



Annual Financial
Statements 2021
Annex

CBM Christoffel-Blindenmission
Christian Blind Mission e.V.

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General information

The annual financial statements as of 31st December 2021 have been properly prepared in accordance with German Generally Accepted Accounting Principles (HGB) pursuant to §§ 238^{ff.} and in observance of the IDW (German Institute of Certified Public Accountants) directive on the accounting for charitable organizations (IDW RS HFA 14).

The profit & loss account has been compiled using the total cost method. In accordance with the recommendations of the DZI (German Central Institute for Social Issues), expenses have been broken down into three categories consisting of program expenditure, fundraising expenditure, and administrative expenditure.

CBM prepares accounts like a large capital company in the sense of § 267 HGB. As a charitable corporation under § 5 Para. 1 No. 9 KStG (Corporate Tax Code), it is not subject to corporation tax because it solely and directly serves tax-privileged, benevolent purposes in the sense of §§ 51 ff. AO (General Tax Code). An exception is business operations which are subject to tax.

The accounting and valuation methods were retained unchanged. Comparability with the previous year is given despite the transfer of some Country Offices to CBM Global Disability Inclusion GmbH (CBM Global).

CBM is registered at Darmstadt Magistrates' Court under the number VR 20949.

Explanations on the balance sheet

I. Accounting and evaluation principles

Intangible assets

Intangible assets acquired by purchase are carried at historical cost. If they are subject to wear and tear, they are reduced by planned depreciation.

Tangible assets

Tangible assets are carried at historical cost or at the lowest value to be applied.

Exceptions are assets from gifts and legacies not acquired by purchase. They are posted as income at the time of their receipt. A value appraisal is obtained from an independent third-party expert to establish the value. A discount of 10 percent is deducted from the value. If a value cannot be established due to specific circumstances, such as position, type, proportion and charges, a value of EUR 1 is applied.

Minor-value items with a procurement value of greater than EUR 250.00 net and less than EUR 800.00 are written down to the full amount in their year of purchase.

Objects subject to wear and tear are depreciated linearly over their useful life. The normal period of operational use for business equipment depends upon the tax regulations, which correspond to the actual economic terms of use. Extraordinary depreciation is made if the time value to be applied is less than the book value on the balance sheet cut-off date. If the reasons for extraordinary depreciation made in previous years are no longer applicable, value additions are made.

Financial assets

Financial assets are assessed at historical costs or at the lowest value to be applied to them on the cut-off date. The Society makes use of the right of choice provided by § 253 (3), Clause 6, HGB and does not depreciate the fixed asset securities to the lowest rate in case of temporary value reduction. In case of permanent value reductions, depreciation is made to the lowest value to be applied. Value additions are made if the reasons for extraordinary depreciation made in previous years are no longer applicable.

Securities not acquired by purchase are assessed at the stock market or rate values at the time of their receipt, or at the lowest value to be applied to them on the cut-off date.

Other loans are stated at nominal values.

Stocks

Items in stock are carried at historical cost or at the lowest value to be applied to them.

Receivables and other assets

Trade receivables are assessed at the nominal amount.

Other assets are assessed individually and carried at their nominal amounts. They basically contain real estate from inheritances, which are up for sale (EUR 3,560,958.89).

Petty cash and credits with banks

Petty cash and credits with banks are applied at their nominal amounts.

Equity

Equity is exclusively composed of reserve funds and annual result. Effects from foreign currency conversion of assets and debts located in the country and regional offices are offset against the reserves with no effect on income.

Provisions

Provisions for pensions are determined actuarially using the Projected Unit Credit Method and carried in the liabilities section of the balance sheet in accordance with HGB. The pension obligation was assessed at the cash value of the proportionally acquired planned expectancies on the basis of the guideline tables 2018 G (RT 2018 G) from Prof. Dr. Klaus Heubeck and using an average market interest rate published by the German Bundesbank for the past 10 years of 1.87 percent p.a. as at 31st December 2021, in consideration of a flat-rate, residual term of the obligations of 15 years in accordance with § 253 (2), Clause 2 HGB and a pension index of 1.75 percent p.a. The difference between the assessment with the 10-year average interest and the assessment with the 7-year average interest pursuant to § 253 (6) HGB amounts to EUR 20,613.00 as per 31st December 2021. The provision for pension pledges of EUR 309,685.10 was balanced against the time value of the reinsurance to be applied (EUR 205,837.98), which corresponds to the continued procurement costs. The earnings gained from the reinsurance (EUR 4,712.00) were balanced against the interest expenditures from compounding the pension obligations (EUR 6,657.00).

Other provisions contain all the recognisable risks and uncertain obligations. The assessment was made with the likely fulfilment amount as part of a prudent, commercial judgement. In the case of provisions with a residual term longer than one year, account is taken of future price increases, cost rises and interest effects. The largest item consists of Income tax obligations for expatriated employees amounting to EUR 604,689.34, which CBM transfers to the local authorities. An additional amount of EUR 500,639.40 originates from regional and country offices. These primarily concern claims from employees, which they acquired against CBM during their working service period, and which are due for payment when the employees leave the company. The provision for land acquisition tax from inheritance resulting from the merger in accordance with the German Reorganization Act (Umwandlungsgesetz) still stands at EUR 257,604.84.

Partial retirement obligations were formed in accordance with the IDW accounting standard RS HFA 3. Top-up amounts for partial retirement have been reserved to the full at the beginning of partial retirement. Provisions for working wage and top-up amount were applied at cash value, whereby calculation was based upon guideline tables 2018 G by Prof. Dr. Klaus Heubeck and a calculated interest rate as per duration of 0.30 percent, 0.40 percent, 0.49 percent and 0.58 percent. The salary trend was 1.5 percent. This produces an amount to be fulfilled of EUR°1,239,418.00. In application of § 246 (2) HGB the time value (equals the procurement costs) of special assets was balanced at EUR 649,415.00 and was netted in the balance sheet. Regular additional amounts to provisions for partial retirement are recorded in personnel expenditure.

Liabilities

Liabilities were applied at their fulfilment amounts.

Liability relationships, financial obligations

There were no liability relationships at balance sheet cut-off date.

Contractually agreed longer-term financial obligations for normal operations (rent for offices, computer centre, software) are approximately EUR 0.6 million p.a. (previous year: EUR 1.1 million) (over the entire duration of the contracts in sum approx. EUR 1.1 million; term between 1 and 5 years).

Contractually agreed long-term - not yet fulfilled - financial obligations for project support to implementing partners amounts to EUR 103.4 million (previous year: EUR 80.3 million), of which EUR 59.4 million is due in 2022. A total of EUR 39.0 million (previous year: EUR 50.6 million) is covered by pledges from institutional donors, such as BMZ, EU, and CBM Italy. The difference of EUR 64.4 million is covered by existing financial reserves as well as expected future income from donations. The decrease in pledges from institutional donors is due to changes at CBM Australia, CBM UK and CBM Switzerland, among others, in connection with the transfer of some country offices to CBM Global. In the event of funding shortages, CBM has the right to adjust the contractually agreed pledges to project partners.

Foreign currency conversion

Petty cash, credits with banks, receivables and liabilities in foreign currencies were converted to EUR at average currency rate on last trading day of financial year. Conversion effects resulting from this are considered either as income or as expenses (not balanced).

