

NAIROBI BAPTIST CHURCH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2016

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NAIROBI BAPTIST CHURCH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER, 2016

Independent Auditor

Horwath Erastus & Co.
Certified Public Accountants
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NAIROBI, KENYA
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NAIROBI BAPTIST CHURCH

REPORT OF THE ELDERS' COURT – YEAR ENDED 31 DECEMBER, 2016

The Elders' Court submit their report and the audited financial statements for the year ended 31 December, 2016 which disclose the state of affairs of Nairobi Baptist Church, as at that date.

PRINCIPAL ACTIVITY

To advance the Kingdom of God through the power of the Holy Spirit.

MISSION

To be a worshipping community of the Lord Jesus Christ that is advancing the Kingdom of God through the power of the Holy Spirit.

ELDERS' COURT

The following were members of the Elders' Court during the year covered by this report:-

- | | |
|-----------------------------|------------------|
| 1. Dr. Timothy Wachira | - Chairman |
| 2. Dr. Bernard Aseto | - Vice Chairman |
| 3. Mr. Mbage Ng'ang'a | - Hon. Secretary |
| 4. FCPA Jackson Maingi | - Hon. Treasurer |
| 5. Rev. Calisto Odede | - Senior Pastor |
| 6. Mr. John Makuta | - Member |
| 7. Mr. Ndegwa Mbuthia | - Member |
| 8. Mr. Ncruba Ojiambo | - Member |
| 9. Mr. Peter Okaalet Junior | - Member |
| 10. Mrs. Eunice Mwongera | - Member |
| 11. Mr. David Maina | - Member |
| 12. Ms. Lynette Walters | - Member |
| 13. Mrs. Caroline Krhoda | - Member |

RESULTS

The statement of comprehensive income is set out on page 6.

BANKERS

- | | |
|---|---|
| 1. Kenya Commercial Bank
Prestige Plaza Branch
P.O. Box 48400 – 00100
Nairobi. | 2. NIC Bank,
NIC House Branch
P.O. Box 44599 - 00100
Nairobi |
|---|---|

INDEPENDENT AUDITOR

Horwath Erastus & Co. Certified Public Accountants have expressed their willingness to continue in office.

BY ORDER OF THE ELDERS' COURT

(For and on its behalf)



Honorary Church Secretary

Nairobi 25/02/ 2017

NAIROBI BAPTIST CHURCH

STATEMENT OF THE ELDERS' COURT RESPONSIBILITIES - YEAR ENDED 31 DECEMBER, 2016

The Elders' Court of Nairobi Baptist Church is required to prepare financial statements which give a true and fair view of the state of affairs of the Church as at the end of the year and of its comprehensive results for the year.

The Elders' Court is required to ensure that the Church maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the Church. The Elders' Court is also responsible for safeguarding the assets of the Church.

The Elders' Court accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with previous years, and in conformity with generally accepted non-profit accounting principles and applicable international financial reporting standards.

The Elders' Court is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Church as at 31 December, 2016 and of its comprehensive results for the year then ended. The Elders' Court further confirm the accuracy and completeness of the accounting records maintained by the Church which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal controls.

The Elders' Court confirm that the going concern status of the Church is not in any way threatened. Further, that nothing has come to the attention of the Elders' Court to indicate that the Church, as an entity, will not remain a going concern for at least the next twelve (12) months from the date of this statement.

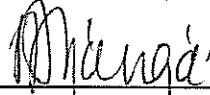
Approved on 25/02 2017 and signed by:



Dr. Timothy Wachira
(Chairman)



FCPA. Jackson Maingi
(Hon. Treasurer)



Mr. Mbage Ng'ang'a
(Hon. Secretary)

NAIROBI BAPTIST CHURCH

FINANCIAL HIGHLIGHTS - YEAR ENDED 31 DECEMBER, 2016

At NBC, we have continued experiencing the goodness of God as is evidenced by the good results reflected in the financial statements for the year ended 31st December 2016. May God continue to encourage us and renew our strength as we serve Him. The financial highlights are given below:

