

WORLD ASSOCIATION FOR CHRISTIAN COMMUNICATION

Report of the Treasurer

12 March 2020

Three members of the finance committee (Embert Charles (President), Stephen Brown (Treasurer), and Jim McDonnell) were able to meet with the WACC general secretary Philip Lee, the finance controller, Joseph Patterson, and supported by the administrative coordinator Shari McMaster, on 2 March to review the accounts for 2019 and the budget for 2020 (see Budget A attached). Apologies were received from Sharon Bhagwan Rolls, and Mathilde Kpalla was unable to join the meeting. The first draft of this report was circulated to those unable to attend the meeting for comment.

The finance committee members present on 2 March were able to undertake a detailed review of the accounts for 2019, assisted by the general secretary and the financial controller, and thank the staff for the detailed explanations of the accounts.

Following the discussion, a revised version of the actual income and expenditure for 2019 was provided to the treasurer, who circulated it to other members of the finance committee.

The main issues raised by finance committee members were:

1. Concern that there is an ongoing deficit of 400,000-500,000 CAD built into the budget until 2021 which will soon exhaust WACC's reserves (3.5 million CAD for WACC Canada and about 340,000 for WACC UK). The treasurer and the finance committee recognise that this is a situation that has existed for several years, and recognise the many efforts made by staff to find and develop additional sources of funding.
2. Concern was expressed about the level of expenditure on governance in 2019 on the basis of figures presented to the finance committee that showed governance expenditure as being more than twice the budgeted amount, although the revised figures for 2019 brought to an actual expenditure of 60,064 CAD compared to a budgeted amount of 55,000 CAD.

A breakdown of the governance expenditure was requested. Analysing the information supplied concerning governance costs, there appeared to be a discrepancy between the total logged to governance costs of 40225 CAD, compared to the 60064 CAD that was recorded in the budget. Of the amounts logged to governance costs, this appeared to be made up of four separate types of expenditures:

- direct costs of organising the Board of Directors meeting in London in September 2019 (room hire, hotels, some airfares etc.). It was not clear from the breakdown presented whether the cost of travel for Board members to London which was not show separately was included in other global amounts.
- membership income received by WACC Global and then redistributed to the regions
- costs of the DGS in her role as regional liaison for Europe (costs of attending Europe REC etc.)
- other costs of the DGS for representing WACC

The finance committee is of the view that the governance expenditure should relate only to direct expenditure on governance (board meetings, sub-committee meetings etc.); expenditure relating to regions should go under a different heading ("regional support," or "regional activities" etc.), while

expenditure for the DGS representing WACC should appear under a different heading, such as “Networking & Public Outreach.”

3. GMMP budgets. The finance committee members were surprised and concerned that a budgeted income and expenditure for GMMP in 2019 of 209,000 CAD became an actual income and expenditure of 23176 CAD – such a significant discrepancy might suggest issues in the budgeting process.

The finance committee members reviewed the GMMP budget for 2020, which showed as of now, an expenditure of 308,994 CAD and an income of 247,012 CAD, thus a potential deficit of 61,977 CAD. The finance committee members recognised the efforts that had gone into fundraising specifically for GMMP, which required approaches to different organisations, in a not always easy environment, but it was agreed to recommend to the board that every effort be made to ensure that the income and expenditure for GMMP in 2020 match, and that in no case should expenditure exceed income by more than 50,000 CAD additional drawdown authorised by the Board in September 2019.

4. Rental costs for the WACC offices and strategies to reduce costs. The finance committee felt that the current rental charges were out of proportion for the current size of the secretariat and were briefed by the general secretary on the discussions with Hope Church with a view to reducing the rental charge.

RECOMMENDATIONS

The finance committee presents the following recommendations to the Board:

1. Given the projected drawdowns in reserves for 2020, 2021, and beyond, to request the secretariat, through the general secretary, to bring back to the board a revised budget for 2020 and following years with a drawdown not exceeding 200,000 CAD.
2. To request from the general secretary further information about the accounting process for 2019, given the significant differences in expenditure for governance and direct project costs between the first version of 2019 accounts presented to the committee, and the version presented to the Board meeting.
3. To agree a direct involvement by the Board (through the finance committee and treasurer) in budgeting governance expenditure in 2020 and beyond.
4. To agree the budget for GMMP in 2020 subject to every effort being made to ensure that all expenditure is covered by income, and in the **exceptional case** that this is not possible, **in no case** to exceed the supplementary drawdown of 50,000 CAD that was agreed at the Board meeting in London in September 2019.
5. Going forward, to request the finance committee, in conjunction with the general secretary, to review the projected budget for GMMP in 2021, with a view to bringing recommendations to the Board by the end of June 2020.
6. To request the general secretary to provide three-monthly updates to the finance committee of actual expenditure compared to budgeted amounts, and where possible likely total annual expenditure on the basis of expenditure incurred or committed.

To assist the finance committee and the board to undertake this task, it is requested that a more detailed presentation is developed for income and expenditure. By this is not meant details of every item of expenditure, but to have subcategories under each of the budget lines where necessary (for

example in governance, to have subcategories such as “meeting costs,” “board travel,” “travel by officers,” etc., or something similar for “networking and outreach.” This should also take into account the wish of the financed committee not to have items such as regional support or DGS travel applied to governance, but either to be a line item of their own, in the cases of regions, or to be a subcategory of “networking and public outreach,” for example (in the case of the DGS).

7. To request the general secretary to ensure that rental costs for the WACC offices not exceed 54,000 CAD in 2021 and beyond, and if possible in 2020.

8. To agree that expenditure on staffing (programme and wage and contract services) not exceed in any case the budgeted amount.

Stephen Brown

Treasurer