

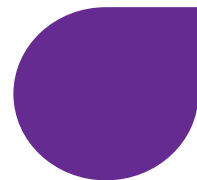
Treasurer's Report



2021

General Meeting
June 2022

Photo by Jack Lucas Smith for Unsplash



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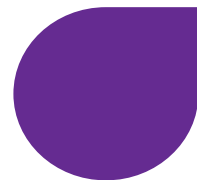
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Please note that this document is an excerpt. The full report and all annexes are available to members only.





Introduction

ILGA-Europe's financial statements covering the period from January 1, 2021 to December 31, 2021 have been independently audited by a certified auditing firm contracted by the Executive Board: Callens, Pirenne and Co. They show actual income registered at 3 322 339 €, expenses of 3 152 160 €, and a year-end result of 170 180 €¹.

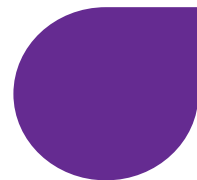
It goes without saying, that even without the perturbations of Covid-19, both financial and organisational, the year was a period of complex work to secure diverse funding required to cover the work carried out throughout the region. With several grants coming to an end both in 2020 and 2021, incl. some being the sole sources of funding for important elements of ILGA-Europe's workplan, extreme efforts were put in since the beginning of the pandemic to mobilize sufficient funding for the growing and diversifying needs of the LGBTI movement in Europe and Central Asia. The 2021 budget for the year was approved by the 2020 General Meeting with a deficit of 31 543 €, which not only did not materialize, but funds were successfully added to reserves without compromising the planned work.

ILGA-Europe proved to be able to adapt to the changing context and make best use of existing resources. Several streams of funding were expanded. Significant budget shifts and amendments were introduced, and the further growth of the budget in 2022 shows that 2021 was a year of intense fundraising and planning. The volume of donations raised from individuals increased over five times compared to previous years. With growing resources and pressure, the Executive Board monitored and evaluated all the changes proposed and implemented throughout the year even more closely.

Years of developments in the area of digitalisation of book-keeping and financial management proved to be indispensable in the recent months, and allowed the

¹ Figures are rounded.



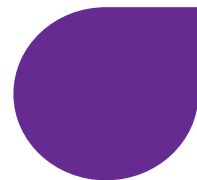


organisation to operate smoothly and quickly in virtual, remote work, without risks to operations. The organisation has expanded its capacity to deliver more resources to the movement, including financial resources and capacity building, especially online. As usual, work was put into retaining the highest standards of accountability and management, both in terms of ILGA-Europe's own funds and funds re-granted to the movement.

Important successes were noted in multiple areas of work – from the vast learning on socio-economic justice and intersectional approach, through contributions to legislative and policy solutions and accelerating changes on a national and international level, to linking member organisations in Europe and Central Asia with other partner organisations and political actors to mutually reinforce efforts and facilitate strategic partnerships and alliance building. Many of these strands of work will flourish further in 2022, especially through more visible publications, campaigns and impacts.

The successes of the year cannot overshadow the growing complexity and difficulty of realities faced by LGBTI activists across Europe and Central Asia. The long-lasting impacts of the pandemic and isolation, alongside growing popularity of far-right and exclusionary movements, and the increasing limitations on operations of the civil society are making the advancement of LGBTI rights in the region much more difficult. The demands on ILGA-Europe to participate in policy and advocacy processes, provide diverse resources, facilitate, support and enable work and alliances keep growing. As we now know, the following year – 2022 – will be even more challenging due to the impact of the war in Ukraine, and all the strain that it will put on the movement. With more work carried out in a fast-paced environment based on emerging needs, ILGA-Europe will need to continue to grow available resources and its capacity, and the capacity of the movement, even further. Mobilizing new resources and adapting to these changing realities remains a priority, and the financial year 2021 contributed significantly to organisational sustainability, and the ability to answer these diverse needs in coming months and years.





