



Treasurer's Report to Synod 2023 for 2021 and 2022 Financial Years

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1. Executive summary

Surplus for 2021 was R2 098 707.

- This was due to superior Investment Returns, reduced Church Running Costs.
- This enabled the church council to return a total value of R1 million to congregations.
- Ermelo congregation was closed some time ago, but the Financial Assets were never dealt with in accordance with the Church Law. As the remaining congregants are now mostly served by the Piet Retief Congregation, Church Council decided to allocate the funds to the Piet Retief Congregation.
- The remaining R1 098 703 was kept in Retained Earnings Reserve.

Shortage for 2022 was R (838 962)

- The Investment Bear Market hit early in January 2022, triggered by inflation fears and the war in Eastern Europe.
- Cost savings in the Pastors in Service and Church Running Costs helped to shield this blow.
- The surplus in 2021 covered this shortage in 2022 and in aggregate in the 2 years as Surplus of R259 741 is retained.
- Moorleigh congregation closed during this year. As most of the congregants migrated to Winterton congregation, church council allocated the financial assets to Winterton.

Table 1: Summary of Income Statement elements

NELCSA	2021		2022	
	YTD	Budget	Actual	Budget
Summary of Income Statement elements				
Pastors in Service	(276 069)	0	230 669	0
Nett Church Running Costs to be recovered	627 663	0	140 334	0
Investment Income less Allocation- Investment Carry	1 747 113	219 795	(1 209 965)	349 616
Surplus before Allocations	2 098 707	219 795	(838 962)	349 616
Received Congregations Closing Down	500 000		0	0
Allocation to other congregations	(500 000)		252 245	0
Surplus Returned to Congregations	(1 000 004)		(252 245)	0
Total	1 098 703	219 795	(838 962)	349 616

2. Achievements 2017-2023

In the past 7 years the Church Council and the Finance committee “went with purpose” to address various challenges facing the Church.

- Post-retirement medical liability is now funded and the investment moved to a separate fund. The calculated shortage reduced from R7.4 million in 2019 to an estimated surplus of R 1.796 million at the end of April 2023.

- Restructured retirement and risk benefits together with ELC Pension Fund. Carmen Westermeyer is our trustee on the Pension Fund.
- Sold Endeavour Farm to DSH Trust and formed a Fund [R5 million] to fund the half pastors' post at Hermannsburg School.
- Accounting and administration were streamlined. Financial reporting to church council is now done on a monthly basis. Reduced the bookkeeper's post to a 60% post.
- Arrear's contribution was managed down from R2.53 million in June 2016 to R1.35 million in December 2022.
- New arrangement with West Rand Congregation. What a great success story. West Rand congregation stuck by their commitment and reduced the debt from R1.7 million in 2019 to R185 000 January 2023. Thanks to all who contributed to this achievement.
- Moved investments to a new asset manager [PSG] and with that a higher foreign exposure and better results.
- Planning of new office for NELCSA has been delayed due to various issues encountered at current location. This was abandoned after various setbacks with the building plans. A NELCSA office was installed at Bishop's residence.
- Haus Kandaze –Rezoned to business. Sold Property.
- Assisted with the renovation and upgrading at Kailager security.
- Sold properties in Bonaero Park to utilise asset better.
- Reduced the contents of the archive and transferred documents to the "CLOUD".

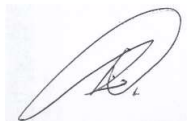
I would like to thank the Church Council, specifically the Finance Committee for their support throughout the years.

Bishops Müller and Jäckel and the office staff, [Yolanda Kilian and Liselotte Knöcklein] for your support, hard work, and patience.

Yolanda Kilian who after many years' services, retires a special thanks. Ons gaan jou mis!!

To all the congregational treasurers and admin personnel, a big thank you for your work.

Your Brother in Christ,



Vernon Filter
Treasurer
NELCSA
DATE: 6 July 2023

Detailed Treasurer Report 2021 and 2022

3. Income and Expenditure

3.1. Pastors in Service

Table 2: Pastors in Service

Pastors in Service	2021		2022	
	Actual	Budget	Actual	Budget
Total Congregation Invoiced	17 059 701	17 937 758	17 169 834	16 850 741
Vacancy Adjustment	(3 067 987)	(1 351 803)	(4 097 347)	(2 497 431)
Bad Debt Written off	(103 386)	0	(172 800)	
Contributions -Youth Pastor	100 414	142 601	163 005	163 005
Total Nett Income	13 988 742	16 728 556	13 062 692	14 516 315
Cost to company Pastors	14 264 812	16 728 556	12 832 023	14 516 315
Salaries - Pastors in Service	12 788 590	15 328 203	12 537 223	14 216 315
NELCSA Medical Post Retirement Fund	5 292 797	1 150 353	-	-
Subsidy-Interest allocation/Property reserve	(4 238 630)	(250 000)	0	
Transfer Cost	400 000	400 000	200 000	200 000
Pastors' Conference			94 800	
Continuing Professional Development	22 055	100 000	0	100 000
Net Pastors in Service	(276 069)	0	230 669	0

In 2021 the "Pastors in Service" had a negative result of R (276 069).

The main reason was the 0 % increase of contribution recoveries from congregations in that year. Pastors and employees also did NOT receive a salary increases in that year, but certain underlying costs like medical aid costs did increase which created the under recovery. The Bad Debt written down contributed to this.

In this year the contribution of the additional R4.238 million, funded by the profit on the sale of properties, Post Retirement Medical funding was expensed.

In 2022 the result was an over recovery of R230 669 aided by medical aid increase holidays.

