***2021 FINANCIAL REPORT (prepared on the basis of pre-audited accounts)***

**Church Finances (non-Mission)**

It would be tempting and relatively easy to describe 2021 as a reasonably good year from a financial perspective and to leave it at that. After all, the Church budgeted for a deficit of CHF 20,205 and ended up with a slight surplus of CHF 3,604. Income was CHF 13k higher than had been planned for and expenditures were CHF 9.7k lower than anticipated, CHF 2k lower than in 2020. So while there might not have been a whole lot of extra cash to splash around (or even to bank as reserves, depending on your inherent level of caution), the net result was certainly no harm done, right ? Compared with the CHF 19.6k deficit in 2020 under similar COVID-19 circumstances, that’s presumably quite an improvement in fact ?

Perhaps but that last fact is quite telling in its own way. The main difference to 2021, as opposed to 2020, apart from COVID-19 no longer coming as much of a surprise, was that shortly after the Congregation was presented with that CHF 19.6k deficit at the ACM in mid-2021, an extremely generous contribution of CHF 20,000 was received. The contributor would prefer not to be named but the important point here is that it was a single contributor. Without the presumable inspiration of the 2020 deficit figure and the subsequent donation, nothing much would have changed. The deficit would have been CHF -16.4k. In and of itself, this isn’t catastrophic but when these things start to accumulate over time, the net effect is devastating if they are not addressed.

The point is probably easiest to grasp with a couple of graphs to show the changes in income relative to the stagnant levels of expenditure over time. First of all, here are the trends in income over the past three years, moving from pre-COVID-19 into the pandemic period:

Against these, the corresponding changes in expenditure levels can be set:

The main points to draw would be:

1. Cash income has fallen from almost CHF 40k in 2019 to under CHF 8k in both 2020 and 2021 (the resumption of physical Services in late 2021 has so far had a minimal impact on this)
2. Online giving (FWO and donations) addressed this in part in 2020 by increasing to cover the effective cash loss but could not compensate for further losses in income due to a reduced Church Fair, the cessation of fund-raising projects and the lack of Church lunches, bookstall income etc
3. Online giving in 2021 made up the difference essentially by virtue of the one-time donation of CHF 20,000 received in mid-2021
4. Expenditure levels are predominantly fixed costs and are highly unlikely to decrease over time (in fact, they are more likely to increase)

An honourable mention should also be accorded to the Church Fair. Despite being a virtual event again in 2021, it raised an admirable CHF 12,606 (compared with CHF 9,941 in 2020 which was already very impressive) and certainly showed the Congregation at its best as the Church community came together to make the event work in the best possible ways while still maintaining the important income stream which it represents from an accounting perspective.

So overall 2021 turned out all right. The note of caution being sounded is because of the effect of that single, generous donation. It basically served to redress the trend in declining income levels seen since 2013:

Without that donation, there would have been no hook at the end of the green line representing income and that would have gone noticeably below the dotted red line representing expenditure which has been pretty much constant since 2016. Therein lies the problem: the requirements (shown by the expenditure over time) aren’t changing but the income is – it’s declining. Relying on one or two large donors to come in out of the blue is not a sensible planning strategy. That is not to disparage their generosity, or indeed anyone else’s. All gifts to the Church, large or small, are always very gratefully received. However, it does make for extremely difficult financial planning when the income stream is neither predictable nor guaranteed.

Of course, it would be easy at this point to leave it there and simply turn this report into a begging letter, haranguing the Congregation to do more for its own Church. However, that would be neither helpful nor fair. The Congregation has already done an incredible amount. It has prevented the Church from going bankrupt when the pandemic hit. It has compensated for the lack of visitors’ contributions with what can only be donations from members of the Church (casual visitors don’t tend to set up regular bank transfers so this can be assumed to be an accurate assessment). It has kept the Church Fair going and expanded on it over 2020, and much more besides. The question should rather be what can be done in terms of cutting expenses, expanding the Congregation size and increasing income streams.

As noted before, cutting expenses is not much of an avenue. Short of replacing the Minister with a permanent locum position, getting rid of the Manse or quitting the Auditoire, the options aren’t there, at least not on a useful scale. Expanding the Congregation would be excellent for many reasons, not just financial but it lies somewhat beyond the financial remit alone. Nonetheless, it does factor in to the third area to explore and this is what has been taking place since the last ACM.

