



## **2022 REPORT OF THE COMMITTEE OF EXAMINATION TO THE CIB GENERAL ASSEMBLY**

### **Contents**

1. Formal report.....	2
Introduction .....	2
Scope.....	2
Findings .....	2
Signed.....	2
2. Comments on the financial statement and related policy recommendation .....	3
2.1. Interpretation of the results .....	3
2.2. Recommendations in the 2021 report.....	3
2.3. Membership subscriptions.....	3
2.4. Covid-19 impact .....	4
2.5. Diversification of revenue .....	4
2.6. CIB and AIBC relationship.....	4
2.7. Secretariat changes and closure of offices .....	5
2.8. Doubtful debts .....	5
2.9. Inflation and budget for 2023 .....	5
2.10. Reserve policy .....	6
2.11. New Treasurer 2022-2025 .....	6
2.12. Appointment of auditor for 2023 .....	6
2.13. Composition of the Committee of Examination for next year.....	6



## 1. Formal report

### Introduction

According to article 10 subsection 5 of the CIB Constitution and by order of the General Assembly we, the undersigned, performed an examination of the financial statements by the Board for the year 2022.

These statements are drawn up by the CIB Secretariat and audited in accordance with auditing standards generally accepted in The Netherlands by Drs. R.S. Ravestijn RA, Bright5 Audit & Assurance B.V.

According to the issued Auditor's approved report dated 1st June 2023, the financial statements give a true and fair view of the financial position of the Association as at December 31<sup>st</sup> 2022 and of the result for the year then ended in accordance with accounting principles generally accepted in The Netherlands.

The Committee of Examination was formed by Professor Andrew Agapiou, Professor Les Ruddock and Yasen Markov, all Individual members of CIB. On May 31<sup>st</sup> 2023 the Committee discussed the draft financial statements and report with Paul Chan, Treasurer, and Don Ward, CEO. We also had sight of the previous year's statements and report.

### Scope

Drs. R.S. Ravestijn has issued an unqualified auditor's opinion, which comprises a full audit including a financial verification of Board decisions. We therefore did not check the figures, but confined ourselves to an intrinsic evaluation.

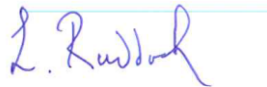
### Findings

In our opinion the financial statements give a reliable picture of the financial policies in the year 2022. We propose that the Board be discharged of liability with respect to the period under examination.

### Signed



**Professor Andrew Agapiou**  
Strathclyde University, UK  
7<sup>th</sup> June 2023



**Professor Les Ruddock**  
University of Huddersfield, UK  
7<sup>th</sup> June 2023



**Yasen Markov**  
Sofia, Bulgaria  
7<sup>th</sup> June 2023



## 2. Comments on the financial statement and related policy recommendation

### 2.1. Interpretation of the results

The financial results of 2022 were not great. The audit opinion is unqualified which is good, but there was a negative result (loss) of €38,059, which compares with the budget of positive €1,877 and the 2021 result of positive €2,835. This is a disappointing outcome and the Board will need to oversee a significant improvement in 2023.

Total income at €341,309 was nearly €36,000 higher than budgeted, due mainly to a windfall surplus from World Building Congress 2022 organised by RMIT in Melbourne of over €50,000. After allowing for the elimination of late payment fees, membership revenue increased by €4,000 due to slightly higher membership numbers but was €17,000 below budget.

However, this increased income was outweighed by increased expenditure of €377,381, around €76,000 (25%) above budget and a similar amount higher than 2021. These increases were due largely to CIB's business returning to 'normal' following the disruption of the global pandemic, which led to greater activity and expenditure related to travel for Board meetings, membership engagement and conferences (the latter offset by the surplus from WBC2022).

There was also a welcome increase in expenditure on Special Activities to fund activities and awards for Students and Early Career Researchers at over €36,000, higher than budget and over double the level of 2021.

We note that the Operations Reserve reduced from €158,872 to €120,813. This level is less than half of the Board's targeted reserve of €285,000, on which more below.

The main risk continues to be the lack of growth in membership fees or other revenue. Doubtful debts are still quite high at a total provision of over €19,000, this is lower than some recent years which may be an indicator of improved satisfaction. However, the Board needs to focus more effort and success on its strategies to increase value for members and increase the net number of new members recruited as well as to progress the emerging pipeline of opportunities for third-party funding initiatives.

### 2.2. Recommendations in the 2021 report

It is satisfying to note that the Board has addressed last year's recommendations of the Committee. We include further commentary on some of the issues raised in that report in our remarks below where appropriate.

### 2.3. Membership subscriptions

These are still the main source of Income for the organisation. Having dropped late payment fees and administrative charges, the figure of €287,104 in 2022 was a slight overall increase but €17,000 below



the budget. CIB has had a long-term trend of membership decline over at least the last ten years, and one trend continuing to drive this is some members opting to downgrade their membership category from Full to Associate member, or from Associate to Individual membership. This must be of great concern to the Board, and we **recommend** that the Board continues to focus on improving the value proposition for the three different categories – and continue to close the gap in fees between Full members and others. We note that Individual memberships are up, this has continued so far in 2023, and the Board may wish to address this trend in its strategies.

We note a high amount again in the balance sheet for prepayments of membership fees (€287,648, last year €253,543), once again due to issuing invoices for 2023 subscriptions before the year end to aid cashflow. We **recommend** that this prompt invoicing policy continue.

