

Press Communiqué: Financial Statements for 2014: Consolidated Financial Statements of the Holy See and Financial Statements of the Governorate of Vatican City State

July 16, 2015

At the Council for the Economy meeting on 14 July 2015, Cardinal Pell and the staff from the Secretariat for the Economy presented the Consolidated Statements for the Holy See and the Financial Statements for the Governatorato. The Statements had been prepared by the Prefecture for Economic Affairs and reviewed and verified by the Secretariat, the Audit Committee of the Council and the External Auditor.

It was noted that 2014 was a year of transition to new Financial Management policies based on International Public Sector Accounting Standards (IPSAS).

The former accounting principles and consolidation perimeter (comprising 64 Holy See entities) were used in preparation of the 2014 Statements. Managers were however asked to ensure they had included all assets and liabilities and provide appropriate certification as to completeness and accuracy. Working with the external auditor, third party confirmation of balances were requested so that, consistent with sound audit practice, amounts could be independently verified. To include all assets and liabilities in the accounts at year end and to prepare for the new policies, a number of closing entries were included which make direct comparison with 2013 figures difficult. Where appropriate relevant points of comparison were provided to the Council.

The journey of transition to new policies is progressing well and the Secretariat was pleased to report high levels of interest and cooperation in the entities. The 2014 Financial Statements reflect an enormous amount of work by staff in many Holy See entities, particularly in the Prefettura for Economic Affairs and the Secretariat for the Economy and Council membersexpressed their gratitude for the rigourous and professional work and the strong commitment to implementing the financial reforms approved by the Holy Father.

The Financial Statements for the Holy See for 2014 indicate a deficit of 25.621 M Euro which is similar to the deficit of 24.471 M Euro reported in the 2013 Statements. Had the same accounting treatment applied in 2014 been applied in 2013, the 2013 deficit would have been reported as 37.209 M Euro - the improvement in 2014 was largely due to favourable movements in investments held by the Holy See. The main sources of income in 2014, in addition to investments, include the contributions made pursuant to Canon 1271 of the Code of Canon Law (21 M Euro) and the contribution from Institute of Works of Religion (50 M Euro).

Net Assets increased by 939 M Euro as adjustments were made to include all assets and liabilities in the closing balances for 2014. For the entities included in the consolidation perimeter, assets previously off the Balance sheet amounted to 1,114 M Euro and liabilities amounted to 222 M Euro. While the patrimonial situation in the Pension Fund was not reflected

in the closing Balance Sheet, it was reported that the new Pension Fund Board will be asked to prepare an updated assessment of the overall situation.

As in previous years, the most significant expense included in the Holy See Financial Statements is the cost of staff (126.6 M Euro) and the Statements indicate total staffing of 2880 in the 64 Holy See entities included in the consolidation.

The Financial Statements for the Governatorato for 2014 indicate a surplus of 63.519 M Euro which is a significant improvement on the 2013 surplus of 33.042 M Euro, largely due to continued strong revenue from the cultural activities (especially the Museums) and favourable movements in investments. Net Assets increased by 63.5 M Euro and there were no adjustments necessary to include additional assets and liabilities in closing balances for 2014. The Statements indicate a total staffing in the Governatorato of 1930.

Following the meeting of the Council for the Economy, the Secretariat for the Economy was advised the Auditor confirmed that a clear audit certificate had been issued for the Holy See and Governatorato Financial Statements.

The Council also received a further update on the 2015 Budget. The 2015 Budgets were prepared under the new Financial Management Policies, approved last year by the Holy Father. The Council in late May received a detailed budget submission prepared by the Secretariat. The submission highlighted proposed activities as well as anticipated revenue and expenditure for the coming year and included specific recommendations for each of the 136 entities on the list, as approved by the Holy Father, who are subject to control and vigilance of the Council and Secretariat. The Budgets indicate the deficits experienced in recent years are likely to continue in 2015.

While rapid progress is being made in implementing reforms requested by the Holy Father, the complete transition to the IPSAS is likely to take several years. The 2015 Budgets and the 2015 Statements are the first important steps. From 2015, the Consolidated Statements for the Holy See will include the new practices and additional entities, as required under the new Financial Management Policies and the IPSAS Standards.

<http://www.news.va/en/news/vatican-releases-financial-statements-for-2014>

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