**Schedule 1: NELCSA-BUDGET 2022/23**

**Dated: July 2021**

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# Basis of budget

## 1.1 Cost Categories

The basis of the budget is to allocate the cost items into two categories:

* **Pastors in Service**- Pastor’s Cost to Company [Salary, medical, pension, UIF and Group risk insurance], a prefunding for medical aid liability for pastors when they retire, provision for transfer cost and Continuing Professional Development for pastors.
* In this budget, the Church Council has allocated R 4,238,630 to the Medical Prefunding from funds received on the sale of properties. The Church Council believes, that based on the current assumptions, the medical prefunding is now sufficient to cover the future liability.
* **Nett Church Running Cost**- the office, bishops’ cost, synod and travelling costs, Church Council meeting costs, membership fees and circuit costs.

EKD subsidy and solidarity contributions are set off against this to arrive at a nett cost.

The building of a new Church Office will also affect the Church running cost. This will in the long run reduce Church running cost.

* **Investment Carry-** The returns received from Investing Funds less allocation to various special and general funds and purposes

## 1.2 Recovery of Cost Categories

These costs are recovered from the congregations in two different ways:

* **Pastors in Service** -fully recovered from a congregation with a pastor’s post or portion of a post. If a post is vacant such amount would be credited as a so called “vacancy adjustment”. There are currently 27.25 posts of which 4 are vacant.
* **Nett Church Running Cost** -this needs to be fully recovered from all the congregations with a pastor’s post or portion of a post. Vacancies do not receive credits.

 The above two cost categories are generally of a fixed nature with little discretion that can be applied to the budget.

## 1.3 Project Cost

Project costs are discretionary and depend on the income for such projects. The project income and expenditure are separately budgeted and transferred into the Funds and Reserves statement to monitor balances.



#

# 2 Assumptions

The following assumptions have been used in the budget:

Table :Assumptions

|  |  |  |  |
| --- | --- | --- | --- |
| **Cost increases** | **2021** | **2022** | **2023** |
| Salary | 6.00% | 6.00% | 6.00% |
| Medical | 8.00% | 8.00% | 8.00% |
| General | 6.00% | 6.00% | 6.00% |
| ZAR /Euro  |  15.00  |  17.00  |  17.00  |
| Interest allocation<R250 000 | 2.50% | 3.50% | 3.50% |
| Interest allocation>R250 000 | 6.00% | 3.50% | 3.50% |
| **Investment assumptions** | **2021** | **2022** | **2023** |
| Interest Yield | 6.50% | 3.50% | 4.00% |
| Dividend Yield | 2.00% | 2.00% | 2.00% |
| Capital Growth | 5.00% | 5.00% | 5.00% |
| **Interest "Subsidy"** |  |  |  |
| Solidarity Contributions |  900,000  |  750,000  |  800,000  |
| Property Profit Transferred to Medical Fund |  |  4,238,630  |  |
| Post-Retirement Medical Funding |  |  -  |  -  |
| Continuing Professional Development |  100,000  |  100,000  |  100,000  |
| Co-Worker Training |  100,000  |  75,000  |  75,000  |
| **Office Building Cost** |  |  |  |
| Amortized costed | 60,000 | 60,000 | 60,000 |
| Cash Cost | 40,704 | 38,400 | 40,704 |
| Rental/Rates/Municipal Services [New Building] | 100,704 | 98,400 | 100,704 |

# 3 Cost of Pastors in Service

## 3.1 Cost to Company-Salary and Related Cost

The budget assumes the highest salary scale. Most of our pastors are in this scale.

The Church, governed by a Synod decision, follows as a guideline the Dutch Reformed Church [NG Kerk) remuneration study commission guidelines when determining Salary scales.

In 2021 this guideline was a 0% increase due to the impact of the Corona Pandemic.

NELCSA followed this guideline and also “froze” the Contributions by congregations for Pastor in Service post on the 2020 level. This is referred to as the “Basic Salary”.

This had the effect that a “reset” of base costs took place in 2021.

A 13Th cheque of the basic salary is payable in December.

**Employer Pension Fund Contributions.**

The Employer Pension Fund Contributions is 14 % of Pensionable Salary [“Basic Salary” PLUS 30%].

The history of the additional 30% dates back many years when the Church decided to increase the contributions to enable pastors to purchase homes at retirement as they are not able to own a home /property during their working life as they live in congregation houses and are frequently transferred.

**Group Life**

A 0.72% of “Basic Salary” is also paid for a Risk Insurance for the pastor for Death and Dread Decease cover.

## 3.2 Transfer Cost

Also added is the provision for transfer cost when Pastors are transferred between congregations. As Transfers tend to happen synchronous the actual cost are normally bunched together and therefor provisions are made each year to even out the cost effect thereof.

By the end March 2021 a provision of R681,873 was accumulated.

This enables us to reduce the provision from the R400 000 in 2021 to R200 000 for 2022 and 2023.

## 3.3 Continuing Professional Development

There is a need for pastors to attend courses, seminars and training to keep abreast of latest issues and trends. For this an amount of R100 000 is budgeted for both years.

## 3.4 Post-Retirement Medical liability

The Post-Retirement medical liability and the funding thereof is shown in Table 2:Post-Retirement Medical Liability and Funding.

Table :Post-Retirement Medical Liability and Funding

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Post-Retirement Liability and Funding** | **2016-2019** | **2020** | **2021 YTD** | **2022** | **2023** |
| Pensioners | (6,853,407) | (7,457,854) | (6,988,667) | (6,381,543) | (5,767,697) |
| Pastors in Service | (10,621,020) | (11,371,646) | (11,502,940) | (11,644,007) | (11,738,421) |
| Total Liability Calculation | (17,474,426) | (18,829,500) | (18,491,607) | (18,025,550) | (17,506,118) |
| **Fund** |  |  |  |  |  |
| Opening Balance | 0 | 10,081,728 | 13,163,191 | 14,568,221 | 19,156,200 |
| Contributions Pensioners | 7,531,330 | 0 |  |  |  |
| Contributions Pastors in Service | 3,133,731 | 1,150,353 | 1,150,353 | 0 | 0 |
| Excess Contribution |  | 915,608 |  | 4,238,630 | 0 |
| Growth in Fund | 1,651,859 | 1,764,183 | 1,087,252 | 1,149,372 | 1,149,349 |
| Payments to Pensioners | (2,235,191) | (748,681) | (832,575) | (800,000) | (830,000) |
| Closing Balance of Fund | 10,081,728 | 13,163,191 | 14,568,221 | 19,156,223 | 19,475,548 |
| Shortage | (7,392,698) | (5,666,309) | (3,923,386) | 1,130,673 | 1,969,430 |

In the last 5 years an amount of R5.434 million was contributed to the fund and allocated to the Pastors in Service. The effect was an increase of the Pastors in Service Cost in excess of R40 000 per annum per post.

In 2020 a portion [R915,608] of the Excess shown by the Church was also allocated to the fund. These excess profits were mostly due to the good investment returns during the year. The Church Council allocated these excess funds to benefit congregations and not build up reserves at the centre.

In 2020 Church Council decided to sell the two properties, Plot 23 and 27. The considerations was the uncertainty that the Corona Virus and Lockdown posed, threats of land invasion and a non-income yielding asset with no immediate other options.

The ash funds yielded from this =R 4,238,630

This budget proposes to allocate these to the Post-Retirement Medical Fund so that all congregations have the benefit in a way of reduced Pastors in Service Cost

As can be seen in Table 2 above and based on the current assumptions [Mortality age -84 years; medical inflation 8%; Investment growth 5% +2 % dividend Yield] and reduced payments to pensioners, the fund turns into a positive in 2022.

The Church Council is of the view that the funding is therefore sufficient and no further annual contribution is budgeted for or foreseen.

The Church Council will monitor the situation and will also consider to allocate Excess Income to this fund if so required before loading the Pastors’ Post with this liability again.

## 3.5 Total Cost of Pastor in Service Post

Detailed in Table 3: Cost of Pastor in Service , this means in simple terms the cost to employ a Pastor in Service by NELCSA per annum is R 619,325 in 2022 and R 656,385 in 2023.

