

THEMBALITSHA FOUNDATION

Non-Profit Company

Registration Number: 1997/003064/08

ANNUAL FINANCIAL STATEMENTS

31 December 2022

THEMBALITSHA FOUNDATION NPC  
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ANNUAL FINANCIAL STATEMENTS  
31 December 2022

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THEMBALITSHA FOUNDATION NPC  
ANNUAL FINANCIAL STATEMENTS  
31 December 2022

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Charity Organisation Non-profit company (NPC)
Directors	A C Geard (Chairman) A M Carvalheiro L L Ndlela G V Maswime M Fölscher M Volmink (appointed: 18 November 2021) K Visser (appointed: 13 October 2022) F Christie (resigned: 19 October 2022)
Business and registered address	Unit M, Smart Centre 4 Lourensford Road Somerset West 7130
Postal address	P O Box 1795 Somerset West 7129
Bankers	Nedbank Limited Cape Town
Auditors	Deloitte & Touche
Company registration number	1997/003064/08
Income tax reference number	9297/014/03/8
Value added tax reference number	4530240862

## THEMBALITSHA FOUNDATION NPC

### DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the foundation as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the foundation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the foundation and all employees are required to maintain the highest ethical standards in ensuring the foundation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the foundation is on identifying, assessing, managing and monitoring all known forms of risk across the foundation. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

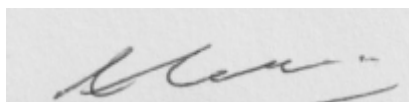
The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the foundation's cash flow forecast for the year to 31 December 2022 and, in the light of this review and the current financial position, they are satisfied that the foundation has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the executive directors are primarily responsible for the financial affairs of the foundation, they are supported by the foundation's independent non-executive directors.

The external auditors are responsible for independently auditing reporting on the foundation's annual financial statements. The annual financial statements have been examined by the foundation's external auditors and their report is presented on pages 3 and 4.

The annual financial statements set out on pages 5 to 18 and the statement of detailed comprehensive income set out on pages 19 and 20, were approved by the board on 27 June 2023 and were signed on its behalf by:



Director -----

## INDEPENDENT AUDITOR'S REPORT

The National Executive Committee of Thembalitsha Foundation  
(Non-Profit Company)

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the financial statements of Thembalitsha Foundation set out on pages 6 to 18, which comprise the statement of financial position as at 31 December 2022 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the basis qualified opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Thembalitsha Foundation as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

#### Basis for Qualified Opinion

Donations are a significant source of fundraising revenue for Thembalitsha Foundation. The directors have determined that it is impracticable to establish internal controls over the collection of cash or other donations prior to the initial entry into its financial records and if all relevant bank accounts have been accounted for appropriately. We were therefore unable to confirm whether all donations and bank accounts were recorded.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The directors are responsible for the other information. The other information comprises Statement of Directors' Responsibility and Approval and Directors' Report as required by the Companies Act of South Africa and a detailed Statements of Comprehensive Income. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.



National Executive: \*R Redfearn Chief Executive Officer \*GM Berry Chief Operating Officer JW Eshun Managing Director Businesses LN Mahluza Chief People Officer  
\*N Sing Chief Risk Officer AP Theophanides Chief Sustainability Officer \*NA le Riche Chief Growth Officer \*ML Tshabalala Audit & Assurance AM Babu Consulting  
TA Odukoya Financial Advisory G Rammego Risk Advisory DI Kubeka Tax & Legal DP Ndlovu Chair of the Board

A full list of partners and directors is available on request

\* Partner and Registered Auditor

**B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice**

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

## Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the foundation'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

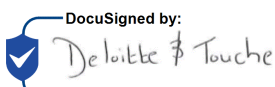
## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

DocuSigned by:  
  
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**Deloitte & Touche**  
Registered Auditors

Per M Cronje  
Partner  
27 June 2023

The directors submit their report for the year ended 31 December 2022.