At its ACM in 2021, the Congregation asked the Finance Sub-Committee to look into what could be done to boost income. The work is still ongoing but various ideas have been pursued and expertise and experience sought from other anglophone Churches in the Geneva area, the Church of Scotland’s team in Edinburgh which supports Congregations with fund-raising activities, private enterprises and others. Some of the more interesting ideas arising have included:

1. An increased online giving potential: the Church website could be easily updated to accept online donations which would be particularly helpful for potential contributors who don’t have a Swiss bank account
2. Quick Response (QR) codes: these could be used and applied in Church materials (e.g. Church magazine, Orders of Service) to help people find easy ways to give to the Church
3. Integrating financial considerations into Church life (e.g. by combining social and fund-raising activities, of which the Church Fair is the best example)
4. Holding a finance retreat: taking advantage of Church brainpower and capacity for innovation by spending a day with members of the Kirk Session, Finance Sub-Committee, music producers, educators, communications specialists and others, dedicated to income generation ideas
5. Re-organizing and re-energizing the FWO: the section on FWO has the details of this

These and other ideas are moving ahead at present but it is hoped that the Congregation will follow them and help them to move ahead. Many are aimed at as broad a base as possible and if the finance objectives can tie into the wider outreach of the Church in a practical sense, so much the better.

To conclude, one of the key concerns for the Church finances is that as many people as possible are aware of them and understand what both the challenges and the opportunities are. 2021 demonstrated a number of both and also showed what could be done when members of the Congregation reacted to these. The Church is currently in a precarious position, inasmuch as it lacks a significant capacity to cope with a sudden loss of income (or a huge hike in expenditures although the potential for the latter seems less likely). However, it is by no means on the edge of a precipice and careful management with a clear vision of the way forward should be able to use the existing commitment to reach a strong position.

**Mission Finances**

What was achieved by the Church’s Mission work is reported in the section on it in this report. Financially speaking, 2021 saw a total income of CHF 34,520. This was lower than the CHF 58,567 received in 2020 but the latter included a particularly generous, one-time donation of CHF 16k for Lalgadh Hospital in Nepal. Allowing for this, the difference between 2020 and 2021 was a reduction of CHF 8k. The income was split at approximately CHF 17.3k for work in Nepal and CHF 17.2k for work in Malawi. The reduction in Mission income during 2021 thus had a much greater impact on the funding for work in Nepal than in Malawi. The latter, however, only remained relatively constant.

Historically, giving levels for Nepal have been much less stable than those for Malawi although this is partly due to a couple of exceptional one-time donations for Nepal in 2019 and 2020. Responses to earthquakes and other emergency events channeled through Nepal have also caused its levels to fluctuate more considerably. By contrast, the support for Malawi tends to be mainly for core Mission work supported there by the Church. There was a small amount sent in response to the need to reconstruct the summer hut in Ekwendeni following storm damage but it never reached a significant amount in absolute or relative terms.

The net effect is that the Church retains sufficient levels of resources to keep supporting the key functions in both projects for which it has met long-term needs. However, it does not have much capacity to support a great deal beyond that. Additional work is almost always supported either by special contributions or by specific appeals. The Church’s continuing support to Nepal has been able to sustain the apparent decline in income since 2020 mainly because the core levels were independent of the passing through of the one-off contributions. The support for Malawi gathered momentum in a somewhat slow but sure manner until around 2019, since when it has effectively stabilized. Like the Church itself, the Mission work can (financially speaking) continue at its current levels but is very vulnerable to any sudden loss of revenue.

The cash balances at the end of 2021 were CHF 7,990 for Nepal and CHF 11,789 for Malawi.

It is finally worth noting that the ongoing work to reinvigorate the FWO givings (see the section on FWO and above) may also serve to help Mission finances. Since FWO donations to the Church as a whole are tax deductible for Geneva residents, they can be made for either the Church itself and/or its Mission work. Hence the overall scheme is a good example of where Church work and financial concerns can find common solutions to the benefit of all.

**Note of Appreciation**

Following the generous assistance provided to the Church during 2020 on financial and tax matters, Mr Peter Rupf of SOFAD SA and his colleagues have continued to provide this guidance on a pro bono basis over the course of 2021. This has included the provision of payroll calculations and documents, and immensely valuable assistance with some quite awkward taxation requirements. The Church is extremely grateful and would like to thank Mr Rupf and SOFAD SA once more for all the time and help which they have provided in such a professional and friendly way.