

Financial Report



Tony Neerings



Introduction

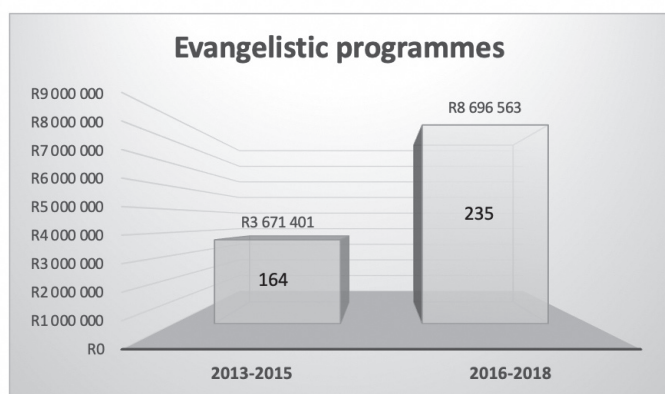
All praise be to God for undertaking and leading the Northern Conference every step of the way since our start dating back to 1958 (61 years ago). We feel blessed to report on the missiological and financial progress made over the past 3 years.

The financial results reflect the faithfulness and sacrifice made by the NC members despite the economic and political challenges facing the country and further shows the dedication and commitment of each church member to the world mission field.

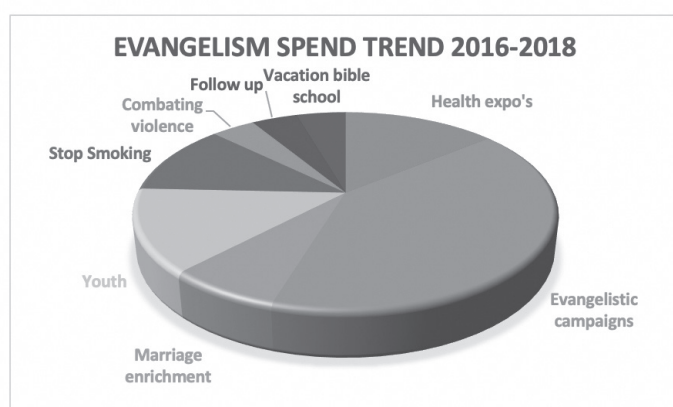
1.1 Direct evangelism Graph 1.1

We are glad to report that the investment in our core business showed an improvement of R5 000 000, a 136% increase in rand value and 43% increase in the number of campaigns or events as compared with the prior triennium. The average amount spent on each campaign was R19 502. We see good participation by most of our churches as 126 of our 156 churches (80, 7%) participated in evangelistic programmes. Looking at our calling and the vast population of 28 million souls in the provinces we serve, we should aim towards a 100% participation and double our current efforts to complete the work before us.

Six churches conducted more than 10 campaigns in the 3-year period, with the highest being Sunnyside church on 18 events utilizing 4.7% of the total budget.



Graph 1.1



Graph 1.2

1.2 Evangelism trends Graph 1.2

What do our churches offer the communities they operate in, and what type of programmes do we arrange and run with?

1.3 Gauteng 2018 Total member involvement

This event was a collaborative programme between SID, SAU and the two conferences NCSA and the TOC. All expenses were born by the higher organisations as the R1m we contributed initially, was returned to us for our events. The further financial benefit available to be utilised in our territories is a R4m post campaign amount to plant new churches in both conferences.

Triennium 2016-2018		
Congregation	Amount	Endeavours
Advent Haven	25 000	1
Agape	77 040	3
Alabama	152 790	5
Alra Park	20 000	2
Amazing Grace	75 000	5
Angelo	250 000	10
Atlasville	50 940	6
Auxano	25 000	1
Barberton	6 400	1
Balebedi company	10 070	1
Bassonia	40 202	2
Bela-Bela	8 800	1
Benoni Central	243 600	13
Berea International Pta	40 918	3
Berea Jhb	226 350	13
Bertrams	35 000	1
Blessed Hope	57 500	3
Boksburg Afrikaans	25 000	1
Boksburg English	16 000	1
Bosmont	30 000	2
Brakpan	55 577	4
Brixton	30 000	3
Carltenville	15 000	1
Chantelle	28 000	2
Clayville Gardens	210 600	8
Coronation	98 000	5
Cullinan	31 800	1
Davidsonville	26 000	2
De kaap Vallei	6 500	1
Denver Branch	55 000	2
Die Hoek	55 100	3
Eersterus	15 000	1
Edenvale	58 180	4
Elandspoort	30 000	1
Ellisras	91 000	6
Eloffsdal	220 009	15
Ennerdale	55 055	5
Filadelfia	23 000	2
Florida CBD	36 000	2
Florida Lake	70 000	3
Georginia	131 500	6
Germiston	71 645	5
Grace	8 750	1
Groblersdal	19 190	1
Haddon	37 050	2
Hartebeespoort	73 104	5

Triennium 2016-2018		
Congregation	Amount	Endeavours
Heidelberg Central	83 000	4
Hoedspruit	151 450	9
Immanuel	70 285	5
Jhb Central	230 000	7
Jhb City	25 000	1
JHB CBD	25 000	2
JHB Metro	12 000	1
Jhb North	21 500	1
Kaalfontein	135 000	6
Kainos	140 800	8
Kempton Park	101 550	7
Kibler Park	107 000	6
Klipspruit West	32 070	2
Kliptown	35 000	2
Klopper Park	21 000	1
Krugersdorp	125 000	6
Krugersdorp North	125 000	5
La Rochelle	126 000	8
Laeveld	8 488	1
Lenasia	59 586	4
Lichtenburg	50 450	3
Louis Trichardt	5 000	1
Lydenburg	71 930	4
Lyndhurst	52 000	3
Magaliessig	201 970	9
Maranatha	25 000	1
Metro Mission	105 000	4
Meyerton	28 000	1
Montana	45 000	3
Mount Calvary	177 000	7
Mountain View	103 270	4
Munsiville branch	25 000	1
NCDT	15 500	1
New Hope	23 000	3
New Life Ministries	51 900	4
Nigel	92 850	8
Noordgesig	70 000	2
Northmead	243 385	10
Northside	23 500	1
Orange Grove	40 000	2
Panorama	98 360	5
Phalaborwa	102 500	4
Piet Retief	62 500	3
Pietersburg	50 000	2
Pietersburg Landelik	39 500	2
Pioneer	45 500	2

Triennium 2016-2018		
Congregation	Amount	Endeavours
Potchefstroom	110 530	9
Potgietersrus	26 450	3
Pretoria City	65 911	5
Pretoria Eastern Suburbs	10 000	1
Pretoria Oos	67 500	4
Protea Park	160 000	5
Randfontein	30 000	2
Reiger Park	60 000	2
Reiger Park	35 000	2
Riverlea	60 000	3
Rustenburg	55 100	5
Rust-Ter-Vaal	25 000	1
Rynfield	32 500	1
Sedaven	85 950	8
Silverfield branch	21 000	1
Standerton	15 457	1
Sunnyside	414 930	18
Thabazimbi	25 000	1

Triennium 2016-2018		
Congregation	Amount	Endeavours
The Gardens	92 050	6
Toekomsrus	20 000	1
True Vine	32 500	4
Tshwane Central	67 000	6
Tzaneen	131 200	6
Vanderbijlpark	89 900	5
Vereeniging	10 000	1
Volkstrust	63 725	4
Vryburg	38 100	2
Warmbad Afr	64 700	2
Westbury	45 000	3
Westernburg	79 692	4
West Central group	60 750	3
Witbank	42 556	2
Wolmaransstad	44 377	3
Word of Truth	65 172	4
Total R	8 696 563	235

2. Indirect Evangelism

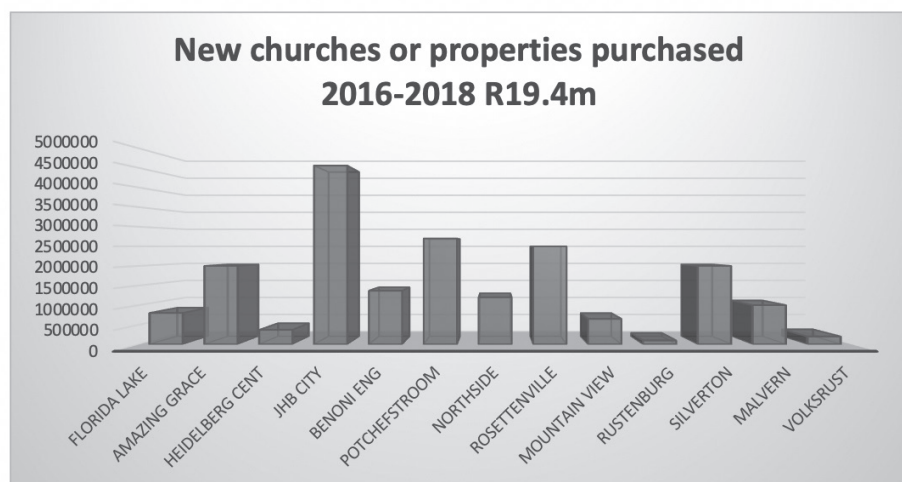
2.1 Camp meeting funds were provided to each of our 9 regions totalling R1.8m for the triennium.

