**EVANGELICAL LUTHERAN CHURCH IN SOUTHERN AFRICA (N-T)**

**Treasurer’s Report to Synod 2019 for the Years 2017 and 2018.**

1. **Executive summary**

* Surplus for 2017 was R527,815
* Loss for 2018 was R (517,869) this is mostly as a result of 2018 being a bad year for investments in general, but specifically for ELCSA (N-T) portfolio
* Solidarity contributions below budget
* EKD receipt was above budget because of weaker Rand

**Achievements 2017-2019**

* Post-retirement medical liability investment moved to a different fund.
* Restructured Retirement and risk benefits together with ELC Pension fund. Carmen Westermeyer current trustee.
* Sold Endeavour Farm to DSH Trust and formed a Fund [R5 million] to fund the half pastor’s post at Hermannsburg Schule.
* Durban properties sold and Dolphin Coast congregation (LCDC) formally established.
* Accounting and administration were streamlined. Financial Reporting now on a monthly basis.
* Arrears contribution was managed down. From 2019 again a problem.
* New arrangement with West Rand Congregation.
* Moved investments to a new asset manager [PSG] and with that a higher foreign exposure.
* Planning of new office for ELCSA (N-T); forced by situation at current location.
* Haus Kandaze –Rezoned to business. Sold Property

1. **Income and Expenditure**

**2.1. Pastors in Service**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Pastors In Service** | **2017** | **2018** | | |
| Month out of 12 | Actual | Actual | % | Budget YTD |
| Total Congregation Invoiced | 15,948,260 | 16,320,024 | 2% | 15,936,573 |
| Bad Debt Written off | (122,104) | 0 |  | 0 |
| Contributions -Youth Pastor | 129,668 | 116,959 | -16% | 139,794 |
| Vacancy Adjustment | (2,803,173) | (1,790,594) | 256% | (503,260) |
| Total Nett Income | 13,152,652 | 14,646,388 | -6% | 15,573,107 |
| **Cost to company Pastors** | 11,907,860 | 14,809,507 | -8% | 16,061,193 |
| Salaries - Pastors in Service | 10,448,140 | 13,311,934 | -9% | 14,587,809 |
| ELCSA (N-T) Medical Post Retirement Fund | 998,080 | 985,298 | 0% | 985,298 |
| Interest allocation |  |  | 0% |  |
| Transfer Cost | 461,640 | 471,216 | 0% | 288,086 |
| Continued Training Pastors | - | 41,060 | -100% | 200,000 |
| Net Pastors In Service | 212,439 | (163,119) |  | (488,086) |

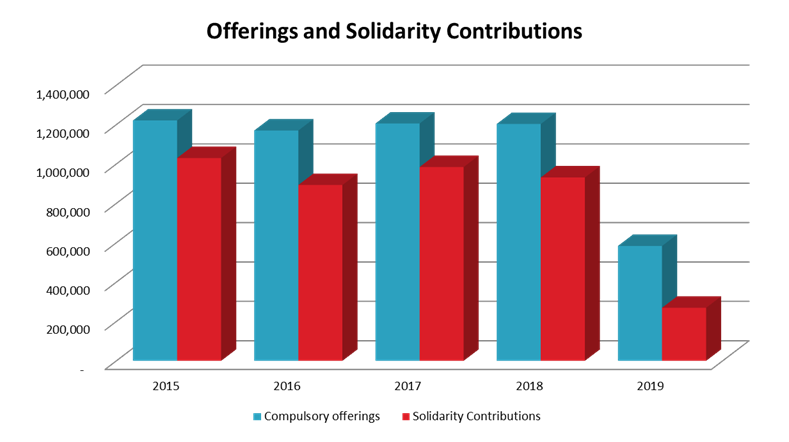
The under recovery in 2018 is as a result of the Transfer cost and Continued Pastors Training previously budgeted “incorrectly” as Church running cost.