Assets with residual terms of more than one year after the balance sheet cut-off date were assessed at the lowest currency cash rate on the balance sheet cut-off date. Liabilities in foreign currencies were assessed at the highest currency cash rate on the balance sheet cut-off date.

Balance sheets compiled by country and regional offices in foreign currencies were converted at the respective cut-off date rate. Profit & Loss accounts compiled in foreign currencies were converted at the respective average rate for the year. Foreign currency differences from the conversion of the equity of the country and regional offices are offset against the reserves with no effect on income.

II. Details regarding the balance sheet

Development of fixed assets (in EUR)

Development of fixed assets (in euro)							
		Intangible assets		Fixed assets			
		Concessions purchased, protected commercial rights and similar rights, values and licenses to such rights and value	Total	Land, rights equivalent to land and buildings	Technical plant and machinery	Other plant, operational and business equipment	Total
Acquisition costs	01.01.2021	2.710.226,61	2.710.226,61	379.789,60	1.194,36	5.037.240,73	5.418.224,68
	Additions	2.626,53	2.626,53	47.276,64	19.025,21	1.412.324,56	1.478.626,41
	Accruals	0,00	0,00	0,00	0,00	0,00	0,00
	Disposals	185.186,67	185.186,67	352,56	0,00	434.329,82	434.682,38
	Rate effect	20,84	20,84	-973,27	0,00	132.932,00	131.958,73
	31.12.2021	2.527.687,31	2.527.687,31	425.740,41	20.219,57	6.148.167,47	6.594.127,44
Depreciation	01.01.2021	2.486.466,02	2.486.466,02	198.103,61	0,00	3.071.904,78	3.270.008,40
	Additions	135.350,41	135.350,41	4.628,29	2.490,66	944.612,66	951.731,60
	Accruals	0,00	0,00	0,00	0,00	0,00	0,00
	Disposals	180.525,92	180.525,92	0,00	0,00	184.598,16	184.598,16
	Rate effect	-2.429,98	-2.429,98	1.014,48	0,00	-12.533,37	-11.518,89
	31.12.2021	2.438.860,52	2.438.860,52	203.746,39	2.490,66	3.819.385,91	4.025.622,95
Residual book values	01.01.2021	223.760,59	223.760,59	181.685,98	1.194,36	1.965.335,94	2.148.216,28
	31.12.2021	88.826,79	88.826,79	221.994,02	17.728,91	2.328.781,56	2.568.504,49

Development of financial assets

Development of financial assets (in euro)	Acquisition costs				As at 31.12.2021
	As at 01.01.2021	Additions	Disposals	Depreciation	
III. Financial assets					
1. Securities	42.192.819,31	8.092.331,89	0,00	0,00	50.285.151,20
2. Loans	81.967,58	99.249,46	45.335,42	0,00	135.881,62
	42.274.786,89	8.191.581,35	45.335,42	0,00	50.421.032,82

Development of receivables

Development of receivables and other assets (in euro)	Of which with a due date of			
	Total	up to 1 year	1 - 5 years	> 5 years
Trade receivables	343.194,74	343.194,74	0,00	0,00
Previous year	749.074,85	749.074,85	0,00	0,00
Other assets	957.494,07	957.494,07	0,00	0,00
Previous year	2.356.443,16	2.356.443,16	0,00	0,00
Total	1.300.688,81	1.300.688,81	0,00	0,00
Total previous year	3.105.518,01	3.105.518,01	0,00	0,00

Development of provisions

Development of provisions (in euro)	As at 01.01.2021	Utilisation	Dissolution	Addition	Compounding /discounting	Rate effect	As at 31.12.2021
1. Pension provisions	218.311,53	127.132,51	0,00	10.886,09	1.945,00	162,99	103.847,12
2. Tax provisions	689.618,86	246.357,86	186.513,63	53.649,40	0,00	-919,47	311.316,24
3. a. Other provisions	1.749.332,60	482.966,74	436.711,70	682.894,94	0,00	-5.823,07	1.518.372,17
b1. Partial retirement	973.100,38	81.193,87	0,00	347.511,49	0,00	0,00	1.239.418,00
b2. Coverage assets partial retirement	-311.061,60	0,00	0,00	-338.353,40	0,00	0,00	-649.415,00
c. Annuity	90.473,00	23.061,12	0,00	18.928,12	0,00	0,00	86.340,00
d. Overtime hours	270.240,30	270.240,30	0,00	302.865,76	0,00	0,00	302.865,76
e. Holidays	369.393,97	369.393,97	0,00	338.985,17	0,00	0,00	338.985,17
f. Legacies	771.663,38	149.000,00	5.000,00	81.787,00	0,00	0,00	699.450,38
	3.913.142,03	1.375.856,00	441.711,70	1.434.619,08	0,00	-5.823,07	3.536.016,48
	4.821.072,41	1.749.346,36	628.225,33	1.499.154,57	1.945,00	-6.579,55	3.951.179,84

Development of liabilities

Development of liabilities (in euro)	Total	Of which a due date of		
		up to 1 year	1 - 5 years	> 5 years
Liabilities to banks	0,00	0,00	0,00	0,00
<i>Previous year</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>	<i>0,00</i>
Trade liabilities	0,00	0,00	0,00	0,00
<i>Previous year</i>	<i>1.303.895,31</i>	<i>1.303.895,31</i>	<i>0,00</i>	<i>0,00</i>
Other liabilities	2.688.810,74	2.688.810,74	0,00	0,00
thereof: Taxes	218.187,55	218.187,55	0,00	0,00
<i>Previous year</i>	<i>7.007.020,47</i>	<i>7.007.020,47</i>	<i>0,00</i>	<i>0,00</i>
<i>thereof: Taxes</i>	<i>420.432,72</i>	<i>420.432,72</i>	<i>0,00</i>	<i>0,00</i>
Total	2.688.810,74	2.688.810,74	0,00	0,00
<i>Total previous year</i>	<i>8.310.915,79</i>	<i>8.310.915,79</i>	<i>0,00</i>	<i>0,00</i>

Explanations on the profit & loss account

Profit & loss by spheres (in consideration of the DZI administration cost concept for organizations collecting donations):

	Charitable sphere and charitable like sphere				
	Programs expenditures	Fundraising	Administration	Sum of fundraising & administration	Sum
1a. Donations and endowments	265.245.313				265.245.313
1b. Turnover	21.399				21.399
2. Other operating income	8.160.748	24.676	440.033	464.709	8.625.457
Sum of income (Nos. 1a, 1b and 2)	273.427.460	24.676	440.033	464.709	273.892.169
3. Project support	204.314.996				204.314.996
4. Personnel expenses	19.036.350	6.196.176	4.370.722	10.566.898	29.603.248
5. Depreciation	752.303	144.389	190.390	334.779	1.087.082
6. Other operating expenses	10.147.098	22.209.304	3.136.240	25.345.544	35.492.642
Sum of expenditures (Nos. 3 to 6)	234.250.746	28.549.869	7.697.353	36.247.221	270.497.967
7. Financial result	5.957		-60.340	-60.340	-54.382
8. Taxes on income and on earnings					
9. RESULT AFTER TAX / ANNUAL RESULT	39.182.671	-28.525.192	-7.317.660	-35.842.852	3.339.819

