

**Northeastern Evangelical Lutheran Church in
South Africa
NELCSA**

FINANCIAL STATEMENTS

31 December 2020

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The Trustees

NORTHEASTERN EVANGELICAL LUTHERAN CHURCH IN SOUTH AFRICA

REPORT ON FINANCIAL STATEMENTS

We have audited the Balance Sheet as at 31 December 2020, as set out on page 4 as well as the Income and Expenditure Account for the year then ended, as set out on pages 5 and 6 of the attached financial statements of the **NORTHEASTERN EVANGELICAL LUTHERAN CHURCH IN SOUTH AFRICA**.

We did not audit any other statements, notes or schedules included in the financial statements, and do not express any opinion on it, as it is for internal use only.

Trustee's Responsibility for the Financial Statements

The church's trustees are responsible for the preparation of the financial statements in accordance with the church's own accounting policies to satisfy the financial information needs of the trustees, and for such internal control as the trustees determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these parts of the financial statements subject to our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the applicable sections of the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the applicable sections of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the church's preparation and fair presentation of the applicable sections in the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the church's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by trustees, as well as evaluating overall presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Emphasis of Matter

In common with similar organizations, it is not feasible for the organization to institute accounting controls over income and other receipts prior to initial entry in the accounting records. Accordingly our audit was restricted to accounting records presented to us.

Opinion

Accounts receivable from Congregations amounts to R 2 351 286. Due to the fact that Congregations normally do not have contractual or fixed income and mainly rely on collections and donations for income, there will always be uncertainty about their ability to repay such amounts. It is therefore not possible for us to report on the collectability of such amounts.

We can also not report on internal allocations such as fund structures, asset allocation to specific funds as well as amounts due between such structures.

In our opinion, except for the possible effects of the matters mentioned above, the Balance Sheet as at 31 December 2020, as well as the Income and Expenditure Account for the year then ended, fairly present, in all material aspects, the financial performance of the church for the year ended 31 December 2020.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to the fact that the financial statements were prepared in accordance with the church's own accounting policies to satisfy the financial information needs of the trustees.

We also draw attention to the fact that supplementary information set out on pages 3 as well as pages 7 to 14 of the financial statements are presented as additional information for purpose of use by the trustees. We have not audited this information and accordingly do not express an opinion thereon.

As a result, the financial statements may not be suitable for another purpose.

**BDJ AUDITORS INCORPORATED****P.B. BUYS****08/04/2021**



NELCSA

Northeastern Evangelical Lutheran Church
in South Africa

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27 January 2021

REPORT OF THE CHURCH COUNCIL

Northeastern Evangelical Lutheran Church in South Africa [Formerly known as-EVANGELICAL LUTHERAN CHURCH IN SOUTHERN AFRICA (N-T)]

The Church Council submits the annual financial statements for the twelve months ended
31st December 2020 and reports as follows:

STATEMENT OF RESPONSIBILITY

The Church Council is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with the generally accepted accounting practice appropriate to the Church.

The Church Council is also responsible for the Church's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguarding and maintaining accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Church Council to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the *going concern basis*, since the Church Council has every reason to believe that the Church has adequate resources in place to continue operation for the foreseeable future.

CHURCH COUNCIL

The following members acted on the Church Council during the year 2020:

Mr Henning Springer (President)

Bishop Horst Müller

Deputy-Bishop Theodor Jäckel

Mr Vernon Filter (Treasurer)

Ms Ann Mokhine

Pastor Petra Röhrs

Prof Dr Friedeburg Wenhold

Mr Johann Engelbrecht

Mr Dieter Küsel

ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 3 to 14 fully reflect the results of the Church's operations during the year under review and these have been approved by the Church Council and hereby signed on its behalf.