**2.2.** **Net Church running Cost**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Nett Church Running costs** | **2017** | **2018** | | |
|  | Actual | Actual | % | Budget YTD |
| Bishop and Program facilitator | 1,255,682 | 905,118 | -25% | 1,064,008 |
| Travelling and Accommodation | 255,223 | 332,373 | 16% | 405,520 |
| Office | 1,027,123 | 1,057,203 | 14% | 929,945 |
| Membership Fees | 129,282 | 128,930 | -13% | 147,711 |
| Circuits | 208,000 | 222,560 | 0% | 222,560 |
| Total Church running costs | 2,875,310 | 2,646,183 | -3% | 2,769,743 |
| **Setoff Income** | 1,848,260 | 2,171,454 | -14% | 2,515,000 |
| Solidarity Contributions | 707,524 | 931,335 | -28% | 1,300,000 |
| Subsidies from EKD | 1,133,396 | 1,230,979 | 1% | 1,215,000 |
| Other Income | 7,340 | 9,140 |  | - |
| **Nett Church Running Costs to be recovered** | **1,027,050** | **474,730** | 33% | **254,743** |
|  |  |  |  |  |
| Church running Cost contribution from Congregations | 1,032,353 | 736,429 | -1% | 742,830 |
| **Excess/ (Under Recovery)** | **5,303** | **261,700** |  | **488,086** |

The cost of running the church [Bishop’s post, continued training, office, travelling and accommodation, membership fees and support to Circuits] are under control and there is a constant attempt to reduce cost.

Solidarity contributions are under constant pressure and seem to be on a declining trend.



**2.3. Investment Carry**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Investment Income less allocation-Investment carry** | **2017** | **2018** | | |
| **Investment income** | Actual | % | Budget YTD |
| General funds | 879,237 | (594,025) | -256% | 381,055 |
| Medical Funds | 0 | (201,018) | -153% | 381,055 |
| Hermansburg Schule fund | 0 | (116,261) |  | 0 |
| INVESTMENT INCOME | 879,237 | (911,303) | -220% | 762,109 |
| Interest on Arrears Accounts | 122,605 | 142,272 |  | 0 |
| Interest on Loans | 0 | 65,462 |  | 0 |
| **Interest Allocation** |  |  |  | 0 |
| General funds | (148,956) | (230,158) | -34% | (347,020) |
| Allocation To nett Church Running cost |  |  |  |  |
| Allocation Medical Prefunding |  |  |  |  |
| Net Interest carry after allocation | 852,886 | (933,727) |  | 415,089 |
| Medical Funds | (542,814) | 201,018 | -158% | (347,020) |
| Hermansburg Schule fund |  | 116,261 |  | 0 |
| Net Investment Carry | 310,072 | (616,449) | -1006% | 68,069 |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Summary of Income Statement elements** | **2017** | **2018** | | |
|  | Actual |  | Budget |
| Pastors in Service | 212,439 | (163,119) |  | (488,086) |
| Nett Church Running Costs to be recovered | 5,303 | 261,700 |  | 488,086 |
| Investment Income less allocation-Investment carry | 310,072 | (616,449) |  | 68,069 |
| Total | 527,815 | (517,869) |  | 68,069 |

1. **Balance Sheet**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **BALANCE SHEET AT** | **Capital and Liabilities** | | |  |
| **31 March 2019** |  | **2019** | **2018** | **2017** |
|  |  |  |  |  |
| **CAPITAL** |  | 7,977,337.18 | 6,896,217.46 | 8,740,254.26 |
|  |  |  |  |  |
| **FUNDS AND RESERVES** |  | 19,045,944.85 | 14,173,677.86 | 5,463,147.00 |
|  |  |  |  |  |
| Transient Funds |  | 5,420,086.10 | 5,324,936.08 | 4,260,984.04 |
| Specific Reserves |  | 13,625,858.75 | 8,848,741.78 | 1,202,162.96 |
|  |  |  |  |  |
| **LONGTERM PROVISION AND LIABILITES** |  |  |  |  |
| ELCSA (NT) Medical Provision-Pensioners |  | 9,473,785.04 | 8,610,141.93 | 8,555,944.67 |
| Hermannsburg Schule Reserve |  | 4,879,327.75 | 4,755,050.44 |  |
|  |  |  |  |  |
| **CURRENT LIABILITIES** |  |  |  |  |
|  |  |  |  |  |
| Account Payables and Provisions |  | 544,522.77 | 55,000.00 | 48,786.42 |
|  |  |  |  |  |
|  |  | 37,041,589.84 | 29,735,037.25 | 22,808,132.35 |