3.2. Nett Church running Cost.

Table 3: Nett Church Running costs

Nett Church Running Cost	2021		2022	
	Actual	Budget	Actual	Budget
Bishop [CTC and housing]	969 396	1 064 819	1 015 288	1 043 039
Remuneration-Bishop	589 826	673 493	615 702	659 234
Vehicle Replacement Provision	84 432	100 000	84 432	75 000
Housing	295 138	291 326	315 154	308 806
Travelling and Accommodation	191 627	387 461	307 577	337 109
General	-	15 922	23 376	16 878
Overseas Furlough	-	19 386	-	40 000
Synods	65 000	60 000	60 000	60 000
Church Council	71 623	154 311	132 576	120 000
Meetings and Accommodation	5 617	66 868	22 564	25 000
Motor Vehicle Expenses	49 387	70 973	69 061	75 232
Office Cost	840 353	1 161 102	980 600	1 010 624
Printing and Stationery	5 224	5 596	5 850	5 932
Communications	23 302	35 764	25 184	37 910
Office Equipment -Purchase & Maintenance	265	34 370	27 782	36 432
Audit Fees	46 115	47 256	47 495	50 091
Bank Charges	20 469	18 499	22 924	30 000
Office Rental and amortization	25 389	94 344	81 317	98 400
Insurance	9 251	16 995	8 546	18 014
Software Licences	21 905		44 760	
Sundries	1 686	25 735	550	10 000
Office Salaries	686 747	882 543	716 192	723 844
Co-Worker Training	-	100 000	-	75 000
Membership Fees	130 118	177 586	148 246	148 001
Circuits	267 573	267 573	283 628	283 628
Total Church Running Costs	2 399 067	3 158 540	2 735 339	2 897 401
Setoff Income	2 164 625	2 225 000	2 098 357	2 127 000
Self-Assessed Contributions	771 261	900 000	721 882	750 000
Grant from EKD	1 393 364	1 215 000	1 352 475	1 377 000
Other Income	-	10 000		
Admin fees DSM			24 000	
Interest Allocation	-	100 000	-	
Nett Church Running Costs to be recovered	234 442	933 540	636 982	770 401
Church Running Cost Contribution from Congregations	862 106	933 540	777 316	770 401
Excess / (Under Recovery)	627 663	0	140 334	0

The Nett Church Running Cost was positive in both years.

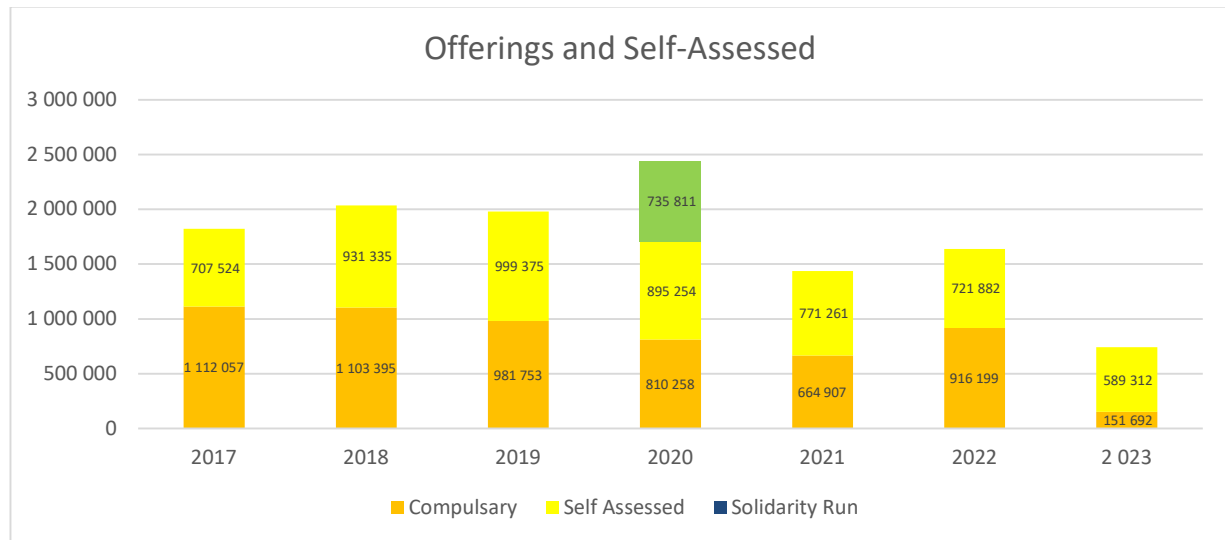
The factors contributing to this are a lower cost for Bishops' Cost, Travelling and Accommodation and Membership Fees. Covid Lockdown accelerated this effect on Travelling and Accommodation costs in 2021 but opening up after Covid the Travelling cost increased again.

In 2021 Office Salaries reduced due to the Bookkeepers' post reduction to a 60% post.

In both years the Self-Assessed Contributions were lower than budget. Subsidies from EKD were higher due to the ZAR/Euro exchange rate being higher resulting in higher Rand amounts received.

Arrangement with "DSM" [German Seafarers' Mission] yielded additional income.

The Compulsory Offerings has shown a decline over years and the decline was made worse in 2020 due to Covid 19 Lockdown. In 2022 the trend reversed slightly.



Fortunately, the Self-Assessed contributions stayed relative stable in the last 3 years. I thank all who have contributed to this cause.

In Table 4: Balances and Prescribed Offerings Funds, the Prescribed Offerings Funds movements for the years 2019, 2020 and 2021 YTD are shown.

Although the offerings have reduced, the available balances of these funds are not critical yet as the expenses have also reduced.

Ministry and Discipleship (MaD) Fund expenses reduced as the funding of Eastrand and Trinity Congregations was stopped.

Theological Education has reduced by a considerable amount. This fund needs to be replenished as the UELCSA Theological Education facility in Stellenbosch is gaining traction and requires funding.