2.2 Salaries of the full time evangelist, bible workers and Assistant publishing directors came to R7m for the triennium.

2.3 Departmental training materials developed, printed as well as making the actual training happen amounted to R7.7m for the triennium.

2.4 Departmental printing, translation and advertising amounted to R3,14m for the triennium.

2.5 Financial assistance provided in procuring churches came to R4.9m and further details are provided below.



Florida Lake (Centre of influence)
1978m² R800 000



Amazing Grace, 77 Edenroad,
Bramley 3000m², R2000 000



JHB City church, 177 Commissioner
street 995m², R4 560 000



Benoni Central church, 68 Bedford Ave, 595m², R1 368 000



Northside church, 41 Mollie rd Randburg 1591m², R1200 000



LA Rochelle church, 151 Mabel street Rosettenville, xxxm², R 2500 000



Berea international church, Silverton Pretoria, 1455m², R2000 000



Rustenburg church, Seraleng, 2000 m², R100 000

Church name	Year	R value
JHB City Church	2016	300 000
Noordgesig	2016	400 000
Carletonville	2016	35 000
Sandton Metro Mission	2016	100 000
Word of Truth	2016	6 000
Benoni Central	2016	400 000
Phalaborwa roof	2016	25 583
Eloffsdal	2016	300 000
Hartbeespoort	2016	100 000
Protea Park Rustenburg	2016	100 000
Sedaven High school	2016	1 500
Mountain View	2017	100 000
Sandton	2017	100 000
Hartbeespoort	2017	48 000
Berea Pta	2017	300 000
La Rochelle	2017	300 000

Church name	Year	R value
Piet Retief	2017	70 000
Florida Lake	2017	100 000
Alrapark	2017	200 000
Sedaven	2017	300 000
Northside	2017	300 000
Hartbeespoort	2018	30 000
Heidelberg Central	2018	300 000
Pietersburg Central	2018	130 000
Secunda	2018	300 000
Word of Truth	2018	300 000
Potchefstroom	2018	100 000
Alrapark	2018	100 000
Springs	2018	7 563
Alabama Klerksdorp	2018	10 000
Rynfield	2018	100 000
Total		4 963 646

We were able to assist just over ten churches per year for the last 3 years. Financial Assistance provided by the NC towards the purchases amounted to R4,900,000 representing 25% of the total purchase price.

Although the amount of churches assisted were less in this period the monetary contribution was R240 000 higher. The need for buildings is still very high as 60 (38%) of our churches don't have buildings of their own and have to worship in rented properties or in the homes of kind church members.

3. Churches sold

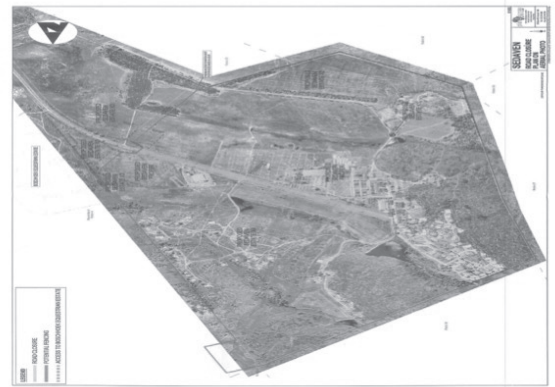
It happens from time to time that churches choose to move to a more suitable building or area. The Church may vote to sell their property at a business meeting. The conference and Sedcom (Church property holding company NPC) also have to approve the sale on the next level.

The below mentioned properties were sold in the past 3 years.

Area	Adress	Selling price
Alberton Kainos church	55 5th ave	R1 900 000
Piet Retief church	9 Faber str	R971 000

4. Pastoral manses/houses

With the district planning committee moving pastors regularly, the conference provides housing for the pastor in the form of a pastoral manse. The conference currently own 48 manses and have to rent for another 15 pastors at an annual cost of R1,8m per annum. Maintaining the properties also come at a significant cost of R1,5m per year. In this triennium, 3 manses were purchased and 5 are in the process of being sold and replaced. With a pastor living in conference provided accommodation, they do not retire owning any property. The conference is encouraging its pastors to purchase properties by providing a homeowners allowance for those who purchase a house, piece of land or life right. The conference is currently contributing R1.5m per annum towards this as a monthly home owners allowance.



5. Northern Conference Sedaven Estate NPC 2018 / 107147 / 08 March 2018

NCSE is the acronym for the "Northern Conference Sedaven Estate". The financial results Apr 2019 indicate that we are breaking even but we would need to build up reserves for future maintenance of service infrastructure and provision for replacements of assets.

NCSE is responsible for electrical, water and sewer system operation and maintenance as well as keeping all common areas neat on the Sedaven Estate including responsibility in terms of the National Veld and Forest Act, 1998.

The current total asset value under NCSE management is R 8 544 403.00

The current water license is in the process of being updated to make provision for the following: Section 21 A – Utilising water from the Sedaven Dam and 14 boreholes Section 21 B – Water reticulation from source through treatment into the 2 mega litre reservoir and reticulation from reservoir to all water users Section 21 E – Waste discharge related water to be used for irrigation purposes

The staff responsible for all NCSE activities consist of a Maintenance Assistant with two General Assistants reporting to A Snyman.

The extension of time given by Lesedi local municipality for complying to proclamation requirements expires in Aug 2019. The first on our list of priorities is providing suitable sewerage infrastructure for current and future developments. The Conference has also budgeted R1.9m for the erection of a security fence around the property as crime has escalated in the area.

6. Bible land tour

What a privilege it was for the conference to be in a position to send 15 pastors and 2 long serving staff members to the bible lands from 5-17 July 2017 at a total cost of R644 440. The tour group were blessed to have been afforded the experience of walking where Jesus walked and found a new love for this amazing country.

7. Centres of influence <https://urbancenters.org/>

The Northern Conference is very proud to have the very first GC approved centre of influence in SA in our own conference. The idea behind it is to have the church open 7 days a week and add value to the community through for example, running a restaurant, bookshop, health club, sporting facility or any activity that could reach out to your community especially in our urban centres to expose them to the Adventist message.

Filadelfia church is situated in Centurion an urban hub of activity just off the N1 at Botha ave.

The project was funded mainly by the contributions of the members and a loan from the NCSA up to the point of application to the GC.

The GC provides further funding for operational purposes like employing staff and getting it off the ground for the first 3 years.



8. Bursaries provided

The conference was able to sponsor pastoral students and secretaries doing a certificate in office management during the past 3 years amounting to a total cost of R1 762 081. The conference has also voted to support the studies of pastoral spouses to the value of R 150 000 in 2019.

	2016	2017	2018	Total
Bursaries Provided	R 835 842	R 587 949	R338 291	R1 762 081

9. Earned income

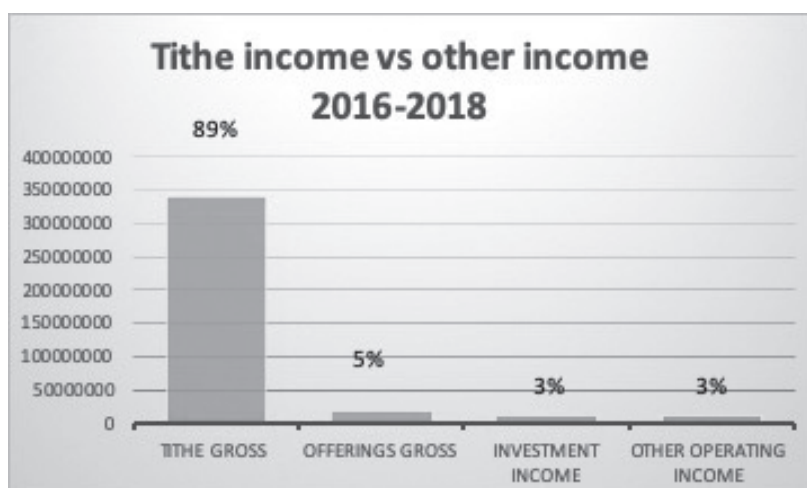
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	2016	2017	2018	Total
Tithe Gross	98 225 481	118 764 852	122 362 342	339 352 675
Offerings Gross	5 962 968	6 614 838	6 647 755	19 225 561
Investment income	4 080 568	4 155 136	3 073 387	11 309 091
Other operating income	4 803 526	3 558 409	3 188 647	11 550 582
Total	113 072 543	133 093 235	135 272 131	381 437 909

The pressure on the economy is definitely reflected in the numbers when you look at the growth between 2016 and 2017 of 17% and then growth flattening out to only 1.6% in 2018.

9.1 Earned income in % to each other

When comparing Tithe income in relation to other income of the previous triennium, offering increased from 3% to 5%, investment income remained on 3% but miscellaneous income dropped 1% from 4% down to 3% when comparing it to the previous triennium.