Financial Highlights

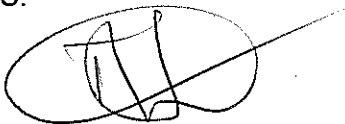
The income of the Church increased from Kshs 163.7 million in 2015 to Kshs 178.7 million in 2016; an increase of 9.1%. An amount of Kshs 4.1 million was received for the installation of lift but has been treated as deferred income (Note 13). We celebrate the 9.1% increase in income and acknowledge the Lord's enablement in the giving of His people. The various line items making up the total income are outlined in Note 4 on page 12, and from this note, giving of Ngong Road, Ongata Rongai and Kibera churches is indicated. Out of the total income mentioned, Kshs 9.0 million was raised as self-funding for ministry activities while Kshs 11.9 million was given as designated for Ministries Expansion Projects including the wall-to-wall and Children Tabernacle projects [see note 4 (c), page 12].

Total administrative expenses were Kshs 71.3 million compared to Kshs 64.7 million in 2015 (page 6). The main area of increase was on repairs and maintenance due to wall-to-wall painting work and the renovation done at the Children's Tabernacle (also recognized as gift in kind under Incomes) and the replacement of Church car. The rest of the administrative costs are outlined in note 6 on page 12 and amounted to Kshs 27.7 million compared to Kshs 21.3 million in 2015. Ministry activities excluding pastoral staff costs, amounted to Kshs 56.1 million compared to Kshs 54.3 million in 2015 (see note 7 page 13).

On the financial position, the cash flow improved significantly (see page 5). After completing repayment of the Ongata Rongai loan, we have a net current asset position where current assets have exceeded current liabilities by Kshs 0.76 million in 2016. In 2015, we had a net current liability position and the current liabilities exceeded the current assets by Kshs 24.4 million

The Church adopted a strategic plan for the period 2016 – 2020. This new strategic plan saw Governance structures changing and Boards and Committees being replaced by Ministry Advisory Teams. Ministries were re classified into three main areas namely; Children, youth and family care.

We continue to rejoice and thank God for His provision and the renewal we continue to experience at NBC.



Dr. Timothy Wachira
Chairman, Elders Court



FCPA Jackson Maingi
Hon. Church Treasurer

REPORT OF THE INDEPENDENT AUDITOR

NAIROBI BAPTIST CHURCH - YEAR ENDED 31 DECEMBER, 2016

Report on the Financial Statements

We have audited the accompanying financial statements set out on pages 5 to 17 of Nairobi Baptist Church, which comprise the statement of financial position as at 31 December, 2016 and the statement of comprehensive income, statement of changes in fund balances and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.

Responsibility for the Financial Statements

As stated on page 2, the Elders' Court is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted non-profit accounting principles and applicable international financial reporting standards. That responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Independent Auditor

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Elders' Court, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

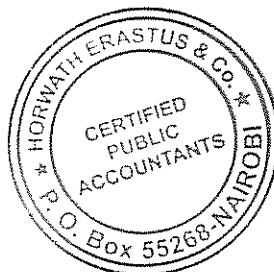
Independent Opinion

In our opinion, proper books of account have been kept and the accompanying financial statements, which are in agreement therewith, give a true and fair view of the financial position of Nairobi Baptist Church as at 31 December, 2016, and of its financial performance and its cash flows for the year then ended in accordance with generally accepted non-profit accounting principles and applicable international financial reporting standards.

FCPA Erastus K. Omolo practices in HORWATH ERASTUS & Co. as a firm with other partners. The engagement partner responsible for the audit resulting in this independent auditor's report is FCPA Erastus K. Omolo – P/No 1164.

Horwath Erastus & Co.