Table 4: Balances of Prescribed Offerings Funds

Prescribed Offerings Funds	Opening Balance	Offerings	Other Receipts	Interest Allocation	Payments /Expenses	Closing Balance
Church Music 2019	287,811	50,620		14,695	(94,515)	258,611
Church Music 2020	258,611	20,686	0	7,715	(58,870)	228,142
Church Music 2021	228,142	67,833	69,652	12,797	0	378,424
Church Music 2022	378,424	104,965		16,919	▼	500,307
Church Music 2023	500,307	500	0	4,382	0	505,189
MAD 2019	1,898,023	565,577	0	116,891	(515,422)	2,065,069
MAD 2020	2,065,069	349,191	4,050	73,353	(322,505)	2,169,159
MAD 2021	2,169,159	390,035	9,110	84,086	(156,726)	2,495,664
MAD 2022	2,495,664	445,364		92,777	(290,271) ▼	2,743,534
MAD 2023	2,743,534	141,173	0	23,182	(235,305)	2,672,584
Theological Education 2019	539,581	178,147	56,394	32,156	(238,187)	568,091
Theological Education 2020	568,091	146,869	0	14,736	(293,933)	435,763
Theological Education 2021	435,763	157,442	21,700	12,218	(265,828)	361,295
Theological Education 2022	361,295	190,805	55,697	11,566	(317,334)	302,028
Theological Education 2023	302,028	57,395	0	2,553	(67,687)	294,288

3.3. Investment Carry

The investment returns for 2017 were reasonable, but for 2018 disappointing.

In December 2018, the Church Council changed Asset Managers to PSG Wealth with a larger portion of the investments exposed to foreign assets.

Since then, 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.

This allowed the Church Council to allocate additional contributions to Building Fund and Medical Fund. Together with the R915,608 allocated to Medical Funds in 2020 and the superior investment returns in the Fund the shortage in the Post-Retirement Medical Provision reduced from R7.4 in 2019 million to an expected R3.9 million in 2021.

2021 was an exceptional year for investment return and NELCSA portfolio yielded R6.2 million versus a budget of R1.9 million for this year. This enabled the Church Council to return R1 million to the congregations.

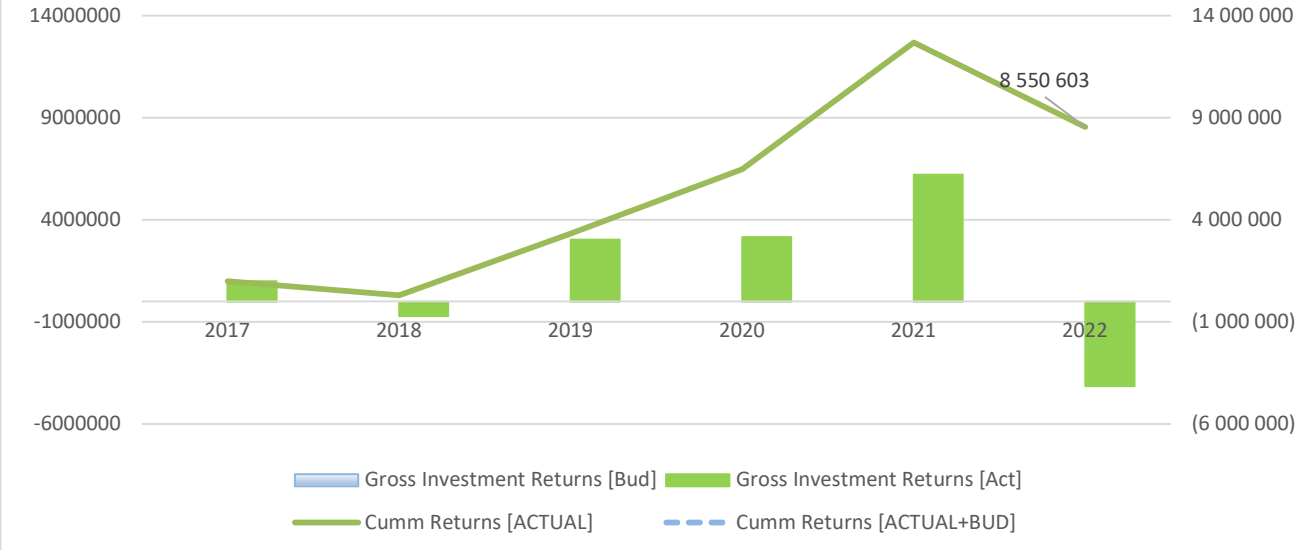
Table 5 Investment Carry

Investment Income less Allocation-Investment Carry	2021		2022	
	Actual	Budget	Actual	Budget
Investment Income				
General Funds	1 673 136	687 092	(1 420 494)	451 602
Medical Funds	3 189 146	723 307	(2 682 013)	1 149 373
Hermannsburg School Pastor Fund	801 412	336 344	(772 910)	306 102
INVESTMENT INCOME	5 663 694	1 746 743	(4 875 417)	1 907 078
Interest on Arrears Accounts	13 453	0	40 268	0
Interest on Loans and Money Market	533 523	161 990	698 830	300 680
Gross Investment Income	6 210 670	1 908 733	(4 136 319)	2 207 758
Interest Allocation				
General Funds (3.5%)	(472 999)	(279 288)	(528 569)	(402 666)
Allocation To Nett Church Running Cost		(100 000)		
Allocation Medical Prefunding	0	(250 000)		
Net Interest Carry after Allocation	5 737 672	1 279 445	(4 664 888)	1 805 092
Medical Funds	(3 189 146)	(723 307)	2 682 013	(1 149 373)
Hermannsburg School Pastor Fund	(801 412)	(336 344)	772 910	(306 102)
Net Investment Carry	1 747 113	219 795	(1 209 965)	349 616
Investments per Balance Sheet	42 699 104	25 694 485	43 793 777	31 219 623
%Return on Total Investment	14.55%	6.89%	-9.44%	7.07%

2022 was unfortunately a different story as inflation, flamed by Covid supply chain disruptions and the effect on supplies by the war in Eastern Europe. The R4.1 million negative return was mostly [R3.45 million] felt in the Medical and Hermannsburg School Pastor funds. These funds are still healthy and there is no cause to panic.

Despite the setback in 2022 the investment yields over the past 7 years are still positive [8.5 million] as shown in the graph below.

