

ESE FINANCIAL HEADLINES – 2024 and outlook for future years

Further detailed information can be found within the audited accounts attached in this document.

- The outcome from 2024 is as follows:
 - An operating deficit of €86,487
 - The planned budgeted deficit was €345,375
 - Gain on investments of €386,167
 - An increase in organisational value of ESE by €299,680 from the previous year.
- Funds carried forward to 2025 are €5,202,953 including restricted funds (2024 = €4,903,274).
- The major income streams for ESE were from individual and corporate memberships, corporate sponsorship of activities, from the *European Journal of Endocrinology* and from the ESE Advocacy Representation Scheme and the congress. The *European Journal of Endocrinology* in particular continues to perform financially well.
- The major items of expenditure were from support of the various activities, including the congress, educational events, grants and awards, policy and advocacy, the member magazines, the support and development of the membership system and the website. In addition, ESE had overheads (which are included within Office and Management costs), of which the most significant item is related to the CRM (Customer Relationship Management system) and LMS (Learning Management system) depreciation and annual running costs. The cost for in-house staff increased in 2024 due to bringing a number of services in-house, however costs of outsourced services decreased.
- The difference between the operating deficit of €86,487 and the budgeted deficit of €345,375 is:
 - Income down by 4.71% between budget and actual
 - Direct costs down by 14.63% from budget to actual
 - Overheads up by 4.54% from budget to actual
 - The main differences which account for this was that the revenue for publishing the *European Journal of Endocrinology* was better than budget, the PG Course did not take place in 2024 (as it was moved to February 2025 and therefore the revenue and costs did not take place in 2024). There was a lower level of revenue from industry grants than budgeted for other activities.

- **IT Infrastructure project: Customer Relationship Management System (CRM)**

As previously reported, over the last two years, investment has been made both in terms of ESE Team resource and the implementation of a CRM system. In mid to late 2023, steps were taken to transition the membership and finance activities from being outsourced to an in-house activity. With this the cost of the in-house (membership and finance) team has increased, but the cost for outsourcing these activities has been removed.

The project included the CRM system (membership, awards, grants, committee management etc), and also the upgrade and redevelopment of the website (which was required in order to be compatible with other functionality).

The cost for the CRM system is held in Intangible Fixed Assets (Page 33 and note 13 on page 43). ESE's depreciation policy on intangible assets is over 5 years, therefore the cost of this investment is written down in equal amounts over a 5-year period. This started in December 2023 when the website and CRM went live.

During the development and implementation stage of the CRM system, the costs were managed using accessible cashflow. In Autumn 2024, the amount of accessible cashflow had been reduced and therefore the Executive Committee decided to withdraw funds from the Investment Portfolio in order to maintain day to day activities. The amount of the withdrawal was €500,000 and, at the time the withdrawal was made (in November 2024), the investments were in a good position and the withdrawal was made at the right time.

- **Reserves**

ESE has a reserve policy in place for ESE activities, excluding the *European Journal of Endocrinology*, which will allow the Society to run the majority of its activities for a two year period. For the *European Journal of Endocrinology*, the reserve is calculated on the aggregate of two years' revenue share. The full details of the reserve policy are detailed on page 18 and 19 of the Trustee's Report.

- Based on these policies, the trustees of ESE consider that the required level of readily useable reserves should be €1.682m for EJE and that the reserve for general ESE activity should be €2.025m. The total of the two reserves is €3.707m and the current total unrestricted income fund as shown in the audited accounts is €4.878m excluding the restricted funds.

There is therefore a surplus above the reserve requirement of €1.171m.

Investment is planned to utilise a proportion of these funds, however the financial situation will be evaluated on an ongoing basis due to the current uncertainties that remain as a result of challenges to revenue and increases in costs.

- **Investment Portfolio**

ESE's Investment Policy outlines the approach to investments and acts as a framework for making investment decisions, helping the Finance Committee and Executive Committee manage ESE's resources effectively and ethically. ESE's investment approach is based on a medium low risk category with a balanced investment objective. The policy is available on the [website](#).

The investment portfolio is managed by Charles Stanley & Co who provide regular reports on the performance of the portfolio. Although in recent weeks and months there has been some instability in the markets, there is no immediate need to withdraw funds from the portfolio. The Treasurer and Finance Committee will continue to monitor the portfolio value and balances over the coming months.

Outlook for 2025

- Investment in specified projects in line with the 2022-26 strategic plan will be further progressed with continued investment in multiple projects across all of the ESE strategic pillars.
- A deficit budget has been planned in 2025. The current projection for future years is for a break even budget in 2026 and a deficit budget in 2027.
- A relatively careful approach remains necessary to ensure ESE's financial stability and the Finance Committee and trustees will be diligent to ensure this is the case.



Sebastian Neggers, ESE Treasurer
May 2025