



Annual Report 2015

“You can’t change the direction of the wind, but you can adjust the sails to reach your destination.” – Jimmy Dean

During 2015 we adjusted our sails and set out on a journey to reach our new destination: ensuring survival and sustainability of Thembalitsha Foundation for future generations, by implementation of our short term strategic plan. We lifted anchor from the safe harbor where the increasing number of crew and our growing load reached the point where we needed to move to stay afloat.

Thembalitsha Foundation has grown to a point where we had to ensure that the supporting structures can carry the load and responsibly fulfill the many commitments to our very deserving beneficiaries, donors and staff.

We set our sights on reaching crucial strategic goals, while many non-profit organizations in South Africa had to close their doors. The journey was certainly not without pain. Change is never easy. Change demands that you let go of the sight of land, it demands that you enter uncharted waters, it demands that you look deep into yourself and let go of the old way of doing things. Change demands that you put on a life jacket and say: “Let’s move this boat; we are going on a journey.”

Often during the past year we had to lower the sails, and slow down to give our staff members the opportunity to adjust, sometimes we had to make a stop-over to do damage control and maintenance. And through it all we had to keep a balance between commitment to corporate business principles and the passion and heart of dealing in hope.

We cannot change the direction of the current financial, political and social storm in South Africa, but we can and have to adjust. We owe it firstly to our beneficiaries, the ever-increasing number of poor, sick, vulnerable and destitute which we serve. Secondly we owe it to our funders, who made us stewards of their much needed and valued contributions. Last but not the least, we owe it to the more than 100 employees to ensure their future livelihood.

During 2015 our main focus has remained on the implementation of our short term strategic plan aimed at ensuring survival and sustainability of Thembalitsha Foundation Projects and services for future generations.

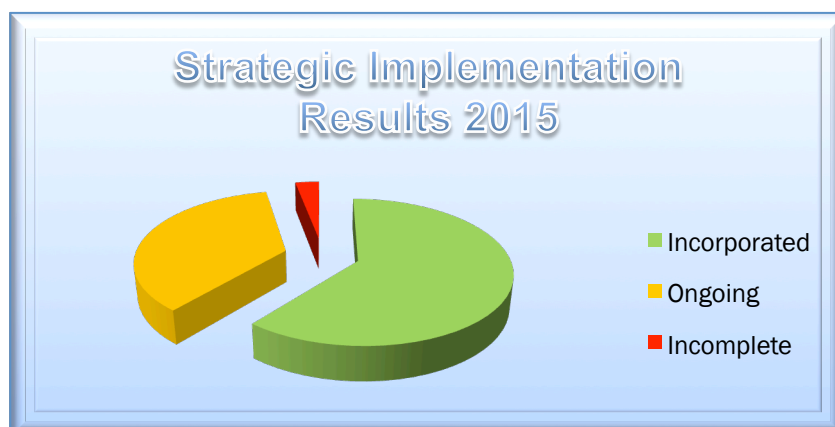
Strategic Implementation

To support our vision and mission, we have committed ourselves to the following overarching strategic areas of focus:

- ✓ To become a beacon of hope to the poor, vulnerable and destitute in South Africa
- ✓ To transform lives through quality services to our beneficiaries through education healthcare and training projects which are sustainable, duplicable and cost-effective
- ✓ To ensure that we become a NPC with excellent governance, leadership, HR and financial management structures and practices
- ✓ To procure the necessary national and international funding and support to sustain and develop the vision of the foundation through marketing, public relations, fundraising and events
- ✓ To offer organizational support services (HR, funding, IT, social media and financial administration) of the highest standard to foundation projects

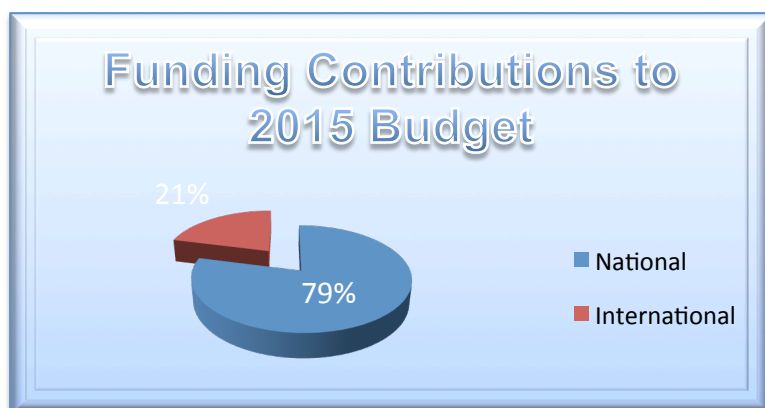
We further committed ourselves to the following specific eight (8) strategic objectives:

1. To further establish and maintain good governance and leadership practices
2. To become an employer of choice through sound HR practices & staff /volunteer support
3. To communicate our vision and needs internally and externally
4. To implement transparent and exemplary financial practices and accountability
5. To sustain current operations & ensure future of TF through fundraising, events and funding practices
6. To manage and improve internal communication and information management systems
7. To ensure sustainability and ultimate replication of all viable Foundation Projects
8. To assess and manage all risk to the Foundation through a comprehensive Risk Management Plan



The main incomplete strategic action points of concern are:

- Meeting financial needs as per projects funding priority through national and international entities
- Implementation of a Strategic marketing/PR plan to guide the foundation short, medium and long-term



Thembalitsha Projects:

All Thembalitsha Projects are reviewed, monitored and categorised on a monthly, quarterly and annual basis according to their financial needs and allocated a priority status to focus funding sourcing and allocation.

The following financial priority indicators are used based on funds available per project:

Priority 1: 1-6 months financial survival rate

Priority 2: 12 months or less

Priority 3: 18 months or less

Priority 4: 24 months or less

Project Name	Agape Zola	Educar e Grabouw	Grace land	Mama Themb a	School of Hope	Themb a Adelaide	Themb a TrainIn g	Themba Care	Villag e of Hope	OST+
Financial Priority 2015	3	2	2	3	1	3	1	1	2	2
Financial Priority 2016*	3	2	2	2	2	2	1	1	1	1
Project Size	M	XL	S	S	L	Dev	S	L	L	-

*Projected priorities based on budget shortfalls per project for 2016

+ Operational Support Team (Head Office)

Furthermore, projects are categorized as being extra-large (XL), large (L), medium (M), small (S) or in the early stages of development (Dev) based on a combination of staff component size, beneficiary numbers, specialization and total annual budget.

These indicators are used as a management tool in the sourcing and allocation of resources and support services

We welcomed two new projects during 2015:

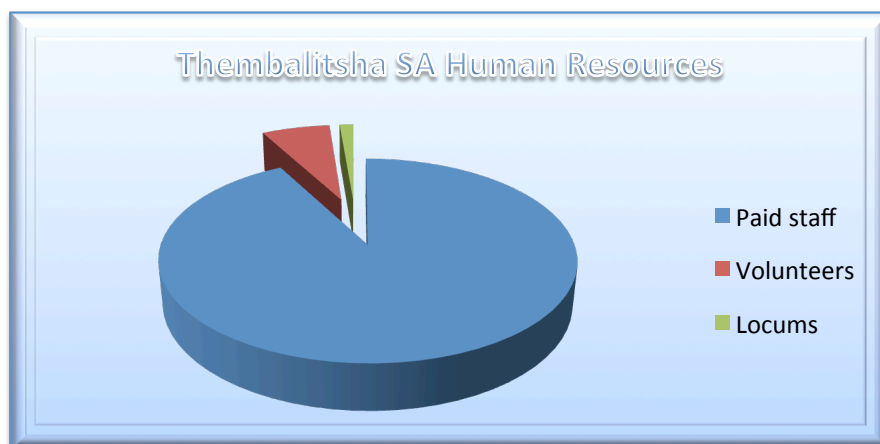
- ✓ Themba Adelaide- our first training project outside of the Western Cape in the small Eastern Cape Town of Adelaide
- ✓ Agape Zola – a pre-school in the township of Nomzamo outside Somerset West

In a further effort to ensure sustainability of all nine our projects we have put a two year moratorium on new projects. Looking after our existing ones, with a focus on quality improvement, instead of quantity, is the rationale behind this deliberate growth containment.

Human Resources:

Being a service delivery organization, our biggest resource is the people who work with us. We started 2015 with 91 employees and ended with 117 a 28% increase in our staff component due to the addition of 2 more projects and adding staff to our Operational Support Team. Thembalitsha Foundation has grown to a point where we had to ensure that the supporting structures can carry the load and responsibly fulfill the many commitments to our very deserving beneficiaries, donors and staff.

Because some of our projects offer a 24/7 service, we make use of locum staff to relieve them during night shifts, training or absence due to illness or annual leave. International and national volunteers, not on our payroll, but raising supporting funds under the Thembalitsha banner, are a valuable addition to our team.