*N.B.: The money donations (without material donations and gratuities from other organisations) are 71,190,725 euros (previous year: 67,820,284 euros)

Profit & loss by spheres (in consideration of the DZI administration cost concept for organisations collecting donations)	Charitable sphere and charitable like sphere	Business operations	Asset management	Sum CBM 2021	Sum CBM 2020
	Sum				
1a. Donations and endowments	265.245.313			265.245.313	309.450.825
1b. Turnover	21.399	68.648	4.284	94.331	85.578
2. Other operating income	8.625.457		661.969	9.287.425	46.229.120
Sum of income (Nos. 1a, 1b and 2)	273.892.169	68.648	666.252	274.627.069	355.765.523
3. Project support	204.314.996			204.314.996	250.980.933
4. Personnel expenses	29.603.248			29.603.248	26.100.765
5. Depreciation	1.087.082			1.087.082	992.153
6. Other operating expenses	35.492.642		150.737	35.643.379	30.936.884
Sum of expenditures (Nos. 3 to 6)	270.497.967		150.737	270.648.704	309.010.734
7. Financial result	-54.382		149.476	95.094	611.392
8. Taxes on income and on earnings					
9. RESULT AFTER TAX / ANNUAL RESULT	3.339.819	68.648	664.991	4.073.459	47.366.180

Emergency relief donations received are accounted for as income in accordance with the accounting principles for fundraising organizations as per IDW RS HFA 21. Further income from donations in the current year are set against expenses for project support in the same period.

Legacies and bequests are recorded as income at the time that funds are received. In case of real estate, this is recorded with the entry of CBM as owner in land register, see "Accounting and evaluation principles / Intangible assets".

Donations in kind are accounted as income at time that power of disposal was taken over or at time of forwarding to third parties. If donations in kind were granted in foreign currency, they are converted using the exchange rate at time when they were accounted.

Endowments from public donors are recorded as income at time of receipt.

Other operating income of EUR 9,287,425.31 (previous year: EUR 46,229,119.99) contains non-periodic income of EUR 553,791.05 (prev. year: EUR 39,601,351.79).

Income from exchange rate gains totalled EUR 627,046.23 (prev. year: EUR 173,322.57).

Non-periodic expenditure of EUR 73,266.89 resulted from additional payments for the closed office in Brussels and cost reimbursements for 2020.

Other operating expenditures contain expenses from currency conversions of EUR 172,942.64 (prev. year: EUR 1,700,072.21).

Financial result contains expenditures of EUR 6,657.00 (prev. year: EUR 768.00) for provision compounding.

Legally dependent foundations

Development of legally dependent foundations:

Development of legally dependent foundations (in euro)	Foundation capital as at 01.01.2021	Foundation capital as at 31.12.2021	Donations 2021	Annual result 2021	Donations to CBM 2021
Ernst-Christoffel Foundation	11.719.711,32	12.447.934,88	728.223,56	-107.298,91	150.000,00
Ernst-Scheschonk Foundation	371.144,44	371.144,44	0,00	-7.458,96	8.000,00
Abbas und Margarete Shah-Mohammedi-Stiftung für Blinde	762.615,00	763.235,00	620,00	1.065,18	0,00
Sum	12.853.470,76	13.582.314,32	728.843,56	-113.692,69	158.000,00

Thanks to donations, asset stock of the Ernst-Christoffel-Stiftung rose by EUR 728,223.56 to EUR°12,447,934.88. In total, the Ernst-Christoffel-Stiftung contains 19 foundation funds with an overall volume of EUR 3,103,148.29. The Ernst-Christoffel-Stiftung donated EUR 150,000.00 to CBM.

The Ernst-Scheschonk-Stiftung dedicated (or committed) EUR 8,000.00 in 2021 to support the MAHITA Eye Health project in Madagascar.

Asset stock of the Abbas-und-Margarete-Shah-Mohammedi-Stiftung for the Blind, which supports blind and visually handicapped people in the Middle East, rose by EUR 620.00 to EUR 763,235.00 thanks to donations.

Other information

Executive Management

Executive Management consists of following members:

Dr. Peter Schießl (Fundraising & Administration)

Dr. Rainer Brockhaus (Communication & Programmes)

Including all components of salary (gross annual salary, company car and additional pension benefits), total remuneration for Executive Board is EUR 138,377.88 (Dr Peter Schießl) and EUR°138,789.31 (Dr Rainer Brockhaus).

Ranges of gross salaries in CBM in Germany are as follows:

Ranges of gross salaries in Germany (in euro)	Bottom value	Average value in total	Top value
Management level*	72.614	91.680	116.145
Team leadership	48.922	67.781	81.511
Clerical work/experts	33.285	55.235	76.169

*Head of department, director of division

Supervisory Board elected by the member association comprises the following members:

Dr. Siegfried Fischer (Chair)	Self-employed corporate advisor, Flörsheim
Dr. Amichia Biley (dep. Chair)	Executive MBA Finance, Pulheim
Dr. Nina Roßmann (dep. Chair)	Judge, Bensheim
Markus Bohni	Investment consultant and interim manager, Bad Soden (since 09/2021)
Gertrud Bohrer	Graduate psychologist, Lauf
Claus Duncker	Director of the German Blind Studies Institute, Marburg
Dr. Benjamin Härte	Pastor, Pulheim (since 09/2021)
Dr. Peter Heesch	Lawyer, Heidelberg
Christoph Huppenbauer	Pastor (retired), Neustadt in Holstein (until 09/2021)
Dr. Michael Rabbow	Doctor of general medicine, Seeheim-Jugenheim (until 09/2021)
Karl Starzacher	Lawyer, Lich (until 09/2021)
Dr. Volker Thiedemann	Pastor (retired) and Lawyer, Breiholz (since 09/2021)

In return for the presentation of vouchers for actual costs incurred (travel and accommodation expenses), EUR 1,632.86 was reimbursed to members of Supervisory Board in connection with committee sessions.

Total fee for the auditor

Expenditure for auditor was EUR 158,433.90. This is broken down into EUR 106,401.80 for audit services, EUR 24,297.25 for tax consultancy and EUR 27,734.85 for audit-related advisory services.

Employee figures:

Personnel	Heads per 31.12.2021	Ø Heads 2021	Full-time equivalents per 31.12.2021
Fundraising & administration	196	191	179
Communication & programmes	423	464	407
Total	619	655	586

The declaration on the Corporate Governance Code is published under www.cbm.de.

Annual result

It is suggested that result for the year be added to the reserve fund.

Subsequent report

The war in Ukraine, which began on 24 February 2022, has had a significant negative impact on the global economy. With regards to possible risks arising from this in relation to the association's assets, financial position and earning situation, we refer to the comments in the management report under item "3.5 Russia-Ukraine war".

No other events of particular significance requiring mention occurred after the conclusion of the fiscal year 2021.

Bensheim, dated 29 April 2022

Dr. Rainer Brockhaus

Dr. Peter Schießl

CBM Christoffel-Blindenmission Christian Blind Mission e. V



Annual Financial
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Management Report

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Rounding-off differences to the exact mathematical values (money units, percentages etc.) can occur in tables and references for technical reasons.

