

The logo for emso ERIC features the word "emso" in a grey, lowercase sans-serif font above a horizontal line, with "ERIC" in a green, uppercase sans-serif font below it. To the right of the text is a stylized graphic of three curved, overlapping shapes in shades of green and blue, resembling waves or a network structure.

emso
ERIC

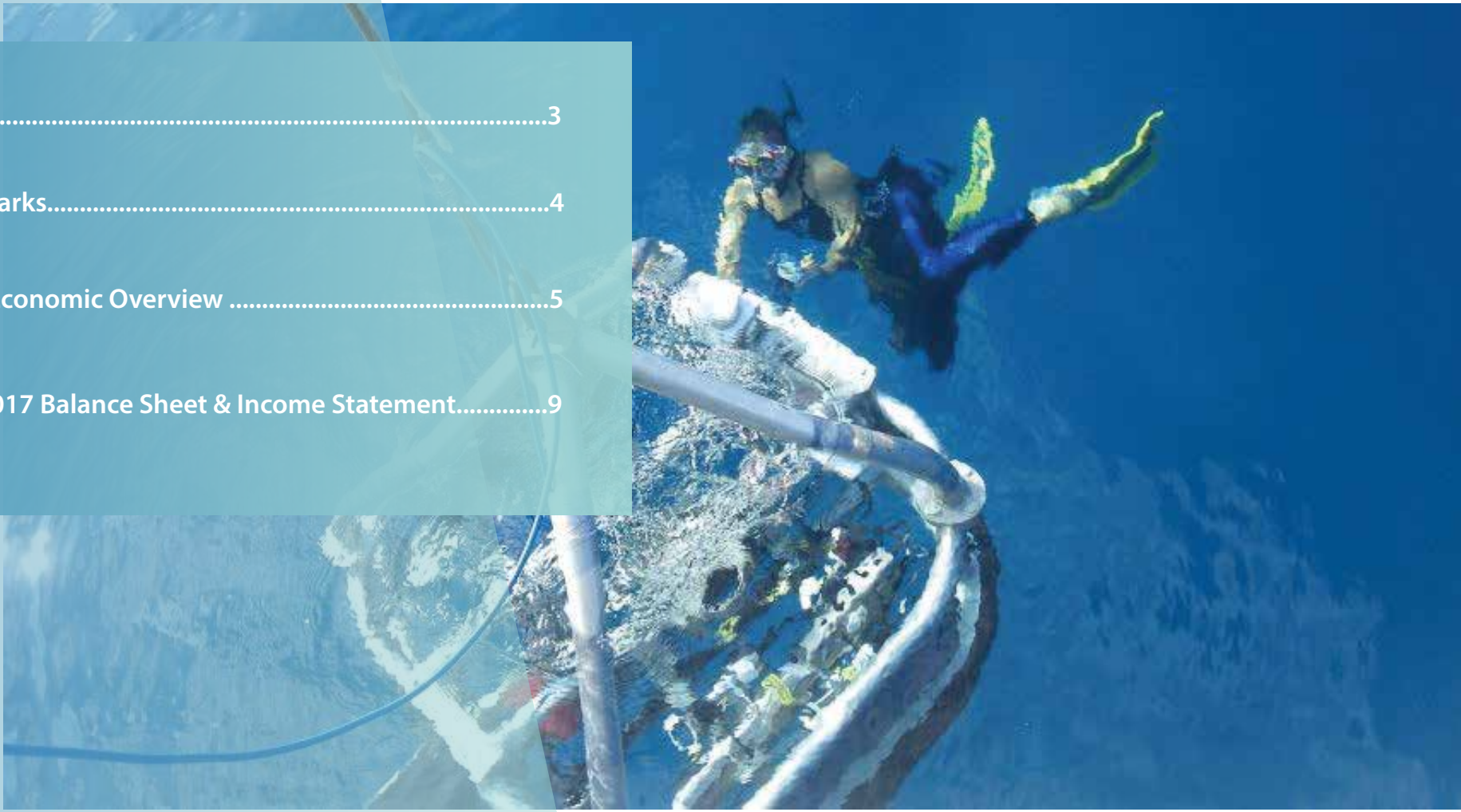
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Balance Sheet and Income Statement

Observing the ocean to save the earth

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1. Preamble

On September 29th 2016 the European Commission launched the European Research Infrastructure “The European Multidisciplinary Seafloor and Water Column Observatory through the establishment of the EMSO-ERIC European Research Infrastructure Consortium” Members of the Consortium, together with Italy, as hosting country, are France, Greece, Ireland, Portugal, Romania, Spain and the United Kingdom.

The registered office of the Consortium is in Rome and is currently hosted c/o Istituto Nazionale di Geofisica e Vulcanologia (INGV), that is the Italian hosting organization while the operational office is located in Via Giunio Antonio Resti, 63 - Rome.