Bishop

Treasurer

Northeastern Evangelical Lutheran Church in South Africa

Income and Expenditure for the year ending 31 December 2020

| | | | |
|---|-------------------|-------------|-------------------|
| Pastors In Service | YTD 2020 | | |
| Month out of 12 | 12 | % | Budget YTD |
| Total Congregation Invoiced | 16 821 033 | 0% | 16 846 496 |
| Bad Debt Written off | (9 000) | | 0 |
| Contributions -Youth Pastor | 133 231 | 0% | 133 228 |
| Vacancy Adjustment | (1 851 372) | 46% | (1 269 512) |
| Total Nett Income | 15 093 892 | -4% | 15 710 212 |
| Cost to Company Pastors | 14 969 736 | -5% | 15 710 212 |
| Salaries - Pastors in Service | 13 405 443 | -7% | 14 409 859 |
| NELCSA Medical Post Retirement Fund | 1 150 353 | 0% | 1 150 353 |
| Subsidy-Interest allocation | - | | (300 000) |
| Transfer Cost | 350 000 | 0% | 350 000 |
| Continuous Training Cost | 63 940 | | 100 000 |
| Net Pastors In Service | 124 156 | | 0 |
| Nett Church Running Costs | YTD 2020 | | |
| Bishop | 864 722 | -10% | 963 283 |
| Vehicle Replacement Cost | 84 432 | -16% | 100 000 |
| Bishop costs | 949 155 | -11% | 1 063 283 |
| Traveling and Accommodation | 157 270 | -58% | 370 925 |
| Continued Training | 0 | | 100 000 |
| Office | 1 214 206 | 11% | 1 098 775 |
| Membership Fees | 131 062 | -22% | 167 534 |
| Circuits | 252 427 | 0% | 252 428 |
| Total Church running Cost | 2 704 120 | -11% | 3 052 944 |
| Setoff Income | 2 466 064 | 12% | 2 205 000 |
| Nett Voluntary Giving's /Solidarity | 895 254 | 5% | 850 000 |
| Subsidies from EKD | 1 563 709 | 29% | 1 215 000 |
| Other Income | 7 101 | -29% | 10 000 |
| Interest Allocation | | | 130 000 |
| Nett Church Running Costs to be recovered | 238 056 | -72% | 847 944 |
| Church Running Cost Contribution from Congregations | 850 560 | 0% | 847 944 |
| Excess/(Under Recovery) | 612 505 | | 0 |
| Investment Income less allocation-Investment carry | YTD 2020 | | |
| Investment Income | 12 | % | Budget YTD |
| General funds | 279 946 | -60% | 694 175 |
| Medical Funds | 1 764 183 | 167% | 659 639 |
| Standard Bank Money Market | 467 058 | | 0 |
| Hermannsburg Schule Fund | 602 547 | | 336 130 |
| Investment Income | 3 113 735 | 84% | 1 689 944 |
| Interest on Arrears Accounts | 33 348 | | 0 |
| Interest on Loans | 0 | | 221 741 |
| Interest Allocation | | | |
| General Funds | (439 065) | 32% | (332 925) |
| Medical Funds | (1 764 183) | 167% | (659 639) |
| Hermannsburg Schule Fund | (602 547) | 79% | (336 130) |
| Allocation to Nett Church Running Cost | | | (130 000) |
| Allocation Medical Prefunding | | | (300 000) |
| Net Investment Carry | 341 287 | -41% | 582 991 |
| Summary of Income Statement elements | Actual YTD | % | Budget YTD |
| Pastors in Service | 124 156 | | 0 |
| Nett Church Running Costs to be recovered | 612 505 | | 0 |
| Investment Income less allocation-Investment carry | 341 287 | | 582 991 |
| Special allocation to Medical Prefunding Fund | (915 608) | | |
| Profit on Sale of fixed Property [Incl NDR realised] | 4 238 630 | | |
| Allocation of Funds-Property | (4 238 630) | | 0 |
| Retained Income for the Year | 162 340 | | 582 991 |

Northeastern Evangelical Lutheran Church in South Africa

BALANCE SHEET AT

31 December 2020

CAPITAL

FUNDS AND RESERVES

Transient Funds
Hermansburg Schule Reserve
Specific Reserves

LONGTERM PROVISION AND LIABILITIES

NELCSA Medical Provision-Pensioners

CURRENT LIABILITIES

Account Payables and Provisions

| <u>Capital and Liabilities</u> | | |
|--------------------------------|--------------|-------------------|
| <u>2020</u> | <u>%</u> | <u>2019</u> |
| 5 725 937 | -22.7% | 7 410 924 |
| 23 556 922 | 25.3% | 18 800 998 |
| 4 451 149 | -7.9% | 4 835 115 |
| 5 037 268 | 5.7% | 4 764 721 |
| 14 068 506 | 52.9% | 9 201 163 |
| 13 163 191 | 30.6% | 10 081 728 |
| 1 082 369 | 155.7% | 423 336 |
| <u>43 528 419</u> | <u>18.6%</u> | <u>36 716 985</u> |

NON-CURRENT ASSETS

IMMOVABLE PROPERTY

INVESTMENTS

Investments General Funds
Investments Medical Funds
Investment Hermannsburg Schule Reserve
Investec Bank Money Market
Standard Bank Money market
Total Investments
Attributable to Funds and Reserves
Attributable to Transient Funds
Attributable to Fund Specific Reserves
Attributable to Long-term Provisions
Attributable to General Purposes

| <u>Assets</u> | | |
|-------------------|--------------|-------------------|
| <u>2020</u> | <u>%</u> | <u>2019</u> |
| 499 482 | -78.6% | 2 336 002 |
| 39 842 043 | 26.1% | 31 606 955 |
| 6 830 574 | 4.3% | 6 550 627 |
| 13 163 191 | 28.4% | 10 248 654 |
| 5 038 132 | 5.7% | 4 765 585 |
| 12 153 981 | | - |
| 2 656 167 | -73.5% | 10 042 089 |
| 39 842 043 | 26.1% | 31 606 955 |
| 39 842 043 | 26.1% | 31 606 955 |
| 4 451 149 | -7.9% | 4 835 115 |
| 19 105 773 | 36.8% | 13 965 883 |
| 13 163 191 | 30.6% | 10 081 728 |
| 3 121 930 | 14.6% | 2 724 230 |
| 3 186 893 | 14.9% | 2 774 028 |
| 2 351 286 | 1.6% | 2 313 561 |
| 835 353 | 81.6% | 460 070 |
| 255 | -35.8% | 397 |
| <u>43 528 419</u> | <u>18.6%</u> | <u>36 716 985</u> |

