

Report of Synod Treasurer
Free Reformed Churches of South Africa
Report to the 2021 Synod - Belhar
12 January 2021

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Mandate per the Acts of the 2017 Synod:

4.1 To handle financial matters on behalf of the Free Reformed Churches in South Africa.

- *The Synod Treasurer has handled all financial matters regarding the following deputies since the last synod:*

a. Federation Expenses

b. Needy Churches – Art. 11

c. Needy Theological Students – Art. 19

d. Theological Training

4.2 To issue semi-annual statements at the end of May and September to the churches.

- *The Synod Treasurer have submitted annual financial statements to the various church councils just after the yearend, usually in January.*

4.3 To request the churches to settle their accounts within 30 days.

- *Overall, the settlement of accounts occurred on a timely manner, mainly due to the Synod Treasurer's reports (3 times per year) on the state of affairs regarding each church's synod contributions which was sent to the various financial commissions of each church. However, the churches of Belhar (paid in 2020), Soshanguve (paid in 2019) and Mamelodi neglected to pay their yearly allocated synod contribution since the last synod.*

4.4 To assess the churches according to the differentiated contribution model as adopted by Synods 2012 (ad-hoc – Art. 11 point 3) and 2014 (Art. 28) with the aim to collect the below indicated funds.

- *After discussions with the various Financial Commissions of the churches (except Soshanguve, Mamelodi and Wesbank – no response on email communication), the following contributions is proposed and accepted with the churches for the year 2021:*

	Actual income per church *	% **	Proposed contributions ***	Synodal contributions	Increase / (Decrease)
	2019		2021	2020	
Belville	2,430,806	18.5%	450,000	431,647	4.3%
Belhar	31,025	9.7%	3,000	2,924	2.6%
Jo'burg	850,688	9.4%	80,000	114,084	-29.9%
Pretoria	1,653,270	21.8%	360,000	403,335	-10.7%
Maranata	1,933,594	17.1%	330,000	364,974	-9.6%

* VVB + Sinodale kollektes

** Proposed contributions as percentage of church income

*** Synodal contributions as proposed by the Synod Treasurer

Various factors have been taken into account in determining the contribution potential per church and the following ratios were relevant to the discussions:

	Proposed contributions	Income points	Contribution per income point	# of members	Contribution per member
Belville	450,000	113	3,982	356	1,264
Belhar	3,000	10	300	105	29
Jo'burg	80,000	22	3,636	73	1,096
Pretoria	360,000	115	3,130	450	800
Maranata	330,000	90	3,667	281	1,174

In the end the Synod Treasurer and churches needs to agree on an amount that is reasonable after these insightful information were taken into account. However, churches cannot be fully compared to each other given that each church has their own unique situations. The previous method of determining the household income per church was deemed too subjective and challenging to determine as a base of calculating the financial contribution per church. Therefore, the Synod Treasurer opted to use these factors to challenge the churches on their financial contribution potential (finansiële drakrag).

Based on this factors and what has been agreed with the five churches, the Synod Treasurer propose that the Synodal contributions should not be more than R1 223 000 across the five churches (excluding contribution yet to be determined for the churches of Soshanguve, Mamelodi and Wesbank). However, it was noted to the churches that the Synod Treasurer will mention to the Synod that given in special circumstances and motivated accordingly, the contributions could be increased with between 10% to 20% and the churches will still be in a position to contribute this as well. It should be noted that this should only be asked of the churches in exceptional circumstances and the reason for the decisions should be motivated clearly.

The Synod contributions should be increased annually by the applicable inflation rate, which is currently around 4%.

Although the churches of Soshanguve, Mamelodi and Wesbank neglected to respond on email correspondence, their financial contributions is yet to be determined. The Synod Treasurer therefore will like to ask the Synod to indicate to the Treasurer responsible persons of each church to contact in this regard and advise the Treasurer on the way forward to deal with this situation where churches is already experiencing financial pressures and then need to contribute financially to the Synod deputies as well.

4.5 To pay the deputies the assigned budgets at their request.

- Each deputy (except Needy Churches – Art 11) receive their allocated synod contributions from each church directly in their own bank accounts, but the follow up through the reports (3 times a year) to each church was administered by the Synod Treasurer. Please refer to the various financial statements attached to this report.