#### 2.4. Covid-19 impact

We note the statement in the accounts relating to the global Covid-19 pandemic, to the effect that the worst is behind us. International travel and other restrictions being considerably eased around the world, and face-to-face meetings and conferences have resumed. As well as the increase in travel costs for CIB, we recommend that the Board keep a close eye on members' willingness or ability to secure approval for travel to meetings or conferences, as this may affect the format or even viability of conferences such as the World Building Congress. We note that recent Board meetings have had around 50% attendance in person with the remainder online, and participation in this hybrid mode is often unsatisfactory for all. We commend the Board's decision to hold one of its three annual meetings as online only, recognizing this problem.

There are diverse opinions on the extent to which conferencing and meetings models will change, and we again **recommend** that CIB continue to innovate service delivery models and ways of working generally, for example to become expert in running hybrid or online-only conferences and to monetise this activity where possible.

#### 2.5. Diversification of revenue

In its last two reports the Committee of Examination has recommended that the Board implement a strategy to diversify sources of revenue and to grow non-membership income. We note that the third-party funding task group established by the Board has begun to create a pipeline of opportunities, and in 2023 it will be important to start to secure revenue from this source. We recommend that the Board prioritise success in this area as this may be an easier route than expecting to reverse the long-term downward trend in membership revenue.

#### 2.6. CIB and AIBC relationship

This relationship seems set to continue to the end of 2024 and even beyond if the agreement is further extended. It is clear that most services have been outsourced to AIBC, and reduced operating costs continue to be realized and to exceed the extra costs of currency exchange. We **recommend** that the



focus now should be on the opportunities for third-party funding through AIBC, including in Canada, and it is gratifying to hear of some progress in the pipeline for this.

We welcome the further improvement in detail provided of the costs incurred by AIBC in the report. Not only are AIBC's accounts again attached as an (unaudited) appendix, but a detailed comparative overview is provided.

Finally, we are gratified to learn that the new CIB Board has reviewed its representatives on the AIBC Board as we recommended last year, and new Directors of AIBC have been appointed to replace those who retired from the CIB Board at the 2022 General Assembly. CIB Board members remain well in the majority on the AIBC Board, to ensure overall control.

### 2.7. Secretariat changes and closure of offices

In late 2022 the secretariat said goodbye to Debbie Gray after four years of service supporting membership, communications and administration, and to Michael Behm who served for three years as part-time Programme Director. All liabilities from these departures were addressed in the 2022 accounts. We are pleased to note that a new team has been appointed under Don Ward without too much interruption to the level of service for members, in total there are three part-time members of an expanded Programme team, a Marketing role, and an Administration role. All have consultancy contracts with a notice period of one month, working part-time, and we wish them all well.

The new team continues to operate virtually without any physical offices. We recommend that the Board keep the efficacy of this setup under review and review as circumstances change, for example if third-party funding opportunities were identified in Canada which would require or benefit from a physical office, or if travel and other costs of key personnel grow to outweigh the costs of a physical office.

### 2.8. Doubtful debts

The doubtful debts stand at around €19,000. While this is lower than some recent years, we **recommend** that the Board continue to focus more effort and success on its strategies to increase value for members, and should also ensure that its debt collection processes are more effective.

### 2.9. Inflation and budget for 2023

We were able to review the Board's budgets (CIB and AIBC) for 2023. We were concerned last year at the impact of high inflation in Canada and elsewhere in the world since the budget was proposed, but this does not seem to have been too big a factor except perhaps in travel costs. We note the Board's decision to set a deficit budget of around €20,000, and recognise that they wish to continue to deliver better value for members and will seek to close the gap through third-party revenue. We **recommend** that the Board closely monitor the monthly finance reports against these budgets to avoid even worse difficulties in terms of cashflow as well as a higher deficit.



## 2.10. Reserve policy

As noted above the Operations Reserve has reduced from €158,872 to €120,813. This level is far below the Board's targeted reserve of €285,000, and we believe that this target is now unrealistic, unachievable in the medium term, and actually unnecessary. We understand that the target was based on an amount which would be sufficient to cover any closing liabilities that the organisation might face in the worst case. Given that there is now only one employment contract with a period of notice greater than one month (the CEO's), and the organisation operates wholly virtually without the costs of an office, we believe the closing liabilities are more like €130,000 (which we note is slightly below the current level of reserves). We therefore **recommend** that the Board review its policy for the target level of reserves.

## 2.11. New Treasurer 2022-2025

At the General Assembly in June 2022 Peter Paul van 't Veen of TNO stood down after two three-year terms as CIB Treasurer, the maximum period allowed under the Constitution, and was replaced by Paul Chan of TU Delft. The handover seems to have been handled well, although Peter Paul's assistance remains necessary nearly one year on due to the level of bureaucracy involved in the Netherlands in order to change authorised names on a bank account. We are grateful to Peter Paul for his tolerance.

## 2.12. Appointment of auditor for 2023

Given their previous dissatisfaction with the service and fees charged by the auditor, we note that the Treasurer and CEO continued to act on the Committee's recommendation to seek a new auditor for the 2022 accounts. However, again they were unable to find an organisation which could trade in both Netherlands and Canadian jurisdictions and deliver a service within the budget constraints, so they settled for re-appointment of the same auditor, albeit that he now works for a different firm. Expectations of a saving were not realised, perhaps due to inflation of the costs of such services, despite the in-house team again preparing the draft accounts for CIB. We therefore **recommend** acceptance of the advice to retain the same auditor and hope that a saving is realised this year.

## 2.13. Composition of the Committee of Examination for next year

We are pleased to note that the Board implemented our recommendation last year to appoint a third member of the Committee for this year, and we were pleased to welcome Iasen Markov. Consequently, although two of us must stand down this year after serving for two years, there will be one member providing some continuity for next year and we **recommend** that the Board propose one or two new members at the 2023 General Assembly to retain a level of continuity whilst complying with the two-year rotation. Iasen has confirmed he is content to make himself available again if the 2023 General Assembly so wishes.

**ENDS**