HORWATH ERASTUS & Co.
Certified Public Accountants



Nairobi 25/02/2017

NAIROBI BAPTIST CHURCH


STATEMENT OF FINANCIAL POSITION - 31 DECEMBER, 2016

		2016	2015
ASSETS	Note	Kshs	Kshs
Non - Current Assets	3	<u>2,007,202,443</u>	<u>2,021,960,760</u>
Current Assets			
Cash and Bank Balances	9	16,403,158	1,769,264
Accounts Receivable	10	6,858,133	4,290,268
Total Current Assets		<u>23,261,291</u>	<u>6,059,532</u>
Less : Current Liabilities			
Accounts Payable	11	9,283,217	7,377,873
Short Term Portion of Borrowings	18	13,222,607	23,135,136
Total Current Liabilities		<u>22,505,824</u>	<u>30,513,009</u>
Net Current Assets		<u>755,467</u>	<u>(24,453,477)</u>
NET ASSETS		<u><u>2,007,957,910</u></u>	<u><u>1,997,507,283</u></u>
FINANCED BY:			
Capital Fund		487,775,651	486,807,825
Revaluation Reserve	14	1,519,426,793	1,535,152,936
Reserve Fund	13 (a)	(62,443,625)	(96,395,171)
General Fund	13 (b)	25,295,104	21,431,360
Ministries Funds and MEP	12	2,391,111	2,115,811
Housing Revolving Fund	19	4,569,669	4,569,669
Total Funds (Page 7)		<u>1,977,014,704</u>	<u>1,953,682,432</u>
Long Term Portion of Borrowings	18	30,943,206	43,824,851
TOTAL FINANCING		<u><u>2,007,957,910</u></u>	<u><u>1,997,507,283</u></u>

These financial statements were approved by the Elders' Court on 25/02 2017 and signed on its behalf by:



Dr. Timothy Wachira
 (Chairman)



FCPA. Jackson Maingi
 (Hon. Treasurer)



Mr. Mbage Ng'ang'a
 (Hon. Secretary)

NAIROBI BAPTIST CHURCH

STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED 31 DECEMBER, 2016

		2016	2016	2015
		Actual	Budget	Actual
INCOME	Note	Kshs	Kshs	Kshs
General Offering	4 (a)	96,971,016	92,748,590	94,439,609
Gift Days	4 (b)	48,337,690	45,643,400	32,966,223
Income from fundraising	4 (c)	11,916,089	48,500,000	14,196,871
Other Income	4 (d)	3,231,735	2,673,000	2,916,050
Net Rental Income	8	9,272,868	9,315,700	8,466,300
Income from Ministry - Self Funding	12	8,975,429	13,992,300	10,744,015
Total Income		178,704,827	212,872,990	163,729,067
EXPENDITURE				
Operational Costs				
Staff Costs	5	43,574,856	51,079,163	43,327,444
Administration Expenses	6	27,692,400	29,541,120	21,325,469
Total Operational Costs		71,267,256	80,620,283	64,652,913
Operating Balance Before Other Income and Transfers		107,437,571	132,252,707	99,076,153
Less: Transfer to Ministries	7 (a)	56,058,959	85,017,864	54,324,785
Transfer to MEP	7 (b)	34,782,820	-	18,006,081
Transfers to Ministry Self Funding	12 (ii)	8,975,429	13,992,300	10,744,015
Transfers to MEP Fundraising	13 (a) (ii)	3,756,619	33,186,710	14,196,871
Net Transfers		103,573,827	132,196,874	97,271,752
Net Operating Balance for the year (Page 7)		3,863,744	55,833	1,804,402

NAIROBI BAPTIST CHURCH

STATEMENT OF CHANGES IN FUND BALANCES - YEAR ENDED 31 DECEMBER, 2016

Fund Movements	Capital Fund	Revaluation Reserve	General Fund	Reserve Fund	Committee and MEP Funds	Revolving Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Fund Balances at 01 - 01 - 2016	486,807,825	1,535,152,936	21,431,360	(96,395,171)	2,115,811	4,569,669	1,953,682,430
Property and equipment acquisition	5,006,668	-	-	-	-	-	5,006,668
Depreciation charge	(4,038,842)	(15,726,143)	-	-	-	-	(19,764,985)
Net operating balance for the year (Page 7)	-	-	3,863,744	-	-	-	3,863,744
Receipts during the year	-	-	-	7,927,984	8,975,429	-	16,903,413
Spent during the year	-	-	-	(8,759,259)	(64,759,088)	-	(73,518,347)
Transfer in (budget allocation)	-	-	-	33,186,710	85,017,864	-	118,204,574
Transfer from / (returns to) general fund	-	-	-	1,596,110	(28,958,905)	-	(27,362,795)
Fund Balances at 31 -12 - 2016	487,775,651	1,519,426,793	25,295,104	(62,443,625)	2,391,111	4,569,669	1,977,014,704
		Note 14	Note 13 (b)	Note 13 (a)	Note 12	Note 19	