### **Incorporation**

The foundation was incorporated on 3 March 1997 and obtained its certificate to commence business on the same day.

### **Review of activities**

The foundation is engaged in charity organisation and operates principally in South Africa. The operating results and state of affairs of the foundation are fully set out in the attached financial statements and do not in our opinion require any further comment. Net profit for the foundation was R1 825 904 (2021: loss R2 064 916, after taxation of Rnil (2021: Rnil)).

### **Going concern**

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Despite the general negative impact of a number of macro-economic factors affecting donation and other income, the directors have taken appropriate steps to pre-empt and address this situation and to best manage the affairs of the foundation to ensure that it remains financially sound for the long-term sustainability of the organisation and the stakeholders that it seeks to serve.

### **Events subsequent to year end**

The directors are not aware of any matter or circumstance arising since the end of the financial year.

### **Non-current assets**

There has been no change in the policy relating to the use of non-current assets and additions to the value of R189 717 (2021: R494 573) were made during the year.

### **Directors**

The directors of the foundation at the date of this report are as follows:

M Fölscher	M Volmink
A M Carvalheiro	A C Geard (Chairman)
K Visser	G V Maswime
L L Ndlela	

### **Secretary and audit committee**

The foundation is exempt in terms of the Companies Act and Memorandum of Incorporation from appointing a company secretary and audit committee.

### **Preparation of the annual financial statements**

The annual financial statements were prepared by Anna-Mari Dickason (CA.SA).

### **Auditors**

Deloitte & Touche, Registered Auditors.

THEMBALITSHA FOUNDATION NPC  
STATEMENT OF FINANCIAL POSITION  
31 December 2022

	<u>Notes</u>	<u>2022</u> R	<u>2021</u> R
<b>ASSETS</b>			
<b>Non-current assets</b>		10 909 532	10 847 815
Property, plant and equipment	2	10 230 903	10 620 647
Right use of assets	11	678 629	227 168
<b>Current assets</b>		6 951 920	4 912 768
Trade and other receivables		57 573	64 675
Cash and cash equivalents	3	4 288 532	4 848 093
Investments	4	2 605 815	-
<b>Total assets</b>		17 861 452	15 760 583
<b>EQUITY AND LIABILITIES</b>			
Retained income		11 788 932	9 963 027
Capital Fund		4 200 000	4 200 000
<b>Non-Current Liabilities</b>			
Non-current portion of lease liability	11	302 040	80 366
<b>Current liabilities</b>			
Trade and other payables	6	1 187 958	1 383 699
Current portion of lease liability	11	382 522	133 492
<b>Total equity and liabilities</b>		17 861 452	15 760 583

THEMBALITSHA FOUNDATION NPC  
 STATEMENT OF COMPREHENSIVE INCOME  
 for the year ended 31 December 2022

	<u>2022</u>	<u>2021</u>
	R	R
Donations and grants	13 263 089	10 417 014
Other income	1 166 575	1 251 793
Operating expenses	(12 831 700)	(12 027 715)
	<hr/>	<hr/>
<b>Operating profit/(loss)</b>	1 597 964	(358 908)
Investment interest	138 729	31 537
Investment fair value gain	105 815	-
Loss on disposal of fixed assets	(16 604)	(964 689)
Loans written off	-	(772 856)
	<hr/>	<hr/>
<b>Profit/(loss) for the year</b>	1 825 904	(2 064 916)
	<hr/> <hr/>	<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC  
 STATEMENT OF CHANGES IN EQUITY  
 for the year ended 31 December 2022

	<u>Share capital</u> R	<u>Capital fund</u> R	<u>Retained income</u> R	<u>Total equity</u> R
<b>Balance at 31 December 2020</b>	-	4 200 000	12 027 944	16 227 944
Loss for the year	-	-	(2 064 916)	(2 064 916)
	-----	-----	-----	-----
<b>Balance at 31 December 2021</b>	-	4 200 000	9 963 027	14 163 028
Profit for the year	-	-	1 825 904	1 825 904
	-----	-----	-----	-----
<b>Balance at 31 December 2022</b>	-	4 200 000	11 788 932	15 988 932
	=====	=====	=====	=====