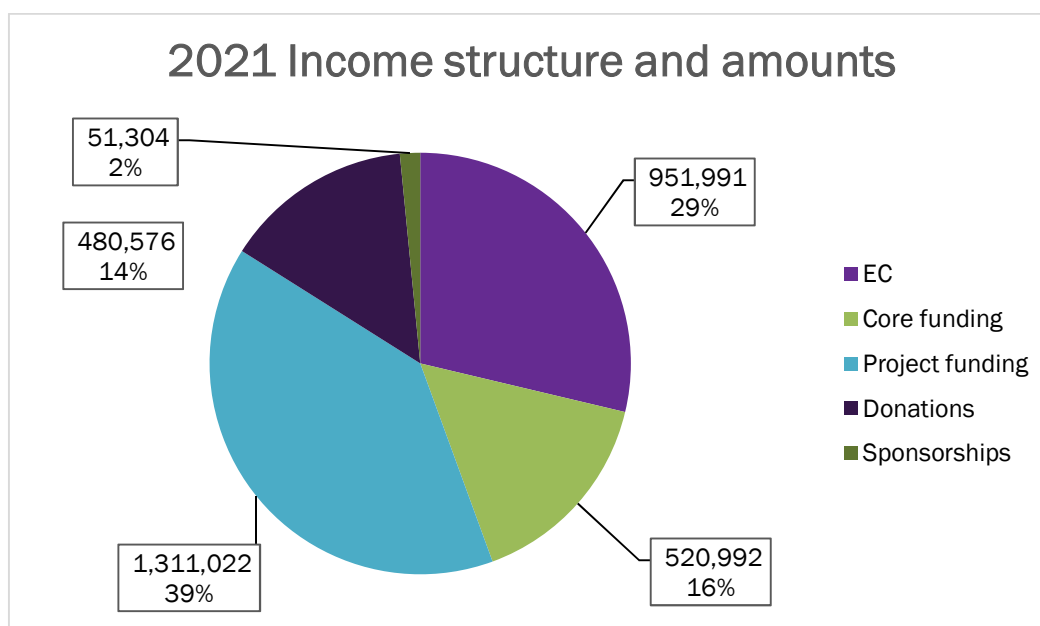
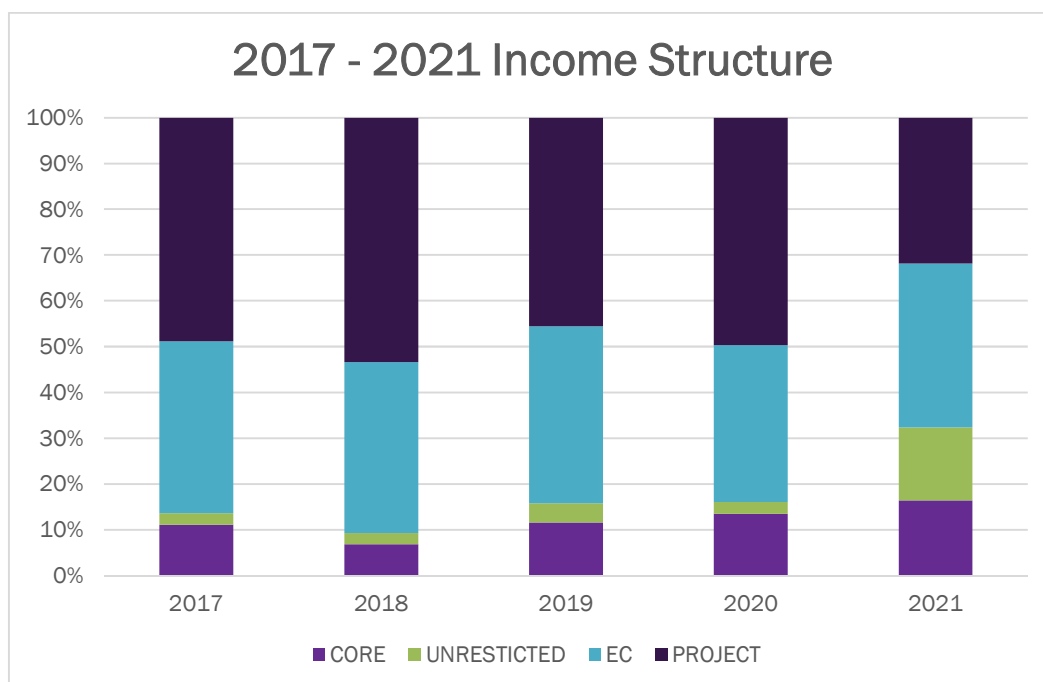
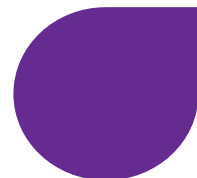
Revenues