Table : Cost of Pastor in Service

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **%/ increase** | **Standard Pastor Cost**  |  **Act 2021 pa**  |  **2022 pa**  |  **2022%**  |  **2023 pa**  |  **2023%**  |
| 6.50% | Basic Salary |  397,681  |  415,422  | 4.5% |  440,347  | 6.0% |
|  | 13th cheque |  32,970  |  34,948  | 6.0% |  37,045  | 6.0% |
| 0.00% | Child Allowance |  5,400  |  5,400  | 0.0% |  5,400  | 0.0% |
| 6.50% | Uniform Allowance |  1,200  |  4,800  | 300.0% |  4,800  | 0.0% |
|  | Other Allowance |  4,800  |  |  |  |  |
| 8.00% | Medical Aid |  65,303  |  70,528  | 8.0% |  76,170  | 8.0% |
|  | Total Cost to NELCSA |  507,354  |  531,098  | 4.7% |  563,762  | 6.2% |
| 11.50% | Pension | 60,173 | 62,697 | 4.2% | 66,459 | 6.0% |
| 2.50% | Pension Ex Group Life | 13,081 | 13,630 | 4.2% | 14,448 | 6.0% |
| 0.25% | UIF |  994  |  1,039  | 4.5% |  1,101  | 6.0% |
| 0.72% | Group Life  |  2,863  |  2,991  | 4.5% |  3,171  | 6.0% |
|  | Cost to Company before Medical Provision |  584,466  |  611,454  | 4.6% |  648,940  | 6.1% |
|  | % Increase to Salary Package | -6.04% | 4.62% |  | 6.13% |  |
|  | Transfer Cost Provision |  14,141  |  8,602  | -39.2% |  8,602  | 0.0% |
|  | Continuing Professional Development |  4,040  |  4,301  | 6.5% |  4,301  | 0.0% |
|  | Pastors in Service Medical Aid Prefunding |  31,789  |  -  | -100.0% |  -  |  |
|  | Total Cost-NELCSA Pastor in Service |  634,436  |  624,358  | -1.6% |  661,843  | 6.0% |

Over the years the Cost of Pastors in Service increased as demonstrated in Table 4: Pastor in Service 2017-2023

Table : Pastor in Service 2017-2023

## 3.6 Housing and Travelling Cost for Pastor

Housing and travelling cost are budgeted and expensed by individual congregations based on local circumstances and needs.

## 3.7 Recovery of Pastor in Service cost

The recovery or collection of Pastors in Service is budgeted to be totally recovered from congregations based on Pastors’ Post actually filled.

**Table 5** lists the “27.25” Congregations with Pastors’ Post, or part thereof, and this forms the basis of the collections and the Pastor in Service costs. Note that current Vacancies are budgeted for as “Vacancy Adjustments”.

Table : List of Congregations for Contribution Key

|  |  |  |  |
| --- | --- | --- | --- |
| **CONGREGATION** |  Actual Pastor’s post filed  |  Pastor’s post budget  |  Net Church Running Costs  |
|  |
|  |
| AUGSBURG |  1.00  |  1.00  |  1.00  |  |
| BETHANY |  1.00  |  1.00  |  1.00  |  |
| BRAUNSCHWEIG |  1.00  |  1.00  |  1.00  |  |
| DUIWELSKLOOF/POLOKWANE |  -  |  -  |  0.10  |  |
| LUTHERAN CONGREGATION DOLPHIN COAST |  0.50  |  0.50  |  0.50  |  |
| DURBAN SEAFARERS’ MISSION |  0.50  |  0.50  |  0.50  |  |
| ELCER  |  -  |  1.00  |  1.00  |  |
| GERDAU/ POTCHEFSTROOM |  1.00  |  1.00  |  1.00  |  |
| HERMANNSBURG |  0.25  |  0.25  |  0.25  |  |
| HERMANNSBURG Deutsche Schule |  0.50  |  0.50  |  0.50  |  |
| HILLCREST |  1.00  |  1.00  |  1.00  |  |
| JOHANNESBURG CHURCH OF PEACE |  0.50  |  0.50  |  1.00  |  |
| KEMPTON PARK |  1.00  |  1.00  |  1.00  |  |
| KROONDAL |  1.00  |  1.00  |  1.00  |  |
| KELVIN |  0.50  |  0.50  |  0.50  |  |
| MIDRAND |  0.50  |  0.50  |  0.50  |  |
| NELSPRUIT |  -  |  0.50  |  0.50  |  |
| NEW GERMANY |  1.00  |  1.00  |  1.00  |  |
| NORTHRAND |  1.00  |  1.00  |  1.00  |  |
| PIET RETIEF |  1.00  |  1.00  |  1.00  |  |
| PIETERMARITZBURG |  1.25  |  1.25  |  1.25  |  |
| PRETORIA - JOHANNES |  1.00  |  1.00  |  1.00  |  |
| PRETORIA - ST. PETER |  **1.50** |  1.50 |  1.50 |  |
| ST. PETERS BY THE LAKE |  1.00  |  1.00  |  1.00  |  |
| TRINITY ZULULAND |  -  |  1.00  |  1.00  |  |
| UELC |  2.00  |  2.00  |  2.00  |  |
| VANDERBIJLPARK |  1.00  |  1.00  |  1.00  |  |
| VERDEN / DUNDEE |  -  |  0.50  |  0.50  |  |
| VRYHEID |  1.00  |  1.00  |  1.00  |  |
| WRLCC |  -  |  1.00  |  1.00  |  |
| WINTERTON /ELM Share | 0.17 | 0.17 |  -  |  |
| WINTERTON |  0.83 |  1.00  |  1.00  |  |
| YOUTH PASTOR KZN |  0.25  |  0.25  |  0.25  |  |
| **Total** |  **23.25**  |  **27.25**  |  **27.85**  |  |
| Vacancies |   |  **4.00**  |   |  |

Table : Recovery Pastors in Service

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Pastors in Service | 2020 | 2021 | 2022 | 2023 |
|  | Actual | Budget | Forecast | Budget | Budget | Budget |
| Total Congregation Invoiced | 16,821,033 | 16,846,496 | 17,937,758 | 17,937,758 | 16,850,741 | 17,862,374 |
| Vacancy Adjustment | (1,851,372) | (1,269,512) | (1,351,803) | (1,351,803) | (2,497,431) | (2,647,374) |
| Bad Debt Written off | (9,000) | 0 | 0 | 0 |  |  |
| Contributions -Youth Pastor | 133,231 | 133,228 | 142,601 | 142,601 | 163,005 | 172,861 |
| Total Nett Income | 15,093,892 | 15,710,212 | 16,728,556 | 16,728,556 | 14,516,315 | 15,387,860 |
| Cost to Company Pastors | 14,969,736 | 15,710,212 | 16,978,556 | 16,728,556 | 14,516,315 | 15,387,860 |
| Salaries Pastors in Service |  13,405,443  |  14,409,859  |  15,328,203  |  15,328,203  |  14,216,315  |  15,087,860  |
| NELCSA Medical Post- Retirement Fund |  1,150,353  |  1,150,353  |  1,150,353  |  1,150,353  |  -  |  -  |
| Subsidy-Interest Allocation | 0 | (300,000) |   | (250,000) |   |   |
| Transfer Cost |  350,000  |  350,000  |  400,000  |  400,000  |  200,000  |  200,000  |
| Continuing Professional Development |  63,940  |  100,000  |  100,000  |  100,000  |  100,000  |  100,000  |
|  |  |   |  |   |  |  |
| Nett Pastors in Service | 124,156 | 0 | (250,000) | 0 | 0 | 0 |

# 4 Nett Church Running Cost

## 4.1 Bishop Cost to Company, Housing and Vehicle Cost

* **Salary -**at Cost to Company same as the Cost of Pastor in Service Plus a 10% Bishop Allowance
* **Housing** -NELCSA has the policy not to own a house as every new Bishop might have different housing needs and locations. The house is rented in accordance with the guidelines. Energy and water, telephone and internet, and gardening costs are also paid for. As we are renting the property maintenance costs are generally for the Lessor.

As with the current bishop the incumbent bishop could opt to purchase a property and the Church will rent this on an armlength basis.

* **Vehicle** -An annual provision is made for the replacement of the vehicle. The maintenance cost is actively managed by replacing vehicles such that most costs are covered by maintenance service plans.

Fuel and other related costs are also budgeted for.

In 2020 and probably in 2021 these costs are lower than budget due to Lockdown, but for 2022/23 a normal situation was budgeted for.