|  |  |  |  |
| --- | --- | --- | --- |
| **BALANCE SHEET AT** | **Assets** | |  |
| **31 March 2019** | **2019** | **2018** | **2017** |
|  |  |  |  |
| **NON-CURRENT ASSETS** |  |  |  |
|  |  |  |  |
| **IMMOVABLE PROPERTY** | 2,217,926.30 | 2,217,926.30 | 4,468,406.30 |
| **INVESTMENTS** | 28,744,079.66 | 25,143,447.72 | 14,818,252.67 |
|  |  |  |  |
| Investments General Funds | 6,339,726.48 | 6,091,878.28 | 14,818,252.67 |
| Investments Medical Funds | 9,662,341.68 | 8,698,415.75 | - |
| Investment Hermannsburg Schule Reserve | 4,810,812.98 | 4,683,739.67 | - |
| Standard Bank Money market | 7,931,198.52 | 5,669,414.02 | - |
| Total Investments | 28,744,079.66 | 25,143,447.72 | 14,818,252.67 |
| Attributable to Funds and Reserves | 28,744,079.66 | 25,143,447.72 | 14,818,252.67 |
| Attributable to Transient Funds | 5,420,086.10 | 5,324,936.08 | 4,260,984.04 |
| Attributable to Fund Specific Reserves | 13,625,858.75 | 8,848,741.78 | 1,202,162.96 |
| Attributable to Long-term Provisions | 9,473,785.04 | 8,610,141.93 | 8,555,944.67 |
| Attributable to General Purposes | 224,349.77 | 2,359,627.93 | 799,161.00 |
|  |  |  |  |
| **LOAN ACCOUNTS** | 2,445,478.98 | 144,258.29 | 27,813.39 |
| Staff | 0.00 | 4,895.04 | 27,813.39 |
| Bleckmar Mission | 2,383,473.58 | - | - |
| Vehicle Loans RMM | 62,005.40 | 139,363.25 |  |
|  |  |  |  |
| **CURRENT ASSETS** | 3,634,104.90 | 2,229,404.94 | 3,493,659.99 |
| Accounts Receivable | 2,249,831.61 | 1,472,983.34 | 2,066,624.96 |
| Bank Balances | 1,381,100.51 | 756,248.82 | 1,426,557.34 |
| Cash on Hand | 3,172.78 | 172.78 | 477.69 |
|  | 37,041,589.84 | 29,735,037.25 | 22,808,132.35 |

The loan to Bleckmar Mission is a credit agreement on the sale of the Luther Kirche in Durban repayable over 60 months.

1. **Project and Fund Income Statement**

|  |  |  |  |
| --- | --- | --- | --- |
| **EVANGELICAL LUTHERAN CHURCH IN SOUTHERN AFRICA (N-T)** | |  |  |
| **FUND AND PROJECT INCOME AND EXPENDITURE ACCOUNT** |  |  |  |
| **FOR THE YEAR ENDED** | **31 December 2018** |  |  |
| **Fund Income Statement** | **2018** | % | **2017** |
| **Collections and donations** | **1,202,823.89** | -4% | **1,256,345.15** |
| Church Music | 86,531.36 | 56% | 55,427.88 |
| Church Mission | 597,778.93 | -11% | 670,984.72 |
| Church Youth | 225,308.75 | 6% | 213,192.92 |
| Church Seniors/Old Age Homes | 17,801.75 | -64% | 49,602.00 |
| Theological Education | 193,776.43 | 12% | 172,450.73 |