CURRENT ASSETS

Sundry Congregation
Bank Accounts
Cash on Hand

Northeastern Evangelical Lutheran Church in South Africa

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED

31 December 2020

| <u>INCOME</u> | <u>2020</u> | <u>%</u> | <u>2019</u> |
|---|-----------------------|----------|-------------------|
| <u>CONTRIBUTIONS</u> | | | |
| Contributions - Congregation (As per Budget) | 16 821 033 | 1% | 16 673 202 |
| Contributions -Youth Pastor | 133 231 | 7% | 124 474 |
| Vacancy Adjustment | (1 851 372) | 21% | (1 533 141) |
| Bad Debt Written off | (9 000) | -88% | (74 494) |
| Contributions-Church Running cost | 850 560 | 4% | 819 154 |
| <u>Nett CONTRIBUTIONS</u> | 15 944 452 | 0% | 16 009 195 |
| <u>SOLIDARITY FUND</u> | 895 254 | -10% | 999 375 |
| Received from Congregations | 1 633 065 | 63% | 999 375 |
| Payments out of Solidarity | (737 811) | | 0 |
| <u>GRANT FROM EKD</u> | | | |
| Received | 1 563 709 | 21% | 1 290 808 |
| <u>INVESTMENT INCOME</u> | 3 147 083 | 4% | 3 030 896 |
| General funds | 279 946 | -40% | 469 570 |
| Standard Bank/Investec Money Market | 467 058 | -20% | 584 666 |
| Medical Funds | 1 764 183 | 59% | 1 106 675 |
| Hermannsburg Schule Fund | 602 547 | 12% | 537 761 |
| Interest on Loans | 0 | -100% | 332 225 |
| Interest on Arrears Accounts | 33 348 | #DIV/0! | 0 |
| <u>SUNDRY INCOME</u> | 7 101 | -79% | 33 365 |
| Rental Received | 2 700 | -41% | 4 550 |
| Bequests from Estates | 0 | | 26 000 |
| Sundry Income | 4 401 | 56% | 2 815 |
| <u>FUND AND PROJECT INCOME</u> | 6 432 217 | -10% | 7 128 256 |
| Collections and donations | 713 907 | -33% | 1 065 889 |
| Other Fund Receipts | 5 718 310 | -6% | 6 062 367 |
| Profit on Sale of fixed Property | 2 549 007 | | |
| Plot 23 Carro Nome | 1 162 225 | | |
| Plot 27 Carro Nome | 1 386 783 | | |
| Property Non-distributable Reserves realised | 1 689 623 | | |
| Plot 23 Carro Nome | 1 664 586 | | |
| Plot 27 Carro Nome | 25 038 | | |
| Property Proceeds and Reserves | 4 238 630 | | |
| | <u>32 228 446</u> | 13% | <u>28 491 896</u> |

Northeastern Evangelical Lutheran Church in South Africa

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED

31 December 2020

| | <u>2020</u> | <u>%</u> | <u>2019</u> |
|--|--------------------|-----------------|--------------------|
| <u>EXPENSES</u> | | | |
| <u>PERSONNEL COSTS</u> | 15 177 350 | 0% | 15 194 254 |
| Salaries - Pastors in Service | 13 290 018 | -1% | 13 445 502 |
| Salaries - Bishop and Program Facilitator | 604 821 | 8% | 561 838 |
| Salaries - Office | 843 245 | 5% | 803 497 |
| Group Personal Insurance | 115 425 | 4% | 110 984 |
| Bishop and Program Facilitator maintenance cost | 259 901 | -1% | 263 798 |
| Expenses Pastors Training and Courses | 63 940 | | 8 635 |
| <u>TRAVELLING AND ACCOMMODATIONS</u> | 157 270 | -43% | 276 447 |
| General | 3 079 | -83% | 17 833 |
| Overseas Furlough | | -100% | 16 587 |
| Synods-Expenses | 60 000 | 0% | 60 000 |
| Church Council | 63 642 | -50% | 127 561 |
| Motor Vehicles Expenses | 30 549 | -44% | 54 466 |
| <u>OFFICE</u> | 347 975 | -9% | 381 408 |
| Printing and Stationery | 1 822 | -79% | 8 481 |
| Communications, Postage and Telephone | 37 048 | 1% | 36 644 |
| Purchases, Repairs and Maintenance of Office Equipment | 14 880 | -65% | 42 507 |
| Insurance | 19 963 | 87% | 10 698 |
| Audit Fees | 43 884 | | 41 946 |
| Bank Charges | 32 006 | 1% | 31 770 |
| Refreshments and General meeting expenses | 5 729 | -58% | 13 482 |
| Rental/Rates | 192 643 | -2% | 195 879 |
| <u>MEMBERSHIP FEES</u> | 131 062 | 5% | 124 825 |
| U.E.L.C.S.A. | 115 896 | 6% | 109 329 |
| L.W.F. | 0 | | 0 |
| L.U.C.S.A | 6 000 | | 6 000 |
| S.A.C.C. | 9 166 | -3% | 9 496 |
| <u>SUNDRY EXPENSES</u> | 372 987 | -19% | 458 655 |
| Transfer Costs | 350 000 | -24% | 458 655 |
| Property Donation Muden | 22 987 | | 0 |
| <u>CIRCUITS</u> | 252 427 | 6% | 238 138 |
| <u>FUND AND PROJECT EXPENSES</u> | 3 578 093 | -25% | 4 762 650 |
| Total Expenses | 20 017 163 | -7% | 21 436 377 |
| Profit/ (Loss) before allocation | 12 211 283 | 73% | 7 055 519 |
| <u>ALLOCATION OF FUNDS</u> | (12 048 943) | | (6 540 813) |
| Investment Allocation to Funds | (439 064.96) | -41% | (749 111) |
| Investment Allocation to Medical Liability | (1 764 183) | 59% | (1 106 675) |
| Access Allocation to Medical Liability | (915 608) | | 0 |
| NELCSA Medical Post Retirement Fund | (1 150 353) | 0% | (1 150 353) |
| Investment Allocation to Deutsche Schule Hermannsburg | (602 547) | | (537 761) |
| Depreciation Vehicles | (67 546) | -36% | (105 046) |
| Depreciation Vehicles Funding for new vehicle (+25%) | (16 887) | -36% | (26 262) |
| Allocation to Property fund | (4 238 630) | | (500 000) |
| Net Fund and Project Expenses | (2 854 124) | 21% | (2 365 606) |
| Profit/ (Loss) after allocation | 162 340 | | 514 706 |

