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Treasurer's Report

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Dear Member Organizations of the European Scout Region,

I am pleased to present the Treasurer's Report for the 2022–2025 Triennium, submitted to the 25th European Scout Conference. This report is not just a financial summary; it is a record of how our Region navigated an exceptionally dynamic period marked by geopolitical challenges, an extraordinary UNICEF-funded initiative (UAct), and continued adaptation following the COVID-19 pandemic.

The report hopefully offers both an overview of key financial facts and more detailed explanations for those seeking deeper insights. It outlines the evolution of our income and expenses, the robustness of our reserves, updates to our investment governance, and an honest look at risks and mitigation efforts.

I hope this document reflects our shared commitment to transparency, accountability, and sustainable, effective financial leadership. Should you have any questions or wish to discuss further details, I am at your full disposal.

Yours in Scouting,

Bo Holmström
Regional Treasurer
European Scout Region
May 2025

Table of Contents

1. Financial Matters in a Nutshell – Must-Read	4
Preliminary Notes	4
2. Financial management practices and institutional improvements over the 2022-2025 Triennium.....	5
3. Financial performance and further explanations.....	7

Languages

The official languages of the World Organization are English and French. The World Scout Bureau will make all Conference Documents available in both languages.

In the event of a conflict arising out of the interpretation of this Conference Document or any other official document of the World Organization, the English text shall prevail.

1. Financial Matters in a Nutshell – Must-Read

How much money does the European Scout Region (ESR) get annually?

The operational income of the ESR amounts to more or less USD 2 million plus funds for projects.

Has it been a period of "business as usual"? Why not?

No. This Triennium has been exceptional in several aspects, with six new countries in the Region and a full-scale war in Europe. This has impacted our financial activities. One major point is the variation in our income. Total operational income was USD 3,3 million in 2021/2022, USD 7.0 million in 2022/2023, and USD 2.7 million in 2023/2024.

The reason: Following the war in Ukraine, the Region managed the UAct project, which was funded by UNICEF. The project income in 2021/2022, USD 1,3 million and in 2022/2023, USD 4.5 million, was higher than our normal total annual operational income.

Did the income cover the operational expenses of the ESR?

Yes. Variation in project income is directly linked to the level of activities, which means variation in expenses.

The operational expenditures amounted to USD 3,4 million (2021/2022), USD 6.9 million (2022/2023) and USD 2.7 million (2023/2024), respectively.

Where does the ESR's money come from?

Around USD 1.5 million (70%) of the income, excluding project income, stems from the Fund for European Scouting (FES), also known as the McIntosh Fund. The Regional Registration Fees amount to around USD 200,000 per year.

Other income comprises institutional funding (European Union, Council of Europe), seminar fees, and earnings from reserves. As described above, project funding is an important (but volatile) source of income.

What are the main financial risks of the ESR?

The FES money comes in USD. Therefore, a weak USD (compared to CHF/EUR) means the ESR has less money. The same is true if the financial markets perform poorly in the long run.

Project funding depends on the respective (institutional) programmes and requires extensive work to comply with their requirements. If programmes are discontinued or the ESR cannot meet all requirements, the ESR could generate less project income.

How transparent are the finances of the ESR?

Apart from the triennial report (including the option to submit and discuss any finance-related questions), the annual accounts, as audited, are circulated with the Treasurer's explanatory letter to ensure complete transparency among the ESR members.

Can we be happy with the financial condition of the ESR?

Yes, we can. First, the FES is a very reliable and substantial source of income, independent of the Scout-related environment. Second, we can rely on our reserves (USD 4 million). Lastly, we have a strong, skilled team working continuously to generate project funds.

Preliminary Notes

Structure and Purpose of this Report

This report on finance matters is not meant to summarise or rephrase the financial statements that have been made available annually. Anyone interested in those details should refer to the audited statements ([2021-2022](#), [2022-2023](#) and [2023-2024](#)). Instead, the idea is to enable everyone interested to better understand the financial situation of the ESR according to their personal needs. This is why there is an "in a nutshell" section at the beginning. This section is exhaustive and should allow anyone to understand the key financial facts of the ESR in

less than five minutes. The general report is meant for the more interested readers, whereby certain sections are marked as "details" for those interested in specific, mainly technical, details.

