

REPORT OF THE FINANCE OFFICE Gerhard Plenter/Anna Krüger

Year-End Closing 2015

1. The budget year 2015 was closed very close to plan in all areas, but with a considerable surplus of 229.306.65 euro.
2. Approximately 130,000 euro of this surplus are a result of positive currency fluctuations in the form of unrealized currency gains, while around 100,000 euro can be attributed to careful planning and good stewardship.
3. Compared to the previous budget year, our assets have increased by slightly over 23% to a total of 3,788,198.59 euro.
4. The ordinary budget was balanced by allocating the surplus to the general reserve fund.
5. The UEK fund for the long-term stabilization of the organization was increased by roughly 37% thanks to a final donation given by the United Evangelical Churches in 2015.

Audit 2015

1. The finance office is happy to report that for the first time we received a very positive report from the high audit office in which the auditors commended the WCRC office for the work done and for the considerable improvements made since the year-end closing 2014.
2. The high audit office reports no objections against the approval and authorization of the annual accounts by the executive committee and confirms that almost all organizational risks from the previous year have been eliminated, explicitly appreciating the development.
3. All recommendations made by the high audit office will be implemented in a timely manner.

Recommendations to be highlighted (2014/2015)

1. *Liabilities in Switzerland:* It has been determined and confirmed with supporting documentation by our Swiss human resource provider Antex that there are no existing liabilities towards Antex and Axa from previous years. All insurances that existed in 2014 have been cancelled. The pension fund is partially closed, i.e. remains open only as long as there are retired former staff receiving a pension but has no impact for the organization.
2. *Currency fluctuation risks:* As an organization working globally and thus handling different currencies on a now-reduced number of currency accounts, the WCRC is subject to risks resulting from currency fluctuations.
 - I. During the budget year 2015, our accounts showed a total of 80,103.66 euro in FX losses, and a total of 211,615.15 euro of FX gains, resulting in a total gain of 131,511.49 euro.
 - II. It is not possible to plan currency fluctuations, in our case between the euro and Swiss francs (significant) and the euro and US dollars.

- III. The WCRC can either profit from future currency fluctuations or suffer considerable losses. The existing risk, thus, needs to be evaluated very carefully.
 - IV. While it is possible to eliminate some of the risk by realizing parts of our current currency gains, i.e. by transferring a portion of our Swiss franc funds on the Swiss PostFinance account to Germany, the finance office advises against it at this point as due to current developments it is more likely the euro might become even weaker than the possibility of the Swiss franc losing value.
 - V. The high audit office recommends that an earmarked fund for currency losses be created. The finance office is in agreement with this recommendation and believes it is reasonable to create such an earmarked fund in the amount of 100,000 euro in the budget year 2016.
3. *Pension Fund*: In the budget years 2013-2015, 30% of the gross salary for each executive staff was transferred into a fund held on a trust basis by the Evangelical Reformed Church in Leer. Due to extremely low interest rates and as per a recommendation by the high audit office in the report on the 2014 annual statements, the monthly pension contributions for each staff had to be recalculated. These calculations were carried out by the *Kirchliche Versorgungskasse WaG* (Church Pension Fund) in Berlin.
- I. The results of these calculations confirmed that the monthly contributions had to be adjusted up by a considerable amount (approx. 410%).
 - II. This means an additional financial burden on the organization of approximately 297,200 euro per year.
 - III. The necessary funds were not available in the year 2015, but have been incorporated into the preliminary budget plan for 2016.
 - IV. Systems other than that in place at the moment, in which executive staff is employed as *Beamte* and the pension they will receive determined by German law, need to be explored.

Budget Plan 2016

1. After much hard work, especially due to the increased pension contributions, we were able to draft a balanced budget plan. It was presented to the finance committee at the beginning of the year.
2. While some adjustments based on new input have been made since, the current budget plan is balanced and budgets for an allocation of an expected surplus to reserves to further stabilize the organization.
3. The budget plan is to be approved by the executive committee during the meeting in Havana.
4. The finance office would like to thank all those involved in the special fundraising efforts carried out that allowed us to build a balanced budget plan.

Outstanding donations

We would like to mention two considerable donations for programme work.

1. Bread for the World: 200,000 euro as second installment of the current project supporting the Reformed Partnership Fund
2. *Otto per Mille*: These are funds from the Waldensian Church. We will receive yearly installments of 350,000 euro for three years in support of several programmes.

Membership Fees

1. There was a considerable decrease in membership contributions in Africa and Latin America, while an important increase can be observed in the CANAAC region, and minor ones in Asia and Europe. This increase is not expected to be continued in future years in Europe, unless other churches increase their contribution, as the SEK have announced they will not be able to maintain their contribution at the current level.
2. Membership contributions from Africa were relatively high in 2013 and 2014, and in Latin America in 2014 as several churches paid their arrears. It is surprising that in spite of the upcoming general council, rather than seeing increased contributions due to churches making an effort to contribute according to grid and even pay up their arrears, there was a considerable reduction in membership contributions in Africa and a smaller one in Latin America and the Pacific.
3. In the current year 2016, as of the beginning of April, we have already received about 11,000 euro from Africa and 3,000 euro from Latin America, and therefore hope to be able to return to a higher level of contributions from these regions.
4. 5% of all European membership contributions including the special contributions from the Swiss Cantonal Churches were allocated to WCRC Europe.
5. 7.5% of all membership contributions were allocated to the general council reserve.

	2013	2014	2015
Membership Africa	EUR 49,292	EUR 35,393	EUR 15,313
Membership Latin America	EUR 4,784	EUR 8,488	EUR 4,149
Membership Canaac	EUR 228,394	EUR 230,028	EUR 275,951
Membership Asia	EUR 60,770	EUR 53,901	EUR 59,909
Membership Pacific	EUR 12,054	EUR 4,720	EUR 3,714
Membership Europe (incl. SCC; 5% WCRC Europe)	EUR 510,646	EUR 467,644	473,013
TOTAL	EUR 865,940	EUR 800,174	832,049

General Council

Details will be given in the report of the general council coordinator. We will therefore only mention the technical aspects of handling the general council in our accounting system:

1. A budget separate from the ordinary budget has been created for accounting purposes. This budget is set up as an investment budget, i.e. encompasses several accounting years. The high audit office considered this a very good way to work with an event of such a considerable dimension.