



Institute of the
Blessed Virgin Mary

Institute Finance Report

1st January 2014 – 31st December 2021



The mercies of the Lord I will sing forever

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Introduction and Contexts

It is absolutely true to say that time never stands still, and changes keep occurring in every sphere of life. Sometimes we welcome change but more often change is continually imposed upon us.

Many changes have taken place in the requirements of financial administration during the eight-year period 1st January 2014 – 31st December 2021. As an Institute we are continually being called to greater financial accountability, regulatory compliance and transparency in operations, as required by the civil law of the countries in which we are involved.

In this report we are going to build on the data that was collected for both the Capacity for Life and Ministry Study and GC2014. Therefore, this Finance Report will include a summarised snapshot of the Institute Resources comprising of:

- Membership
- Property
- Finances

We will consider year endings 2014, 2019 and 2021 to note if there are significant changes in trends. (*Year 2019 was the last 'normal' year before the impact of Covid-19 pandemic*). I acknowledge that the provinces / regions have different financial year-ends and so the eight-year periods will be different. Some will cover the eight years from August 2014 to August 2021, while others will cover the eight years ending December 2014 to December 2021 etc.

Context

A. The Context of our World

Covid-19 has caused an economic shock that is three times worse than the 2008 financial crisis. It has been a crisis like no other, shutting shops and schools, closing borders and putting half of humanity under some form of lockdown as cases of the virus continued to mount worldwide and as the death toll increased into multi-millions.

The world economy continues to suffer from a series of destabilizing shocks after more than two years of pandemic, the Russian Federation's invasion of Ukraine and its global effect on commodity markets, supply chains, inflation, and financial conditions have steepened the slowdown in global growth.

In particular, the war in Ukraine is leading to soaring food and energy prices, insecurity and poverty. As a result of the war, spiralling inflation is contributing to greater financial vulnerability and food shortages. There is a continuous call for the global community to ramp up efforts to mitigate humanitarian crises caused by the war in Ukraine and conflict elsewhere and to alleviate food insecurity as well as to expand vaccine access to ensure a durable end of the pandemic. It is envisaged that these steps would provide support to vulnerable population groups and lessen the long-term impact of the global shocks of recent years.

B. The Context of the Church

Recently Pope Francis issued his message for the 6th World Day of the Poor. He invites us as Christians to greater solidarity and responsibility for the poor in society, stressing the importance of putting our faith into practice through personal involvement that cannot be delegated to others.

The Pope noted that the World Day this year comes *“as a healthy challenge, helping us to reflect on our style of life and on the many forms of poverty all around us.”* He reflected on current events in the world pointing to the Covid-19 pandemic, the war in Ukraine and the numbers of displaced persons seeking refuge in neighbouring countries. The Pope explained that solidarity *“is sharing the little we have with those who have nothing, so that no one will go without”* The Pope stated *“Generosity towards the poor has its most powerful motivation in the example of the Son of God, who choose to become poor”*

C. The Context of the Institute

The Institute leader is responsible for the administration of the property of the Institute, its provinces and houses. She ordinarily carries out this administration through the Institute treasurer (Const. 6.107).

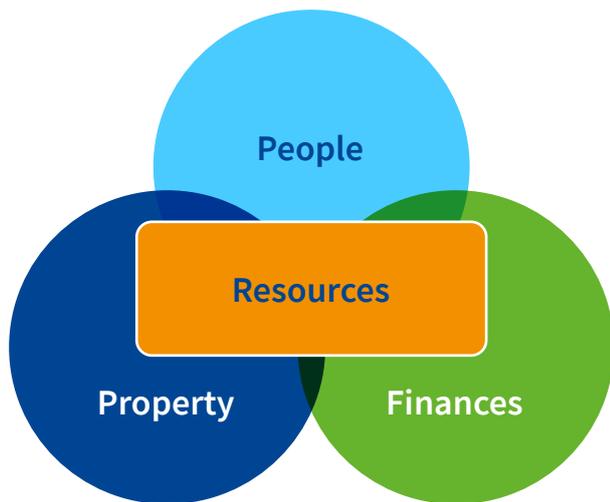
Our IBVM Constitutions no's 6.107 to 6.124 clearly outlines the various inter-connected responsibility each one of us has in relation to the responsibility for the stewardship of the patrimony of the Institute – this interconnection includes the Church and Civil authorities

At GC14 we were Called to: ‘Live sustainably discerning what is enough’ (Call 4) and to ‘Bring those forced to live in poverty to the centre of our life and ministry’ (Call 2). As Mary Ward companions moved by the person of Jesus and the needs of our world today each one is challenged to continue to deepen the awareness of personal responsibility for finances and to grow in greater solidarity with the less well off in our society, many of whom continue to struggle to have adequate funds to meet the costs of daily living.

Institute Resources

In late 2010 L&P Trustee Services Ltd were contracted to carry out the Capacity for Life and Ministry Resource Assessment. The purpose was to examine, clarify and assess the capacity of resources to support life and ministry into the future.

