



REPORT OF THE TREASURER: TRIENNIAL REVIEW AND PLANNING

2008-2010

The 2007 Conference was presented with and voted for a balanced budget, which at the time appeared sensible. However, by the start of 2008 the Finance Committee realised that a balanced budget was unlikely to become a reality, and noted this to the Board in its presentation. As the financial crisis deepened, and the income declined as a result in the fall in membership numbers, the likelihood of breaking even became more and more unlikely. The Finance Committee's current estimate is for a loss of CHF 200'000 for the triennium.

The 2008 financial statements reflect a loss of nearly CHF 150'000. This loss is the result of an unrealised loss on IFUW's investments of over CHF 200'000. The unrealised loss is, of course, a direct result of the financial crisis, which saw IFUW's reserves decrease in value by just over 20%. This loss is reflected directly on IFUW's balance sheet. However, the picture is not as bleak as it sounds. If the unrealised losses are excluded from the calculations, then IFUW had an income in 2008 of CHF 448'295 and an expenditure of CHF 433'685; so there was an excess of income over expenditure of CHF 14'610. Income fell short of the budgeted amount by CHF 20'000, while expenditure was CHF 10'000 below budget due to an under expenditure on staff.

2009 is the opposite. IFUW showed an overall profit for the year of CHF 36'081, thanks to the unrealised profit on investments, where the portfolio increased 17% in value. However, there is a loss of CHF 16'450 if the unrealised profit is excluded. IFUW's income in 2009 decreased from 2008 to CHF 441'889, or CHF 30'000 below budget. This is a result of significantly lower dues income, based largely on the fact that a number of NFAs were unable to pay their dues as a result of the financial crisis. Expenditure was a mere CHF 4'000 over budget, despite the fact that the expenditure included a retirement payment for the Finance Officer, Christine Marijan, who requested to take early retirement. (Ultimately, the retirement of the Finance Officer and the re-definition of the Finance Officer position will result in a considerable saving for IFUW each year.)

At the Finance Committee in March this year it was agreed that it is unlikely that the budgeted income for 2010 will be achieved, so the Committee revised the income downwards to what is estimated to be realistic levels. The total expenditure remains the same, although the budget has been allocated differently. This will result in a loss of approximately CHF 89'000 excluding any unrealised profit or loss on the investments and any profit or loss on the Conference.

One of the objectives of the current Board is to have measurable, tangible outputs from this triennium, and to this end various projects have been undertaken. However, in order to have tangible outputs money has to be spent, so the "saving" achieved by the reduction in working time of the Finance Officer has been allocated to the programme budget. Specifically, money has been allocated for printing the Education Advocacy Handbook; for the training programme for the Conference; and for the "new look" Bina Roy Partners in Development programme, for which there have not been sufficient donations to cover the next round of grant allocations.

This means that the overall loss for the triennium is projected to be CHF 200'000. Since the loss of 2008 was a result of the financial crisis, and represents 75% of the projected triennial loss, and the budgeted loss for 2010 was originally CHF 41'000, the amount of the loss for the triennium is not excessive.

2011-2013

When the Finance Committee and Board met in March this year, the issue of the burden of dues on small NFAs from low GNI countries was discussed, as well as the effects of the financial crisis and the delinking of the Bina Roy Partners in Development (BRPID) programme from dues payment. It was decided that a modification to the dues model should be presented to the 2010 Mexico Conference. It is hoped that this change will assist needy NFAs by reducing their dues commitment to levels that may be affordable for them. However, the direct result of this modification, and the reduction in the number of NFAs, and hence the number of individual members, means that the dues income for the 2011 to 2013 triennium is expected to be well below that of the current triennium.

The budgeted income for the 2011 to 2013 triennium is CHF 1'269'000 or CHF 142'000 less than was budgeted for the current triennium and CHF 44'000 less than the expected overall income for the 2008–2010 triennium. The income is predicted to remain at the expected current levels of CHF 423'000 in total per annum, with CHF 400'000 coming from dues. The dues amount includes current dues, dues arrears and dues from independent members.

Expenditure, however, is unlikely to decrease unless there is a further downsizing of the office. This is not recommended. Instead, the Board and Finance Committee are proposing an expenditure budget exactly the same as that proposed for the current triennium. The difference is the budget is being proposed as a functional (or departmental) budget, rather than a purely financial one.

This means that general administrative expenditure, such as office rent, equipment maintenance and staff salaries etc have been allocated to the different functions of IFUW. Staff time has been apportioned according to the time spent, based on past timekeeping records, per staff member. General expenses have been apportioned according to the staff time allocations. Expenditure that can be accounted for directly, such as the cost of Council Meetings, including travel and meeting room rental etc, has been allocated directly to the appropriate function.

The “savings” mentioned previously have been allocated to fund measurable projects, existing commitments and other proposed new “services”. Amongst the items is money for IFUW to participate in some regional workshops – one per year in a different region each year; money to continue BRPID and to assist it to become self sustaining over the next two to three years, and money for projects or programmes that will be designed, developed and implemented over the triennium, such as the Education Advocacy Handbook in the current triennium.

In the past, nothing has been budgeted for anything other than IFUW’s general operating expenses. The 2011 to 2013 budget, therefore, has an allocation of just under 5% for new, as yet undetermined, projects and programmes. IFUW needs to grow its membership if it is to survive; and in order to do that it needs to develop new programmes and services that will attract new members; and in order to develop new programmes and services funding is required. Project proposals will have to be submitted, proposals will be assessed and successful proposals will have funds allocated to them.

The functional budget is uncharted waters for IFUW, but it is step towards making the workings of IFUW more transparent, thereby allowing the membership to “see” how money is spent according to what IFUW does. There will be teething problems along the way, but the goal of making what IFUW does apparent should be achievable, and from there new directions can be determined.

Finally, it is proposed that in order to make the most of the money available, the triennial plan should be voted upon based on the triennial figures and not the budgets for each year. This would allow for flexibility in the timing of projects, programmes, and other interventions.

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