

TREASURER'S REPORT TO THE GENERAL ASSEMBLY

To continue keeping the accounts of Reporters Without Borders (RSF) separate from those of Reporters Without Borders International (RSF International) and to continue with the format previously adopted, this report refers only to the former, which are those that the general assembly is required to approve. RSF International's accounts, in which expenditure totalled €53K in 2021 (up slightly from €50K in 2020), are nonetheless available on request.

RSF's overall situation

2021 saw the following significant developments:

- A significant increase in income from private-sector sponsorship and fundraising due mainly to:
 - a €161K increase in donations by private individuals (up 31%)
 - the exceptional success of the event that Proton Mail organised for RSF's benefit, which generated €416K
 - an increase in revenue from bequests and donations, which totalled €207K, as against €9K in 2020
 - a €100K increase in revenue from other sources thanks to the transfer of this sum from RSF USA.

Major highlights

Operating income totalled €8,046K in 2021 while operating expenses totalled €7,374K, giving a positive balance of €672K (as against a negative balance of €170K in 2020).

The result for the financial year 2021 was a €683K surplus (compared with a €219K loss the previous year). **After allocation of this surplus, the reserve account for projects will amount to €2,746K compared with €2,064K on 31 December 2020.**

These accounts, which are certified in the auditor's report, are complemented by budget execution data, which are presented with the aim of facilitating understanding of each department's role.

The accounts are prepared in the same way and using the same accounting principles as in previous years, above all:

- advertising revenue is presented net of commission
- financial expenditure with regard to premises is presented under "premises" and not under financial outlays
- the €50K allocated to RSF International is excluded because it is offset by an equivalent charge.

It should nonetheless be noted that this year's accounts have integrated expenses and income related to funding received directly by the bureaux (not passing through the headquarters).

Therefore, as presented in these accounts, income totalled €8,154K in 2021 while operating costs totalled €7,496K.

Breakdown of revenue and expenditure

Revenue

RSF's revenue from its **own commercial activities** totalled €1,337K in 2021, almost the same as the 2020 total of €1,328K.

As regards the sale of RSF's books of photos, several aspects should be noted:

- Direct sales rose by €10K as a result of the launch of the new online shop.
- Sales abroad were stable at €29K. Outside France, the two countries with most books sales were Belgium and Spain.
- Sales via RSF's partner networks, Presstalis and Interforum, were stable, generating €964K in revenue.
- Advertising revenue (net of management commission) fell to €114K from €137K in 2020.

Aside from direct and foreign sales, around 80,000 copies were sold of the three **books of photos** that RSF published in 2021, a fall of more than 30,000 copies on the total sold in 2020. Despite this fall in the number of copies sold, the registered revenue from sales was stable because of end-of-year accounting in which revenue was calculated on the basis of the number of days they were on sale. In 2020, the book that sold most was the one dedicated to the work of the cartoonist R. Sattouf published in November 2020, of which a third of the sales were reflected in the 2021 accounts. Furthermore, the publication of the last book of 2021 was anticipated in October, resulting in a more significant share in 2021 sales.

Income from private-sector sponsorship and donations rose significantly, from €691K in 2020 to €1,297K in 2021, an increase of €605K. It came from:

- Income from **corporate sponsorship** and major donors, which rose from €176K to €520K ie a €344K increase. The biggest source was the €416K donation by Proton Mail.

- Income from **donations by the public and membership subscriptions**, which also rose from €515K in 2020 to €676K in 2021, a €161K increase (31%).
- **The RSF USA bureau**, which contributed to revenue by effecting a €100K transfer in 2021, after two years without making any transfer.

Income from **bequests** made in 2021 totalled €207K (as against €9K in 2020).

Revenue from sponsorship and fundraising (including donations by the public in France and abroad, membership subscriptions, corporate sponsorships, bequests and financial partnerships associated with the RSF annual press freedom prize) contributed 18% of RSF's operating costs in 2021, a proportion that was up 12% on 2020.

State-sector grants represented 53% of RSF's operating costs in 2021, as against 47% in 2020. The amount received in state-sector grants and recognised as income in 2021 totalled €4,293K, which was €1,455K more than in 2020, when it totalled €2,838K. It should be noted that this year's financial report includes the state-sector grants received directly by the bureaux, namely:

- €140K by the Rio de Janeiro bureau
- €52K by the London bureau

which was not the case in 2020.