Three resources were explored: Membership (the primary resource), Finance and Property.



In preparation for the General Congregation 2014 the Institute treasurer with the assistance of the province / regional treasurers and L&P Trustee Services updated the statistics and projections of the Resource Assessment to year end 2013.

Likewise for this Finance Report we have further updated the information to include a summarised snapshot of the Institute Resources. Therefore, we will consider years 2014, 2019 and 2021 to note if there are significant changes in trends. (Year 2019 was the last ‘normal’ year before the impact of Covid-19 pandemic) as well as future projections as indicated from the provinces / regions. A great deal of gratitude is due to province / regional treasurers and finance office staff, leadership and others in the provinces / regions who have provided the most up-to-date information.

The Resource Assessment was completed over a fifteen-month period of information gathering, consultation and four area meetings. The report relevant to each province / region was brought back and presented to the members by their province / regional leader.

The Resource Assessment indicated *“an adequacy of financial resources available to meet the 2010 needs within the Institute, if wisely shared and carefully managed.”* It emphasized the *“urgent need to strengthen local sustainability”*. (Institute Report)

The Resource Assessment *“raised serious questions about five Provinces / regions which could not support themselves fully into the future”*. It indicated *others are drawing on investments in an unsustainable manner; some have adequate resources, and one or two even more than adequate for their needs. For those in difficulty some serious steps have been taken to ensure that robust systems are in place and expenditure reduced.*” (Institute Report)

Before we start to look at the Institute Resources...

Quick reminder

- The Institute is a single Entity in Canon Law, but
- Does not have a single Civil Law Structure
- Figures are not a Consolidated Summary of one Civil Entity

Thank you

- Sincere thanks to all the provinces / regions for providing data for this next section

Membership

Total Institute

The total membership at the 31st December 2021 was 638 Sisters, with an average age of 68 years. This is a decrease of 148 Sisters, or 19% from the end of 2014 when there were 786 Sisters.

The table below provides an overview of the actual year-end 2014, 2019 and 2021 membership per location.

Membership

Total Institute

	2014	2019	2021
Australia & S.E. Asia Province	100	83	75
Canadian Region	70	52	46
Eastern Africa Province	62	78	81
English Region	51	43	39
Irish Province	227	177	155
Mauritian Region	25	23	21
Peru Region	8	7	7
South Asian Province	118	132	127
Southern Africa / Zambia	11	7	6
Spanish Province	45	36	35
USA Region	64	47	41
Generalate	5	5	5
Total	786	690	638
Average Age	69	68	68

At the last General Congregation, we had projected that we would have 682 members at the end of 2021 and therefore our reality is that we are forty-four members lower than what we had projected. The main reason for this decrease was in year 2013 the updated membership figures included ‘Projected Future Vocations Figures - over the next 10-year period’ saying ‘221 Candidates would join the Institute of which 138 would progress to First Profession’ (c.f. GC14 Finance Report pg. 11).

As we are aware there has been a significant decrease in the number of people considering a vocation to religious life. This has had a considerable impact on the projected numbers as stated at GC14.

Membership in Full-Time Nursing Care

In many of our provinces / regions we face the reality of diminishing numbers and aging communities. Providing for assisted living and/or nursing care is currently a significant responsibility and will continue to be so for others even if in a smaller scale into the future.

See below a table outlining our current reality.

Number and % Sisters in Full-Time Nursing Care

	2014	2019	2021
Australia & S.E. Asia Province	15	13	10
Canadian Region	29	15	12
Eastern Africa Province	8	15	10
English Region	7	6	7
Irish Province	19	13	10
Mauritian Region	6	5	4
Peru Region	0	0	0
South Asian Province	2	3	4
Southern Africa / Zambia	0	0	3
Spanish Province	2	6	8
USA Region	8	7	4
Generalate	0	0	0
Total	96	83	72
% in Full Time Nursing Care	12%	12%	11%

While the actual numbers in Full-Time Nursing Care have changed, the percentage of overall membership has remained reasonably constant.

Estimated Future Vocations

As we look to the future below are the revised projections submitted for the next 10-year period:

Estimated future vocations over the next 10 years

	Total	First	Final
Future vocations	Candidates	Profession	Profession
Australia & S.E. Asia Province	9	5	4
Canadian Region	0	0	0
Eastern Africa Province	30	27	24
English Region	0	0	0
Irish Province	0	0	0
Mauritian Region	0	0	0
Peru Region	0	0	0
South Asian Province	52	24	18
Southern Africa / Zambia	0	0	0
Spanish Province	0	0	0
USA Region	0	0	0
Generalate	0	0	0
Total	91	56	46
% Retention		62%	52%

It is estimated that the total number of Candidates will be 91 of which:

- i. 56 will progress to First Profession: 62% retention.
- ii. 46 will progress to Final Profession, 52% retention (52% of the original candidates)

The above figures bring home to us the reality of the changes happening within the Church and Society today. A number of provinces / regions see themselves as receiving no vocations into the future and facing the challenges associated with diminishing numbers and the planning for the long-term sustainability of established ministries. In other provinces / regions there is the great joy of future development.