4.6 To reimburse travel expenses and other expenses made by deputies at their request.

- All payments have been made as detailed in the attached financial statements.

4.7 To reimburse the air travel expenses of classes at their request.

- All payments have been made as detailed in the attached financial statements.

4.8 To submit an interim report for discussion during an Indaba to be held more or less halfway between Synod 2017 and Synod 2020

- The Synod Treasurer have submitted an interim report for the Indaba held on 1 – 2 March 2019.

4.9 To report to the next synod and formulate recommendation according to the Rules of Synod as adopted by Synod 2017.

- The Synod Treasurer want to highlight the loan between Deputies Needy Churches (Art. 11) and the Curators of R720 000 as at 31 December 2020. The loan was initially granted by Deputies Needy Churches to the maximum of R250 000 in October 2019 as a temporary loan to assist the Curators' cash flow shortages, but during 2020 the loan increased to R890 000 without the permission of the Deputies Needy Churches. The loan was suggested by the Synod Treasurer to assist the Curators as they realised significant shortages for the years 2019 and 2020 which resulted in a cash flow predicament. This was due to unforeseen and unbudgeted expenses (R300 000 for both 2019 and 2020) towards Ds Breytenbach retirement fund and secondly due to the reduction in contributions received from the Mission Deputies since 2019. As agreed upon in the Agreement of Cooperation (7 October 2016), Missions Deputies agreed to contribute 40% of the costs towards Ds Breytenbach. This was however reduced to 20% in 2019 and 0% in 2020, due to a reduction in funds from the Netherlands.

These extraordinary expenses for the Curators led to the loan needed to continue its mandate. The Synod Treasurer wants to highlight that the retirement contributions of R600 000 should not be borne by the Curators alone as the shortages in Ds Breytenbach retirement fund was a problem that arose before Ds Breytenbach was called in terms of the Agreement to assist with the Theological Training. The Synod Treasurer is of the opinion that the shortage should be borne by the church federation as a whole. The Synod Treasurer asks the Synod to consider the best way to solve the issue, but suggests that as the FRC of Pretoria is responsible for the supervision and care of Ds Breytenbach (but is exempted to bear any cost towards Ds Breytenbach as per the Agreement), claim the R600 000 from the Deputies Needy Churches.

The Synod Treasurer wants to highlight the following Rule of the Synod as well:

11.4.5 The Synod Treasurer shall arrange that the appointed deputies annually audit the financial statements and present a report of their findings to the synod.

- Brother Albert van der Linden has audited the financial statements of the 4 deputies after each financial year end for the years 2017 to 2020. His report has been submitted to the Synod as well.

Federalional Expenses of the Free Reformed Churches of South Africa

Financial statements for the year ending 31 December 2020

Income statement

		<u>2020</u>	<u>2019</u>	<u>2018</u>
		6,262	(21,001)	5,992
Income	Note	40,838	38,589	35,916
Contributions received		39,817	34,654	32,693
Johannesburg		3,182	3,002	2,832
Cape Town		12,040	11,358	10,715
Mamelodi		-	-	-
Maranatha		10,180	9,604	9,060
Pretoria		14,063	10,613	10,013
Belhar		82	77	73
Soshanguve		271	-	-
Interest income		1,020	3,935	3,223
Expenses		(34,576)	(59,590)	(29,924)
Cost incurred		(34,541)	(59,509)	(29,865)
Domestic travel expenses	1	(13,041)	(12,676)	(9,519)
Overseas travel expenses	2	-	(28,967)	(15,964)
Synod		-	-	(3,353)
ICRC Membership		-	-	(1,029)
Conference on Church Relations		-	(9,013)	-
Hosting of websites		-	(6,111)	-
Liturgical booklets (Formulierboekies)		(21,500)	-	-
Deputieship Liturgical Music	3	-	(2,743)	-
Bank charges		(35)	(81)	(60)

Notes

1. 2020: Travel expenses towards the Classis South visit in Johannesburg plus the 70 year celebrations in Cape Town. 2019: Travel expenses towards the Classis South visit in Cape Town plus the Indaba held in Pretoria. 2018: Visit to King William's Town - Synod: Free Church of Southern Africa plus church visit in Cape Town.