Table : Bishops Cost

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2020 | 2021 | 2022 | 2023 |
|  | Actual | Budget | Forecast | Budget | Budget | Budget |
| Bishop [CTC and Housing] |  949,155  |  1,063,283  |  1,055,473  |  1,055,473  |  1,043,039  |  1,100,572  |
| Remuneration |  604,821  |  652,837  |  664,147  |  664,147  |  659,234  |  696,500  |
| Vehicle Replacement Provision | 84,432 | 100,000 | 100,000 |  100,000  |  75,000  |  75,000  |
| Housing and Maintenance Cost |  259,901  |  310,445  |  291,326  |  291,326  |  308,806  |  329,072  |

With a new Bishop being elected at Synod 2021 the costs might change due to circumstances of the individual.

## 4.2 Travel and Accommodation.

* Travelling Cost, international and local, are mostly flights by the bishop.
* Church Council -These are costs for Church Council members travel compensation and accommodation to attend Church Council Meetings. In 2020 and 2021 many meetings were held virtually, and the 2022/23 budget has been reduced slightly as we expect in future this could be an ongoing trend.
* Provision of R60 000 per annum is made for Cost of Synod which takes place every 2 years.

The Church Office [Rental, Staff costs, Printing and Stationery, Communication, Repairs and Maintenance of Office Equipment, Audit fees, Bank Charges, Insurance]

* Cost for the Synod is also provided for over 2 years to even out the expenses.
* Meetings and accommodation are costs for refreshments at meetings held at the office.
* Motor Vehicle Expenses are Fuel and Maintenance Cost for the bishop’s official vehicle
* The actual cost for 2020 and the forecast 2021 are affected by the 2020 and expected Lockdown rules for 2021.

Table : Travel and Accommodation

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Nett Church Running Cost | 2020 | 2021 | 2022 | 2023 |
|  | Actual | Budget | Forecast | Budget | Budget | Budget |
| Travelling and Accommodation |  162,999  |  370,925  |  195,922  |  387,461  |  337,109  |  357,336  |
| General |  3,079  |  15,021  |  15,922  |  15,922  |  16,878  |  17,890  |
| Overseas Furlough |  -  |  18,288  |  -  |  19,386  |  40,000  |  42,400  |
| Synods |  60,000  |  62,000  |  60,000  |  60,000  |  60,000  |  63,600  |
| Church Council |  63,642  |  145,576  |  70,000  |  154,311  |  120,000  |  127,200  |
| Meetings and Accommodation | 5,729 | 63,083 | 20,000 | 66,868 | 25,000 | 26,500 |
| Motor Vehicle Expenses |  30,549  |  66,956  |  30,000  |  70,973  |  75,232  |  79,746  |

## 4.3 Office Cost

* **Personnel Remuneration** -These costs are the bishop’s Personal Assistant and the Bookkeeper remuneration. In 2021 the Bookkeeper post was reduced to a 60% post due to streamlined administration processes implemented. This enabled us to reduce the cost for this budget.
* **Rental** -The planned Church Office at Johannes Gemeinde has not been completed yet. Covid Lockdown, political infighting at Tshwane municipality and problems with previous building plans slowed down the approval of building plans.

Covid Pandemic forced a “Home office /Virtual office “working regime in 2020. The Church Council decided to vacate the offices at the Kempton Park complex in December 2020.

The contents of the archive were reduced substantially by placing information on the Cloud. The vault where the remaining archives are stored is being rented from ELCSA on a 6-monthly basis.

At this time, the plan is still to build the office and the budget has been prepared on that basis.

|  |  |  |
| --- | --- | --- |
| **New Office Cost** | **2022** | **2023** |
| Amortize Cost |  60,000  |  60,000  |
| Cash Cost |  38,400  |  40,704  |
|  |  98,400  |  100,704  |

* **Communication** -This is a need that has become critical in the “Home office /Virtual office” environment.
* **Other** -Audit Fees, Bank Charges, Insurance and Office Equipment, Printers and Electronic Equipment.

Table : Office Cost

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Nett Church Running Cost | 2020 | 2021 | 2022 | 2023 |
|  | Actual | Budget | Forecast | Budget | Budget | Budget |
| Office Cost | 1,208,477 | 1,098,775 | 1,047,390 | 1,161,102 | 1,010,624 | 1,067,661 |
| Printing and Stationery |  2,963  |  5,279  |  5,596  |  5,596  |  5,932  |  6,288  |
| Communications |  35,907  |  33,740  |  40,000  |  35,764  |  37,910  |  40,184  |
| Purchases, Repairs and Maintenance of Office Equipment |  14,880  |  32,424  |  5,000  |  34,370  |  36,432  |  38,618  |
| Audit Fees | 43,884 | 44,581 | 47,256 | 47,256 | 50,091 | 53,097 |
| Bank Charges |  32,006  |  17,452  |  30,000  |  18,499  |  30,000  |  31,800  |
| Office Rental and Amortization  |  192,643  |  92,400  |  20,000  |  94,344  |  98,400  |  100,704  |
| Insurance |  19,963  |  16,033  |  16,995  |  16,995  |  18,014  |  19,095  |
| Sundries |  -  |  24,279  |  -  |  25,735  |  10,000  |  10,600  |
| Property Donation Müden |  22,987  |  -  |  -  |  -  |  -  |  -  |
| Office Salaries |  843,245  |  832,588  |  882,543  |  882,543  |  723,844  |  767,275  |

## 4.4 Membership Fees

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | Budget 2021 | Budget 2022 | Budget 2023 |
| UELCSA |  |  |  117,287  |  127,001  |  129,312  |
| LWF |  |  |  5,000  |  5,000  |  5,000  |
| LUCSA |  |  |  6,000  |  6,000  |  6,000  |
| SACC |  |  |  10,000  |  10,000  |  10,000  |
|  |  |  |  138,287  |  148,001  |  150,312  |

## 4.5 Circuit Cost

* The allocation to circuits to support work done in the circuit has been inflated by 6% from previous years.
* The Church Law 1 Budget allocation for the circuits is allocated as follows:

50% equally to the number (4) circuits.

50% allocated according to number of congregations.

## 4.6 Co-worker Training

* A provision has been made for training of co-workers and helpers in congregations in general, but specifically to support small congregations who rely on self-help ministry.

## 4.7 Setoff Income

* **Solidarity Contributions** -During a very difficult 2020 an amount of R 895 254 was received from congregations for Solidarity. The Corona Virus Solidarity Run yielded an amazing R 737,811 which was paid to struggling congregations in 2020 and 2021.

The effect of the downturn in the economy is starting to show its teeth even more in 2021 and we forecast a reduction from this in 2021.

The budget for 2022/23 is R750 000 and R800 000 as we hope and pray for a recovery in those years.

* **Subsidies from EKD** -Funding is maintained at 81 000 Euro and we are very thankful for this support. We have been told for some time now that this will reduce and suspect that with the Corona Pandemic affecting the Churches in Europe this might now be applied, but we don’t know to what extent.

The amount received in ZAR is dependent on the Euro/ZAR exchange rate. We used 17 ZAR/Euro amounting to R1 377 000.

Table : Net Church Running Cost-Summary

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Nett Church Running Cost** | **2020** | **2021** | **2022** | **2023** |
|  | Actual | Budget | Forecast | Budget | Budget | Budget |
| **Bishop [CTC and Housing]** |  **949,155**  |  **1,063,283**  |  **1,055,473**  |  **1,055,473**  |  **1,043,039**  |  **1,100,572**  |
| **Travelling and Accommodation** |  **162,999**  |  **370,925**  |  **195,922**  |  **387,461**  |  **337,109**  |  **357,336**  |
| **Office Cost** | **1,208,477** | **1,098,775** | **1,047,390** | **1,161,102** | **1,010,624** | **1,067,661** |
| Co-Worker Training |  -  |  100,000  |   |  100,000  |  75,000  |  75,000  |
| Membership Fees |  131,062  |  167,534  |  138,287  |  177,586  |  148,001  |  150,312  |
| Circuits |  252,427  |  252,428  |  267,573  |  267,573  |  283,628  |  300,645  |
| Total Church Running Cost | 2,704,120 | 3,052,944 | 2,704,646 | 3,149,195 | 2,897,401 | 3,051,526 |
| **Setoff Income** | 2,466,064 | 2,205,000 | 2,077,000 | 2,225,000 | 2,127,000 | 2,177,000 |
| Solidarity Contributions  |  895,254  |  850,000  |  700,000  |  900,000  |  750,000  |  800,000  |
| Subsidies from EKD  |  1,563,709  |  1,215,000  |  1,377,000  |  1,215,000  |  1,377,000  |  1,377,000  |
| Rental Received  |  2,700  |  -  |  -  |  -  |  -  |  -  |
| Other Income  |  4,401  |  10,000  |   |  10,000  |   |   |
| Interest Allocation |  -  |  130,000  |   |  100,000  |   |   |
| **Nett Church Running Cost to be Recovered** | **238,056** | **847,944** | **627,646** | **924,195** | **770,401** | **874,526** |
| Church Running Cost Contribution from Congregations |  850,560  |  847,944  |  850,560  | 924,195 | 770,401 | 874,526 |
| **Excess/ (Under Recovery)** | **612,505** | **0** | **222,914** | **0** | **0** | **0** |
| Number of Congregations | 27.35 |   | 27.35 |   | 27.85 | 27.35 |
| Amount Recovered per Congregation | 31,099 |   | 31,099 |   | 27,662 | 31,975 |

# 5 Investment Carry

In December 2018, the Church Council decided to change investment manager and our investments are now with PSG Wealth Funds. The emphasis was also to diversify investments as a higher emphasis was placed on offshore investments.

