

2011 Financial Audit

Each year since 2004, the president has hired an independent accounting firm to conduct a full financial audit of all financials for the Swaziland operations of African Christian College.

The 2011 report was completed in March 2012. The full audit follows this report of highlights.

AUDIT HIGHLIGHTS & ADDITIONAL NOTES

- The auditor's opinion resulted in ACC being found in accordance with Swaziland and International Financial Reporting Standards.
- **Income** in 2011 **increased** 61% compared to 2010. This is mainly due to nut revenue accounting.
 - 2010 = E 2,721,806 (\$ 362,907)
 - 2011 = E 4,427,678 (\$ 590,357)
 - E 1,372,110 (\$ 182,948) was accounts receivable on shipped nuts
 - Only apprx. \$84,000 of this amount has currently been received by ACC.
- While income increased, **expenses decreased** 15%.
 - 2010 = E 3,117,196 (\$ 415,626)
 - 2011 = E 2,675,323 (\$ 356,709)
 - TOL expenses remained relatively flat
 - Areas seeing significant cost increases: salaries and relative costs (insurance), and agriculture.
 - Areas seeing more significant decrease: student support costs, construction, container expenses, preacher support and other pass through expenses.
 - You may notice a significant decrease in Project SEED expenses. This is due to mid-year changes in accounting to merge this project into Tree of Life operations.

Perhaps the most important thing for the board to note on this audit:

- The auditor only looks at accounting, processes, and records for the Swaziland side of operations. It does not include any review or accounting of income or expenses of ACC USA. Note that E 2,500,000 (\$ 333,333) is accounted in 2011 as a grant from ACC USA. Most of our money is either donated or earned by sale of nuts in USA and these funds are not fully nor immediately transferred to Swaziland. Therefore, it is important to note that the audit is only for what reaches our African organization.
- The board may want to consider having a financial audit and/or review conducted for ACC USA. This is considered a nonprofit best practice on the board level.

AFRICAN CHRISTIAN COLLEGE

ANNUAL FINANCIAL STATEMENTS
Year ended 31 December 2011

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APPROVAL OF FINANCIAL STATEMENTS

The financial reports set out on pages 7-15 were approved by the Executive Committee and are signed by:

DIRECTOR

DATE

PRESIDENT

DATE

LIST OF OFFICERS AND PROFESSIONAL ADVISORS

EXECUTIVE COMMITTEE

Directors	Larry Carter Kurt Platt Ira Hill Phil Cheves Don Osborn Henry Huffard Joe Page Jenene Marnach Lee Thompson Mark Prowell David Stewart John Arney
President	Larry Carter
Secretary	Jenene Marnach
Business Address	Tubungu Estates, Matsapha, Swaziland.
Postal Address	Post Office Box 331, Manzini, M200, Swaziland
Bankers	Nedbank Swaziland Limited, Manzini & Matsapha Branches
Auditors	Allison, Ntshalintshali & Co. Chartered Accountants (Swaziland) Office 112, 1 st Floor, Liqhaga House Nkoseluhlaza Street, Manzini Swaziland

INTRODUCTION

Background

African Christian College (formerly Manzini Bible School) was established in 1965 by Montgomery Boulevard Church of Christ from Albuquerque, New Mexico, USA. It was established to provide leadership training to church members from Southern African countries. Classes began in 1967 and continue currently. Students come from a number of different Southern African countries and most years will find six to eight countries represented in the student body. Hundreds of graduates have returned to their native countries and several thousand congregations have been established as a direct result.

The college is located near Tubungu Estates in Matsapha, Swaziland, on a plot of approximately 80 hectares. The campus occupies less than 15 hectares of the land, so in 1997, a project called the Tree of Life (TOL) was begun. The idea behind the project was to establish a macadamia farm on the remaining hectares that would in the future provide funds to operate the school. Approximately 14,000 (fourteen thousand) trees have been planted and the goal of an African project to help support an African school is a reality.