2. 2019: Visits to Synod: Free Reformed Churches of Canada and Synod: Gereformeerde Kerke (Vrijgemaakt), Nederland. 2018: Visit to Synod: Free Reformed Churches of Australia.

3. 2019: Costs for copyright for songs from the Songbook.

Needy Churches of the Free Reformed Churches of South Africa
Financial statements for the year ending 31 December 2020
Income statement

	Note	<u>2020</u>	<u>2019</u>	<u>2018</u>
		(182,479)	266,611	(115,898)
<u>Income</u>		169,699	596,639	238,768
Contributions received		106,015	99,280	102,128
Johannesburg		9,116	8,600	9,406
Belhar		234	220	208
Cape Town		34,493	32,540	37,872
Maranata		29,165	27,514	25,957
Mamelodi		-	-	-
Pretoria		32,230	30,406	28,685
Soshanguve		777	-	-
Donations received		-	354,669	-
Canada	1	-	354,669	-
Interest income	2	63,684	142,689	136,640
<u>Expenses</u>		(352,178)	(330,028)	(354,666)
Support paid		(349,981)	(327,085)	(352,143)
Bookkeeping fees - Belhar		-	(3,450)	-
Belhar		(349,981)	(323,635)	(352,143)
Bank charges		(2,197)	(2,943)	(2,524)

Notes

1. Although the Free Reformed Churches of Canada have been notified in 2017 that no contributions will be needed in the future, the committee responsible for the contributions wanted to pay over the remainder of the funds that they have collected for South Africa in 2019.

2. The interest decrease due to the loan that were granted to the Curators.

Synod Treasurer of the Free Reformed Churches of South Africa
Financial statements for the year ending 31 December 2020
Balance sheet

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>	2,329,471	2,492,034	2,246,424
<u>Current Assets</u>	2,329,471	2,492,034	2,246,424
Bank - Absa Current Account	36,615	570,882	291,897
Savings Account	1,572,855	1,861,152	1,954,527
Loan to Deputies Theological Training	720,000	60,000	-
<u>ACCRUED FUNDS AND LIABILITIES</u>	2,329,471	2,492,034	2,246,424
<u>Accrued Funds</u>	2,315,817	2,492,034	2,246,424
Needy Churches - Opening balance	2,452,743	2,186,132	2,302,030
Needy Churches - Surplus/(Deficit) for the year	(182,479)	266,611	(115,898)
Federalional Expenses - Opening balance	39,291	60,292	54,300
Federalional Expenses - Surplus/(Deficit) for the year	6,262	(21,001)	5,992
<u>Current Liabilities</u>			
Collections for ICRC (not paid yet)	13,654	-	-

Theological Training

Income and expenses for the period 01.01.2020 until 31.12.2020

	2020	2019	2018
Income	1,433,793	1,256,239	661,481
Income from Churches	670,264	626,296	593,343
Income from Australia	752,103	559,946	-
Interest earned	5,624	5,550	6,306
Rental income - Bethal 1	5,802	64,447	61,832
Expenses	1,975,782	1,544,109	978,178
Lecturers cost	1,590,143	1,078,150	747,427
Ds vd Linden	144,828	129,653	119,963
Ds Breytenbach 2	1,445,314	948,497	627,464
Ds Breytenbach - Retirement contributions 3	300,000	300,000	-
Rental - Ds Breytenbach's housing fund	70,249	61,832	116,634
Travel	-	25,736	82,860
Guest Lecturers 4	-	20,520	75,132
Curators 5	-	5,215	7,728
Pastors conference 6	-	34,529	26,027
Lectures cost - July 7	6,437	15,654	4,876
Lectures cost - Second half	-	14,399	-
Video/Sound equipment 8	7,200	13,017	-
Bank Charges 9	1,753	793	355
Surplus / (shortage)	-541,989	-287,870	-316,697
Bank Balances as at 1 January 2020	-346,087	-118,217	198,480
01.01.2020 Opening Balance Bank Account	-350,538	-232,117	90,886
01.01.2020 Opening Balance Investment	4,451	113,901	107,595
Bank Balances as at 31 December 2020	-228,075	-346,087	-118,217
31.12.2020 Closing Balance Bank Account	-233,150	-350,538	-232,117
31.12.2020 Closing Balance Investment	5,075	4,451	113,901