The assumption for investment yields for this budget are:

|  |  |  |  |
| --- | --- | --- | --- |
| **Cost Increases** | **2021** | **2022** | **2023** |
| Interest Yield | 6.50% | 3.50% | 4.00% |
| Dividend Yield | 2.00% | 2.00% | 2.00% |
| Capital Growth | 5.00% | 5.00% | 5.00% |

We believe this is not overly aggressive as the assumption is only 1% above our inflationary assumption of 6%.

The risk area is clearly the Capital Growth of 5%.

The Investment Returns and Balances for 2022/23 are calculated and shown in Table 11: Investment Returns:

Table : Investment Returns

|  |  |  |  |
| --- | --- | --- | --- |
| **Investments** |  | **2023** | **2022** |
|  |  |  Book Value  | Growth/Earnings | Yield |  Book Value  | Growth/Earnings | Yield |
| General Funds |  |  8,007,131  | 480,428 | 6.0% |  7,526,703  | 451,602 | 6.0% |
| Medical Funds |  |  19,495,984  | 1,169,759 | 6.0% |  19,156,225  | 1,149,373 | 6.0% |
| Hermannsburg Schule Fund |  |  5,078,390  | 304,517 | 6.0% |  5,059,280  | 306,102 | 6.1% |
| Money Market |  |  6,947,539  |  243,164  | 3.5% |  8,646,859  |  300,680  | 3.5% |
| INVESTMENT INCOME |  |  39,529,043  |  2,197,868  | 5.6% |  40,389,067  |  2,207,758  | 5.5% |

Interest at 3.5% is allocated to funds we hold and manage on behalf of Church Institutions and Causes.

Applying these assumptions, the forecast for investment yield and allocation thereof is:

Table : Investment Returns and Allocation

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Investment Income less Allocation-Investment Carry** | **2018** | **2019** | **2020** | **2021** | **2021** | **2022** | **2023** |
| **Investment Income**  | Actual | Actual | Actual | YTD | Budget | Budget | Budget |
| General Funds | (594,025) | 1,054,235 | 747,005 | 539,413 | 687,092 | 451,602 | 480,428 |
| Medical Funds | (201,018) | 1,106,675 | 1,764,183 | 1,052,146 | 723,307 | 1,149,373 | 1,169,759 |
| Hermannsburg Schule Fund | (116,261) | 537,761 | 602,547 | 252,316 | 336,344 | 306,102 | 304,517 |
| **INVESTMENT INCOME** | **(911,303)** | **2,698,671** | **3,113,735** | **1,843,875** | **1,746,743** | **1,907,078** | **1,954,705** |
| Interest on Arrears Accounts | 142,272 | 0 | 33,348 | 25,047 | 0 | 0 | 0 |
| Interest on Loans and Money Market | 65,462 | 332,225 |  | 280,262 | 161,990 | 300,680 | 243,164 |
| **Interest Allocation** |  |  |  |  |   |  |  |
| General Funds (3.5%) | (230,158) | (749,111) | (439,065) | (209,174) | (279,288) | (402,666) | (395,309) |
| Allocation to Nett Church Running Cost |  |  | 0 | 0 | (100,000) |  |  |
| Allocation Medical Prefunding |  |  | 0 | 0 | (250,000) |  |  |
| Nett Interest carry after allocation | (933,727) | 2,281,786 | 2,708,018 | 1,940,010 | 1,279,445 | 1,805,092 | 1,802,560 |
| Medical Funds | 201,018 | (1,106,675) | (1,764,183) | (1,052,146) | (723,307) | (1,149,373) | (1,169,759) |
| Hermannsburg Schule fund | 116,261 | (537,761) | (602,547) | (252,316) | (336,344) | (306,102) | (304,517) |
| Nett Investment Carry | (616,449) | 637,350 | 341,287 | 635,548 | 219,795 | 349,616 | 328,283 |
| Investments per Balance Sheet | 25,143,448 | 31,606,955 | 39,842,045 | 41,956,063 | 25,694,485 | 31,219,623 | 31,987,942 |
| %Return on Total Investment | -3.52% | 10.96% | 7.90% | 9.25% | 6.89% | 7.63% | 6.95% |

Investment Returns were higher than Budget in 2019 R2 698 671 vs a Budget of R1,047,910 and in 2020 R3,113,735 vs a Budget of R1,689,944. The Medical Funds performed very well and will allow us to reduce contributions to this liability. It turns out that the Allocation to Net Church Running Cost and Medical Prefunding out of investment returns for 2020 and 2021 was not necessary as cost was lower.

# 6 Summary Income Statement

The summary Income Statement is shown below.

Table : Summary Income Statement

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **NELCSA** | **2020** | **2021** | **2022** | **2023** |
| **Summary of Income Statement elements** | Actual | Budget | Forecast | Budget | Budget | Budget |
| Pastors in Service | 124,156 | 0 | (250,000) | 0 | 0 | 0 |
| Nett Church Running Costs to be recovered | 612,505 | 0 | 222,914 | 0 | 0 | 0 |
| Profit on Sale of Fixed Property [Incl. NDR realised] | 4,238,630 | 0 | 0 | 0 | 0 | 0 |
| Investment Income less Allocation-Investment Carry | 341,287 | 152,991 | 407,804 | 219,795 | 349,616 | 328,283 |
| Surplus before Allocations | 5,316,578 | 152,991 | 380,719 | 219,795 | 349,616 | 328,283 |
| Special allocation to Medical Prefunding Fund | (915,608) |   |  |   |  |  |
| Allocation to Property Fund | (4,238,630) |   |  |   |  |  |
| Total | 162,340 | 152,991 | 380,719 | 219,795 | 349,616 | 328,283 |

In 2020 the superior investment returns allowed the Church Council to allocate an amount of R915 608 to the Post-Retirement Medical Fund, to reduce the cost of Pastor in Service as explained in paragraph 3.1.

In future the intent of the Church Council is to continue utilizing superior return to reduce cost to congregations if possible.

# 7 Fund and Project Income Statement

## 7.1 Transient Funds

The various funds received via compulsory collections, voluntary donations and other receipts and expenses paid for “Projects” or “Funds on behalf of” are shown here.

These Receipts and Expenses do not directly impact the contributions by congregations to the Church.

The Church Work related projects include Church Music, Church Mission, Church Youth and Theological Education. The 2020 collections for these were extremely negatively impacted by Corona Lockdown. For this reason, the Budget 2022/23 was based on the 2020 amounts.

Certain Church related organisations like Brass Band Association, Choir Association and Kailager have transferred their funds to the Church as they have experienced problems with FICA arrangements at the banks.

Seafarers’ Mission Fund -This fund originated from 2018 when the property of the Seafarers was sold, and Ron Küsel took over the ministry. We use this to fund the 50% post for Ron Küsel. This Fund will be depleted in 2022 and a new arrangement will have to be agreed with the Seafarers’ Mission.

## 7.2 Fund Specific Reserve

Property Reserve Hermannsburg Schule- This is a fund originating from the sale of the farm left to the School by the Hermannsburg Mission. It is retained to specifically fund the 50% Pastors’ Post for the School.

Building Reserve Dolphin Coast- This originates from the sale of the former Durban properties and was set aside by the Church Council to plant a new Durban congregation. This is used to fund the Lutheran Congregation Dolphin Coast.