Analysis

In the financial year 2021 ILGA-Europe obtained and recognized 3 322 339 € in revenues, which is approx. a 6% increase from the 2020 revenues. Another 200 000 € in donations and approx. 760 000 € in core grants were received in the course of 2021 but carried over to 2022 and further, as an attempt to secure more operational budgets in the nearest future. The majority of funding recognized in 2021 belonged to long-term projects and grants, raised in the preceding years.

The 2017 – 2021 comparison of proportions of core funding, unrestricted funding (donations and sponsorships), operating funding (European Commission) and project funding recognized in each year shows that in 2021 ILGA-Europe finally managed to carry out a significant shift to more flexible resources. The share of unrestricted funding increased significantly over the past years (reaching over 500k € in 2021), while the amount of available core funds was increased or at least maintained through the period. The European Commission operating grant remained at just under 1.2M € (incl. 20% co-funding) – slightly less resources were used in 2020 due to Covid-19. The share of project funding, while still high (over 1.3M € in 2021), was decreased by over 15% in terms of budget share, allowing for the work to be more tailored and responsive to the needs, and for resources to be allocated more flexibly to emerging trends and activities, especially in re-granting.

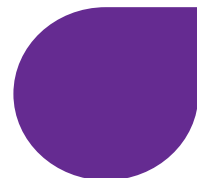




*) The 2021 Income structure table excludes 6453 € of extraordinary and other income.

While 2020 as a financial year was heavily affected by Covid-19 in terms of both revenues and our ability to process funds and carry out activities, 2021 was smoother due to extensive planning and budgeting carried out before year-end. Much like in 2020, both the in-person





Annual Gala and the Annual Conference were cancelled in 2021. In previous years these two events generated approx. 120 000 – 150 000 € of additional income that served as co-funding for the European Commission Operating Grant. We filled this budget gap using mobilised individual donations, sponsorships and core funding. The effects of partnership building with various private partners were clearly seen in the income of 2021.



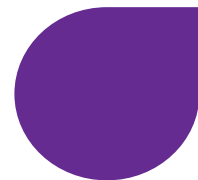
Government of the Netherlands



OPEN SOCIETY
FOUNDATIONS

Wellspring
Philanthropic Fund





Expenditures

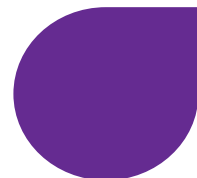
Analysis

The total of expenditures registered in financial year 2021 amounted to 3 152 160 €, compared to 2 944 034 € in the provisional 2021 budget approved by the Conference. During the year, as more project timelines and income were confirmed, the budget was up-dated to estimate expenditures at 3 090 940 €. At the time a significant amount of funds was earmarked as “other” – approx. 50 000 €. This reserve was created to accommodate any Covid-19 related increases or emergencies, and to allow for a more flexible allocation of costs, should that need arise. These funds were later used in other budget categories.

