

# **FINN CHURCH AID FOUNDATION FINANCIAL STATEMENTS AND ANNUAL REPORT**

**For the period 1 January 2022 – 31 December 2022**

**Business ID: 0998454-4**

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# **FINN CHURCH AID FOUNDATION**

## **FINANCIAL STATEMENTS AND ANNUAL REPORT FOR THE PERIOD 1 January 2022 – 31 December 2022**

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## **1. Finn Church Aid is Finland's Largest International Aid Organisation**

Founded in 1947, Finn Church Aid (FCA) fulfils a mandate from the Evangelical Lutheran Church of Finland to carry out development cooperation, humanitarian relief work, and advocacy work and to invest in small and medium-sized enterprises in developing countries. This is how FCA fulfils the international diaconia of the church.

FCA is a rights-based actor. Our work is based on international human rights standards and principles. Risk management systems, conflict and gender sensitivity, climate change and environmentally friendly approach guide our programme work. FCA is committed to abiding by international humanitarian principles, based on which every single person has the right to aid and protection.

## **2. Changes in the FCA operating environment**

In 2022, our operations were still affected by the global COVID-19 pandemic and recovering from it. Even though we managed to achieve success in domestic fundraising, it is still more challenging than in pre-pandemic times, with the exception of the disaster relief collection for people suffering from the war in Ukraine. The over EUR 11 million collected is the largest amount of funds raised in FCA history. International fundraising continued its record growth and our relationship with many international donors have become established.

The year was marked by the humanitarian situation in Ukraine in many ways. Humanitarian operations were launched first in cooperation with partners following the opening of Ukraine country office later in the year. The repercussions of the invasion also extend to many of our programme countries, such as the entire Horn of Africa. The worsened political and humanitarian situation following the coup in Myanmar has remained challenging and posed significant practical challenges to our operations. Nevertheless, our work was fruitful once more and hundreds of thousands of people in different parts of the world received aid through us. We further developed programme content to meet the changes in conditions.

The principles of sustainable development form the mutual goals of the work done by various nations and the UN as well as by other development actors. These are the principles that guide the operations of FCA as well.

The entry of individual operators into the development sector is in line with the principles of sustainable development, and the role of individual operators has grown internationally and in Finland as well as in FCA's own operations.

We have expanded the decades-long work in women's micro-entrepreneurship to include small and medium-sized enterprise (SME) loans and technical support. FCA Investments Ltd, the investment company of FCA, continued to make successful loan-based investments during the year. The company has now invested its loan principal and FCAI is engaged in continuous negotiations to obtain additional financing. Technical vocational education and training and particularly entrepreneur training have proven fruitful. "From learning to earning" is the motto of our work with women and youth in many of our country programmes. We have extended entrepreneurial training and education in creative sectors and integrated digital materials and methods into our educational sector operations.

At the beginning of 2022, Finn Church Aid had country-specific programmes in 13 countries.

<b>Europe</b>	<b>Africa</b>	<b>Asia</b>	<b>Middle East</b>
Ukraine	South Sudan, Kenya, Central African Republic, Uganda, Somalia	Cambodia, Myanmar, Nepal, Thailand	Israel and the Palestinian territories (IOPT), Jordan, Syria

In addition to the aforementioned countries, Finn Church Aid carried out humanitarian assistance programme work in Bangladesh, Lebanon and Afghanistan.

In Liberia, FCA continued to support the programme activities of its local partner organisation, the Serving Humanity for Empowerment and Development Foundation (SHED).

FCA serves as the secretariat of the Network for Religious and Traditional Peacemakers. The Network for Religious and Traditional Peacemakers had projects in several countries where FCA has no operations: for example, in Northeast Asia. In Finland, our peace work focused on efforts with immigrants and the prevention of violent extremism.

The action models and activities of Finn Church Aid projects and programmes will be discussed through a few examples in the thematic section of this report, also referring to new initiatives made during the year. The numerical and qualitative overall picture will be reported in the annual report of the global programme.

### 3. Finn Church Aid themes

The long-term development impact of Finn Church Aid (FCA) Global Programme is based on our vision: to empower people living in the most vulnerable situations to contribute to positive and sustainable change, thus establishing adaptable and fair societies. FCA works to promote the realisation of human rights and eradicate discriminating practices and factors that result in injustice. Our goal is to establish a rights-based approach as transformatively as possible.

Our rights-based approach makes use of the Sustainable Development Goals (SDGs) as a frame of reference. The themes are related to the rights of the individual, meaning that everyone has the right to live in peace, to be provided with high-quality education, and to earn a sustainable livelihood. In all its work, FCA also takes into account gender equality, equal opportunities for participation, conflict sensitivity and climate issues.

FCA focuses its operations on vulnerable and conflict-ridden countries, where the state of civil society and opportunities to act are often restricted. Growing inequalities, climate change and its impacts, conflicts, natural disasters and vulnerable governments can further increase the lack of trust between duty-bearers and rights-holders. In 2022, the state of civil society and opportunities to act were further eroded in many FCA programme countries.

#### Right to Quality Education

FCA's education strategy and its four focus areas (Education in Emergencies, vocational education, education sector development and teacher education) steered FCA's work in improving high-quality education and the availability of teaching in 2022. The impacts that the pandemic had on child and youth school attendance were clarified during the year: the world took several steps backward from reading and mathematics skills gained in recent decades.

In 2022, FCA launched emergency assistance for the educational sector in Ukraine in response to the war. FCA heads a large consortium funded by the Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO). The consortium focuses on facilitating the continuity of safe education as well as promoting the well-being of teachers and learners. Teachers have been trained in methods for providing psychosocial support. In addition, FCA supports a Ukrainian partner organisation in maintaining summer clubs for children in comprehensive schools.

To support global education in disaster relief work, FCA continued its all-day selection of professionals for the Global Education Cluster through the UNICEF Rapid Response Team (RRT). In 2022, the coordinator provided support to activated humanitarian clusters in the educational sector in, for example, Ethiopia, Somalia and the Democratic Republic of the Congo.

In 2022, strong support was given to inclusive teaching and the inclusion of children with disabilities. For example, in Uganda and Kenya, we have provided support to learners with disability aids, which strengthens their position in society and facilitates their participation in teaching together with other learners in the same classroom. In addition to the inclusion of people with disabilities, we continued the development and integration of psychosocial support models as well as enhancing the cross-cutting themes of child welfare in all education sector activities.

In 2022, FCA was actively involved in supporting the commission appointed by the Ugandan Ministry of Education to prepare the reform of the education sector. The commission asked FCA and UNICEF to make their own recommendations concerning the development needs of the Ugandan education sector. In addition to this, the commission visited Finland to familiarise themselves with the Finnish education system by both visiting schools and meeting with representatives of, among others, the Finnish Ministry of Education, Finnish Ministry for Foreign Affairs, Finnish National Agency for Education and FinCEED - The Finnish Centre of expertise in Education and Development. A concrete result of the meeting was FinCEED launching the recruitment process for selecting a Finnish expert to provide support to the commission in the spring of 2023.

FCA also provides support for the development of preparatory vocational and entrepreneur education and training, investing in new fields, promoting career guidance and strengthening the competence of vocational teachers.

In South Sudan, we participated in, for example, the planning and content production for national apprenticeship training guidelines, and we facilitated workshops in which the degree programme curricula for career guidance counsellors and vocational teachers were created in multidisciplinary cooperation. In Somalia and Somaliland, local career guidance experts trained by FCA regularly provided training for teachers in target schools.

Education and training needs are changing along with the changing labour market, and in Kenya we launched the Creative Industries training programme, which is free of charge and aimed at low-income students. The students train to become graphic designers, digital marketing professionals, or animators.

FCA's Ugandan technical vocational education and training development projects were included in the evaluation, which was jointly conducted by FCA, United Nations High Commissioner for Refugees (UNHCR), International Labour Organization (ILO) and German Agency for International Cooperation (GIZ). The results of the evaluation show that career guidance and entrepreneurial studies have promoted the placement of students in working life - 71 per cent of students graduating with a vocational qualification were employed or started their own business. The evaluation also highlighted how the inclusion of women was facilitated by providing education and training locally and making childcare arrangements.

Due to the political situation in Myanmar, we were forced to shrink career guidance development project activities and their scope. Although development work in the public education sector has been discontinued, it has been possible to continue cooperation with earlier pilot schools and monastic schools. Otherwise, our focus in Myanmar has temporarily shifted to the production and further development of career guidance materials.

In Cambodia, there are now a total of 28 "master trainers" in career guidance, when 21 teacher trainers completed their preparatory training all over the country in provincial teacher training centres. In cooperation with the Cambodian Ministry of Education, we began preparation of a 60-credit training curriculum to provide qualification as a career guidance counsellor. These new career guidance counsellors will play a key role in the integration of this curriculum into teacher training institutions.

We developed technical vocational education and training by providing teachers at a vocational school in Siem Reap with advanced pedagogical training and orientation in counselling as well as a series of short thematic training sessions for building digital skills, project skills and curriculum work. This allowed us to support career guidance counsellors, career guidance counsellor trainers and vocational teachers in developing their competence in the form of coaching and group mentoring.

In the autumn of 2022, we launched an extensive update of teacher training materials based on the needs specified by country offices in thematic areas where teachers would like to receive continuing education.

Work on the materials started with a teacher training manual for inclusive teaching, which focuses on providing support for special needs. In addition, a volunteer educational expert from the Teachers without Borders network began the further development of a teacher training manual that focuses on pedagogical skills in remote teaching and digital methods piloted in Palestine. The updating of teacher training materials will continue in 2023, with a focus on teacher well-being, psychosocial support, socio-emotional learning, learning through play and active teaching methods.

In 2022, through the Teachers without Borders network, a total of 51 Finnish educational and pedagogical professionals (17 on-site and 34 remotely) were extensively involved in FCA projects, where they provided support for programme quality development and strengthened the vocational competence of educational personnel. The network piloted the pedagogical development of peace education in cooperation with the Uganda country office and a local partner, and the peace education manual aimed at upper secondary schools was published at the end of the year.

### Right to Livelihood

The Right to Livelihood theme promotes sustainable economic development, which offers better livelihood opportunities for people in vulnerable situations. Women, youths, and refugees are our special target groups, and the focal points of work are the development of entrepreneurship, businesses and employment opportunities and humanitarian aid supporting livelihoods.

At the beginning of 2022, the immediate impacts of the COVID-19 pandemic on our livelihood-focused work had receded and the focus had shifted to correcting follow-ups. The outlook for people's livelihood immediately after the pandemic was weakened by the long-term drought in East Africa and other regional and local natural disasters related to climate change. In addition to this, the war in Ukraine, which broke out in February, and its global repercussions also had a negative impact. The break in economic growth and general rise in prices brought about by inflation and shortages in energy and fertiliser already posed challenges to livelihood and food security in 2022, affecting both the goals and results for the year.

Our first response to the war in Ukraine was to provide emergency aid with a distribution of food and other necessities to refugees inside Ukraine in March of 2022. As the war continued, the focal point in Ukraine shifted to supporting children's school attendance and maintaining emergency aid readiness.



A consequence of the drought in the Horn of Africa was the loss of herding communities' primary source of livelihood in the border region between Somalia and Kenya. The main form of direct aid was a monthly cash distribution.

The condition for receiving this cash aid was, for example, ensuring that children attended school in Somalia and South Sudan. The unconditional benefit of this operating model is that it maintains and strengthens local market activity and offers an opportunity to obtain supplies for one's own family needs. In the insecure situation following the military coup in Myanmar, financial aid was also the most effective way to ensure that aid made it to its rightful recipients.

In 2022, our operations focused particularly on the crisis resilience of livelihood and its importance in our programme countries, a majority of which are "fragile states". Even during the pandemic, it became clear that eradicating multidimensional poverty requires not only meeting immediate needs and preparedness, but also structural changes to be sustainable.

Many country programmes changed their approach to be more systematic, thus, expanding measures from the individual and community level to examine and develop, among other things, market and value chain activities and their attendant private and public services. Projects included more organising and networking of entrepreneurs and producers with the private and public sectors as well as local and policy-level advocacy in accordance with the operating environment.