1 Fundamentals of CBM

1.1 Completion of restructuring as part of the merger of CBM Christoffel-Blindenmission Christian Blind Mission e.V. and Christoffel-Blindenmission Deutschland e.V.

A number of special considerations must be taken into account when comparing the reporting year 2021 with the previous year 2020.

These are:

- In the 2020 financial year, annual financial statements were compiled for the first time after the merger of the former Christoffel-Blindenmission Deutschland e.V. (CBM-D) into CBM Christoffel-Blindenmission Christian Blind Mission e.V. (CBM) in accordance with regulations of German Generally Accepted Accounting Principles.
- As of 1 March 2020, ownership of the Stubenwald property was transferred to the CBM Stiftung (Foundation).
- In 2021, some country offices were transferred free of charge to CBM Global Disability Inclusion GmbH (CBM Global) in conjunction with the merger. The offices transferred included the country offices of Bolivia, Burkina Faso, Madagascar, Indonesia, Laos, Nepal and the Philippines. The transfer of the Bangladesh office occurred on 1 February 2022. CBM Global is a non-profit organization of former CBM member organizations, independent of CBM.

1.2 Business model

CBM Christoffel-Blindenmission Christian Blind Mission e.V. is an international non-governmental organization active in the field of development aid. Based on Christian values, it works to improve the lives of people with disabilities living in the poorest regions of the world.

CBM not only provides medical aid and enables prevention and rehabilitation, it also works towards a comprehensive realisation of human rights and the full social participation of people with disabilities. This includes equal opportunities for education and employment.

CBM invites people with an interest to help fulfil this mission and bring about an inclusive world through their personal dedication and financial commitment - whether this be as a donor, ambassador, member or supporter of political campaigns.

With its political work, CBM seeks to achieve, that rights of people with disabilities are considered in development policies - and that this is also financed.

CBM is responsible for program work in developing countries financed by private and institutional donors which is implemented through its own structure and local partner organizations (charities) in countries of the global south.

CBM adds value by bundling energy and resources of people and institutions with the same kind of interests. Moreover, CBM contributes its expert knowledge, acquired over many years in development aid and disability. It thereby supplements and strengthens the commitment of its supporters.

1.3 Strategy and objectives

In order to bring about the vision of an inclusive world for an even greater number of people, we are working to expand CBM’s scope for action. The goal of CBM is to become the leading international organization in inclusive development aid.

Key elements of implementation:

- Donor orientation and a strong brand are levers for constantly providing more resources for the program work in Africa, Asia and Latin America.
- We concentrate our efforts on the fields of community-based inclusive development (CBID) and inclusive eye health (IEH). Additionally, providing aid in humanitarian crises remains an important cross-cutting activity.

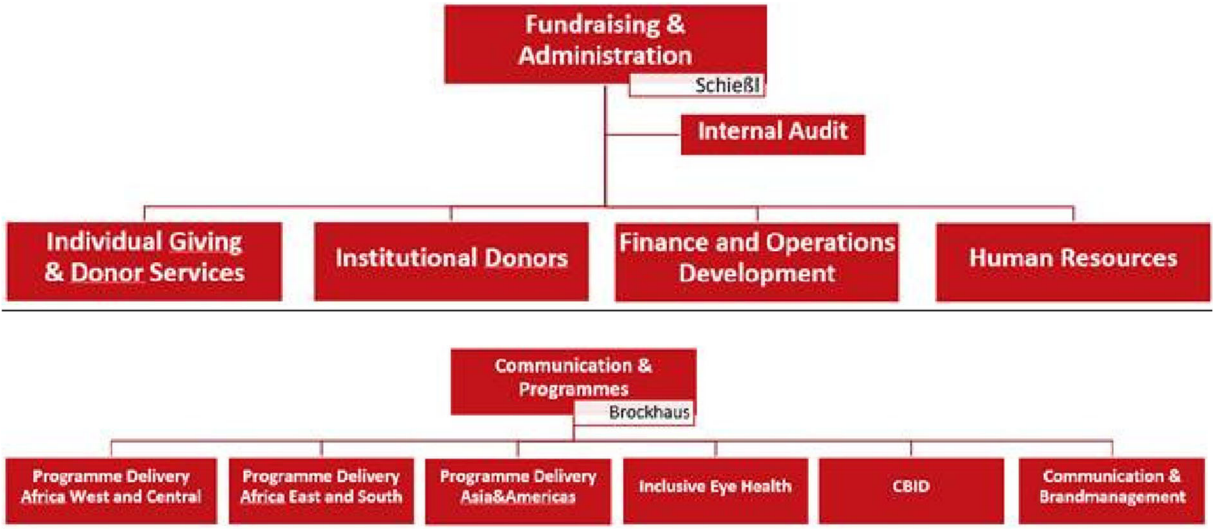
Apart from generating on-going income, there are sufficient financial reserves available to implement the strategy.

We try to keep the ratio of fundraising and administration expenditures as low as possible compared to overall expenses as defined by the requirements of the German Central Institute for Social Issues (DZI).

1.4 Governance

Structure

CBM is managed by two Chief Executive Officers. A total of ten divisions and a specialist team for Internal Audit are organized (as of 31st December 2021) in the following structure.



CBID – Community Based Inclusive Development

Organization abroad

Following the transfer of seven country offices to CBM Global, CBM has twenty-four offices in Africa, Asia and Latin America, which are assigned to the respective divisions for program delivery. The offices develop projects on-the-spot in close cooperation with local implementing partners, monitor implementation of projects, promote advocacy work for people with disabilities and ensure CBM's work is integrated into the policies of the respective governments and coordinated with other development organizations.

Governance

CBM has 60 individual persons as members who support CBM through their voluntary work in the yearly (at a minimum) general meeting, in the Supervisory Board and in the committees of the Supervisory Board. The general meeting is responsible for matters of principle, for discharging the Executive Board and for electing the Supervisory Board.

CBM is a member of Diakonie Hessen-Diakonisches Werk in Hessen und Nassau und Kurhessen-Waldeck e.V. This entails the right of the Evangelical Church in Hesse and Nassau (EKHN) to appoint a representative to the Supervisory Board. According to the statutes, the Supervisory Board consists of 6 to 9 persons elected by the General Meeting and the representative of the EKHN.

Supervisory Board nominates the full-time Chief Executive Officers and monitors their work. Supervisory Board approves strategic plans, annual budget, annual financial statements and investment guidelines proposed by the Chief Executive Officers.

Chief Executive Officers manage the daily business. Real estate transactions, loans and transactions with a particularly high risk must be approved in advance by Supervisory Board.

Related charitable organizations

CBM Christoffel-Blindenmission Christian Blind Mission e.V. is the sole member of Christian Blind Mission International (CBM USA) and Christian Blind Mission Ending Tropical Diseases (CBM ETD) in the USA:

- CBM USA raises funds from institutional donors and private donors in the USA. Dr Peter Schießl represents CBM Christoffel-Blindenmission Christian Blind Mission e.V. on the Board of CBM USA.
- Through CBM ETD, CBM receives large donations of medicines to fight neglected tropical diseases

CBM is the founder of the CBM Stiftung (Foundation) based in Bensheim, Germany. The founder nominates members of the Advisory Board, who nominates and supervises the Executive Board. The Advisory Board is composed of Dr. Peter Schießl and Dr. Rainer Brockhaus. The independent foundation has the same statutory objectives as CBM and intends to make an attractive offer to donors and foundations, with a range of services from sub-foundations to the administration of foundations with a similar purpose. CBM Stiftung owns the property at Stubenwald-Allee 5 in Bensheim and leases it to CBM. The funds of the foundation are used for projects developed and monitored by CBM.