In 2007 it was decided by the Board of Trustees to upgrade, adding a third year to the program and granting a Bachelor of Arts degree to those completing the third year. With these changes it was also decided to change the name of Manzini Bible School to African Christian College and to incorporate it as a section 21 company in Swaziland while the mother organization was also changed to African Christian College Educational and Benevolent Association, a 501c3 registered in the State of New Mexico, USA. On the 5th of May 2008, African Christian College was incorporated under the Swaziland Companies Act No. 7 of 1912, in terms of Section 21 as an association not for gain.

African Christian College reports to its mother organization in the USA who keeps track of the project's income and expenditure via annual financial reports.

AUDIT OBJECTIVES AND SCOPE

The objectives of this engagement were to:

- Determine if accounting for expenditure is done in accordance with International Auditing Standards, which include the segregation of duties for each payment made.
- Ascertain whether proper files, document books, accounts and other records necessary to accurately account for the financing have been maintained.
- Ensure that all payments are supported by original vouchers and other necessary documents.
- Determine if for all expenditure incurred and for which invoicing was made, the internal control system, records and files provide reliable support for the invoicing.
- Determine whether a satisfactory system of internal controls and documentation exists to permit correctly reimbursable expenditure to be invoiced and the expenditure to which they relate is traceable through all stages until paid for.
- If the internal controls system is not satisfactory, to make the necessary recommendations.
- Determine the total expenditure of the project and verify balances remaining at the end of the project.

AUDIT METHODOLOGY

Preliminary planning

We reviewed the control environment and the internal control procedures in order to consider adequacy and effectiveness of the college's significant accounting and internal control policies and procedures and performance of tests to ensure compliance with these policies and procedures.

The principal work done included:

- Traced amounts advanced to the African Christian College through financial records and by reference to their correspondence, letters and bank statements.
- Made sure that bank reconciliations are prepared regularly and reviewed appropriately.
- Ensured that cash flow projections are prepared and deviations from expected amounts are explained.
- Ensured that transactions are recorded in the proper period and that year end cut-off procedures have been applied.
- Obtained confirmations from bank to substantiate closing bank balances.
- Performed detailed tests of compliance on internal control procedures, and tests to detect significant errors and irregularities.
- Reviewed the overall financial statements to determine the extent of non-compliance, non-allowable or unreasonable expenses and their potential impact.

Allison, Ntshalintshali & Co .

Chartered Accountants (Swaziland)

T.P. Ntshalintshali B Com, ACCA, CA(SD)
Consultant: D. M. Allison FCA, CA(SA), CA(SD)

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AFRICAN CHRISTIAN COLLEGE

We have audited the accompanying statements of African Christian College, which comprise the statement of affairs as at 31 December 2011, the statement of receipts and payments, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant policies and other explanatory notes, as set out on pages 7 to 15.

Executive Committee's responsibility for the financial statements

The Committee is responsible for the preparation and fair presentation of these financial statements in accordance with Swaziland and International Financial Reporting Standards and in the manner required by the Swaziland Companies Act of 2009. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's responsibility

Our responsibility is to express an 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 includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
- assessing the accounting principles used and significant estimates used by management.
- evaluating the overall financial statements presentation

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

The college does not capitalize additions to property, plant and equipment, which are expressed as project expenditures when incurred.

In our opinion, except for the matter referred to above, the financial statements present fairly in all material respects the financial position of the college as at 31 December 2011 and the results of its operations for the year ended in accordance with Swaziland and International Financial Reporting Standards and in the manner required by the Swaziland Companies Act of 2009.