We also continued processes started in 2021: taking environmental and climate impacts into account more systematically as an influential factor in livelihood, migration and conflicts; supporting the vitality and development services of businesses; stronger market orientation, particularly in the development of rural livelihoods; and the mainstreaming of digitality in all livelihood work.

Promoting employment is one of the key goals of our livelihood work. We both develop individual competence and working life capabilities and create opportunities for earning as either a self-employed person or salaried employee within the Linking Learning to Earning programme (LL2E) as well as within a refugee context. The Uganda country office remained at the forefront of the LL2E programme and coached approximately 1,500 youths to prepare them for working life. Up to 70 per cent of these youths were employed with programme support.

In 2022, the Linking Learning to Earning model was deployed in a total of seven FCA programme countries with encouraging results following the break caused by the COVID-19 pandemic.

In addition to working life capabilities, we also made an increasing effort to create new jobs in private sector companies and cooperatives. An example of this is the cooperation with a Kenyan circular economy company, which created 120 new plastics recycling jobs in Nairobi and Mombasa in 2022. In 2022, we also launched education and employment programmes in Kenya and Uganda in creative industries that make use of digital technologies and remote work arrangements. These industries have great growth potential. In 2022, the Jordanian country programme focused on creating work and business activity in agricultural production, post-processing, and services, where the primary target group was Syrian refugees.

In Asia, the primary emphasis of livelihood work focused on rural livelihoods remained producer groups, cooperatives, and credit unions, which have proven their durability as permanent support structures also during recent crises. Women are a key target group.

For example, in Nepal, the combined capital of 20 credit unions was nearly EUR 1.3 million in 2022, which provided a financial buffer for 8,000 women members. In addition to financing and business services, cooperatives strengthened the social and even political position of women in communities also serving as advocacy channels for members dealing with the government on important issues. In 2022, these issues included the availability of public services, security - particularly regarding violence against women - and education.

With regard to innovation activities, an initiative where 10 per cent of the annual fundraising proceeds made by the Women's Bank are allocated to the piloting of innovative, women-led, and scalable enterprise ideas and business models. The first pilots proceeded from planning to implementation in 2022 under the direction of experts from FCA and the Women's Bank network. Previously founded cooperatives served as local partners.

In Nepal's BUZZ project, a pilot group of eight women is testing the raising of Black soldier fly larvae (BSFL) as protein feed for livestock in Nepal's conditions. In the autumn, we also began planning a similar pilot in Uganda.

In Myanmar, we studied the commercialisation and production modernisation of honey produced by local honeybee species. Traditionally, honey is collected from natural hives, which destroys them. If the business turns out to be profitable and sustainable, our goal is to ensure additional funding to expand it after the test phase.

We have traditionally worked in good, productive cooperation with the public sector and NGO sector. In recent years, our programmatic development, with its focus on working life, business development and market, has challenged us to seek functional private sector relationships and new kinds of partnerships with companies.

Reconciling not-for-profit and regulated humanitarian and development work with the goals and operating practices of the private sector is not without its challenges, but the results of 2022 provide us with the motivation to continue establishing connections more systematically.

## Right to Peace

The peace work of Finn Church Aid supports comprehensive involvement and women, youth, refugees, and religious and traditional operators are at the hub of it. In 2022, the FCA continued its efforts for the promotion of inclusive peace at the national and local levels in the African and Asian country programmes. Lessons learned and technological solutions created during the pandemic were used in peace work, in which links with other thematic priority areas and operating approaches were also promoted.

As part of the thematic development of peace work and its linking to advocacy work, we continued supporting peace work in Somalia in 2022. Ensuring and supporting the participation of women and youths is key to creating inclusive local government structures.

A women's network, which serves as a partner in safeguarding the political participation of women, was also established with our support. The key task of the network has been to create a safety net for women and to influence the government and civil society, as well as the traditional and religious leaders so that the role of women in politics and decision-making might be strengthened.

In Kenya, FCA established its position in the field of community-level peace work together with local operators, the provincial administration, and the national government. Active work of peace building in the Kerio Valley continued, and area residents were given training in peace negotiations and reconciliation work.

Women and youths actively participated in local peace work and acted as the community agents of change in the reconciliation and peace processes. We also provided support for training journalists and communications experts prior to and during the election season.

In Uganda, we support the social inclusion of at-risk youths and the safeguarding of their rights as part of conflict prevention and work combating violent extremism. Youths benefit from technical vocational education and training, in addition to which we offered them various opportunities to engage in a dialogue with various stakeholders on how to increase the meaningful participation of youths in civil activities.

The project is being run in cooperation with Uganda Muslim Youth Development Forum (UMYDF). In addition, youth peace clubs continued running, and we supplied the peace education teaching manual for upper secondary schools in cooperation with the Teachers Without Borders (TWB) network and UMYDF. With support from TWB, we also piloted peace education work in Kenya and South Sudan, where we developed pedagogically high-quality teaching material to support peace education clubs in comprehensive schools. We also trained club counsellors in the use of teaching materials.

In Cambodia, we support youth opportunities to participate in decision-making. In part of the project, we provided advocacy training and mentoring support for youths. We also supported cooperation with various youth groups and organised joint activities.

Youths also played a key role in peace mediation in the Central African Republic. In the peace clubs we support, youths took advantage of training in conflict prevention, peace education and stopping rumours. Livelihood activities were also supported. We continued the competence development of our partner Mediator's Network through training. Our peace work in the Central African Republic also supported the inclusion of youths and women in local decision-making.

In South Sudan, we support the active role of religious and traditional leaders in peace work at both the national and international level. As part of this work, we provided training and supported the activities of established peace committees. Committee members were given support in advocacy work for strengthening the active role of women and youths. We also did advocacy work through social media and radio, and established peace clubs in schools.

## Humanitarian aid

In 2022, FCA continued its humanitarian work in protracted crises. A major part of our aid programmes focused on supporting refugees or people forced to leave their homes within their own country in our programme countries: South Sudan, Uganda, Somalia, Myanmar, Jordan, Syria, and the Central African Republic.

Climate change and drought had an impact particularly in East Africa, causing a serious food shortage for millions of people. We supported families suffering from drought by distributing food, water, hygiene supplies and cash aid in Somalia, Kenya, and Uganda.

The most prominent disaster of the year was the humanitarian crisis brought about by the war in Ukraine. We made the decision to provide aid immediately after Russia's invasion in February, and the aid operation quickly grew to become the largest in the history of our Foundation. We initially focused on the distribution of necessary supplies, such as food, water and hygiene supplies, to Ukrainian refugees fleeing the country and those within Ukraine forced to leave their homes. In the next phase of our aid operation, we moved on to the educational programme in line with our strategy. The geographical focus was in North and Northeast Ukraine.

The programme includes teacher training, the provision of psychosocial support and repair of school buildings. We registered our country office in Ukraine, hired a team of mostly local professionals and coordinated our work together with the Ministry of Education and Science of Ukraine and other aid organisations. With record donations from private persons, companies, and parishes, we were able to expand our operations to reach more people needing help. We also provided financial support to other sister organisations and local partners. We provided EUR 1 million in emergency aid funding to faith-based aid organisations of ACT Alliance and EUR 500,000 in funding to Hungarian Interchurch Aid (HIA) through a bilateral agreement. Our commitment to those suffering from the crisis in Ukraine is unwavering and we are prepared to continue providing aid for several years.

In 2022, we also provided emergency aid in several other disaster situations. In Haiti, we worked in cooperation with Diakonie Katastrophenhilfen to help families hit hard by storms and earthquakes. We provided emergency aid in Afghanistan in cooperation with Hungarian Interchurch Aid (HIA) when the Taliban coup deepened the humanitarian crisis in August 2021. The project was concluded last year as planned.

In Ethiopia, we concluded a joint programme run together with Norwegian Church Aid (NCA), in which we provided support in ensuring food security and water management to people suffering unrest in the country. The programme also prevented violence against women.

In Lebanon, we finished the aid work that commenced after the major explosion in the Port of Beirut in 2020. We repaired school buildings, provided school supplies, trained local teachers, provided financial support to families to support their children's education and provided mobility aids for disabled children. The cooperation with local organisation René Moawad Foundation ended in the autumn.

FCA's humanitarian work in crises has focused primarily on the education sector. One expert is the select Global Education Cluster (GEC), which coordinated UN humanitarian aid work in the education sector in disaster situations all over the world. In recent years, FCA has also brought more attention to environmental sustainability. As part of the humanitarian aid, our programmes put more of an emphasis on livelihood during crises and we are gradually replacing material aid with cash aid. This not only increases the dignity of people suffering from catastrophes, but it also has a positive impact on the environment. Environmental consciousness and environmentally friendly practices are necessary for us to build more sustainable societies and reduce the environmental impacts of our work.

We have further enhanced our relationships with international humanitarian aid networks, partners, and donors. This gives us the opportunity to put our expertise and resources to better use so that we can provide humanitarian aid even more effectively.

#### Advocacy Work

FCA's advocacy work in 2022 was strongly centred around the Russian invasion of Ukraine in February. Conversely, the COVID-19 crisis took a back burner, and we were once again able to perform our advocacy work face to face. This enabled more balanced advocacy with our international partners, such as the ACT Alliance.

The war wholly changed global politics and, in turn, FCA's priorities. Since the very start of our involvement in Ukraine, we have participated in the coordination of organisational advocacy work within Ukraine and spread the word, particularly with regards to the educational situation, in Finland and in international contexts. As a single Finnish actor, we have promoted Finland's role as a supporter of education in Ukraine and focused precisely on this work.

Soon after the war broke out, it became clear how destructive the invasion was from the standpoint of developing countries. Already in March, we pointed out how the food crisis, particularly the famine threatening the Horn of Africa, and other humanitarian crises were being overshadowed by the war, not to mention the political situation from the perspective of countries outside of Europe.

We held a discussion forum (12 May) on the topic, among others. Along with the Development Policy Committee (KPT) and members of Finnish Parliament, UNDP Regional Director for Africa, Ahunna Eziakonwa, also spoke at the forum.

The focus areas of our advocacy work were high-quality education, peace work, livelihood, and women's rights as well as issues concerning the policies and funding of development cooperation and humanitarian aid. The upcoming parliamentary elections and worsening economic situation rose to the forefront of decision-maker advocacy. We engaged in direct and extensive dialogue with decision-makers, attended the functions of different parties, issued several statements, and were heard in Parliament. We also appeared in the media, held discussion fora, published articles, and worked in cooperation with other organisations.

Unfortunately, it was necessary to make some cuts to development cooperation. But fortunately, Finland was able to avoid the situation of some other EU member states, where the support being given to Ukraine and Ukrainian refugees would have been taken directly from the support intended for poorer countries. At the end of the year, we published the Finn Church Aid Parliamentary Elections Programme and Objectives for Government formation talks, which focused particularly on advocacy at the end of the year.

We made rapid progress in our efforts to bolster our advocacy work with the African Union when we hired a full-time person at the beginning of July to head up operations. During the year, we met with African Union commissioners in Helsinki and Addis Abeba together with representatives from the Finnish Ministry for Foreign Affairs. In 2022, preparations for FCA's presence in the African Union (AU) were made to the extent that it was possible to launch operations in Addis Abeba at the beginning of 2023. At the same time, we established a strong link with the water diplomacy work headed by Finland and in which the AU is a key partner.

With respect to education, the most important effort in our advocacy work was our extensive participation in the UN Transforming Education Summit (TES) process, both in June at the Pre-Summit in Paris and in September in connection with the UN General Assembly in New York. We organised our own conference on the technical vocational education and training of refugees within the TES programme, together with Finland, UNHCR, ILO, GIZ and Uganda. At the conference, we published a report on the technical vocational education and training of refugees together with the co-organisers.

Raising the profile of technical vocational education and training among governments and educational supporters as well as in civil society is necessary when it comes to the employment and livelihood of the growing youth demographic in developing countries. FCA also joined the Finnish delegation at the UN General Assembly to participate in the hearing of organisations which was held after the high-level week. We also held a briefing on the TES process for other organisations together with the UN Association of Finland and Fingo.

