# REPORT OF THE COMMITTEE FOR finance

## I. RECOMMENDATIONS FOR ACTION BY THE COUNCIL

**1.1 IMPLEMENTATION OF THE COMMUNION OFFICE OPERATIONAL PLAN 2013-2014**

The Finance Committee was grateful for the feedback from the other committees on the 2013-2014 COOP Report introduced as part of the report of the General Secretary(Council Exhibit 9.1).

**It is**

**RECOMMENDED: To receive the Report on the Implementation of the Communion Office Operational Plan (COOP) 2013-2014 with appreciation.**

**1.2 THE LWF FUNDRAISING STRATEGY**

The LWF Fundraising Strategy was reviewed and discussed (FINCOM Exhibit 5.3). The Committee supports the intention to be more collaborative and intentional in its fundraising. It recognizes the importance of any cross-border fundraising being done in partnership with the respective member churches.

**It is**

**RECOMMENDED: To approve the LWF Fundraising Strategy as amended**

The amendments are the following:

1. To add the following sentence under no. 3 on cross- border fundraising: “***The principle is to work on any cross-border fundraising in partnership and full collaboration with member churches.”***
2. To add: On strategic Objective number 5 to include: To work in partnership “***with member churches.”***

**1.3 THE LWF FUNDRAISING PRINCIPLES AND GUIDELINES**

During the recent Assembly Planning Committee in Namibia, it was requested to develop the guidelines on Fundraising Principles (FINCOM EXHIBIT 5.4). These were reviewed and discussed. An amendment was made reflecting that it is not feasible for the LWF to verify the source of funds from every individual.

**It is**

**RECOMMENDED: To approve the LWF Fundraising Principles and Guidelines as amended.**

The amendment is the following:

To delete the phrase: “and also from Individuals” in the first paragraph of the document.

**1.4 INVESTMENT PRINCIPLES AND GUIDELINES FOR THE LWF TREASURY FUNDS**

The LWF investment principles document was first approved by the Council in Arusha, Tanzania in June 2008. This has been updated and specific guidelines and parameters on investment (FINCOM Exhibit 5.1.1) have been added.

**It is**

**RECOMMENDED: To approve the revised document Investment Principles and Guidelines for the LWF Treasury Funds**

**1.5 LWF CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2014**

The Committee reviewed the Audit Reports, the Financial Statements and Summary of the Auditors Report to management for the year 2014 (COUNCIL EXHIBIT 16.1):

**It is**

**RECOMMENDED: To approve the Report of the Auditor on the LWF Consolidated Financial Statements for the year ended December 31, 2014; and**

 **To approve the Financial Statements for the year ended December 31, 2014 of the:**

**Department for Theology and Public Witness,**

**Department for Mission and Development,**

**Department for World Service,**

**Department for Planning and Operations and General Secretariat for the year ended December 31, 2014.**

**1.6 APPOINTMENT OF THE LWF AUDITOR FOR THE YEAR 2015**

The Committee discussed the proposal to continue with PricewaterhouseCoopers as auditors. It was recognized that changing to a different auditor takes time and involves a tendering and procurement process. It found no compelling reason to propose a change for the time being.

**It is**

**RECOMMENDED: To appoint PricewaterhouseCoopers (Switzerland) as the LWF**

 **Auditor in Geneva for the year 2015.**

**1.7 BUDGET AND PROGRAM PLAN FOR 2016 (COUNCIL EXHIBITS 12 and 12.1)**

The Finance Committee reviewed the proposed 2016 LWF budget and program plans and received the recommendations from the various Committees.

**It is**

**RECOMMENDED: To approve the LWF Budget for 2016 with expenditure of**

 **EURO 119,681,230.**

**To charge any possible deficits against the reserves of the respective departments**

**To authorize the LWF Communion Office to fundraise for the LWF Program Plan as presented in Exhibit 12.1**

**To authorize the Meeting of Officers to approve adjustments to this budget at its next meeting if necessary.**

The Committee on Advocacy and Public Voice requested that the Finance Committee restore the funding for the International Affairs and Human Rights (IAHR) internship, if possible. The Committee did not feel in a position to adjust what is otherwise a balanced budget, but refers the matter back to the Communion Office Leadership Team for consideration. Any adjustments made to the budget should be presented to the Meeting of Officers at its meeting in November.

**1.8 AUGUSTA VICTORIA HOSPITAL UPDATE**

The Finance Committee received the report on the Augusta Victoria Hospital (FINCOM Exhibit 10) financial position and on the exploration process for a revised legal set up of the AVH (BOT EXHIBIT 3.4)**.**  The same reports were also presented to the LWF Board of Trustees. The committee would like to express gratitude for the ongoing work to minimize the financial risk arising from the AVH’s cash flow problems.

**It is**

**RECOMMENDED: To receive the update on Augusta Victoria Hospital with appreciation and affirm the next steps of the exploration process.**

# II. ISSUES FOR DISCUSSION BY THE COUNCIL

In anticipation of the plenary discussion on the LWF’s sustainability, the Finance Committee recognizes the financial implications as one of the key components of the whole issue. It therefore wishes to express its readiness to provide input and assistance to the process.

## III. ISSUES DISCUSSED BY THE COMMITTEE - for information to the Council

1. **Report of the General Secretary** specifically on the LWF Sustainability Document (Exhibit 9.1)
2. **Report of the Head of Finance:** The Committee received an update on the financial management activities with appreciation.
3. **Resource Mobilization:** The Committee received an update on resource mobilization with appreciation.
4. **2014 Audited Financial Statements of other LWF Entities**

The Committee reviewed the 2014 Audited Financial Statements of the

1. Lutheran Foundation for Interconfessional Research
2. LWB Stiftung (LWF Endowment Fund)

 **The Chair of the LWF Endowment Fund Board Rev. Dr. Robin Steinki is kindly invited to make a brief oral report to the Council (Exhibit 16).**

**IV. ISSUES REFERRED TO THE FINANCE COMMITTEE**

The Committee for World Service recommended to the LWF Finance Committee to consider whether the current accounting standard (IFRS) is the most appropriate for an international organization such as LWF. This is said in the context of negative reserves being recorded in most departments under the current accounting. The Finance Committee tasks the staff to study and explore the issue and report back to the Finance Committee at its next meeting.

The Committee for World Service recommends to the LWF Communion Office Leadership Team that a study of the central services charge be undertaken. The Finance Committee affirms this request made to COLT and asks that the findings are shared with the Finance Committee and the Committee for World Service at its next meeting.

**V. ISSUES REFERRED TO THE STANDING COMMITTEE ON CONSTITUTION AND MEMBERSHIP**

**Terms of Reference**

The Committee welcomed the proposed Terms of Reference for the Finance Committee. Some amendments were proposed that help retain a focus on finances and resource mobilization.

No other issues were referred to any other Committees.