| Building Reserve Durban New | 6,581.50 |  |  |
| Deutsche Schule Hermannsburg | 75,045.17 | -21% | 94,686.90 |
|  |  |  |  |
| **Other Fund Receipts** | **15,778,915.77** | 2328% | **649,801.23** |
| Church Music | 0.00 |  | 0.00 |
| Church Mission | 0.00 |  | 1,900.00 |
| Theological Education | 54,342.00 | -71% | 190,180.17 |
| Church Youth | 186,955.00 | 44% | 129,668.28 |
| Haus Kandaze | 38,312.00 | -1% | 38,700.00 |
| ELCSA (NT) Medical Provision-UELCSA Refund | (950.40) | -101% | 84,352.78 |
| Building Reserve -Northern Parish/Louis Trichardt | 0.00 |  | 205,000.00 |
| Building Reserve Durban | 7,737,209.90 |  | 0.00 |
| Property Reserve -Hermannsburg Schule | 5,243,000.00 |  |  |
| Seafarers’ Reserve | 2,420,047.27 |  | 0.00 |
| Vehicle fund Sold Vehicle | 100,000.00 |  | 0.00 |
|  |  |  |  |
| **Total fund Income** | 16,981,739.66 | 791% | 1,906,146.38 |
|  |  |  |  |
| **Project Expenditure** | **8,322,184.33** | 173% | **3,048,490.04** |
| Church Music | 20,000.00 | -33% | 30,000.00 |
| Church Mission | 807,453.49 | 11% | 725,929.79 |
| Church Youth | 601,653.15 | 81% | 332,400.00 |
| Church Youth write off |  |  |  |
| Church Seniors/Old Age Homes | 27,256.35 | -73% | 99,961.95 |
| Theological Education | 345,573.52 | -28% | 478,192.32 |
| Deutsche Schule Hermannsburg | 154,658.85 | 83% | 84,680.95 |
| Church Other Projects | 4,800.00 | 100% | 2,400.00 |
| Haus Kandaze | 112,706.78 | 119% | 51,571.89 |
| Building Reserves | 2,088.56 | -30% | 2,993.70 |
| Building Reserve Durban | 4,143,683.23 | 1550% | 251,107.22 |
| Seafarers’ Reserve | 853,475.33 |  | 0.00 |
| Building Reserve -Northern Parish/Louis Trichardt | 90,000.00 | -15% | 105,563.52 |
| Property Reserve -Hermannsburg Schule | 204,540.51 | 25% | 163,071.74 |
| Refugee Fund | 16,677.69 |  |  |
| ELCSA (N-T) Medical Provision | 729,132.36 | 1% | 720,616.96 |
| Violence and Trauma Fund | 208,484.51 |  |  |
| Vehicle Reserve Fund | 0.00 | 0% | 0.00 |
|  |  |  |  |
|  |  |  |  |
| Net Income and Expenditure in Funds and Projects | 8,659,555.33 | -758% | (1,142,343.66) |
| Transfer to/(from) Income Statement | 598,736.73 |  | 1,699,644.81 |
| Interest allocation | (87,120.74) |  | 691,769.86 |
| Net movement in Funds and Projects | 9,171,171.32 |  | 1,249,071.01 |
| Opening Balance of Funds and Projects | 18,290,939.63 |  | 17,041,868.62 |
| Closing Balance of Funds and Projects | 27,462,110.95 | 150% | 18,290,939.63 |