NAIROBI BAPTIST CHURCH

STATEMENT OF CASH FLOW - YEAR ENDED 31 DECEMBER, 2016

		2016	2015
	Note	Kshs	Kshs
Cash Flows From Operating Activities			
Net Operating Balance for the year (Page 6)		3,863,744	1,804,401
Adjustments for:-			
Capital Expenditure	3	5,006,668	2,462,187
Changes in Working Capital:-			
Increase in Accounts Receivable	10	(2,567,865)	(1,175,058)
Increase / (Decrease) in Accounts Payable	11	1,905,344	(2,645,284)
Net Cash From Operating Activities		<u>8,207,891</u>	<u>446,246</u>
Cash Flows From Investing Activities:-			
Capital Expenditure	3	(5,006,668)	(2,462,187)
Net Cash Used In Investing Activities		<u>(5,006,668)</u>	<u>(2,462,187)</u>
Cash Flows From Financing Activities:-			
Increase / (Decrease) in Committee and MEP Funds	12	275,300	(1,009,928)
Increase in Reserve Funds	13	33,951,546	21,176,524
Loan Repayments	18	(22,794,174)	(20,668,964)
Net Cash From / (Used) In Financing Activities		<u>11,432,672</u>	<u>(502,368)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents		<u>14,633,894</u>	<u>(2,518,309)</u>
Movement in Cash and Cash Equivalents			
Cash and Cash Equivalents at 01 January	9	1,769,264	4,287,572
Net Increase / (Decrease) in Cash and Cash Equivalents		14,633,894	(2,518,308)
Cash and Cash Equivalents at 31 December		<u>16,403,158</u>	<u>1,769,264</u>

NAIROBI BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER, 2016

1. BACKGROUND INFORMATION

Legal Status

Nairobi Baptist Church is exempt from registration in Kenya under Section 10 of the Societies Act (Laws of Kenya). Certificate of Exemption from Registration No.754 dated 18 May, 1959.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The accounts are prepared under the historical cost convention, in accordance with the applicable international financial reporting standards (IFRS) and generally accepted non-profit accounting principles

2.2 Income

Income from general offerings and gifts are recognized when received. All other income is accounted for on accrual basis.

2.3 Expenditure

Expenditure is recognised when payments are made. However, accruals are made at the reporting date to recognise unpaid liabilities.

2.4 Property and Equipment

Property and equipment purchased or received by way of donation are expensed and tracked through the statement of financial position under non-current assets and capital fund at cost less applicable depreciation.

Depreciation of non-current assets is recognised on a memorandum basis. Depreciation is recognised in full in the year of acquisition and not recognised at all in the year of disposal. Depreciation is calculated on a straight line basis at rates estimated to write down the cost of each asset over its estimated useful life at the following annual rates:

<u>Asset Category</u>	<u>Annual Rate (%)</u>
Freehold Land	NIL
Leasehold Land	Over the remaining period of lease
Buildings	2.5
Furniture & Fittings	12.5
Office Computer	33.3
Motor Vehicles	25.0
Office Equipment	20.0
Electronic Equipment	20.0
Inventory	100.0

See further explanation on Asset Categories on page 11 note 3.

NAIROBI BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT...)

2.5 Translation of Foreign Currencies

All transactions in foreign currencies are initially recorded in Kenya Shillings (the functional currency), using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement of transactions or upon translation are taken-up in the statement of comprehensive income.

2.6 Accounts Payable

- Accounts payable are initially recognised at the transaction price (including transaction costs). These are obligations on the basis of normal Church activities and do not bear interest.