Consolidated Figures – Technical Details

Reported figures are the consolidated figures for the combined activities of the ESR. Separate financial reports are also prepared for the European Regional Office, Geneva (in Swiss Francs), and the office in Belgium, ASBL European Scout Office, Brussels (in EUR). The consolidated accounts of the ESR show the overall financial situation, consolidated in USD (as this is the world-level consolidation currency and makes it, in particular, easier to compare regional figures with world-level figures). These statements are comprehensive; the other statements may add more information, but are technically included in the consolidated version.

2. Financial management practices and institutional improvements over the 2022-2025 Triennium

Building on the foundations laid in the previous period, the Region further strengthened its budgeting processes, financial reporting standards, investment governance, and risk management tools. These developments were guided by the Regional Scout Plan and aligned with oneWSB's internal controls to ensure transparency, accountability, and long-term financial sustainability. Highlights include a more structured budget monitoring system, the formalisation of the Investment Committee, and the continued use of a high-level risk register to anticipate and manage financial uncertainties.

Monitoring and Supporting Process for the Budget / Financial Management

At the beginning of the Triennium, the Regional Director and the Treasurer established a process for developing the annual budget, inspired by the process of the last Triennium and in alignment with the overall process of the entire world organisation. This process has been documented and modified, as appropriate. The budget uses a predefined spreadsheet template used across the oneWSB. This framework is also made to compare budget figures with actual figures.

The finance team in the World Scout Bureau (WSB) Europe Support Centre regularly provided actual figures in the budget spreadsheet. The Treasurer, in reconciliation with the Regional Director and the Finance and Administration Senior Manager, reported these figures during each business meeting of the European Scout Committee (ESC). The Treasurer has developed a standardised reporting form with flexibility for additional notes. This procedure ensured a permanent and documented monitoring process for the budget.

Reporting Standards

While the reporting and its standards during the fiscal year were mainly for the European Scout Committee, the report relating to the respective annual financial statements was for all stakeholders, particularly Member Organizations. Specific attention was paid to reporting in understandable language and figures and to adding pictures, where appropriate.

Audit reports

KPMG has audited the Region's financial reports, including the consolidated accounts. The audit reports for all three financial years ended in the Triennium have been unqualified (no audit remarks). Following the Auditors' recommendations, adjustments to reporting and documentation of the procedures regarding our investments and the work of the Investment Committee have been implemented.

Investments and Investment Policy

Reserves of the ESR that are not planned to be specifically used were invested in the European Investment Fund (EIF). Any investments are made based on the Investment Risk Policy approved by the European Scout Committee on 9 March 2013.

The investment control guidelines were updated during the Triennium to align with the oneWSB Internal Control System for Investment Monitoring. The Investment Policy was later reviewed and approved in July 2022 and was updated in March 2024 in collaboration with the Investment Committee.

The Investment Committee comprises three members: the Treasurer and two external members. The European Scout Committee selected them based on targeted recruitment and appointed them in December 2023. Over the Triennium, additional routines regarding reporting and documentation have been implemented.

High-level Risk Register

The Regional Director and Treasurer have continued using the high-level risk register developed last Triennium for risks associated with their incomes. This register includes a traffic light system to indicate the risk level as a combined outcome of likelihood, impact, potential, and implemented mitigation measures.

Financial support to Member Organizations to attend regional events

The ESR provides financial support to Member Organizations to attend Regional Events through three means:

- Application and access to external funding enable low participation fees and, when applicable, support of travel costs.
- Funding allocation through the Regional Budget enables low participation fees.
- Setting a Solidarity fund approach by using the dedicated Reserves to support coverage of participation fees and/or support for travel costs.

In October 2021, the European Scout Committee 2019-2022 decided to allocate a positive balance from the 2020-2021 fiscal year. On that occasion,

- The Committee agreed to expand the Reserve for registration fees and renamed it the *Reserve for registration and participation fees*. This was in response to the foreseen financial challenges some National Scout Organizations (NSOs) and National Scout Associations (NSAs) might have in investing in joining regional events due to the impact of the COVID-19 pandemic.
- The Committee decided to allocate the end-of-year results to both reserves.