Potential implications of changing demographic highlights ongoing challenges regarding the:

- Availability of members for future leadership and for vocation training
- Further provision of care for elderly or infirm Sisters
- Need for training of younger Sisters and Lay Colleagues to administer corporate ministries
- Reduced income
- Transfer of administrative and management responsibility to other bodies
- Need for strategic planning to reflect the changing capacity of the Institute

Property as an Institute Resource

Property is viewed in its value to the life and mission of the Institute rather than a financial asset. Therefore, each province / region has provided an update on the different types and overall number of properties held within the province / region as well as the values attributed.

Number of Properties

You will see from the table below that the overall numbers of properties held by the provinces / regions have decreased.

Note that Property for one province / region may consist of a group of buildings whereas for another it may only consist of a small residential house.

Number of Properties

Total Institute

	Dec - 2014	Dec - 2019	Dec - 2021
Australia & S.E. Asia Province	57	51	48
Canadian Region	4	3	3
Eastern Africa Province	14	22	22
English Region	20	16	13
Irish Province	84	78	76
Mauritian Region	12	13	13
Peru Region	1	1	1
South Asian Province	43	43	41
Southern Africa / Zambia	8	2	2
Spanish Province	12	11	11
USA Region	10	9	6
Generalate	2	2	2
Total	267	251	238

Many of the provinces/ regions down sized from large buildings to smaller residential properties.

The number of properties held has reduced from 267 to 238 over the eight-year period.

Property by Type

The table below provides an overview of the property by type as submitted by the provinces / regions.

Property by Type

Total Institute

	Dec - 2014	Dec - 2019	Dec - 2021
Residential	134	120	109
Educational Property	80	72	67
Hospital / Health Facilities / Care Centres	0	0	0
Other Ministry Properties	13	14	14
Leased to others for Ministry	0	0	0
Investment property	3	9	9
Land	19	19	22
Other Property	18	17	17
Total	267	251	238

Property Categories and Projected Retention

Based on the information received from provinces / regions the table below defines how the provinces / regions have categorised their property portfolios from year ending: 31st December 2014 - 2021:

Property by Category

	Dec - 2014	Dec - 2019	Dec - 2021
Category A: Long Term	206	204	193
Category B: Medium Term	23	20	22
Category C: Short Term	26	21	17
Category D: Donation	12	6	6
Total	267	251	238

An explanation of the Categories is given below:

- **Category A:** Long term, are those that will definitely be retained for example 15+ years
- **Category B:** Medium term, will be retained for at least 5 years into the future
- **Category C:** Short term, likely to be disposed of within a 5-year horizon.
- **Category D:** Likely to be donated / or long term transferred to another group.

Attributed Values to Property

The information request that was sent to provinces / regions asked them to attribute some value to the properties that they owned. It did not request market values and so the figures returned are mainly a mixture of:

- Historic cost
- Accounting / auditing value
- Insurance value

Therefore, it is important to note that the figures in the table should not be considered as a summary of property market values.

Properties, attributed values Dec-2021

Total Institute

	€m
Australia & S.E. Asia Province	154
Canadian Region	10
Eastern Africa Province	22
English Region	18
Irish Province	18
Mauritian Region	2
Peru Region	0
South Asian Province	10
Southern Africa / Zambia	0
Spanish Province	8
USA Region	2
Generalate	1
Total	€246m

It is reasonable to acknowledge that while the properties maybe considered a major resource for us, the upkeep and maintenance of properties may also cause a deficit. The sale of properties may therefore be a “once-off” income or the abolition off a recurring expense.

Property as a (Financial) Resource

- The Institute owns 238 properties, with an attributed value €246m
- We acknowledge that some properties could be viewed as liabilities rather than assets
- The above information indicates that 193 properties will be held in Category A: Long Term i.e., will definitely be retained for example 15+ years that is 81% of the Institute property portfolio.
- Changing demographics: do properties need to be adapted for older Sisters? Is there a need for new builds / purchases?
- Future use when no longer required
 - Transfer / donation: resource for province / regional ministries or other projects
 - Sales: proceeds needed by province / region or used to support the wider Institute?

It raises the question:

Does the categorisation of future property requirements need more consideration?

Considering the report to-date is highlighting:

- the ageing profile of membership
- diminishing numbers
- the decrease in vocations as projected for the next ten-years
- 81% of the Institute property will be retained for more than 15 years

Finances as an Institute Resource

Income & Expenditure - overview of regular / recurring position

In this section we start by looking at the:

- Recurring day-to-day incomes (excluding investment income)
- Recurring day-to-day expenditures
- Recurring surplus / deficits
- The capacity of the investments to fund these deficits

Our recurring income consists of monies we receive on a day-to-day basis for example Sisters Pensions, Salaries, Retirement Lump Sums, income from Ministries, Donations, etc. It does not include investment income and is distinct from “one-off” or non-recurring items.

