

THEMBALITSHA FOUNDATION

Non-Profit Company

Registration Number: 1997/003064/08

ANNUAL FINANCIAL STATEMENTS

31 December 2023

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THEMBALITSHA FOUNDATION NPC
ANNUAL FINANCIAL STATEMENTS
31 December 2023

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 (resigned post year-end) G V Maswime M Fölscher R Adams (appointed: 01 August 2023) M Volmink K Visser
Business and registered address	41 Newton Road Gants Centre Strand Western Cape 7140
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 2024 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 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 28 June 2024 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 2023 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 material accounting policy information.

In our opinion, except for the possible effect of the matter described in the basis for 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 2023, 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. 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 as issued by the International Accounting Standards Board 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
28 June 2024

The directors submit their report for the year ended 31 December 2023.

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 loss for the foundation was R926 277 (2022: profit R1 825 904), after taxation of Rnil (2022: 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 impact of continuing economic challenges on our daily operating activities and the receipt of donation and other income, the directors have taken appropriate steps to 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 R459 489 (2022: R189 717) were made during the accounting period under review.

Directors

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

M Volmink	M Fölscher
A M Carvalheiro	A C Geard (Chairman)
K Visser	G V Maswime
L L Ndlela (resigned post year-end)	R Adams (appointed: 01 August 2023)

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 2023

	<u>Notes</u>	<u>2023</u> R	<u>2022</u> R
ASSETS			
Non-current assets		10 515 390	10 909 532
Property, plant and equipment	2	10 217 236	10 230 903
Right use of assets	11	298 154	678 629
Current assets		6 726 046	6 951 920
Trade and other receivables		80 912	57 573
Cash and cash equivalents	3	4 208 122	4 288 532
Investments	4	2 437 012	2 605 815
		17 241 436	17 861 452
Total assets		17 241 436	17 861 452
EQUITY AND LIABILITIES			
Retained income		10 862 655	11 788 932
Capital Fund		4 200 000	4 200 000
Non-Current Liabilities			
Non-current portion of lease liability	11	-	302 040
Current liabilities			
Trade and other payables	6	1 846 853	1 187 958
Current portion of lease liabilities	11	331 928	382 522
		17 241 436	17 861 452
Total equity and liabilities		17 241 436	17 861 452

THEMBALITSHA FOUNDATION NPC
 STATEMENT OF COMPREHENSIVE INCOME
 for the year ended 31 December 2023

	<u>2023</u>	<u>2022</u>
	R	R
Donations and grants	12 128 457	13 263 089
Other income	1 523 950	1 166 575
Operating expenses	(14 998 728)	(12 831 700)
	<hr/>	<hr/>
Operating (loss)/profit	(1 346 321)	1 597 964
Investment interest	188 847	138 729
Investment fair value gain	231 197	105 815
Loss on disposal of fixed assets	-	(16 604)
	<hr/>	<hr/>
(Loss)/profit for the year	(926 277)	1 825 904
	<hr/> <hr/>	<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC
 STATEMENT OF CHANGES IN EQUITY
 for the year ended 31 December 2023

	<u>Share capital</u> R	<u>Capital fund</u> R	<u>Retained income</u> R	<u>Total equity</u> R
Balance at 31 December 2021	-	4 200 000	9 963 028	14 163 028
Profit for the year	-	-	1 825 904	1 825 904
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	-	4 200 000	11 788 932	15 988 932
Loss for the year	-	-	(926 277)	(926 277)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2023	-	4 200 00	10 862 655	15 062 655
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC
 STATEMENT OF CASH FLOWS
 for the year ended 31 December 2023

	<u>Notes</u>	<u>2023</u> R	<u>2022</u> R
Cash flows from operating activities			
Cash (utilised)/generated from operations	8	(217 659)	1 979 980
Interest income		188 847	138 729
		<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities		(28 812)	2 118 709
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(459 489)	(189 717)
Proceeds on disposal		7 891	11 447
Investment withdrawals/(additions)		400 000	(2 500 000)
		<hr/>	<hr/>
Net cash outflow from investing activities		(51 598)	(2 678 270)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(80 410)	(559 561)
Cash and cash equivalents at beginning of the year		4 288 532	4 848 093
		<hr/>	<hr/>
Cash and cash equivalents at end of the year	3	4 208 122	4 288 532
		<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

Accounts receivable 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 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.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the foundation's accounting policy for borrowing costs.

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.

1.8 Accounting estimates and judgement

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.

1.10 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.