Northeastern Evangelical Lutheran Church in South Africa

FUND AND PROJECT INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED

31 December 2020

Fund Income Statement

| | <u>2020</u> | <u>%</u> | <u>2019</u> |
|--|--------------------|-----------------|--------------------|
| Collections and donations | 713,907 | -33% | 1,065,889 |
| Church Music | 20,686 | -59% | 50,620 |
| Church Mission | 349,191 | -38% | 565,577 |
| Church Youth | 148,161 | -21% | 187,409 |
| Church Seniors/Old Age Homes | 17,578 | -9% | 19,401 |
| Theological Education | 146,869 | -18% | 178,147 |
| Deutsche Schule Hermannsburg | 31,422 | -51% | 64,736 |
| Other Fund Receipts | 5,718,310 | -6% | 6,062,367 |
| Church Music | 0 | | 0 |
| Choir Association | 8,353 | | 20,400 |
| Church Mission | 4,050 | | 0 |
| Theological Education | 0 | -100% | 56,394 |
| Church Youth | 133,229 | 7% | 124,474 |
| Haus Kandaze | 861,456 | 2265% | 36,428 |
| Building Reserve Durban | 0 | -100% | 5,034,672 |
| Building Reserve Church Office | 4,238,630 | | 500,000 |
| Seafarers' Reserve | 127,112 | | 60,000 |
| Kailager | 345,480 | | |
| Vehicle fund Sold Vehicle | 0 | | 230,000 |
| Total fund income | 6,432,217 | -10% | 7,128,256 |
| Project Expenditure | 3,578,093 | -25% | 4,762,650 |
| Church Music | 58,870 | -38% | 94,515 |
| Church Mission | 322,505 | -37% | 515,422 |
| Church Youth | 183,550 | -65% | 531,461 |
| Church Seniors/Old Age Homes | 10,958 | -53% | 23,204 |
| Theological Education | 293,933 | 23% | 238,187 |
| Deutsche Schule Hermannsburg | 21,960 | -74% | 83,579 |
| Church Other Projects | 6,000 | 100% | 3,000 |
| Haus Kandaze | 125,719 | 64% | 76,604 |
| Building Reserve Durban | 600,592 | -24% | 793,342 |
| Seafarers' Reserve | 620,186 | 10% | 565,273 |
| Building Reserve -Northern Parish/Louise Trichart | 2,713 | 27% | 2,131 |
| Building Reserve -Trinity | 75,422 | -2% | 77,000 |
| Property Reserve -Hermannsburg Schule | 330,000 | -44% | 586,184 |
| Refugee fund | 0 | -100% | 12,592 |
| NELCSA Medical Provision | 748,681 | -5% | 785,442 |
| Kailager | 177,003 | | |
| Vehicle reserve fund | 0 | 0% | 374,715 |
| Nett Income and Expenditure in Funds and Projects | 2,854,124 | 121% | 2,365,606 |
| Transfer to/(from) Income Statement | 2,312,733 | | 1,796,367 |
| Interest allocation | 2,805,795 | | 2,451,639 |
| Net movement in Funds and Projects | 7,972,653 | | 6,613,612 |
| Opening Balance of Funds and Projects | 34,102,797 | | 27,462,111 |
| Closing Balance of Funds and Projects | 42,075,450 | 123% | 34,075,723 |

FUNDS AND RESERVES FOR THE YEAR ENDED
FUNDS AND RESERVES

TRANSIENT

| | OPENING BALANCES | COLLECTIONS and DONATIONS | Other RECEIPTS and Provisions | INTEREST and INTERNAL ALLOCATIONS | PAYMENTS/ TRANSFERS | FROM/TO INCOME STATEMENT | CLOSING BALANCE |
|----------------------------------|---------------------|---------------------------------|-------------------------------------|---|------------------------|--------------------------------|--------------------|
| Old Age Homes | 0 | 17 578 | 0 | 0 | (10 958) | 0 | 6 620 |
| Church Youth Work | 391 506 | 148 161 | 133 229 | 14 886 | (183 550) | 0 | 504 233 |
| Church Music | 258 611 | 20 686 | 0 | 7 715 | (58 870) | 0 | 228 142 |
| Choir Association | 20 400 | | 8 353 | | | | |
| Church Mission Fund | 2 065 069 | 349 191 | 4 050 | 73 353 | (322 505) | 0 | 2 169 159 |
| Theological Education | 568 091 | 146 869 | 0 | 14 736 | (293 933) | 0 | 435 763 |
| Deutsche Schule Hermannsburg | 0 | 31 422 | | | (21 960) | 0 | 9 462 |
| Diaconical Fund - Gossmann Trust | 300 156 | 0 | 0 | 10 295 | (6 000) | 0 | 304 452 |
| Seafarers' Reserve | 1 208 005 | | 127 112 | 26 360 | (620 186) | 0 | 741 290 |
| Refugee Fund | 23 276 | | 0 | | 0 | | 23 276 |
| | 4 835 115 | 713 907 | 272 744 | 147 346 | (1 517 962) | 0 | 4 451 149 |