NELCSA Investment Performance since 2017



3.4 Summary Income Statement

Table 6: Summary of Income Statement Elements

NELCSA Summary of Income Statement elements	2021		2022	
	YTD	Budget	Actual	Budget
Pastors in Service	(276 069)	0	230 669	0
Nett Church Running Costs to be recovered	627 663	0	140 334	0
Investment Income less Allocation- Investment Carry	1 747 113	219 795	(1 209 965)	349 616
Surplus before Allocations	2 098 707	219 795	(838 962)	349 616
Received Congregations Closing Down	500 000		0	0
Allocation to other Congregations	(500 000)		252 245	0
Surplus Returned to Congregations	(1 000 004)		(252 245)	0
Total	1 098 703	219 795	(838 962)	349 616

4. Balance Sheet

Table 7: Balance Sheet

BALANCE SHEET AT

31 December 2022

CAPITAL

FUNDS AND RESERVES

Transient Funds
Hermannsburg School Reserve
Specific Reserves

LONGTERM PROVISION AND LIABILITES

NELCSA Medical Provision-Pensioners

CURRENT LIABILITIES

Account Payables and Provisions

Capital and Liabilities		
<u>2022</u>	<u>%</u>	<u>2021</u>
5 985 679	-12.3%	6 824 640
20 428 868	0.1%	20 406 551
5 496 268	11.6%	4 926 236
4 393 769	-20.2%	5 502 679
10 538 831	5.6%	9 977 635
17 103 883	-17.4%	20 705 487
1 312 868	-8.9%	1 440 649
<u>44 831 299</u>	<u>-9.2%</u>	<u>49 377 327</u>

Assets		
<u>2022</u>	<u>%</u>	<u>2021</u>
370 600	-28.3%	516 689
42 031 389	-7.7%	45 556 164
7 083 215	-16.7%	8 503 710
17 011 287	-17.8%	20 705 487
4 394 633	-20.1%	5 503 543
12 757 175	57.4%	8 106 982
785 078	-71.3%	2 736 442
42 031 389	-7.7%	45 556 164
42 031 389	-7.7%	45 556 164
5 496 268	11.6%	4 926 236
14 932 601	-3.5%	15 480 314
17 103 883	-17.4%	20 705 487
4 498 637	1.2%	4 444 126
2 429 309	-26.5%	3 304 475
1 346 351	-31.0%	1 951 150
1 082 536	-20.0%	1 352 656
423	-36.8%	669
<u>44 831 299</u>	<u>-9.2%</u>	<u>49 377 327</u>

TRUE

TRUE

4.1 Capital

CAPITAL

2022

2021

Fixed Property -Revaluation	370 600	370 600
Retained income	5 615 079	6 454 040
	<u>5 985 679</u>	<u>6 824 640</u>

4.2 Funds and Reserves 2021

FUNDS AND RESERVES FOR THE YEAR ENDED December 2021	OPENING BALANCES	COLLECTIONS and DONATIONS	Other RECEIPTS and Provisions	INTEREST and INTERNAL ALLOCATIONS	PAYMENTS/ TRANSFERS	FROM/TO INCOME STATEMENT	CLOSING BALANCE				
<u>FUNDS AND RESERVES</u>											
<u>TRANSIENT</u>											
Old Age Homes	6,620	33,060	0	0	(11,016)	0	28,664				
Church Youth Work	504,233	184,486	132,980	21,055	(163,433)	0	679,321				
Church Music	228,142	67,833	69,652	12,797	0	0	378,424				
Choir Association	28,753		10,684				39,437				
Brass Band Association	0		483,526	13,447	(25,787)		471,185				
Church MaD Fund	2,169,159	399,145	0	84,086	(156,726)	0	2,495,664				
Theological Education	435,763	158,795	21,700	12,218	(265,828)	0	362,647				
HMB Foundation	9,462	16,716			(23,383)	0	2,795				
Diaconical Fund - Gossman Trust	304,452	0	0	10,656	0	0	315,107				
Seafarers' Reserve	741,290		0	16,641	(628,215)		129,716				
Refugee Fund	23,276		0		0		23,276				
	<u>4,451,149</u>	<u>860,035</u>	<u>718,542</u>	<u>170,900</u>	<u>(1,274,389)</u>	<u>0</u>	<u>4,926,236</u>				
<u>FUND SPECIFIC RESERVE</u>											
Building Reserve Church Office	4,738,630		0		(4,238,630)		500,000				
Building Reserve -Northern Parish	183,171		0	6,308	(2,929)		186,551				
Building Reserve Louis Trichardt (Part of Northern Parish)	220,763		0	7,727			228,489				
Property Reserve -Hermannsburg School	5,037,268		0	801,412	(336,000)		5,502,679				
Building Reserve Dolphin Coast	7,655,286	0	256,000	264,295	(360,000)		7,815,581				
Motor Vehicle Reserve	498,921		0	20,417	0	84,432	603,771				
Kailager	198,973		196,875	3,351	(278,718)		120,481.03				
Haus Kandaze Reserve	572,761		0		(50,000)		522,761				
	<u>19,105,773</u>	<u>0</u>	<u>452,875</u>	<u>1,103,510</u>	<u>(5,266,277)</u>	<u>84,432</u>	<u>15,480,314</u>				
<u>LONGTERM PROVISION AND LIABILITES</u>											
NELCSA Medical Provision-Pensioners	6,949,325		0	1,471,382	(877,087)		7,543,620				
NELCSA Medical Provision-Pastors in Service	6,213,866			1,717,764	(62,560)	5,292,797	13,161,866				
	<u>13,163,191</u>	<u>0</u>	<u>0</u>	<u>3,189,146</u>	<u>(939,647)</u>	<u>5,292,797</u>	<u>20,705,487</u>				
<u>TOTAL DEDICATED RESERVES</u>	<u>36,720,113</u>	<u>860,035</u>	<u>0</u>	<u>1,171,417</u>	<u>0</u>	<u>4,463,557</u>	<u>(7,480,313)</u>	<u>0</u>	<u>5,377,229</u>	<u>0</u>	<u>41,112,037</u>
<u>Retained Earnings [Ex General Reserves]</u>	<u>5,355,337</u>			<u>0</u>		<u>1,098,703</u>	<u>6,454,040</u>				
<u>TOTAL RESERVES</u>	<u>42,075,450</u>	<u>860,035</u>	<u>1,171,417</u>	<u>4,463,557</u>	<u>(7,480,313)</u>	<u>6,475,932</u>	<u>47,566,078</u>				