THEMBALITSHA FOUNDATION NPC  
 STATEMENT OF CASH FLOWS  
 for the year ended 31 December 2022

	<u>Notes</u>	<u>2022</u> R	<u>2021</u> R
<b>Cash flows from operating activities</b>			
Cash generated/(utilised) from operations	8	1 979 980	163 996
Interest income		138 729	31 537
		<hr/>	<hr/>
Net cash inflow from operating activities		2 118 709	193 533
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(189 717)	(494 573)
Proceeds on disposal		11 447	3 505 113
Investment additions	4	(2 500 000)	-
		<hr/>	<hr/>
Net cash (outflow)/inflow from investing activities		(2 678 270)	3 010 540
		<hr/>	<hr/>
<b>Net movement in cash and cash equivalents</b>		(559 561)	3 206 072
Cash and cash equivalents at beginning of the year		4 848 093	1 642 021
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of the year</b>	3	4 288 532	4 848 093
		<hr/> <hr/>	<hr/> <hr/>

## 1. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The annual financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous year.

### 1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the foundation; and the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

#### Item: Average useful life:

Buildings	25 years
Computer equipment	3 years
Furniture and fittings	6 years
Motor vehicles	5 years
Office equipment	5 years

The residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. Items purchased with a cost of less than R7 000 are immediately expensed in the year in which acquired.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The surplus or deficit arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The surplus or deficit arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.2 Financial instruments

#### Initial recognition

The foundation classifies financial instruments, or their component parts, on initial recognition as a financial asset or a financial liability in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the foundation's statement of financial position when the foundation becomes party to the contractual provisions of the instrument.

**1. ACCOUNTING POLICIES (continued)**

**1.2 Financial instruments (continued)**

**Accounts receivable**

Account receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

**Accounts payable**

Accounts payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**Cash and cash equivalents**

Cash and cash equivalents (including bank overdrafts reflected separately) comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

**Investments**

Investments in income funds are measured at fair value and gains and losses are recognised to income.

**1.3 Leases**

The foundation recognises a right-of-use asset and a corresponding lease liability at the lease commencement date, being the date at which the leased asset is available for use by the company.

The right-of-use asset is measured at cost initially, which will equal the amount of the lease liability and any applicable initial costs. The company excluded any initial direct costs from the measurement of the right-of-use assets at the date of initial application, as allowed under the practical expedients of IFRS 16. Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements in the lease liability. Depreciation of the right-of-use asset is determined using the straight-line method, over the lease term or the useful life of the underlying leased asset, whichever is shorter. In addition, the right-of-use asset is tested for impairment when there are indicators of impairment and periodically reduced by impairment losses, if required.

The lease liability is measured initially at the present value of the lease payments not paid at commencement date, discounted using the implicit rate in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The lease liability is subsequently increased by interest costs and decreased for lease payments made. It is only remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

## 1. ACCOUNTING POLICIES (continued)

### 1.4 Impairment of assets

The foundation assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the foundation estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

The foundation assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.5 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### 1.6 Provisions and contingencies

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation and is recognised when:

- the foundation has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

1. ACCOUNTING POLICIES (continued)

1.7 Government and other grants

Government and other grants are recognised when there is reasonable assurance that:

- the foundation will comply with the conditions attaching to them; and
- the grants will be received.

Government and other grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate for, on a systematic basis. Income received in advance to be recognised in future periods are included in deferred income in trade and other payables.

1.8 Accounting estimates and critical judgements

In determining the financial results, the directors have applied their judgement in assessing the useful lives and residual values of property, plant and equipment.

1.9 New and revised accounting standards

There are no new or revised accounting standards or interpretations which are likely to have a material effect on the foundation's financial results or statements.