With respect to education advocacy, we also highlighted the importance of Education in Emergencies (EiE) and the need to further emphasise education as part of the humanitarian aid provided by Finland. In this case, Ukraine served as an excellent example.

The upcoming funding round of the Education Cannot Wait fund was included in our advocacy work toward the end of the year. We worked on this in close cooperation with the International Parliamentary Network for Education (IPNEd). We also decided to become a member of the EiE Hub in Geneva, Switzerland. FCA is also a major supporter of the Global Education Cluster. We highlighted the challenges that sanctions pose to education as well as providing other humanitarian aid in crises.

We were also deeply engaged in educational advocacy in our programme countries. The Education Policy Review Commission from Uganda visited Finland as a guest of FCA to learn about the Finnish education system. Together with UNICEF, FCA supports reform work in Uganda, and the visit enabled extensive, in-depth discussions on the content of the education reform. On a comparative basis, we sought, among other things, concrete support for the Commission's work through FinCEED.



In our advocacy work related to livelihood, we worked in close cooperation with FCA Investments, which is owned by FCA, focusing specifically on business opportunities for small and medium-sized enterprises (SMEs) as well as presenting the challenges and opportunities of financial instruments in development cooperation to decision-makers and other actors. In many contexts, we showed the need to also extend instruments intended for private sector support to fragile states and the SME sector. Events held in connection with the EU-Africa Business Forum in Uganda and Kenya laid the foundation for work on the Fifth United Nations Conference on the Least Developed Countries (LDC5), which was postponed to March 2023.

Organised in cooperation with the Finnish Evangelical Lutheran Mission and CMI – Martti Ahtisaari Peace Foundation, the National Dialogues Conference was the biggest effort of the year with regards to peace work. The Conference was attended by 180 participants and focused particularly on the ownership of conflict-ridden countries in peace processes as well as the need to strengthen the inclusion of people with disabilities as part of peace processes. We were also involved in Finland's contributions to the agendas for Women, Peace and Security (UN Security Council Resolution 1325) and Youth, Peace and Security.

Human rights played a central role in FCA advocacy work throughout the year. Finland's membership on the UN Human Rights Council offered a channel for this vital work. We participated in all hearings held by the Finnish Ministry for Foreign Affairs, work done by the Advisory Board for International Human Rights (IONK) and we briefed the Ministry for Foreign Affairs on the operating environments of our programme countries. We also attended the Commission on the Status of Women (CSW) session and participated in the Thursdays in Black and 16 Days of Activism campaigns against gender-based violence. The Universal Periodic Review (UPR) continued in South Sudan.

FCA further strengthened the personnel resourcing of its advocacy work in 2022. A Humanitarian Advocacy Adviser position was created, focusing on topics related to FCA's rapidly expanding humanitarian work, such as education in emergencies. The Advocacy Unit became the Advocacy and Partnerships Unit. The Unit's Global Partnership Manager builds upon the partnership strategy for the entire organisation as well as advocacy with FCA's extensive network of international partners. Opened at the beginning of 2023, the African Union office is part of FCA's advocacy work. More effective resources allow for better integration of advocacy work throughout the organisation and further enhance the channelling of our country offices' expertise as part of our advocacy work.

## **4. Development and Growth of the Organisation**

At the end of 2022, Finn Church Aid employed approximately 3600 people in 12 different programme countries, as well as in several European countries and North America. The number of personnel at FCA can change quickly because hiring is project specific.

In our programme work, we focus on the most vulnerable countries or vulnerable regions within countries. During the year, we founded an office in Ukraine and registered in Ethiopia, where our office focuses on maintaining our contacts and doing advocacy work within the African Union. We still face challenges in finding and retaining professional staff, particularly in fragile operating environments. We continued our quality assurance work during the year under review and, in the budget for 2023, we enhanced the requirements for our internal auditing and child protection.

In 2022, we continued investments in the development of new operational and financial instruments. The investment operations of FCA Investments Ltd (FCAI), established by FCA in 2018, were launched by financing two funds operating in the developing countries and, through direct investments, in Uganda. Capital 4 Development (C4D) is a fund established by our Dutch affiliate, the Interchurch Organization for Development Cooperation (ICCO). The fund focuses on providing loans to small and medium-sized enterprise activities in several Asian countries. By contrast, the Yield Fund, established in Uganda by the International Fund for Agricultural Development (IFAD), supports SME business activities that are related to agriculture and food production. At the end of the year, preparations were made for new direct investments in Somalia and Uganda.

Omnia Education Partnerships Ltd (OEP), established in 2016, continued its operations. The FCA is a minority shareholder of the OEP. Our operations have enjoyed growth and profitability despite the challenging operating environment. We charted new opportunities for cooperation, such as in Ukraine.

## **5. The Most Significant Risks and Uncertainty Factors**

We define risk management as coordinated, systematic operations, which are used to lead and steer FCA operations in matters involving risk. Key risk management operations are identifying threats and hazards, definition of risks and measures for mitigating risk. Risk assessment is continuous, because situations often change quickly, in some cases every day.

Through proactive risk management, we seek to prepare for threatening situations, and using safety assessments, we take a variety of factors that may lead to hazardous situations into account.

We act in accordance with our strategy in the world's most fragile and poorest states. Due to this, the identification and management of risks hold a key role in the success and fruitfulness of the operations.

We conduct risk assessment and management at all levels of the organisation, both in Helsinki and in our country offices. We have developed a risk assessment tool for this purpose. Below are current high-risk areas that have been identified through this assessment work.

**War in Ukraine** has impacted our operations in a variety of ways: inflation, cyberattacks and hybrid influencing by Russian actors, growing food shortages, unrest. The registration and opening of the office in Ukraine have increased FCA's operational risks. The ongoing war is itself a high risk, which should be considered in every aspect of our operations, including personnel security. Competition for the most experienced and professional employees as well as personnel availability have been challenging. The uncertain situation will be apparent in our operations for several years to come.

**Safety and security** Finn Church Aid devotes effort to the safety and security of its personnel by developing practices and policies and providing training and orientation for the personnel. Being an integral part of FCA operations, safety and risk management is carried out by preparing for eventualities, averting incidents, and accidents, and preventing damage.

During the year under review, one of the biggest security issues was the war in Ukraine. Other, more common threats in 2022 were traffic accidents, health security challenges, information security and cybercrime. Moreover, the political situation of the programme countries created a broadly unstable environment.

In 2022, we continued providing security training to our personnel. In addition to this, regional security manager training is being developed. The task of the regional security managers is to support country directors and offices in dealing with daily security matters, serve as a contact person in any emergencies that may arise and aid in conducting risk assessments and providing security guidelines for field trips.

FCA's Security Crisis Management Team (SECMT) focuses mainly on preparedness and proactive measures. The objective of SECMT is to ensure operational continuity and security as well as safeguard personnel security and safety in a geopolitically changing operating environment.

**Quality and Reliability** Difficult operating environments are challenging in terms of maintaining the quality of the operations. Upon joining the Core Humanitarian Standard Alliance (CHS) and receiving its quality certification, FCA is committed to developing the quality and reliability of its operations to a high level. This demands continuous effort and development, as well as resources.

Among other things, the orientation of personnel to new or revised guidelines and policies demands devoted effort. To ensure quality, we developed the FCA quality management system and appointed a data protection officer.

We formed the Due Diligence coordination group to improve the systematic monitoring of measures taken based on evaluation and inspection reports. Management Team monitors the progress of measures twice a year.

**Acquisition of basic (unrestricted) funding** the scope of FCA operations and their funding structure have changed significantly during the past ten years. Unlike the income in the action models of other Finnish non-governmental organisations, most FCA income is obtained from international donors. Examples of these include UN organisations and other international organisations, the development cooperation authorities of other countries, and development banks.

The growth in international funding requires us to increase the amount of self-funding through Finnish collection and donor markets. It also demands us to be flexible. We also need emergency funds for funding the transition phase of projects. Additionally, as the resources of the donors dwindle, the donors themselves are requiring increasing proportions of internal funding from the organisations.

The possibilities of increasing funding through Finnish collection and donor markets are limited. Failure to increase the self-funding threshold could have an impact on the funding of the technical support that is necessary for projects, which in turn could lead to a qualitative deterioration of our efforts. On one hand, the requirements for the regulatory compliance and internal monitoring of operations are getting more stringent, while on the other, donors prefer not to fund projects and general operating costs. The targets for covering costs are not achieved.

During the year under review, the intense focus of institutional donors on the Ukraine crisis has reduced the availability of funding for our other programme countries. High inflation has also increased funding risks.

**Personnel well-being, availability and turnover** Hybrid work is still in the process of forming in terms of its place in a work community. The organisational reform is still underway. The war in Ukraine itself and related discussions on possible cuts to funding have raised concerns both among employees personally and for the organisation as a whole. All of these have an impact on the well-being of personnel.

Activities to support and promote well-being have been arranged in cooperation with our service providers. Within the work community, we have learned new ways of working and being in contact with colleagues.

As our operations grow, FCA country programmes will demand increasing numbers of competent, professional personnel, whose recruitment is difficult for some positions and in some countries. The growing number of personnel contributes to pressure to reinforce the human resources management of the country programmes and, for instance, to provide orientation for new employees. We launched the deployment of a new Human Resources Information System (HRIS) at the end of 2022 and will now be used by all country programmes until the end of June 2023.

The dangerous, challenging nature of operating environments and the project-specific nature of work increase employee turnover and short-term employment relationships. For the work to continue without interruption during employee turnover, we must also ensure the documentation of work tasks and a smooth transfer for successors. The need for psychosocial support must also be considered.

**Reputational Risks** The field of relief work is the object of constant scrutiny by the beneficiaries, the funders, the media, and the public, seeking to find errors and failures. Addressing such in a misguided way can backfire as reputational deterioration, but also as the loss of donor confidence.

When joining FCA, each employee signs the “Code of Conduct”, thereby committing to observe FCA values and rules. Having all-round policies will not guarantee success if we fail to pay enough attention to monitoring and inspections. Successful recruitment processes, good work orientation and continuous training reduce the risks of employee errors and unethical activity.

Errors committed by FCA partners and other organisations engaging in aid activities can also cause reputational risks to the whole sector. We can prepare for such eventualities only by ensuring the ethical base and responsibility of our operations.

The FCA complaints mechanism is a tool for the improvement of reputation management as well. The crisis communication plan and the constant monitoring of media and social media are part of our preparedness for dealing with reputational risks.

**Safeguarding:** An increasing number of our personnel in fragile contexts work with minors. This puts new kinds of demands on the mechanisms we use to prevent abuse. We strive to improve these mechanisms through the continuous training of our personnel and by increasing awareness within our work community. In the employee orientation, we ensure their commitment to our Code of Conduct and Child Safeguarding principles.

Our resources for monitoring the function of mechanisms and providing technical and advisory support to country programmes are limited. This observation has also been mentioned in recent audits and assessments. The lack of adequate monitoring could increase the risk of our work causing harm to the communities with which we work as well as to our reputation as a reliable actor in the eyes of our donors.

FCA's Safeguarding Policy will be adopted in the spring of 2023. We consult the country offices on their need for support and enhancing the degree of peer learning between country offices. We are also improving the capacity of the Helsinki office (i.e., SAC, Service and Accountability Center) in monitoring and taking support measures.

## **6. Fundraising**

In 2022, FCA fundraising from private persons both enjoyed some success and faced some challenges. Our humanitarian collection for Ukraine turned out to be extremely successful. We launched the collection very quickly and organised a televised concert together with Yle, the Finnish Public Service Media Company. The Finnish Red Cross, UNICEF and Save the Children Finland were also involved. The concert was watched by a very large audience and pulled in a significant number of donations.

Despite the success of our Ukraine collection, we are concerned that people are giving their donations too much to one target, which could reduce the general enthusiasm for donating to lesser-known targets.

The result for Alternative Gift was significantly lower than in previous years. This and other forms of fundraising could be influenced by means of both the above-mentioned focusing of donations and external factors, such as the cost of energy and expected economic recession.