2.7 Accounts Receivable

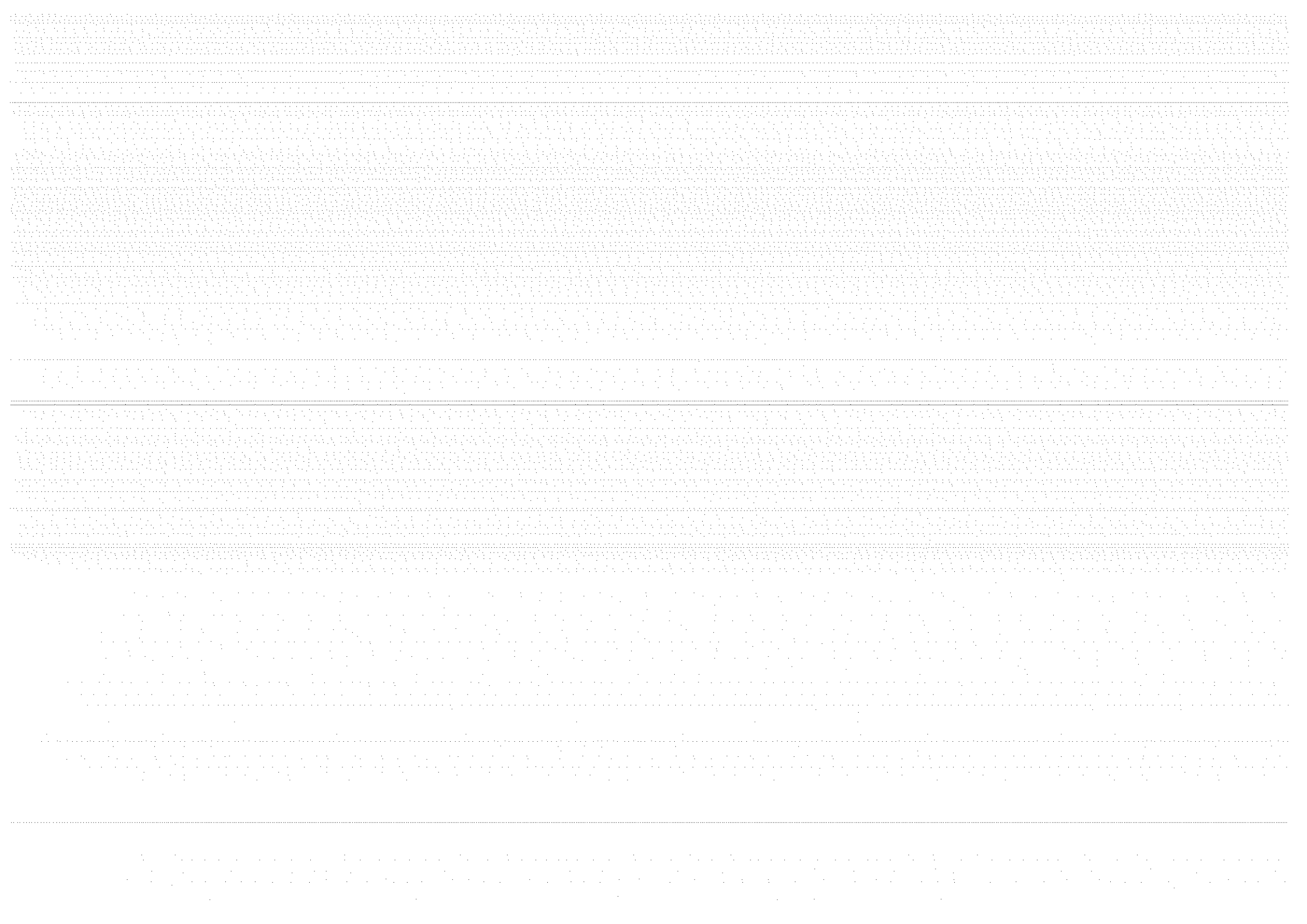
Operating and other receivables are initially recognised at the transaction price. Accounts receivable arise in the normal course of Church activities and do not bear interest. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the statement of comprehensive income.

2.8 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

2.9 Accounting for leases

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.