CBM is the founder of Christoffel Blindenmission Österreich - Gemeinnützige Stiftung (CBM Austria). The founder nominates members of the Supervisory Board of the foundation, which appoints and supervises the foundation's Executive Board. The foundation's Supervisory Board is composed of Dr. Rainer Brockhaus and Dr. Peter Schießl. The foundation pursues the same goals as CBM and is supported by CBM. The goal is to develop the donor base in Austria in the long term by way of appropriate fund-raising and to thereby obtain additional funds for projects developed and monitored by CBM.

In Italy, Kenya, Australia, New Zealand, Ireland, the United Kingdom and Switzerland, there are a number of organizations that use "CBM", "Christoffel Blindenmission" or "Christian Blind Mission" in their names. These are not linked to CBM via joint governance. They provide CBM with funds for project work. These organizations are hereinafter referred to as "Other CBM Organizations".

2 Economic report

2.1 Trends in relevant public donor markets

The German Ministry for Economic Cooperation and Development (BMZ) and the German Foreign Office are currently the two most important public donors for CBM. The volume of funding from the European Commission stagnated in 2021, and a lengthy delay in the allocation of funding from the new EU budget also had an impact. As expected, the first funding from the US government (USAID) flowed in in 2021 following the launch of three projects.

BMZ – development cooperation projects

BMZ's total budget remained stable at the previous year's level of EUR 12.4 billion. The budget title for German private project executing agencies and civil society projects experienced a significant increase of over 40 percent to a total of more than EUR 217 million, which enabled CBM to successfully place a whole series of additional project applications. BMZ considers the increased funding under this budget title to be permanent and financed in the next few years through commitment appropriations.

BMZ - transitional aid

The total portfolio for BMZ transitional aid in 2021 was just under EUR 560 million, including EUR 189 million for projects by non-governmental organizations. A total of 40 new projects at a value of EUR 171 million were approved, as well as regular top-ups of ongoing projects at EUR 18 million.

German Foreign Office

The German Federal Foreign Office's budget for humanitarian aid was EUR 2.1 billion in 2021. Germany is the second largest donor of humanitarian aid. All humanitarian funds are channelled through UN organizations, the International Committee of the Red Cross (ICRC) and non-governmental organizations.

European Commission

The new EU financial framework was already adopted at the end of 2020. This includes the budget title "Global Europe: Neighbourhood, Development and International Cooperation Instrument" with almost EUR 80 billion for the years 2021 to 2027. Conceptualisation of the program on a thematic and country basis took the whole of 2021 and is still ongoing; according to statements by the Commission, the first calls for tenders under this budget title are expected in the second half of the year.

ECHO

As part of CBM's efforts to diversify donors for its humanitarian work, a pre-assessment was prepared for the EU Commission's Directorate-General for Civil Protection and Humanitarian Aid (ECHO), which is a prerequisite for the application for a framework contract partnership. CBM will be entitled to propose project applications for funding after a successful assessment.

2.2 Trends in the German private donor market

A study issued by the Association for Consumer Research (GfK) in March 2022 (www.spendenrat.de/spendenninfos/bilanz-des-helfens-2022) reports donations in 2021 of EUR 5.8 billion. That is an increase of 6.8 percent compared to the previous year. It was the best year since the survey started in 2005.

The number of those willing to donate in Germany has increased, contrary to the longer-term trend. Twenty million people donated in 2021. That is one million or 5 percent more than in the previous year. The donor range (share of donors in the population) has increased by 1.6 percentage points to 30.1 percent. Donation frequency is still at seven times a year and the average donation per act of donation has risen from EUR 40 to EUR 42.

The strong influence of the flood disaster in Germany in July 2021 can be seen in the development of donations during the year and in the distribution of the donation purposes. The volume of donations declined by 5 percent cumulatively by the middle of the year, while in the third quarter of the year, compared to the same months of the previous year, growth rates of 73 (July), 42 (August) and 27 (September) percent were recorded. The volume of donations for emergency and disaster relief increased by EUR 496 million to EUR 1,222 million, while other purposes more or less stagnated or declined significantly. Illness and disability donations totalling EUR 381 million in 2021 were 17.1 percent less than in the previous year (EUR 460 million).

2.3 Business development

Important events in financial year

The most significant performance indicators for CBM are cash donations, endowments from public donors, project support via payments to partners and the DZI ratio, which limits fundraising and administration expenditures relative to total expenditures:

- Cash donations equalled the previous year's level at EUR 99.0 million (previous year: EUR 98.5 million).
- Endowments from public donors increased to EUR 13.6 million (previous year: EUR 9.7 million).
- Project support via payments to partners increased to EUR 70.3 million (previous year: EUR 56.6 million).
- DZI ratio was 13.4 percent (incl. donations in kind) for 2021 (previous year: 10.4 percent).

Result for financial year

The following is a comparison of fiscal year 2021 versus fiscal year 2020:

Operational result (in k-euro)	Charitable sphere	Business operations	Asset management	Sum 2021	Sum 2020
Income	273.892	69	666	274.627	355.766
Expenditures	270.498	0	151	270.649	309.011
Financial result	-54	0	149	95	611
Annual result (Sum of income, expenditures, financial result and taxes)	3.340	69	665	4.073	47.366
Annual result without special effects 2020 (Dissolution of provision due to merger / transfer of real estate to CBM Stiftung)	3.340	69	665	4.073	10.158

*All values are commercially rounded-off

*NB.: The charitable sphere also contains the charitable like sphere

In 2021, CBM's income decreased by EUR 81,138 thousand to EUR 274,627 thousand (previous year: EUR 355,766 thousand):

- Donations in kind from the Mectizan Donation Program (MDP) dropped by EUR 47,722 thousand to EUR 133,971 thousand (previous year: EUR 181,694 thousand).
- Excluding donations in kind from the Mectizan Donation Program (MDP), the income increased by EUR 4,421 thousand to EUR 140,656 thousand (previous year: EUR 136,235 thousand). This is mainly due to additional endowments from public donors.

CBM expenses decreased by EUR 38,362 thousand to EUR 270,649 thousand (previous year: EUR 309,011 thousand):

- In line with the change in income, a decrease in expenses of EUR 47,722 thousand was recorded for donations in kind from the Mectizan Donation Program (MDP).
- This is offset by an increase of EUR 13,755 thousand in project support via payments to partners and an increase of EUR 3,502 thousand in personnel expenses.