Our recurring expenditure includes monies we spend on a day-to-day basis for example: Community / Living Expenses, Medical, Care of Elderly / Long Term Care, Formation, Administration & Professional Fees, Property Maintenance & Overheads etc

Consolidation of the Institutes Financial Resources

Income & Expenditure Review €m

	2014	2019	2021
Income	24,102,877	24,833,408	22,023,136
Expenditure	(29,159,155)	(30,861,968)	(28,988,779)
Surplus/(Deficit)	<u>(5,056,278)</u>	<u>(6,028,560)</u>	<u>(6,965,643)</u>
Total Number of Sisters	786	690	638
Per Capita Income	30,665	35,990	34,519
Per Capita Expenditure	(37,098)	(44,727)	(45,437)
Per Capita Surplus / Deficit	(6,433)	(8,737)	(10,918)
Value of Investments	189,933,097	266,332,056	266,152,814
Deficit as % of Investments	-2.7%	-2.3%	-2.6%
Value of Investments per Capita	241,645	385,988	417,167

For ease of illustration all figures are presented in Euro €, using the 31-Dec-21 FX rate.

Note: On consolidation there may be some small double counting of ‘inter-Institute’ transfers. These are immaterial in light of the overall position.

When looking at the information on the previous page:

- Recurring income: the overall figure has decreased by approximately 9%, which is linked to the decrease in membership numbers.
- Recurring expenditure: the overall figure has decreased by approximately 1%. However, it is fair to say that year 2019 was the last relatively 'ordinary' financial year before the Covid-19 pandemic which brought many changes in our day-to-day activities and in our ways of proceeding. In Year 2021 we were re-emerging from the worst of the pandemic but some of our day-to-day activities were still curtailed.
- Recurring per Capita Deficit: has therefore increased by nearly 70%.
- Investments: the value of investments has increased, but this comes with caveats around falls in values in 2022. This is expanded on below.

Adequacy or otherwise of resources (Institute position)

One way to consider the adequacy or otherwise of resources is to compare the recurring deficits as a percentage of total investments against the projected investment returns. In other words, to check if the investments have the capacity to generate a level of return to meet the annual deficits.

As you will see from the table above, the current recurring deficit as a percentage of investments is approximately 3%. **We would normally expect the investments to be able to meet or fund this level of deficit.**

However, this comes with a number of caveats / points for consideration:

- Given both the income and expenditure trends, the deficit and the corresponding 'draw' on investments is likely to increase.
- Therefore, careful management of deficits is a key consideration for the whole Institute.
- The investment values noted above will have fallen in value, given the turmoil in world investment markets over the last 6+ months.
- This turmoil has shown how important it is to have the 'right' investment strategy in place.
- The figures above do not take account of possible capital inflows from property disposals.

Surplus / deficit by location

The following table provides a breakdown of the surplus / deficit by location.

Recurring surplus / deficits (excluding investment income)

€uro

	Dec-2014	Dec-2019	Dec-2021
Australia & S.E. Asia Province	232,044	(673,890)	(443,586)
Canadian Region	(2,524,202)	(2,090,525)	(2,255,801)
Eastern Africa Province	(206,706)	(4,543)	(79,001)
English Region	(348,416)	(985,423)	(947,730)
Irish Province	(2,194,408)	(2,611,863)	(1,943,195)
Mauritian Region	(111,447)	169,975	(104,629)
Peru Region	1,071	25,656	455
Spanish Province	442,417	452,992	623,663
South Asian Province	(28,509)	106,515	148,619
Southern Africa / Zambia	24,024	55,566	104,250
US Region	(507,538)	377,783	(1,679,248)
Generalate	452,842	(367,947)	(189,585)
TBISF	(287,451)	(482,855)	(199,855)
Total	(5,056,278)	(6,028,560)	(6,965,643)

These figures indicate that 9 of the 13 'entities' are operating a recurring deficit and so are dependent on either their financial reserves or non-recurring income to help fund their needs.

Investments

The table below shows a summary of the investment funds held within the Institute.

Summary Investment Data, Euro

	2014	2019	2021
Investment (excluding cash)	-	-	-
Australia & S.E. Asia Province	44,051,128	66,160,011	51,330,352
Canadian Region	50,386,949	60,665,765	63,576,334
Eastern Africa Province	729,187	2,846,328	4,330,189
English Region	12,733,155	6,841,375	5,521,148
Irish Province	27,604,020	33,686,307	37,902,010
Mauritian Region	10,757,462	13,283,818	9,429,214
Peru Region	0	0	0
Spanish Province	23,912,918	25,608,528	29,154,069
South Asian Province	1,047,979	8,950,107	4,781,778
Southern Africa / Zambia	686,088	1,217,972	1,640,190
US Region	1,230,136	15,706,120	21,720,569
Generalate	6,366,557	13,849,309	16,336,171
TBISF	10,427,518	17,516,416	20,430,790
Total Investments	189,933,097	266,332,056	266,152,814