The actual expenses of 2021 were also slightly increased compared to the 3 043 547 € recorded as actual expenses in 2020. This was largely due to ILGA-Europe being better prepared for continued functioning under the pandemic and therefore having higher capacities to absorb funds. The comparison of the 2020 and 2021 actuals and the 2021 budget is in the table below.

	2020 <i>actual</i>	2021 <i>budget</i>	2021 <i>actual</i>
Staff costs	1,668,553	1,778,289	1,762,609
Office Costs	270,121	296,333	277,169
Gathering Online	57,185	64,000	60,009
Board Meetings	5,108	5,500	45
Work Programme Costs	168,350	235,100	266,038
ILGA-Europe Capacity Dev.	23,997	25,000	25,998
Fundraising	1,188	25,000	6,247
Re-granting	825,596	568,000	749,885
Other and losses	22,307	73,717	4,160
TOTAL EXPENSES	3,043,547	3,090,940	3,152,160





Several specific cost-generating strands of work were repeated from 2020, such as the ILGA-Europe Gathering Online (instead of the Annual Conference), significant efforts invested in re-granting, the Annual Review and Rainbow Maps, engagement on strategic communications and messaging. The highest new cost items include building on the No-One Left Behind Fund and harvesting learning on socio-economic justice to further ILGA-Europe's work, extensive assessments and planning around incorporating intersectional approaches across activities and policies, the 2020-2021 Funding Needs Assessment, and the development of a new ILGA-Europe website. Further details of expenditures are available to members only – the sections below are an excerpt of the full report.

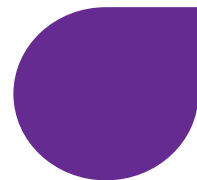
Staff costs

ILGA-Europe strives to provide adequate remuneration for Brussels standards, and a set of benefits that answer the needs of members of communities under-represented in employment. At the beginning of 2021 staff benefits were additionally adjusted, following an audit of the recruitment/employment policies and practices carried out with the objective of removing barriers people from under-represented communities might face when applying for jobs (with a particular focus on LGBTI, BPOC and people with disabilities).

The level of salaries is estimated to be about 97% of the average Brussels salary for similar jobs across all sectors (excluding high-earning corporate and public sectors), and is considered to be, to the best of our analysis, a good level of salaries and benefits for the international NGO sector in Brussels. The figures presented in the statement are total costs of the employer, while employees receive approximately 35-45% of these amounts once taxes and charges due by the employee and employer have been deducted. All staff salaries are linked to a transparent grading scale, and all staff within the same grades receive the same remunerations.

All staff time is assigned to programmes and projects, allowing to estimate the time investment in different areas of work.





Office costs

ILGA-Europe rents an office space in Brussels, and the current lease is in place for 9 years, since 2015. Significant investments in the office space have been carried out since the beginning of the rental. The lease of the office could not be cancelled or suspended during the pandemic (as due to local regulations such breaking of contract would imply significant costs, and ILGA-Europe would need to rent another space or dispose of nearly all assets), and, following discussions with the Executive Board, it was established that it is impossible for the organisation and staff team to function without sufficient open space. Staff were using the office semi-regularly throughout the pandemic, alternating between working from home and from the office.

The comparison between 2020 and 2021 actual figures in the budget to actual (Annex 3) shows a minor variation between years (270 121 € and 277 169 €, respectively), and a higher difference between the budgeted 296 333 € and actual 277 169 € for the year.

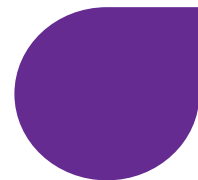
Overall, the overhead cost of ILGA-Europe remains fairly low for the type of work carried out across the region: under 9% of total costs.