NAIROBI BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2016

		2016	2016	2015
		Actual	Budget	Actual
4. CHURCH INCOME		Kshs	Kshs	Kshs
(a) Offering	Note			
General Offering-NBC		91,170,212	84,870,890	88,684,432
General Offering-Rongai Church		4,814,434	7,130,000	4,889,421
General Offering-Kibera Church		986,370	747,700	865,757
Sub-total General Offering		96,971,016	92,748,590	94,439,609
(b) Gift Days		48,337,690	45,643,400	32,966,223
(c) Income from fundraising		11,916,089	48,500,000	14,196,871
(d) Other Income				
Interest Income		252,897	-	63,852
Hire of Facilities		2,402,396	2,673,000	2,211,382
Exchange Gain		180,577	-	624,775
Admin Related Income		395,865	-	16,040
Sub - total Other Income		3,231,735	2,673,000	2,916,050
Net Rental Income	8	9,272,868	9,315,700	8,466,300
Reserves and Ministries				
Ministries Self Funding	12	8,975,429	13,992,300	10,744,015
Reserve Funds	13	3,756,619	33,186,710	14,196,871
Sub - total Reserves and Ministries		12,732,048	47,179,010	24,940,886
Total Income		182,461,446	246,059,700	177,925,938
Less: Receipts from Ministries and Reserves		(12,732,048)	(47,179,010)	(24,940,886)
Net Income		169,729,398	198,880,690	152,985,052
5. STAFF COSTS				
Salaries and Wages		38,834,209	45,677,334	37,841,202
Medical Expenses		2,521,656	1,894,555	2,365,321
Staff Welfare		963,808	993,900	1,430,904
Staff Uniforms		11,996	100,000	130,455
Staff Insurance		604,771	592,400	691,398
Pastoral and Staff Development		638,416	1,820,974	868,164
Total Staff Costs		43,574,856	51,079,163	43,327,444
6. ADMINISTRATION COSTS				
Car / Travel Expenses		657,584	391,200	805,328
Utilities and Rates		4,520,921	3,947,500	4,309,616
Property Insurance		898,791	860,000	931,113
Communication		419,045	680,000	882,780
Printing and Stationery		513,205	615,000	493,338
Audit Fee		516,780	576,000	592,574
Other Professional Fees		109,370	250,000	27,000
Camp and Mission Insurance		174,306	200,000	175,018
Library		9,580	50,000	29,532
Advisory Teams Meeting Expenses		15,453	142,000	18,215
Creche Expenses		26,400	32,450	25,500
Bank Charges		180,806	160,000	251,165
Furniture and Equipment		309,885	422,000	523,885
Cleaning		3,986,978	3,656,010	3,434,507
Security		4,915,340	4,576,000	4,352,832
IT Maintenance		2,331,861	2,510,640	2,194,055
Replacement of Church Car		2,454,000	3,337,320	-
Church / Office Maintenance		5,652,095	7,135,000	2,279,012
Total Administration Costs		27,692,400	29,541,120	21,325,469

NAIROBI BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2016

		2016	2016	2015
	Note	Actual	Budget	Actual
		Kshs	Kshs	Kshs
7. TRANSFERS				
(a) Approved Budget to Committee Funds	12 (iii)	85,017,864	85,017,864	69,245,762
Transfer Back / Returns to General Fund		(28,958,905)	0	(14,920,977)
Sub-total Transfers		56,058,959	85,017,864	54,324,785
(b) Approved Budget to Reserve Fund	13 (iii)	33,186,710	33,186,710	32,692,000
Transfer Back / Returns to General Fund/Adjustments		1,596,110	0	(32,692,000)
Sub-total Transfers		34,782,820	33,186,710	0
Total Transfers		90,841,779	118,204,574	54,324,785
8. RENT INCOME STATEMENT				
RENT INCOME				
Maisonettes		4,604,852	3,848,684	3,785,466
Jabavu		2,376,000	2,376,000	2,286,400
Old Office Block		1,872,416	1,872,416	1,673,261
Ngong Road Plot		1,218,600	1,218,600	1,149,173
Total Income		10,071,868	9,315,700	8,894,300
EXPENDITURE				
Bad Debts - Rent		261,000	0	428,000
Security/Cleaning		538,000	0	428,000
Total Expenditure		799,000	0	428,000
Net Rental Income		9,272,868	9,315,700	8,466,300
9 CASH AND BANK BALANCES			2016	2015
			Actual	Actual
			Kshs	Kshs
Bank Balances			11,190,995	1,568,764
Cash in Hand			134,496	200,500
Short Term Fixed Deposits			5,077,667	0
Total Cash and Cash Equivalents			16,403,158	1,769,264
10. ACCOUNTS RECEIVABLE				
Prepayments			1,426,787	1,702,920
Office Imprests			706,293	0
Deposits with Third Parties			183,090	183,090
Rent Debtors			3,451,427	2,404,258
Sundry Debtors			1,087,616	0
Interest Receivable			2,920	0
Total Accounts Receivable			6,858,133	4,290,268
11. ACCOUNTS PAYABLE				
Accrued Expenses			7,125,308	4,969,037
Rental Deposits Held			1,607,364	1,817,281
Staff Advances			0	3,005
Payroll Deductions (Staff welfare Fund)			550,545	532,611
Car Loan - NIC			0	55,940
Total Accounts Payable			9,283,217	7,377,873