FUND SPECIFIC RESERVE

| | | | | | | | |
|--|------------|---|-----------|---------|-------------|--------|------------|
| Building Reserve Church Office | 500 000 | | 4 238 630 | | | | 4 738 630 |
| Building Reserve -Northern Parish | 178 157 | | 0 | 7 727 | (2 713) | | 183 171 |
| Building Reserve Louis Trichardt (Part of Northern Parish) | 214 830 | | 0 | 5 933 | | | 220 763 |
| Building Reserve -Trinity | 75 239 | | 0 | 183 | (75 422) | | 0.00 |
| Property Reserve -Hermannsburg Schule | 4 764 721 | | 0 | 602 547 | (330 000) | | 5 037 268 |
| Building Reserve Dolphin Coast | 7 998 296 | 0 | 0 | 257 583 | (600 592) | | 7 655 286 |
| Motor Vehicle Reserve | 397 617 | | 0 | 16 872 | 0 | 84 432 | 498 921 |
| Kallager | 27 074 | | 345 480 | 3 422 | (177 003) | | 198 973.28 |
| Haus Kandaze Reserve | (162 976) | | 861 456 | | (125 719) | | 572 761 |
| | 13 992 957 | 0 | 5 445 566 | 894 266 | (1 311 449) | 84 432 | 19 105 773 |

LONGTERM PROVISION AND LIABILITIES

| | | | | | | | |
|---|------------|---------|-----------|-----------|-------------|-----------|------------|
| NELCSA Medical Provision-Pensioners | 6 582 505 | | 0 | 1 115 502 | (748 681) | 2 065 961 | 6 949 325 |
| NELCSA Medical Provision-Pastors in Service | 3 499 223 | | | 648 681 | | | 6 213 866 |
| | 10 081 728 | 0 | 0 | 1 764 183 | (748 681) | 2 065 961 | 13 163 191 |
| | 28 909 800 | 713 907 | 5 718 310 | 2 805 795 | (3 578 093) | 2 150 394 | 36 720 113 |
| | 5 192 998 | | | 0 | | 162 340 | 5 355 337 |
| | 34 102 797 | 713 907 | 5 718 310 | 2 805 795 | (3 578 093) | 2 312 733 | 42 075 450 |

TOTAL DEDICATED RESERVES

Retained Earnings [Ex General Reserves]

TOTAL RESERVES

Northeastern Evangelical Lutheran Church in South Africa
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED

31 December 2020

| | 2020 | | 2019 |
|--|----------------------|------------|----------------------|
| Contributions | 15 940 074.80 | 5% | 15 168 617.52 |
| As per Income Statement | 15 944 451.94 | 0% | 16 009 195.30 |
| Interest on arrears Receivables | 33 347.72 | | 0.00 |
| Movement in Account Receivable nett of Bad debts Written off | (37 724.86) | -96% | (840 577.78) |
| Solidarity Receipts | 895 254.26 | -10% | 999 375.39 |
| Fund and Project Receipts | 6 432 217.36 | -10% | 7 128 256.09 |
| Total Received from Congregations | 23 267 546.42 | 0% | 23 296 249.00 |
| Grants Received | 1 563 709.06 | 21% | 1 290 807.91 |
| Fixed Property Sales | 4 238 630.00 | | |
| Nett Investment income Realised | 559 045.57 | | 1 180 729.44 |
| Investment income per Income Statement | 3 113 734.84 | 3% | 3 030 896.49 |
| Hermannsburg School Correction 2018 | | | 58 093.04 |
| Add Back Fair Value adjustment | (2 554 689.27) | 34% | (1 908 260.09) |
| Sundry Income | 7 100.50 | -79% | 33 365.00 |
| Kailager funds transferred to NELCSA [Opening Balance] | 27 074.09 | | 0.00 |
| Loans | 0.00 | -100% | 144 258.29 |
| Total Receipts | 29 663 105.64 | 14% | 25 945 409.64 |
| Total Household Expenditure | 16 449 875.56 | -2% | 16 791 802.84 |
| Personnel Costs | 15 177 349.93 | 0% | 15 194 253.59 |
| Travelling and Accommodation | 157 269.94 | -43% | 276 447.28 |
| Office Costs | 347 974.88 | -9% | 381 408.21 |
| Membership Fees | 131 061.60 | 5% | 124 824.60 |
| Circuits | 252 427.00 | 6% | 238 138.00 |
| Sundry Expenses | 372 986.56 | -19% | 458 655.01 |
| New Church Office | 10 805.65 | | 118 076.15 |
| Fund and Project Expenses | 3 578 093.08 | -25% | 4 762 650.08 |
| -Movement in Accounts Payable | (659 032.79) | 79% | (368 335.73) |
| Total Expenses paid | 19 368 935.85 | -9% | 21 186 117.19 |
| Nett cash flow | 10 294 169.79 | | 4 759 292.45 |
| Fair value Adjustment | 2 554 689.27 | | 1 908 260.09 |
| Other Non-Cash Items-Transfer to Property Reserves | (4 238 630.00) | | (500 000.00) |
| Total Movement in Financial Funds for the year | 8 610 229.06 | | 6 167 552.54 |
| Funds available at beginning of year | 32 067 421.86 | | 25 899 869.32 |
| Bank and Cash | 460 466.48 | | 756 421.60 |
| Financial Investments | 31 606 955.38 | | 25 143 447.72 |
| Funds available at end of year | 40 677 650.92 | | 32 067 421.86 |
| Funds available at end of year | 40 677 650.92 | | 32 067 421.86 |
| Bank and Cash | 835 607.46 | | 460 466.48 |
| Financial Investments | 39 842 043.46 | | 31 606 955.38 |
| | 0.00 | | 0.00 |

Northeastern Evangelical Lutheran Church in South Africa
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 December 2020

Immovable Property is not depreciated

Motor Vehicles are written off on acquisition against the Motor Vehicle Reserve Fund to which annual provisions for replacements are transferred from Income Statement and other sources.