Other Property Reserve Funds are from congregations who closed down and the properties were sold, and funds deposited for use by the remaining structures of those congregations.

## 7.3 Long-term Provision and Liabilities

The NELCSA Provision for Post-Retirement Medical Liabilities is accounted for here, split into Pensioners and Pastors in Service. Refer to Table 2.

The Balances are shown in Table 14: Funds and Reserves and the Income and Expenses in ***Table 15: Fund Income Statement.***

Table : Funds and Reserves

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| BALANCE SHEET AT  | 2020 | 2020 | 2021 | 2021 | 2022 | 2023 |
|  | Actual | Budget | Forecast | Budget | Budget | Budget |
| FUNDS AND RESERVES and Long-term Provisions | 36,720,114 | 25,355,809 | 38,355,847 | 25,076,686 | 37,530,021 | 37,604,770 |
| Transient Funds | 4,451,149 | 4,148,836 | 4,829,131 | 3,293,370 | 4,235,678 | 4,162,283 |
| Specific Reserves | 14,068,506 | 6,092,506 | 13,850,722 | 5,756,174 | 9,122,306 | 8,977,480 |
| Hermannsburg Schule Reserve | 5,037,268 | 4,781,509 | 5,107,773 | 4,761,351 | 5,101,696 | 5,075,291 |
| NELCSA Medical Provision-Pensioners | 13,163,191 | 10,332,958 | 14,568,221 | 11,265,791 | 19,070,342 | 19,389,716 |
|  |   |   |   |   |   |   |

Table : Fund Income Statement

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Fund Income Statement** | **Actual 2020** | **Budget 2021** | **Budget 2022** | **Budget 2023** |
| **Collections and donations** |  **713,907**  |  **1,268,994**  |  **695,000**  |  **728,750**  |
| Church Music |  20,686  |  95,401  |  25,000  |  26,250  |
| Church Mission |  349,191  |  659,051  |  350,000  |  367,500  |
| Church Youth |  148,161  |  248,403  |  150,000  |  157,500  |
| Theological Education |  146,869  |  213,639  |  150,000  |  157,500  |
| Deutsche Schule Hermannsburg |  31,422  |  52,500  |  20,000  |  20,000  |
|  |   |   |   |   |
| **Other Fund Receipts**  |  **5,718,310**  |  **399,251**  |  **50,000**  |  **52,500**  |
| Church Music |   |  -  |  -  |  -  |
| Choir Association |  8,353  |   |  -  |  -  |
| Church Mission |  4,050  |  -  |  -  |  -  |
| Church Youth |  133,229  |  62,908  |  50,000  |  52,500  |
| Haus Kandaze |  861,456  |  -  |  -  |  -  |
| Building Reserve Church Office |  4,238,630  |   |  -  |  -  |
| Seafarers' Reserve |  127,112  |   |  -  |  -  |
| Kailager |  345,480  |   |  -  |  -  |
| Property Reserve Hermannsburg Schule  |   |  336,344  |   |   |
| **Total Fund Income** |  6,432,217  |  1,668,245  |  745,000  |  781,250  |
| **Project Expenditure** |  **3,578,092**  |  **4,308,488**  |  **3,415,568**  |  **2,627,972**  |
| Church Music | 58,870 | 44,100 | 40,000 | 42,000 |
| Church Mission | 322,505 | 890,217 | 300,000 | 315,000 |
| Church Youth | 183,550 | 420,000 | 300,000 | 315,000 |
| Theological Education | 293,933 | 380,995 | 257,850 | 274,788 |
| Deutsche Schule Hermannsburg | 21,960 | 52,500 | 20,000 | 20,000 |
| Building Reserve Northern Parish |   | 5,513 |   |   |
| Building Reserve Louise Trichardt | 2,713 | 2,303 | 2,849 | 2,991 |
| Building Reserve Trinity | 75,422 | 9,608 | 0 | 0 |
| Building Reserve Dolphin Coast | 600,592 | 700,000 | 550,000 | 500,000 |
| Seafarers’ Reserve | 620,186 | 614,176 | 535,208 | 0 |
| Property Reserve Hermannsburg Schule  | 330,000 | 356,502 | 309,662 | 328,193 |
| NELCSA Medical Provision | 748,681 | 832,575 | 800,000 | 830,000 |
| Vehicle Reserve Fund |   |   | 300,000 | 0 |
| Nett Income and Expenditure in Funds and Projects | 2,854,125 | (2,640,243) | (2,670,568) | (1,846,722) |

## Fund Statements

See detail Budget Fund and Reserve Statements for 2022 and 2023 in **Annexure A**.

# 8 Balance Sheet

The Projected/Budgeted Balance Sheet for NELCSA is shown in Table 16: Balance Sheet.

Table : Balance Sheet

|  |  |  |
| --- | --- | --- |
| **Northeastern Evangelical Lutheran Church in South Africa** |  |  |
| **BALANCE SHEET AT**  | **2020** | **2021** | **2022** | **2023** |
|  | **Actual** | **Forecast** | **Budget** | **Budget** |
| **CAPITAL** | **5,725,937** | **6,106,656** | **7,632,541** | **7,960,824** |
| **Fixed Property -Revaluation** | 370,600 | 370,600 | 370,600 | 370,600 |
| **Retained Earnings** | 5,355,337 | 5,736,056 | 7,261,941 | 7,590,224 |
| **FUNDS AND RESERVES and Long-term Provisions** | **36,720,114** | **38,355,847** | **37,530,021** | **37,604,770** |
|  |   |   |   |   |
| Transient Funds | 4,451,149 | 4,829,131 | 4,235,678 | 4,162,283 |
| Specific Reserves | 14,068,506 | 13,850,722 | 9,122,306 | 8,977,480 |
| Hermannsburg Schule Reserve | 5,037,268 | 5,107,773 | 5,101,696 | 5,075,291 |
| NELCSA Medical Provision-Pensioners | 13,163,191 | 14,568,221 | 19,070,342 | 19,389,716 |
|  |   |   |   |   |
| **CURRENT LIABILITIES** |  |  |  |  |
| Account Payables and Provisions | 1,082,369 | 776,369 | 760,000 | 600,000 |
|  | 43,528,420 | 45,238,872 | 45,922,562 | 46,165,594 |
| **NON-CURRENT ASSETS** |  |  |  |  |
| **IMMOVABLE PROPERTY** | 370,600 | 370,600 | 370,600 | 370,600 |
| NELCSA Office  | 128,882 | 128,882 | 1,440,000 | 1,380,000 |
| **INVESTMENTS** | **39,842,045** | **41,581,502** | **40,431,482** | **39,186,186** |
| Investments General Funds | 6,830,574 | 19,304,590 | 14,517,562 | 14,242,670 |
| Investments Medical Funds | 13,163,191 | 14,568,221 | 19,156,225 | 19,156,225 |
| Investment Hermannsburg Schule Reserve | 5,038,132 | 5,038,790 | 5,101,696 | 5,075,291 |
| Standard Bank Money Market | 14,810,148 | 2,669,902 | 1,656,000 | 712,000 |
| Total Investments | 39,842,045 | 41,581,502 | 40,431,482 | 39,186,186 |
| Attributable to Funds and Reserves | 39,842,043 | 41,581,502 | 40,431,482 | 39,186,186 |
| Attributable to Transient Funds | 4,451,149 | 4,829,131 | 4,235,678 | 4,162,283 |
| Attributable to Fund Specific Reserves | 14,067,641 | 13,850,722 | 9,122,306 | 8,977,480 |
| Attributable to Long-term Provisions -Medical | 13,163,191 | 14,568,221 | 19,070,342 | 19,389,716 |
| Attributable to Hermannsburg Schule Reserves | 5,038,132 | 5,107,773 | 5,101,696 | 5,075,291 |
| Attributable to General Purposes | 3,121,930 | 3,225,656 | 2,901,461 | 1,581,416 |
|  |  |  |  |  |
| **CURRENT ASSETS** | 3,186,893 | 3,157,887 | 3,680,480 | 5,228,808 |
| Accounts Receivable | 2,351,286 | 2,500,000 | 2,500,000 | 2,500,000 |
| Bank Balances | 835,607 | 657,887 | 1,180,480 | 2,728,808 |
|  | 43,528,420 | 45,238,872 | 45,922,562 | 46,165,594 |

# 9 Summary of impact to Congregation Contribution

The ZERO % increase to Congregation Contributions, supported by ZERO % increases in Salaries in 2021, the allocation of the funds realised from the selling of the properties and the ceasing of contribution to Post-Retirement Medical Fund and the reduction in Office Cost allowed the Church Council to reduce the Congregation Contribution in 2022 and 2023.