Notes:

1. The rental income received from the Bethal vicarage (pastorie) is earmarked for Ds Breytenbach's retirement fund. The vicarage was sold in the beginning of 2020 and the last rental income paid over to the retirement fund.
2. The cost towards Ds Breytenbach increased significantly since 2019 as Mission Deputies decreased their share of the cost towards Ds Breytenbach from 40% as agreed in the Agreement of Cooperation (7 October 2016) to 20% in 2019 and 0% in 2020 due to a decrease in funds from the Netherlands.
3. Once off retirement contributions to ensure Ds Breytenbach retirement funds is on the required level as per "emeriteringskommissie".
4. No guest lecturers visited us during the year.
5. None of the curators travelled in the current year.
6. No pastors conference have been held in the current year.
7. Lecturers (Prof Dolf Britz and Rev Ian Wildeboer) compensation for the lectures held in July 2020.
8. Fees charged by Sytze Visser for his work on the lecturers recordings - ended in August 2020.
9. Increase in bank charges due to international payments to CRTS.

Needy Students (Art 19)**Income and expenses for the period 01.01.2020 until 31.12.2020**

	2020	2019	2018
Total Income	304,701	359,305	318,251
DVN (Netherlands)	70,000	100,000	100,000
Income from churches	234,701	259,305	218,251
Expenses	419,645	300,706	146,703
Student stipends:	227,112	212,000	136,800
Jacob Mnisi	-	84,000	57,200
Solomon Makwakwa	-	-	23,200
Rofhiwa Ramphabana	95,112	84,000	56,400
Jakob Mars	132,000	44,000	-
Study cost:	171,984	75,939	9,903
Jacob Mnisi	-	-	338
Rofhiwa Ramphabana	45,284	11,323	9,566
Gwilym Hesselman	-	583	-
Jakob Mars	42,932	-	-
Arjan van der Meer	25,273	21,252	-
Jonatan Boon	32,285	2,134	-
Marco van Renssen	26,210	40,646	-
Travel cost:	18,747	12,767	-
Gwilym Hesselman	-	3,798	-
Albert Bijker	-	1,963	-
Jakob Mars	6,124	4,703	-
Rofhiwa Ramphabana	11,423	-	-
Arjan van der Meer	1,200	-	-
Marco van Renssen	-	2,303	-
Bank charges	1,802	-	-
Surplus / (shortage)	-114,944	58,599	171,548
01.01.2020 Opening Balance Bank Account	351,543	292,944	121,397
31.12.2020 Closing Balance Bank Account	236,599	351,543	292,944

Curators

Balance Sheet as at 31.12.2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS	8,524	5,457	174,727
Current Assets	8,524	5,457	174,727
Current Account	3,449	1,005	60,827
Savings Account	5,075	4,451	113,901
LIABILITIES AND EQUITY	8,524	5,457	174,727
Retained Earnings	(711,476)	(54,543)	174,727
Theological Training - Opening balance	(406,087)	(118,217)	198,480
Theological Training - Surplus/(shortage) for the year	(541,989)	(287,870)	(316,697)
Needy Students (Art 19) - Opening balance	351,543	292,944	121,397
Needy Students (Art 19) - Surplus/(shortage) for the year	(114,944)	58,599	171,548
Current Liabilities	720,000	60,000	-
Temporary loan from Art 11	720,000	60,000	-

Notes

Retained Earnings	418,908	(118,217)	(118,217)
Excluding extraordinary items	878,126	537,124	-
Ds Breytenbach retirement contributions	300,000	300,000	-
Mission deputies reduction in contributions *	578,126	237,124	-
Normalised Retained Earnings	1,297,033	418,908	(118,217)

This note indicates that excluding the two extraordinary (unbudgeted) expenses, the Curators financial statements would have been in a very healthy position and the loan from Art 11 would not have been necessary.

* As agreed upon in the Agreement of Cooperation (7 October 2016), Missions Deputies agreed to contribute 40% of the costs towards Ds Breytenbach. This was however reduced to 20% in 2019 and 0% in 2020, due to a reduction in funds from the Netherlands.