Direct activity costs

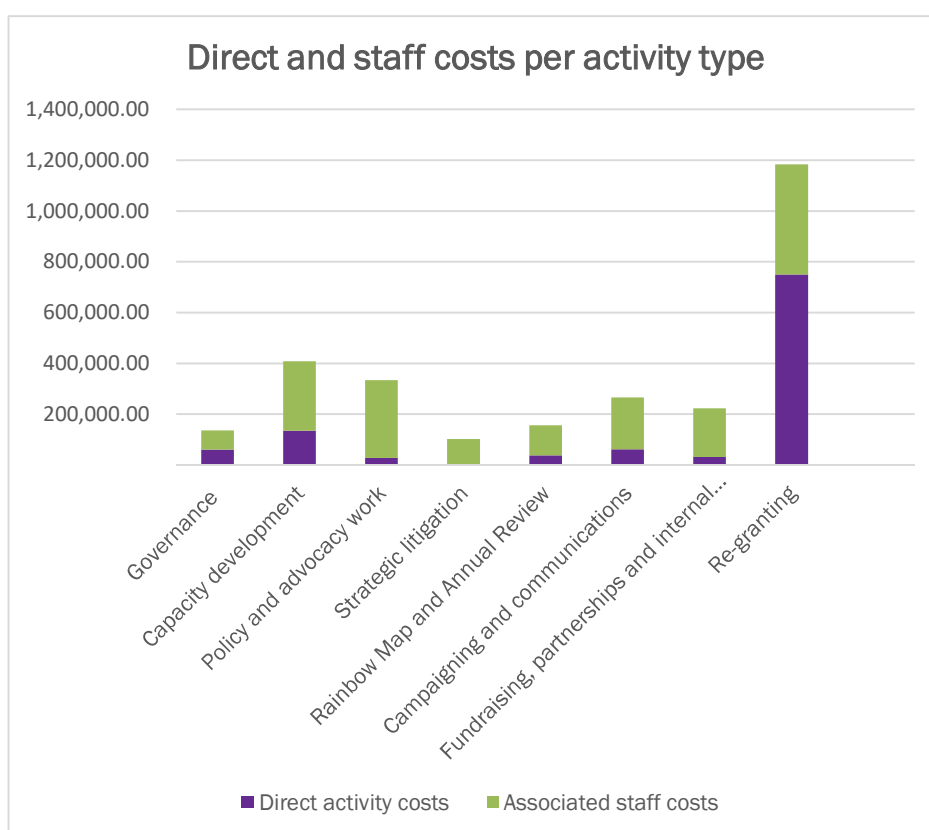
The analysis of direct activity costs is the most difficult to carry out due to the changing needs of the movement and the changing ways in which ILGA-Europe respond and adapts its activities to opportunities and challenges. Covid-19 and the inability to hold in-person gathering throughout the majority of the year is very visible in multi-year comparisons, but less so when comparing 2020 and 2021.

In this report direct costs – all costs that are not personnel, administrative or losses – are compared against the figures of financial year 2020 and the budgeted figures of 2021 based on the budget to actual (Annex 3). Where relevant, a comparison between balance sheet elements is also explained. It's important to note that a significant portion of activities carried out by ILGA-Europe – such as advocacy work, strategic communications and media work, or capacity building of grantees and members – are carried out with very little direct activity costs,





especially in times of Covid-19. We are therefore also providing an additional breakdown of what portions of personnel costs are associated with different types of activities.

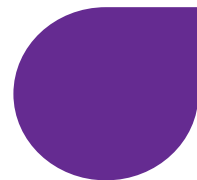


The figures related to staff costs above are an estimation based on staff members workplans and job descriptions.