**Notes to specific projects and Funds**

* Building Reserve Durban is the sale of the Renshaw Road Church Property. The Luther Kirche was sold in 2019. These funds are being utilized to fund the planting of the Dolphin Coast congregation. A pastor’s manse was also purchased for the Dolphin Coast congregation.
* The Hermannsburg Schule Property reserve is the 50% of the selling price of the Endeavour farm to DSH Trust. These funds are being utilised to fund the half pastor’s post at the Hermannsburg Schule.
* Seafarers’ mission sold its property and paid the proceeds to ELCSA (N-T) to utilise for the funding of the half post shared with Dolphin Coast congregation.

**Fund Statement**

At 31 December 2018 the Fund Statement for the various funds [Transient, Specific and Liabilities, General] are:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **31 December 2018** |  | BALANCES |  | COLLECTIONS |  | RECEIPTS |  | INTEREST and INTERNAL |  | PAYMENTS/ |  | FROM/TO |  | BALANCE |
|  |  | 01/01/18 |  | AND |  | AND |  | ALLOCATIONS |  | TRANSFERS |  | INCOME |  | 31/12/18 |
|  |  |  |  | DONATIONS |  | PROVISIONS |  |  |  |  |  | STATEMENT |  |  |
| **FUNDS AND RESERVES** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **TRANSIENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Old Age Homes of the Church |  | 13,258 |  | 17,802 |  | 0 |  | 0 |  | (27,256) |  | 0 |  | 3,804 |
| Port Natal |  | 8,538 |  | 15,210 |  |  |  |  |  | (20,845) |  | 0 |  | 2,903 |
| Richmond |  | 4,720 |  | 2,592 |  |  |  |  |  | (6,412) |  | 0 |  | 901 |
| Church Youth Work |  | 759,266 |  | 225,309 |  | 186,955 |  | 23,072 |  | (601,653) |  | 0 |  | 592,949 |
| Youth Work - General |  | 3,600 |  |  |  |  |  |  |  |  |  | 0 |  | 3,600 |
| Youth Work - Northern Circuit |  | 136,751 |  | 46,810 |  |  |  | 1,741 |  | (113,940) |  | 0 |  | 71,361 |
| Youth Work - Central Circuit |  | 89,307 |  | 30,231 |  |  |  | 2,988 |  |  |  | 0 |  | 122,526 |
| Youth Work - |  | 115,354 |  | 148,268 |  | 70,000 |  | 3,060 |  | (211,230) |  |  |  | 125,453 |
| KZN  KZN Hub |  | 414,253 |  | 0 |  | 116,955 |  | 15,284 |  | (276,483) |  | 0 |  | 270,009 |
| Church Music |  | 214,260 |  | 86,531 |  | 0 |  | 7,020 |  | (20,000) |  | 0 |  | 287,811 |
| Church Mission Fund |  | 2,000,263 |  | 597,779 |  | 0 |  | 107,435 |  | (807,453) |  | 0 |  | 1,898,023 |
| Theological Education |  | 606,493 |  | 193,776 |  | 54,342 |  | 30,542 |  | (345,574) |  | 0 |  | 539,581 |
| Deutsche Schule Hermansburg |  | 98,457 |  | 75,045 |  |  |  |  |  | (154,659) |  | 0 |  | 18,843 |
| Diaconical Fund - Gossmann Trust |  | 307,956 |  | 0 |  |  |  |  |  | (4,800) |  | 0 |  | 303,156 |
| Violence and Trauma Fund |  | 208,485 |  |  |  |  |  |  |  | (208,485) |  | 0 |  | 0 |
| Seafarers’ Reserve |  | 0 |  |  |  | 2,420,047 |  | 78,329 |  | (853,475) |  |  |  | 1,644,901 |
| Refugee fund |  | 52,546 |  |  |  | 0 |  |  |  | (16,678) |  |  |  | 35,868 |
|  |  | 4,260,984 |  | 1,196,242 |  | 2,661,344 |  | 246,398 |  | (3,040,033) |  | 0 |  | 5,324,936 |
| **FUND SPECIFIC RESERVE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Building Reserve |  | 924,312 |  | 0 |  |  |  | (924,312) |  | 0 |  |  |  | 0 |
| Building Reserve -Northern Parish |  | 156,195 |  |  |  | 0 |  | 3,853 |  | (2,089) |  |  |  | 157,959 |
| Building Reserve Louis Trichardt (Part of Northern Parish) |  | 210,125 |  |  |  | 0 |  | 5,253 |  |  |  |  |  | 215,378 |
| Building Reserve -Trinity |  | 236,735 |  |  |  | 0 |  | 3,668 |  | (90,000) |  |  |  | 150,404 |
| Property Reserve -Hermannsburg Schule |  | (167,149) |  |  |  | 5,243,000 |  | (116,261) |  | (204,541) |  |  |  | 4,755,050 |
| Building Reserve Dolphin Coast |  | (257,385) |  | 6,582 |  | 7,737,210 |  | (38,491) |  | (4,143,683) |  |  |  | 3,304,232 |
| Motor Vehicle Reserve |  | 147,735 |  |  |  | 100,000 |  | 9,476 |  | 0 |  | 131,307 |  | 388,518 |
| Haus Kandaze Reserve |  | (48,405) |  |  |  | 38,312 |  |  |  | (112,707) |  |  |  | (122,800) |
|  |  | 1,202,163 |  | 6,582 |  | 13,118,522 |  | (1,056,813) |  | (4,553,019) |  | 131,307 |  | 8,848,742 |
| **LONGTERM PROVISION AND LIABILITES** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ELCSA (N-T) Medical Provision-Pensioners |  | 7,497,980 |  |  |  | (950) |  | (162,571) |  | (729,132) |  |  |  | 6,605,326 |
| ELCSA (N-T) Medical Provision-Pastors in service |  | 1,057,965 |  |  |  |  |  | (38,447) |  |  |  | 985,298 |  | 2,004,816 |
|  |  | 8,555,945 |  | 0 |  | (950) |  | (201,018) |  | (729,132) |  | 985,298 |  | 8,610,142 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **TOTAL DEDICATED RESERVES** |  | 14,019,092 |  | 1,202,824 |  | 15,778,916 |  | (1,011,432) |  | (8,322,184) |  | 1,116,605 |  | 22,783,820 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Retained Earnings [Ex General Reserves]** |  | 4,271,848 |  |  |  |  |  | 924,312 |  |  |  | (517,869) |  | 4,678,291 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **TOTAL RESERVES** |  | 18,290,940 |  | 1,202,824 |  | 15,778,916 |  | (87,121) |  | (8,322,184) |  | 598,737 |  | 27,462,111 |