1.9 Revenue

Designated funds are recognised as income on receipt, or where reliably measurable, when receivable. Designated funds received in excess of expenditure as required by the governing agreements is deferred and matched with expenses in the period in which they occur.

Training income is recognised over the period that training is provided with reference to the stage of completion of the service. Other income is recognised at fair value when it is received or becomes receivable.

Interest is recognised using the effective interest rate method.

1.10 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

2. PROPERTY, PLANT AND EQUIPMENT

2022	Opening balance	Additions	Disposals	Closing balance
	R	R	R	R
<b>Cost</b>				
Land and buildings	10 402 883	-	-	10 402 883
Furniture and fittings	744 413	65 021	-	809 434
Motor vehicles	1 044 778	-	-	1 044 778
Office equipment	142 051	-	-	142 051
Computer software	770 042	124 696	44 297	850 441
	<hr/>	<hr/>	<hr/>	<hr/>
	13 104 167	189 717	44 297	13 249 587
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 31 December 2022

2. PROPERTY, PLANT AND EQUIPMENT (continued)

	<u>Opening Balance</u> R	<u>Depreciation</u> R	<u>Disposals</u> R	<u>Closing balance</u> R
<b><u>Accumulated depreciation</u></b>				
Land and buildings	295 705	275 549	-	571 254
Furniture and fittings	650 265	36 404	-	686 669
Motor vehicles	823 349	61 016	-	884 365
Office equipment	131 377	5 438	-	136 816
Computer software	582 824	173 003	16 246	739 580
	<hr/>	<hr/>	<hr/>	<hr/>
	2 483 520	551 410	16 246	3 018 684
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>	10 620 647			10 230 903
	<hr/> <hr/>			<hr/> <hr/>
<b>2021</b>	<u>Opening balance</u> R	<u>Additions</u> R	<u>Disposals</u> R	<u>Closing balance</u> R
<b><u>Cost</u></b>				
Land and buildings	14 857 790	-	4 454 907	10 402 883
Furniture and fittings	874 771	58 822	189 180	744 413
Motor vehicles	984 638	248 495	188 355	1 044 778
Office equipment	160 178	13 357	31 484	142 051
Computer software	636 136	173 899	39 993	770 042
	<hr/>	<hr/>	<hr/>	<hr/>
	17 513 513	494 573	4 903 919	13 104 167
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<u>Opening Balance</u> R	<u>Depreciation</u> R	<u>Disposals</u> R	<u>Closing balance</u> R
<b><u>Accumulated depreciation</u></b>				
Land and buildings	-	295 705	-	295 705
Furniture and fittings	788 716	45 558	184 009	650 265
Motor vehicles	930 416	81 288	188 355	823 349
Office equipment	133 748	21 778	24 148	131 377
Computer software	563 384	57 045	37 605	582 824
	<hr/>	<hr/>	<hr/>	<hr/>
	2 416 264	501 373	434 117	2 483 520
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>	15 097 249			10 620 647
	<hr/> <hr/>			<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
31 December 2022

	<u>2022</u> R	<u>2021</u> R
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of:		
Petty cash	1 702	5 106
Bank balances	4 286 830	4 842 987
	<hr/>	<hr/>
	4 288 532	4 848 093
	<hr/> <hr/>	<hr/> <hr/>
<b>4. INVESTMENTS</b>		
MiPlan IP Enhanced Income Fund A - cost	2 500 000	-
Fair value movement gain	105 815	-
	<hr/>	<hr/>
	2 605 815	-
	<hr/> <hr/>	<hr/> <hr/>
<b>5. SHARE CAPITAL</b>		
The foundation has no share capital as it is a non-profit company in terms of Schedule 1 of the Companies Act 71 of 2008.		
<b>6. TRADE AND OTHER PAYABLES</b>		
Accrued expenses	(158 716)	(102 300)
Deferred income	(1 029 242)	(1 281 399)
	<hr/>	<hr/>
	(1 187 958)	(1 383 699)
	<hr/> <hr/>	<hr/> <hr/>
<b>7. TAXATION</b>		
No provision has been made for 2022 normal tax as the foundation is not liable for taxation in terms of Section 10(1)(cN) of the South African Income Tax Act.		
<b>8. CASH GENERATED FROM OPERATIONS</b>		
Profit/(loss) before interest and fair value gain	1 597 964	(358 909)
<b>Adjustments for:</b>		
Depreciation	551 410	501 373
Depreciation on right of use assets	257 714	112 113
Lease payments	(280 240)	(143 450)
Deposits recovered	12 000	-
Interest on lease payments	29 773	18 116
<b>Changes in working capital:</b>		
Trade and other receivables	7 101	(16 377)
Trade and other payables	(195 742)	51 220
	<hr/>	<hr/>
	1 979 980	163 996
	<hr/> <hr/>	<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 31 December 2022

