

EHEDG (European Hygienic Engineering and Design Group) Clarification on the financial statements 2014

In this clarification a short explanation is given on the following financial statements:

- 1) Clarification on the Income & Cost statement
- 2) Clarification on the Balance Sheet

1 Clarification on the Income & Cost statement

The following explanation refers to the most important elements of the Income & Cost Statement.

1.1 The Income.

The EHEDG Foundation is a non-profit organisation. The income of the EHEDG is mainly generated from donations of companies, institutes and individuals. All these involved are stakeholders from the related food and food equipment manufacturing industries who support the work of EHEDG by their contributions. The EHEDG work mainly consists of the development of guidelines, dissemination of know-how and education in the field of hygienic engineering & design of equipment as well as of hygienic processes for the food industry. About 90 % of the EHEDG income is generated from membership donations.

The remaining 10 % of the EHEDG income is generated from guideline sales, congress and seminar registrations as well as from royalties for the certification of components and equipment based upon the EHEDG guidelines. These compensations and fees are not covering the cost of the activities, but merely make sure that companies do not make use of the services to lightly. About 1 % of the income is generated by adverts of industry partners in the EHEDG Yearbook which is published bi-annually.

As in previous years, the importance of a safe food production and thus of EHEDG within the food manufacturing industry is increasing rapidly. This can be seen from the growing number of companies who are supporting the activities of EHEDG. Income from such donations is growing accordingly.

Whereas the EHEDG Foundation had been originally started on a European level, it has meanwhile developed towards a globally recognized expert organisation for the creation of guidelines for the food manufacturing industry. Stakeholder companies operate worldwide and thus donations come in from all over the world. The EHEDG Foundation consists of Regional Sections in many countries in Europe and overseas who translate the EHEDG guidelines and disseminate the related know-how in their countries by seminars and training courses.

1.2 The Cost

The EHEDG Foundation does not employ own staff. All activities - for instance the development of guidelines, the creation of training material and the organization of congresses and events - are done on a voluntary basis. To support all such activities worldwide, the administrative services are covered by a service agreement with the VDMA (German Engineering Federation in Frankfurt/Germany). The biggest cost position of EHEDG at 36% is related to these administrative services which had to be expanded in recent years due to a growing number of participating companies and increasing activities.

Roughly 30 – 35% of the costs are resulting from the development of guidelines and training material in the EHEDG Working Groups as well as from translation of these materials by the Regional Sections. Whereas the man-hours involved are all made on a voluntary basis, the costs resulting from Working Group meeting attendance are compensated to those volunteers who are not supported by their employers, particularly the specialists from academia without any own financial funds. About 15 % of the main costs in 2014 are related to the organisation of the bi-annual EHEDG World Congress on Hygienic Engineering & Design held 30-31 October 2014 in Parma/Italy. The congress is used to enlarge the brand awareness of EHEDG as an expert network and knowledge platform to its stakeholders.

Communications, digital and print media as well as publishing costs accounted at 4.5 % in 2014, while the development of professional training material amounted to 5 % of the total costs incurred.

About 8% of the income was spent on meetings of the Executive Committee as well as on the EHEDG Plenary Meeting in conjunction with the World Congress 2014 as a gathering of all EHEDG Chairpersons. This annual meeting is meant to determine the policy and priorities of the EHEDG Foundation in serving the food manufacturing industry in the best possible way.

1.3 The Result

The importance of a safe food production in general and the need for related guidance material and tools as provided by EHEDG is continuously increasing within the food manufacturing industry. This can be seen from the fast growing number of donating companies who are supporting the activities of EHEDG and from the related income figures. In 2014 the income was about 67.58 TEUR higher than budgeted mainly due to more company donations and royalties for newly certified components, while the income from congress delegate fees and guideline sale royalties was slightly lower than expected.

By focussing on the voluntary character of the activities and thanks to excellent cost controlling, the total cost remained clearly within budget, ending up with a net income of 23 TEUR as shown in the 2014 balance.

2 Clarification on the Balance Sheet

The Balance Sheet of the EHEDG Foundation is briefly explained hereunder.

The EHEDG Foundation uses a budgeting rule that reserves are kept at the level of the fixed cost of one year. As explained, the EHEDG foundation is fully depending on donations from stakeholders of the related food and food equipment manufacturing industries. About 90 % of the EHEDG income is generated like this. In recent years, the reserves slowly accumulated to the desired level which was finally achieved in 2012. In the following years, the reserves even exceeded the desired level.

Only 4% out of the balance sheet total consists of receivables mainly from promised donations. The other 96% of the balance sheet total consists of cash & banks. Equities slightly increased by another 4 % in 2014 to 580 TEUR in total.

An amount of 160 TEUR is mentioned the balance sheet 2014 as a reserve for the establishment of new EHEDG Regional Sections in different parts of the world, the creation of new (e-learning) training material and the development of new EHEDG test methods as a basis for certification. EHEDG certification is highly recognized on the market and the on-going development of the test methods is a strong demand from the EHEDG stakeholder industries.

The continuous growth of the EHEDG Foundation makes clear that the organisation is offering useful advice and practical guidance to the stakeholder industries, thus also showing the importance of EHEDG in supporting and enhancing a safe food production.

Prepared on behalf of EHEDG in July 2015:

Susanne Flenner

Head Office Manager

EHEDG Secretariat

Frankfurt am Main, Germany