1. **Cash flow Statement**

Detail of Cash flow for the 2017 and 2018 years

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **EVANGELICAL LUTHERAN CHURCH IN SOUTHERN AFRICA (N-T)** | | | | |
| **STATEMENT OF CASH FLOW** |  |  |  |  |
| **FOR THE YEAR ENDED** | **31 December 2018** |  |  |  |
|  |  |  |  |  |
|  | **2018** |  | **2017** |  |
| Contributions | 16,118,730.47 | 23% | 13,052,303.02 |  |
| As per Income Statement | 15,382,817.30 | 17% | 13,152,652.09 |  |
| Interest on arrears Receivables | 142,271.55 | 16% | 122,604.81 |  |
| Movement in Account Receivable net of Bad debts Written off | 593,641.62 | -366% | (222,953.88) |  |
| Solidarity Receipts | 931,334.51 | -5% | 984,143.20 |  |
| Fund and Project Receipts | 16,981,739.66 | 791% | 1,906,146.38 |  |
| Total Received from Congregations | 34,031,804.64 | 113% | 15,942,592.60 |  |
| Subsidies Received | 1,230,979.29 | 9% | 1,133,396.23 |  |
| Net Investment income Realised | (616,208.15) |  | 613,068.79 |  |
| Investment income per Income Statement | (845,841.13) | -196% | 879,237.17 |  |
| Add Back Fair Value adjustment | 229,632.98 | -186% | (266,168.38) |  |
| Sundry Income | 9,139.99 | 25% | 7,340.00 |  |
| Loans | (116,444.90) | -2779% | 4,346.61 |  |
| **Total Receipts** | **34,539,270.87** | 95% | **17,700,744.23** |  |
|  |  |  |  |  |
| **Total Household Expenditure** | **16,339,085.52** | 18% | **13,887,958.83** |  |
| Personnel Costs | 14,859,079.65 | 21% | 12,269,808.84 |  |
| Travelling and Accommodation | 332,372.77 | 30% | 255,222.87 |  |
| Office Costs | 324,927.35 | 13% | 287,386.55 |  |
| Membership Fees | 128,929.65 | 0% | 129,281.76 |  |
| Circuits | 222,560.00 | 7% | 208,000.00 |  |
| Sundry Expenses | 471,216.10 | 2% | 461,639.85 |  |
| Payments out of Solidarity | 0.00 | -100% | 276,618.96 |  |
| Fund and Project Expenses | 8,322,184.33 | 173% | 3,048,490.04 |  |
| Movement in Accounts Payable | (6,213.58) | -89% | (58,603.82) |  |
| Total Expenses paid | 24,655,056.27 | 46% | 16,877,845.05 |  |
| Net cash flow | 9,884,214.60 |  | 822,899.18 |  |
| Fair value Adjustment | (229,632.98) |  | 266,168.38 |  |
| Total Movement in Financial Funds for the year | 9,654,581.62 |  | 1,089,067.56 |  |
| Funds available at beginning of year | 16,245,287.70 |  | 15,156,220.14 |  |
| Bank and Cash | 1,427,035.03 |  | 517,204.64 |  |
| Financial Investments | 14,818,252.67 |  | 14,639,015.50 |  |
| **Funds available at end of year** | **25,899,869.32** |  | **16,245,287.70** |  |
| **Funds available at end of year** | 25,899,869.32 |  | 16,245,287.70 |  |
| Bank and Cash | 756,421.60 |  | 1,427,035.03 |  |
| Financial Investments | 25,143,447.72 |  | 14,818,252.67 |  |
|  | 0.00 |  | 0.00 |  |

1. **Investments**

Investments in 2017 and for 11 months in 2018 were managed by Nedbank Wealth. The returns were not satisfactory due to general market conditions in South Africa and the resistance by the asset manager to diversify aggressively into offshore assets. In December 2019 the Church Council took the decision to move investments to a new asset manager [PSG] and diversify into offshore assets.