The year-end result is EUR 4,073 thousand (previous year without special effects EUR 10,158 thousand). This increased the liquid funds and thus had a positive effect on CBM's financial reserves. The financial reserves serve to meet the contractually agreed longer-term -not yet fulfilled- obligations from projects with implementing partners. These are currently EUR 103,414 thousand (previous year: EUR 80,336 thousand), of which EUR 38,975 thousand (previous year: EUR 50,565 thousand) are covered by commitments from institutional donors such as BMZ, EU, CBM Italy, CBM Australia, CBM UK. The difference of EUR 64.4 million is covered by existing financial reserves as well as planned and expected future income from donations. The reduction in pledges from institutional donors results from changes at CBM Australia, CBM UK and CBM Switzerland, amongst others, in connection with the transfer of the country offices to CBM Global. In the event of funding shortages, CBM has the right to adjust the contractually agreed commitments to project partners.

CHARITABLE SPHERE:

Donations, endowments, turnover and other operating income

Charitable sphere: Cash donations (without donations in kind MSD)

While private donors in Germany, foundations and service clubs as well as companies all recorded high growth rates, donations from other CBM organizations declined.

We reacted to the Corona-related restrictions for fundraising activities with personal presence (events, street advertising) by expanding online activities and media advertising for donations.

International cooperation with foundations and other organizations was further strengthened. For example, CBM received EUR 2.1 million from END FUND, EUR 1.5 million from Crown Agents and EUR 1.4 million from Sightsavers to fight neglected tropical diseases.

Donations collected

in k-euro	2020	2021	Change 2021/2020	in %
Cash donations	98.457	98.963	505	0,5%

thereof:

Private donors	66.889	69.966	3.077	4,6%
Foundations and service clubs	6.227	9.781	3.554	57,1%
Companies	1.467	1.645	178	12,1%
CBM USA, CBM Stiftung and CBM Austria	6.359	2.858	-3.501	-55,1%
Other CBM organisations	17.515	14.713	-2.803	-16,0%

*All values are commercially rounded-off

Donations from private donors included EUR 420 thousand from Bündnis Entwicklung Hilft - Gemeinsam für Menschen in Not e.V.. These are stated as donations for emergency aid.

Donations for emergency response totalled EUR 1,432 thousand (previous year: EUR 2,710 thousand). They are accrued in project liabilities as "Donations of the financial year accrued". In 2021, project liabilities were reduced and increased income by EUR 2,021 thousand (previous year: EUR 1,965 thousand).

Charitable sphere: Donations and endowments

Donations and allowances are as follows for the last two years:

in k-euro	2020	2021	Change 2021/2020	in %
Cash donations	98.457	98.963	505	0,5%

1. Donations and endowments

a1) Cash donations - accrued income	97.712	99.551	1.839	1,9%
a2) Donations in kind	181.694	133.971	-47.722	-26,3%
b) Legacies and bequests	20.141	17.839	-2.301	-11,4%
c) Court fines	185	239	54	29,5%
d) Endowments from public donors	9.720	13.644	3.925	40,4%
Sum	309.451	265.245	-44.206	-14,3%

*All values are commercially rounded-off

Donations in-kind are basically the Mectizan Donation Program, the drug donation program to combat onchocerciasis (river blindness) of Merck Sharp & Dohme (MSD). As donations in kind are passed on directly, these earnings are offset against project expenses in the same amount.

Income from legacies and bequests decreased by EUR 2,301 thousand to EUR 17,839 thousand. The amount of income from legacies and bequests can strongly fluctuate year by year, depending on the number of large legacies and bequests (over EUR 250 thousand). The decisive factor for the decrease was a single case of over EUR 4.5 million in 2020, whereas in the year 2021 a case of similar magnitude did not occur.

In 2021, CBM received a total of EUR 13,644 thousand (previous year: EUR 9,720 thousand) endowments from public donors.

Charitable sphere: Other operating income

Other operating income is EUR 9,287 thousand (previous year excluding special effects: EUR 8,392 thousand).

This includes EUR 4,643 thousand from contributions from other CBM organizations to cover expenses of CBM for project development and monitoring.

Charitable sphere: Program expenditures

Program expenditure is as follows for the last two years:

Expenses for programme work

in k-euro	2020	2021	Change 2021/2020	in %
a) Project support	250.709	204.315	-46.394	-18,5%
a1) Payments to partners	56.589	70.344	13.755	24,3%
a2) Donations in kind	194.120	133.971	-60.149	-31,0%
b) Programmatic (own) expenses	26.061	29.930	3.869	14,8%
b1) Project implementation	7.797	8.102	306	3,9%
b2) Advocacy and awareness raising	5.860	3.345	-2.515	-42,9%
b3) Capacity building of partners*	12.404	18.482	6.079	49,0%
b4) Project development and monitoring				
Total	276.769	234.245	-42.524	-15,4%

*All figures are commercially rounded

*Since 2022 data are collected for b3) and stated separately in the next financial statement

Charitable sphere: Project support

Project support includes payments to partners and donations in kind, which are forwarded to partner organizations or target groups.

Donations in kind mainly result from the Mectizan Donation Program. These donations in-kind are provided to the Health Ministries in affected countries. In addition, CBM arranges actions required for distribution and quality assurance along the supply chain.

In 2021 EUR 204,315 thousand was spent on project support, of which EUR 18,498 thousand went to Asia, EUR 176,101 thousand to Africa, EUR 3,862 thousand to Latin America and EUR 5,853 thousand to interregional work. Compared to the previous year, this corresponds to a reduction of EUR 46,394 thousand, the main driver being the EUR 47,722 thousand reduction in drug donations from the Mectizan Donation Program of Merck Sharp & Dohme (MSD).

Charitable sphere: Project implementation

Project implementation includes expenses incurred by CBM for resources and activities that are part of the project plans agreed with the partners. This includes, for example, material resources such as vehicles, which are made available to partners for the duration of projects or lobbying by CBM staff with authorities and governments in conjunction with projects.

CBM spent EUR 8,102 thousand on project implementation (previous year: EUR 7,797 thousand).

Charitable sphere: Advocacy and awareness raising

Advocacy and awareness raising includes training courses, campaigns, distributing information to experts, raising awareness in the broader public and to political institutions as far as it does not take place in the countries of the Global South.

CBM spent EUR 3,345 thousand (previous year: EUR 5,860 thousand) on advocacy and awareness raising. The decrease is mainly due to the reviewed and adjusted allocation of costs according to the DZI concept for advertising and administrative costs in conjunction with the merger.

Charitable sphere: Capacity building for partners/ project development and monitoring

Capacity building for partners includes expenses for capacity building of partners.

Project development and monitoring includes expenses for development and planning of projects with implementing partners as well as monitoring and control activities. Evaluation of impact is reported in this category.

Expenses largely arise in the country and regional offices and in CBM's initiatives.

CBM spent EUR 26,585 thousand (previous year: EUR 20,200 thousand).

Charitable sphere: Fundraising expenditures

Fundraising expenditures are related to fundraising, advertising, public relations, marketing, communication, and promotion.

The underlying activities serve to generate income and help to make the organization better known (incl. strengthening the brand and increasing visibility of CBM's work).

Through advertising and public relations activities, CBM informs stakeholders about humanitarian situations in which it wants to intervene, explains the needs, and presents the social, communal, political or environmental conditions of its program work.

CBM expended EUR 28,550 thousand (previous year: EUR 19,195 thousand). Causes for the increase were:

- The reviewed and adjusted allocation of costs in accordance with the DZI concept for fundraising and administrative costs, in conjunction with the merger,
- Increased staff in fundraising to support the planned growth,
- An increase in support for CBM Austria's planned growth, and
- Higher postage charges from Deutsche Post (German Mail).

