2015:

- Computer and infrastructure costs are relatively low, as these exist mainly out of inexpensive components, which have been assembled by our expert team to create an integrated network capable of crunching the required data.
- Salary and associated costs however are the biggest drivers of costs at the Interbull Centre:
- Salary costs drive associated costs such as office rent and overheads. In 2016, office rent at SLU was charged as 17.21% of salary and social costs. University, faculty and departmental charges are also based on salary costs, and totalled to 39% of “Salary and social costs” in

2016. These charges are mainly related to overhead/indirect costs, but also include salary and associated costs of departmental staff who contribute directly a percentage of their time to the Interbull Centre activities (Administrator (30%), Bioinformatician (25%), IT support staff (10%) and publishing of Interbull Bulletin (10%)). These departmental staff members' salary costs related to their direct contributions to Interbull Centre are however reported under "Overheads and charges".

- During 2014 and 2015 3 members of staff, including the Director, left the Interbull Centre. Lengthy recruitment processes left the Interbull Centre understaffed, but now, in September 2016, the Interbull Centre is at full strength with **9** full members of staff².
- Therefore, even without above mentioned salary costs for departmental staff, the salary costs for 2016 and 2017 are higher than previous years.

Budget for 2017

Income:

For 2017, all income posts for Interbull and Interbeef are expected to stay at similar levels as in 2016, but there are significant changes for GenoEx.

- The EU grant for SLU to serve as the **EU Reference Laboratory** was granted for both 2016 and 2017, and will hence continue.
- Continued support by **SLU and WGCF** is assumed.

Interbull:

- Revisions in the fee structure (if any) for **Interbull and InterGenomics** services are not expected to result in a decrease in service fees. In addition, we assume to welcome one additional Interbull Service User in 2017.

Interbeef:

- An extension of the **Interbeef** agreement is being discussed. It is assumed that services will continue with the same level of service fees for 2017.

GenoEx:

- The first service-fee based income from GenoEx-PSE is budgeted for 2017, at €15 000.
- Although requests for implementation of **Genomic Data Exchange** services (**GenoEx-GDE**) have been received, plans on its implementation have not been finalised, and have hence not been included in this budget.

Costs:

- The budget for 2017 has been adjusted in line with the number of people now employed at the Interbull Centre, with 100% of salary costs for all 9 members of staff.
- The budget takes into account extra activities for GenoEx-PSE, while other activities, costs and income continue at similar levels as in 2016.
- "Salary and social costs" (58% of total budget), and the costs that are directly related to this: Office rent (10%) and "Overhead and charges" (22%) account for 90% of the Interbull Centre budgeted costs.

² Hossein Jorjani is included in this number, although he also has commitments to SLU's Department of Animal Breeding and Genetics as the Head of Department until the end of 2016.

Notes for all tables:

- a. "Other personnel expenses" include travel allowances, expenses with people not employed by SLU, medical expenses, etc.
- b. "Salary and social costs" drive associated costs such as "office rent" and University, faculty and departmental "Overheads and charges". Both are calculated as a % of "Salary and social costs".
- c. "Overheads and charges" includes 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, bioinformatician, IT support staff and publishing of Interbull Bulletin).
- d. EU Grants: The Interbull Centre holds the status of European Union Reference Laboratory for Zootechnics (96/463/EC: Council Decision of 23 July 1996).