Table :Summary of Increases

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Summary of Increases** | **2021** | **2021 Reset** | **% Increase** | **2022** | **% Increase** | **2023** |
| Pastors in Service Cost | 675,901 | 634,756 | -1.6% | 624,358 | 6.0% | 661,843 |
| Net Church Running Cost | 37,102 | 31,386 | -11.9% | 27,662 | 15.6% | 31,975 |
| Total | 713,003 | 666,142 | -2.1% | 652,020 | 6.4% | 693,819 |
| vs Original 2021 Budget |  |  | -8.6% |  |  |  |

In 2021 the contributions were kept the same as in 2020.

The proposed 2022 contributions are 2.1% lower than 2021 and would have been 8.3% lower than the original 2021 budget.

The proposed 2023 contributions are 6.4% higher than 2022.

For the past 6 years the Cost to Congregations with a Pastor is shown in Table 18

Table : Cost to Congregation

# 9.1 Invoicing and Solidarity Contributions

For administrative purposes and to remind the congregational treasurers and administrative staff to pay contributions regularly a “Invoicing” system has been introduced by the Church Bookkeeping Function.

Table :Invoicing to Congregation

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2021 Reset** | **2022** | **2023** |
| **Typical Cost Invoice to a Congregation** | **Per Annum** | **Per Month** | **Per Annum** | **Per Month** | **Per Annum** | **Per Month** |
| Cost of Pastor in Service | 634,756 |  52,896  | 624,358 |  52,030  | 661,843 |  55,154  |
| Nett Church Running Cost | 31,386 |  2,615  | 27,662 |  2,305  | 31,975 |  2,665  |
| Total Invoicing | 666,142 | 55,512 | 652,020 | 54,335 | 693,819 | 57,818 |
| Expected "Hurdle" Solidarity Contribution  | 31,170 |  2,597  | 26,930 |  2,244  | 29,250 |  2,438  |
| Total Contribution **NOT** to be Subsidised | 697,312 | 58,109 | 678,950 | 56,579 | 723,069 | 60,256 |

The Solidarity appeals to the more affluent congregations to contribute voluntary so that the less affluent congregations contribute only the invoiced portion.

Congregations should assess themselves on how much Solidarity contributions it could afford. We would appeal to affluent congregations to see this as a contribution to the further existence of our Church. If we cannot bank on the Solidarity contributions, the annual contributions required from smaller congregations are going to increase to unaffordable levels which will lead to the “loss” or “closure” of congregations, but cost will remain to be collected from the remaining congregations. Any congregation contributing ***less than*** R26,930 [2022] or R29,250 [2023] to Solidarity contribution is being subsidised.

# 10 Church Law 1

## 10.1 Church Law 1 -Schedule 1

Table : Church Law 1

|  |  |  |
| --- | --- | --- |
| **Church Law 1 Schedule 1** | **2022** | **2023** |
| Financial Contributions by Congregations | 16,036,716 | 17,062,387 |
| Pastors in Service | 14,516,315 | 15,387,860 |
| Nett Church Running Cost | 770,401 | 874,526 |
| Solidarity Contributions | 750,000 | 800,000 |
| Other Income-Subsidy and Nett Investment Return | 1,726,616 | 1,705,283 |
| EKD Subsidy | 1,377,000 | 1,377,000 |
| Nett Investment Return | 349,616 | 328,283 |
| Total Income | 17,763,332 | 18,767,670 |
| Expenditure | 17,413,716 | 18,439,387 |
| Pastors in Service | 14,516,315 | 15,387,860 |
| Total Church Running Cost | 2,897,401 | 3,051,526 |
|  |  |  |
| Income less Expenses | 349,616 | 328,283 |
| Nett Surplus | 349,616 | 328,283 |
|  |  |  |

## 10.2 2022 Contribution Schedule 2

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **CONGREGATION** | **Actual Pastor's post filed** | **Net Church Running Costs** | PASTOR POSTS ACTUALY FILLED | Net Church Running Costs | Youth Pastor KZN | TOTAL NET Amount Payable per congregation |
|  |
|  |
| AUGSBURG |  1.00  |  1.00  | 624,358 | 27,662 | 15,214 | 667,234 |  |
| BETHANY |  1.00  |  1.00  | 624,358 | 27,662 | 15,214 | 667,234 |  |
| BRAUNSCHWEIG |  1.00  |  1.00  | 624,358 | 27,662 | 15,214 | 667,234 |  |
| DUIWELSKLOOF / POLOKWANE |  -  |  0.10  | 0 | 2,766 | 0 | 2,766 |  |
| LUTHERAN CONGREGATION DOLPHIN COAST |  0.50  |  0.50  | 312,179 | 13,831 | 15,214 | 341,224 |  |
| DURBAN SEAFARERS’ MISSION |  0.50  |  0.50  | 312,179 | 13,831 | 0 | 326,010 |  |
| ELCER |  -  |  1.00  | 0 | 27,662 | 0 | 27,662 |  |
| GERDAU / POTCHEFSTROOM |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| HERMANNSBURG |  0.25  |  0.25  | 156,089 | 6,916 | 15,214 | 178,219 |  |
| HERMANNSBURG Deutsche Schule |  0.50  |  0.50  | 312,179 | 13,831 | 0 | 326,010 |  |
| HILLCREST |  1.00  |  1.00  | 624,358 | 27,662 | 15,214 | 667,234 |  |
| JOHANNESBURG CHURCH OF PEACE |  0.50  |  1.00  | 312,179 | 27,662 | 0 | 339,841 |  |
| KEMPTON PARK |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| KROONDAL |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| KELVIN |  0.50  |  0.50  | 312,179 | 13,831 | 0 | 326,010 |  |
| MIDRAND |  0.50  |  0.50  | 312,179 | 13,831 | 0 | 326,010 |  |
| NELSPRUIT |  -  |  0.50  | 0 | 13,831 | 0 | 13,831 |  |
| NEW GERMANY |  1.00  |  1.00  | 624,358 | 27,662 | 15,214 | 667,234 |  |
| NORTHRAND |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| PIET RETIEF |  1.00  |  1.00  | 624,358 | 27,662 | 15,214 | 667,234 |  |
| PIETERMARITZBURG |  1.25  |  1.25  | 780,447 | 34,578 | 15,214 | 830,239 |  |
| PRETORIA - JOHANNES |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| PRETORIA - ST. PETER |  1.50  |  1.50  | 936,536 | 41,494 | 0 | 978,030 |  |
| ST. PETERS BY THE LAKE |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| TRINITY ZULULAND |  -  |  1.00  | 0 | 27,662 | 15,214 | 42,876 |  |
| UELC |  2.00  |  2.00  | 1,248,715 | 55,325 | 30,428 | 1,334,468 |  |
| VANDERBIJLPARK |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| VERDEN / DUNDEE |  -  |  0.50  | 0 | 13,831 | 15,214 | 29,045 |  |
| VRYHEID |  1.00  |  1.00  | 624,358 | 27,662 | 15,214 | 667,234 |  |
| WRLCC |  -  |  1.00  | 0 | 27,662 | 0 | 27,662 |  |
| WINTERTON |  1.00  |  1.00  | 624,358 | 27,662 | 15,214 | 667,234 |  |
| YOUTH PASTOR KZN |  0.25  |  0.25  | 156,089 | 6,916 | 0 | 163,005 |  |
| **Total** |  **23.25**  |  **27.85**  | **14,516,315** | **770,401** | **228,207** | **15,514,923** |  |