Compensating activists for their time

The costs of activities such as the Gathering Online, the Annual Review, ILGA-Europe's blog and similar increased compared to 2020. While both in 2020 and 2021 a Gathering Online was organised instead of an Annual Conference, and while the Annual Review and Rainbow





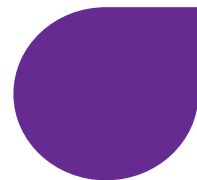
Maps are long-standing benchmarking projects carried out every year, in 2021 ILGA-Europe managed to set aside budget to start remunerating activists who have previously been contributing to these activities on a volunteer basis. Nearly 25 000 € in compensations for such contributions was paid. This was a decision approved by the Executive Board, prompted by ILGA-Europe's attempt to disrupt the norms of socio-economic injustice, where activists are expected to volunteer their time and effort, regardless if they are staff members of their organisations or actually need to take time off paid work or lose income to engage. We realize that these situations affect most often those in the movement who are already at a particular disadvantage: women, bisexual, trans and intersex people, black people and people of colour and people with disabilities, both due to the marginalisations and limitations of access to the job market, as well as the more severe under-resourcing of organisation that serve these particular communities. And with this, among other internal changes to operations, wish to interrupt these unfair logics.

Stock-taking and internal developments

Two areas of focus for internal development within the year were socio-economic justice and ways for ILGA-Europe to engage with such related issues, and applying intersectional lenses to our work (with a particular outlook at anti-racism). Several consultancies were contracted within these two strands (for nearly 40 000 €), contributing to further developments of the strategic framework and to the implementation of specific measures to ILGA-Europe's internal operations and workplans for the following years. These are long-term processes, which will carry over into 2022 and beyond. We hope that more resources will be raised for targeted activities related to these areas, including for re-granting – such as the No-One Left Behind Fund in 2020, or the Trans Narratives re-granting scheme of 2021.

Additionally, in 2021 ILGA-Europe in cooperation with Strength in Numbers repeated its Funding Needs Assessment to map the changes, needs and opportunities related to financing for the LGBTI movement in European and Central Asia, which will be published as a report in early 2022.





Strategic communications and other expertise

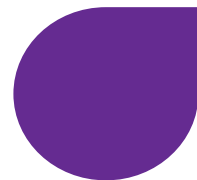
Work on messaging, narratives and strategic communications has been extremely important for ILGA-Europe for a number of years, but in 2021 it was a significant cost item due to the number of learning and capacity building opportunities offered online with the support of consultants and experts. Similarly, external expertise was engaged on issues such as hate crimes, gender-based violence, wellbeing and project development.