DRAFT

Interbull Centre - Overall Finances and Budgets

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

Table I: Interbull Centre: Overall Finances and Budget (€), September 2016

		2014	2015		2016		2017
		Actual Account	Budget	Actual	Budget	Projected Result	Budget
		(31 Dec 14)	(May 14)	(31 Dec 15)	(Jul 15)	(30 Sep 16)	(Sep 16)
Income							
1)	Service fees (*)	836 746	790 000	809 565	815 000	779 626	805 000
2)	SLU grants (**)	64 114	70 000	65 322	71 000	51 975	51 975
3)	WGCF grant	3 480	5 800	4 165	3 480	3 000	3 000
4)	InterGenomics	35 345	32 322	38 733	35 000	32 744	35 000
5)	EU grants (***)	140 595	150 000	92 082	150 000	143 000	152 750
6)	Interbeef	100 969	100 000	101 691	100 000	100 000	100 000
7)	GenoEx (****)	40 000	20 000	33 000	20 000	60 000	15 000
8)	Total:	1 221 249	1 168 122	1 144 558	1 194 480	1 170 345	1 162 725
Costs							
9)	Salaries + social costs	462 012	635 435	554 825	650 000	623 701	720 894
10)	Other personnel expenses	14 349	31 772	13 106	50 000	20 790	29 626
11)	Office rent	61 877	133 441	97 883	126 000	107 339	129 761
12)	Computer costs	29 479	20 000	13 431	50 000	9 356	9 356
13)	Travels, conferences, training	21 878	40 000	44 932	40 000	41 580	41 580
14)	Publications	250	3 000	0	250	520	520
15)	Phone, fax, post	250	5 000	80	250	104	104
16)	ICAR	7 000	7 000	7 434	7 000	7 179	7 000
17)	Miscellaneous	3 232	15 000	12 428	15 000	10 395	10 395
18)	Outsourced activities (*****)	75 740	35 000	69 208	25 000	15 593	20 790
19)	Overheads and charges	175 670	209 693	212 612	231 000	243 243	281 149
20)	Total:	851 737	1 135 341	1 025 940	1 194 500	1 079 799	1 251 174
21)	Balance	369 512	32 781	118 619	-20	90 547	-88 449
22)	Accum. Balance:	429 978		548 597		639 143	550 695
23)	Exchange rate (SEK:€)	9.15	8.99	9.19	9.29	9.62	9.62

Notes:

(*) ICAR and Interbull contributions towards GenoEx were previously reported as part of this item. They are now included in item 7) GenoEx instead.

(**) SLU contributions towards GenoEx were previously reported as part of this item. They are now included in item 7) GenoEx instead.

(***) The European Union continued its support of the Interbull Centre as the European Reference Laboratory for Zootechnics (Bovine Breeding) with a grant of € 150,000. Due to the accounting method in use, only €92K is shown in the accounts for 2015; the balance was received in 2016;

(****) GenoEx income 2014-2016: ICAR Grant (€20K per year), SLU Grant (€20K in 2014, €40K in 2016), Interbull Service fees (€13K in 2015)

(*****) 2014: Gerald Jansen's consultancy (400 h); 2014-2016: Research agreement with CDN for GMACE development, improvement and maintenance (440 h); 2014-2016 GenoEx/BC Platforms Software and License fees.



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 (€), September 2016

	2014	2015		2016		2017
	Actual Account (31 Dec 14)	Budget (May 14)	Actual (31 Dec 15)	Budget (Jul 15)	Projected Result (30 Sep 16)	Budget (Sep 16)
Income						
1) Service fees	836 746	790 000	809 565	815 000	779 626	805 000
2) SLU grants	64 114	70 000	65 322	71 000	51 975	51 975
3) WGCF grant	3 480	5 800	4 165	3 480	3 000	3 000
4) InterGenomics	35 345	32 322	38 733	35 000	32 744	35 000
5) EU grants	140 595	150 000	92 082	150 000	143 000	152 750
6) Total:	1 080 280	1 048 122	1 009 867	1 074 480	1 010 345	1 047 725
7) (<i>% of total income – Table I</i>)	88%	90%	88%	90%	86%	90%
Costs						
8) Salaries + social costs	400 261	571 777	486 047	590 000	512 168	635 846
9) Other personnel expenses	12 671	29 862	11 849	49 000	19 441	28 238
10) Office rent	52 315	120 073	85 573	115 320	87 660	114 715
11) Computer costs	23 284	18 288	9 321	48 500	5 454	5 382
12) Travels, conferences, training	17 562	36 576	39 035	37 500	36 715	37 295
13) Publications	250	2 743	0	250	520	520
14) Phone, fax, post	250	4 572	80	250	104	104
15) ICAR	7 000	7 000	7 434	7 000	7 179	7 000
16) Miscellaneous	3 232	13 716	11 087	14 300	9 771	10 395
17) Outsourced activities	56 156	35 000	59 784	25 000	7 669	16 475
18) Overheads and charges	152 917	188 686	186 476	208 890	199 746	249 559
19) Total:	725 898	1 028 293	896 686	1 096 010	886 426	1 105 529
20) <i>Balance</i>	354 382	19 829	113 181	-21 530	123 919	-57 804
21) <i>Accumulated Balance</i>	410 044		523 225		647 144	589 340

Notes:

- Considering that the current accumulated balance is ~10 times larger than the deficit of €57K that is budgeted for 2017, it is felt that such deficit is justifiable.