	<u>2022</u> R	<u>2021</u> R
<b>9. DIRECTORS' EMOLUMENTS</b>		
Executive For services as directors	713 003	536 368
	<u>                    </u>	<u>                    </u>
<b>10. FINANCIAL RISK MANAGEMENT</b>		
<b>Financial instruments</b>		
The foundation's financial instruments consist mainly of cash deposits, trade and other receivables and payables. Financial instruments by category: The carrying value of the foundation's financial instruments by category is as follows:		
Trade and sundry receivables	57 573	64 674
Bank and cash balances	4 288 532	4 848 093
Investments	2 605 815	-
	<u>                    </u>	<u>                    </u>
Total financial assets	6 951 920	4 912 767
	<u>                    </u>	<u>                    </u>
Trade and other payables	1 187 958	1 383 699
	<u>                    </u>	<u>                    </u>
Total financial liabilities	1 187 958	1 383 699
	<u>                    </u>	<u>                    </u>

The carrying value of the foundation's financial instruments approximate fair value.

**Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the foundation. The foundation in the current year does not have any significant credit risk relating to any single counterparty or trade debtor accounts. The credit risk on liquid funds is limited as the counterparties are banks with credit ratings assigned by international credit rating agencies.

**Treasury risk management**

Management of the liquidity structure of the foundation's assets, liabilities and commitments is dependent on the ongoing support of donors and the receipt of grants.

The foundation only deposits cash surpluses with major banks of high credit standing.

**Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors. It is however noted that given the nature of the foundation, the liquidity of the organisation is dependent on the ongoing support of donors and the receipt of grants.

**Fair values**

The carrying amounts of the following financial instruments approximate their fair value: cash, investments, trade receivables and payables, other receivables and payables.

THEMBALITSHA FOUNDATION NPC  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
 31 December 2022

11. LEASE LIABILITY

Leases are accounted for in terms of the lease standard. Those leases whereby only nominal rentals are paid these amounts are expensed as and when lease rental payments are made.

Right of use assets are amortised over the term of the lease.

	<u>2022</u> R	<u>2021</u> R
<b>Right of Use Assets – property leases</b>		
Leases capitalised	960 703	339 282
Depreciation accumulated	(282 075)	(112 113)
Impairments	-	-
	<hr/>	<hr/>
<b>Closing balance</b>	<b>678 629</b>	<b>227 168</b>
	<hr/> <hr/>	<hr/> <hr/>

Security deposits are capitalised to the right of use asset. We assess that it is probable that such deposits will be recovered at the end of the lease term and amortise the right of use asset using said deposits as a residual value.

Right of use assets are comprised:

Next year payments	454 071	138 189
Longer term lease payments	224 558	88 980
	<hr/>	<hr/>
<b>Total</b>	<b>678 629</b>	<b>227 168</b>
	<hr/> <hr/>	<hr/> <hr/>

**Lease Liabilities**

Lease liabilities are initially calculated by discounting the minimum lease payments at the interest rate implicit in the lease over the lease term. The foundation has utilised an incremental borrowing rate in the determination of the present value of our lease liabilities.