The strong financial support for FCA by the Evangelical Lutheran Church of Finland and its parishes continued in 2022. Compared to the previous year, the funding provided by the Church and parishes increased considerably, primarily due to the aid allocated to Ukraine. Parishes were active in organising box collections, aid concerts and other fundraising events to help Ukrainians.

The Women's Bank result achieved its budget goal, but challenges were also encountered here.

We closed the surplus food store WeFood, due to a decision concerning value added tax made by the tax administration. The tax administration felt that the surplus food donated to WeFood was subject to value added tax, thus making the store unprofitable. We closed WeFood on 31 July 2022. Based on the sale of donated surplus food, we were able to reduce the amount of food waste by over 400,000 kg through Wefood during its four years of operation.

## **7. Foundation Group Structure**

The offices located in Jordan, Kenya, Thailand and the United States along with Omnia Education Partnerships Ltd (share: 20%) and FCA Investments Ltd (share: 100%), as well as Egg Production (U) Ltd, which is located in Uganda (share: 100%), were consolidated into Finn Church Aid Foundation Group.

The offices located in Cambodia, Central African Republic, South Sudan, Somalia, Nepal, Myanmar, Ukraine, Syria, and Uganda, which are treated as branches, were consolidated into the accounts of Finn Church Aid parent company.

In addition, we also continued our humanitarian programme operations in Afghanistan and Ethiopia. In Afghanistan, we served as a Hungarian member of the ACT Alliance through Hungarian International Aid (HIA).

In Ethiopia, we served through Norwegian Church Aid. We concluded these short-term projects in 2022. During the year under review, FCA continued with preparations for a humanitarian operation to be carried out in North Korea.

## Finances

In the Board report, figures are listed in the following order: Group 2022 (Group 2021), Parent 2022 (Parent 2021). If the group and parent figures are the same, only one figure will be listed.

2022 was characterised by escalation of the war in Ukraine, which had a significant impact on our finances: the income generated by domestic fundraising clearly exceeds the planned amount of donations allocated for our Ukraine work. The war also posed operational challenges, because we were able to establish a full-scale country office in Ukraine on a very short schedule. During the year, we also saw the subsidence of the COVID-19 pandemic in most of our programme countries, which enabled the lifting of travel restrictions and the gradual return of trips for supporting and monitoring programmes.

In addition to the spike in fundraising resulting from the war in Ukraine, FCA income continued its growth with support from institutional funders in most of our country offices. It is worth noting that, where institutional donors are concerned, the funding provided by the Finnish Ministry for Foreign Affairs continued declining.

This decline was compensated by other donors, such as UN organisations and the European Union. With respect to expenses, we managed to complete our projects almost entirely according to plan and we saw the expenditures frozen during the most active period of the pandemic gradually return to their normal level. Investment also continued, such as with the acquisition and deployment of the new ERP system throughout a majority of our organisation.

The group operated at a slight loss. Our Ugandan subsidiary Egg Production (U) Ltd showed a deficit due to the challenges posed to production by the operating environment. On the other hand, the investment activities of our subsidiary FCA Investments Oy generated a surplus.

All in all, despite the challenging and rapidly changing operating environment, 2022 was a financially balanced year for the Finn Church Aid Group.



Result for the financial period amounted to EUR -241,579.53 (EUR 813,716.29), EUR -730,170.59 (EUR 369,542.00). Shareholders' equity at year's end amounted to M€ 17.4 (M€ 11.1), M€ 17.3 (M€ 11.4).

Current receivables totalled M€ 16.7 (M€ 7.2), M€ 15.0 (M€ 6.3), of which advances received for partners carrying out projects amounted to M€ 6.2 (M€ 0.5), M€ 6.2 (M€ 0.8). Current liabilities totalled M€ 22.1 (M€ 13.8), M€ 20.8 (M€ 12.8), of which advances received amounted to M€ 16.2 (M€ 8.1), M€ 14.9 (M€ 7.4).

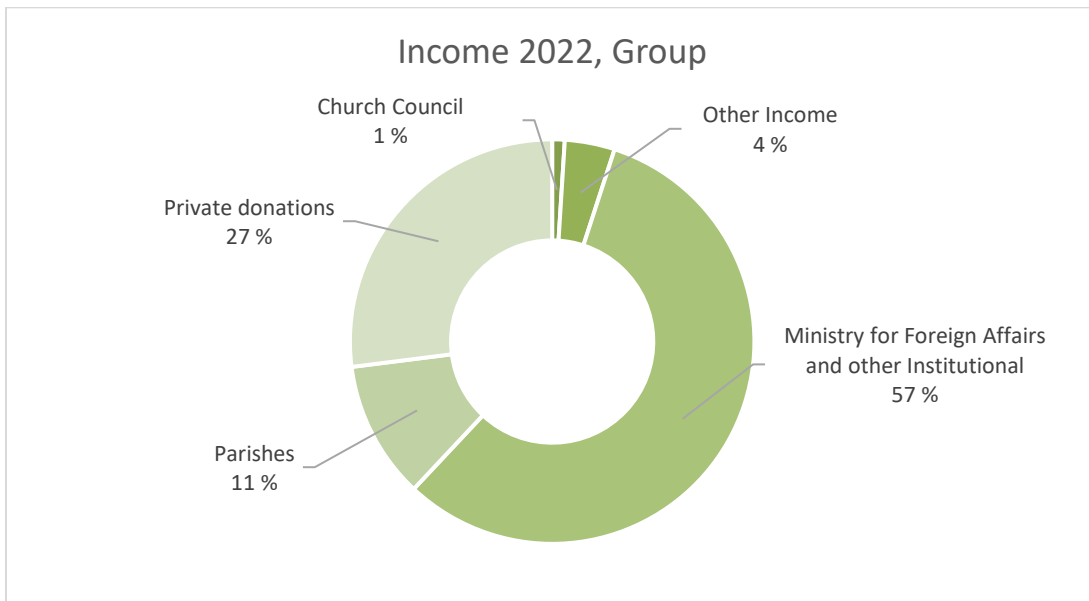
Long-term liabilities remained at the same level M€16.0 (M€16.0) including a loan to FCA Investments Ltd from the Finnish state. The loan period is up to 18 years from the first draw (2019) and the parent guarantees possible loan losses up to M€ 3.0.

MEUR	2022		2021		Variance	
	Group	Parent	Group	Parent	Group	Parent
Result	-0.2	-0.7	0.8	0.4	-1.1 [-130%]	-1.1 [-297%]
Equity, Incl. Funds	17.4	17.3	11.1	11.4	6.3 [57%]	5.9 [52%]
Current Receivables	16.7	15.0	7.2	6.3	9.5 [132%]	8.7 [139%]
Of which advances paid to partners	6.2	6.2	0.5	0.8	5.7 [1136%]	5.4 [674%]
Liabilities	38.1	20.8	29.8	12.8	8.3 [28%]	8.0 [62%]
Of which Prepayments from donors	16.2	14.9	8.1	7.4	8.1 [100%]	7.5 [102%]

## 8.1 Income

Income for the financial period totalled EUR 67,627,859.24 (EUR 55,631,114.79), EUR 63,213,454.87 (EUR 53,683,692.17). This meant growth by 24.1% (group), 18.0% (parent) over the previous year. Income for the financial period included transfers to funds amounted to EUR -6,667,486.76 (EUR -21,451.45). Income from parishes amounted to M€ 8.0 (M€ 5.2), of which 0.8 (M€ 0.7) was from the Common Responsibility collection. Operating subsidy from the National Church Council amounted to M€ 0.9 (M€ 0.9).

Combined funding from the Finnish Ministry for Foreign Affairs as well as domestic and foreign institutional funding sources amounted to M€ 42.1 (M€ 37.2), M€ 39.7 (M€ 36.4). Funding from the Finnish Ministry for Foreign Affairs for development cooperation amounted to M€ 7.6 (M€ 8.0), M€ 7.5 (M€ 8.0) and for humanitarian work M€ 0.5 (M€ 2.2). Private sector percentage of total income amounted to M€ 20.7 (M€ 10.9).



## 8.2 Expenses

Expenses for the financial period (total): EUR 67,869,438.77 (EUR 54,817,398.50), EUR 63,943,625.46 (EUR 53,314,150.17). This meant growth by 25% (group), 20% (parent) over the previous year. Aid work expenses totalled M€ 62.1 (M€ 49.3), M€ 58.7 (M€ 48.1), including programme planning, monitoring and development expenses amounting to M€ 3.2 (M€ 2.4). Expenses for aid work support functions (i.e., communications, fundraising, stakeholder contacts, and general administration) amounted to M€ 5.2 (M€ 5.3), M€ 4.9 (M€ 5.2).

Actual relief activities accounted for 91.5% (90.0%), 91.7% (90.2%) of all operating expenses.

Support function percentage of expenses: 8.5% (10.0%), 8.3% (9.8%). This exceptional division of expenses is the non-recurring result of the war in Ukraine and its unprecedented impact on fundraising.

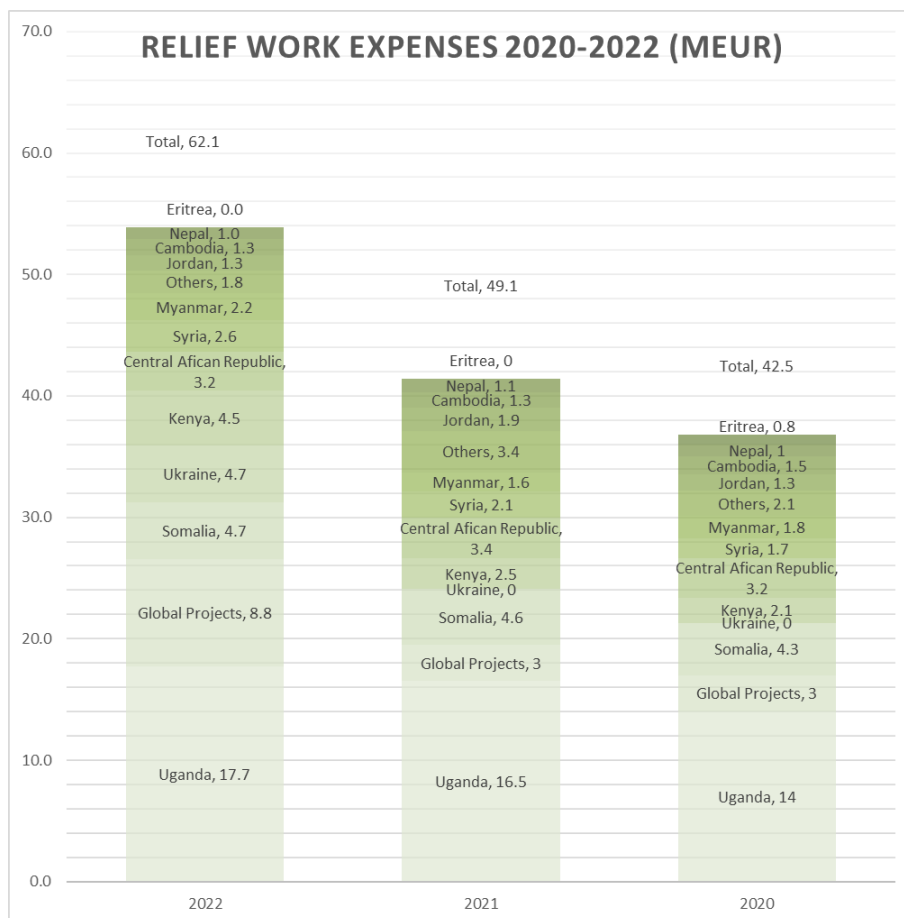
Salaries and compensation, including social costs (total): M€ 22.1 (M€ 19.1), M€ 19.8 (M€ 16.0).

During the financial period, FCA invested € 0.7 million (M€ 0.5) in the development of IT systems and hardware acquisition.

Depreciation on fixed assets amounted to M€ 0.1 (M€ 0.08), M€ 0.1 (M€ 0.1).