Other movable assets are written off either as current expenditure in the year of acquisition or, if funded from other sources, the source of such funding is reflected in the Financial Statements.

Funds accounting is employed.

Only the financial activities of the Central Administration of the Church are accounted for.

CAPITAL

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|--------------------|--------------------|
| Fixed Property -Revaluation | 370 600 | 2 217 926 |
| Retained income [Ex General Reserves] | 5 355 337 | 5 192 998 |
| | <u>5 725 937</u> | <u>7 410 924</u> |

INVESTMENTS General Funds

| | Months 12 | | | Months 12 | | |
|---------------------------------------|------------------|-----------------|-----------------------|------------------|-----------------|-----------------------|
| | 2020 | | | 2019 | | |
| | Book Value | Market Value | Fair Value Adjustment | Book Value | Market Value | Fair Value Adjustment |
| PSG Wealth Enhanced Int Fund | 1 512 685 | 1 694 087 | 181 402 | 1 512 685 | 1 619 127 | 106 442 |
| PSG Wealth Income FoF | 1 512 685 | 1 701 138 | 188 453 | 1 512 685 | 1 624 266 | 111 581 |
| PSG Moderate FoF | 3 025 370 | 3 435 348 | 409 978 | 3 025 370 | 3 307 234 | 281 864 |
| Closing Balance 31 December | 6 050 740 | 6 830 574 | 779 834 | 6 050 740 | 6 550 627 | 499 887 |
| | Total | Realised | Fair Value Adjustment | Total | Realised | Fair Value Adjustment |
| Income Statement | | | | | | |
| Fair Value Adjustment | 345 531 | | 345 531 | 530 803 | | 530 803 |
| Profit /(loss) on sale of investments | | | | 2 606 | 2 606 | |
| Management Cost | (65 585) | (65 585) | | (63 840) | (63 840) | |
| | <u>279 946</u> | <u>(65 585)</u> | <u>345 531</u> | <u>469 570</u> | <u>(61 234)</u> | <u>530 803</u> |
| Absolute Return | 4.27% | -0.96% | 5.27% | 7.8% | -1.01% | 8.77% |
| Annualised Return | 4.3% | -0.96% | 5.27% | 7.8% | -1.01% | 8.77% |
| Annualised Management Cost % | | -0.96% | | | -1.06% | |

INVESTMENTS Medical Funds

PSG Wealth Global Creator Feeder Fund
 PSG Moderate FoF
 Fixed Interest
 Closing Balance 31 December

| 2020 | | | 2019 | | |
|------------|--------------|-----------------------|------------|--------------|-----------------------|
| Book Value | Market Value | Fair Value Adjustment | Book Value | Market Value | Fair Value Adjustment |
| 5 117 983 | 7 354 147 | 2 236 164 | 4 542 806 | 5 289 074 | 746 268 |
| 5 117 983 | 5 809 043 | 691 060 | 4 542 807 | 4 959 580 | 416 774 |
| 0 | | 0 | 0 | | 0 |
| 10 235 966 | 13 163 191 | 2 927 225 | 9 085 613 | 10 248 654 | 1 163 041 |
| Total | Realised | Fair Value Adjustment | Total | Realised | Fair Value Adjustment |
| 0 | 0 | | 0 | 0 | |
| 1 886 258 | | 1 886 258 | 1 202 370 | | 1 202 370 |
| 0 | 0 | | 3 018 | 3 018 | |
| (122 075) | (122 075) | | (98 713) | (98 713) | |
| 1 764 183 | (122 075) | 1 886 258 | 1 106 675 | (95 695) | 1 202 370 |
| 17.21% | -0.93% | 18.40% | 12.2% | -1.05% | 13.23% |
| 17.21% | -0.93% | 18.40% | 12.2% | -1.05% | 13.23% |
| | -0.93% | | | -1.09% | |

Income Statement

Dividends, Interest
 Fair Value Adjustment
 Profit/(loss) on sale of investments
 Management Cost

Absolute Return
 Annualised Return
 Annualised Management Cost %

Investment Property Reserve - Hermannsburg Schule

Investment PSG Wealth
 Total

| 2020 | | | 2019 | | |
|------------|--------------|-----------------------|------------|--------------|-----------------------|
| Book Value | Market Value | Fair Value Adjustment | Book Value | Market Value | Fair Value Adjustment |
| 4 415 084 | 5 038 132 | 623 048 | 4 745 084 | 4 765 585 | 20 501 |
| 4 415 084 | 5 038 132 | 623 048 | 4 745 084 | 4 765 585 | 20 501 |
| Total | Realised | Fair Value Adjustment | Total | Realised | Fair Value Adjustment |
| 330 000 | 330 000 | | 301 000 | 301 000 | |
| 0 | | | 96 404 | 96 404 | |
| 322 900 | | 322 900 | 175 087 | | 175 087 |
| (50 352) | (50 352) | | (34 730) | (34 730) | |
| 602 547 | 279 648 | 322 900 | 537 761 | 362 674 | 175 087 |
| 12.64% | 5.87% | 6.78% | 11.33% | 7.64% | 3.69% |
| 12.64% | 5.87% | 6.78% | 11.33% | 7.64% | 3.69% |
| | -1.06% | | | -0.73% | |