The directors believe that a fair and reasonable incremental borrowing rate was prime +1%

Leases capitalised	935 029	319 282
Interest raised	29 773	18 116
Payments made	(280 240)	(123 540)
	<hr/>	<hr/>
Closing balance	684 562	213 857
	<hr/> <hr/>	<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
31 December 2022

11. LEASES (continued)

Lease Liabilities (continued)

	Minimum lease payment	Interest	Present value
Within 12 months	437 590	55 068	382 522
Within 5 years	315 900	13 860	302 040
	<hr/>	<hr/>	<hr/>
	753 490	68 928	684 562
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

12. RELATED PARTY TRANSACTIONS

Details of directors' emoluments have been disclosed in note 9.

There are no other significant related party transactions.

THEMBALITSHA FOUNDATION NPC  
 DETAILED STATEMENT OF COMPREHENSIVE INCOME  
 for the year ended 31 December 2022

	<u>2022</u> R	<u>2021</u> R
<b>Income</b>	14 674 207	11 700 344
Donations/grants	13 263 089	10 322 014
Street Smart	-	95 000
Other income	1 166 575	1 251 793
Investment gain and interest received	244 543	31 537
<b>Operating expenses</b>	12 831 700	12 027 716
Advertising/marketing/promotions	101 023	25 039
Bank charges	26 524	52 244
Catering and groceries	562 391	460 598
Computer and internet expenses	122 644	146 221
Consulting and professional fees	689 942	745 097
Depreciation	809 123	613 489
Educational equipment and development	240 234	333 116
Employee costs	8 260 770	7 300 059
Human Resources	56 863	72 195
Fundraising expenses	26 990	25 833
Insurance	213 300	230 675
Interest Paid	29 773	19 436
Lease rental	30 077	41 034
Legal fees	3 400	40 912
Medical & pharmaceutical expenses	126 519	106 713
Printing and stationery	224 859	188 270
Repairs and maintenance	138 104	383 043
Security	46 566	123 300
Staff training and welfare	93 144	43 936
Telephone and fax expenses	79 539	119 026
Travel	112 972	80 336
Utilities	837 042	877 144
<b>Operating profit/(loss) including interest</b>	1 842 507	(327 372)
Loss on disposal of fixed assets	(16 604)	(964 689)
Loans written off	-	(772 856)
<b>Profit/(loss) for the year</b>	1 825 904	(2 064 917)

**THEMBALITSHA FOUNDATION NPC**  
**DETAILED STATEMENT OF COMPREHENSIVE INCOME (continued)**  
**for the year ended 31 December 2022**