## 10.3 2023 Contribution Schedule 3

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **CONGREGATION** | **Actual Pastor's post filed** | **Net Church Running Costs** | PASTOR POSTS ACTUALY FILLED | Net Church Running Costs | Youth Pastor KZN | TOTAL NET Amount Payable per congregation |
|  |
|  |
| AUGSBURG |  1.00  |  1.00  | 624,358 | 27,662 | 16,134 | 668,154 |  |
| BETHANY |  1.00  |  1.00  | 624,358 | 27,662 | 16,134 | 668,154 |  |
| BRAUNSCHWEIG |  1.00  |  1.00  | 624,358 | 27,662 | 16,134 | 668,154 |  |
| DUIWELSKLOOF / POLOKWANE |  -  |  0.10  | 0 | 2,766 | 0 | 2,766 |  |
| LUTHERAN CONGREGATION DOLPHIN COAST |  0.50  |  0.50  | 312,179 | 13,831 | 16,134 | 342,144 |  |
| DURBAN SEAFARERS’ MISSION |  0.50  |  0.50  | 312,179 | 13,831 | 0 | 326,010 |  |
| ELCER  |  -  |  1.00  | 0 | 27,662 | 0 | 27,662 |  |
| GERDAU / POTCHEFSTROOM |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| HERMANNSBURG |  0.25  |  0.25  | 156,089 | 6,916 | 16,134 | 179,139 |  |
| HERMANNSBURG Deutsche Schule |  0.50  |  0.50  | 312,179 | 13,831 | 0 | 326,010 |  |
| HILLCREST |  1.00  |  1.00  | 624,358 | 27,662 | 16,134 | 668,154 |  |
| JOHANNESBURG CHURCH OF PEACE |  0.50  |  1.00  | 312,179 | 27,662 | 0 | 339,841 |  |
| KEMPTON PARK |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| KROONDAL |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| KELVIN |  0.50  |  0.50  | 312,179 | 13,831 | 0 | 326,010 |  |
| MIDRAND |  0.50  |  0.50  | 312,179 | 13,831 | 0 | 326,010 |  |
| NELSPRUIT |  -  |  0.50  | 0 | 13,831 | 0 | 13,831 |  |
| NEW GERMANY |  1.00  |  1.00  | 624,358 | 27,662 | 16,134 | 668,154 |  |
| NORTHRAND |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| PIET RETIEF |  1.00  |  1.00  | 624,358 | 27,662 | 16,134 | 668,154 |  |
| PIETERMARITZBURG |  1.25  |  1.25  | 780,447 | 34,578 | 16,134 | 831,159 |  |
| PRETORIA - JOHANNES |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| PRETORIA - ST. PETER |  **1.00**  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| ST. PETERS BY THE LAKE |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| TRINITY ZULULAND |  -  |  1.00  | 0 | 27,662 | 16,134 | 43,796 |  |
| UELC |  2.00  |  2.00  | 1,248,715 | 55,325 | 32,267 | 1,336,308 |  |
| VANDERBIJLPARK |  1.00  |  1.00  | 624,358 | 27,662 | 0 | 652,020 |  |
| VERDEN / DUNDEE |  -  |  0.50  | 0 | 13,831 | 16,134 | 29,965 |  |
| VRYHEID |  1.00  |  1.00  | 624,358 | 27,662 | 16,134 | 668,154 |  |
| WRLCC |  -  |  1.00  | 0 | 27,662 | 0 | 27,662 |  |
| WINTERTON |  1.00  |  1.00  | 624,358 | 27,662 | 16,134 | 668,154 |  |
| YOUTH PASTOR KZN |  0.25  |  0.25  | 156,089 | 6,916 | 0 | 163,005 |  |
| **Total** |  **22.75**  |  **27.35**  | **14,204,136** | **756,569** | **242,005** | **15,202,710** |  |

## 11. **Prescribed Offering**

## **11.1 Proposed Section74 (1)**

1. In accordance with Section 74 (1) of the Constitution of NELCSA the following

 offerings for the church are prescribed:

|  |  |
| --- | --- |
| 1. **Prescribed Offering**
 | **Prescribed number** |
| Mission Fund of the Church | 12 |
| Circuit Youth Work (see \* below) | 4 |
| Theological Education  | 4 |
| Church Music (Cantate) | 1 |
| **Total** | 21 |

(\*The Southern and Eastern Circuit offerings are paid into the Youth Work KwaZulu-Natal Fund. The Youth Work Northern and Central Circuit offerings are paid into their respective Youth Work Funds.)

**b)** **Additional Recommended offering’s Prescribed number**

|  |  |
| --- | --- |
|  |  |
| Solidarity Offerings | 6 |
| HMB Foundation\*\* | 4 |
| Old Age Homes: APN / Richmond Road / local home\* | 2 |
| Circuit Senior work\* | 2 |
| **Total** | 14 |

\* Does not form part of the 10% as set in (2)

\*\* See reason for change in 10.2 below

 (2) Congregations with the practice that offerings and tithes/contributions are given on the altar,

 can apply to Church Council to give 10% of these giving’s at the altar in lieu of prescribed offerings. The compulsory and voluntary offerings are still announced every Sunday.

(3) The 10% offerings received from Congregations participating in the practice as approved in (2) will be allocated as follows:

|  |  |  |
| --- | --- | --- |
| **Offering**  | **Number** | **%** |
| Mission Fund of the Church | 12 | 44% |
| Circuit Youth Work  | 4 | 15% |
| Theological Education  | 4 | 15% |
| Church Music (Cantate) | 1 | 4% |
| Solidarity Offerings | 6 | 22% |
| **Total** | 27 | 100% |

## 11.2 Hermannsburg Schule change to HMB Foundation

On 30 May 2021 you wrote to me as NELCSA representative on the DSH Trust to ask us to consider the approach with future thank offerings for the HMB School. As per Church Law 1, this is a recommended offering and the question was, given that the Hermannsburg school is now a private entity owned by a private company, where should the monies raised through thank offerings be paid to.

Your request was discussed by the executive of the DSH Trust and then at a meeting of the Trust on 9 June 2021. Following that meeting, the proposal of the DSH Trust was discussed with the board of the HMB Foundation. Together we propose the following:

1) Any monies raised by NELCSA Thank Offerings be paid over to the HMB Foundation. The HMB Foundation itself is making some changes to its Trust Deed in order to safeguard their tax-exempt status. As such it is now focusing on the provision of bursaries and no longer collecting donations for major projects at the school (the collecting of donations for major projects is being undertaken by the school, since doing this for an entity owned by a private company would endanger the tax-exempt status of the HMB Foundation). Previously the money from NELCSA Thank Offerings was predominantly used for financial assistance for scholars who could not afford fees. **This proposal therefore assures that the money is still used for the same purpose as before**.

2) If this proposal is accepted, then the NELCSA, as a donor to the HMB Foundation, can also stipulate certain provisions for the donation if it so wishes. So, for example, you could stipulate what scholars should benefit from these monies in the form of bursaries: Primary or High School, all scholars or only scholars who are members of NELCSA or a Lutheran church, scholars who are gifted in specific areas, etc. Church Council is free to consider this. We did not discuss this aspect in our meetings.

3) The following details of the HMB Foundation and its board are provided for your information:

* The thank offerings will be used for bursaries. This is very beneficial to the school as it increases its ability to attract scholars who would otherwise not be able to afford the school fees.
* The Trustees of the HMB Foundation at present are: Helga Jacobs (chair), Felix Middleton (Vice Chair), Doug Lorimer (Chair of the Ziduli board of the school), Stella Cockburn (Secretary), Rupert Buhr (Treasurer), Birgit Eggers, Almut Rabe, Sithembiso Sithole.

We would be very thankful if the inclusion of this thank offering under recommended offerings would continue. Since no congregation is obliged to include this collection and it is completely their choice whether they include it or not, the changed circumstances in Hermannsburg should not affect whether it is included or not. The HMB School community - including its "old" board of the DSH Trust and the "new" board of Ziduli) are very grateful for the historical relationship with the NELCSA and for its support over the years and it is important to us that this mutually beneficial relationship continues.