In the Tables below the investment and return for 2018 and the 5 months 2019 are disclosed. This demonstrates the relevant position and that we are doing significantly better than before.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **INVESTMENTS General Funds** | | **Months** | 5 |  |  | |  |  |
|  |  | **2019** | | | | **2018** | | | |
|  |  | Book Value | Market Value | Fair Value Adjustment | Book Value | | Market Value | Fair Value Adjustment |
| PSG Wealth Enhanced Int Fund | | 1,512,685 | 1,558,666 | 45,981 | 1,512,685 | | 1,519,769 | 7,084 |
| PSG Wealth Income FoF | | 1,512,685 | 1,566,111 | 53,426 | 1,512,685 | | 1,517,297 | 4,612 |
| PSG Moderate FoF | | 3,025,370 | 3,206,801 | 181,431 | 3,025,370 | | 3,054,607 | 29,237 |
| Equities and fixed income | | 6,050,740 | 6,331,579 | 280,839 | 6,050,740 | | 6,091,673 | 40,933 |
| Call Monies-Main Account | | 0 | 0 |  | 205 | | 205 | 0 |
|  |  |  |  |  |  | |  |  |
| Closing Balance 31 December | | 6,050,740 | 6,331,579 | 280,839 | 6,050,945 | | 6,091,878 | 40,933 |
| Accrued Income-Main Account | |  | 0 | 0 |  | | 0 | 0 |
| Closing Balance 31 December | | 6,050,740 | 6,331,579 | 280,839 | 6,050,945 | | 6,091,878 | 40,933 |
| **Income Statement** | | Total | Realised | Fair Value Adjustment | Total | | Realised | Fair Value Adjustment |
| Dividends, Interest | | 0 |  |  | 576,722 | | 576,722 |  |
| Fair Value Adjustment | | 265,666 |  | 265,666 | 36,101 | |  | 36,101 |
| Profit /(loss) on sale of investments | | 0 | 0 |  | (1,162,037) | | (1,162,037) |  |
| Management Cost | | (25,761) | (25,761) |  | (44,812) | | (44,812) |  |
|  |  | 239,906 | (25,761) | 265,666 | (594,025) | | (630,126) | 36,101 |
| Annualised Return | | 9.5% | -1.02% | 10.54% | -6.87% | | -7.29% | 0.42% |
| Annualised Management Cost % | |  | -1.02% |  |  | | -2.59% |  |
|  |  |  |  |  |  | |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |
| **INVESTMENTS Medical Funds** | |  |  |  |  |  |  |
|  |  | **2019** | | | **2018** | | |
|  |  | Book Value | Market Value | Fair Value Adjustment | Book Value | Market Value | Fair Value Adjustment |
| PSG Wealth Creator Fund FoF | | 2,271,403 | 2,387,895 | 116,492 | 2,155,679 | 2,191,803 | 36,124 |
| PSG Wealth Global Creator Feeder Fund | | 2,271,403 | 2,603,445 | 332,042 | 2,155,679 | 2,126,898 | (28,781) |
| PSG Moderate FoF | | 4,542,807 | 4,780,283 | 237,477 | 4,311,357 | 4,355,389 | 44,032 |
| RSA Equity | | 0 | 0 | 0 | 0 | 0 | 0 |
| Fixed Interest | | 0 |  | 0 | 23,467 | 23,467 | 0 |
| Equities and fixed income | | 9,085,613 | 9,771,623 | 686,010 | 8,646,182 | 8,697,557 | 51,375 |
| Call Monies | | 0 |  | 0 | 859 | 859 | 0 |
| Closing Balance 31 December | | 9,085,613 | 9,771,623 | 686,010 | 8,647,040 | 8,698,416 | 51,375 |
| Accrued Income-Main Account | |  | 0 |  |  | 0 |  |
| Closing Balance 31 December | | 9,085,613 | 9,771,623 | 686,010 | 8,647,040 | 8,698,416 | 51,375 |
| **Income Statement** | | Total | Realised | Fair Value Adjustment | Total | Realised | Fair Value Adjustment |
| Dividends, Interest | | 0 | 0 |  | 167,655 | 167,655 |  |
| Fair Value Adjustment | | 673,820 |  | 673,820 | 50,527 |  | 50,527 |
| Profit /(loss) on sale of investments | | 3,018 | 3,018 |  | (347,961) | (347,961) |  |
| Management Cost | | (39,185) | (39,185) |  | (71,238) | (71,238) |  |
|  |  | 637,652 | (36,167) | 673,820 | (201,018) | (251,544) | 50,527 |
| Annualised Return | | 16.8% | -0.96% | 17.80% | -2.32% | -2.91% | 0.58% |
| Annualised Management Cost % | |  | -1.04% |  |  | -4.12% |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Investment Property Reserve -Hermansburg Schule** | | | |  |  |  |  |
|  |  | **2019** | | | **2018** | | |
|  |  | Book Value | Market Value | Fair Value Adjustment | Book Value | Market Value | Fair Value Adjustment |
| Investment PSG Wealth | | 2,849,260 | 2,681,907 | (167,353) | 2,949,260 | 2,632,999 | (316,261) |
| Loan DSH Trust |  | 2,110,819 | 2,110,819 | 0 | 2,050,740 | 2,050,740 | 0 |
| Total |  | 4,960,079 | 4,792,726 | (167,353) | 5,000,000 | 4,683,740 | (316,261) |
| **Income Statement** | | Total | Realised | Fair Value Adjustment | Total | Realised | Fair Value Adjustment |
| Pay-out received | | 125,000 | 125,000 |  | 200,000 | 200,000 |  |
| Interest DSH Trust Loan | | 60,079 | 60,079 |  |  |  |  |
| Fair Value Adjustment | | 86,433 |  | 86,433 | (316,261) |  | (316,261) |
| Management Cost | | (12,526) | (12,526) |  |  |  |  |
|  |  | 258,987 | 172,553 | 86,433 | (116,261) | 200,000 | (316,261) |
| Annualised Return | | 12.53% | 8.35% | 4.18% | -11.63% | 20.00% | -31.63% |
| Annualised Management Cost % | |  | -0.61% |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Standard Bank Money Market** | |  |  |  |  |  |  |
|  |  | **2019** | | | **2018** | | |
|  |  | Book Value | Market Value | Fair Value Adjustment | Book Value | Market Value | Fair Value Adjustment |
| Standard Bank Call Account | | 8,110,355 | 8,110,355 | 0 | 5,669,414 | 5,669,414 | 0 |
| **Income Statement** | | Total | Realised | Fair Value Adjustment | Total | Realised | Fair Value Adjustment |
| Interest Received | | 190,941 | 190,941 | 0 | 0 |  |  |
| Annualised Return | | 5.65% | 5.65% | 0.00% | 0.00% | 0.00% |  |

