

FROM: EXECUTIVE SECRETARY
FOR: BOARD OF DIRECTORS OF CAREF
REF.: FINANCIAL SITUATION OF CAREF

The purpose of this report is to provide the Board of Directors with information regarding the financial situation which CAREF is at present undergoing.

BACKGROUND:

Until August, 1979 the funds from the World Council of Churches to cover operating expenses were sent monthly to the Administrators of CAREF. After that date it was requested that the remittances be sent bi-monthly and/or every three months so that the funds might be placed at interest locally, which was the best way to respond to inflation and devaluation. Thus it was that during that month (August) 72.000.000.-\$ (US\$ 45,000) were deposited in the Banco de los Andes.

Starting with November of that same year the money received was invested with H.M. Muchow y Cia⁽¹⁾ since the interest received by this means was considerably higher. (See Anexo I - Investments)

Until February of this year (1980) the necessary funds were received regularly from this source, but on February 4 the first difficulty appears when payment is made six days late, causing us operative problems.

PRESENT SITUATION:

Since the amounts involved were increasing, together with interest obtained, and since the original sums had been sub-divided, a new plan is established: CAREF would present in advance a monthly plan of payments required to cover the budget, and would receive on the last day of each month a statement with regard to that month's investments.

This plan was carried out until April 28. The payment due on that date was not received until the 30th of the month. From that time on, and until the date of this report, for reasons beyond the control of CAREF, the payment plan has not been fulfilled. To date we have no funds in the Bank, nor in the Work Funds replenished monthly to a fixed amount (Social Work and Administration). We have at present several obligations for which responsibility must be assumed.

As has been stated above, this state of affairs commenced two weeks ago. During that time there have been various telephone conversations with Sr. Muchow, Treasurer of CAREF, in search of adequate solutions. On Tuesday 6 last, there was held an interview with our President, Sr. Luis Parrilla, who was at that time fully informed of the situation; as a result of that conversation it was agreed that the Exec. Sec. should discuss the matter with the Treasurer. The latter interview was held today, and at that time Sr. Muchow explained that the causes of the difficulties would

(1) Translator's note: This is the investment firm of R. Muchow, at the time Treasurer of CAREF.

soon be overcome; still, there are no funds available to date.

Considering what has been explained above, and since the situation can no longer be considered normal, I am presenting this report to the Board of Directors so that together we may find solutions.⁽²⁾

The following aspects should be considered:

- 1- Payments due that have not been covered.
- 2- A plan for future investments.
- 3- Documentation of investments.

Buenos Aires, May 12, 1980

Lic. Norberto Daniel Ianni
Executive Secretary



(2) Translator's note: Following instructions of the President, Luis Parrilla, this report was not presented to the Board on the date prepared, but rather on a later date, May 28.