

Finance Report to the Extraordinary Executive Committee

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General Treasurer

1. Actuals 2021 (incl. year-end projections)

As per budget plan, the 2021 core budget (€1,178,200,00) was expected to require an allocation from general reserves to the amount of 50,800 euros to be balanced.

By the end of November, there is a small surplus of roughly 73,000 euros. Projections taking into account all pending operational expenditures, personnel costs and others as well as pending annual allocations towards several reserves (WCRC Europe, General Council) but also pending membership contributions with sufficient probability (monthly/quarterly contributions, those where written confirmation has been given), it is expected that the budget year is likely to close with a deficit of 10,000-15,000 euros, and therefore significantly lower than budgeted.

The year-end result of 2021 will be achieved thanks to a virtual Executive Committee meeting as well as only eight months of payments for the salary of the general secretary.

Programmes: A significant amount of programme expenditures was reallocated towards the Reformed Partnership Fund since the pandemic situation and restrictions continued to limit programmatic work necessitating travel. A series of consultations were carried out virtually. Carry-overs from 2021 into 2022 are expected. How much? Several projects are currently pending, awaiting cost estimates and confirmation of schedule from service providers, which will determine whether they can be carried out in 2021 or 2022 (e.g. translations and design for resource material, such as the ZacTax booklet, Gender Policy, COVID & Beyond). Donor approvals of carry-overs have been obtained. Admin fees income for 2021 was calculated based on actual expenditures in the case of OPM. Both EMW and the Church of Westphalia allow for allocation of the full amount of admin fees towards the core budget in the year the contribution is made, independently of spending.

2. Budget Plan Draft 2022

The draft core budget plan 2022 amounts to 930,800 euros. The expected expenditures are based on the assumption that a new general secretary will not begin his or her service in 2022 so that no expenditures in terms of salary, pension, installation, and other expat expenses. Furthermore, budget figures only include a virtual Executive Committee meeting and not a face-to-face meeting.

The draft programme budget amounts to 593,200 euros. Significant carry-overs from 2021 are to be expected. However, admin fees income for core were calculated based on 2022 contributions only and based on the assumption that annual contributions will be fully spent. However, there is a risk of underspending due to the effects of the pandemic. *Otto per Mille* contributions amount to 350,000 euros and are confirmed until the end of 2023. The funding of EMW amounts to 220,000 euros,

with a possible increase of funds provided they can be spent within one budget year. The Church of Westphalia has reduced its current support of 29,000 euros by 20 per cent.

3. Membership contributions

The membership contributions are stable in most regions. Africa contributes 23,000 euros, Asia 60,000 euros, Europe 435,000 euros, Latin America 2,000 euros, and the Pacific 3,000 euros. Only CANAAC reduced its contribution from 230,000 to 190,000 euros in 2021 as PC(USA) has reduced its contribution by 40,000 euros due to internal financial constraints. After consultations during the course of this year the chances are high that an increase in PC(USA) contributions may be possible.

4. Medium Term Expenditure Planning

It is expected that the annual deficit in 2023 will amount to approximately 355,000 euro and increase to about 420,000 euros.

Figures are based on past years, any available information on future years with sufficient probability, and applies a few assumptions across the board:

- An increase in expenditures due to inflation of 3% annually, across all expenditures unless a given amount is based on policies or contracts
- Installation of a full-time general secretary
- Pension contributions as per calculations for current staff
- Face-to-face Executive Committee meeting
- General Council in 2025

All expat expenses calculated as per personnel policies and practices based on the following assumptions:

- Any new staff is married with two dependent children
- A new executive secretary for communications will join in 2024 (at the conclusion of Phil's second and final contract)
- The general secretaries for theology and justice will each serve for a second term
- The family of the executive secretary for justice will move to Germany at the beginning of his second term

Approximately 113,000 euros for the executive secretary for theology and communion are funded by his home church, the Church of Westphalia. It has not been confirmed whether this contribution will continue for a second term or should a new executive be appointed. This document assumes that this support will somehow continue. It is also based on the assumption that:

- CWM support will continue at the same level as well as
- admin fees income from programme donations, and that
- no significant decrease in membership contributions will occur.

The Sustainability Task Group is exploring possibilities for additional funding and involvement from the regions. Current efforts produce promising results. For further details please see the report of the Sustainability Task Group.

Another option to reduce the deficit is to reduce the costs.

5. Investments

All investment are now in line with our guidelines on ethical and sustainable investments. All in all, WCRC's investments amount to 4,000,000 euros, however, most are earmarked funds, including pensions in the amount of approx. 1,000,000 euros.

Recommendation: That the proposed 2022 budget be approved.