1. **Post retirement Provision**

In 2016 the Church Council for the first time made provision for the Post Retirement Liability for subsidising medical fund contributions for ELCSA (N-T) Pensioners.

We contribute monthly to the fund to prefund for pastors still in service [employed pre-2010]

In 2018 assets were moved to specific investment funds for this purpose.

The payments made to pensioners are being paid out of this fund.

The movement in this provision and the investment value is shown in the table below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **ELCSA (N-T) Medical Provision** |  |  |  |  |
| **Pensioners** | **Dec-16** | **Dec-17** | **2018** | **2019** |
| Opening Balance | - | 7,653,335 | 7,497,980 | 6,560,790 |
| Contributions | 7,447,927 | 84,353 | (950) | 0 |
| Interest / Yield | 205,408 | 480,909 | (207,107) | 491,606 |
| Payments of Pensioners | - | (720,617) | (729,132) | (337,018) |
| Total | 7,653,335 | 7,497,980 | 6,560,790 | 6,715,378 |
| **Pastors in Service** |  |  |  |  |
| Opening Balance | - | 0 | 1,057,965 | 2,049,352 |
| Contributions | - | 998,080 | 985,298 | 479,314 |
| Interest / Yield | - | 59,885 | 6,089 | 161,586 |
| Payments of Pensioners | - |  |  |  |
| Total | 0 | 1,057,965 | 2,049,352 | 2,690,251 |
| Total | 7,653,335 | 8,555,945 | 8,610,142 | 9,405,630 |
| Investment values |  |  | 8,698,416 | 9,771,623 |

1. **Violence and Trauma Fund**

The Violence and Trauma Fund has been dormant for many years. No new contributions were received or assistance sought. During 2018 the Church Council received a request for assistance of a deserving case involving a young child in one of our congregations.

The Church Council decided to support this worthy case with the total balance of the fund R 208,485.

The balance of the fund is now Zero.

The Church Council and Treasurer request the Synod to close the Violence and Trauma Fund.

1. **Diaconical Fund-Grossman Trust**

The Fund was established through the Estate of J. Gossmann.

The Trust has been established "For and on behalf of and to the benefit of the aged and the orphanages".

ELCSA (N-T) Church Council has been entrusted to manage the funds on behalf of and in consultation with the Trustees.

The interest on the fund can be allocated annually to needy persons according to paragraph 2.

Individuals can apply for assistance to Church Council via the deans in the circuit in which they reside. No request for assistance was received in 2017 or 2018.

Balance of the fund is R 303,156.18.

I would like to thank the Church Council, spesifically the Finance Committee for their support throughout the past 2 years.

Bishop Müller and the office staff [Yolanda and Liselotte] for your support, hard work and patience.

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

Your, Brother in Christ.

Vernon Filter

Treasurer ELCSA (N-T)