Aid work (including programme planning, monitoring and development costs) was distributed as follows (M€):

Country	Group	Group	Group
	2022	2021	2020
Uganda	17.7	16.5	14
South Sudan	8.2	7.7	5.7
Global Projects	8.8	3	3
Somalia	4.7	4.6	4.3
Ukraine	4.7	0	0
Kenya	4.5	2.5	2.1
Central African Republic	3.2	3.4	3.2
Syria	2.6	2.1	1.7
Myanmar	2.2	1.6	1.8
Others	1.8	3.4	2.1
Jordan	1.3	1.9	1.3
Cambodia	1.3	1.3	1.5
Nepal	1.0	1.1	1
Eritrea	0.0	0	0.8
<b>Total</b>	<b>62.1</b>	<b>49.1</b>	<b>42.5</b>



## 9. Personnel

In 2022, the number of Full-Time Equivalent (FTE) accumulated totalled 2,937 (1,548), 2,580 (1,464). The personnel either working in Helsinki or sent from Finland accumulated a total of 199 (162), 194 (155) person-years. Locally employed programme office personnel accumulated 2,739 person-years (1,386), 2,381 (1,309) under fixed-term contracts.

Temporary F2F and telefundraising personnel worked a total of 14 person-years in short-term employment relationships.

Permanent employees worked 154 (154), 127 (127) person-years and fixed-term employees worked 2,753 (1,394), 2,402 (1,321) FTE.

## 10. Administration

In 2022, the Foundation Board convened six times: one time the Board meeting was held entirely remotely due to COVID-19 and the remainder as hybrid meetings.

In 2022, the Board was chaired by Accountant Tarja Kantola, vice chair Bishop Kaisamari Hintikka and ordinary member Lawyer Tuomas Aho, Director Sixten Ekstrand, Member of Parliament Atte Harjanne, Mayor Anna-Kaisa Ikonen, Pastor Juhani Lavanko, Journalist Reetta Meriläinen, Master of Business Administration Ritva Ohmeroluoma, Journalist Aila Paloniemi, Professor of Practice Ritva Reinikka, Pastor Mark Saba, Pastor Olli-Pekka Silfverhuth and Doctoral Researcher in Theology Hanna Ylikangas.

Advisory members on the Board were Executive Director Riina Nguyen and Secretary General Larissa Franz-Koivisto and, until the October meeting, Doctor of Theology Elina Hellqvist and Director Kalle Kuusimäki. As of the December meeting, Director of the Evangelical Lutheran Church of Finland's Office for Global Mission Risto Jukko and Advisor and Doctor of Political Science Ulla Siirto, began serving as advisory members.

### 10.1.1 Amendments to the By-laws

No by-laws were amended in 2022. Preparation of the amendment concerning the selection of the Foundation Board was started and will continue in 2023.

We felt that the by-law needed amendment based on, for example, interpretations suggesting that Finn Church Aid should be considered under the control of a public entity because the National Church Council appoints over 25% of the Finn Church Aid Board. This interpretation would result in a situation where Finn Church Aid would be considered to be part of the Church group. This interpretation would have a negative impact on Finn Church Aid's eligibility for discretionary government grants in the future.

Finn Church Aid and the National Church Council of the Evangelical Lutheran Church of Finland do not believe that the Church Council would have, even previously, exercised its control over Finn Church Aid, even if it did appoint its Board members. The members of the Board of Directors were not FCA personnel, but external persons. In practice, FCA has separate accounting and its own Board of Directors, and there is no shared accounting with the Church. Finn Church Aid is an independent foundation, with its own, separate decision-making structure. Finn Church Aid is an independent foundation under private law, with no owner. Finn Church Aid was established as a foundation in 1995. Finn Church Aid is a contract organisation of the Evangelical Lutheran Church of Finland.

After discussions with the National Church Council, the FCA Board has prepared an amendment to the by-laws, under which the National Church Council will have the right to appoint less than 25 per cent of the FCA Board members. This is the same model used by the Finnish Seamen's Mission and the Church Resources Agency, along with several FCA sister organisation in the Nordic countries.

Following the amendment, the National Church Council would only appoint two members to the FCA Board. The FCA Board would appoint the other members, the chair and the vice chair. The Board would appoint an election committee, which consists of three members. The election committee would draft rules of procedure, which would be approved by the Board. The election committee term ends when a new Board begins its term.

This amendment would also harmonise the audit committee and work committee terms to be the same as the Board term. This amendment would also change the right to appoint a new chair or member in situations where a term ends in the middle of a Board's term. Previously, the plenary session of the National Church Council would appoint a new member to serve for the remainder of the term, if necessary. This amendment would grant the right to the FCA Board to appoint the members in these situations.

The current Board should continue serving as it did before the amendment. In accordance with the framework agreement with the National Church Council, FCA will continue fulfilling the international diaconia. The amendment will be registered with the Finnish Patent and Registration Office (PRH) when the necessary appendices have been completed.

## 11. Related-party Transactions

Related-party transactions are specified in the Finnish Foundations Act. The following parties are regarded as the related parties of Finn Church Aid:

- The members of the Board of Directors,
- The Executive Director and members of the Management Team,
- The auditor or the accounting firm official who is principally responsible for the audit,
- The members of the administrative bodies of the field offices located in countries where, under local legislation, those administrative bodies have decision-making power. Additionally, related parties include the family members of the aforementioned parties. The following organisations are also regarded as related parties:
  - Evangelical Lutheran Church of Finland
  - Any organisation or foundation controlled jointly or separately by one or more of the aforementioned parties.

Finn Church Aid has formulated guidelines for providing information on related-party transactions and such transactions are published annually in the Annual Report of the Foundation. Defined in accordance with the Foundations Act, the Finn Church Aid circle of related parties is very extensive. For this reason, it is not possible to provide an exhaustive list of all the related parties.

### 11.1.1 Table of Related Parties

Transactions or financial benefits	Nature of Related-party Relationship				
	1	2	3	4	5
€					
Executive salaries and fees	–	€16,955	€1,049,749	–	–
Agreements	€606,824	€100,160	–	–	–
Support granted	–	–	–	–	–
Loans given, liabilities and undertakings	–	–	–	–	–

### 11.1.2 Explanations of transactions and financial benefits

A = The salaries, fees, and pension obligations indicated under this item are related to the posts of the following parties: the members and deputy members of the Board of Directors and the Administrative Council of the Foundation, the Executive Director and his or her deputy, and any authorised representative or other party taking part in the management of the Foundation. The information indicated under this item includes but is not limited to meeting fees, annual pay, salaries, consulting fees or other monetary compensation paid to the directors of the Foundation and those involved in its management in exchange for the work they do for the Foundation.

B = The contracts and agreements indicated under this item include, but are not limited to leasing, consulting and sales contracts and agreements. All the commercial transactions carried out between the Foundation and its related parties that are not indicated under any other item are included here.

C = Financial support can include but is not limited to grants, subsidies, and awards, as well as other wholly or partly gratuitous benefits.

D = The information under this item indicates not only the sum of loans, liabilities or other such engagements and undertakings in Euro, but also their main terms and conditions, as well as how they are related to the fulfilment of the mission, the forms of activity, and the financial management of the Foundation.

### 11.1.3 Nature of Related-party Relationship

1 = The founder of the Foundation and any party with decision-making power in the Foundation, as well as any subsidiary company or subsidiary foundation of these, or of the Foundation itself.

2 = The members and deputy members of the Board of Directors and the Administrative Council of the Foundation and the companies and foundations defined in point 1, as well as their executive directors, deputy executive directors, general partners, and auditors.

3 = An authorised representative of the Foundation and any other party taking part in the management of the Foundation.

4 = The family members\* of the parties defined in points 1–3.

5 = A company or foundation controlled jointly or separately by any of the parties referred to in points 1–4.

\*Spouses or cohabiting partners, the children of any such person and his or her spouse or partner, the spouses or partners and descendants of all such children, and the parents, grandparents, and great-grandparents of the said person and his or her spouse or partner.

## 12. Outlook

The general fundraising situation will remain positive into 2023. Based on election discussions, the Finnish Ministry for Foreign Affairs is under a great deal of pressure to cut its development cooperation appropriations, even though these cuts would not be made until 2024. It also appears that remote and hybrid work forms are here to stay. We will be assessing the impacts of remote and hybrid work on our own work and take the results of our assessment into account in our operations.

The deteriorating global security situation and prolonging of the war in Ukraine can have a negative impact on our operational opportunities and resourcing for development globally.

Global structural changes taking place in development cooperation will have a significant impact on the operations of FCA in the coming years. The organisation must continue to develop new ways of working and find new financial instruments to fulfil its mission, vision, and operational objectives. For example, the strong prioritisation of private sector funding in some countries should continue and be expanded.

In its operations, the FCA must be able to demonstrate the clear added value it brings and the experience it has in operating in the developing world, particularly in fragile situations. FCA will continue to deepen its alliance with international operators, such as the UN organisations, development banks, the ACT partner organisations, and other non-governmental actors.

In 2022, we revised our global strategy and through the process selected focus areas to be strengthened in 2023. Launched in 2018, the development and vision process “FCA 2030” will continue and we will integrate its key principles in our programme work.



### **13. Key events after the end of the financial period**

- The Cambodia office will be closed by the end of 2023.
- As a result of the Finnish elections, the discretionary government grants budgeted for development cooperation and humanitarian aid may be reduced.
- Finn Church Aid will return the EUR 50,000 discretionary government grant from the Finnish Ministry for Foreign Affairs, because an internal audit revealed that use of the grant did not meet FCA's quality and accountability requirements.
- FCAI subsidiary MMOF Oy operations have gotten off to a slow start.