Chartered Accountants (Swaziland)

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF FINANCIAL POSITION
as at 31 December 2011

2010
31-Dec
E

	Notes	E	E
ASSETS			
Non Current Assets		2,969,731	1,220,253
Trade and other receivables	7	1,430,946	50,176
Cash and cash equivalents	8	1,538,785	1,170,077
Total assets		2,969,731	1,220,253
EQUITY AND LIABILITIES			
Funds employed		2,965,744	1,213,389
Accumulated funds	9	2,965,744	1,213,389
Current liabilities		3,986	6,863
Trade and other payables	10	3,986	6,863
Total equity and liabilities		2,969,731	1,220,253

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF COMPREHENSIVE INCOME
year ended 31 December 2011

	E	2010 31-Dec E
TOTAL INCOME	4,427,678	2,721,806
TOTAL EXPENDITURE	2,675,323	3,117,196
NET SURPLUS / (DEFICIT) FOR THE YEAR	1,752,355	(395,390)

AFRICAN CHRISTIAN COLLEGE

STATEMENT OF CHANGES IN EQUITY
year ended 31 December 2011

2011	Note	Accumulated funds E	Total E
Balance as at 01 January 2011		1,213,389	1,213,389
Net surplus for the year		1,752,355	1,752,355
Balance as at 31 December 2011		2,965,744	2,965,744
2010			
Balance as at 01 January 2010		1,558,603	1,558,603
Net deficit for the year		(395,390)	(395,390)
Prior year adjustment	11	50,176	50,176
Balance as at 31 December 2010		1,213,389	1,213,389

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Year ended 31 December 2011

1. OBJECTIVES

African Christian College is a non-governmental organization, which is committed to providing leadership training to church members from Southern African countries.

2. ACCOUNTING BASIS

These financial statements are prepared in accordance with International Financial Reporting Standards and in accordance with applicable Accounting Standards in Swaziland. Changes in the accounting basis from the cash basis to the accrual basis were effected in the year under review.

3. REVENUE RECOGNITION

Income is derived mainly from the African Christian College Educational & Benevolent Association, other American donors, local donors, bank interest, sale of macadamia nuts and private use of the college's resources. These are all accounted for on a cash basis.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash at bank and petty cash, including interest received from deposits held with Nedbank Swaziland Limited.

5. PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment are not capitalized but expressed in the income statement at the time of purchase.

6. TAXATION

African Christian College is registered in accordance with Section 7 of the Swaziland Companies Act of 2009 as an association not for gain. In terms of Section 12 (1) (a) (viii) of the Income Tax Order of 1975, as amended, the college is exempted from payment of Swaziland Taxation.

AFRICAN CHRISTIAN COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
year ended 31 December 2011

2010
31-Dec
E

7 TRADE AND OTHER RECEIVABLES

1,430,946 50,176

Trade receivables
Staff loans
Staff advances

1,372,110	-
52,836	47,976
6,000	2,200

Trade receivables represent nut sales receivable at year end. The nut sales were made on credit to African Christian College Educational and Benevolent Association (\$52 250: E6.961=\$1) and Ki Access, LLC (\$125 040: E8.0646=\$1)

8 CASH AND CASH EQUIVALENTS

1,538,785 1,170,077

Church of Christ Building Fund Current Account
Endowment Policy Savings Account
Tree of life Current Account
African Christian College Current Account
African Christian College Call Account
Project Seed Current Account
Petty cash

1,510	7,799
639,900	612,345
65,860	33,169
21,994	8,782
798,456	489,079
1,370	6,103
9,695	12,800

9 ACCUMULATED FUNDS

2,965,744 1,213,389

Opening balance
Net surplus/(deficit) for the year
Prior year adjustment

1,213,389	1,558,603
1,752,355	(395,390)
-	50,176

10 TRADE AND OTHER PAYABLES

3,986 6,863

Being unrepresented cheques at year end;
African Christian College Current Account
Church of Christ Building Fund Current Account
Tree of Life Current Account

3,146	3,112
-	3,631
840	120

11 PRIOR YEAR ADJUSTMENT

- 50,176

Being staff loans balance for prior year not reflected in the accounts

-	50,176
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AFRICAN CHRISTIAN COLLEGE