Re-granting

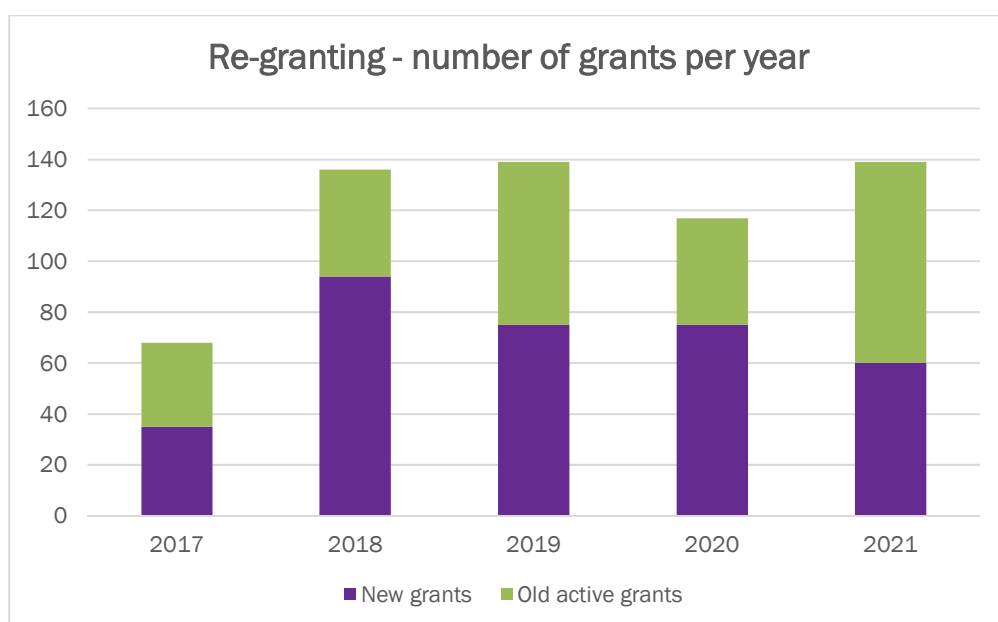
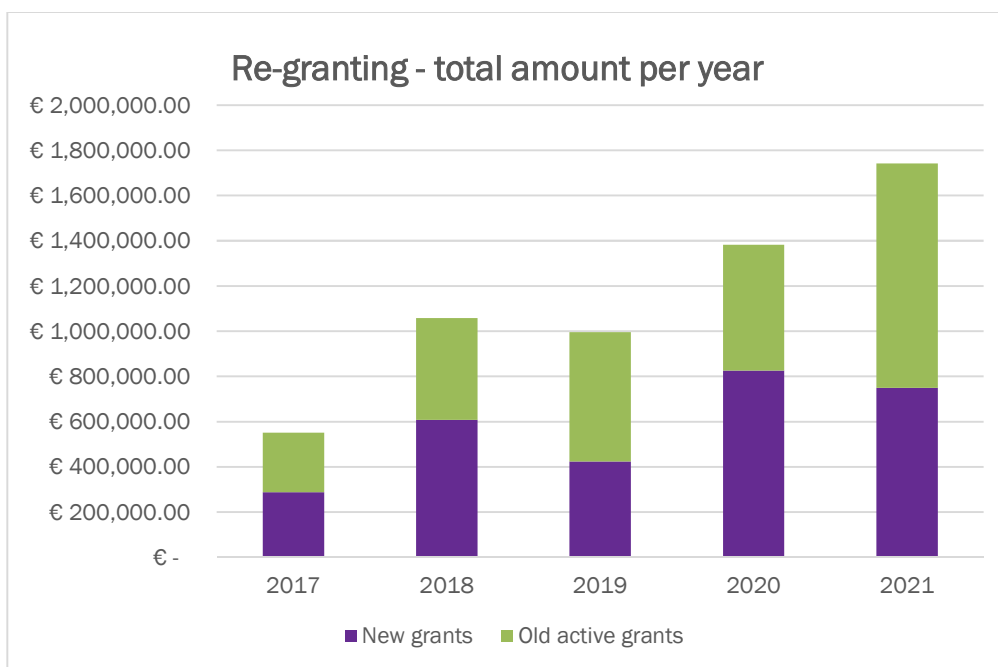
ILGA-Europe's re-granting is the most resource consuming activity, both in terms of staff costs and direct resources distributed to organisations across the region. ILGA-Europe re-grants both to registered organisations and to initiative groups, within the frameworks of specific thematic or regional calls, many of which are confidential due to the high-risk nature of work carried out by grantees. The staff of ILGA-Europe, with external support when required, manage the re-granting processes entirely: develop calls, intake and assess proposals, verify references and track records, carry out contracting, receive and verify narrative and financial reports with supporting documentation, but also carry out a variety of formats of capacity building activities. Pairing re-granting with capacity building has for a long time been a unique aspect of ILGA-Europe's approach to resourcing movements, and it is being made consciously more prominent within recent years. Depending on the theme and priorities of calls, ILGA-Europe provide specific thematic trainings (such as around messaging, social media, using communications tools, or engaging with specific policy actors), but training and coaching on financial management has been equally important. This high level of involvement of both programmatic and finance staff explains both ILGA-Europe's limitations in channelling more funds, and the high cost of staff associated with the activity.