The state-sector grants included €1,394K from the European Union, €1,072K from the Swedish International Development Cooperation Agency/SIDA and €960K from the French Development Agency/AFD. These three sources contributed 74% of the total state-sector grants (as against 93% in 2020).

Income from **foundations** represented 13% of operating costs, down from 19% in 2020. The amount received in 2021, €1,020K, was €140K less than the 2020 total of €1,160K. The fall was due to a €410K decline in funding by Craig Newmark Philanthropies, which was partly offset by new agreements with Ford and the NED

worth €208K in connection with the Forum for Information & Democracy and an increase in income from existing agreements.

Finally, while **advertising space** offered by RSF is still handled separately from RSF's accounts, it should not be forgotten that it represents a major source of support and, following the success of the Fight for Facts campaign, which was widely carried by the media, was valued at more than €700K in 2021 (as against €62K in 2020).

Expenditure

Personnel costs were stable in 2020 at €2,699K only slightly down on the 2020 figure of €2,734K. Gross salaries, employers' contributions, leave and severance pay amounted to €2,575K (95% of the total). Personnel costs (salaries, taxes, end-of-contract and severance payments and related costs) represented 36% of RSF's operating costs, as against 44% in 2020.

It should also be noted:

- The average number of employees was 40.7 in 2021, only slightly down 41.3 in 2020 (the end of the Radio Erena and Forum on Information and Democracy employee contracts having been offset by the creation of new positions).
- 72% of the positions at RSF are held by women.

Costs attributable to the **operations** department totalled €2,187K, representing 29% of RSF's operating costs (as against 24% in 2020).

This included the activities of the regional desks and thematic desks (digital and Index), publications and advocacy, costs linked to the Information and Democracy Initiative and Journalism Trust Initiative (JTI), capacity building of local actors, and assistance (which was assigned a separate accounting category until 2021). It consisted of:

OPERATIONS in K€	ACTUALS 2021	%
TOTAL	2 187	100%
Cross-departmental expenditure	186	8%
Desk/publications	216	10%
Index	33	2%
Capacity Buiding	285	13%
Advocacy	73	3%
JTI (Journalism Trust Initiative)	722	33%
I&D (Information & Democracy)	361	17%
PME & sundry operations	70	3%
Assistance grants to individuals and media	240	11%

- Cross-cutting costs were comprised of translation fees (which were stable at €110K), travel and country visits (€58K) and sundries (€17K–subscriptions, printing and so on).
- Payments to the **network of correspondents and representatives** totalled €190K in 2021 and represented 88% of the Desk & publications costs.
- Capacity building costs were up by around €40K on 2020. The main component was **grants to partners in the field** amounting €197K, which represented 69% of the total. The other costs mainly concerned training.
- Advocacy costs consisted mainly of fees for the provision of services.
- Costs arising from the **JTI** totalled €722K, of which €283K (39%) concerned grants to implementation partners and €435K were for contracted services (mainly digital expertise and development).
- The **I&D-Information & Democracy** costs include a total of €295K in transfers in 2021 to the Forum on Information & Democracy (of which RSF is a founding member and the administrator) under grant contracts signed by RSF in which the Forum is implementation partner. They also reflect a €66K budget-balancing contribution.
- The PME category consisted of €20K in **fees for audits** of projects funded by donors, €29K for contracted services (almost exclusively fees for technical assessments) and €21K in costs involving internal software.
- **Assistance** costs totalled €240K and consisted of:

- €140K in grants to individuals
- €76K in direct support to media outlets
- €25K on unblocking access to censored websites by means of Operation Collateral Freedom.