NAIROBI BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2016

12. COMMITTEE AND MEP FUNDS	Balance at 01.01.2016	Receipts	Approved Allocation from General Fund	Actual Spent	From / (Returns to) General Fund	Balance as at 31.12.2016
	(i)	(ii)	(iii)	(iv)	(v)	(vi)
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
(a) Committee Funds						
Missionary / Tithe fund	-	139,841	5,851,400	(6,608,557)	617,316	-
NOW	-	155,770	5,828,000	(2,946,644)	(3,037,126)	-
Global Missions Outreach	-	643,310	6,657,999	(5,506,713)	(1,794,596)	-
Tanari Trust	-	-	220,000	(220,000)	-	-
Youth Ministry	-	1,019,932	4,557,100	(3,901,160)	(1,675,872)	-
Children Ministry	250,000	1,621,570	9,108,920	(2,996,103)	(7,484,387)	500,000
Worship Ministry	-	314,582	7,061,740	(5,239,737)	(2,136,585)	-
Family Care	-	1,554,073	8,485,500	(3,668,985)	(6,370,588)	-
Chemi Chemi Trust Kibera Clinic	-	1,720,507	6,867,518	(8,971,689)	383,664	-
Leadership Office	-	7,300	3,737,000	(4,008,222)	263,922	-
Designated Outreach Funds	1,365,811	25,300	-	-	-	1,391,111
Sub - total Committee Funds	1,615,811	7,202,185	58,375,177	(44,067,810)	(21,234,252)	1,891,111
(b) Ministry Expansion Projects						
Ministry Expansion - Ongata Rongai Church	-	-	15,726,940	(11,498,453)	(4,228,487)	-
Ministry Expansion - Kibera Church	-	-	5,602,961	(6,068,286)	465,325	-
Ministry Expansion - Kwale	500,000	1,773,244	5,312,786	(3,124,539)	(3,961,491)	500,000
Sub - total Ministry Expansion Projects	500,000	1,773,244	26,642,687	(20,691,278)	(7,724,653)	500,000
Grand Total Committee and MEP Funds	2,115,811	8,975,429	85,017,864	(64,759,088)	(28,958,905)	2,391,111

NAIROBI BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER, 2016

13. OTHER FUNDS	Balance at 01.01.2016	Receipts	Approved Allocation from General Fund	Amount Spent	Transfers From / (Returns to) General Fund	Adjustment	Balance as at 31.12.2016
	(i) Kshs	(ii) Kshs	(iii) Kshs	(iv) Kshs	(v) Kshs	(vi) Kshs	(vii) Kshs
(a) Reserve Funds							
Photocopier and Printer	5,925,760	0	0	0	0	(5,925,760)	0
Ministry Expansion - Ongata Rongai	(11,643,250)	3,756,619	15,613,250	(840,413)	0	(6,886,206)	0
Ministry Expansion Projects - Ngong Road	(84,375,468)	0	17,573,460	(7,918,846)	622,804	7,483,059	(66,614,991)
New Ministry Centre	(6,302,213)	0	0	0	0	6,302,213	0
Lift Project	0	4,171,365	0	0	0	0	4,171,365
Total Reserve Funds	(96,395,171)	7,927,984	33,186,710	(8,759,259)	622,804	973,306	(62,443,625)
(b) General Reserve Fund	21,431,360	3,863,744	0	0	0	0	25,295,104
14. REVALUATION RESERVE (Land and Building)		Kshs					
Opening Balance -01-01-2016		1,535,152,936					
Land Amortization for the year		(3,500,000)					
Buildings Depreciation for the year		(12,226,143)					
Balance at 31-12-2016		1,519,426,793					

NAIROBI BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER, 2016

15. TAXATION

The Church in 2013 received exemption from Investment Income Tax for the period 2013 to 2018 under the provisions of paragraph 10 of the first schedule to the Income Tax Act, Cap. 470 (Laws of Kenya).