Charitable sphere: Administration expenditures

Administration expenditures ensure that basic operational functions like HR, IT, Finance, Compliance and Internal Audit are available to support the realization of the organization's charitable purposes.

CBM expended EUR 7,758 thousand (previous year: EUR 12,956 thousand) for Administration in 2021. The reduction compared to previous year was the result of the following:

- The reviewed and adjusted allocation of expenses in accordance with the DZI concept for fundraising and administrative expenses, in conjunction with the merger,
- The reduction in the number of staff and the reduction of other operating expenses at the Bensheim location as a result of the merger,
- The reduction in external consulting expenses.

CHARITABLE LIKE SPHERE

Within German tax regulations selected economically focused activities must be shown separately from the charitable sphere. These activities are charged to customers with no or a special rate of value-added tax. Income and expenses for these activities are reported under the so called CHARITABLE LIKE SPHERE.

CBM in Germany trains other non-governmental organizations in inclusive development aid. This activity is one of the charitable purposes of the organization according to its bylaws and therefore part of the Charitable like sphere.

The surplus was EUR 21 thousand (previous year: EUR 29 thousand).

BUSINESS OPERATIONS

Offering opportunities for sponsoring or services against fee are for profit business activities according to German tax regulations (fully subject to income and value added tax). Income and expenses for these activities are reported under BUSINESS OPERATIONS.

In CBM's business operations, income and expenses primarily arise from sponsoring.

The surplus was EUR 69 thousand (previous year: EUR 50 thousand).

ASSET MANAGEMENT

Financial investments of charities and foundations fall within German tax regulations under no or a special rate on value-added tax. This sphere is exempt from income taxes. Income and expenses for these activities are reported under ASSET MANAGEMENT.

As main part of asset management, CBM invests financial reserves in a special purpose vehicle (SPV) which was established in January 2017.

Real estate properties and real estate funds, which were given to CBM as legacy or bequest are part of the asset management sphere. If possible real estate properties are sold immediately.

The surplus was EUR 665 thousand (previous year: EUR 716 thousand).

Investments and financing

No large-scale investments in fixed assets were made in 2021. Expenses in connection with the further development of the IT System Salesforce and the implementation of the IT-System Business Central are directly accounted for in the profit & loss account.

2.4 Income

Explanations on the income are contained in chapter 2.3 Business development under "Result for financial year".

2.5 Liquidity and financials

With financial investments amounting to EUR 74,677 thousand (previous year: EUR 77,011 thousand) CBMs has adequate liquidity.

Liquidity serves to compensate short-term and long-term variations in income and thus ensures continuity in project support and

- Obligations to implementing partners for project support can be fulfilled. These currently amount to EUR 103,414 thousand (previous year: EUR 80,336 thousand), of which EUR 38,975 thousand (previous year: EUR 50,565 thousand) are covered by pledges from institutional donors such as BMZ, EU and other CBM organizations.
- Liquidity ensures that liabilities due in the short-term of EUR 4,545 thousand can be satisfied.

In the event of funding shortages, CBM has the right to adjust the contractually agreed commitments to project partners.

The ability to pay – even for large call-ups for payments – for project support due, was met at all times in 2021.

The main reasons for the reduction in liquidity are the increased outflow of funds to project partners and the transfer of seven country offices to CBM Global.

2.6 Assets

The balance sheet total is almost unchanged at EUR 82,614 thousand (previous year EUR 82,574 thousand).

Financial assets increased significantly due to the shift in free liquidity. Long-term financial assets include EUR 50,285 thousand (previous year: EUR 42,193 thousand) invested in a special purpose vehicle (SPV). Market value of the SPV stands at EUR 61,393 thousand (previous year: EUR 47,447 thousand).

The following investment guidelines exist for the SPV:

- Allowed investments are classified as low-risk or more volatile components. Low-risk investments must make up at least 40 percent of the assets. More volatile investments can be done up to 60 percent of assets, of which a maximum of 50 percent may be invested into shares.
- Share of non-Euro currencies may not be higher than 30 percent (for the purpose of international risk diversification).
- Investments must comply to the guidelines for ethically sustainable financial investments made by the German Protestant Church.

The investment guideline was complied with and to the full extent in 2021.

Due to the annual result CBM's equity rose to EUR 74,118 thousand (previous year: EUR 69,442 thousand). This equals an equity rate of 90 percent (previous year: 84 percent).

Provisions decreased by EUR 870 thousand to EUR 3,951 thousand (previous year: EUR 4,821 thousand). This is largely due to utilised and released provisions for taxes and lower other provisions.

Overall view

In the past financial year, CBM made progress compared to 2020 both in terms of donation income and in the main areas of fundraising and program work. In both areas, the planning was clearly exceeded.

The operative integration of CBM-D and CBM has largely been completed.

3 Prognostic report

3.1 Development of program work

Countries of the global South where CBM is active continue to be affected by Corona. By now CBM and its local partner organizations have adapted well to the new conditions under which they have to operate.

The measures initiated to simplify processes, the introduction of new tools for better monitoring and the steps to expand capacity will be further developed. These measures are necessary in order to be able to provide high-quality program work in the long term.

They will be implemented through targeted investments and flexible handling of the program budget.

3.2 Development of fundraising

Acquisition and bonding of donors remains a huge issue for CBM. The targeting of new donor groups is being strengthened by tailoring content and expanding online, direct response TV and face-to-face channels. We will use the IT System Salesforce, introduced in 2020, to tailor content to target groups and to manage communication over time through Donor Journeys. We will continue to strengthen our personnel resources, particularly with regards to digital formats and online channels.

In the area of institutional fundraising, attracting new donors outside Germany remains on the agenda.

3.3 (Financial) Plans 2022

The following plans were adopted for 2022 with the relevant indicators being:

- Cash donations of EUR 129.0 million
- Endowments from public donors of EUR 18.0 million
- Project support via payments to partners of EUR 71.5 million
- DZI ratio for fundraising and administration of 12.4 percent

The plan adopted by the Supervisory Board foresees a deficit totalling EUR 9.5 million.

The net loss for the year mainly results from the charitable sphere and is used to successively and purposefully allocate the funds not used in previous years to the project work.

Cornerstones of financial plans 2022 in charitable sphere are:

- Donations in kind from the Mectizan Donation Program (MDP), which do not affect the operating result, are expected to be approx. EUR 200 million.
- Without Donations in kind, income is planned at EUR 129 million and expenditures at EUR 143.1 million.
- EUR 100.5 million are planned for program work (excluding donations in kind) and EUR 42.6 million for fundraising and administration.

Balanced results are planned for charitable like sphere and the business operations. A surplus of EUR 0.3 million is planned on asset management.