Standard Bank Investec Money Market

Standard Bank Call Account
 Interest Received
 Annualised Return
 Investec Money Market
 Interest Received
 Annualised Return

| 2020 | | | 2019 | | |
|------------|--------------|-----------------------|------------|--------------|-----------------------|
| Book Value | Market Value | Fair Value Adjustment | Book Value | Market Value | Fair Value Adjustment |
| 2 656 167 | 2 656 167 | 0 | 10 042 089 | 10 042 089 | 0 |
| 314 077 | 314 077 | 0 | 584 666 | 584 666 | 0 |
| 3.63% | 3.63% | 0.00% | 5.82% | 5.82% | 0.00% |
| 12 153 981 | 12 153 981 | 0 | | | |
| 152 981 | 152 981 | 0.00% | | | |
| 3.78% | 3.78% | | | | |

Northeastern Evangelical Lutheran Church in South Africa

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
IMMOVABLE PROPERTY

31 December 2020

2020

2019

27 Caro Nome, Kempton Park.

Being Caro Nome Agricultural Holdings,
Registration Division IR Transvaal - 8565 Square Metres.
Deed of Transfer 11337/85

At Cost in 1985

-

25 037.50

Sold for R2 826 810

23 Caro Nome, Kempton Park.

Being Caro Nome Agricultural Holdings,
Registration Division IR Transvaal - 2,1620 Hectares.

Deed of Transfer :T2746/86

At Cost

-

1 664 585.50

Sold for R1 411 820

Haus Kandaze

-

157 701.30

Lot 987 Shelly Beach situated in Borough of Shelly Beach,
Administrative District of KwaZulu - Natal in extent 1656
Square Metres - Deed of Transfer 24997/93

At Cost in 1993

133 995.00

Additions - 2007

23 706.30

This Property has been sold for R950 000 and the transaction is in the process of being completed.

Farm Tullochgorum

370 600.00

370 600.00

Being Sub 2(of 1) of the Farm Tullochgorum No. 11312,
situated in the Southern Natal; Joint Services Board Area,
Administrative District of KwaZulu - Natal in extent 2,1774ha
- bequeathed by Estate Late A.M.H. Kaiser - Deed of
Transfer 23413.94

At Valuation for Estate Duty Purposes

200 000.00

200 000.00

Kailager - Cost of Development

170 600.00

170 600.00

Müden Properties

Müden Properties - brought to account at nominal values in 1997

-

2.00

Sub 41 (of 29) of the Farm Nietgedocht No. 1192 - 4128 Square Meters

1.00

Sub 7 (of 4) of the Farm Nietgedocht No. 1192 - 3692 Square Meters

1.00

Deed of Transfer No. 734/87

New Church Office

128 881.80

118 076.15

Cost for new Church office to be erected on the Property of Johannes Gemeinde
in Pretoria. The costs will be amortized over 25 years to Church running cost.

499 481.80

2 336 002.45

NOTES TO THE ANNUAL FINANCIAL STATEMENTS**FOR THE YEAR ENDED****Thursday, 31 December 2020**