4.3 Funds and Reserves 2022

FUNDS AND RESERVES FOR THE YEAR ENDED December 2022	OPENING BALANCES	COLLECTIONS and DONATIONS	Other RECEIPTS and Provisions	INTEREST and INTERNAL ALLOCATIONS	PAYMENTS/ TRANSFERS	FROM/TO INCOME STATEMENT	CLOSING BALANCE
<u>FUNDS AND RESERVES</u>							
<u>TRANSIENT</u>							
Old Age Homes	28 664	19 165	0	0	(43 293)	0	4 536
Church Youth Work	679 321	175 065	65 203	18 012	(272 774)	0	664 826
Youth Work - General	3 600					0	3 600
Youth Work - Northern Circuit	4 835	43 240			0	0	48 075
Youth Work - Central Circuit	49 670	30 840			0	0	80 510
Youth Work - K.Z.N.	202 781	100 985	0	5 732	(140 000)	0	169 498
Youth Work - K.Z.N. Hub	418 434	0	65 203	12 280	(132 774)	0	363 143
Church Music	378 424	104 965	0	16 919	0	0	500 307
Choir Association	39 437		9 496				48 933
Brass Band Association	471 185		43 590	16 393	(32 679)		498 489
Church MaD Fund	2 495 664	445 364	0	92 777	(290 271)	0	2 743 534
Theological Education	362 647	190 805	55 697	10 213	(317 334)	0	302 028
HMB Foundation	2 795	22 683		0	(19 543)	0	5 935
Diaconical Fund - Gossman Trust	315 107	0	0	11 029	0	0	326 136
Seafarers' Reserve	129 716		1 855 367	35 376	(1 642 191)		378 266
Refugee Fund	23 276		0		0		23 276
	<u>4 926 236</u>	<u>958 047</u>	<u>2 029 352</u>	<u>200 718</u>	<u>(2 618 086)</u>	<u>0</u>	<u>5 496 268</u>
<u>FUND SPECIFIC RESERVE</u>							
Building Reserve Church Office	500 000		55 928		(155 749)		400 179
Building Reserve -Northern Parish	415 040		0	14 430	(2 766)		426 704
Hermannsburg School Pastor Fund	5 502 679		0	(772 910)	(336 000)		4 393 769
Building Reserve Dolphin Coast	7 815 581	0	748 405	287 140	(360 000)		8 491 125
Motor Vehicle Reserve	603 771		0	24 087	0	84 432	712 291
Kailager	120 481		183 555	2 195	(270 460)		35 771
Haus Kandaze Reserve	522 761		0		(50 000)		472 761
	<u>15 480 314</u>	<u>0</u>	<u>987 888</u>	<u>(445 059)</u>	<u>(1 174 975)</u>	<u>84 432</u>	<u>14 932 601</u>
<u>LONGTERM PROVISION AND LIABILITES</u>							
NELCSA Medical Provision-Pensioners	7 543 620		0	(1 030 133)	(919 590)		5 593 898
NELCSA Medical Provision-Pastors in Service	13 161 866			(1 651 880)	0	0	11 509 986
	<u>20 705 487</u>	<u>0</u>	<u>0</u>	<u>(2 682 013)</u>	<u>(919 590)</u>	<u>0</u>	<u>17 103 883</u>
<u>TOTAL DEDICATED RESERVES</u>							
	<u>41 112 037</u>	<u>958 047</u>	<u>3 017 241</u>	<u>(2 926 354)</u>	<u>(4 712 651)</u>	<u>84 432</u>	<u>37 532 752</u>
<u>Retained Earnings</u>	<u>6 454 040</u>			<u>0</u>		<u>(838 962)</u>	<u>5 615 079</u>
<u>TOTAL RESERVES</u>	<u>47 566 078</u>	<u>958 047</u>	<u>3 017 241</u>	<u>(2 926 354)</u>	<u>(4 712 651)</u>	<u>(754 529)</u>	<u>43 147 831</u>

4.4 NELCSA Medical Provision-Pensioners

Table 8: NELCSA Medical Provision -Pensioners

NELCSA Medical Provision

Pensioners	2019	2020	2021	2022	2023
Opening Balance	6 560 790	6 582 505	6 949 325	7 543 620	5 593 898
Interest /Yield	807 157	1 115 502	1 471 382	(1 030 133)	496 736
Payments of Pensioners	(785 442)	(748 681)	(877 087)	(919 590)	(253 485)
Total	6 582 505	6 949 325	7 543 620	5 593 898	5 837 148
As per Liability Calculation	6 853 407	7 457 854	6 988 667	6 381 543	5 613 859
(Shortage) /Surplus [Retired Pastors]	(270 902)	(508 528)	554 953	(787 645)	223 290
Pastors in Service					
Opening Balance	2 049 352	3 499 223	6 213 866	13 161 866	11 509 986
Contributions	1 150 353	1 150 353	5 292 797	0	0
Excess contribution		915 608			
Interest /Yield	299 518	648 681	1 717 764	(1 651 880)	1 022 082
Payments			(62 560)	0	
Total	3 499 223	6 213 865	13 161 866	11 509 986	12 532 069
As per Liability Calculation	10 621 020	11 371 646	11 152 602	11 029 196	10 735 766
(Shortage) /Surplus [Pastors in Service]	(7 121 797)	(5 157 781)	2 009 264	480 790	1 796 302
(Shortage) /Surplus [Total]	(7 392 698)	(5 666 309)	2 564 217	(306 855)	2 019 592
Total	10 081 728	13 163 191	20 705 487	17 103 884	18 369 217
Investment values	10 081 728	13 163 191	20 705 487	17 011 287	18 278 880
Prepaid			0.00	92 596.25	90 337.22
Difference Recon				92 597	(2 259)
Paid to Pensioners				(919 590)	(253 485)
Withdrawal from PSG funds				(1 012 187)	(251 226)

The superior investment returns of 2021 together with the additional R4.3 million contributions from the profits on the sale of properties left the fund with a calculated surplus of R2.564 million at the end of 2021.

The negative yield in 2022 left the fund with a temporary deficit of R (306 855) at the end of 2022. In 2023 year to date [March 2023] this has already turned around to a positive of R1.796 million.