DETAILED STATEMENT OF COMPREHENSIVE INCOME

year ended 31 December 2011

	E	2010 31-Dec E
GRANTS AND DONATIONS	2,837,390	2,568,472
African Christian College Educational & Benevolent Association - Grant	2,396,167	2,531,440
African Christian College Educational & Benevolent Association - Nut sales	395,895	-
Hatfield Church of Christ	45,328	37,032
OTHER INCOME	1,590,288	153,334
Credit sales - Macadamia Nuts	1,372,110	-
Farm income	65,832	21,589
Investment income	22,039	30,776
Local donations	10,470	15,956
Sundry income	119,838	85,013
TOTAL INCOME	4,427,678	2,721,806
EXPENDITURE		
Project expenses: African Christian College	1,715,008	2,155,995
Tree of Life	944,567	837,653
Project Seed	15,748	123,549
TOTAL EXPENDITURE	2,675,323	3,117,196
NET SURPLUS / (DEFICIT) FOR THE YEAR	1,752,355	(395,390)

AFRICAN CHRISTIAN COLLEGE

DETAILED STATEMENT OF COMPREHENSIVE INCOME
year ended 31 December 2011

EXPENDITURE - AFRICAN CHRISTIAN COLLEGE

2010
31-Dec
E

	E	E
Agriculture	20,148	5,337
Audit fees	10,424	8,926
Bank charges	10,861	10,147
Books	21,487	3,595
Casual labour	960	-
Computer expenses	770	765
Couples ministry	1,000	-
Construction costs	450,780	781,741
Equipment	3,549	9,213
Graduation and guest costs	13,861	7,564
Insurance costs	63,898	59,446
Leadership retreat	13,980	581
Licences and permits	31,703	10,800
Motor vehicle running cost	58,857	48,284
National Provident Fund	6,930	5,850
Non MBS Budget	23,159	54,721
Office supplies	9,446	7,032
Preachers and church support	42,818	56,946
Property, road upkeep	60,720	58,864
Promotional materials	10,100	-
Relocation expenses	-	376
Sales tax	-	38,289
Shipping container	20,544	73,635
Staff salaries	120,000	89,727
Staff training	6,437	31,279
Student support costs	338,353	431,617
Tractor running costs	7,938	6,015
Travelling and accommodation	6,028	6,967
Utilities	153,637	179,001
Workers salaries	158,959	125,414
Workers support	47,662	43,864
	1,715,008	2,155,995

AFRICAN CHRISTIAN COLLEGE

DETAILED STATEMENT OF COMPREHENSIVE INCOME
year ended 31 December 2011

EXPENDITURE - TREE OF LIFE

	E	2010 31-Dec E
Bank charges	2,458	2,253
Casual labour	50,532	43,384
Cattle	-	1,644
Equipment purchases	34,499	4,454
Fuel and oil	96,724	84,019
Motor vehicle expenses	60,628	16,565
National Provident Fund	5,530	3,900
Office supplies	297	676
Orchard costs	330,974	316,120
Property upkeep	57,354	75,354
SAMAC	600	300
Special projects	46,495	100,624
Staff salaries	39,000	39,000
Travel and accommodation	5,934	11,448
Utilities	72,051	26,613
Workers' salaries	130,900	102,900
Workers' support	10,591	8,398
	944,567	837,653

AFRICAN CHRISTIAN COLLEGE

DETAILED STATEMENT OF COMPREHENSIVE INCOME
year ended 31 December 2011

EXPENDITURE - PROJECT SEED

	E	2010 31-Dec E
Bank charges	538	1,320
Casual labour	450	504
Fuel and oil	100	600
House construction costs	1,178	56,460
Project expenses	9,901	62,348
Utilities	-	543
Stolen cash	3,094	-
Vehicles running expenses	488	1,626
Travel	-	148
	15,748	123,549
	15,748	123,549