As of November 2021, the Region has established a centralised and streamlined system for MOs to request financial support to attend regional events. Applications are confidential and are reviewed by the WSB—Europe Support Centre based on an internal set of criteria. [See the Form here.](#)

At the closing of the 2022-2023 fiscal year, as we started the Triennium, the WSB-Europe Support Centre made the following estimation based on its assessment of those NSO/NSAs requiring support and the number of upcoming Regional events for the 2023-2024 and 2024-2025 fiscal years:

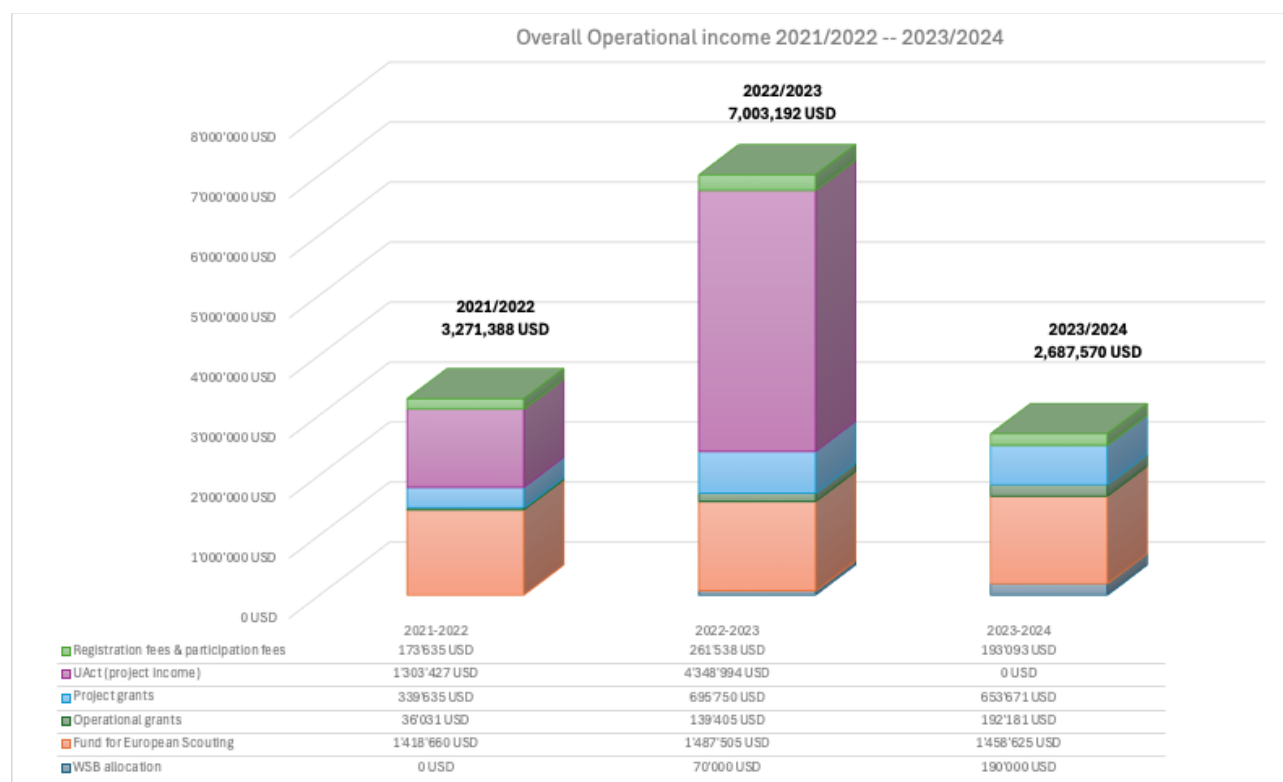
- About 12 NSOs/NSAs * 2 participants * 5 compulsory events
- About 12 NSOs/NSAs * 1 participants * 5 smaller events
- For an estimated 400 USD support per participant

As of May 2025, the Region has allocated about EUR 45'000 in financial support over the current Triennium, enabling over 150 participants from 24 National Scout Organizations to attend 10 regional events, including the upcoming Regional Conference. This investment reflects our continued commitment to inclusivity and broad participation across the Region.