Costs attributable to RSF's **bureaux** totalled €1,005K (as against €599K in 2020), and represented 13% of RSF's operating costs, an increase on 2020 when they represented 10%. They consisted mainly of costs linked to the bureaux in:

- Taipei: €444K , of which €324K was covered by grants received directly by Paris. It should be noted that these grants covered €177K in headquarters costs, resulting in a net contribution to headquarters costs of €57K.
- London: €139K, of which €61K was offset by DFID and UNESCO grants (reported in the grant category). €31K of headquarters costs were also covered by the DFID grant.
- Rio de Janeiro: €206K as against €58K in 2020. This sizeable increase is due to the fact that all of the bureau's costs have been reported in 2021, including those covered directly by funding contracts signed with the bureau.
- Tunis: €113K
- Brussels: €61K
- Dakar and various: €41K

Costs attributable to **communication/awareness-raising** totalled €244K in 2021, as against €169K in 2020, and represented 3% of RSF's operating costs. They consisted mainly of:

- €47K in costs linked to campaigns and protests (mainly the Maria Ressa and Olivier Dubois campaigns)
- €18K in costs attributable to the organisation of events and special operations (mainly the acquisition of a new memorial stone in Bayeux and the prize money for the three RSF Press Freedom laureates)
- €145K in costs in connection with the new website
- €14K in website hosting and maintenance costs and various communication costs.

Costs attributable to **commercial activities** totalled €841K (net of company tax) as against €740K in 2020. They represented 11% of RSF's operating costs (as against 12% in 2020) and consisted mainly of:

- €473K in costs linked to the design and printing of the books of photos, a €20K increase on 2020 that was due mainly to a sharp rise in paper costs.
- €35K in charges invoiced by the book distributors, mainly by France Messagerie (ex. Presstalis) for its storage costs. They were €9K more than the 2020 total of €26K.
- €60K for advertising space bought to promote the books, €11K less than in 2020.
- €74K in costs linked to stock variation and allowance for stock depreciation (a cost completely offset by accounting for stored books and recovery of the reserve for copies of older books that were sold). The impact of such accounting was €63K in 2020.
- €150K in provisioning charges (arising from the 100% provisioning for the Presstalis receivable after it went into receivership in May 2020).

Costs attributable to **fund-raising** totalled €73K, down slightly from €84K in 2020, and represented 1% of RSF's operating costs (as in 2020). They consisted mainly of costs linked to raising funds from the general public (printing, mailings and online collection). The fall was due mainly to the lack of any specific action regarding bequests in 2021 (as against a €10K cost in 2020).

Costs attributable to **premises** (loan repayments, depreciation of premises and condominium facilities and charges) increased by €10K to €158K. As in 2020, these costs represented 2% of RSF's operating costs. It should be noted that the loan contracted in 2007 to finance the purchase of premises (at an interest rate of 4.30%) was renegotiated in 2015 (2.30%) and again in 2019 (1.27%).

General costs, excluding premises, totalled €279K in 2021, almost the same as in 2020 (just €6K more), and represented 4% of RSF's total operating costs. They mainly consisted of:

- €39K in contracted services, as against €36K in 2020.
- €70K in auditing fees (excluding project verification) as against €69K in 2020.
- €47K in other fees (as against €23K in 2020), of which €21K for the EY law firm for help with the overhaul of the statutes, and €17K for ad hoc assistance with reporting.
- €34K in telecom and postal costs (phone, fibre-optic Internet and franking machine), as against €32K in 2020.
- €17K in meal and travel expenses, as against €8K in 2020.
- €19K in banking and Western Union charges (the same as in 2020).
- €27K in depreciation charges not linked to premises, as against €25K in 2020 – an increase due to the purchase of portable computer equipment for the widespread adoption of remote working.
- €10K for miscellaneous items, as against €9K in 2020.

It should be noted that, aside from the €50K annual re-invoicing, a budget-balancing contribution of €3K was paid to RSF in 2021, while none was paid in 2020 and €9K was paid 2019.

When paid, the budget-balancing contribution covers:

- the travel costs of the representatives of sections attending the International Council meeting and various working groups
- costs linked to the organisation of the International Council meeting.

Finally, as regards the perspectives for 2022, RSF will continue to work on:

- Improving its internal organisation and efficacy: adjusting its organisational structure, improving financial reporting and deploying ERP management software functions to the international bureaux;
- Developing internationally and progressively making the international bureaux financially autonomous;

- Diversifying RSF's sources of income, which continues to be a priority.

It should also be noted that the war in Ukraine will have a significant impact on RSF's activities and accounts in 2022.

Gérard Tschopp

RSF Treasurer