



CENTESIMUS ANNUS PRO PONTIFICE FOUNDATION

2020 INTERNATIONAL CONVENTION

SECRETARY GENERAL EUTIMIO TILIACOS

REPORT TO THE GENERAL ASSEMBLY

Aware of the importance of knowing the opinions of its members and of having a medium-term strategic plan, the Foundation's Board of Directors submitted a questionnaire to all its members in July 2019.

In order to fully involve the Adherents in the life of the Foundation, such questionnaire was meant to elicit " recommendations and suggestions, and present initiatives consistent with the Foundation's purposes ".

Members represent in fact the backbone of the Centesimus and as such their participation is not merely formal since they are requested to participate actively in the life of the Foundation. The extent of their participation is specified in Section III article 17 of the current Statute. As at 31 December 2019, the number of members in good standing with the payment of the annual membership fee was 354 divided as follows:

<input type="checkbox"/> Members	261
<input type="checkbox"/> Supporters	22
<input type="checkbox"/> Patrons	8
<input type="checkbox"/> YIN	12
<input type="checkbox"/> CAPP USA Members	51
Total	354

Adherents are grouped, where sufficient numbers exist, in 27 local chapters present in 11 countries.

Initiatives were also undertaken in Canada as early as 2018 and again in 2019 with preliminary meetings involving sympathizers and potential members.

During the Board meeting of 21 November 2019, a resolution was passed providing for certain minimum conditions required to qualify for the status of "formally established group". The resolution provides that each group must:

- have a contact person (Coordinator) appointed by the Board of Directors according to the current procedure
- have an Ecclesiastical Counsellor in accordance with art.18 of the current Statute
- have at least 5 members

Contacts for the establishment of new groups can only be made by the Chairman or the Secretary General.

Further expansion in Africa, Asia and South America is now envisaged.

On September 20th 2019 the Governatorato, has informed the Foundation about registration of *Centesimus* in the public register of Vatican's NPO (no profit organizations) and in order to conform international regulations to prevent money laundering and financial support to international terrorism, has forward the all Vatican foundations Law CCXI of 2017 and Regulation number 5 on "Transparency, Supervision and Financial Intelligence" now being made applicable also to no profit organizations.

Regulation 5 in particular, on suspicious activity reports, stipulates that: «the Financial Information Authority is the central Authority for the financial intelligence, entrusted with receiving the suspicious activity reports, in line with Article 48, subparagraph a), of Law No. XVIII; the Financial Information Authority is entrusted with adopting regulations implementing provisions of Title II of Law No. XVIII, including Article 40 on suspect activity reports ».

The reporting duties are extended to all registered Foundations in case of suspect activities; in addition Centesimus Board has in 2020 adopted an internal regulation for all Board members, Comptrollers, Secretary General and local Coordinators to sign a “good repute” auto-certification document.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

On May 28th 2019 a securities Administration Contract was signed with APSA to allow APSA to discretionary sell and/or buy securities for the Centesimus within the limits of:

- ❖ € (or equivalent) 150,000 for each asset/operation
- ❖ € (or equivalent) 250,000 should more acquisition/dismissal of the same security be done in more tranches in a semester

As at year end 2019 **total Foundation’s assets** amounted to € 5,443,725.94 (€ 5,113,440.53 in 2018) , an increase of € 330,285.41 .

Total revenues for 2019 were lower than on the previous year, € 636,750.58 (€ 680,150.20 in 2018). The difference was caused by:

- lower return on investments in terms of coupons and dividends on invested assets € 132,053.43 (€ 144,114.69)

- lower profits on portfolio securities trading € 127,847.77 (€ 181,050.26)
- smaller amount of the fees collected at the International Conference and National Conferences € 144,640.00 (€ 153,734.26); this was due to the fact that in 2018 there was a high participation on occasion of the celebrations for the 25th anniversary of the Foundation. As regards the International Conference, however, it should be noted that a slight decrease in revenues was matched by a more than proportional reduction in expenses which allowed to still generate a profit concerning the event amounting to € 16,352.11

□ **Membership fees** slightly increased to € 199,465.69 (€ 193,446.35 in 2018). The efforts to multiply and make more attractive the local initiatives of the groups have also contributed to the increase in the dues. Dues received in 2019 are broken down by member category in the following manner :

Fees	2019	2018	Δ 2019-2018
Dues paid by ordinary members	128,030.00	126,735.00	1,295.00
Dues paid by supporting members	18,400.00	22,400.00	-4,000.00
Dues paid by patrons	18,900.00	15,000.00	3,900.00
Others including founders	24,785.90	20,770.22	4,015.68
Dues paid by YIN	2,050.00	1,625.00	425.00
Dues paid by CAPP	7,299.79	6,916.13	383.66
Total fees	199,465.69	193,446.35	6,019.34

□ Revenues from financial activities (coupons on bonds and dividends) amounted to € 132,053.43

□ Revenues from realized profits (on bonds and shares negotiation) amounted to € 127,847.77

□ **Financial area net income** –including impairment and financial expenses- has amounted to € 101,961.11 .