Overview:

- The level of investment funds has increased, from €190m to €266m.
- There would appear to be two main reasons for this:
 - Some element of property proceeds being added to investment funds
 - Very favourable investment market conditions as a result of the actions from the World Governments and Central Banks as a response to both the Global Financial Crisis and then the Covid-19 pandemic
- As noted earlier, there has been significant turmoil in world investment markets in 2022.
- The combination of high and enduring inflation, the war in Ukraine, and fears about a potential global economic recession have resulted in significant falls in both equity and bond markets.
- To safeguard Institute Funds, and to ensure a balanced range of diverse investments it is encouraged to seek professional advice, continually assess the performance of funds and to consider future needs to ensure that there are sufficient funds to meet current needs within the provinces (c.f. Section 10 of the Institute Finance Handbook)

Specific comment on IBVM Loreto Generalate and TBISF funds:

- There is a considerable change in value in both the Teresa Ball International Solidarity Fund (TBISF) and Generalate portfolios. This is linked to the plan, as originally discussed at GC 2014, to make them sustainable with an annual investment income sufficient to meet projected expenditures.
- This was presented and agreed at the Extended Leadership Meetings of 2016 and 2017.
- To make this possible five provinces / regions namely, Australia & S.E. Asia, Canada, Ireland, Mauritius and Spain contributed the sums of €2m (split between TBISF and Generalate)
- Other provinces / regions committed to:
 - Making contributions following property sales or by other means.
 - Considering requesting smaller amounts from the TBISF Fund in the short term.

Overall Financial Summary:

- With continued good stewardship we should have **sufficient resources** to meet current needs within the Institute.
- **Good stewardship incorporates** annual budgeting, deficit management as well as the management of the investment and property portfolios.
- Given the age profile in some provinces / regions, **property sales look inevitable** and should be planned for.
- The need to **plan for the future** use of and sharing of our resources is crucial.
- This plan for the future use of and distribution of any 'surplus' assets could incorporate items such as:
 - **Ministries within the Province / Region**
 - **Care and Welfare of Members**
 - **Wider Institute needs**

Governance

Over the last eight years there has been a notable change in the level of governance requirements imposed upon us by external bodies. The whole area of accountability, transparency and regulatory compliance has increased considerably. This can also be to our advantage as it helps us to bring more structure into our areas of administration. Below is an example of a number of different ways the changes have impacted on us, and the necessary steps taken.

IBVM Loreto Generalate

The accounts belonging to the Institute leadership have been historically registered under an Irish Charity number. This provides exemptions from Deposit Interest Retention Tax, Capital Gains Tax, Dividend Withholding Tax, Capital Acquisitions Tax and Stamp Duty. Up until April 2014 there was no specific regulatory or reporting framework in place.

However, in April 2014 a Charities Commission was put in place and annual regulatory and reporting procedures quite similar in nature to the English (UK) charity requirements are slowly being implemented. Since the Commission was established the Trustees (i.e., the Institute Leader and her council) have been required to file online a copy of their annual Financial Statements and Trustees Report but only the basic information about the Charity was displayed within the Register of Charities website.

The Regulator recently published an 'Annual Report Information Note' which sets out a number of changes and additions to the Annual Report Form which became effective from January 2022. These changes include the requirements to provide the split of income and expenditures, information in relation to assets and liabilities, evidence of the audit opinion provided by the auditors and the level of international transfer of funds both incoming and outgoing and a listing of the individual countries involved.

This means that for the first time the amounts of monies held by the IBVM Loreto Generalate will become publicly available and this new legislation is applicable to the Financial Return submitted for year ended 31st December 2021 onwards.

Charities Governance Code:

In year 2020 the Charities Governance Code became mandatory. This Code sets the minimum standards, which the Board of Trustees should ensure their charity meets in order to effectively manage and control their organisation. The Governance Code consists of six principles of governance. These are: advancing charitable purpose; behaving with integrity; leading people; exercising control; working effectively; being accountable and transparent.

In addition, there are thirty-two core standards. The Trustees are required to keep this as a "live document" and the minutes of their meetings are required to reflect the steps outlined within the Governance Code. In addition, when filing the annual Charities Accounts the Trustees are required to declare that they have complied with all sections of the Charities Governance Code and to have it available for inspection. The Charities Commission envisage that the "Governance Code will play a key role in building public trust and confidence in Irish Charities."

Risk Register:

This document also comes under the umbrella of 'live documents' as it is constantly used as a tool that helps the Charity demonstrate that they have considered risk in a structured way. It enables the Trustees to set out:

- potential risks to which the Charity is exposed,
- the potential impacts of these risks,
- steps taken to mitigate these risks and
- to update & review the steps taken over the twelve-month period.