9.2 Earned income compared to the prior triennium

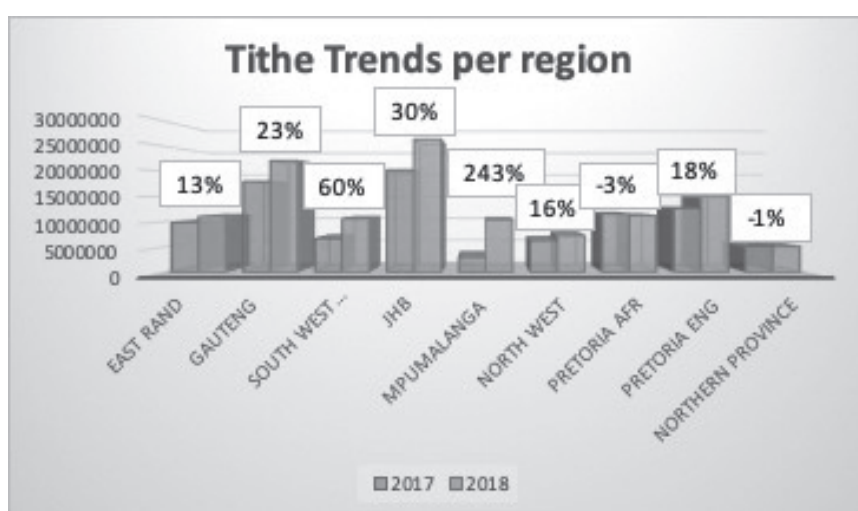
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	2013-2015	2016-2018	Change	%
Tithe Gross	282 271 641	339 352 675	57 081 034	20%
Interest	9 702 822	11 309 091	1 606 269	17%
Offering	7 716 195	19 225 561,00	11 509 366	149%
Other operating income	12 126 593	11 550 582	- 576 011	-5%
Total	305644295	381437909	75793614	

Tithe, where we acknowledge ownership to God, showed a steady above inflationary growth of the 3 years, interest was also steady at 17% over the 3 years but capital withdrawals on reserves had an impact. I'm very pleased to report on the progress made in terms of the offering from prior triennium as this reflects on our love for God. Other operating income reflecting inventory sales, campground income and departmental income declined on average 1.67%.

9.3 Tithe growth per region

South West Gauteng, Johannesburg, Gauteng and Mpumalanga representing 62% of our membership showed significant growth in Tithe of above 20%. Pretoria Eng, North West and the East Rand grew with double digits during the same period. We saw marginal decline in Pretoria Afr and Limpopo where urbanisation and immigration played a role.



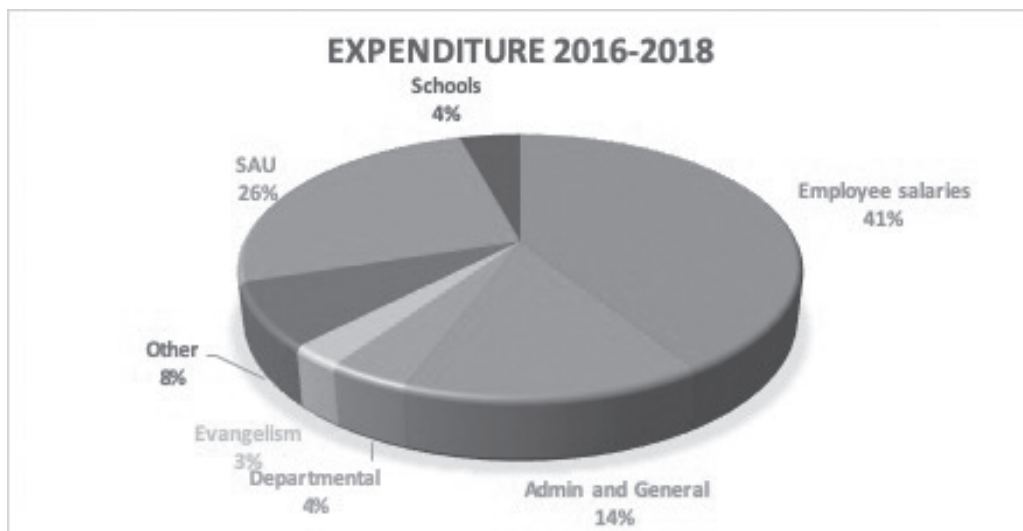
9.4 Increase in income retained for conference use as compared to prior Triennium

	2013-2015	2016-2018	% change
Total income	305 644 296	381 437 909	24,80%
Appropriations to SAU and schools	84 969 982	97 610 600	14,88%
Nett income retained for conference use	220 674 314	283 827 309	28,62%

Nett income retained averaged 9.54% growth per annum over the last three years.

10. Expenditure

	2013-2015	2016-2018	% change
Employee salaries	125 663 997	133 795 516	6%
Admin and General	23 625 695	47 754 557	102%
Departmental	7 487 828	12 962 172	73%
Evangelism	3 671 401	8 696 563	137%
Other	32 392 152	25 326 982	-22%
SAU	75 635 457	83 922 298	11%
Schools	9 334 525	13 688 302	47%
Total Expenditure	277 811 055	326 146 390	17%



We focused on keeping expenditure in line with the budget and allocating more resources to Evangelism that shows a 137% increase, 73% in Departmental training and resourcing and 47% Education as compared to the prior triennium. Admin and general expenses that include inter alia , departmental material development, education of employees and seminar and workshops, IT ,security, printing to mention a few increased on ave with 34% per year indicating the growth in operations as well as above inflationary cost escalations we have experience over the last 3 years.

11. Schools- Financial turnaround

Significant changes were made in the staffing compliment at Sedaven High school in order to optimise operations in line with affordability, which yielded good financial and academic results.

12. NC building project

The NC head office changed garage space into offices on the ground floor and moved the vehicles to the eastern side of the building. Our new boardroom and walkway is also under construction and will be completed in 2019.

13. Internal audit department

The internal audit department completed 88 audits as compared to the 79 in the previous triennium that shows 11.3% improvement. They also uncovered fraud at a local church amounting to R2,4m where bank statements were falsified, this led to a greater awareness of the importance of corporate governance and internal controls at our local churches.

14. School bus

The conference was glad to be able to assist Presda primary school with R300 000 towards a new school mini bus in 2018.

15. Adventist Book Centre (Pty) Limited 2014/059448/07

The ABC currently employ three staff members, their Annual turnover is R4m. They support other provinces with a mobile bookshop at their camp meetings and they are also in the process of moving to online sales. The size of their client base and the migration to digital reading has placed pressure on what is already low margins, but the Lord has provided for us to keep the doors open and provide service with a smile.

Conclusion

What a privilege and honour to have been part of the NCSA team and to report on the progress made the past 3 years. The conference's strength is in its team, and in its team leader Jesus Christ, and in the South African context there is great opportunity and responsibility in especially the Education and Health sectors; there is also an army of youth, currently unemployed that has enormous potential to find useful employment in a church business. With a determined effort to allocate, sufficient resources and skills in the right areas of business as well as tapping into the vast knowledge and expertise of our church members I believe the Lord can accomplish great things through his church in the closing chapters of earth's history.



NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS

UNCONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2018 and 2017

TABLE OF CONTENTS

Financial Opinion	1 - 2
Unconsolidated Statements of Financial Position	3
Unconsolidated Statements of Financial Activity	4
Unconsolidated Statements of Changes in Net Assets	5 - 6
Unconsolidated Statements of Cash Flows	7
Notes to the Unconsolidated Financial Statements	8 - 20

UNCONSOLIDATED FINANCIAL STATEMENTS 2018 | Northern Conference of Seventh-day Adventists

AUDITOR'S REPORT

To the Executive Committee
Northern Conference of Seventh-day Adventists
Bedford Gardens, Gauteng, South Africa

Opinion

We have audited the unconsolidated financial statements of Northern Conference of Seventh-day Adventists (Organisation), which comprise the unconsolidated statements of financial position as at 31 December 2018 and 2017, and the unconsolidated statements of financial activity, unconsolidated statements of changes in net assets, and unconsolidated statements of cash flows for the years then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, as auditors of the General Conference of Seventh-day Adventists, the accompanying unconsolidated financial statements present fairly, in all material respects the financial position of the Organisation as at 31 December 2018 and 2017 and of its unconsolidated financial performance and its unconsolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) adopted by the Seventh-day Adventist denomination.

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs), except the ethical requirement for the appearance of independence. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Organisation in accordance with the ethical requirements that are relevant to our audits of the unconsolidated financial statements in South Africa, and we have fulfilled our other ethical responsibilities in accordance with these requirements, except the ethical requirement for the appearance of independence, because of our affiliation with the Seventh-day Adventist denomination. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 3 to the unconsolidated financial statements, which describes the basis of accounting. The unconsolidated financial statements were prepared to present the financial statements of the Organisation as a parent organisation only, and not consolidating the accounts and activity of a related entity. As a result, these unconsolidated financial statements are not intended to be a complete presentation of the Organisation's assets, liabilities, revenues, and expenses, in accordance with IFRSs adopted by the Seventh-day Adventist denomination. Our report is intended solely for the information and use of the officers of the Organisation, its audit committee, its governing committee, the delegates to its constituency meeting, and the officers and their designees of higher denominational organisations and should not be distributed to or used by other than these specified parties. Our opinion is not modified in respect of this matter.