## FINN CHURCH AID FOUNDATION

## PROFIT AND LOSS ACCOUNT

	Group 1.1.-31.12.2022	Group 1.1.-31.12.2021	Parent 1.1.-31.12.2022	Parent 1.1.-31.12.2021
<b>INCOME FROM OPERATIONS</b>				
<b>Aid activities</b>				
Income				
From the government	8 153 026,40	10 264 758,67	8 068 690,90	10 264 758,67
Parishes	4 305 176,25	3 722 454,60	4 305 176,25	3 722 454,60
From international funding sources	33 984 810,67	26 951 128,01	31 612 232,70	26 123 592,58
Other income	<u>2 036 651,27</u>	<u>492 091,09</u>	<u>279 882,05</u>	<u>36 450,77</u>
	48 479 664,59	41 430 432,37	44 265 981,90	40 147 256,62
Expenses				
Direct aid	-29 904 579,54	-26 192 659,82	-31 191 705,81	-27 873 376,65
Personnel expenses	-17 404 055,02	-13 766 977,96	-14 919 924,33	-12 010 915,64
Other expenses	<u>-14 769 377,52</u>	<u>-9 370 212,00</u>	<u>-12 538 769,96</u>	<u>-8 189 692,54</u>
	-62 078 012,08	-49 329 849,77	-58 650 400,10	-48 073 984,83
Deficit	-13 598 347,49	-7 899 417,40	-14 384 418,20	-7 926 728,21
<b>Support functions for aid activities</b>				
<b>Communications and stakeholder relations</b>				
Income	88 413,90	103 822,16	88 413,90	103 822,16
Expenses				
Personnel	-1 353 052,59	-1 171 697,89	-1 353 052,59	-1 171 697,89
Other expenses	<u>-540 377,02</u>	<u>-316 930,37</u>	<u>-540 377,02</u>	<u>-316 930,37</u>
	-1 893 429,61	-1 488 628,26	-1 893 429,61	-1 488 628,26
Deficit	-1 805 015,71	-1 384 806,10	-1 805 015,71	-1 384 806,10
<b>General administration</b>				
Income	65 493,66	46 188,50	311 493,66	147 658,60
Expenses				
Personnel	-2 572 250,80	-2 327 293,05	-2 572 250,80	-2 327 293,05
Other expenses	-2 229 331,52	-1 713 901,62	-1 991 813,53	-1 655 997,84
Appropriation to sectors	<u>4 703 007,78</u>	<u>2 768 278,26</u>	<u>4 703 007,78</u>	<u>2 768 278,26</u>
	-98 574,54	-1 272 916,41	138 943,45	-1 215 012,63
Deficit	-33 080,88	-1 226 727,91	450 437,11	-1 067 354,03
Deficit from operations	-15 436 444,08	-10 510 951,41	-15 738 996,80	-10 378 888,34
<b>FUNDRAISING</b>				
Income				
Donations from private parties	17 274 187,86	10 111 365,20	17 274 124,93	10 111 365,20
Donations from companies and organisations	3 189 346,91	406 289,39	3 189 202,51	406 289,39
Donations from parishes	3 630 054,63	1 461 302,95	3 630 054,63	1 461 302,95
Other income	<u>222 601,79</u>	<u>381 857,79</u>	<u>222 601,79</u>	<u>381 857,79</u>
	24 316 191,19	12 360 815,33	24 315 983,86	12 360 815,33
Expenses	<u>-3 190 044,87</u>	<u>-2 494 282,02</u>	<u>-3 190 044,87</u>	<u>-2 494 282,02</u>
Surplus	21 126 146,32	9 866 533,31	21 125 938,99	9 866 533,31
<b>INVESTMENTS AND FUNDING OPERATIONS</b>				
Share of profit in partly owned companies	25 012,68	32 571,68	0,00	0,00
Income	431 306,82	756 861,20	9 805,15	23 715,91
Expenses	<u>-434 051,28</u>	<u>-234 434,61</u>	<u>-348 694,33</u>	<u>-42 242,43</u>
Surplus/Deficit	22 268,22	554 998,27	-338 889,18	-18 526,52
Surplus/Deficit	5 711 970,46	-89 419,83	5 048 053,01	-530 881,55
<b>GENERAL SUBSIDIES</b>				
Operating subsidy from the Church Council	<u>889 263,16</u>	<u>921 875,00</u>	<u>889 263,16</u>	<u>921 875,00</u>
Profit/loss before fund transfers	6 601 233,62	832 455,17	5 937 316,17	390 993,45
<b>FUND TRANSFERS</b>				
Donation Fund	-7 989 498,35	182 136,92	-7 989 498,35	182 136,92
Disaster Fund	843 794,79	-340 844,86	843 794,79	-340 844,86
Women's Bank Fund	360 436,04	137 285,99	360 436,04	137 285,99
Aid Fund	<u>117 780,76</u>	<u>-29,50</u>	<u>117 780,76</u>	<u>-29,50</u>
	-6 667 486,76	-21 451,45	-6 667 486,76	-21 451,45
Taxes for the financial year	<u>-175 326,39</u>	<u>2 712,57</u>	<u>0,00</u>	<u>0,00</u>
<b>SURPLUS/DEFICIT FOR CURRENT PERIOD</b>	<u>-241 579,53</u>	<u>813 716,29</u>	<u>-730 170,59</u>	<u>369 542,00</u>

## FINN CHURCH AID FOUNDATION

BALANCE SHEET	Group 31.12.2022	Group 31.12.2021	Parent 31.12.2022	Parent 31.12.2021
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Intangible assets				
IT Software	668 884,75	340 091,14	668 884,75	340 091,14
Others	1 735,00	0,00	1 735,00	0,00
Total intangible assets	670 619,75	340 091,14	670 619,75	340 091,14
Tangible assets				
Land and water areas	49 279,80	45 111,17	0,00	0,00
Buildings and structures	323 812,30	289 853,73	0,00	0,00
Machinery and equipment	69 311,69	137 236,16	11 143,96	25 740,01
Total tangible assets	442 403,78	472 201,07	11 143,96	25 740,01
Investments				
Shares in same group companies	0,00	0,00	97 420,93	97 420,93
Shares from partner enterprises	75 500,00	75 500,00	75 500,00	75 500,00
Other shares and interests	12 776 387,59	13 795 942,90	0,00	0,00
Other receivables	8 043 193,89	6 193 931,12	8 043 193,89	6 193 931,12
Total investments	20 895 081,48	20 065 374,02	8 216 114,82	6 366 852,05
<b>CURRENT ASSETS</b>				
<b>INVENTORIES</b>				
Finished products	5 171,69	4 734,46	0,00	0,00
Other inventories	13 575,71	20 796,89	0,00	0,00
Total inventories	18 747,40	25 531,35	0,00	0,00
Long-term receivables	1 411 614,23	75 171,82	778 000,00	478 000,00
Current receivables				
Sales receivables	10 446,66	10 086,00	352 582,60	322 666,10
Prepayments for projects	6 177 975,47	512 748,71	6 189 943,87	767 792,54
Receivables carried forward	7 218 623,08	4 967 628,35	6 943 643,01	4 617 505,46
Other receivables	3 295 984,09	1 690 056,16	1 558 154,08	630 265,97
Total current receivables	16 703 029,30	7 180 519,22	15 044 323,56	6 338 230,07
Cash in hand and at banks	15 363 392,28	12 763 157,03	13 357 750,82	10 616 743,03
<b>TOTAL ASSETS</b>	<b>55 504 888,22</b>	<b>40 922 045,65</b>	<b>38 077 952,91</b>	<b>24 165 656,30</b>
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Basic capital	33 637,59	33 637,59	33 637,59	33 637,59
Other funds allocated to specific activities				
Donation Fund	9 076 819,54	1 087 321,19	9 076 819,54	1 087 321,19
Disaster funds	2 043 188,58	2 886 983,37	2 043 188,58	2 886 983,37
Women's Bank	1 408 895,76	1 768 175,11	1 408 895,76	1 769 331,80
Aid Fund 1985	0,00	117 780,76	0,00	117 780,76
Surplus from previous periods	5 051 376,52	4 379 995,36	5 456 798,26	5 087 256,26
Surplus/Deficit for current period	-241 579,53	813 716,30	-730 170,59	369 542,00
Total shareholders' equity	17 372 338,46	11 087 609,68	17 289 169,14	11 351 852,97
<b>LIABILITIES</b>				
Non-current				
Loans	16 000 000,00	16 000 000,00	0,00	0,00
Current				
Advances received	16 233 153,03	8 051 469,60	14 941 549,64	7 428 039,92
Accounts payable	1 386 668,20	572 482,25	1 271 061,01	327 726,13
Other debts	834 663,88	2 072 597,68	1 398 550,33	2 100 719,33
Accruals	3 678 064,65	3 137 886,44	3 177 622,79	2 957 317,95
Total liabilities	38 132 549,75	29 834 435,97	20 788 783,77	12 813 803,33
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>55 504 888,22</b>	<b>40 922 045,65</b>	<b>38 077 952,91</b>	<b>24 165 656,30</b>

## FINN CHURCH AID FOUNDATION

## CASH FLOW STATEMENT

	Group		Parent	
	1.1.2022-31.12.2022	1.1.2021-31.12.2021	1.1.2022-31.12.2022	1.1.2021-31.12.2021
<b>Operational cash flow</b>				
<b>Operation cash flow in Aid work</b>				
Deficit from operations	-15 436 444,08	-10 510 951,41	-15 738 996,80	-10 378 888,34
Adjustments				
Operation expenses (incl. depreciations)	147 888,67	79 449,70	121 266,00	22 138,47
Subsidy for youth work	-78 736,84	-36 125,00	-78 736,84	-36 125,00
Interest paid on long-term loans	80 000,00	80 000,00	0,00	0,00
Income taxes	-175 326,39	2 712,57	0,00	0,00
Cash flow before change in working capital	-15 462 618,63	-10 384 914,14	-15 696 467,64	-10 392 874,87
Change in working capital	5 528 741,40	-2 826 100,63	6 020 867,95	-1 871 820,02
Operation cash flow	-9 933 877,24	-13 211 014,77	-9 675 599,69	-12 264 694,89
<b>Fundraising cash flow</b>				
Fundraising net income	21 126 146,32	9 866 533,31	21 125 938,99	9 866 533,31
Change in working capital	-6 751 981,00	-875 951,10	-6 751 981,00	-874 729,37
Fundraising cash flow	14 374 165,32	8 990 582,21	14 373 957,99	8 991 803,94
Subsidies received	968 000,00	958 000,00	968 000,00	958 000,00
<b>Operational cash flow (A)</b>	<b>5 408 288,08</b>	<b>-3 262 432,56</b>	<b>5 666 358,30</b>	<b>-2 314 890,95</b>
<b>Investments cash flow</b>				
Investments in tangible assets	-441 836,04	-293 178,93	-437 198,56	-128 057,13
Investments in other investments	-829 707,46	-1 225 864,15	-1 849 262,77	-2 077 913,86
Change in long-term receivables of investments	-1 336 442,41	-75 171,82	-300 000,00	0,00
Investment income	-2 744,46	522 426,59	-338 889,18	-18 526,52
Dividends received from investments	-25 012,68	-32 571,68	0,00	0,00
Conversion differences	-92 309,78	136 095,82	0,00	0,00
<b>Investments cash flow (B)</b>	<b>-2 728 052,83</b>	<b>-968 264,17</b>	<b>-2 925 350,51</b>	<b>-2 224 497,51</b>
<b>Funding cash flow</b>				
Paid interest and financing costs	-80 000,00	-80 000,00	0,00	0,00
Repayment of long-term loans	0,00	0,00	0,00	0,00
Capital increase	0,00	0,00	0,00	0,00
<b>Funding cash flow (C)</b>	<b>-80 000,00</b>	<b>-80 000,00</b>	<b>0,00</b>	<b>0,00</b>
<b>Cash flow change (A+B+C)</b>	<b>2 600 235,25</b>	<b>-4 310 696,73</b>	<b>2 741 007,79</b>	<b>-4 539 388,46</b>
Cash in hand and cash equivalents	12 763 157,03	17 073 853,75	10 616 743,03	15 156 131,49
Cash in hand and cash equivalents	15 363 392,28	12 763 157,03	13 357 750,82	10 616 743,03
<b>Cash in hand and cash equivalents change</b>	<b>2 600 235,25</b>	<b>-4 310 696,72</b>	<b>2 741 007,79</b>	<b>-4 539 388,46</b>

## FINN CHURCH AID FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS OF 31/12/2022

#### 1. NOTES TO THE FINANCIAL STATEMENTS

##### Non-current assets and depreciation

Depreciation according to the parent plan is calculated as straight-line depreciation in accordance with the duration of the estimated financial effect of the acquisition cost.  
The depreciation period is five years.

##### Project income recognition

Project income is recognised as and when aid funds are used for project implementation.  
Unused project funds sent to partners are entered as 'Prepayments for projects' in the balance sheet receivables.  
Information about unused project funds is based on mainly unaudited financial data provided by partners.

##### Branch offices

Finn Church Aid offices in Cambodia, Central African Republic, South Sudan, Somalia, Uganda, Myanmar, Nepal, Syria and Ukraine are treated as branches of Finn Church Aid. The Ethiopian office was opened, but no bookkeeping transactions were recorded there in 2022.

The expenses in foreign currencies from these offices are consolidated into the profit and loss account using a monthly weighted average exchange rate and the income is consolidated using the exchange rate of the day of receipt. OANDA daily currency exchange rates have been used after transfer to the Unit4 system (autumn 2022).  
Advances paid are entered in the balance sheet at the exchange rate of the date on which they were incurred.  
The branches' cash in hand and at bank is valued at the exchange rate of the balance sheet date, and the acquisition cost of non-current assets is recorded as expenses.

Other current liabilities denominated in foreign currencies are valued at the exchange rate of the balance sheet date.

##### Group subsidiaries

Offices in Jordan, Kenya, Thailand and the US are treated as independently accountable entities.  
Egg Production Limited and FCA Investments Oy are also independently accountable entities.

The financial data of the independently accountable entities is consolidated into the group financial statements, eliminating the receivables and debts between the entities, as well as internal business transactions.

The income and expenses in foreign currencies from these entities are consolidated into the Finn Church Aid profit and loss account, using the current period's average exchange rate while balance sheet items are valued at the exchange rate of the balance sheet date. The acquisition cost of non-current assets is recorded as expenses.

##### Aid, fundraising revenues and fund processing and presentation

Aid activity income includes allocated discretionary government grants, aid from other institutional funders and parish budget contributions. These are listed in aid activity income on an accrual basis.  
Unused aid transferred to the following year are listed in advances received.