4.5 Account Payables and Provisions

Table 9: Accounts Payables and Provisions

ACCOUNTS PAYABLE	2022	2021
Provision for Transfers	1 041 138	981 873
Provision for Synod	69 919	130 879
RMM Funds	21 001	122 087
H Muller -Gift Voucher	10 000	
Suspense-Solidarity Run	170 811	205 811
	1 312 868	1 440 649

At end of December 2022 an amount of R1 041 138 is provided for Pastors' Transfers as not many transfers took place in the 2 years.

At end December 2022 an amount of R170 811 of the Solidarity Run is held in reserve and will be allocated appropriately by the Church Council.

4.6 Immovable Property

IMMOVABLE PROPERTY

	<u>2022</u>	<u>2021</u>
<u>Farm Tullochgorum</u>	370 600.00	370 600.00
Being Sub 2(of 1) of the Farm Tullochgorum No. 11312, situated in 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
<u>New Church Office to be built</u>	-	146 088.80
Cost for new Church office to be built on the Property of Johannesgemeinde in Pretoria. The costs will be amortized over 25 years to Church running cost.		
Church Council has taken a decision to abandon this project as the difficulties to get building plans at the intended site seem to be insurmountable and an office space has been arranged at the bishop's residence, The balance was written down to the Building Reserve created for the building in previous years.		
	<u>370 600.00</u>	<u>516 688.80</u>

The total cost for planning and approval process for the office at Johannesgemeinde to the end of 2022 was R155 749. This amount has been written off against the Property Reserve.

4.7 Investments

Table 10: Investments

	Months 12			Months 12		
INVESTMENTS General Funds	2022			2021		
	Book Value	Market Value	Fair Value Adjustment	Book Value	Market Value	Fair Value Adjustment
PSG Wealth Global Creator Feeder Fund	3 395 355	3 354 385	(40 970)	3 395 355	4 161 697	766 342
PSG Moderate FoF	3 025 370	3 728 830	703 460	3 025 370	4 342 013	1 316 643
Closing Balance	6 420 725	7 083 215	662 490	6 420 725	8 503 710	2 082 985
Income Statement						
Total		Realised	Fair Value Adjustment	Total	Realised	Fair Value Adjustment
Fair Value Adjustment	(1 346 846)		(1 346 846)	1 747 973		1 747 973
Management Cost	(73 648)	(73 648)		(74 837)	(74 837)	
	(1 420 494)	(73 648)	(1 346 846)	1 673 136	(74 837)	1 747 973
Annualised Return	-16.70%	-0.87%	-15.84%	24.49%	-0.88%	25.59%
INVESTMENTS Medical Funds	2022			2021		
	Book Value	Market Value	Fair Value Adjustment	Book Value	Market Value	Fair Value Adjustment
PSG Wealth Income FoF (D)	1 142 422	1 258 189	115 767	2 154 609	2 189 316	34 707
PSG Wealth Global Flex FeedFundD	2 014 398	1 884 548	(129 849)	2 014 398	2 194 636	180 239
PSG Wealth Global Creator Feeder Fund	6 866 955	8 973 041	2 106 086	5 302 180	9 402 763	4 100 583
PSG Moderate FoF	3 117 983	4 895 509	1 777 526	3 117 983	4 938 022	1 820 039
Closing Balance	13 141 757	17 011 287	3 869 530	14 589 116	20 705 487	6 116 371
Income Statement						
Total		Realised	Fair Value Adjustment	Total	Realised	Fair Value Adjustment
Fair Value Adjustment	(2 501 233)		(2 501 233)	3 341 661		3 341 661
Management Cost	(180 780)	(180 780)		(152 514)	(152 514)	
	(2 682 013)	(180 780)	(2 501 233)	3 189 146	(152 514)	3 341 661
Annualised Return	-12.95%	-0.87%	-12.08%	24.23%	-0.74%	25.39%
Hermannsburg School Pastor Fund	2022			2021		
	Book Value	Market Value	Fair Value Adjustment	Book Value	Market Value	Fair Value Adjustment
Investment PSG Wealth	3 743 084	4 394 633	651 549	4 079 084	5 503 543	1 424 459
Income Statement						
Total		Realised	Fair Value Adjustment	Total	Realised	Fair Value Adjustment
Pay-out received	336 000	336 000		336 000	336 000	
Fair Value Adjustment	(1 061 212)		(1 061 212)	517 587		517 587
Management Cost	(47 698)	(47 698)		(52 176)	(52 176)	
	(772 910)	288 302	(1 061 212)	801 412	283 824	517 587
Annualised Return	-15.87%	5.40%	-19.89%	16.46%	5.83%	10.63%
Annualised Management Cost %		-0.87%			-1.04%	
Standard Bank Investec Money Market	2022			2021		
	Book Value	Market Value	Fair Value Adjustment	Book Value	Market Value	Fair Value Adjustment
Standard Bank Call Account	785 078	785 078	0	2 736 442	2 736 442	0
Interest Received	48 636	48 636	0	80 275	80 275	0
Annualised Return	3.07%	3.07%	0.00%	2.93%	2.93%	0.00%
Investec Money Market	12 757 175	12 757 175	0	8 106 982	8 106 982	0
Interest Received	650 193	650 193	0.00%	453 248	453 248	0.00%
Annualised Return	5.44%	5.44%		3.82%	3.82%	

Investments are shown in detail above.

A high portion of R14,5 million is held in Money Market Funds at low risk but also lower return.