Other Matter

In connection with our audit, we have also issued a report dated 27 August 2019 regarding compliance with the Working Policy of the General Conference of Seventh-day Adventists, Southern Africa-Indian Ocean Division.



Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with IFRSs adopted by the Seventh-day Adventist denomination, except for the requirement to consolidate another entity that qualifies for consolidation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

General Conference Auditing Service

27 August 2019

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Unconsolidated Statements of Financial Position
31 December 2018 and 2017

	<u>Note</u>	<u>Operating Fund</u>	<u>Plant Fund</u>	<u>2018 Total</u>	<u>2017 Total</u>
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	4	7,042,495	-	7,042,495	3,121,220
Investments	5	41,123,878	-	41,123,878	37,662,540
Accounts receivable, net	6	27,095,939	-	27,095,939	27,101,423
Cash held for agency	4	675,848	-	675,848	512,931
Loans receivable	7	1,859,383	-	1,859,383	4,853,433
Supplies and prepaid expense	8	3,548,184	-	3,548,184	2,010,438
Total current assets		<u>81,345,727</u>	<u>-</u>	<u>81,345,727</u>	<u>75,261,985</u>
<u>Land, buildings, and equipment</u>	9	<u>-</u>	<u>45,344,023</u>	<u>45,344,023</u>	<u>43,477,827</u>
<u>Other assets</u>					
Loans receivable	7	12,097,024	-	12,097,024	10,203,483
Noncurrent receivables	10	7,587,111	-	7,587,111	7,507,935
Total other assets		<u>19,684,135</u>	<u>-</u>	<u>19,684,135</u>	<u>17,711,418</u>
Total assets		<u>101,029,863</u>	<u>45,344,023</u>	<u>146,373,886</u>	<u>136,451,230</u>
LIABILITIES					
<u>Current liabilities</u>					
Accounts payable	11	21,429,219	-	21,429,219	24,972,092
Offering and agency accounts	12	675,848	-	675,848	512,931
Total liabilities		<u>22,105,067</u>	<u>-</u>	<u>22,105,067</u>	<u>25,485,023</u>
NET ASSETS					
Unallocated tithe function		80,979,463	-	80,979,463	66,838,379
Unallocated non-tithe function		(24,324,976)	-	(24,324,976)	(20,250,919)
Allocated functions		22,270,308	-	22,270,308	20,900,915
Invested in plant function		<u>-</u>	<u>45,344,023</u>	<u>45,344,023</u>	<u>43,477,829</u>
Total net assets		<u>78,924,796</u>	<u>45,344,023</u>	<u>124,268,818</u>	<u>110,966,208</u>
Total liabilities and net assets		<u>101,029,863</u>	<u>45,344,023</u>	<u>146,373,886</u>	<u>136,451,230</u>

See accompanying notes.

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Unconsolidated Statements of Financial Activity
Years ended 31 December 2018 and 2017

	Note	Operating Fund (Tithe)	Plant Fund	2018 Total	2017 Total
OPERATING ACTIVITY					
<u>Earned income</u>					
Tithe, net	14	93,146,222	-	93,146,222	88,776,727
Conference offerings received	15	2,659,102	-	2,659,102	2,645,935
Investment income		3,073,387	-	3,073,387	4,155,136
Other operating income	16	3,188,647	-	3,188,647	3,605,790
Total earned operating income		<u>102,067,358</u>	<u>-</u>	<u>102,067,358</u>	<u>99,183,588</u>
<u>Operating expense</u>					
Employee-related expense	17	48,056,300	-	48,056,300	43,493,113
Travel expense		12,686,300	-	12,686,300	10,802,405
Administrative & general expense	18	11,549,937	1,882,401	13,432,338	17,943,001
Departmental expense		2,828,950	-	2,828,950	-
Other operating expense		5,116,657	-	5,116,657	12,944,362
Total operating expense		<u>80,238,144</u>	<u>1,882,401</u>	<u>82,120,545</u>	<u>85,182,881</u>
Incr. (decr.) before appropriations		<u>21,829,214</u>	<u>(1,882,401)</u>	<u>19,946,813</u>	<u>14,000,707</u>
<u>Operating appropriations</u>					
Appropriations disbursed		<u>(5,584,742)</u>	<u>-</u>	<u>(5,584,742)</u>	<u>(4,329,222)</u>
Net appropriations retained		<u>(5,584,742)</u>	<u>-</u>	<u>(5,584,742)</u>	<u>(4,329,222)</u>
Incr. (decr.) after operating approp.		<u>16,244,472</u>	<u>(1,882,401)</u>	<u>14,362,071</u>	<u>9,671,485</u>
CAPITAL					
Other capital income		746,914	2,956	749,870	17,860
Capital appropriations disbursed		(1,809,331)	-	(1,809,331)	(1,791,532)
Capital expenses		-	-	-	(433,497)
Net capital activity		<u>(1,062,417)</u>	<u>2,956</u>	<u>(1,059,461)</u>	<u>(2,207,169)</u>
Incr. (decr.) before transfers		<u>15,182,055</u>	<u>(1,879,445)</u>	<u>13,302,610</u>	<u>7,464,319</u>
TRANSFERS					
Transfers between funds		<u>(3,745,640)</u>	<u>3,745,640</u>	<u>-</u>	<u>-</u>
Net transfers		<u>(3,745,640)</u>	<u>3,745,640</u>	<u>-</u>	<u>-</u>
Net increase (decrease) for the year		11,436,415	1,866,195	13,302,610	7,464,319
Net assets, 1 January		<u>67,488,381</u>	<u>43,477,827</u>	<u>110,966,208</u>	<u>103,501,889</u>
Net assets, 31 December		<u>78,924,796</u>	<u>45,344,022</u>	<u>124,268,818</u>	<u>110,966,208</u>

See accompanying notes.

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Unconsolidated Statement of Changes in Net Assets
Year ended 31 December 2018

	Balance 31/Dec/2017	Income	Expense	Transfers		Balance 31/Dec/2018
				In	Out	
OPERATING FUND						
<u>Unallocated</u>						
Tithe	66,838,379	93,146,222	75,875,176	8,782	3,138,748	80,979,463
Non-tithe	(20,250,919)	8,721,401	8,253,108	-	4,542,350	(24,324,976)
Total unallocated funds	46,587,460	101,867,623	84,128,284	8,782	7,681,098	56,654,487
<u>Allocated funds</u>						
<u>Operating funds</u>						
Women Ministry Funds	-	2,000	-	-	-	2,000
Afrikaans Evangelism	106,025	-	4,123	-	-	101,902
Afrikaans Groot Stryd Reserve	61,000	-	-	-	-	61,000
Afrikaans JHB Suid Reserve	11,706	-	-	-	-	11,706
Afrikaans Student Bursary	605	-	-	-	-	605
Afrikaans Translation	(2,499)	-	42,071	-	-	(44,570)
Camp Meeting Fund	-	192,500	602,584	-	-	(410,084)
Directors' Enrichment	-	-	-	560,000	-	560,000
Education Institution Capital Reserve	3,901,017	-	582,196	150,000	246,835	3,221,986
Evangelism	7,580,824	835	472,487	-	-	7,109,172
General Conference Session	247,182	-	-	752,818	-	1,000,000
Group Annuity Reserve	-	-	-	450,000	-	450,000
Hope Channel	-	-	1,946	-	65,926	(67,872)
Israel Study Tour	-	-	-	560,000	-	560,000
Northern Conference Bookshop VAT	568,607	-	10,000	-	-	558,607
NCSA Session	-	-	-	300,000	-	300,000
Pathfinder Federation	9,318	-	1,087	-	-	8,231
President's Evangelism Fund	-	-	2,000	-	-	(2,000)
Publishing Benefit Trust Fund	-	-	94,575	-	-	(94,575)
SAU Funded Projects	94,400	-	-	-	-	94,400
Small Books and Tracts	1,190,279	-	-	-	-	1,190,279
Specialised Study Bursary Reserve	-	-	-	200,000	-	200,000
Spousal Study Bursary	-	-	-	150,000	-	150,000
Student Bursaries - HBC	-	-	315,930	815,930	-	500,000
TMI Pilot Project	20,000	-	-	-	-	20,000
Training Centre	713,626	-	-	-	-	713,626
Waldenses Project	-	4,400	-	-	-	4,400
Welfare	2,455	-	-	-	-	2,455
Total operating allocated funds	14,504,545	199,734	2,128,998	3,938,747	312,760	16,201,267
<u>Capital funds</u>						
Capital Sales	2,823,120	-	-	-	-	2,823,120
Centre of Influence Reserve	55,000	-	-	-	-	55,000
Church Building	2,774,245	-	1,374,934	300,688	-	1,699,999
Media Equipment Income	50,000	-	-	-	-	50,000
Residence Replacement Reserve	-	746,914	-	-	-	746,914
Sedaven Site Development	694,005	-	-	-	-	694,005
Total capital allocated funds	6,396,370	746,914	1,374,934	300,688	-	6,069,037
Total allocated funds	20,900,915	946,648	3,503,932	4,239,435	312,760	22,270,307
Total operating funds	67,488,375	102,814,271	87,632,216	4,248,217	7,993,858	78,924,795
PROPERTY FUNDS						
Invested in plant	43,477,829	2,956	1,882,401	3,745,640	-	45,344,023
Total property funds	43,477,829	2,956	1,882,401	3,745,640	-	45,344,023
Total all funds	110,966,208	102,817,227	89,514,617	7,993,858	7,993,858	124,268,818

See accompanying notes.

