

Additional Comments on 2018 financial statements, the current 2019 financial year and the 2020-2022 Triennial Budget

1 2018 financial statements

- The 2018 financial year ended with a net result of €172,000 and an increase in working capital of more than €430,000.
- The increase results mainly from one exceptional element (as our organisation is not for profit): the reversal of provisions for premises occupancy fees recorded since our move to Charenton in 2014. For more than four years, the amount of these occupancy fees had not been fixed by the French Ministry of Culture – owner of our premises – and we made provisions for the estimated occupancy cost (rent + rental charges). Only in 2018 was this cost contracted for 2018 and subsequent years, and the Ministry of culture generously granted us a discount for previous years. Hence the reversal of the corresponding provisions, the cumulative amount of which amounted to €215,000.
- The increase of staff costs (€498 000 versus €434 000€ in 2017) is explained mainly by the compensation paid to an employee dismissed in March 2018.
- Regarding this dismissing, an exceptional provision of €81,000 has also been made to cover the possible risk of a legal action - which has been brought against us.
- We note an increase of the membership fees paid by National Committees (€438,000 versus €426,000 the previous year) – thanks to all of you!
- We also note the development of projects and activities in assisting States within the framework of the World Heritage Convention, for properties already nominated (downstream consultancy) or for properties for which a nomination dossier is being prepared (upstream consultancy).

2 2019 financial year

- The year should, unless unexpected last minute circumstances arise, end in balance or a slight surplus. The main changes made to the initial budget during the year are as follows:
 - Following many difficulties at the beginning of the year, we had to plan in May the purchase and installation of a computer server (20 000€).
 - The cost of improvements to the membership database will only be €15,000 (compared to the budgeted €20,000)
 - The Christensen Fund renewed its support for an additional year of Phase III of the Connecting Practice project (\$90,000)
 - A new project was launched during the year with the UNESCO Category 2 Centre of Bahrain to carry out a Gap Study in the World Heritage List in the Arab region (€15,000)
 - The World Heritage Workshop (selection and training of new advisors) was decided in March and launched in July at an estimated cost of €35,000 over 2 years.
 - The amount of membership fees will be higher (probably 20 000€) than the budget
 - The Archiving project was not finally launched due to time constraints (€5,000)
 - The French Ministry of Culture awarded us a €20,000 grant (instead to the €15,000 expected)

3 Triennial budget 2019-2021

- This is a first estimate. The 2020 forecast budget will need to be further refined before being submitted to the Board in March.
- The main assumptions for the years 2020 and 2021 are:
 - Cost increase:
 - Staff: 1,5 % per year
 - IT and Internet: 2% per year
 - Rent charges: 1,5% per year
 - Income growth:
 - Committees' fees: 2% per year
 - Stability of income/costs of statutory World Heritage activities

Draft recommendation

Having examined

Document AGA 2019/10 4-2-C Additional Comments

Taking into account

Document AGA 2019/10 3-2 Treasurer Report

Document AGA 2019/10 4-2-A Budget 2020

Document AGA 2019/10 4-2-B Triennial Budget

The Annual General Assembly

Recommends to adopt the budget outline for 2020 with the request to submit the final draft budget to the Board at its meeting in March 2020.