4.8 Arrears Contributions

Table 11: Arrears Contributions

ACCOUNTS RECEIVABLE	2019	2020	2021	2022
EAS001 - Eastrand (ELCER)	304 846	343 788	312 657	285 320
JCP001 - Johannesburg Church of Peace	(1)		(4)	0
KEL001 - Kelvin	1 113	(13 888)	1 111	1 105
KEM001 - Kempton Park	(3 485)	122 785	395 082	531 254
MID001 - Midrand	0		(1)	(7)
NOR001 - Northrand	0	(10 000)	(300)	0
SBL001 - St Peters by the Lake	414 913	264 039	163 769	(4 305)
VBP001 - Vanderbijlpark	(852)	(34 840)	(698)	(332)
WES001 - West Rand	1 466 644	1 437 644	1 090 513	547 713
WES002 - West Rand (New Account)	7 224	(9 595)	2 616	0
Central Circuit	2 190 403	2 099 933	1 964 744	1 360 747
AUG001 - Augsburg	0	7 296	0	0
BRA001 - Braunschweig	(120)	(0)	0	0
PIE001 - Piet Retief	(5)	(169)	0	(54 411)
VER001 - Verden/Dundee	0	0	1 000	0
VRY001 - Vryheid	0	0	0	0
Eastern Circuit	(125)	7 127	1 000	(54 411)
DKP001 - Duiwelskloof/Polokwane			0	0
GER001 - Gerdau/Potchefstroom	52 175	(21 700)	0	0
JOH001 - Pretoria - Johannesburggemeinde	0		0	0
KRO001 - Kroondal	(8)	24	(12)	(1 715)
NEL001 - Nelspruit	790	0	5 231	0
SPP001 - St Peters Pretoria	0	53 614	67 047	84 328
Northern Circuit	52 957	31 938	72 266	82 613
BET001 - Bethany	(46 000)		(24 522)	(18 256)
DOL001 - Dolphin Coast (LCDC)	(999)	(22)	(23 525)	0
HER001 - Hermannsburg	(5 117)		0	0
ULC001 - United Evangelical Lutheran Congregation	0		0	0
HIL001 - Hillcrest	(65)	(130)	(130)	0
NEW001 - New Germany	(2 649)	(2 477)	(6 384)	0
PMB001 - Pietermaritzburg	0		0	0
SHH001 - Hermannsburg School Pastor	(5 074)	(2 003)	(4 932)	(14 922)
TRI001 - Trinity Zululand	116 868	191 575	0	1
WIN001 - Winterton	3 383	1 503	0	0
Southern Circuit	60 347	188 446	(59 493)	(33 178)
CAP001 - Elcsa (Cape Church)	0		0	0
ELM001 - Evangelical Lutheran Mission	0		0	0
LUC001 - LUCSA	0	0	(20 000)	0
Roodekrans Trust	16 963	25 846	0	0
KLE001 - Rev Emmanuel Kleinbooi	0	3 000	0	0
Non-Congregations	16 963	28 846	(20 000)	0
YBE001 - Bethany Youth Pastor	0		2 961	0
YDO001 - Dolphin Coast Youth Pastor	0	(0)	(4 966)	0
YHB001 - Hermannsburg Youth Pastor	0	(5 718)	(5 332)	(1 529)
YHC001 - Hillcrest Youth Pastor	1	(0)	(30)	0
YNG001 - New Germany Youth Pastor	(1)	(9)	(0)	0
YPA001 - Augsburg Youth Pastor	0		0	(12 295)
YPB001 - Braunschweig Youth Pastor	(4 149)		0	(3 200)
YPM001 - PMB/Bishopstowe Youth Pastor	0		0	(0)
YPR001 - Piet Retief Youth Pastor	(3 903)	(383)	(0)	(2)
YPT001 - Trinity Zululand Youth Pastor	0		0	(0)
YPV001 - Vryheid Youth Pastor	0		0	0

YUL001 - United Evangelical Luth Congregation Youth Pastor	0		0	0
YVD001 - Verden/Dundee Youth Pastor	0		0	7 607
YWI001 - Winterton Youth Pastor	1 068	1 107	0	0
KZN Youth	(6 984)	(5 004)	(7 368)	(9 420)
Total Receivables	2 313 561	2 351 286	1 951 150	1 346 351

The table above details the arrears of contributions from the various congregations over the past 4 years. The outstanding contributions have been reduced by R1 million in the past 2 years.

- Concerning is the concentration of arrears in the Central Circuit.
- Eaststrand (ELCER) could not afford a Pastor since 2020, but is monthly diligently paying a small agreed amount. The balance has reduced in the last 3 years.
- Kempton Park had financial pressures since 2020. Currently the pastors' post is not filled and a payment arrangement has been put in place with the congregation to repay the accumulated debt over 2 years.
- St Peters' by the Lake is also vacant since August 2021, but has diligently repaid the accumulated debt.
- West Rand Lutheran Community Church [WRLCC]

At the 2019 Synod a conditional write-down for WRLCC was approved. The agreement was that an amount of R10 000 per month be paid towards the old debt. Early in 2020 the payments ceased. During a meeting between church council, congregational council, and some concerned congregants the church council declared their unhappiness with the situation. The congregational council committed to look into the selling of property and to rectify the matter.

The result is a great success story. The congregation kept their promise, and more.

I would like to thank everyone involved; congregational council, congregants and dean Remo Koehne, who took responsibility from church council level to have brought us to this point. Thanks for your commitment and effort.

Table 12: WRLCC detailed transactions and Balance 2018 -2023

Year	Invoiced	Payment Received	Interest	Interest Writeback	Conditional Write-down	Calculated Balance at end of year
2017						1 401 630
2018	584 778	(422 000)	142 272			1 706 680
2019		(165 785)	122 651	(122 651)	(74 250)	1 466 644
2020		(20 000)	0	0	(9 000)	1 437 644
2021		(243 746)	0	0	(103 386)	1 090 512
2022		(370 000)	0	0	(172 800)	547 712
2023		(250 000)	0	0	(112 500)	185 212
Total	584 778	(1 471 531)	264 923	(122 651)	(471 936)	185 213

- Trinity Zululand congregation repaid their outstanding debt in full.
- St Peters' congregation, Pretoria with a 1.5 Pastors post this congregation seems to be stretched in terms of financing the post. Church Council is keeping a close eye on the matter.

I would like to thank all congregations who do pay on time.