Total costs –net of impairment- amounted in 2019 to € 516,110.33 (€ 651,025.90 including impairment). Total costs were in 2018 € 573,009.62

Central office overall costs (including goods and services bought plus salaries and insurances) to implement activities around the world amounted to € 170,462.28 by far smaller than the € 199,465.69 cashed from membership fees.

All profits earned through the years by the Foundation or otherwise donated to the Foundation can only be devolved by the Board of Centesimus, in the amount by the same resolved, to the Apostolic See.

During the course of 2019 (without the effect of the impairment on some of the assets in portfolio which amounted to € - 134,915.58) the Foundation's assets would have recorded a profit of € 120,640.26 .

The impairment was however made compulsory to comply with Vatican accounting policies stating it to be enforceable whenever a share market price shows a negative flection in excess of 20 % from book value –such flection lasting continuously for more than 9 months-. Previously the limit was set at -30% of the book valur. For this very reason, in its income statement, the Foundation incurred in 2019 a loss of € 14,275.32 .

The above mentioned accounting principles could now be subject to Vatican revision by Secretariat for the Economy, hopefully on time for the preparation of the 2020 accounts.

The Foundation is investing in issuers which respect ethical principle and adopt the ESG criteria. Concerning compliance with ethical principles Centesimus has resolved to adopt the following guidelines :

A. Promotion of Human Dignity made possible by:

- Investing in companies/securities that manifest responsible management practices, behave responsibly towards preserving human dignity and operate with integrity (respect for labour law, no corrupt

practices or unfair business practices) in the interaction with its stakeholders (employees, competitors, customers and suppliers)

- **Curb access to pornography:** avoiding investing in companies/securities with a significant involvement in producing, directing, publishing, distributing and/or retailing of adult entertainment materials of pornographic nature
- **Promote man's freedom from addictions:** positively weigh companies/securities that promote freedom from addictive behaviours, especially those caused by alcohol, tobacco and gambling
- **Defending religious freedom:** avoiding investing in assets from governments or companies who promote or carry out religious persecution against any faith, or deprive people from the right of religious freedom

B. Promotion of Human Life :

- Seeking investments in companies/securities that support policies and initiatives pursuing to protect human life at every stage of its existence, from the moment of conception until natural death
- Making investments in companies/securities respecting the life of the unborn
- Shying away from instrumental use of Procreation
- Promoting “culture of life” vs the establishment of the “culture of death”

C. Promotion of family :

- Seeking whenever feasible to invest in companies or assets that promote and recognize the social virtues and the social value of the family

- Seeking to avoid investing in companies whose actions and practices position the company against the Catholic conception of marriage and family