The register currently includes four broad areas:

- i. Governance Risks,
- ii. Financial/Operational Risks,
- iii. Compliance Risk (laws and regulations) and
- iv. External Factors. The latter risk was implemented to consider the impact of Covid-19 and to record the necessary steps put in place by the Trustees to mitigate the risk as well as to note the outcome of same.

This document too has to be available for inspection if requested.

Policies:

As the requirements for greater accountability and transparency for the monies received and expended by Charities have changed significantly over the last eight years in addition to the governance requirements above the Trustees put in place the following policies.

- Conflict of Interest Policy
- Code of Conduct Policy
- Cyber Security and Home Working Policy
- Data Protection Policy
- Overview of Procedures when transferring monies overseas – October 2018

Cyber Security Policy and Home Working Policy:

The whole area of Cyber Security and its implications have been topics of conversations at both meetings of the Trustees and the Extended Leadership Meetings (ELM). As it was impossible to find a cyber policy suitable specifically to our needs, a copy of the ncsc.gov.uk National Cyber Security Centre 'Cyber Security – Small Charity Guide' was accepted by the Trustees and was shared with the province leaders / regional leadership teams, with a recommendation / direction that it should be adopted / implemented by the whole Institute and the following actions implemented:

- Each province / regional leader(s) were asked to adopt/implement the policy within their province / region
- Cyber Security was to be included on provincial / regional agendas at least twice yearly
- That this in turn could include the need to implement controls / inform membership and staff etc.
- Utilise local professional advice as and when required

In Year 2020 whenever the Covid-19 pandemic caused people to have to work from home a further document was circulated to all province leaders / regional leadership teams outlining the updated guidance given by the ncsc.gov.uk National Cyber Security Centre 'Cyber Security – Small Charity Guide' to ensure that the computers or other office equipment would not be open to a cyber attack

As an Institute we have not been immune to cyber-attacks over the last eight years. On one occasion a number of provinces including this office was targeted by receiving an email, followed by a cheque delivered by courier, under the pretence that the monies were coming from another province leader who needed the transaction carried out within the relevant country.

Fortunately, we noted that the tone of the email was wrong and immediately circulated an alert to all provinces / regions because on that occasion if the fraudsters action had gone to plan it would have resulted in a loss over one million Euro.

In more recent times we have not been so lucky, and monies were transferred to a project from two provinces without following our own protocols. One province had sourced the funding from a donor agency. This error resulted in a highly significant loss of monies to all provinces involved, also to the project and Institute. Further implications were that the money had to be repaid to the government agency that had made the donation in the first instance. The donor also put on hold funding to other Institute projects until such times as they received assurance from the Institute leader and her council in relation to the financial structures in place and the accountability for all funding donated to the various provinces / regions.

With the increase in cyber activity across the world and the knowledge that hackers are now targeting 'small' rather than large organisations it is essential that as an Institute:

- we keep 'alert' at all times to the possibility of cyber-attacks
- keep our policies up to date and
- ensure that both ourselves as members of the Institute and our lay colleagues are familiar with the most up to date procedures in place and follow same at all times.

As the good reputation of the Institute can be so easily damaged in the event of an attack.

Teresa Ball International Solidarity Fund

The Teresa Ball International Solidarity Fund was first established following on from GC'92 which stated, "In a spirit of Christian community, we undertake a sharing of financial resources within the Institute". The purpose was to share our resources and to help provinces / regions in need, particularly in the developing world. At that time provinces with the means to do so were asked to contribute to the fund. Some contributed very large amounts in those years.

Early in the year 1993 the Fund was used to purchase two adjoining houses in Rathfarnham Wood, Dublin 14, Ireland, for returning missionaries. The members were able to receive pensions from the Irish Government, so it was only necessary to partly support this community from the Solidarity Fund. In Year 2014 one of those houses was sold and the majority of the proceeds from the sale were added into the fund.

Following GC'98 and in the spirit of Direction 3 *"We commit ourselves to living as a multi-cultural international Institute and challenge ourselves to act as one Body with one Mission and one Purse"* provinces / regions were asked to make further contributions to the fund having reviewed their current and future needs. Likewise, the provinces / regions in receipt of funding were asked to prioritise their needs over a five-year period.

Similarly, donations were also made into the fund following GC'06 and GC'14 (earlier in this report I have referred to the monies received into the investment fund following GC '14 and the commitments made by the smaller provinces / regions).

In the year 2000 the Teresa Ball International Solidarity Fund was set up in the United Kingdom as a separate Charitable Company Limited by guarantee and not having share capital. The present Trustees of the fund are the Institute leader and council, the Institute treasurer and three province / regional leaders, all by virtue of their office. The charity is governed by the Memorandum and Articles of Association which were amended by special resolution following our change in Constitutions year 2009.

