



Governing Board, Online – 5 June 2020
Agenda Item: 7
Document Name:
1GB2020_DOC7A ACCTS 2019 GS COMMENTS
Purpose: To be approved

2019 CEC Audited Accounts

Comments from the General Secretary

2019 was in a variety of ways a difficult year for the organisation. The financial side of operations have suffered from changes in staff, lack of consistent hands-on overview, systematic follow up and unforeseen decisions of a critical nature.

On this background, settling the accounts for 2019 has been a long and painstaking affair the complexity of which is reflected in the result. However, a Budget Committee that followed the situation and communicated the need for a restrictive praxis to the staff as well as recommended vacant positions to stay vacant has had a positive impact on the financial result.

The result shows a surplus of 26.684,38 Euros. A decent result taken into consideration that hands-on supervision of income and expenses has been scarce in 2019¹.

The 2019 surplus does, however, not reach the anticipated and budgeted figure of 59.326,27 Euros, the Budget Committee target (supported by the Governing Board) to make up in 2019 for some of the deficit related to 2018.

Below, the General Secretary comments on the most significant deviating figures in the 2019 CEC accounts compared to the 2019 budget, following the basic principle that underspending is calling for an explanation as much as overspending. Comments - that have been aligned with members of the Budget Committee and shared with the Governing Board in a previous iteration - must be read alongside the attached overview of income and expenses 2019.

The accounts are focused around a few major lines, the most substantial one being “Salaries”, however also “Audit/professional fees” and “Meeting costs” are of a significant size.

EXPENDITURE

Salaries: Minor deviation in favour of CEC compared to budget, however, taking into consideration that the secretariat during most of 2019 was operating with vacant positions, the result must be taken ad notam. See also “Audit/professional fees” below.

Audit/professional fees: The significant overspending compared to budget is related to the vacant positions which has been covered by external employment on an hour-by-hour basis. Thus, 2019 saw employment of external accountants (app. 32.000 Euros). The dismissal of Fr.

¹ The secretariat is currently investigating a number of invoices sent from CEC pertaining to 2019, however apparently with no response from the receiver. This amounts to 17.000 Euros in CEC's favour.



Governing Board, Online – 5 June 2020
Agenda Item: 7
Document Name:
1GB2020_DOC7A ACCTS 2019 GS COMMENTS
Purpose: To be approved

Heikki Huttunen was reflected in subsequent lawyer fees (the full amount paid for legal assistance in 2019 is app. 25.999 Euros). External assistance for web hosting, graphic work, production of books and the annual report as well as the management of CEC Archives (by WCC in Geneva) make up a major part of this amount, too.

Meeting costs: This line comprises various kinds of meetings – from the Peace Conference in Paris and the Summer School on Human Rights to Presidency meetings, Budget Committee meetings and gatherings of the Collegium. As CEC is an organisation that works through encounters between people – both on governing and programmatic level - this is a substantial post.

We see, however, underspending in 2019. This is in part due to the cancellation of a conference on “Hope”, envisaged to take place in Norway in 2019. The implementation and execution of plans were abolished due to the financial outcome of 2018 which saw a deficit.

Parallel to this, the Peace conference was initially scheduled for a budget of 77.000 Euros. The total expenditure finally was 33.800 Euros.

Finally, Thematic Groups (previously known as Thematic Reference Groups) were compiled and endorsed by the Governing Board only at its meeting in November 2019, taking effect in 2020. The work of the Thematic Groups involves travel and meetings, however has not had an impact on 2019 accounts.

A number of minor instances of over- and underspending also needs attention:

Working Mechanisms: There has been no systematic approach to the allocation of expenditures under this heading during 2019. A minor amount (below 1000 Euros, covering various – but not exhaustively – costs related to Collegiums) has during the final accounting process been removed and allocated to “meetings”.

Salary subv. staff: During the budgeting process for 2019, a replacement for seconded staff member Frank Dieter Fischbach was envisaged. Such a replacement did not materialise in 2019.

Represent[ation] non-staff: As the position of General secretary was vacant for more than 6 months, the President of CEC, Rev. Christian Krieger, was representing CEC substantially more than expected in budget 2019. This figure covers travel and representation costs incurred.

Travel staff: There has been no centralised monitoring of this expenditure line during 2019. Future accuracy in budget figures and a centralised, monthly monitoring of expenditures will help reducing over-spending on staff travel.