3. Financial performance and further explanations

Income Situation 2021/2022 – 2023/2024

Apart from the project income (see below), the income of the ESR was quite stable. The Fund for European Scouting (see below) and the Registration Fees are an important pillar of the ESR's finances.



Fund for European Scouting

Kenneth McIntosh founded the Fund for European Scouting (FES) to benefit European Scouting. In other words, McIntosh gave a part of his money to this fund after his death. The fund is managed by JPMorgan Chase in New York City, which aims to increase its value. The fund is not owned or controlled by the ESR and, therefore, is not shown in any of its accounts or financial statements, but it is held in trust.

Based upon a best practice that preserves the fund's value in the long run and enables the ESR to use its proceeds in any given year, the fund distributes to the ESR every year in October/5 November % of the three-year average fund value. The grant projection for the subsequent distribution in late 2025 is calculated as follows:

Market Value Date Market value of the FES

September 30, 2022	USD 25,936,371.38
September 30, 2023	USD 28,650,100.14
September 30, 2024	USD 34,664,177.10
3-year total	USD 89,250,648.60
3-year average	USD 29,750,230.20
5% of the 3-year average (= distribution to the ESR)	USD 1,487,510.81

Because around 70% of the ESR's operational income, excluding project income, stems from the FES, such an average value of the fund is a key factor for the income. As can be seen in the figures, the most recent development is quite favourable and ensures a high distribution, even if the value will drop a bit in the next two years. The fact that the distribution refers to the three-year average makes the distribution more predictable and less volatile than

a one-year reference. A good contact is established between the ESR and JP Morgan, ensuring that we understand the development and investment decisions as much as possible, as well as the repartition and development of the fund. However, we depend on the development of the financial markets.

Since the distributions are made in USD, but the ESR's principal currencies needed are CHF and EUR, there is a risk of a weak USD compared to the EUR and/or the CHF. Risk mitigation measures may include the purchase of forward contracts (buying a certain amount of EUR or CHF at a fixed rate, but only at a later date) so that the budget can be set up on the basis of a known exchange rate. To a certain extent, this makes sense to mitigate the exchange rate risk (i.e., "losses" compared to the exchange rate used to set up the budget). On the other hand, such forward contracts incur bank costs and take away the upside potential if the USD is stronger. During the Triennium, no forward contracts have been entered into after 2021/2022. We have utilised the fact that the rate has been favourable (strong USD vs CHF) when the annual contributions have been received by converting USD to CHF.

In 2023, with the support of JP Morgan, the WSB Europe Support Centre applied for and received an Equivalency Determination from [NGO Source](#). An equivalency determination is a good-faith determination that a non-U.S. organisation is the equivalent of a US public charity, facilitating grant processes for US funds in general. Henceforth, this ensured a continuous, smooth process in applying for, receiving, and reporting on the FES contribution.

At the end of this Triennium, the **FES distributions were more than ever a very reliable source of income for the ESR.** The current turbulence in the financial markets and the weakened USD are risk factors to be considered and closely monitored.

Project Income

The European Scout Region has made significant progress in building its resource mobilisation and funding management capacity, focusing on improving internal systems, collaborating with stakeholders, and providing better support to Member Organizations (MOs). From the end of the last Triennium and in the course of this Triennium, we:

- Increased its funding and grant management function, and as a result, addressed the requirements of restricted funds.
- Supported the development of funding applications that are multi-year, multi-partner, and cross-cutting different priorities.
- Established a project management approach and introduced a Quality Assurance approach.

From a sources of funding perspective, the European Scout Region primarily relies on project-based funding and structural grants from:

- Erasmus+ (youth mobility and education programmes).
- European Youth Foundation (EYF) (core funding but more limited).
- Other sources, such as UNICEF, World Scouting Grants, the Erick Frank Trust, KAICIID and LTF.

This Triennium included one exceptional project - [UAct](#) Scouts in Humanitarian Response for Ukraine in 2022-2023 (see [Project Final Report](#)). This project alone had a turnover higher than the total operational income for a normal year. The project was financed by UNICEF, and the project income was USD 5,28 million.