**Annexure A: Fund and Reserve Statements 2022,2023**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **FUNDS AND RESERVES FOR THE YEAR ENDED**  | 2021/04/01 |  |   |  |  |  |   |  |   |  |   |  | **2022/12/31** |
| **31 December 2022** | Opening Balances |  | Collections and Donations |  | Other Receipts and Provisions |  | Interest and Internal Allocations |  | Payments /.Transfers |  | Transfer Income Statement |  | Closing Balance |
| **TRANSIENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Old Age Homes of the Church | 10,125 |  |  |  |  |  |  |  |  |  |  |  | 10,125 |
| Church Youth Work | 536,834 |  | 150,000 |  | 50,000 |  | 15,187 |  | (300,000) |  | 0 |  | 452,021 |
|  Youth Work - General | 3,600 |  | 1,006 |  | 335 |  |   |  | (2,012) |  | 0 |  | 2,929 |
|  Youth Work - Northern Circuit | 35,722 |  | 9,981 |  | 3,327 |  | 1,017 |  | (19,963) |  | 0 |  | 30,086 |
|  Youth Work - Central Circuit | 29,337 |  | 8,197 |  | 2,732 |  | 836 |  | (16,394) |  | 0 |  | 24,708 |
|  Youth Work - KZN. | 142,313 |  | 39,764 |  | 13,255 |  | 4,053 |  | (79,529) |  |   |  | 119,856 |
|  Youth Work - KZN. Hub | 325,862 |  | 91,051 |  | 30,350 |  | 9,281 |  | (182,102) |  | 0 |  | 274,442 |
| Church Music | 300,567 |  | 25,000 |  |  |  | 9,995 |  | (40,000) |  |  |  | 295,562 |
| Choir Association | 39,853 |  |  |  |  |  |  |  |  |  |  |  | 39,853 |
| Brass Band Association | 453,394 |  |  |  |  |  |  |  |  |  |  |  | 453,394 |
| Church Mission Fund | 2,133,250 |  | 350,000 |  |  |  | 76,414 |  | (300,000) |  |  |  | 2,259,664 |
| Theological Education | 408,281 |  | 150,000 |  |  |  | 10,515 |  | (257,850) |  |  |  | 310,947 |
| Deutsche Schule Hermannsburg | 12,881 |  | 20,000 |  |  |  |  |  | (20,000) |  |  |  | 12,881 |
| Diaconical Fund - Gossman Trust | 307,116 |  | 0 |  |  |  |  |  |  |  |  |  | 307,116 |
| Seafarers’ Reserve | 598,045 |  |  |  |  |  | 0 |  | (598,045) |  |  |  | 0 |
| Refugee fund | 23,276 |  |  |  |  |  |  |  |  |  |  |  | 23,276 |
|  | 4,813,496 |  | 695,000 |  | 50,000 |  | 112,110 |   | (1,515,894) |  | 0 |  | 4,154,712 |
| **FUND SPECIFIC RESERVE** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Building Reserve | 4,738,630 |  |  |  |  |  |  |  | (4,238,630) |  |  |  | 500,000 |
| Building Reserve Northern Parish | 182,597 |  |  |  |  |  | 6,391 |  | 0 |  |  |  | 188,988 |
| Building Reserve Louis Trichardt (Part of Northern Parish) | 220,763 |  |  |  |  |  | 7,627 |  | (2,849) |  |  |  | 225,541 |
| Property Reserve Hermannsburg Schule  | 5,038,790 |  |  |  |  |  | 301,859 |  | (309,662) |  |  |  | 5,030,987 |
| Building Reserve Dolphin Coast | 7,555,286 |  |  |  | 0 |  | 245,185 |  | (550,000) |  |  |  | 7,250,471 |
| Motor Vehicle Reserve | 520,030 |  |  |  |  |  | 11,201 |  | (300,000) |  | 100,000 |  | 331,231 |
| Kailager | 144,557 |  |  |  |  |  |  |  |  |  |  |  | 144,557 |
| Haus Kandaze Reserve | 522,761 |  |  |  |  |  | 18,297 |  | 0 |  |  |  | 541,058 |
|  | 18,923,414 |   | 0 |   | 0 |   | 590,560 |   | (5,401,141) |   | 100,000 |   | 14,212,833 |
| **LONGTERM PROVISION**  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| NELCSA Medical Provision-Pensioners | 6,995,467 |  |  |  |  |  | 555,445 |  | (800,000) |  |  |  | 6,750,912 |
| NELCSA Medical Provision-Pastors in service | 7,100,557 |  |  |  |  |  | 563,789 |  |  |  | 4,238,630 |  | 11,902,975 |
|  | 14,096,024 |   | 0 |   | 0 |   | 1,119,233 |   | (800,000) |   | 4,238,630 |   | 18,653,887 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **TOTAL DEDICATED RESERVES** | 37,832,934 |   | 695,000 |   | 50,000 |   | 1,821,903 |   | (7,717,035) |   | 4,338,630 |   | 37,021,432 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **31 December 2023** | Opening Balances |  | Collections and Donations |  | Other Receipts and Provisions |  | Interest and Internal Allocations |  | Payments /.Transfers |  | Transfer Income Statement |  | Closing Balance |
| **TRANSIENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Old Age Homes of the Church | 10,125 |  |  |  |  |  |  |  |  |  |  |  | 10,125 |
| Church Youth Work | 452,021 |  | 157,500 |  | 52,500 |  | 12,067 |  | (315,000) |  | 0 |  | 359,088 |
|  Youth Work - General | 2,929 |  | 1,021 |  | 340 |  |   |  | (2,041) |  | 0 |  | 2,249 |
|  Youth Work - Northern Circuit | 30,086 |  | 10,483 |  | 3,494 |  | 808 |  | (20,966) |  | 0 |  | 23,905 |
|  Youth Work - Central Circuit | 24,708 |  | 8,609 |  | 2,870 |  | 664 |  | (17,218) |  | 0 |  | 19,632 |
|  Youth Work - KZN | 119,856 |  | 41,762 |  | 13,921 |  | 3,221 |  | (83,524) |  |   |  | 95,235 |
|  Youth Work - KZN Hub | 274,442 |  | 95,625 |  | 31,875 |  | 7,374 |  | (191,250) |  | 0 |  | 218,066 |
| Church Music | 295,562 |  | 26,250 |  |  |  | 9,793 |  | (42,000) |  |  |  | 289,606 |
| Choir Association | 39,853 |  |  |  |  |  |  |  |  |  |  |  | 39,853 |
| Brass Band Association | 453,394 |  |  |  |  |  |  |  |  |  |  |  | 453,394 |
| Church Mission Fund | 2,259,664 |  | 367,500 |  |  |  | 80,926 |  | (315,000) |  |  |  | 2,393,089 |
| Theological Education | 310,947 |  | 157,500 |  |  |  | 6,778 |  | (274,788) |  |  |  | 200,437 |
| Deutsche Schule Hermannsburg | 12,881 |  | 20,000 |  |  |  |  |  | (20,000) |  |  |  | 12,881 |
| Diaconical Fund - Gossman Trust | 307,116 |  | 0 |  |  |  |  |  |  |  |  |  | 307,116 |
| Refugee fund | 23,276 |  |  |  |  |  |  |  |  |  |  |  | 23,276 |
|  | 4,154,712 |  | 728,750 |  | 52,500 |  | 109,564 |   | (966,788) |  | 0 |  | 4,078,738 |
| **FUND SPECIFIC RESERVE** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Building Reserve | 500,000 |  |  |  |  |  |  |  | 0 |  |  |  | 500,000 |
| Building Reserve Northern Parish | 188,988 |  |  |  |  |  | 6,615 |  | 0 |  |  |  | 195,602 |
| Building Reserve Louis Trichardt (Part of Northern Parish) | 225,541 |  |  |  |  |  | 7,789 |  | (2,991) |  |  |  | 230,339 |
| Property Reserve Hermannsburg Schule  | 5,030,987 |  |  |  |  |  | 300,178 |  | (328,193) |  |  |  | 5,002,973 |
| Building Reserve Dolphin Coast | 7,250,471 |  |  |  | 0 |  | 236,267 |  | (500,000) |  |  |  | 6,986,738 |
| Motor Vehicle Reserve | 331,231 |  |  |  |  |  | 15,093 |  | 0 |  | 100,000 |  | 446,324 |
| Kailager | 144,557 |  |  |  |  |  |  |  |  |  |  |  | 144,557 |
| Haus Kandaze Reserve | 541,058 |  |  |  |  |  | 18,937 |  | 0 |  |  |  | 559,995 |
|  | 14,212,833 |   | 0 |   | 0 |   | 584,879 |   | (831,184) |   | 100,000 |   | 14,066,528 |
| **LONGTERM PROVISION AND LIABILITES** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| NELCSA Medical Provision-Pensioners | 6,750,912 |  |  |  |  |  | 411,736 |  | (830,000) |  |  |  | 6,332,648 |
| NELCSA Medical Provision-Pastors in Service | 11,902,975 |  |  |  |  |  | 725,959 |  |  |  | 0 |  | 12,628,934 |
|  | 18,653,887 |   | 0 |   | 0 |   | 1,137,695 |   | (830,000) |   | 0 |   | 18,961,582 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **TOTAL DEDICATED RESERVES** | 37,021,432 |   | 728,750 |   | 52,500 |   | 1,832,138 |   | (2,627,972) |   | 100,000 |   | 37,106,848 |