Governing Board, Online – 5 June 2020
Agenda Item: 7
Document Name:
1GB2020_DOC7A ACCTS 2019 GS COMMENTS
Purpose: To be approved

Dupl., doc., publ.: This figure covers expenses for copying and office printing. The lower figure compared to budget 2019 reflects less copying than previously. This has been taken into consideration in a renewed lease contract signed in 2020.

Computer costs: This figure covers primarily hardware and software. CEC was in 2019 victim to a malicious cyber-attack and had to invest in a new, unbudgeted server.

CO2 comp costs: CEC pays an amount to Klimakollekte in Germany for every air travel made. The amount covers two years 2018 and 2019 whereas the budget figure is calculated on the basis of one year.

INCOME

Member contributions: Membership contributions are by far the most significant income for CEC and the organisation would not be able to carry out any of its work were it not for the continued support and commitment from its Member Churches. CEC did not receive the budgeted figure of 1.200.258 Euros in 2019. Member Contributions for the year amounts to 1.155.161,28 Euros.

Member contrib. former year: This figure pertains to 2018. The amount was received after the accounts for 2018 were closed.

Subv. and sec. staff: Cf. "Salary subv. staff" under expenditures above.

Earmarked contrib: There has been no systematic fundraising taking place in 2019 and earmarked contributions did not live up to the expectations. However, some earmarked contributions are allocated under "Donations/other inc." and "Participants Meetings" since it is unclear which category they belong to. Cf. also "Participants meetings" below.

Earmarked to raise: There has been no systematic fundraising taking place in 2019 and "earmarked to raise" figures have not lived up to the expectations. However, some earmarked to raise contributions are allocated under "Donations/other inc." and "Participants Meetings" because it has been unclear which category they belong to. Cf. also "Participants meetings" below.

Participants meetings: No executive staff was made responsible for the Peace Conference in Paris. This has made it complicated to separate donations for the event and income from participants. Hence, the amount allocated here is not a reflection of reality. Cf. also "Earmarked contrib" and "Earmarked to raise" above.

Assprop: Assprop suffered a deficit in 2019. See below.



Conference of European Churches
Conférence des Églises européennes
Konferenz Europäischer Kirchen
Конференция Европейских Церкве

Governing Board, Online – 5 June 2020
Agenda Item: 7
Document Name:
1GB2020_DOC7A ACCTS 2019 GS COMMENTS
Purpose: To be approved

ASSPROP RESERVES

The following relates to the bottom of the account 2019 Audited Accounts (bold letters section).

CEC had a relatively large deficit on its part of running Assprop in 2019 (a loss of 16.262,48 Euros). This is more or less a repetition of 2018 (a loss of 16.759 Euros). This figure represents CEC's part of the loss – including CCME's part the total deficit of Assprop is 25.813,44 Euros.

CEC has a reserve labelled Assprop from which the deficit in both 2018 and 2019 is covered. The reserve still holds more than 100.000 Euros – also after the 2019 result. However, this makes calls for a look into the sustainability of Assprop in order that we - not necessarily making a profit from the premises - do not make a repetitive loss.

Without the reserve covering the deficit of Assprop the CEC result in 2019 is down to 5.630.55 Euros. The result including the Assprop reserves is more true and fair, though, and is the one CEC communicates externally.