EMSO ERIC is a not-for-profit legal entity/International organization undertaking mainly non-economic activities which are closely related to research activity.

The 2017 Balance sheet and the Income statement were unanimously approved by the Assembly of Members following the statutory rules and procedures on April 20th, 2018.

The 2017 Balance Sheet and Income Statement of EMSO ERIC has been prepared by Aleardo Furlani, EMSO ERIC Financial Officer with the support of the EMSO ERIC Central Management Office, the CPA Studio Pinto, while the voluntary auditing has been carried out by BDO, an International Auditing Firm .



2. General remarks

The activities carried out by EMSO ERIC in 2017 are fully aligned with the scopes and the statute of EMSO ERIC. The Balance sheet and the Income Statement Report provided to the Assembly of Members of the EMSO ERIC the financial and economic overview of EMSO ERIC at December 2017 and some relevant insights for 2018.

The capacity of EMSO infrastructure to be financially self-sustainable in 2017 and - prospectively - in 2018 has been ensured through 4 different sources of income:

- **the contributions of the Full Members;**
- **the participation in 3 European projects (EMSO-Link, DANUBIUS-RI and ENVRI-Plus)**
- **the in-kind contribution provided by the host organization and by Spain**
- **the projects submitted for funding during the first quarter of 2018.**

These sources, jointly with a prudent management of expenses accounts, generated a cash surplus (Accrued referred income tax) which, due to the non-profit nature of EMSO ERIC, has been fully retained in the fiscal year 2017.

After the appointment of the DG as of October 1st 2017, the cash consumption patterns increased due to the take-up of EMSO ERIC Infrastructure operations.

It should be highlighted that, thanks to the generous availability from the Government of Spain a very important agreement has been signed in September 2017 with CSIC which allowed the detachment of the new Director Prof. Juanjo Dañobeitia.

During the Set-Up Phase (2016-2017) EMSO ERIC obtained additional funding under EMSO-Link and DANUBIUS-RI EC projects, and additional funds are being leveraged from the European Union under the Cohesion Policy and Horizon 2020.

During 2017-Q4 EMSO ERIC participated in the submission of two European project proposals, and one regional project (in Sicily). Furthermore, EMSO ERIC finalized the participation in the on-going project ENVRI-Plus, whereas EMSO ERIC will contribute with activities against an additional budget of about € 53.000,00.

The financial sustainability of EMSO ERIC derives in predominantly from the contributions of the Members. While this funding is sufficient to keep the infrastructure functional, scale-up of the operations and structural assets requires leveraging additional funds, from EU calls and other sources, notably services to (industry and research Institutions).



3. Financial & Economic Overview

The present Activity Report illustrates the financial and economic status of EMSO ERIC at the date of December 31st 2017.

During 2017 EMSO ERIC started to have direct personnel cost in addition to the Interim Support Team (IST), provided as in-kind contribution by the Host Country through INGV and CSIC (Spain) .

In 2017 the staff included - as of December 31st 2017 - the following personnel:

Prof. Juanjo Danobeitia
Director General

Paolo Favali
Director of EMSO LINK and DANUBIUS projects

Maria Fredella
Assistant PM

Aleardo Furlani
Transition Manager (2017), Financial Officer (2018)

John Picard
Head of International Partnerships and Innovation

Angela Vulcano
DG Executive Assistant

As of December 31st 2017, EMSO ERIC Balance Sheet shows a total volume of revenues of € 496.954,00 and an EBITDA (Earning before Interests, Taxes, Depreciations and Amortizations) of €2.524,00 (see EMSO ERIC Balance Sheet 2017 in Annex 1). The accrued deferred income as of December 2017 is € 339.912,00.

3. Financial & Economic Overview

The Table 1 shows the breakdown of revenues in 2017. During 2017 some members of the CMO staff will continue to be provided as in-kind contribution from Italy through INGV.

The income statement for 2017 includes:

1. EMSO-Link Grant in 2017
2. DANUBIUS-RI Grant in 2017
3. Contribution from Host Country and Member States

Table 1: 2017 EMSO ERIC Revenues

	as of 31.12.2017
Revenues	€ 496.954,00
Contributions for operating expenses	€ 496.954,00
- Grants and Contributions national and international	€ 159.545,00
- Contribution from projects externally funded	€ 99.226,00
- Contributions (in kind by Host Country)	€ 216.877,00
- Contributions (in kind by other Members)	€ 21.306,00

3. Financial & Economic Overview

In-kind contribution in 2017

As per the EMSO ERIC FINANCIAL STATUS REPORT, approved by the Assembly of Members on 26th January, 2017, following a specific request from the Director General, the below detailed in-kind contribution has been provided from INGV in 2017, in its capacity of Institute the Representing Entity of Italy (Host Country) and provider of part of the staff of the ERIC Central Management Office (CMO).