In the early years the regulations allowed a certain freedom in the way allocated money was used however overtime the level of transparency and accountability has grown in relation to the reporting standards that are required to civil authorities for the use of this funds. Public Benefit has become a key issue and in the annual reporting to the UK Charity Commission and Companies House this has to be clearly stated. These Financial Statements with the Trustees Annual Report are fully available on the world wide web and therefore are required to be an accurate statement of the events of the twelve-month period. As the whole area of anti-money laundering is currently very prevalent the Trustees are required to submit the breakdown of the exact amount of funds sent to each individual country. Banks too are requesting more information on the purpose for which the monies will be used before they will transfer any funds.

The policies held within this fund are similar in nature to those listed earlier under the heading of IBVM Loreto Generalate.

In Year 2021 the Donations & Disbursements Policy was updated to include applications for the two types of funding i.e., Support of members of the Institute and their ministries / Specific Project Support. The purpose of this update was to enable monies allocated through the 'Fund Investment and General Project Agency Agreement' (referred to earlier in relation to the Funds held in Canada) to be administered through TBISF.

The amounts of monies held within this fund have been included with the consolidated figures of the entire Institute.

Funds held in Canada

There are monies held in Canada belonging to the IBVM Loreto Generalate /TBISF. Due to the regulations and restrictions of Canada Revenue Agency it has proved to be quite a challenge to transfer this money for use in other parts of the Institute.

During their term of office Noelle and her Leadership Team with the co-operation of the Canadian Regional Leadership, have worked with members of the Finance Advisory Committee to put in place a legal agreement to enable this funding to be more available for Institute requirements. There has been good progress on this in that TBISF has signed a 'Fund Investment and General Project Agency Agreement' with the Canadian Region (Loretto Ladies College and Schools).

To date one project has been identified that has been eligible to receive funding and a few others are under consideration. The total amount of money held in Canada at the 31st December 2021 was the equivalent of €6.253m Euro (\$9m.CDN Dollars).

These funds have accumulated in Canada over the years due to the strict regulations imposed by the Canadian Revenue Agency. The province / region

was unable to transfer all of their annual levy to the Generalate nor their percentage of the sale of property which was to assist in the building up of the IBVM Loreto Generalate Investment Fund.

The province / region had also designated a contribution to TBISF in 2003 and it also became impossible to move it entirely out of the country. It is envisaged that these funds will now become more available with the 'Fund Investment and General Project Agency Agreement' in place.

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Mary Ward Mission Fund

This fund consists of the annual income from a Perpetual Trust as was first announced at GC'06. The Institute acknowledges with gratitude the continuous generosity and the intentions of the founding family.

The purpose of the Fund is to develop and strengthen those ministries of the international Institute which have limited access to necessary resources. The main intention of the fund is to assist new Institute projects to enable them to become self-supporting.

A standing committee appointed by the Trustees of the Teresa Ball International Solidarity Fund accept applications annually for allocations from

the fund. There are currently three members on the committee who work online. Their decisions are based on ministry criteria requested by the Donor and communicated to Institute members.

The income received from the Perpetual Trust is held in a separate restricted fund within TBISF and is made available to ministries of the Institute according to set criteria.

The following table outlines the movement within the Fund since its establishment:

Mary Ward Mission Fund

	Stg£	Stg£
	Years 2006 -2013	Years 2014 - 2021
Income		
Perpetual Trust	363,671	305,744
Bank Interest	6,141	193
Total	369,812	305,937
Expenditure		
Payments to Projects (including Bank Fees)	332,291	306,674
Bank Balance held	37,521	36,784

The amount received from year-to-year varies. The average amount distributed annually during the years:

- 2006 - 2013 was £50,000 sterling
- 2014 - 2021 was £38,250 sterling

As agreed in the terms of funding, a detailed report of the activities of the Fund is included as a separate item in the Annual Report of the Teresa Ball International Solidarity Fund. A separate financial and narrative report is submitted annually to the holders of the Perpetual Trust.

The administration of this annual donation is currently being reviewed.

Institute Finance Handbook / Province / Region Supplement Review

“Each Institute, however, is to establish suitable norms for the use and administration of goods, so that the poverty proper to the Institute may be fostered, defended and expressed.”

(Canon 635 §2)

The Institute Finance Handbook is in existence since GC '06. It outlines our way of proceeding in the administration of property and finance (Const. 6.123). It is regularly updated to take account of any civil or canon law changes, and new issues (e.g., updating canonical levels of expenditure and patrimony).

According to Constitution 6.124,c.635 §2 - *“To supplement the directives of the Institute Finance Handbook, each province draws up its own finance regulations, taking account of civil law within its boundaries. These directives require the approval of the Institute leader with the consent of her council.”*
(Cons. 6.124, c.635 §2)

This process began soon after GC '06 and has always proved to be very challenging for a number of provinces / regions as they are used to quite simple financial structures which does not always give adequate protection with so much advancement in the use of technology today. As is evident within this report the current civil laws also demand more stringent accountability and transparency.

Best practice requires that each province / region have a Finance Handbook approved by the Institute leader and her council. developing world. At that time provinces with the means to do so were asked to contribute to the fund. Some contributed very large amounts in those years.