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 (in 2012-2016).

The agreement between Interbull Centre and Interbeef Working Group expires at the end of 2016, and discussions have started for renewal. For the 2017 budget it is assumed that the Interbull Centre will continue to be the operational unit for Interbeef, along similar/same lines as the current agreement.

Table III: Interbull Centre - Interbeef specific Finances and Budget (€), September 2016

	2014	2015		2016		2017
	Actual Account (31 Dec 14)	Budget (May 14)	Actual (31 Dec 15)	Budget (Jul 15)	Projected Result (30 Sep 16)	Budget Sep-16
Income						
1) Interbeef Service Fees	100 969	100 000	101 691	100 000	100 000	100 000
2) Total:	100 969	100 000	101 691	100 000	100 000	100 000
3) <i>(% of total income – Table I)</i>	8%	9%	9%	8%	9%	9%
Costs						
4) Salaries + social costs	61 751	63 658	59 879	60 000	61 331	58 732
5) Other personnel expenses	1 678	1 910	1 257	1 000	1 349	1 387
6) Office rent	9 562	13 368	10 778	10 680	11 040	10 572
7) Computer costs	3 512	1 712	1 437	1 500	1 349	1 422
8) Travels, conferences, training	4 316	3 424	4 790	2 500	4 600	4 285
9) Publications	0	257	0	0	0	0
10) Phone, fax, post	0	428	0	0	0	0
11) Miscellaneous	0	1 284	1 341	700	624	0
12) Outsourced activities	0	0	0	0	0	0
13) Overheads and charges	22 753	21 007	22 754	22 110	23 919	22 905
14) Total:	103 572	107 048	102 237	98 490	104 211	99 303
15) <i>Balance</i>	-2 603	-7 048	-546	1 510	-4 211	697
16) <i>Accumulated Balance</i>	2 201		1 655		-2 556	-1 859

Notes:

- Income based on annual service fee of €100 000;
- Salaries and social costs: 10% Director, 10% Service Manager, 10% staff 1, 25% staff 2, 30% staff 3, 10% programmer.

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 €60 000 each during 2014-2016, and from Interbull (€13000). This initial seeding of €133 000 has made it possible to establish **GenoEx-PSE** services.



In the original plans for establishing GenoEx, revenue streams from customers were envisaged to come earlier than year 4. Due to organisational questions being quite complicated, such early service could not be offered as planned. In order to compensate for this, SLU contributed €40 000 more (€60k instead of €20k) than originally planned.

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.

Table IV: Interbull Centre - GenoEx specific Finances and Budget (€), September 2016

	2014	2015	2016	2017
	Actual Account	Actual	Projected Result	Budget
	(31 Dec 14)	(31 Dec 15)	(30 Sep 16)	(Sep 16)
Income				
1) Service fees (*)	0	13 000	0	15 000
2) SLU Grant	20 000	0	40 000	0
3) ICAR grant	20 000	20 000	20 000	0
4) Total:	40 000	33 000	60 000	15 000
<i>(% of total income – Table I)</i>	3.28%	2.88%	5.13%	1.29%
Costs				
5) Salaries + social costs (**)	0	8 899	50 202	26 316
6) Office rent	0	1 531	8 640	4 474
7) Computer costs (***)	2 683	2 673	2 552	2 552
8) Travels, conferences, training	0	1 108	265	0
9) Software and License fees (****)	19 584	9 424	7 924	4 315
10) Overheads and charges	0	3 382	19 579	8 684
11) Total:	22 267	27 016	89 162	46 341
12) <i>Balance</i>	17 733	5 984	-29 162	-31 341
13) <i>Accumulated Balance</i>	17 733	23 717	-5 445	-36 786

Notes:

(*) Fees for GenoEx-PSE services: Interbull contribution in 2015 as per Grant application to ICAR; The first service-fee based income from GenoEx-PSE is budgeted for 2017, at €15 000.

Based on 15 GenoEx-PSE Service Users @ €1000 each.

(**) Salaries and social costs include: Director, Programmers, Service Manager, Database Management/Development. No Personnel costs allocated to GenoEx in 2014.

(***) “Computer Costs”: Hardware (server): Annual depreciation costs approximately €2 680

(****) BC Platforms Software License fees



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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 Laboratory (EURL) for Zootechnics (Bovine Breeding);*
- *is ISO 9001:2008 certified.*