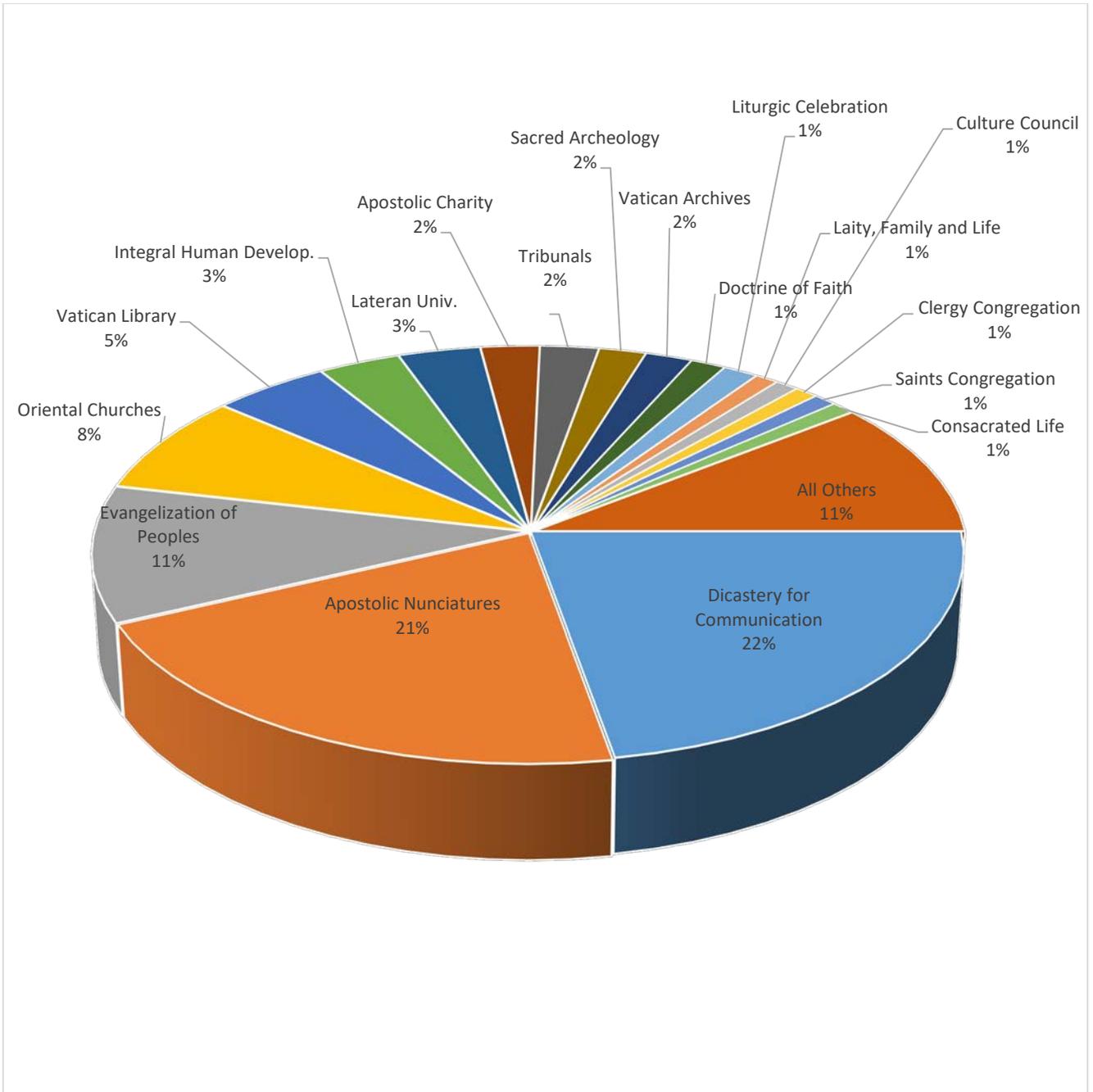
D. Care and Protection of the Creation :

- Seeking to promote, through investment, positive initiatives performed by governments/companies that implement the highest standards in environmental behaviour
- Seeking to promote, through investment, the implementation of environmental stewardship aimed at preserving the Creation for future generations
- Seeking to avoid investing in companies/securities implicated in severe controversies related to their impact or abuse on the environment and natural resources