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Unconsolidated Statement of Changes in Net Assets
Year ended 31 December 2017

	Balance 31/Dec/2016	Income	Expense	Transfers		Balance 31/Dec/2017
				In	Out	
OPERATING FUND						
<u>Unallocated</u>						
Tithe	46,402,219	88,776,727	68,340,567	-	-	66,838,379
Non-tithe	(3,179,089)	7,715,474	20,582,703	-	4,204,601	(20,250,919)
Total unallocated funds	43,223,130	96,492,201	88,923,270	-	4,204,601	46,587,460
<u>Allocated funds</u>						
<u>Operating funds</u>						
Afrikaans Evangelism	106,025	-	-	-	-	106,025
Afrikaans Groot Stryd Reserve	61,000	-	-	-	-	61,000
Afrikaans JHB Suid Reserve	11,706	-	-	-	-	11,706
Afrikaans Student Bursary	605	-	-	-	-	605
Afrikaans Translation	(240)	-	2,259	-	-	(2,499)
Education	4,169,742	762,098	1,030,823	-	-	3,901,017
Evangelism	6,638,386	1,117,910	175,472	-	-	7,580,824
GC Session	247,182	-	-	-	-	247,182
NCB Reserve	568,607	-	-	-	-	568,607
Pathfinder Federation	9,318	-	-	-	-	9,318
Press Discretionary Funds	(46,068)	46,068	-	-	-	-
SAU Funded Projects	94,400	-	-	-	-	94,400
Small Books and Tracts	1,250,000	-	59,721	-	-	1,190,279
Student Bursaries - HBC	(27,704)	27,704	-	-	-	-
TMI Pilot Projects	20,000	-	-	-	-	20,000
Training Centre	713,626	-	-	-	-	713,626
Waldenses Project	(47,380)	47,380	-	-	-	-
Welfare	2,455	-	-	-	-	2,455
Total operating allocated funds	13,771,660	2,001,160	1,268,275	-	-	14,504,545
<u>Capital funds</u>						
Capital Sales - Property	2,805,260	17,860	-	-	-	2,823,120
Centre of Influence Reserve	55,000	-	-	-	-	55,000
Church Building	2,010,245	764,000	-	-	-	2,774,245
Media Equipment	50,000	-	-	-	-	50,000
Sedaven Site Development	694,005	-	-	-	-	694,005
Total capital allocated funds	5,614,510	781,860	-	-	-	6,396,370
Total allocated funds	19,386,170	2,783,020	1,268,275	-	-	20,900,915
Total operating funds	62,609,300	99,275,221	90,191,545	-	4,204,601	67,488,375
PROPERTY FUNDS						
Invested in plant fund	40,892,587	-	1,619,359	4,204,601	-	43,477,829
Total property fund	40,892,587	-	1,619,359	4,204,601	-	43,477,829
Total all funds	103,501,887	99,275,221	91,810,904	4,204,601	4,204,601	110,966,208

See accompanying notes.

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Unconsolidated Statements of Cash Flows
Years ended 31 December 2018 and 2017

	Operating Fund	Plant Fund	2018 Total	2017 Total
<u>Cash flows from operating activities</u>				
Net increase from financial activity	11,436,415	1,866,195	13,302,610	7,464,319
Adjustments to remove non-cash items				
Depreciation expense	-	632,516	632,516	1,619,359
Allowance for doubtful accounts	2,410,066	-	2,410,066	4,967,776
Allowance for doubtful loans receivable	109,791	-	109,791	110,367
(Increase) decrease - accounts receivable	(2,404,582)	-	(2,404,582)	(20,000,544)
(Increase) decrease - cash held for agency	(162,917)	-	(162,917)	(364,746)
(Increase) decrease - supplies & prepaids	(1,537,746)	-	(1,537,746)	(468,254)
(Increase) decrease - other assets	(79,176)	-	(79,176)	(641,537)
Increase (decrease) - agency accounts	162,917	-	162,917	364,746
Increase (decrease) - accounts payable	(3,542,873)	-	(3,542,873)	15,241,409
Net cash provided (used) from operating	<u>6,391,895</u>	<u>2,498,711</u>	<u>8,890,606</u>	<u>8,292,895</u>
<u>Cash flows from investing activities</u>				
Purchase of plant assets	-	(2,498,711)	(2,498,711)	(4,204,601)
(Increase) decrease - investments	(3,461,339)	-	(3,461,339)	(5,132,277)
Loans repayments received	5,201,730	-	5,201,730	819,794
New loans receivable issued	(4,211,010)	-	(4,211,010)	(3,382,303)
Net cash provided (used) from investing	<u>(2,470,619)</u>	<u>(2,498,711)</u>	<u>(4,969,330)</u>	<u>(11,899,387)</u>
Net increase (decrease) for the year	3,921,275	-	3,921,275	(3,606,492)
Cash and cash equivalents, 1 January	<u>3,121,220</u>	<u>-</u>	<u>3,121,220</u>	<u>6,727,712</u>
Cash and cash equivalents, 31 December	<u><u>7,042,495</u></u>	<u><u>-</u></u>	<u><u>7,042,495</u></u>	<u><u>3,121,220</u></u>

See accompanying notes.

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to the Unconsolidated Financial Statements
Years ended 31 December 2018 and 2017

Note 1 – Organisational structure

Northern Conference of Seventh-day Adventists (Organisation) is an administrative entity of the world-wide of Seventh-day Adventists Church. The Organisation coordinates the operations of all denominational activities within South Africa, covering the provinces of Gauteng, Mpumalanga, Limpopo, Northern, North-West Gauteng, South West Gauteng, and East Rand. Most of the Organisation's financial activities consist of transactions with other denominational entities, such as: Southern Africa Union Conference of Seventh-day Adventists, and the various schools within its assigned geographic territory.

The Organisation is a religious not-for-profit organisation, it is exempt from income taxes under S (10) of the Income Tax Act of 1962, of the Republic of South Africa.

Note 2 – Summary of significant accounting policies

Currency - The unconsolidated financial statements and notes thereto are presented in South African Rand (ZAR), which is the functional currency of the Organisation. Accounting records involving other currencies are maintained in ZAR. In accordance with policies of the Seventh-day Adventist denomination, the various currencies are converted into ZAR at fixed rates of exchange, which is set each month by the General Conference of Seventh-day Adventists, Southern Africa-Indian Ocean Division, and is intended to approximate current market exchange rates. For comparison, the fixed exchange rate with the United States Dollar (USD) was USD 1.00 = ZAR 13.892 and USD 1.00 = ZAR 13.911 at 31 December 2018 and 2017, respectively.

Accounting Method - The accounting records are maintained on the accrual method of accounting at historical cost, in accordance with International Financial Reporting Standards (IFRS) adopted by the Seventh-day Adventist denomination. The Organisation's officers authorised issuance of the accompanying unconsolidated financial statements on 27 August 2019.

Cash and Cash Equivalents - Cash consists of currency on hand and bank checking and saving accounts that are held for operating purposes. Cash equivalents consist of highly-liquid assets that are readily convertible to cash and are held for operating purposes. Cash equivalents include items such as time deposits that have a maturity date of three months or less from the date of acquisition. Cash and cash equivalents that are held for purposes other than operating are classified as non-operating cash and investments. The increase or decrease in operating cash and cash equivalents is reported in the unconsolidated statements of cash flows as an increase or decrease in cash. The increase or decrease in non-operating cash and investments is reported in the unconsolidated statements of cash flows as proceeds or purchases of investments.

Investments - Investments consist of time deposits that have a maturity date of more than three months and equity securities, which are held for current income and/or appreciation in value. All investments whose value can be reliably measured are carried at fair value based on the investment portfolio as a whole for each type of instrument. Those investments that meet certain criteria are classified as held-to-maturity instruments, and are carried at historical cost. The difference between aggregate fair value and historical cost for each type of instrument is recorded in a valuation account. The change in this valuation account during each period is recognised as an unrealised gain or loss in the unconsolidated statement of financial activity.

Land, Buildings, and Equipment – Land, buildings and equipment assets are recorded at historical cost in local currency. Buildings and equipment are depreciated by the straight-line method over the estimated useful lives of the assets, which range from 3 to 75 years. Legal title to the land used by Organisation is held in the name of SEDCOM.