Institute Finance Advisory Committee

At both Institute and province levels, an advisory finance committee is appointed by the respective leader with the consent of her council. The guidelines for the finance committees are given in the Institute Finance Handbook.

(Const. 6.108).

In March 2010 a Finance Advisory Committee was established. Since then, the members of the Committee continue to work with the Institute Leader and her council in an advisory capacity.

The committee is made up of IBVM members and lay persons with skills and experience in finance, investments and law. Its function is to advise and make recommendations to the Institute Leader and her Council regarding finance and related issues. The committee meets at least four times per year and the investment sub-committee review the quarterly portfolio reports and have teleconference calls to consider the asset allocations strategy, fluctuations of movements within the funds or other matters of concern.

As the whole area of Governance is constantly changing for the last number of years the Committee have held joint meetings at least annually with the two separate entities i.e., the Trustees of the Teresa Ball International Solidarity Fund and the IBVM Loreto Generalate. At these meetings they consider and share an overview of the most up to date civil law requirements that are imposed upon them as Trustees.

Each Trustee has been issued with two files:

1. 'Library A' in brief contains a synopsis of all the information a Charity Trustees need to know, and the links required to access the information on the Charities Regulator / Companies House website
2. 'Library B' lists the various Governance / Stewardship related policies in place in relation to the separate entities.

The members of the committee are very committed and are an invaluable source of knowledge in all financial matters. We are deeply grateful to them for giving so generously of their time and wealth of experience to assist us.

Appointments/Retirements/Reappointments: in Year 2019 one member retired from the Committee due to failing health; February 2021 three members resigned as they had completed their term of office; two others were reappointed for a further term of three years. To replace those who had retired in March 2021 two new members joined the Committee and a third member joined in March 2022.

Provinces / regions that do not already have a Finance Advisory Committee have been encouraged to do so but for some it continues to be a work in progress.

Mary Ward International

Mary Ward International was established in 2002 to advance the mission of IBVM in each province / region and around the world through support of ministries, communication, prayer, volunteers and fundraising. MWI finances are treated differently in each place: in some places they are included in province / regional accounts, in some they are recorded simply as a receipt of funds and a prompt transfer out to a ministry account, and in other places MWI is a separate legal body within or outside of the province.

Although continuous efforts have been made to date it has not been possible to establish a regular pattern of transparent reporting and accountability to the Institute and to donors for use of all of this ministry money. It remains an area of concern and it has become more obvious that a failure to comply with accountability requirements in one ministry can affect future funding possibilities in that province / region and within the wider Institute.

Conclusion

Reflections and Questions

In GC 2014 we asked:

“What is the plan or direction for the use of Institute resources at the service of our life and mission for the long-term, and how will these resources be shepherded to achieve it?”

Institute Treasurer Report 2014 – pg. 45

Today we are invited to go deep over this question. Given the fact that six provinces / regions hold 80% of the assets of the Institute along with the greatest deficit and given their current age profile we ask:

1. How can the deficits be reduced?
2. Is an analysis of funding needed for care of the sisters and maintenance of properties?
3. Is the 81% property to be held long-term realistic given age profiles?
4. What decisions and plans need to be made for future planning and for the transfer of assets across provinces /regions?
5. What principles need to be established regarding the division of assets between the world-wide Institute, province / regional ministries, and other projects?

Grateful Thanks to the Following:

All Province / Regional Leaders and their Leadership Teams who have served in office over the past eight years

Province / Regional Treasurers and their support staff

The Trustees of the Teresa Ball International Solidarity Fund by virtue of their office

The Trustees of the IBVM Loreto Generalate by virtue of their office

Members of the IBVM Finance Advisory Committee

Ms. Stephanie Brown, Elena Cerderias, Noelle Corcadden, Mr Mark Cunningham, Brenda Eagan, Ms. Eileen Fitzpatrick, Kathleen Hewitt, Mr David Lowen, Geraldine McAleer, Mr Owen McCabe, Ita Moynihan Mr Donal O'Brien and Rosemary O'Connor

Members of the Mary Ward Mission Fund Committee (online)

Sabrina Edwards, Kathleen MacLennan, Geraldine McAleer, and Lucy Wambui.

Administration Institute Finance Office including Province / Regional Funds held in Ireland

Gabrielle Cassidy, Carmel Gallagher, Máire Lagan and Geraldine McAleer

Administration of the IBVM Loreto Generalate / TBISF Funds held in Canada

Carmen Diston, Pat Grant, Evanne Hunter, Jane Mc Donell, Mary Mallany & the Finance Office Staff

Updating of the Resource Information for this report

Owen Mc Cabe & Staff from L&P Financial Trustees.

The Institute Finance Report has been Approved by:

Signed: Abell Conell Institute Leader

Signed: Igora Rinto Institute Consultant

Signed: Judith Nekesa Institute consultant

Signed: Macarena F. de Boradillo Institute Consultant

Signed: Brenda Eag Institute Consultant

Date: 18/08/2022



Institute of the
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Institute Finance Report 2014 - 2021

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