The actual 2017 in-kind contribution has been elaborated and approved by the INGV Board of Directors.

Table 2: 2017 EMSO ERIC requested in-kind contribution*

Host Country in-kind contribution		2017	
CMO Staff	Yearly Approx. Cost	PM*	Value
Grant and Project Officer	€ 46.963,00	4.0	€ 15.654,00
Accounting Administrative Assistant	€ 38.738,00	14.0	€ 45.195,00
Innovation and External Relations Officer	€ 31.457,39	6.5	€ 57.474,00
Communication Officer	€ 70.000,00	6.0	€ 35.000,00
Subtotal			€ 153.323,00
Other items	Employee Approx. Cost	PM*	Value
External service providers	€	NA	€ 112.411,00
TOT		30.5	€ 265.734,00

**2017 The in-kind contribution resources will be exclusively allocated to core activities and not to funded projects. EMSO ERIC is presently reporting as eligible cost for the European projects only the cost incurred, directly paid and registered.
In-kind contributions from other members will be calculated in Full Time Equivalents at an average cost of € 70,000/year.*

3. Financial & Economic Overview

The Grants from EMSO-Link (Tot € 620.426,00) and DANUBIUS-RI (Tot € 47.188,00) are paid in three installments: the pre-financing (75%) in 2017, an interim installment (max 10%) in 2018 for DANUBIUS-RI and in 2019 for EMSO-Link, and the balance (15%) in 2020.

The EC pre-financing has been received for the EMSO-Link project in February 2017 (€ 3.269.588,26). EMSO ERIC will hold 25% of the EC received pre-financing (€ 1.089.862,81) to create a Joint Fund.

The management of the Joint Fund is regulated by the EMSO-Link Consortium Agreement.



Acknowledgments

The present Report has been redacted by Aleardo Furlani under the supervision of the Director General, Prof. Juanjo Dañobeitia, with the technical support of Antonio Fusco for the graphics.





ANNEX 1

Balance Sheet

Assets and liabilities as of 31.12.2017

Assets

Fixed Assets	€ 9.971,00
Intangible assets	€ 2.145,00
Tangible Assets (plant, property and equipment)	€ 7.826,00
Current Assets	€ 1.707.891,00
Inventories	-
Long term credits	€ 5.150,00
Short term credits	€ 40.266,00
- Credits for in kind contribution	-
- Credits for members' statutory contribution in cash	€ 40.000,00
- Other current credits and receivables	€ 266,00
Cash and cash equivalents	€ 1.661.040,00
Accrued income and prepayments	€ 1.435,00

Total Assets
€ 1.717.862,00
Equity & Liabilities

Equity	
Capital and other permanent contributions from Members	-
Reserves	-
Accumulated surplus	-
Non-current liabilities	
Long-term financial debts and loans	-
Other long-term debts and liabilities	-
Employee's severance indemnity	-
Current liabilities	
Short-term financial debts	€ 947.256,00
Advance payments from projects externally funded	€ 363.984,00
Other short-term debts and liabilities	€ 66.710,00
Debts from contribution in kind	-
Accrued expenses and deferred income	€ 339.912,00
- Deferred income (cash carryover)	€ 339.912,00
- Accrued expenses	-

Total Equity & Liabilities
€ 1.717.862,00

Profit & loss account

as of 31.12.2017

Revenues		€ 496.954,00
Contributions for operating expenses		€ 496.954,00
- Grants and contributions national and international	€ 159.545,00	
- Contribution from projects externally funded	€ 99.226,00	
- Contributions (in kind by Host Country)	€ 216.877,00	
- Contributions (in kind by other Members)	€ 21.306,00	
Other revenues		
Revenues from economic activities		-
Operating costs		€ 494.430,00
Costs for raw materials, supplies and goods		€ 1.214,00
Costs for raw materials, supplies and goods available in-kind		
Costs for services		€ 254.893,00
Costs for services available in-kind		€ 122.750,00
Staff costs		
Staff costs disposable in-kind by hosting country		€ 94.127,00
Staff costs disposable in-kind by members		€ 21.306,00
Costs of rents, concessions and royalties for trademarks		
Costs of rents, concessions and royalties for trademarks available in-kind		
Other operating costs		€ 140,00
Ebitda (Earning before Interests, Taxes, Depreciations and Amortizations)		€ 2.524,00
Depreciation		€ 2.416,00
Write-downs for impairment of tangible and intangible assets		
Ebit (Earnings before interests and taxes)		€ 108,00
Financial income and expenses		€ 202,00
	<i>Financial income</i>	€ 227,00
	<i>Financial charges</i>	(€ 25,00)
Income from investments		
Value adjustments to financial assets		
Result before tax		€ 310,00
Income tax		€ 310,00
Result for the year		€ 0,00