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to the Unconsolidated Financial Statements
Years ended 31 December 2018 and 2017

Note 2 – Summary of significant accounting policies (continued)

Estimates and Assumptions - The preparation of unconsolidated financial statements in conformity with the accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the unconsolidated financial statement date, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Current Assets and Liabilities - Assets and liabilities are classified as current or long-term, depending on their characteristics. This excludes from current assets: cash equivalents that are restricted to use for other than current operations, committee allocated for acquisition of plant assets or for liquidation of plant-related debt. This excludes from current liabilities: long-term portion of all debt, plant-related debt payable within the next fiscal year to the extent covered by designated liquid assets. Working capital is calculated as current assets minus current liabilities.

Allowance for Uncollectable Accounts - An estimated allowance for uncollectable accounts is provided through routine additions based on charges, historical collection experience, and aging receivables. Accounts deemed to be uncollectable are charged to the allowance.

Revenue - The Organisation derives its income mainly from tithe and offerings. Restricted offerings, involving resources that are held in a fiduciary capacity awaiting instructions from the provider for their use are treated as trust funds or agency funds, while restricted resources where the Organisation has control over or makes use of the resources for its benefit are recorded in the operating fund in allocated functions.

Inventory - Inventory is stated at the lower of cost or net realisable value.

Classification of Net Assets - To ensure observance of limitations and restrictions placed on the use of resources available to the Organisation, the net asset accounts are classified into components that reflect the purpose for which they are held. Net assets other than plant are separated into unallocated, allocated operating, and allocated capital amounts. The net depreciated value of plant assets, minus any plant-related debt, is classified as net invested in plant.

Fund Accounting - The following self-balancing funds are established in the accounting system:

Operating Fund - Includes all income, expenses, other transactions, and related assets and liabilities involving the Organisation's operations, except transactions of the Plant fund. Financial activity is sub-divided into tithe, non-tithe, and allocated funds.

Plant Fund - Includes all transactions relating to land, buildings, and equipment, such as accounting for the real properties used by the Organisation, holding and accounting for equipment, accounting for depreciation on those assets, and holding liquid assets accumulated for renewal and replacement of land, buildings, and equipment. Equipment items that individually cost ZAR 7,000 or more are capitalised and depreciated; equipment items that individually cost less than ZAR 7,000 are charged to expense in full when acquired.

Local Congregation Properties - The Organisation exercises control over certain land and buildings which are used by local church congregations in its territory. Legal title to the land used by the Organisation is registered in the name of SEDCOM. Denominational policy requires that properties used by local congregations be recorded at cost and a reserve be set up leaving ZAR 1 (or equivalent) net valuation on each property listed. The Organisation has recorded most of these properties as per denominational policy.

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to the Unconsolidated Financial Statements
Years ended 31 December 2018 and 2017

Note 3 – Basis of special presentation

The accompanying unconsolidated financial statements do not include any accounts or activity of, or investment in, Adventist Book Centre (Pty) Ltd, a subsidiary of the Organisation. Compliance with International Financial Reporting Standards 10 would require a consolidated statement when presenting complete financial statements of the Organisation.

The Organisation believes this special presentation is useful to analyse the financial statements of the major portion of the Organisation apart from its related entities.

Note 4 – Cash and cash equivalents

	2018	2017
Imprest/petty cash	39,561	20,000
Bank checking and savings accounts	7,678,782	2,560,187
Time deposits	-	1,053,964
Cash held for agency	(675,848)	(512,931)
Total cash and cash equivalents	<u>7,042,495</u>	<u>3,121,220</u>

Note 5 – Investments

		Cost	Fair Value	Unrealised Appreciation /(Decline)
<u>31 December 2018</u>				
Allan Gray Unit Trust		1,001,934	1,001,934	
Investec	32 day Account	1,231,933	1,231,933	-
Investec	40 day Account	3,377,772	3,377,772	-
Investec 5686		5,945	5,945	-
Investec 3149		10,072,230	10,072,230	-
Investec Asset Management Ltd	Unit Trusts	769,271	769,271	-
Investec Asset Management Ltd	Unit Trusts	1,933,223	1,933,223	-
Investec Asset Management Ltd	Unit Trusts	4,384,597	4,384,597	-
Liberty Group Limited	Endowment Policies	3,109,522	3,109,522	-
Liberty Group Limited	Endowment Policies	2,665,304	2,665,304	-
Liberty Group Limited	Endowment Policies	2,221,368	2,221,368	-
Liberty Group Limited	Endowment Policies	2,206,178	2,206,178	-
Liberty Group Limited	Endowment Policies	2,218,155	2,218,155	-
Liberty Group Limited	Endowment Policies	2,220,298	2,220,298	-
Liberty Group Limited	Endowment Policies	1,853,069	1,853,069	-
Liberty Group Limited	Endowment Policies	1,853,079	1,853,079	-
Total investments, 2018		<u>41,123,879</u>	<u>41,123,879</u>	<u>-</u>

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to the Unconsolidated Financial Statements
Years ended 31 December 2018 and 2017

Note 5 – Investments (continued)

		Cost	Fair Value	Unrealised Appreciation /(Decline)
<u>31 December 2017</u>				
Investec	32 day Account	1,163,993	1,163,993	-
Investec	40 day Account	3,137,187	3,137,187	-
Investec Asset Management Ltd	Unit Trusts	711,455	711,455	-
Investec Asset Management Ltd	Unit Trusts	1,787,929	1,787,929	-
Investec Asset Management Ltd	Unit Trusts	4,055,065	4,055,065	-
Liberty Group Limited	Endowment Policies	2,935,988	2,935,988	-
Liberty Group Limited	Endowment Policies	2,516,562	2,516,562	-
Liberty Group Limited	Endowment Policies	2,098,375	2,098,375	-
Liberty Group Limited	Endowment Policies	2,119,447	2,119,447	-
Liberty Group Limited	Endowment Policies	2,123,769	2,123,769	-
Liberty Group Limited	Endowment Policies	2,123,769	2,123,769	-
Liberty Group Limited	Endowment Policies	1,743,890	1,743,890	-
Liberty Group Limited	Endowment Policies	1,743,890	1,743,890	-
Total investments, 2017		<u>37,662,540</u>	<u>37,662,540</u>	<u>-</u>
			2018	2017
Interest and dividends from investments			<u>2,461,339</u>	<u>3,640,261</u>
Total income from investments excluding cash			<u>2,461,339</u>	<u>3,640,261</u>
Interest earned on cash and cash equivalents			<u>612,048</u>	<u>-</u>
Total investment income			<u>3,073,387</u>	<u>3,640,261</u>

Source of Fair Value Information: The Organisation uses information from various sources to determine the fair values of the assets and liabilities that are subject to fair value accounting. This information is separated into three "levels" of inputs:

Level 1: Observable quoted market prices in active markets for identical assets or liabilities

Level 2: Direct or indirect observable market data, such as quoted prices in inactive markets for identical assets or liabilities, quoted prices in active markets for similar assets or liabilities, and other observable market data correlated to identical or similar assets or liabilities

Level 3: Unobservable inputs and assumptions based on judgment and the best information available

The Organisation used the following inputs to determine fair values of assets which are carried at fair value.

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to the Unconsolidated Financial Statements
Years ended 31 December 2018 and 2017

Note 5 – Investments (continued)

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Allan Gray Unit Trust		1,001,934	-	-
Investec	32 day Account	1,231,933	-	-
Investec	40 day Account	3,377,772	-	-
Investec 5686		5,945	-	-
Investec 3149		10,072,230	-	-
Investec Asset Management Ltd	Unit Trusts	769,271	-	-
Investec Asset Management Ltd	Unit Trusts	1,933,223	-	-
Investec Asset Management Ltd	Unit Trusts	4,384,597	-	-
Liberty Group Limited	Endowment Policies	3,109,522	-	-
Liberty Group Limited	Endowment Policies	2,665,304	-	-
Liberty Group Limited	Endowment Policies	2,221,368	-	-
Liberty Group Limited	Endowment Policies	2,206,178	-	-
Liberty Group Limited	Endowment Policies	2,218,155	-	-
Liberty Group Limited	Endowment Policies	2,220,298	-	-
Liberty Group Limited	Endowment Policies	1,853,069	-	-
Liberty Group Limited	Endowment Policies	1,853,079	-	-
Total investments 2018		<u>41,123,879</u>	<u>-</u>	<u>-</u>

Note 6 – Accounts receivable

	<u>2018</u>	<u>2017</u>
SDA entities within territory	14,127,541	10,686,402
Other denominational entities	115,660	387,970
Administrative employees	42,448	19,769
Other employees	253,107	78,116
General	24,442,618	25,351,730
Reclassified overdrawn agency funds (see Note 12)	14,430	67,235
Total accounts receivable	38,995,804	36,591,222
Allowance for uncollectible accounts	<u>(11,899,865)</u>	<u>(9,489,799)</u>
Net accounts receivable	<u>27,095,939</u>	<u>27,101,423</u>