Financial year	Project income
2021/2022	USD 1,642,179
2022/2023	USD 4,491,666
2023/2024	USD 641,048

These figures have been thoroughly monitored, controlled, and assessed by the Treasurer together with the Regional Director. The two main questions asked (and our answers) were:

1. To what extent do the expenses of the ESR decrease concurrently with the decline of the project income (risk of overall losses)? – Project income rarely funds 100% of the activity. Therefore, if an activity didn't take place and less or no project income was generated, the ESR had more money left than anticipated with the activity done. From a pure financial perspective, there was no risk, but a financial benefit.

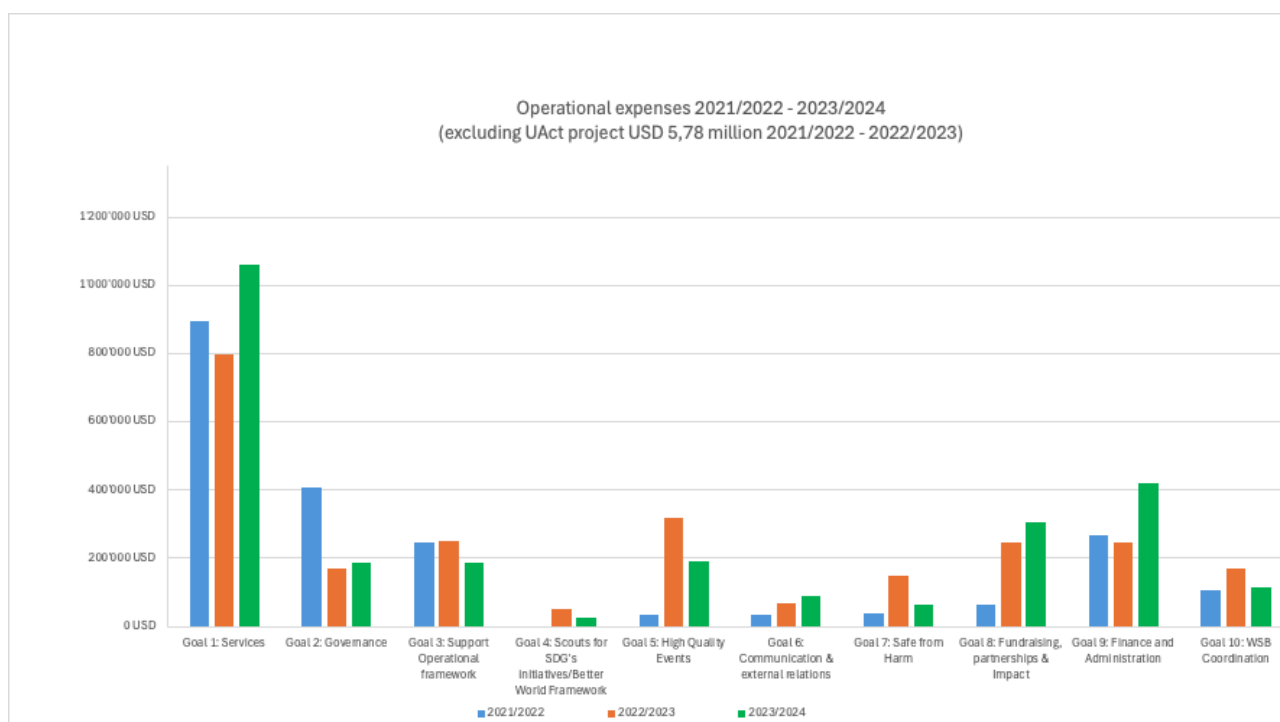
2. Are the levels of project funding sustainable? Will there be project funding, or will the funding available be allocated to other areas of financial need (risk of higher self-funding requirement)? – Clearly, the answer here is more difficult, because no one can give reliable information on any such future development. On a global level, the decision of the US Government to cut funding via USAid and other agencies will further enhance this risk. However, in a short and medium perspective, we currently still see a European political environment that aims to keep project income available for activities that the ESR typically does. Following these considerations, we continue to believe in the quality of the activities in the ESR as well as in the quality of the work required to successfully apply for project funds in the future.