Financial plan 2022 is as follows:

in k-euro	Actual 2021	Plan 2022
Charitable sphere and charitable like sphere		
Donation and endowments	265.245	328.993
thereof: donations in kind	133.971	200.000
Turnover & other operating income	8.647	4.340
Total income	273.892	333.333
Programs expenditures	-234.245	-300.507
Fundraising and administration expenditures	-36.308	-42.610
Total expenditures	-270.552	-343.117
Annual result Charitable	3.340	-9.784
Year-end result Business operations	69	0
Year-end result Asset management	665	332
Year-end result Christoffel-Blindenmission Christian Blind Mission e.V.	4.073	-9.453

*All figures are commercially rounded

3.4 Corona

The financial plan for the year 2022 is based on the assumption that Corona will not have significant negative effects on cash donations in Germany. This was proven in the years 2020 and 2021 and during previous economic crises. In fundraising with private individual donors, we will compensate with online formats and greater media advertising.

In Germany and internationally, we expect a certain restraint from foundations. Outside Germany, we also expect cuts of endowment from public donors.

CBM has prepared directives and recommendations to ensure the continuity of project work, even under Corona conditions.

3.5 Russia Ukraine war

CBM is a member of the "Bündnis Entwicklung hilft" (Development Aid Alliance) and receives donations through this channel, which are used for an engagement in Ukraine. The goal is to ensure that people with disabilities are not forgotten and are given appropriate consideration in the humanitarian measures in connection with the war in Ukraine. The engagement to Ukraine is limited in time and takes place in close cooperation with other organizations. In a first step, funds for the European Disability Forum, an umbrella organization of disability rights organizations in Europe, were approved in March 2022.

So far (as of April 2022), the war in Ukraine and its impact on Germany have not been reflected in a weakening of donor's willingness to support CBM. CBM will also not make major appeals to its donor base for funds for Ukraine. CBM will concentrate on continuing to mobilise donations for the need in the program countries of the Global South. This need is further exacerbated by the Ukraine crisis, because of the accompanying rise in food and fossil fuel prices.

4 Internal controls, Risks and opportunities

Internal control system

CBM's internal control system is particularly based on the following pillars:

- Accounting and organizational manuals
- Authority matrix for approvals of contracts and payments
- 4-eyes-principle on
 - project support to partners for all requests of funds from partners
 - purchasing orders and release of payments for invoices for own expenses
- Regular monitoring
 - of budget against actuals (year-to-date)
 - of budget against forecast (totals)
- Audits executed by the independent Division Internal Audit

Accounting and organizational manuals define the chart of accounts and cost center that are to be used for project support to partners, salaries, depreciation and other operating expenses:

- Each unit is tied to a cost center.
- Each cost center has exactly one manager in charge to assure correct accounting.
- Each cost center is tied to a tax sphere and to reporting/ cost allocation according to DZI methods on expenditures for program, fundraising and administration. Once in a year mapping of cost center to DZI structure is verified by the division Finance and Operations Development.

Within the authority matrix, approvals of contracts and payments competencies are delegated to managers of cost center. The Finance and Operations Development division verifies compliance with the authority matrix.

CBM has separated the functions of procurement, processing invoices, release of invoices and execution of payment. With regard to accounting and transactions, all payments to partners and payments for invoices from suppliers are checked and approved using the 4-eyes-principle. The entire process is supported by the system using workflows.

Within the framework of regular monitoring of budgets, budgets on project support expenses as well as for own expenses, are controlled by responsible managers and verified by the Finance and Operations Development division. Major deviations (over or under) are identified and clarified.

Audits are carried-out independently by Internal Audit based on a risk-oriented audit plan across all divisions. Internal Audit reports to Executive Management and to Supervisory Board.

Risk management system

CBM possesses an early-warning system on risk. Risks are assessed systematically using an annual, rolling risk inventory. The results are depicted in CBM's risk landscape and reported to the Supervisory Board.

For risks with a certain level of valuation or with specific relevance to compliance of CBM, measures are taken to regularly monitor or to reduce the effects.

Risk management is a responsibility of the operational divisions. Risk controlling as a second line of defence is done independently by division Finance and Operations Development.

The risk management system concentrates on risks to income, on liquidity risks, on strategic risks, on operational risks and on reputational risks. Risks in financial investments have a lower priority.

Instruments to control risks to income and liquidity are

- yearly budgeting including a 5-years rolling financial plan,
- quarterly monitoring of budgets and year-to-date actuals (income and expenditures),
- quarterly forecasting of totals (income and expenditures) and
- monthly monitoring of budgets and year-to-date actuals on donations and endowments.

Instruments to control strategic risks are

- on-going observation of private donor market,
- on-going observation of institutional donor market and
- on-going observation of other organizations in the development sector.

Instruments to control operational and reputational risks are

- methods and tools on program work (partner assessment, cooperative project development and approval, acknowledgment of receipt of funds, quarterly project progress report, semi-annual narrative report, financial year-end closing report, annual statistics and project completion report) and
- systematic monitoring and assessment of press publications concerning CBM.

In 2021, the risk management system of the regional and country offices was fully integrated into the central functions in Germany.

Major risks

There are no single risks or groups of risks that threaten the existence of CBM.

Risks with potential damages of more than Euro 250 thousand and which have a high likelihood to occur (>50 percent chance) are defined as major risks. Before corrective action, there were 19 risks (previous year 15 risks) that were categorised as major risks. After implementing mitigating measures three major risks (previous year four major risks) remain.

- Strategic risk "Economic development":

If the business economy breaks down, there could be negative effects on donations. Although the business economy collapsed in 2020 and 2021, CBM was nevertheless able to increase its income (see 2.3 and 3.2 above). In this sense we will continue to observe this risk, also against the background of the Ukraine crisis, and adapt fundraising activities.

- Operational risk "Effects of the Corona pandemic on project partners":

Project implementation from our implementing partners can suffer and be delayed because of local lockdowns, supply bottlenecks, travel restrictions. Various measures have been, and will be taken (e.g. timely communication with donors, flexible adjustments to project plans, setting up a Corona aid fund for short-term financing of necessary hygiene articles, support in establishing new electronic communication platforms). The measures were appropriate to counteract the effects that occurred for the first time in 2020 also in 2021. This is particularly evident in the significantly increased allocations to project partners (see 2.3 above).

- Liquidity risk "multi-year projects":

Projects with pledges extending over several years and new types of project financing tie up financial reserves. In the event income drops, it needs to be ensured that project support to implementing partners as well as the capacity of CBM to develop and monitor project implementation stays intact. Liquidity reserves of CBM are endowed so that funding to projects and / or measures to compensate any reduction of income can be financed. CBM has defined a scenario-based amount of EUR 41 million as the minimum liquidity to cover risks. This minimum threshold was not breached in 2021.

Main opportunities

The objective of the restructuring of CBM's international program work (started in 2020) is to increase the agility and effectiveness of CBM's work through less complex approval processes and shorter decision-making paths. Work on systematically improving processes will continue in 2022. Our staff and financial resources will be focused consistently on the fields of inclusive eye health (IEH) and on community-based inclusive development (CBID), geographically especially in Africa. This should lead to greater effectiveness and improved efficiency of program work.

CBM will continue to invest in fundraising to leverage opportunities for further growth in donations.

Combating the causes of flight and humanitarian crisis situations remains on the political agenda and mobilises additional public funds for development aid, to which CBM will be able to make a corresponding contribution.

Bensheim, dated 29 April 2022

CBM Christoffel-Blindenmission Christian Blind Mission e.V.

Dr. Peter Schießl

Dr. Rainer Brockhaus