Note 7 – Loans receivable

	<u>2018</u>		
	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Subsidiary organisations loans unsecured, 4-10% interest charged	2,094,726	12,097,024	14,191,750
Employee general loans 0% unsecured, no interest charged	<u>222,745</u>	<u>-</u>	<u>222,745</u>
Total loans receivable	2,317,471	12,097,024	14,414,495
Less allowance for uncollectible loans	<u>(458,088)</u>	<u>-</u>	<u>(458,088)</u>
Net loans receivable	<u>1,859,383</u>	<u>12,097,024</u>	<u>13,956,407</u>

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to the Unconsolidated Financial Statements
Years ended 31 December 2018 and 2017

Note 7 – Loans receivable (continued)

	2017		
	Current	Long-term	Total
Subsidiary organisations loans unsecured, 4-10% interest charged	5,201,730	10,045,225	15,246,955
Employee general loans 0% unsecured, no interest charged	-	158,258	158,258
Total loans receivable	5,201,730	10,203,483	15,405,213
Less allowance for uncollectible loans	(348,297)	-	(348,297)
Net loans receivable	4,853,433	10,203,483	15,056,916

Note 8 – Supplies and prepaid expense

	2018	2017
Pathfinder inventory	782,382	445,498
Personal Ministries inventory	1,018,029	952,317
Health inventory	90,074	-
Stewardship inventory	-	26,323
Family Ministries inventory	-	10,416
Youth inventory	27,484	26,599
Total merchandise inventory	1,917,969	1,461,153
Less: allowance for obsolescence	-	-
Net inventory balance	1,917,969	1,461,153
Prepaid expenses	956,063	-
Prepaid insurance	674,152	549,285
Total prepaid expense	1,630,215	549,285
Total supplies and prepaid expense	3,548,184	2,010,438

Note 9 – Land, buildings, and equipment

	Total Cost	Accumulated Depreciation	Net Value	Depreciation Expense
<u>31 December 2018</u>				
Land	5,050,000	-	5,050,000	-
Buildings	40,698,235	4,088,518	36,609,717	542,910
Furnishings and equipment	12,169,159	9,062,342	3,106,817	1,339,491
Other capital assets	59,458,454	59,009,064	449,390	-
Vehicles	704,454	576,356	128,098	-
Land, buildings, and equipment, 2018	118,080,302	72,736,280	45,344,023	1,882,401
<u>31 December 2017</u>				
Land	5,050,000	-	5,050,000	-
Buildings	38,911,683	3,545,608	35,366,075	551,107
Furnishings and equipment	11,899,719	8,972,736	2,926,983	1,068,252
Other capital assets	59,998,163	59,998,049	114	-
Vehicles	1,402,354	1,267,699	134,655	-
Land, buildings, and equipment, 2017	117,261,919	73,784,092	43,477,827	1,619,359

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to the Unconsolidated Financial Statements
Years ended 31 December 2018 and 2017

Note 9 – Land, buildings, and equipment (continued)

	Balance 1/Jan/18	Additions	Deletions	Balance 31/Dec/18
<u>Summary of changes</u>				
<u>Total cost</u>				
Land	5,050,000	-		5,050,000
Buildings	38,911,683	1,786,552	-	40,698,235
Furnishings and equipment	11,899,719	269,440	-	12,169,159
Other capital assets	59,998,163	-	539,709	59,458,454
Vehicles	1,402,354	-	697,900	704,454
Total cost	<u>117,261,919</u>	<u>2,055,992</u>	<u>1,237,609</u>	<u>118,080,302</u>
<u>Total accumulated depreciation</u>				
Buildings	3,545,608	542,910	-	4,088,518
Furnishings and equipment	8,972,736	89,606	-	9,062,342
Other capital assets	59,998,049	-	988,985	59,009,064
Vehicles	1,267,699		691,343	576,356
Total accumulated depreciation	<u>73,784,092</u>	<u>632,516</u>	<u>1,680,328</u>	<u>72,736,280</u>
Net value	<u>43,477,827</u>	<u>1,423,476</u>	<u>(442,719)</u>	<u>45,344,023</u>

Note 10 – Other assets - noncurrent accounts receivable

	2018	2017
NCSE Electrical Expenses	3,025,013	3,025,013
NCSE Water Infrastructure	4,319,397	4,319,397
Deposits Paid (Long term)	242,701	163,525
Total noncurrent assets	<u>7,587,111</u>	<u>7,507,935</u>

Note 11 – Accounts payable and accrued liabilities

	2018	2017
Southern Africa Union Conference	15,318,796	3,092,848
Other denominational organisations	-	13,235,608
Subsidiary organisations	-	11,033
Employees	8,849	3,509
General accounts	6,096,684	8,628,895
Administrative employees	4,890	199
Total accounts	<u>21,429,219</u>	<u>24,972,092</u>

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to the Unconsolidated Financial Statements
Years ended 31 December 2018 and 2017

Note 12 – Agency accounts

	Balance 1/Jan/18	Additions	Withdrawals	Balance 31/Dec/18
<u>World Missions</u>				
SAU Offering	(26,772)	-	-	(26,772)
World Mission	(44,848)	-	-	(44,848)
Combined Offerings 50% Gross	4,385	6,750,254	6,683,018	71,621
Total World Missions	(67,235)	6,750,254	6,683,018	1
<u>General agency</u>				
ADRA	6,575	-	-	6,575
Adventist World Radio	848	277,832	281,578	(2,898)
Bible Society of South Africa	2,163	-	-	2,163
Children Ministry Department	-	9,420	9,420	-
Education Department	-	32,300	300	32,000
Family Ministries Department	-	41,219	10,633	30,586
G18 Student Fund	-	545,182	522,050	23,132
Gauteng for Christ	-	920,000	920,538	(538)
GRC Carter Campaign	1,348	-	-	1,348
Health Department	-	135,722	135,722	-
Helderberg Donations	-	5,000	5,000	-
HIV Health	-	24,300	2,910	21,390
Home Base TV	14,269	-	-	14,269
HOPE Channel	-	148,387	148,387	-
Isambulo	400	-	-	400
LE Recovery Stock	-	218,491	164,349	54,142
LE Soft Loan	-	22,418	-	22,418
M. J. Bortha Estate	-	-	10,994	(10,994)
MOWCS Funds	5,344	-	-	5,344
Pastoral Fraternal Fund	-	12,750	5,322	7,428
Pathfinder Department	-	176,182	98,091	78,091
Pathfinder Federation	-	1,237	1,237	-
Personal Ministry Department	-	9,084	9,084	-
Staff Savings Scheme	-	176,400	162,500	13,900
Venter/Jacobs Conference Dev't. Fund	71,847	-	-	71,847
Women's Ministries Department	-	108,745	108,744	1
Youth Department	-	52,980	46,541	6,439
Youth Emphasis	-	4,476	2,070	2,406
Total general agency	102,794	2,922,125	2,645,470	379,449
<u>Depositor funds</u>				
Germistone Church	173,498	-	173,498	-
Laudium Church Building	3,688	-	-	3,688
Noordgesig Church	216,451	45,329	-	261,780
Toekomsrus Church Building Fund	16,500	-	-	16,500
Total Depositor Funds	410,137	45,329	173,498	281,968
Total reclassified overdrawn balances	67,235	-	-	14,430
Total offering and agency accounts	512,931	9,717,708	9,501,986	675,848

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to the Unconsolidated Financial Statements
Years ended 31 December 2018 and 2017

Note 12 – Agency accounts (continued)

	Balance 1/Jan/17	Additions	Withdrawals	Balance 31/Dec/17
<u>World Missions</u>				
Mission Extension	(3,436)	35,336	27,515	4,385
SAU Offering	(590,205)	1,005,284	441,851	(26,772)
World Mission	(1,494,912)	2,502,610	1,052,546	(44,848)
Total World Missions	(2,088,553)	3,543,230	1,521,912	(67,235)
<u>General agency</u>				
3ABN	(74,737)	74,737	-	-
3ABN Hospitals	47	-	47	-
ADRA	(7,106)	13,681	-	6,575
Adventist Frontier Mission	85	-	85	-
Amazing Discoveries	100	-	100	-
Adventist World Radio	(1,796)	2,644	-	848
Bible Society of South Africa	2,163	1,493	1,493	2,163
David Gates Pilots	750	-	750	-
EDENLife	100	-	100	-
GC projects	3,000	-	3,000	-
GRC Carter Campaign	1,348	-	-	1,348
Home Base TV	13,995	13,874	13,600	14,269
HOPE Channel	(88,658)	88,658	-	-
Isambulo	400	-	-	400
Mark Woodman	200	-	200	-
MOWCS Funds	-	5,344	-	5,344
SAU projects	203,029	-	203,029	-
Venter/Jacobs Conference Dev't. Fund	71,847	-	-	71,847
Voice of Prophecy	(9,969)	11,925	1,955	1
Youth Emphasis	(799)	799	-	-
Total general agency	113,999	213,155	224,359	102,794
<u>Depositor funds</u>				
Germistone Church	231,359	-	57,861	173,498
Laudium Church Building	3,688	-	-	3,688
Noordgesig Church	333,451	-	117,000	216,451
Toekomsrus Church Building Fund	16,500	-	-	16,500
Total Depositor Funds	584,998	-	174,861	410,137
Total reclassified overdrawn balances	2,270,819	-	-	67,235
Total offering and agency accounts	881,263	3,756,385	1,921,132	512,931