Unused Ukraine collection budget contributions entered in advances received are calculated using the relative budget contribution percentage of the total collection.

The operating subsidy from the Church Council is listed in the profit and loss statement under Operating subsidy.

Fundraising income includes donations from private persons, companies, organisations and parishes.  
If donations are received as targeted, they are processed through other funds earmarked for a specific purpose.  
Unused targeted donations are transferred to be used in funds for the following year.

Unallocated donations received are in the result for the financial period.

Donations received as legacies are recognised as income once the legacy receivable becomes legally valid.

##### Other information

Investments held within capital redemption policies are entered at their acquisition cost under non-current assets in the balance sheet. Other investments are listed at the market value on the date of the financial statements instead of the acquisition cost if they are less than the acquisition value. Valuation is done per each security separately.

## 2. NOTES TO THE PROFIT AND LOSS ACCOUNT

	Group 2022	Group 2021	Parent 2022	Parent 2021
<b>TOTAL INCOME AND EXPENSES</b>				
<b>Income</b>	<b>74 295 346,00</b>	<b>55 652 566,24</b>	<b>69 880 941,63</b>	<b>53 705 143,62</b>
Operating costs				
Aid work	-62 078 012,08	-49 332 285,42	-58 650 400,10	-48 073 984,83
Support functions and administration	-5 791 426,69	-5 485 113,08	-5 293 225,36	-5 240 165,34
<b>Total expenses</b>	<b>-67 869 438,77</b>	<b>-54 817 398,50</b>	<b>-63 943 625,46</b>	<b>-53 314 150,17</b>
<b>Transfers to/from funds</b>	<b>-6 667 486,76</b>	<b>-21 451,45</b>	<b>-6 667 486,76</b>	<b>-21 451,45</b>
<b>Profit/Loss for the current period</b>	<b>-241 579,53</b>	<b>813 716,29</b>	<b>-730 170,59</b>	<b>369 542,00</b>
<b>OPERATING INCOME</b>				
<b>Revenue from the Ministry for Foreign Affairs for aid activities</b>				
Ministry for Foreign Affairs, programme support	6 358 000,00	7 304 635,00	6 358 000,00	7 304 635,00
Ministry for Foreign Affairs, humanitarian aid	545 824,84	2 245 356,96	545 824,84	2 245 356,96
Ministry for Foreign Affairs, other	1 249 201,56	714 766,71	1 164 866,06	714 766,71
<b>Total</b>	<b>8 153 026,40</b>	<b>10 264 758,67</b>	<b>8 068 690,90</b>	<b>10 264 758,67</b>
<b>Revenue from the EU for aid activities</b>				
EU development cooperation	2 992 002,57	3 410 046,49	2 992 002,57	3 410 046,49
EU humanitarian aid	6 596 173,86	3 927 256,16	6 596 173,86	3 927 256,16
<b>Total</b>	<b>9 588 176,43</b>	<b>7 337 302,65</b>	<b>9 588 176,43</b>	<b>7 337 302,65</b>
<b>Revenue from institutional funding sources</b>				
UNICEF	2 121 073,98	726 453,39	1 100 088,03	540 491,88
UN (other than UNICEF)	9 256 725,99	7 346 225,66	8 684 388,04	6 753 583,27
Education Cannot Wait fund	4 674 433,59	4 973 339,11	4 674 433,59	4 973 339,11
US government	5 624 548,91	3 502 142,06	5 624 548,91	3 502 142,06
Dutch government	662 985,77	1 360 494,84	4 100,37	1 360 494,84
Other state funding	952 093,55	882 634,40	873 363,41	850 406,23
Other institutional funding	1 008 920,17	553 023,15	967 281,64	536 319,79
ACT	95 852,28	269 512,75	95 852,28	269 512,75
<b>Total</b>	<b>24 396 634,24</b>	<b>19 613 825,36</b>	<b>22 024 056,27</b>	<b>18 786 289,93</b>
<b>Revenue from parishes for aid activities</b>				
Budget contributions	4 305 176,25	3 722 454,60	4 305 176,25	3 722 454,60
<b>Other income for aid activities</b>	<b>2 102 144,93</b>	<b>538 279,59</b>	<b>591 375,71</b>	<b>184 109,37</b>
<b>Income from aid activity support functions</b>				
Church Council support to youth work	78 736,84	36 125,00	78 736,84	36 125,00
Public donations	0,00	500,00	0,00	500,00
Other income	9 677,06	67 197,16	9 677,06	67 197,16
<b>Total</b>	<b>88 413,90</b>	<b>103 822,16</b>	<b>88 413,90</b>	<b>103 822,16</b>
<b>TOTAL OPERATING INCOME</b>	<b>48 633 572,15</b>	<b>41 580 443,03</b>	<b>44 665 889,46</b>	<b>40 398 737,38</b>
<b>FUNDRAISING INCOME</b>				
	Group 2022	Group 2021	Parent 2022	Parent 2021
Donations from private parties	17 274 187,86	9 777 323,14	17 274 124,93	9 777 323,14
Product sales	207 065,81	393 656,73	207 065,81	393 656,73
Red Nose Day collection	217 521,54	308 480,50	217 521,54	308 480,50
Other indemnities	15 535,98	13 762,62	15 535,98	13 762,62
<b>Total</b>	<b>17 714 311,19</b>	<b>10 493 222,99</b>	<b>17 714 248,26</b>	<b>10 493 222,99</b>
Donations companies, organisations (excl. Red Nose Day)	2 971 825,37	406 289,39	2 971 680,97	406 289,39
Donations from parishes	3 630 054,63	1 461 302,95	3 630 054,63	1 461 302,95
<b>TOTAL FUNDRAISING INCOME</b>	<b>24 316 191,19</b>	<b>12 360 815,33</b>	<b>24 315 983,86</b>	<b>12 360 815,33</b>
Church Council operating subsidy	889 263,16	921 875,00	889 263,16	921 875,00
Share of profit in partly owned companies	25 012,68	32 571,68	0,00	0,00
Investment and funding activities	431 306,82	756 861,20	9 805,15	23 715,91
<b>Total</b>	<b>1 345 582,66</b>	<b>1 711 307,88</b>	<b>899 068,31</b>	<b>945 590,91</b>
<b>MOVEMENTS IN FUNDS</b>	<b>-6 667 486,76</b>	<b>-21 451,45</b>	<b>-6 667 486,76</b>	<b>-21 451,45</b>

<b>AVERAGE NUMBER OF PERSONNEL</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Stakeholder work	23	21	23	21
Strategy and programme content	34	32	34	31
Programme work				
Helsinki	18	21	18	21
Sent	33	27	28	24
Locally recruited	2746	1388	2382	1315
Director's office	9	6	4	4
Funding activities (incl. Hourly wages)	44	37	44	37
Financial and operational support	17	17	17	17
HR and Administration	12	11	12	11
<b>Total</b>	<b>2 936</b>	<b>1 560</b>	<b>2 562</b>	<b>1 481</b>

<b>PERSONNEL EXPENSES</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Salaries and fees paid from Finland	9 500 179,67	8 672 991,74	9 500 179,67	8 672 991,74
Pension costs paid from Finland	1 159 129,36	1 047 945,27	1 159 129,36	1 047 945,27
Other personnel add-on costs paid from Finland	307 006,02	260 560,59	307 006,02	260 560,59
Salaries and add-on costs paid from country offices	11 087 348,08	9 140 446,59	8 833 281,97	6 001 046,25
<b>Total</b>	<b>22 053 663,13</b>	<b>19 121 944,19</b>	<b>19 799 597,02</b>	<b>15 982 543,85</b>

Other personnel add-on costs include statutory salary-linked payments. Pension cover for the staff of the Foundation is managed by external insurance companies. The add-on costs linked to each country office's salaries vary depending on the local legislation.

	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Board meeting fees</b>	13 260,00	14 980,00	13 260,00	14 980,00

The meeting fees for 2022 complied with the meeting fees of the Church Council for Foreign Affairs, ratified by the Church Council College of Officials as follows:

€445 per month for the Chairman of the Board and €135 per meeting for ordinary members of the Board.

	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Auditors' fees</b>				
Audit	50 280,47	73 196,09	50 280,47	73 196,09
Assignments	70 363,71	55 458,35	70 363,71	55 458,35
Local auditing fees for country offices	330 111,40	209 777,69	270 414,63	113 370,70

<b>Acquisitions entered as expenses during the current period</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
IT software and licences	477 080,91	307 212,89	477 079,40	307 212,89
Machinery, IT hardware, and equipment	257 473,91	165 779,46	241 882,79	161 987,75

## 3. NOTES TO THE BALANCE SHEET

	Group 2022	Group 2021	Parent 2022	Parent 2021
<b>INTANGIBLE AND TANGIBLE ASSETS</b>				
<b>IT SOFTWARE</b>				
Acquisition expenses on 1.1.	371 012,80	212 034,01	371 012,80	212 034,01
Additions during the financial period 1.1.-31.12.	440 257,76	158 978,79	440 257,76	158 978,79
Acquisition expenses on 31.12.	811 270,56	371 012,80	811 270,56	371 012,80
Accrued depreciation according to plan on 1.1.	-30 921,66	0,00	-30 921,66	0,00
Planned depreciation for the period on 31.12.	-111 464,15	-30 921,66	-111 464,15	-30 921,66
Book value on 31.12.	<b>668 884,75</b>	<b>340 091,14</b>	<b>668 884,75</b>	<b>340 091,14</b>
<b>OTHER INTANGIBLE RIGHTS</b>				
Acquisition expenses on 1.1.	0,00	0,00	0,00	0,00
Additions during the financial period 1.1.-31.12.	1 735,00	0,00	1 735,00	0,00
Acquisition expenses on 31.12.	1 735,00	0,00	1 735,00	0,00
Book value on 31.12.	<b>1 735,00</b>	<b>0,00</b>	<b>1 735,00</b>	<b>0,00</b>
<b>LAND AND WATER AREAS</b>				
Acquisition expenses on 1.1.	45 111,17	45 078,06	0,00	0,00
Additions during the financial period 1.1.-31.12.	4 168,63	33,11	0,00	0,00
Acquisition expenses on 31 Dec.	49 279,80	45 111,17	0,00	0,00
Accrued depreciation according to plan on 1.1.	0,00	0,00	0,00	0,00
Planned depreciation for the period on 31.12.	0,00	0,00	0,00	0,00
Book value on 31.12.	<b>49 279,80</b>	<b>45 111,17</b>	<b>0,00</b>	<b>0,00</b>
<b>BUILDINGS AND STRUCTURES</b>				
Acquisition expenses on 1.1.	344 172,50	259 874,07	0,00	0,00
Additions during the financial period 1.1.-31.12.	21 887,41	55 184,53	0,00	0,00
Acquisition expenses on 31 Dec.	366 059,91	315 058,60	0,00	0,00
Accrued depreciation according to plan on 1.1.	-25 204,86	-10 342,62	0,00	0,00
Planned depreciation for the period on 31.12.	-17 042,75	-14 862,24	0,00	0,00
Book value on 31.12.	<b>323 812,29</b>	<b>289 853,74</b>	<b>0,00</b>	<b>0,00</b>
<b>MACHINERY AND EQUIPMENT</b>				
Acquisition expenses on 1.1.	766 914,15	750 958,21	695 625,35	695 625,35
Additions during the financial period 1.1.-31.12.	13 916,64	133 748,16	2 608,96	0,00
Vähennykset tilikauden aikana 1.1.-31.12.	-7 403,16	0,00	-7 403,16	0,00
Acquisition expenses on 31 Dec.	780 830,79	829 373,51	690 831,15	695 625,35
Accrued depreciation according to plan on 1.1.	-692 137,34	-658 471,54	-669 885,34	-647 746,87
Planned depreciation for the period on 31.12.	-19 381,77	-33 665,80	-9 801,85	-22 138,47
Book value on 31.12.	<b>69 311,69</b>	<b>137 236,17</b>	<b>11 143,96</b>	<b>25 740,01</b>
<b>PLANNED DEPRECIATION</b>				
	2022	2021	2022	2021
IT Software	111 464,15	30 921,66	111 464,15	30 921,66
Buildings and structures	17 042,75	14 862,24	0,00	0,00
Machinery and equipment	19 381,77	33 665,80	9 801,85	22 138,47
<b>Total</b>	<b>147 888,67</b>	<b>79 449,70</b>	<b>121 266,00</b>	<b>53 060,13</b>
<b>SHARES AND OTHER INTERESTS</b>				
FCA Investments, Helsinki, 100%	0,00	0,00	2 500,00	2 500,00
Egg Production (U) Ltd, 100%, and Thailand field office	0,00	0,00	94 920,93	94 920,93
Omnia Education Partnerships Ltd, 20%	75 500,00	75 500,00	75 500,00	75 500,00
Other shares and interests	12 776 387,59	13 795 942,90	0,00	0,00
<b>Total</b>	<b>12 851 887,59</b>	<b>13 871 442,90</b>	<b>172 920,93</b>	<b>172 920,93</b>
<b>OTHER RECEIVABLES</b>				
Market value	8 065 973,68	6 440 208,14	8 065 973,68	6 440 208,14
Book value	8 043 193,89	6 193 931,12	8 043 193,89	6 193 931,12
<b>Difference</b>	<b>22 779,79</b>	<b>246 277,02</b>	<b>22 779,79</b>	<b>246 277,02</b>
<b>SALES RECEIVABLES</b>				
	10 446,66	10 086,00	352 582,60	322 666,10