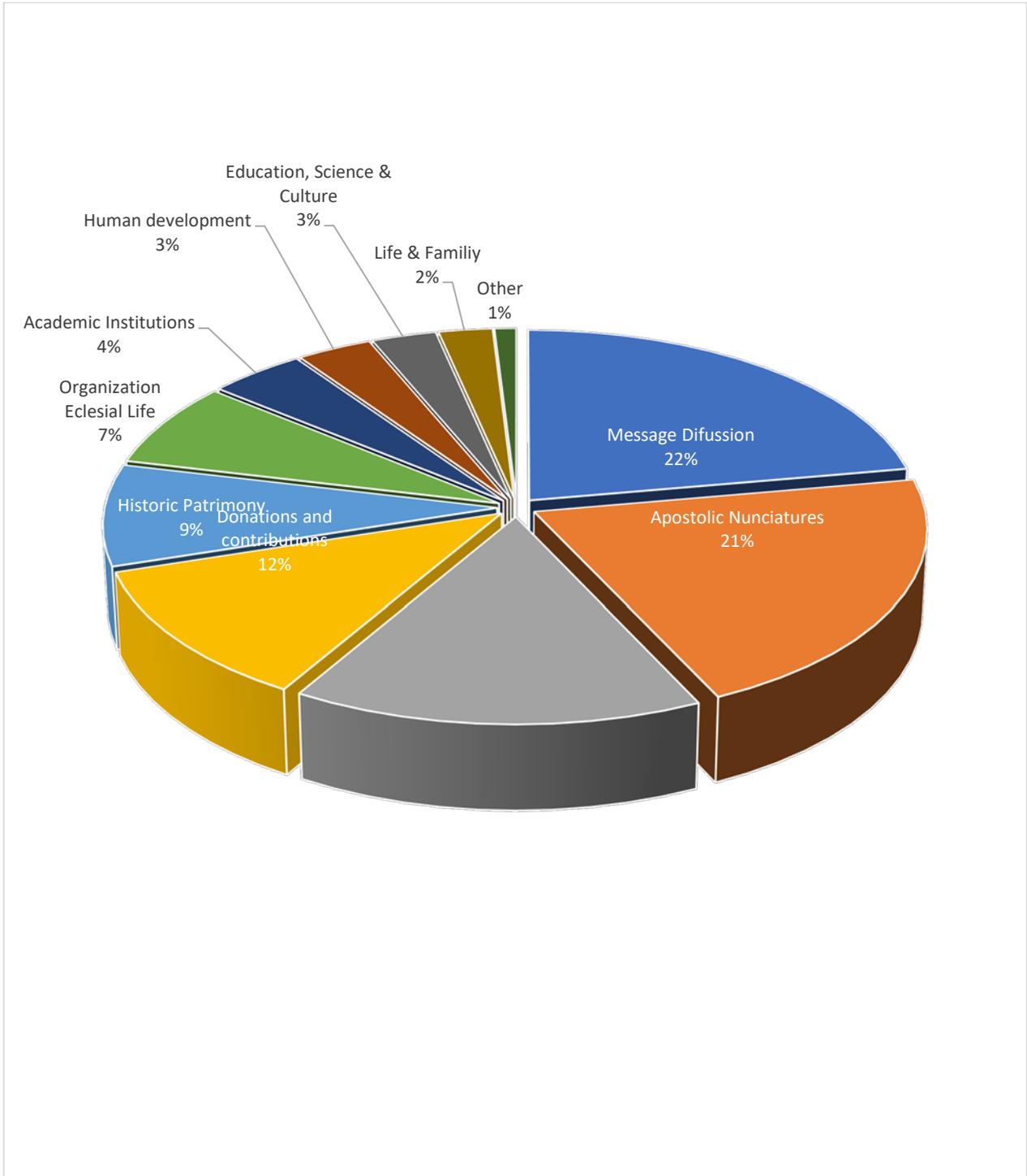
VATICAN CURIA CONSOLIDATED STATEMENT 2019

To conclude, in pursuance of mission of the Foundation and with specific reference to article 3 a) of its Statute that reads : « [The Foundation] promotes *informed knowledge* of the social teachings of the Church *and of the activity of the Holy See* among qualified and socially motivated business and professional leaders» I would like to provide some information concerning the Consolidated Financial Statement of the Roman Curia: Income Statement for the year 2019 and Balance Sheet as at 31st December same year.

Aggregate cost of Vatican Library, Oriental Churches, Evangelization of People, Apostolic Nunciatures in the world and Dicastery for Communication, do represent about 2/3 of total costs of Apostolic Mission by entities as per detail provided here below.



Apostolic Mission by Entities	M€	%
Dicastery of Communication	46	22%
Apostolic Nunciatures	43	21%
Evangelization of Peoples	22	11%
Oriental Churches	16	8%
Vatican Library	10	5%
Integral Human development	7	3%
Lateran University	7	3%
Apostolic Charity	5	2%
Tribunals	5	2%
Sacred Archeology	4	2%
Vatican Archives	4	2%
Doctrine of Faith	3	1%
Liturgic Celebration H.F.	3	1%
Laity, Family and Life	2	1%
Culture Council	2	1%
Clergy Congregation	2	1%
Saints Congregation	2	1%
Consacrated Life	2	1%
All Others	22	11%
TOTAL	207	100%



Apostolic mission by Concepts	M€	%
Message Difussion	46	22%
Apostolic Nunciatures	43	21%
Support Local Churches in difficulty and Specific Contexts of Evangelization	32	15%
Donations and contributions	24	12%
Historic Patrimony	18	9%
Organization Ecclesial Life	15	7%
Academic Institutions	9	4%
Human development	7	3%
Education, Science & Culture	6	3%
Life & Familiy	5	2%
Other	2	1%
TOTAL	207	100%

Balance sheet (€/000)	2019	2018	Variation
Assets	2.153.955	1.984.369	169.586
Cash and cash equivalents	372.892	305.859	67.033
Financial investments	1.055.130	987.041	68.089
Assets and investment Properties	640.366	609.503	30.863
Other activities	85.567	81.966	3.601
Liabilities and Net Equity	2.153.955	1.984.369	169.586
Financial liabilities	479.662	419.002	60.660
Other liabilities	272.013	262.697	9.316
Net Equity	1.402.280	1.302.670	99.610
Other reserves	1.413.389	1.377.931	35.458
Net deficit	(11.109)	(75.261)	64.152