Jørgen Skov Sørensen
General Secretary
May 29 2020

Area of work	TOTAL REAL 12 months / Provisional	TOTAL REAL 12 months	TOTAL Budget	VOTED
	2019	2018	2019	
Expenses				
Working mechanisms	0,00	33.068,49	28.000	28.000
Gov Bodies	32.370,62	30.660,20	30.000	30.000
Assembly fund	100.000,00	157.511,04	100.000	100.000
			0	
Salaries	729.388,88	1.075.287,99	771.000	974.748
Salary subv staff	3.175,87	2.491,56	91.619	
Represent.non staff	16.849,32	8.644,57	1.500	1.500
Travel staff	48.743,72	97.083,58	38.000	38.000
Hospitality	4.569,41	10.287,88	10.000	10.000
Subscriptions	4.817,18	5.326,72	10.000	10.000
PTT	10.791,61	28.520,15	11.000	11.000
Off supplies-Equip.	2.835,46	6.540,74	5.000	5.000
Duplc.,doc., public.	12.095,21	20.391,77	17.000	27.000
Audit/Professional fees	98.711,88	103.780,32	34.000	21.000
Computer costs	38.263,99	39.260,82	19.000	19.000
Rent	79.491,47	79.079,24	75.000	75.000
Translations	5.237,35	34.254,94	12.500	12.500
use of GA fund 2013 / Trainings			0	
CO2 comp costs	3.840,00	445,00	2.000	2.000
Membership fees	4.325,80	6.761,83	5.200	5.200
CCME	74.063,84	70.081,03	87.638	87.638
Miscellaneous	16.241,41	8.519,45	15.100	3.600
Meeting costs	108.043,46	125.914,55	202.956	75.000
Overhead costs		44.000,00	0	
Provision Reserves projects			0	
Assprop	92.407,94	95.931,91	90.000	90.000
Total expense	1.486.264,42	2.083.843,78	1.656.513	1.626.186
Income				
Member contributions	1.155.161,28	1.122.165,35	1.200.258	1.200.000
Redistrib to CEC gva			0	
Member contrib former year	18.000,00		0	
Earmarked contrib. Ch on Rhine	22.400,00	30.755,00	30.000	30.000
Member contrib not paid CSC (-)			0	
Subv & sec staff	27.042,18	32.287,90	60.475	127.923
Donations/ other inc.	130.591,06	636.013,94	94.000	94.000
Earmarked contrib.			95.000	75.000
Earmarked to raise			103.606	
Participants Meetings	63.651,82	135.697,99	40.500	8.000
CO2 comp income	375,00	1.312,48	2.000	2.000
			0	
			0	
Use earmkd fund/report to next year			0	
Bank interests / exchge rate dfrces	3.319,52	369,74	0	
Assprop	76.145,46	77.982,03	90.000	90.000
Total income	1.496.686,32	2.036.584,43	1.715.839	1.626.923
TOTAL INCOME	1.496.686,32	2.036.584,43	1.715.839,00	1.626.923,00
TOTAL EXPENSE	-1.486.264,42	-2.083.843,78	-1.656.512,73	-1.626.186,00
RESULT (BEFORE USE OF ASSPROP RESERVES)	10.421,90	-47.259,35	59.326,27	737,00
USE OF ASSPROP RESERVES	16.262,48	16.759,84	-	-
RESULT (WITH USE OF ASSPROP RESERVES)	26.684,38	-30.499,51	59.326,27	737,00



26 MAI 2020

Renaud de Borman
Reviser d'entreprises - Bedrijfsrevisor

SRL - BV
Rue du Long Chêne 3
1970 Wezembeek-Oppem
Belgium
Tél : +32 (0) 495 867 444
Fax: +32 (0) 2 610 64 39
Renaud.de.Borman@cpa.be
RPM Brussels BE 0891.185.124

CONFERENCE DES EGLISES EUROPEENNES AISBL

Att. Mr Jelle BROUWER

Rue Joseph II, 174
1000 Bruxelles

Audit report to the executive committee of the AISBL
CONFERENCE DES EGLISES EUROPEENNES
« CONFERENCE OF EUROPEAN CHURCHES »
on the financial statements for the year 1st January to 31st December 2019

In accordance with your demand, we have the honour to report to you on our assignment of the financial statements closed at December 31, 2019.

Our examination was made in accordance with the general accepted professional standards applied for a limited review. The administrative and accounting organisation of your association and the system of internal control have been considered adequate for the purpose of our mission. Management has always replied clearly to our requests for explanations and information.

The bookkeeping and the annual accounts are established in accordance with the legal requirements in Belgium.

In conclusion, we confirm that the financial statements for the year ended December 31, 2019, with a balance sheet total of 1.506.609,54 EUR and a patrimonial increase (profit) of the year of 10.421,90 EUR, give a true and fair view of the assets and liabilities, the financial position and the results of the international association, taking into account the legal and regulatory requirements which govern them.

The analytic result of the year is a profit of 26.684,37 EUR for the non real estate activities and a loss of -16.262,47 EUR for the real estate activities (Association des propriétaires).

The proposal of the appropriation of the result is as following:

Accumulated profit from previous years	34.514,31
Profit of the year 2019	<u>10.421,90</u>
Total to be appropriated	44.936,21

Use of Assprop reserves	+16.262,48
Profit to carry forward	<u>-61.198,69</u>
Total appropriated	-44.936,21

May 24th, 2020,

Renaud de Borman
Certified Public Accountant