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to the Unconsolidated Financial Statements
Years ended 31 December 2018 and 2017

Note 13 – Schedule of financial activity - operating fund

	Unallocated Funds			Allocated Funds	2018	2017
	Tithe	Non-Tithe	Total	Funds		
OPERATING ACTIVITY						
<u>Earned income</u>						
Tithe, net	93,146,222	-	93,146,222	-	93,146,222	88,776,727
Conference offerings received	-	2,659,102	2,659,102	-	2,659,102	2,645,935
Investment income	-	3,073,387	3,073,387	-	3,073,387	4,155,136
Other operating income	-	2,988,912	2,988,912	199,735	3,188,647	3,605,790
Total earned operating income	93,146,222	8,721,401	101,867,623	199,735	102,067,358	99,183,588
<u>Operating expenses</u>						
Employee-related expense	48,011,527	44,773	48,056,300	-	48,056,300	43,493,113
Travel expense	12,509,982	139,822	12,649,804	36,496	12,686,300	10,802,405
Admin. & general expense	5,311,907	5,389,979	10,701,886	848,051	11,549,937	16,323,641
Departmental expense	826,298	1,340,738	2,167,036	661,914	2,828,950	-
Plant & other operating expense	3,885,555	1,098,398	4,983,953	132,704	5,116,657	12,944,362
Total operating expense	70,545,269	8,013,710	78,558,979	1,679,165	80,238,144	83,563,521
Incr. (decr.) before appropriations	22,600,953	707,691	23,308,644	(1,479,430)	21,829,214	15,620,067
<u>Operating appropriations</u>						
Appropriation disbursed	(5,329,907)	(231,835)	(5,561,742)	(23,000)	(5,584,742)	(4,329,222)
Net appropriations retained	(5,329,907)	(231,835)	(5,561,742)	(23,000)	(5,584,742)	(4,329,222)
Incr. (decr.) after appropriations	17,271,046	475,856	17,746,902	(1,502,430)	16,244,472	11,290,845
CAPITAL						
Other capital income	-	-	-	746,914	746,914	17,860
Capital appropriations disbursed	-	(7,563)	(7,563)	(1,801,768)	(1,809,331)	(1,791,532)
Other capital expense	-	-	-	-	-	(433,497)
Capital increase (decrease)	-	(7,563)	(7,563)	(1,054,854)	(1,062,417)	(2,207,169)
Incr. (decr.) before transfers	17,271,046	468,293	17,739,339	(2,557,284)	15,182,055	9,083,676
TRANSFERS						
Between functions	(3,138,748)	(950,688)	(4,089,436)	4,089,436	-	-
Between funds	8,782	(3,591,661)	(3,582,879)	(162,761)	(3,745,640)	(4,204,601)
Net transfers in (out)	(3,129,966)	(4,542,349)	(7,672,315)	3,926,675	(3,745,640)	(4,204,601)
Increase (decrease) for the year	14,141,080	(4,074,056)	10,067,024	1,369,391	11,436,415	4,879,075
Net assets, 1 January	66,838,383	(20,250,919)	46,587,464	20,900,917	67,488,381	62,609,302
Net assets, 31 December	80,979,463	(24,324,975)	56,654,488	22,270,308	78,924,796	67,488,381

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to the Unconsolidated Financial Statements
Years ended 31 December 2018 and 2017

Note 14 – Tithe income and percentages passed on

	2018	2017
Tithe from local congregations	122,362,342	118,764,852
Tithe passed on to Southern Africa Union Conference	(19,427,133)	(20,486,937)
Tithe passed on to Southern Africa-Indian Ocean Division	(8,565,364)	(8,313,540)
Tithe passed on to General Conference	<u>(1,223,623)</u>	<u>(1,187,649)</u>
Net tithe income	<u><u>93,146,222</u></u>	<u><u>88,776,727</u></u>

Note 15 – One-Offering Plan remittances

	2018	2017
One-Offering percentage received from local churches	6,647,755	6,614,838
Percentage passed on to Southern Africa Union Conference	(664,776)	(661,484)
Percentage passed on to Southern Africa-Indian Ocean Division	(664,776)	(661,484)
Percentage passed on to General Conference	<u>(2,659,102)</u>	<u>(2,645,935)</u>
Net One-Offering retained by the Organisation	<u><u>2,659,102</u></u>	<u><u>2,645,935</u></u>

Note 16 – Other operating income

	2018	2017
Inventory sales	1,258,497	1,378,014
Less: cost of goods sold	<u>(1,412,248)</u>	<u>(352,233)</u>
Sales, net	(153,751)	1,025,781
Other operating income	3,317,708	2,532,628
Specific donations	<u>24,690</u>	<u>-</u>
Total other operating income	<u><u>3,188,647</u></u>	<u><u>3,558,409</u></u>

Note 17 – Employee-related expense

	2018	2017
Salaries	18,651,604	17,637,880
Allowances	20,969,061	15,415,951
Insurance and contributions	667,689	163,021
Retirement contribution	<u>7,767,945</u>	<u>10,276,260</u>
Total employee-related expense	<u><u>48,056,299</u></u>	<u><u>43,493,112</u></u>

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to the Unconsolidated Financial Statements
Years ended 31 December 2018 and 2017

Note 18 – Administrative and general expense

	Operating	Plant	2018	2017
Administrative expense	742,217	-	742,217	2,588,057
Finance expense	250,767	-	250,767	293,179
Office expense	1,310,269	-	1,310,269	200,732
General expense	9,246,685	-	9,246,685	13,241,674
Depreciation expense	-	1,882,401	1,882,401	1,619,359
Total administrative and general expense	<u>11,549,938</u>	<u>1,882,401</u>	<u>13,432,339</u>	<u>17,943,001</u>

Note 19 – Compensation of administrative employees

Total employee-related expense is reported in the unconsolidated Statements of Financial Activity at ZAR 40,288,354 and ZAR 33,216,852 for the years 2018 and 2017, respectively. Included in these total amounts are amounts for administrative employees, which as a group totaled ZAR 502,560 and ZAR 567,901 for 2018 and 2017, respectively. (See Note 6 for receivables from this group).

Note 20 – Retirement plan

The Organisation participates in a non-contributory defined contribution retirement plan known as the SANLAM Retirement Plan (DB Plan). The DB Plan, which covers substantially all employees of the Organisation, is administered by the SANLAM. Contributions to the DB Plan are made by participating employers and employees located within the Southern Africa Union Conference territory. The required contributions from the Organisation to the DB Plan (for retiree pension, health care, and other benefits) were ZAR 7,767,945 and ZAR 10,276,260 for the years ended 31 December 2018 and 2017, respectively. The Labour Laws of South Africa and the Pensions Act determine the amount of contributions that are required each year from the participating employers, and this amount may increase in the future.

This Plan is defined as a multiemployer plan. The Plan has concluded that it is not reasonably possible to determine the actuarial present value of accumulated benefits or plan net assets for employees of the Organisation apart from other plan participants. No actuarial evaluation has been obtained for the Plan as a whole.

NORTHERN CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to the Unconsolidated Financial Statements
Years ended 31 December 2018 and 2017

Note 21 – Denominational working capital and liquidity

	<u>2018</u>	<u>2017</u>
<u>Working capital</u>		
Current assets	81,345,727	75,261,985
Current liabilities	<u>22,105,067</u>	<u>25,485,023</u>
Total working capital	59,240,660	49,776,962
** Recommended working capital	<u>38,694,417</u>	<u>37,937,491</u>
Working capital excess (deficit)	<u>20,546,243</u>	<u>11,839,471</u>
 Percent of recommended working capital	 <u>153%</u>	 <u>131%</u>
 Current ratio	 <u>3.68</u>	 <u>2.95</u>
 <u>Liquidity statement</u>		
Cash and cash equivalents	48,166,373	40,783,760
Remittances receivable from churches	<u>16,340,720</u>	<u>20,465,947</u>
Total liquid assets	<u>64,507,093</u>	<u>61,249,707</u>
Less commitments:		
Current liabilities	22,105,067	25,485,023
Allocated funds	<u>22,270,308</u>	<u>20,900,914</u>
Total commitments	<u>44,375,375</u>	<u>46,385,937</u>
Net liquid assets	<u>20,131,718</u>	<u>14,863,770</u>
 Percent liquid assets to commitments	 <u>145%</u>	 <u>132%</u>
 <u>** Calculation of recommended working capital</u>		
20% of operating expense	16,424,109	17,036,576
Allocated net assets	<u>22,270,308</u>	<u>20,900,914</u>
Recommended working capital	<u>38,694,417</u>	<u>37,937,491</u>