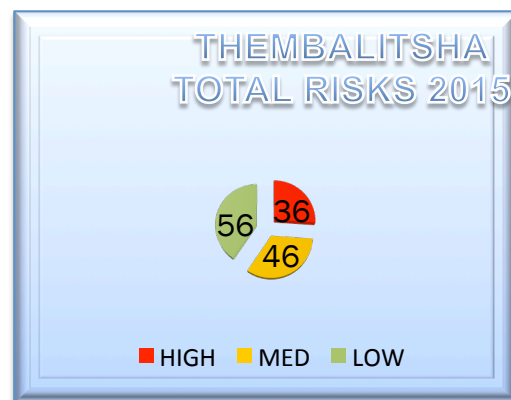
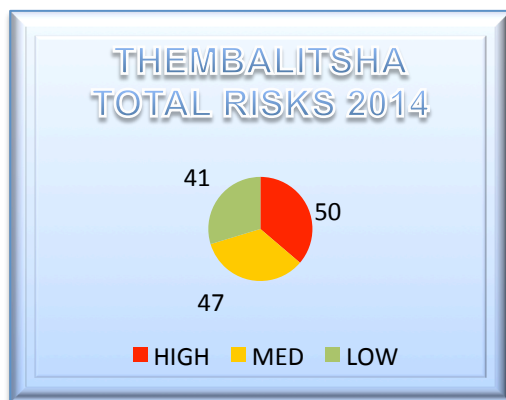
Salaries accounted for 61% of our total annual budget expenditure during 2015, compared to the 75-85% average in NGO's in SA, according to the latest available statistics from the Department of Social Development.

Many non-profit organizations in South Africa had to close their doors during 2015. We cannot change the direction of the current financial, political and social storm in South Africa, but we can and have to adjust. We owe it firstly to our beneficiaries, the ever-increasing number of poor, sick, vulnerable and destitute which we serve. Secondly we owe it to our funders, who made us stewards of their much needed and valued contributions. Last but not the least, we owe it to the more than 100 employees to ensure their future livelihood.

Change is never easy. We have to keep a balance between our commitment to corporate business principles and the passion and heart for dealing in hope.

Risk Management

We are addressing crucial outstanding goals and are moving into our medium term strategy roll-out, building on the successes of the past year and re-evaluating the challenges and the reasons behind them. We have substantially decreased our internal risks (-28%), and we are managing those that are outside of our control.



Our biggest risk remains financial sustainability. We need to pull together and tap into previously under-utilized or unexplored sources in both South Africa and abroad.

Milestones for 2015

Under the guidance and leadership of professional, committed and competent Board of Directors, we have put in place sound financial systems, re-evaluated our marketing and

fundraising strategy and started building a strong human resources department to better support our growing number of projects, employees and beneficiaries

Some milestones on our journey during 2015 include:

- ✓ the launch of our first internal newsletter, keeping staff informed of happenings within the foundation.
- ✓ the roll-out of a staff wellness programme, including debriefing and counselling support to staff members in key positions
- ✓ the first ever kick-off function bringing together all Thembalitsha staff and volunteers in one location for a teambuilding exercise
- ✓ involving our staff and beneficiaries at our live concerts at Hope@PaulCluver
- ✓ developing young talent in the foundation as they are our future leaders
- ✓ restructuring our volunteer programme to align with long-term needs of the foundation and our beneficiaries, moving away from building support around individuals

However, our biggest success story for 2015 remains being able to offer HOPE through healthcare, education or training services to 1500 beneficiaries per month.

We will continue to strive to be a beacon of hope to the poor, vulnerable and destitute in South Africa:

- through caring for the terminally ill and providing health education in high TB/AIDs incidence areas
- by giving high risk youths a second chance on education
- by building pre-schools in the poorest rural areas
- by empowering women to become entrepreneurs and co-providers for their families
- by supporting new mothers with no or little means to care for their babies
- by providing a safe haven for children made vulnerable by illness or social circumstances
- by keeping the youth active with sport and life skills programs in areas with no recreational facilities

The needs in South Africa are overwhelming. Thembalitsha Foundation prefers to take hands, to work in partnership, to build strong networking relationships with government departments, corporates, churches, individuals and other non-profit organizations., Partnerships mean shared resources, shared goals and a better outcome for the people we serve.

During 2015 we have set our sails and adjusted to the storms. We are committed to making our vision of where we want to be, a reality.

Thank you for being part of our journey in 2015, part of our vision of transforming lives and restoring hope.

The Thembalitsha Team



The Thembalitsha Foundation Board of Directors has adopted the **Independent Code of Good Governance** thereby committing to certain core values and principles, including fidelity to purpose, integrity, non-discrimination and the optimization of resources. We are further committed to ensuring good leadership through transparency, accountability, fundraising and sustainability, and regulatory and legislative compliance.

Thembalitsha Foundation endorses the International Statement of Ethical Principles in Fundraising: Honesty – Respect-Integrity-Empathy-Transparency