5. Project and Fund Income Statement

Fund Income Statement	Budget 2021	Actual 2021	Budget 2022	Actual 2022
Collections and donations	1 268 994	860 035	695 000	958 047
Church Music	95 401	67 833	25 000	104 965
Ministry and Discipleship [MaD]	659 051	399 145	350 000	445 364
Church Youth	248 403	184 486	150 000	175 065
Church Seniors/Old Age Homes		33 060	-	19 165
Theological Education	213 639	158 795	150 000	190 805
HMB Foundation	52 500	16 716	20 000	22 683
Other Fund Receipts	399 251	1 171 417	50 000	3 017 241
Choir Association		10 684	-	9 496
Brass Band Association		483 526	-	43 590
Ministry and Discipleship [MaD]	-	-	-	-
Theological Education		21 700	-	55 697
KZN Youth Hub				
Church Youth	62 908	132 980	50 000	65 203
Building Reserve Dolphin Coast	-	256 000	-	748 405
Building Reserve Church Office		-	-	55 928
Seafarer's Mission		-	-	1 855 367
Kailager		196 875	-	183 555
Total Fund Income	1 668 245	2 031 452	745 000	3 975 287
Project Expenditure	4 308 488	3 241 683	2 883 952	4 648 189
Church Music	44 100	0	40 000	0
Brass Band Association		25 787		32 679
Ministry and Discipleship [MaD]	890 217	156 726	300 000	290 271
Church Youth	420 000	163 433	300 000	140 000
KZN Youth Hub				132 774
Church Seniors/Old Age Homes	0	11 016	0	43 293
Theological Education	380 995	265 828	257 850	252 872
HMB Foundation	52 500	23 383	20 000	19 543
Church Office write-down				155 749
Haus Kandaze	0	50 000	0	50 000
Building Reserve Dolphin Coast	700 000	360 000	550 000	360 000
Seafarer's Mission	614 176	628 215		1 642 191
Building Reserve -Northern Parish	5 513	2 929	2 849	2 766
Hermannsburg School Pastor	356 502	336 000	313 254	336 000
NELCSA Medical Provision	832 575	939 647	800 000	919 590
Kailager		278 718		270 460
Vehicle Reserve Fund			300 000	
Net Income and Expenditure in Funds and Projects	(2 640 243)	(1 210 232)	(2 138 952)	(672 902)

Notes to specific Projects and Funds

- The Hermannsburg School Pastor Reserve is the 50% of the selling price of the Endeavour Farm to DSH Trust. These funds are being utilised to fund the half pastors' post at the Hermannsburg School.
- Seafarers' Mission -A new arrangement has been put in place with the German Seafarers' Mission. Pastor Ron Küsel is now the full-time pastor at Seafarers' Mission Durban. The cost is funded by DSM and funds are transferred early in the year to NELCSA. The NELCSA office administers the financial record keeping and payments and receives a monthly administration fee for this.

- Kailager - Accounting and banking functions are now managed at NELCSA church office. Camp site bookings and management are managed by The Kailager Committee chaired by Pastor Martin Büttner with Heinz Engelbrecht managing the practical matters on site.
- Prescribed offerings show a steady decline over the past 6 years as demonstrated in Table 13 below.

Table 13: Prescribed Offerings

Fund Income Statement	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Collections and donations	258 589	958 047	713 907	860 035	1 065 890	1 202 824	1 256 346
Church Music	500	104 965	20 686	67 833	50 620	86 531	55 428
Church Mission	141 173	445 364	349 191	399 145	565 577	597 779	670 985
Church Youth	33 298	175 065	148 161	184 486	187 409	225 309	213 193
Theological Education	57 395	190 805	146 869	158 795	178 147	193 776	172 451
Compulsory Collections	232 365	916 199	664 907	810 258	981 753	1 103 395	1 112 057
Church Seniors/Old Age Homes	24 808	19 165	17 578	33 060	19 401	17 802	49 602
Building Reserve Durban New	0	0	0	0	0	6 582	
HMB Foundation	1 416	22 683	31 422	16 716	64 736	75 045	94 687

- In paragraphs 04.2 Funds and Reserves 2021/21 and 4.3 Funds and Reserves 2022/22 above the Income and Expenditure and resultant balances of the various Funds and Reserves are shown in detail.

6. Cashflow

	<u>2022</u>		<u>2021</u>
Contributions	14 485 076	-5%	15 264 437
Pastors in Service	13 062 692	-7%	13 988 742
Church Running Cost	777 316		862 106
Interest on arrears Receivables	40 268		13 453
Movement in Account Receivable nett of Bad Debts Written off	604 799	51%	400 136
Solidarity Receipts	721 882	-6%	771 261
Total Received from Congregations	15 206 958	-5%	16 035 698
Grants Received	1 352 475	-3%	1 393 364
Fixed Property Sales			
Investment income per Income Statement	(4 176 587)	-167%	6 197 217
Sundry Income	24 000	#DIV/0!	0
Total Receipts	12 406 845	-47%	23 626 279
Total Household Expenditure	15 421 274	-8%	16 681 086
Pastors in Service	12 832 023	-10%	14 264 812
Bishop Costs	1 015 288	5%	969 396
Office Staff	716 192	4%	686 747
Travelling and Accommodation	307 577	61%	191 627
Office Costs	264 408	72%	153 605
Membership Fees	148 246	14%	130 118
Circuits	283 628	6%	267 573
New Church Office	(146 089)		17 207
Non-Cash flow items			
Movement in Accounts Payable	127 781	-136%	(358 281)
Transfer to Vehicle Reserve	(84 432)		(84 432)
Transfer to Medical Liability	0		(5 292 797)
Transfer from Property Reserve	0		4 238 630
Total Expenses paid	15 464 622	2%	15 184 206
Surplus Returned to Congregations	0		(1 000 004)
Nett Operating cash flow	(3 057 777)		7 442 069
Fund and Project Receipts	3 975 287	96%	2 031 452
Fund and Project Expenses	(4 712 651)	45%	(3 241 683)
Other Non-Cash Items-Transfer to Property Reserves			0
Total Movement in Financial Funds for the year	(3 795 141)		6 231 838
Funds available at beginning of year	46 909 489		40 677 651
Bank and Cash	1 353 325		835 607
Financial Investments	45 556 164		39 842 043
Funds available at end of year	43 114 348		46 909 489
Funds available at end of year	43 114 348		46 909 489
Bank and Cash	1 082 959		1 353 325
Financial Investments	42 031 389		45 556 164
Balance	0		0