16. CAPITAL COMMITMENTS

The organization had no new capital commitments as at 31/12/2016.

17. SCOPE OF ACCOUNT

The statement of comprehensive income includes both the activities of the Church financed out of the general income, and transfers out of the general funds to specific reserves / committee funds. Other income and all expenditure related to these specific funds are credited and charged directly against those funds as reflected in the statement of changes in funds.

All income from gift days is accounted for through the general fund. Disbursements out of the fund are made according to the annual budget of the Church and / or at the discretion of the Elders' Court.

18. LOANS (BORROWINGS)

- i. The Loan from Kenya Commercial Bank Ltd. of Kshs 96,000,000/= (principal amount for the purchase of land, L.R. No. 209/12057, Nairobi) is secured by a first legal charge over the same property. The loan was received on 19th August, 2011. Repayment is over a maximum period of 101 months. The loan balance as at 31st December, 2016 was Kshs 44,165,813/= (short term Kshs 13,222,607/= and long term Kshs 30,943,206/=).
- ii. As at 31 December, 2015 there was a loan balance of Kshs 12,516,755/= secured by a first legal charge over Land, L.R. No. Ngong / Ngong / 1951 (Ongata Rongai) which had been fully repaid as at 31 December, 2016.

Summary	Short Term Kshs	Long Term Kshs	Total Kshs
Kenya Commercial Bank	13,222,607	30,943,206	44,165,813
Total - 31 December, 2016	<u>13,222,607</u>	<u>30,943,206</u>	<u>44,165,813</u>
- 31 December, 2015	<u>23,135,136</u>	<u>43,824,851</u>	<u>66,959,987</u>

NAIROBI BAPTIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER, 2016

19. HOUSING REVOLVING FUND

The Church has a staff Housing Revolving Fund of Kshs 4,000,000/= set aside from NMC Tithe Fund. The balance as at 31st December, 2016 was Kshs 4,569,669/= (2015: Kshs 4,569,669/=).

20. EMPLOYEES

Employees as at 31/12/2016 (end of audit period) were fifty (50) persons: (2015: 50).

21. STAFF RETIREMENT BENEFITS SCHEME

The Church has a defined contribution retirement benefits plan in place. The scheme is administered by Liaison Financial Services Limited and is funded by contributions from both the employer and employees. The employer contributes 15% while staff contributes 5% of basic pay.

The Church also contributes to the National Social Security Fund (NSSF) of the Republic of Kenya. The rate of contribution per staff member under the NSSF Scheme is pegged by statute at the lower of 5% of the basic salary and a maximum contribution of Kshs 200/= per month. The employer (Nairobi Baptist Church) gives a matching contribution each month for each employee under the NSSF scheme.

Total pension costs (Employer's Contribution) charged to the statement of comprehensive income in the current year is Kshs 4,459,529/= (2015: Kshs 4,329,504/=).

22. PRESENTATION CURRENCY

The financial statements are presented in Kenya Shillings (Kshs) as the base currency.

23. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to the changes in presentation in the current year.

24. ABBREVIATIONS

Hon.	-	Honorary
Kshs	-	Kenya Shillings
NHIF	-	National Health Insurance Fund
NSSF	-	National Social Security Fund
PAYE	-	Pay As You Earn
NMC	-	New Ministry Centre
NOW	-	Nairobi Outreach Welfare
MEP	-	Ministry Expansion Project
NBC	-	Nairobi Baptist Church
CCTV	-	Closed-Circuit Television
VAT	-	Value Added Tax
IT	-	Information Technology
NIC	-	NIC Bank Limited