

Dear Christ Church Kenilworth Financial Committee,

**TREASURER'S REPORT : CHRIST CHURCH KENILWORTH**

I present herewith the financial results of Christ Church Kenilworth for the nine month period to 30 September 2019.

The year to date actual vs budgeted figures are presented below, together with the revised forecast for the full year to 31 December 2019. The factors influencing the figures and the revised forecast are detailed in the notes to the income statement below.

**INCOME STATEMENT  
FOR THE NINE MONTH PERIOD  
ENDED 30 SEPTEMBER 2019**

	Note	Year to date Actual (R000's)	Year to date Budget (R000's)	Revised FY Forecast (R000's)
<b>INCOME</b>				
Pledges	1	6,388	6,352	8,518
Collections	2	192	209	256
Property	3	34	45	45
Unspecified Donations	4	183	476	244
Call Account interest	5	26	45	35
<b>TOTAL INCOME</b>		<b>6,823</b>	<b>7,127</b>	<b>9,098</b>
<b>OPERATIONAL EXPENDITURE</b>				
Staff Expenses	6	3,476	3,555	4,635
Congregational	7	122	198	136
Administration	8	356	450	474
Parish Office		522	522	696
Property	9	397	405	538
<b>TOT OPERATING EXPENDITURE</b>		<b>4,873</b>	<b>5,130</b>	<b>6,479</b>
<b>GIVING &amp; SENDING</b>				
Parish Bursary Fund		63	63	84
Warehouse		342	342	456
Diocesan Contribution	10	657	657	876
Mission	11	573	567	764
Outreach & Sundry Giving		283	315	378
<b>TOTAL GIVING &amp; SENDING</b>		<b>1,918</b>	<b>1,944</b>	<b>2,558</b>
Capital Expenditure	12	15	60	20
Appropriations	13	160	-	-
<b>TOTAL EXPENDITURE</b>		<b>6,965</b>	<b>7,134</b>	<b>9,057</b>
<b>SURPLUS/(LOSS) FOR PERIOD</b>		<b>(142)</b>	<b>(-7)</b>	<b>41</b>



## Notes

At the start of the year the cumulative surplus brought forward from 2018 was R235,217. This was R302,809 down from the R538,026 brought forward at the start of 2017. In July 2019 the cumulative surplus turned into a cumulative loss, on the back of net loss months in February, March, May, June and August. As a result of renewed calls for pledging, we were blessed with a R92,808 (R235,217 – R142,409) surplus at the end of the nine months to September.

1. Pledges include all monies received through regular, largely electronic giving, whether monthly, quarterly, bi-annually etc. Pledging accounts for around 92 – 95% of total income received in any period. Pledging commitments stem from 'Pledge Sunday', and are essential in helping to set the following years income budget. Whilst faithful pledging is consistently evident in 2019, the number and value of pledges has declined marginally from 2017 to 2018. The 2019 full year pledging forecast, which is largely an extrapolation of the year to date trend, taking into account seasonal fluctuations, sees pledging revenue settle at just over R8.5m for the year. If this number can be achieved, this will be a 1% positive variance to the original 2019 pledging budget of R8.43m, and a wonderful achievement for the Church.
2. Collections include all monies given in the Sunday services or otherwise received outside of electronic gifting. Being predominantly cash, appropriate financial controls exist to ensure it is accurately recorded and banked. The trend over the last few years has seen collections reduce from R315,701 in 2017 to R280,813 in 2018, and we are forecasting to finish the year with R256,000 of collected cash. This trend is unfortunately, likely to continue, as tough economic conditions prevail, the convenience of plastic cards grows, and the fact that some of this giving is spontaneous and indeed, unplanned.
3. Property income is derived from the hire of church premises for events and occasions. There have been noticeably fewer bookings in 2019, with June being the best income generating month at just under R8,000. Hall hire proceeds in 2017 were R89,205 and in 2018 they were R56,648. Forecast revenue from this activity for 2019 is expected to be around R45,000.
4. Unspecified donations are one-off amounts received during a period, that are not necessarily earmarked for any particular ministry or expense, leaving it up to the discretion of the church staff to allocate the donation as they see fit. Many years of consistent significant faithful donations has seen Christ Church Kenilworth including these donations in its budgeting process, as they can make up a sizeable portion of total income.

The trend in unspecified donations has seen these amounts dramatically decrease from the R1.1m received in 2017, to the R1m received in 2018, down almost R1m to the R52,932 received thus far this year. On the back of this substantial decrease in unspecified donations we are forecasting to end the year on R243,000. This dramatic decrease remains an area of concern and will potentially have a significant impact on both our closing surplus or loss in 2019, and our budgeting process in 2020.

5. Call account interest is closely correlated with the surplus carried forward in any particular year, as this surplus is placed on deposit with the bank to earn a return. As our surplus has been reducing, so has our call account interest, and we hope to end the year with around R35,000 of interest earned.
6. Staff expenses are made up of: Staff salaries; Staff Development and the St. John's Leadership academy. Staff salaries account for most of this expense line. Public Benefit Organisations (PBO's) in particular churches, CCK included, typically try to limit their salaries spend to around 45% - 55% of their total income as a prudent



measure of expenditure. That's not to say that all do, and some pay no heed to this benchmark. Salaries remain marginally above budget for the year and can be explained by staff movements and changes. They are forecast to be R4.6m by the end of the year which is marginally below the original 2019 budget of R4.7m.

7. Congregational expenses are made up of: Ambies; Worship Resources; Publications; Courses & Retreats; House Church Ministries; Children's Church; Resource Centre and Young Adults. Around 50% of the total R121,568 spend to-date is based on Worship Resources, which is in turn made up of: Church Catering; Flowers; Sound Equipment repairs; Communion; Copyright Licenses and visiting preachers. Expenditure on all of the above is closely monitored and controlled, particularly in light of our reduced surplus, to the extent that we are now forecasting to finish the year on around R135,000, which will be a staggering R120,000 below the 2019 budget of R250,000.
8. Administration is made up of: General Admin; Computer expenses; Office Expenses; Printing & Stationery; Security and Telephone. Of the R355,781 spend to date, R91,212 was spent on I.T.; R67,872 was spent on Printing and Stationery, R37,027 on Telephones and R109,548 was spent on Security, of which R81,000 was spent on car guards.
9. Whilst Almost R8,000 below the year to date budget of R405,000, property expenditure is on track and forecast to finish the year below the original budget of R542,800. As the future of 16 Summerly Road is decided, the extent to which costs are included in the 2020 budget has yet to be determined.
10. The Diocesan contribution is formulaic and expenditure to date is as per budget and expectation.
11. Mission support spend is marginally above budget for the year, and is expected to end R12,500 above the R752,000 budget.
12. The R160,000 appropriation was cash ear marked for the staff move earlier this year, from 16 Summerly road to the Annex.

We have now commenced the 2020 budget process and are well under way to finalisation thereof. This budget will be a draft budget until the future use of Summerly road has been agreed. The summary 2020 budget and associated graphs will be put on the Church Web site during the course of the following week.

Yours sincerely

**RICHARD DAY CA(SA)**