| | <u>2020</u> | <u>2019</u> | Movement for the year |
|--|-------------------------|-------------------------|--------------------------------------|
| <u>ACCOUNTS RECEIVABLE</u> | | | |
| <u>SUNDRY CONGREGATIONS FOR CONTRIBUTIONS</u> | | | |
| AUG001 - Augsburg | 7,296 | 0 | 7,296 |
| BET001 - Bethany | | (46,000) | 46,000 |
| BRA001 - Braunschweig | (0) | (120) | 120 |
| DOL001 - Dolphin Coast (LCDC) | (22) | (999) | 977 |
| EAS001 - Eastrand (ELCER) | 343,788 | 304,846 | 38,942 |
| GER001 - Gerdau/Potchefstroom | (21,700) | 52,175 | (73,875) |
| HER001 - Hermannsburg | | (5,117) | 5,117 |
| HIL001 - Hillcrest | (130) | (65) | (65) |
| JCP001 - Johannesburg Church of Peace | | (1) | 1 |
| JOH001 - Pretoria - Johannesgemeinde | | 0 | 0 |
| KEL001 - Kelvin | (13,888) | 1,113 | (15,001) |
| KEM001 - Kemptonpark | 122,785 | (3,485) | 126,269 |
| KRO001 - Kroondal | 24 | (8) | 32 |
| MID001 - Midrand | | | 0 |
| MWI001 - Moorleight | 0 | 0 | 0 |
| NEL001 - Nelspruit | 0 | 790 | (790) |
| NEW001 - New Germany | (2,477) | (2,649) | 172 |
| NOR001 - Nordrand | (10,000) | 0 | (10,000) |
| PIE001 - Piet Retief | (169) | (5) | (164) |
| PMB001 - Pietermaritzburg | | 0 | 0 |
| SBL001 - St Peters by the Lake | 264,039 | 414,913 | (150,874) |
| SHH001 - Deutsche Schule Hermannsburg Trust | (2,003) | (5,074) | 3,071 |
| SPP001 - St Peters Pretoria | 53,614 | 0 | 53,614 |
| TRI001 - Trinity Zululand | 191,575 | 116,868 | 74,707 |
| ULC001 - United Evangelical Lutheran Congregation | | 0 | 0 |
| VBP001 - Vanderbijlpark | (34,840) | (852) | (33,988) |
| VER001 - Verden/Dundee | | 0 | 0 |
| VRY001 - Vryheid | | 0 | (0) |
| WES001 - West Rand | 1,437,644 | 1,466,644 | (29,000) |
| WES002 - West Rand (New Account) | (9,595) | 7,224 | (16,819) |
| WIN001 - Winterton | 1,503 | 3,383 | (1,880) |
| Total Congregations | <u>2,327,444</u> | <u>2,303,582</u> | <u>23,862</u> |
| <u>OTHER RECEIVABLES</u> | | | |
| YBE001 - Bethany Youth Pastor | | 0 | 0 |
| YDO - Dolphin Coast Youth Pastor | (0) | | (0) |
| YHB001 - Hermannsburg Youth Pastor | (5,718) | 0 | (5,719) |
| YHC001 - Hillcrest Youth Pastor | (0) | 1 | (1) |
| YMO001 - Moorleight Youth Pastor | | 0 | 0 |
| YNG001 - New Germany Youth Pastor | (9) | (1) | (8) |
| YPA001 - Augsburg Youth Pastor | | 0 | 0 |
| YPB001 - Braunschweig Youth Pastor | | (4,149) | 4,149 |
| YPM001 - PMB/Bishopstowe Youth Pastor | | 0 | (0) |
| YPR001 - Piet Retief Youth Pastor | (383) | (3,903) | 3,519 |
| YPT001 - Trinity Zululand Youth Pastor | | 0 | 0 |
| YPV001 - Vryheid Youth Pastor | | 0 | (0) |
| YUL001 - United Evangelical Luth Congr-Youth Past | | 0 | 0 |
| YVD001 - Verden/Dundee Youth Pastor | | 0 | 0 |
| YWI001 - Winterton Youth Pastor | 1,107 | 1,068 | 39 |
| Congregations for Youth Pastors | <u>(5,004)</u> | <u>(6,984)</u> | <u>1,980</u> |
| Roodekrans Trust | 25,846 | 16,963 | 8,884 |
| KLE001 - Rev Emmanuel Kleinbooi | 3,000 | | 3,000 |
| Total Receivables | <u>2,351,286</u> | <u>2,313,561</u> | <u>37,725</u> |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 December 2020

ACCOUNTS PAYABLE

Clearing Accounts

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|--------------------|--------------------|
| SARS - PAYE | 0 | 0 |
| SARS - UIF | 0 | 0 |
| Medical Aid | 0 | 0 |
| Pension | 1 504 | 0 |
| Salary | 0 | 0 |
| Discovery risk Benefits | 0 | |
| Total Clearing Accounts | 1 504 | 0 |
| Bonus Provision | 65 940 | 0 |
| Provision for Transfers | 593 873 | 268 126 |
| Provision for Synod | 65 879 | 5 879 |
| Rental Deposit -Haus Kandatze | 0 | 14 999 |
| RMM Suspense Account | 0 | 139 354 |
| RMM Funds | 49 362 | 0 |
| Provision Bishops Allowance | 0 | |
| Suspense-Solidarity Run | 305 811 | (5 022) |
| | 1 082 369 | 423 336 |

NELCSA Medical Provision

| | <u>Dec-16</u> | <u>Dec-17</u> | <u>2018</u> | <u>2019</u> | <u>2020 YTD</u> |
|---|----------------------|----------------------|--------------------|--------------------|------------------------|
| Pensioners | | | | | |
| Opening Balance | - | 7 653 335 | 7 497 980 | 6 560 790 | 6 582 505 |
| Contributions | 7 447 927 | 84 353 | (950) | 0 | 0 |
| Interest /Yield | 205 408 | 480 909 | (207 107) | 807 157 | 1 115 502 |
| Payments of Pensioners | - | (720 617) | (729 132) | (785 442) | (748 681) |
| Total | 7 653 335 | 7 497 980 | 6 560 790 | 6 582 505 | 6 949 325 |
| As per Laibility Calculation | | | | 6 853 407 | 7 457 854 |
| Shortage /Excess [Retired Pastors] | | | | (270 902) | (508 528) |
| Pastors in Service | | | | | |
| Opening Balance | - | 0 | 1 057 965 | 2 049 352 | 3 499 223 |
| Contributions | - | 998 080 | 985 298 | 1 150 353 | 1 150 353 |
| Excess contribution | | | | | 915 608 |
| Interest /Yield | - | 59 885 | 6 089 | 299 518 | 648 681 |
| Total | 0 | 1 057 965 | 2 049 352 | 3 499 223 | 6 213 865 |
| As per Laibility Calculation [2021 January] | | | | 10 621 020 | 11 371 646 |
| Shortage /Excess [Pastors in Service] | | | | (7 121 797) | (5 157 781) |
| Shortage /Excess [Total] | | | | (7 392 698) | (5 666 309) |
| Total | 7 653 335 | 8 555 945 | 8 610 142 | 10 081 728 | 13 163 191 |
| Investment values | | | 8 698 416 | 10 248 654 | 13 163 191 |