

Budget Report AFS Switzerland 2021

AFS SUI MANAGEMENT REPORT in CHF

	2019	2020	2021 Budget
NET SALES	4'203'081	1'917'784	2'040'600
Total Program Participants	406	236	220
DIRECT EXPENSES	-2'506'819	-1'036'940	-1'330'100
GROSS CONTRIBUTION	1'696'262	880'844	710'500
 <i>Sending Highschool Participants</i>	 238	 117	 125
Sending Highschool Revenue	3'340'540	1'388'430	1'538'800
Sending Highschool Expenses	-2'242'883	-937'392	-1'194'700
Gross Contribution Highschool	1'097'658	451'038	344'100
	32.9 %	32.5 %	22.4 %
 <i>Hosting Participants</i>	 155	 118	 95
Hosting Highschool Revenue	821'291	522'554	501'800
Hosting Highschool Expenses	-207'159	-94'404	-135'400
Gross Contribution Hosting	614'133	428'150	366'400
	74.8 %	81.9 %	73.0 %
 <i>Sending 18+ Participants</i>	 13	 1	 0
Sending 18+ Revenue	41'250	6'800	0
Sending 18+ Expenses	-56'778	-5'144	0
Gross Contribution 18+	-15'528	1'656	0
 GROSS FUNDRAISING	 180'236	 316'365	 280'000
e.o. Grants	0	74'000	150'000
 TOTAL STAFF COSTS	 -1'306'536	 -1'362'326	 -988'600
Staff (average)	13.1	12.1	7.9
Staff (under contract, end of year)	13.1	13.6	10.8
Items & Auxiliaries (average)	5.3	4.0	3.6
Pax / FTE	31.0	19.6	27.7
 VOLUNTEERING (INDIRECT)	 -57'021	 34'067	 -22'500
MARKETING (INDIRECT)	-6'825	-13'235	-13'000
OFFICE AND ADMINISTRATION	-249'773	-212'727	-238'000
SUPPORT	0	0	-5'000
OFFICE MANAGEMENT	-20'897	20'000	-5'000
GLOBAL CITIZENSHIP AND ICL	0	-46	-1'000
BUSINESS DEVELOPMENT	0	0	0
ASSOCIATION EXPENSES	-7'397	-822	-4'500
NETWORK EXPENSES	-199'978	-164'128	-289'000
SCHOLARSHIPS GRANTED	-5'904	16'660	20'000
 TOTAL FIXED COSTS	 -1'854'330	 -1'682'557	 -1'546'600
% of Sales	44.1 %	87.7 %	75.8 %
EBITDA	22'168	-411'348	-406'100
DEPRECIATION	-4'000	-2'800	-6'000
FINANCIAL INCOME	63'330	-55'755	0
NON OPERATING RESULT	0	0	0
PROVISIONS/WITHDRAWALS RESERVES	0	0	0
EXTRAORDINARY RESULT	0	0	0
TAXES	0	0	0
 NET RESULT	 81'498	 -469'903	 -412'100

2021 will be a decisive year for AFS Switzerland from a financial perspective: as we have used our reserves during 2020 from 1.19m CHF to 0.72m CHF, the capital of AFS Switzerland is very much at risk. Therefore, the main focus of AFS in Switzerland must be to limit further financial losses. This will be an ongoing effort during the whole year, by balancing sending numbers, resource input and further response to pandemic limitations, as well as controlling general expenses and raising additional funds.

The Board of AFS Switzerland has decided to tackle these challenges in the following way:

1 Income from Operations

1.1 Sending Activities

While AFS has many potential participants wanting to go on a long-term immersive exchange, the hosting side in partner countries is critical: if host families are in financial distress in the destination, if local schools do not want to welcome exchange students, if regional or national governments restrict immigration and if the airlines are not offering services, AFS Switzerland could not send many students abroad even if the demand for exchange programs basically were unchanged from previous years.

Offering such sending services from AFS Switzerland bears some risks, as we have our sending-related main workload 9-6 months ahead of the exchange.

Based on careful considerations, the Board decided that AFS Switzerland will limit its staff capacity to sending 125 participants for the total year. Should applications and available hosting capacities in the partner countries turn out considerably higher than anticipated for the summer (NH) programs, rolling planning solutions will be applied.

Looking ahead to subsequent years, the Board expects a slow recovery until pre-crisis levels can be reached again and decided that our staffing capacities, based on sending 200 students abroad in the NH season, were too high even for the coming years.

The budget reflects this: we are budgeting with about the same sending participant numbers as we had in 2020: 125 participants, of which 31 have left in January-April.

1.2 Hosting Activities

In hosting, the workload starts some 3 months prior to arrival, so the process is more flexible than for sending.– We commit to a certain number of hosted participants per season and in “normal” times, finding host families and schools for them was time-intensive, but manageable.

However, presumably due to the pandemic, the host family search has proved more difficult than in previous years and the Board realized that AFS Switzerland could realistically host up to 17 students in the winter season and decided on approximately 80 participants in the NH season. The NH number corresponds to the hosted participants in NH 2020.

Therefore the budget anticipates fewer hosted students than last year.

2 Expenses

The major categories of AFS Switzerland's expenses compared to the last regular year are

- Direct Expenses (travel, transfer price, camps, marketing) of program income: 65% of the income (60% in 2019)
- Staff Expenses: 48% of total program income (31% in 2019)
- Administration Costs: 27% of total program income (13% in 2019)

As the direct expenses can only to a small degree be managed proactively, the only expenses that can be influenced directly are staffing and some fixed costs as the office lease.

As indicated above, the Board has assessed the development of the exchange programs for the next 2-3 years expecting program volume to remain below pre-crisis levels for more than one year, which is the amount of time that could be bridged using government aid. Therefore, the Board has decided that AFS should reduce its Full Time Equivalents (under contract) from 13.4 to 10.6 . This leads to some restructuring costs, but the Board is convinced that this will pay out in the future.

Apart from that the management team was successful in re-negotiating the lease terms of the office and has received a reduction in its monthly lease of 25% with immediate and permanent effect.

3 Fundraising

Fundraising has always been one part of AFS' financing – as shown in the Financial Report 2020, it was done rather successfully last year and will have to be continued into 2021.

At the moment of this budget report, AFS is in negotiations with one long-term major partner foundation that is willing to support exchange organizations in these times as well as with the Canton of Zurich for the so-called Härtefall-Regelung (mesures pour les cas de rigueur). We assume that AFS will qualify for these support payments; the reception of these funds would allow the organization to stabilize its finances, pay off loans and invest in growth measures for quick recovery post-pandemic. Since these funds cannot be addressed in the current budget, a rolling forecast planning will be used going forward.

The additional fundraising activities described in this budget are conservatively budgeted to be 150'000 CHF.

4 Net Result

With these assumptions, the budgeted net loss for 2021 is planned to be around -400'000 CHF.

28.2.2021,-Executive Finance Committee