	<u>TOTAL</u>	<u>Elimination</u>	<u>Head</u>	<u>School of</u>	<u>Graceland</u>	<u>Mama</u>	<u>The Hub</u>	<u>Themba</u>	<u>Agape</u>	<u>Themba</u>	<u>Thembani</u>
	R	Journal	Office	Hope	R	Themba	R	Training	R	Connect	R
		R	R	R		R		R		R	
<b>Income</b>											
Donations / Grants	(13 263 089)	-	(1 859 627)	(7 656 110)	(712 310)	(881 938)	(167 244)	(416 624)	(711 240)	(305 636)	(552 360)
Streetsmart Funding	-	-	-	-	-	-	-	-	-	-	-
Other Income Administration Contributions	-	1 140 000	(1 140 000)	-	-	-	-	-	-	-	-
Other Income	(1 157 879)	-	(79 092)	(235 311)	(101 195)	-	-	(117 220)	(236 160)	(4 576)	(384 325)
TF - Rental Income SOH	(8 696)	766 200	(766 200)	-	-	-	(8 696)	-	-	-	-
Investment income	(105 815)	-	(105 815)	-	-	-	-	-	-	-	-
Interest Received	(138 729)	-	(138 729)	-	-	-	-	-	-	-	-
	<u>(14 674 207)</u>	<u>1 906 200</u>	<u>(4 089 462)</u>	<u>(7 891 420)</u>	<u>(813 505)</u>	<u>(881 938)</u>	<u>(175 940)</u>	<u>(533 844)</u>	<u>(947 400)</u>	<u>(310 211)</u>	<u>(936 686)</u>
<b>Operating expenses</b>											
Advertising/Marketing/ Promotions	101 023	-	84 167	-	12 902	1 180	683	533	1 058	500	-
Bank Charges	26 524	-	15 839	2 390	1 665	873	-	896	2 322	605	1 934
Catering, Groceries and Consumables	562 391	-	16 265	197 994	43 968	134 121	372	58 531	63 155	5 513	42 472
Computer Expenses	122 644	-	36 185	68 611	-	3 047	-	2 123	-	1 149	11 529
Consulting/Professional Fees	689 942	-	634 858	34 531	1 256	17 164	-	-	1 047	250	837
Depreciation	809 123	-	84 597	228 629	8 838	50 916	252 928	138 068	43 758	1 390	-
Educational Equipment and Development	240 234	-	-	219 874	927	-	10 317	-	4 693	-	4 422
Travel	112 972	-	36 574	24 855	13 301	2 400	5 759	6 000	7 845	8 045	8 194
Insurance	213 300	-	36 489	64 397	17 452	10 728	11 891	4 462	3 243	28 966	35 672
Human resources	56 763	-	55 182	1 581	-	-	-	-	-	-	-
Administration Fees	-	(1 140 000)	-	384 000	144 000	144 000	60 000	60 000	144 000	60 000	144 000
Rental - SOH	-	(766 200)	-	720 000	-	-	-	-	-	-	46 200
Interest paid	29 773	-	4 195	-	-	4 019	-	21 559	-	-	-
Medical & Pharmaceutical Expenses	126 519	-	9 951	36 813	22 184	9 000	5 612	9 243	15 871	377	17 468
Repairs and Maintenance	138 104	-	11 548	29 223	23 790	416	1 047	17 993	14 410	11 937	27 739
Printing and Stationery	224 859	-	3 608	190 522	2 6884	3 113	3 325	709	1 208	8 132	11 559
Lease Rental	30 077	-	11 380	-	-	5 364	-	1 333	12 000	-	-
Employee Costs	8 260 770	-	2 501 889	3 907 174	329 394	343 708	99 845	246 220	312 920	131 190	388 431
Security	46 566	-	6 238	11 241	9 876	315	870	-	10 424	4 774	2 829
Funding Expenses	26 990	-	-	17 178	-	-	-	2 359	-	7 454	-
Staff Training & Welfare	93 144	-	41 869	19 672	3 680	6 386	1 198	863	5 065	7 083	7 327
Telephone & Fax Expenses	79 539	-	14 399	29 745	13 048	-	3 597	3 00	1 320	13 526	903
Utilities	837 042	-	23 557	654 191	8 326	2 351	15 964	37 944	31 904	13 412	49 393
Legal fees	3 400	-	3 400	-	-	-	-	-	-	-	-
	<u>12 831 700</u>	<u>(1 906 200)</u>	<u>3 632 190</u>	<u>6 842 619</u>	<u>657 291</u>	<u>739 101</u>	<u>473 407</u>	<u>611 836</u>	<u>676 243</u>	<u>304 305</u>	<u>800 910</u>
Operational profit/ (loss)	1 842 507	-	457 273	1 048 802	156 214	142 837	(297 467)	(77 992)	271 158	5 907	135 776
Profit on disposal of fixed assets	(16 604)	-	(14 882)	(2 222)	-	-	-	500	-	-	-
Loan written off	-	-	-	-	-	-	-	-	-	-	-
<b>Profit/(loss) for the year</b>	<u>1 825 904</u>	<u>-</u>	<u>442 391</u>	<u>1 046 580</u>	<u>156 214</u>	<u>142 837</u>	<u>(297 467)</u>	<u>(77 492)</u>	<u>271 158</u>	<u>5 907</u>	<u>1375 776</u>