<b>PREPAYMENTS FOR PROJECTS</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Receivables from partners	6 177 975,47	512 748,71	6 189 943,87	767 792,54

Partners implementing Finn Church Aid projects and independently accountable country offices notify Finn Church Aid of the share of subsidies paid to them, which was unused on the balance sheet date, and which is entered on the balance sheet under 'activated project funds'. This data is mainly based on unaudited reports.

<b>RECEIVABLES CARRIED FORWARD</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Receivables from KELA	43 500,00	32 600,00	43 500,00	32 600,00
Insurance premium receivables	169,53	2 953,74	169,53	2 953,74
Donation receivables carried forward	1 549 676,76	1 465 182,52	1 549 676,76	1 465 182,52
Grant prepayments	5 266 317,17	2 897 268,77	5 266 317,17	2 897 268,77
Deferred interest	0,00	31 885,56	0,00	0,00
Other receivables carried forward	358 959,62	537 737,76	83 979,55	219 500,43
<b>Total</b>	<b>7 218 623,08</b>	<b>4 967 628,35</b>	<b>6 943 643,01</b>	<b>4 617 505,46</b>

<b>OTHER RECEIVABLES</b>	<b>3 295 984,09</b>	<b>1 690 056,16</b>	<b>1 558 154,08</b>	<b>630 265,97</b>
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<b>CHANGES IN EQUITY</b>	<b>Group</b>	<b>Group</b>	<b>Parent</b>	<b>Parent</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>

<b>Basic capital</b>	<b>33 637,59</b>	<b>33 637,59</b>	<b>33 637,59</b>	<b>33 637,59</b>
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<b>Other funds allocated to specific activities</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Donation Fund, opening balance on 1.1.	1 087 321,19	1 269 458,11	1 087 321,19	1 269 458,11
Additions during the financial period	14 067 252,50	1 690 752,90	14 067 252,50	1 690 752,90
Subsidies during the financial period	-6 077 754,15	-1 872 889,82	-6 077 754,15	-1 872 889,82
<b>Donation Fund capital on 31.12.</b>	<b>9 076 819,54</b>	<b>1 087 321,19</b>	<b>9 076 819,54</b>	<b>1 087 321,19</b>
Disaster Fund, opening balance on 1.1.	2 886 983,37	2 546 138,51	2 886 983,37	2 546 138,51
Additions during the financial period	3 002 817,67	1 899 243,70	3 002 817,67	1 899 243,70
Subsidies during the financial period	-3 846 612,46	-1 558 398,84	-3 846 612,46	-1 558 398,84
<b>Disaster Fund capital on 31.12.</b>	<b>2 043 188,58</b>	<b>2 886 983,37</b>	<b>2 043 188,58</b>	<b>2 886 983,37</b>
Women's Bank Fund capital on 1.1.	1 769 331,80	1 906 617,79	1 769 331,80	1 906 617,79
Additions during the financial period	1 472 017,59	1 772 666,50	1 472 017,59	1 772 666,50
Subsidies during the financial period	-1 832 453,63	-1 909 952,49	-1 832 453,63	-1 909 952,49
<b>Women's Bank Fund capital on 31.12.</b>	<b>1 408 895,76</b>	<b>1 769 331,80</b>	<b>1 408 895,76</b>	<b>1 769 331,80</b>
Aid Fund, opening balance on 1.1.	117 780,76	117 751,26	117 780,76	117 751,26
Additions during the financial period	0,00	58,99	0,00	58,99
Subsidies during the financial period	-117 780,76	-29,49	-117 780,76	-29,49
<b>Aid Fund capital on 31.12.</b>	<b>0,00</b>	<b>117 780,76</b>	<b>0,00</b>	<b>117 780,76</b>

Private sector and parish donations for projects are entered in the Donation Fund.

With the help of Disaster Fund, Finn Church Aid can respond to sudden natural or man-made disasters by delivering help quickly.

With the help of the Women's Bank Fund, support is provided to the entrepreneurship and self-reliant livelihood of women in developing countries.

An agreement has been made with the donor to direct Aid Fund capital to certain projects, so the Aid Fund has been dissolved.

	2022	2021	2022	2021
Surplus from previous periods on 31.12.	5 051 376,52	4 379 995,36	5 456 798,26	5 087 256,26
Surplus/Deficit for current period	-241 579,53	813 716,29	-730 170,59	369 542,00
<b>EQUITY ON 31.12.</b>	<b>17 372 338,46</b>	<b>11 087 609,68</b>	<b>17 289 169,14</b>	<b>11 351 852,97</b>
<b>ADVANCES RECEIVED</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Ministry for Foreign Affairs, programme support	492 000,00	0,00	492 000,00	0,00
Ministry for Foreign Affairs, humanitarian aid	500 006,41	1 045 831,25	500 006,41	1 045 831,25
Ministry for Foreign Affairs, other	968 611,56	1 034 500,62	968 611,56	1 034 500,62
EU development cooperation	1 073 100,75	1 724 148,64	1 073 100,75	1 724 148,64
EU humanitarian aid	9 414 522,24	1 460 893,48	9 414 522,24	1 460 893,48
United Nations	1 251 235,73	1 366 876,57	1 027 510,90	1 294 402,73
Other state funding	1 466 597,60	1 165 098,96	437 284,52	630 276,62
Other institutional funding	112 833,92	93 967,83	74 268,44	77 834,34
ACT	193 116,84	0,00	193 116,84	0,00
Budget contributions from parishes	761 127,98	160 152,24	761 127,98	160 152,24
	<b>16 233 153,03</b>	<b>8 051 469,60</b>	<b>14 941 549,64</b>	<b>7 428 039,92</b>

Other prepayments received comprise subsidies allocated to specific projects.

	Group 2022	Group 2021	Parent 2022	Parent 2021
<b>ACCRUALS AND DEFERRED INCOME</b>				
Holiday pay liabilities	1 424 964,47	1 366 003,85	1 424 964,47	1 366 003,85
Statutory insurance premium liabilities	316 404,04	169 776,27	316 404,04	169 776,27
Debts to projects	1 391 864,34	1 385 754,90	1 114 299,22	1 385 754,90
Other accruals and deferred income	544 831,80	216 351,42	321 955,06	35 782,93
<b>Total</b>	<b>3 678 064,65</b>	<b>3 137 886,44</b>	<b>3 177 622,79</b>	<b>2 957 317,95</b>
<b>OFF-BALANCE-SHEET COMMITMENTS</b>				
Finn Church Aid Foundation guarantee Maximum for potential losses from €16 million loan to FCA Investments Ltd	3 000 000,00	3 000 000,00	3 000 000,00	3 000 000,00
<b>LEASING LIABILITIES</b>				
Payable later	1 320,00	3 571,20	1 320,00	3 571,20
<b>RENT LIABILITY ON BUSINESS PREMISES</b>				
Eteläranta 8, 00130 Helsinki Total	1 009 150,22	1 629 440,49	1 009 150,03	1 629 440,49
Due in the next financial year	632 696,07	620 290,26	632 695,95	620 290,26
Due later	376 454,16	1 009 150,22	376 454,09	1 009 150,22

## LIST OF ACCOUNTING BOOKS AND DOCUMENT TYPES

Until 31 July 2023, the Foundation's nominal ledger accounting is kept in the MS Dynamics NAV financial administration system. Purchase invoices were handled with Opus Capita and the accounting of the country offices is kept in the Intuit QuickBooks.

Beginning 1 August 2023, both the Foundation's nominal ledger and country office accounting is done in the Unit4 system. At the same time, the processing of purchase invoices is done in Unit4.

Egg Production Limited, country office in the US and FCA Investments Oy did not adopt Unit4 in 2022.

The recycling system of travelling and expense invoices is M2.

### Until 31 July 2023:

Financial Statements	TP		Financial Statements
Book of first entry and nominal ledger			Electronic
Ledgers			Computerised bookkeeping
Bank documents	Nordea Bank Aktia Bank OP Bank Sampo Bank SHB Tapiola Bank Nooa Bank POP ÅAB Oma Säästöpankki	Nordea Bank Aktia Bank Helsinki OP Bank Danske Bank Handelsbanken S Bank Nooa Bank Suupohja OP Bank Ålandsbanken Oma Säästöpankki	Electronic Electronic Electronic Electronic Electronic Electronic Electronic Electronic Electronic Electronic Electronic
Petty cash	Petty cash		Electronic
Purchase invoices	OPUS PURCHASE Purchase invoice+ Purchase refund+ Purchase payments	Opus invoices Purchase invoices Purchase refund invoices Purchase invoice payments	Electronic Electronic Electronic Electronic
M2 travelling and expense invoice	MKAKSI		Electronic
Sales invoices	Sales invoices+ Sales refunds+	Sales invoices Sales refund invoices	Electronic Electronic
Memorandum receipts	2022 Journals		Electronic
WeFood transactions	2022 WeFood		Electronic
Corrective receipts	2022 Corrections		Electronic
E-Invoices	TITOEL	Tito e-invoices	Electronic

### Beginning 1 August 2023:

Posting of Incoming Invoices	12		Electronic
General Ledger Transactions	2		Electronic
Posting of Customer Invoices	22		Electronic
Reposting	3		Electronic
Bank Transactions	4		Electronic
Update GL with Payments	48		Electronic
Currency Revaluation	5		Electronic
Salaries	6		Electronic
Reversals	7		Electronic
Bank separate series	BD		Electronic
BI - Batch Input	BI		Electronic
RJ - Recurring Journal	RJ		Electronic
YE - Year End Transactions	YE		Electronic

**FINN CHURCH AID FOUNDATION****DATE AND SIGNATURES TO THE FINANCIAL STATEMENTS AND ANNUAL REPORT**

Helsinki, 6 June 2023

_____ Tarja Kantola, Chair	_____ Kaisamari Hintikka, Vice-Chair
_____ Tuomas Aho	_____ Sixten Ekstrand
_____ Atte Harjanne	_____ Anna-Kaisa Ikonen
_____ Juhani Lavanko	_____ Reetta Meriläinen
_____ Ritva Ohmeroluoma	_____ Aila Paloniemi
_____ Ritva Reinikka	_____ Mark Saba
_____ Olli-Pekka Silfverhuth	_____ Hanna Ylikangas
_____ Tomi Järvinen, Executive Director	

**FINANCIAL STATEMENT ENTRY**

A report has today been issued on the audit performed.

\_\_\_\_\_ On the \_\_th day of

\_\_\_\_\_, 2023 KPMG Oy Ab

\_\_\_\_\_  
Kirsi Aromäki APA