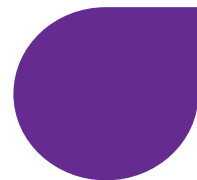
Overall, 60 new grants were awarded in 2021, for a total amount of 749 885 €. While these figures are lower than the new grants issued in 2020, the total number and value of active grants that ILGA-Europe managed within the year 2021 was significantly higher – 139 (for a total of 1 742 102 €), compared to 115 (for a total of 1 377 403 €) in 2020. As the graphs presented below indicate, the total amount of re-granting handled by the organisation annually





is steadily increasing. There is also a significant shift in the value of grants awarded – while a few years ago ILGA-Europe’s subgrants averaged at under 5000 €, the average grant in 2021 was 13 000 €.

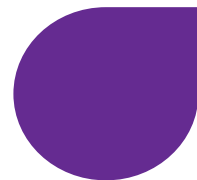




Where possible and applicable, ILGA-Europe prioritises applications coming from small and medium-sized groups and organisations, and those working for the benefit of underrepresented and traditionally marginalised communities. In 2021, among the new grants issued (60), several were awarded to groups focusing specifically on trans and/or intersex rights and empowerment (22), and BPOC, people of faith, migrants and refugees (8), as well as groups working in high risk-countries (27). The largest programme of the year focused on developing strategic responses to anti-LGBTI forces in the region, and funded 26 organisations for a total of 368 288 €.

What is important to note, is that as of 2020, when ILGA-Europe begun raising sufficient amounts of unrestricted donations and sponsorships to cover activity costs beyond standard budget and co-funding gaps, our own funds have been allocated to re-granting in order to widen the scope of organisations funded. In 2021, nearly 200 000 € of our donation funds were used for supporting subgrantees – that is over 25% of our total re-granting budget for the year.





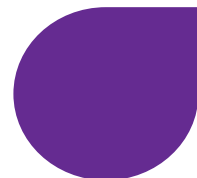
Year-end closing

Reserve information

The audit of financial year 2021 took place in January 2022 and was carried out by Callens, Pirene, Theunissen & C°, members of the Crowe Global network. The auditors were contracted by the Executive Board and are independent, certified auditors. The controls performed included the overall compliance of ILGA-Europe with Belgian General Accounting Principles, incl. the verification of income, expenditures, receivables, payables and deferrals, as well as specific verifications of income and expenses under the European Commission operating grant, and other project expenses. Specific attention was paid to ILGA-Europe's implementation of own procedures and policies, such as procurement, management of assets and depreciation, and re-granting. Several subgrants were audited, sourced from a diverse range of funding. The auditors also controlled the implementation of Board and membership issued decisions, especially around budgets and allocation of unrestricted funding to different parts of operations.

The audit report indicates that no issues were found and is therefore an unqualified opinion – the most positive result of this type of audit. It confirms recognized income of 3 322 339 €, expenses of 3 152 160 €, and a year-end result of 170 180 €. This year-end result was primarily sourced from unrestricted funds and extraordinary income. The table below shows a progression of reserves built up from year-end results between 2014 and 2021. Before this time, according to European Commission regulations, ILGA-Europe was not allowed to retain any resources for its equity, and therefore was often operating at a deficit.





Overview of reserves

	<i>January 1st</i>	<i>Year-end result</i>	<i>December 31st</i>
2014	- 76,702.52	70,774.42	- 5,928.10
2015	- 5,928.10	56,537.41	50,609.31
2016	50,609.31	53,866.77	104,476.08
2017	104,476.08	- 60,978.20	43,497.88
2018	43,497.88	43,578.65	87,076.53
2019	87,076.53	71,643.96	158,720.49
2020	158,720.49	99,575.28	258,295.77
2021	258,295.77	170,179.87	428,475.64

A reserve building plan was put into place in 2018 which set the objective of reaching 500 000 € in reserves, approx. 15% of the annual budget at the time, by 2023. While this objective will be likely achieved within 2022, a new reserve policy will be put in place to further specify the resources that should be allocated to the general, operating reserve, and the social fund. With the foreseen increase in the annual budget to 4.5M€ - 5.5M€ in the next few years, the targets for the reserves will be further adjusted during 2022.