To conclude this section, where we provide further input on the actual resources mobilisation efforts of the Region:

- **2022-23 Exceptional Year:** Funding reached EUR 6'670'728, a spike attributed mainly to humanitarian funding tied to the Ukraine crisis. This year should not be considered a general fundraising success, but it demonstrated the Region's ability to handle large-scale projects.
- **Project value:** We have moved from 10 projects granted for a total value of 210,500 in 2014 to 4 in 2024 for a value of 540,820. This demonstrates an increased ability to access and manage larger-scale projects.
- **Needs-based:** The above achievement is also driven by the Region's ability to be needs-driven (rather than donor-driven). To enable such an approach, a process composed of NSOS' needs, Regional Scout Plan priorities, and capacity assessment is formally implemented.
- **Project focus:** Unifying the Region's recurring capacity-building events under a single theme enabled us to pursue larger funding opportunities and establish a cohesive narrative. This strategy also enabled more efficient management and allocation of staff resources responsible for executing these events.

Expenses and Budgets

Below is a breakdown of the ESR's operational expenses. A detailed analysis of these expenses would go beyond the scope of the Treasurer's report, as it involves a political decision on how to spend the ESR's money.



However, there are a couple of key observations to note:

Project expenditures are a volatile line item. Therefore, it should be noted that these expenditures are just the flip side of the project income (see above). During any given period, the project income and expenditures are balanced. Thus, volatility is not a problem; it is just the result and reflection of the project activities. In the chart above, expenditures for the project UAct in 2022/2023 have been excluded in order for the figures to be more comparable. The expenses for UAct were part of Goal 1 and amounted to USD 5'784'341.

Since the **new geographical boundaries**, additional capacity and support have been invested to cater to the MOs that joined the Region. On an operational level, this means dedicated services, some translation and interpretation, a network event, and a slight increase in financial support for participation in regional events. Overall, no major impact was felt on the Region's budget.

Operational costs (including personal expenses, office costs, audits and all costs related to the operations of the WSB Europe Support Centre) make up 60% of the budget, with variations from one year to another. This reveals the strength and the qualification of the Region's employees being one of the backbones of the ESR's day-to-day work. Over the Triennium an average of 3 staff were fully funded by project funding over an average total of 15 staff (14 FTE).

It is key for the ESR to anticipate its financial needs and put them into a budget. For details, see Sec. 3 above.

We experience:

1. Ordinary plan-actual deviations. These are typically on an activity level and therefore have no impact on our big line items. In addition, the deviations have a compensating effect in themselves. This means that there is no tendency to simply overspend budgets, but a budgeted item can be overspent or underspent.
2. Extraordinary plan-actual deviations. This includes the financial management and monitoring for the UAct project.

Equity as of 30 September 2024 – Details

Taking into account that the ESR has merely technical liabilities (e.g., from intra-group accounts, restricted funds or accruals), the consolidated equity (USD 4,917,632) reflects approx. 93% 94% of the ESR's assets (USD 5,287,125).

While the ESR's cash situation follows a saw-tooth pattern (funds come in from late October until January, and then they are continuously used until the drop-off of new funds in late October), the non-current assets consist mainly of the EIF, amounting to CHF 4.4 million (2024, see above).

This is a healthy equity position with no changes needed for the time being.

Financial Reserves – European Investment Fund (EIF)

At first glance, reserves are not income. However, reserves can be a strong pillar for sustainable income: They can fill an income gap (planned or unplanned). But bigger financial reserves (well administered) may produce proceeds leading to a sustainable source of income. This is one of the reasons why the ESR set up the EIF a couple of years ago.

The EIF's market value went from CHF 3'316'290 (30 September 2021) to CHF 3'704'085 (30 September 2024). The funds were previously administered by the European Scout Foundation (ESF). In March 2023, the EIF was repatriated to the ESR.

Currently, the EIF is accumulating its proceeds, and no distribution has been made. In March 2025, guiding principles for EIF were established by the ESC in order to set out criteria for future distribution from EIF.

Transparent Finances

We maintained the practice to share the annual accounts, as audited, with all members of the ESR. In addition, we are (i) explaining how to read those accounts and (ii) giving a quick, reader-friendly overview in the Treasurer's accompanying letter.

The aim is complete transparency combined with the option for quick access to the key facts. This concept was also used when preparing this report.