1.11 Borrowing costs

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

2. PROPERTY, PLANT AND EQUIPMENT

2023	<u>Opening balance</u> R	<u>Additions</u> R	<u>Disposals</u> R	<u>Closing balance</u> R
<u>Cost</u>				
Land and buildings	10 402 883	-	-	10 402 883
Furniture and fittings	809 434	36 267	8 974	836 727
Motor vehicles	1 044 778	-	-	1 044 778
Office equipment	142 051	372 013	-	514 064
Computer software	850 441	51 209	3 912	897 738
	<hr/>	<hr/>	<hr/>	<hr/>
	13 249 587	459 489	12 886	13 696 189
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

2. PROPERTY, PLANT AND EQUIPMENT (continued)

	<u>Opening Balance</u> R	<u>Depreciation</u> R	<u>Disposals</u> R	<u>Closing balance</u> R
<u>Accumulated depreciation</u>				
Land and buildings	571 254	275 549	-	846 803
Furniture and fittings	686 669	33 516	4 995	715 190
Motor vehicles	884 365	61 016	-	945 371
Office equipment	136 816	12 715	-	149 531
Computer software	739 580	82 468	-	822 048
	<hr/>	<hr/>	<hr/>	<hr/>
	3 018 684	465 264	4 995	3 478 953
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value	10 230 903			10 217 236
	<hr/> <hr/>			<hr/> <hr/>
2022	<u>Opening balance</u> R	<u>Additions</u> R	<u>Disposals</u> R	<u>Closing balance</u> R
<u>Cost</u>				
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/>
	<u>Opening Balance</u> R	<u>Depreciation</u> R	<u>Disposals</u> R	<u>Closing balance</u> R
<u>Accumulated depreciation</u>				
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/>
Net book value	10 620 647			10 230 903
	<hr/> <hr/>			<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2023

	<u>2023</u> R	<u>2022</u> R
3. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Petty cash	1 294	1 702
Bank balances	4 206 828	4 286 830
	<hr/>	<hr/>
	4 208 122	4 288 532
	<hr/> <hr/>	<hr/> <hr/>
4. INVESTMENTS		
MiPlan IP Enhanced Income Fund A – cost	2 100 000	2 500 000
Fair value movement gain	337 012	105 815
	<hr/>	<hr/>
	2 437 012	2 605 815
	<hr/> <hr/>	<hr/> <hr/>
5. SHARE CAPITAL		
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.		
6. TRADE AND OTHER PAYABLES		
Accrued expenses	(115 188)	(158 715)
Deferred income	(1 731 665)	(1 029 242)
	<hr/>	<hr/>
	(1 846 853)	(1 187 957)
	<hr/> <hr/>	<hr/> <hr/>
7. TAXATION		
No provision has been made for 2023 normal tax as the foundation is not liable for taxation in terms of Section 10(1)(cN) of the South African Income Tax Act.		
8. CASH GENERATED FROM OPERATIONS		
Profit/(loss) before interest	(1 346 321)	1 597 964
Adjustments for:		
Depreciation	465 264	551 410
Depreciation on right of use assets	452 682	257 714
Lease payments	(494 830)	(280 240)
Deposits recovered	8 109	12 000
Interest on lease payments	61 881	29 773
Changes in working capital:		
Trade and other receivables	(23 339)	7 101
Trade and other payables	658 895	(195 742)
	<hr/>	<hr/>
	(217 659)	1 979 980
	<hr/> <hr/>	<hr/> <hr/>

	<u>2023</u> R	<u>2022</u> R
9. DIRECTORS' EMOLUMENTS		
Executive For services as directors	1 250 989	713 003
	<u> </u>	<u> </u>
10. FINANCIAL RISK MANAGEMENT		
Financial instruments		
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	80 912	57 573
Bank and cash balances	4 208 122	4 288 532
Investments	2 437 012	2 605 815
	<u> </u>	<u> </u>
Total financial assets	6 726 046	6 951 920
	<u> </u>	<u> </u>
Trade and other payables	(1 846 853)	1 187 958
	<u> </u>	<u> </u>
Total financial liabilities	(1 846 853)	1 187 958
	<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.

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>2023</u> R	<u>2022</u> R
Right of use Assets – property leases		
Leases capitalised	804 808	960 703
Depreciation accumulated	(506 654)	(282 075)
Impairments	-	-
	<hr/>	<hr/>
Closing balance	298 154	678 629
	<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	298 154	454 071
Longer term lease payments	-	224 558
	<hr/>	<hr/>
Total	298 154	678 629
	<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 +2%

Leases capitalised	804 808	935 029
Accumulated Interest	74 440	29 773
Accumulated repayments	(547 320)	(280 240)
	<hr/>	<hr/>
Closing balance	331 928	684 562
	<hr/> <hr/>	<hr/> <hr/>

11. LEASES (continued)

Lease Liabilities (continued)

	Minimum lease payment	Interest	Present value
Within 12 months	344 520	12 592	331 928
Within 5 years	-	-	-
	<u>344 520</u>	<u>12 592</u>	<u>331 928</u>
	<u><u>344 520</u></u>	<u><u>12 592</u></u>	<u><u>331 928</u></u>

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 2023

	<u>2023</u> R	<u>2022</u> R
Income	14 072 451	14 674 207
Donations/grants	12 103 457	13 263 089
Donation – The Marion Lahann Trust	25 000	-
Street Smart	-	-
Other income	1 523 950	1 166 575
Interest received	188 847	138 728
Investment fair value gain	231 197	105 815
Operating expenses	14 998 728	12 831 700
Advertising/marketing/promotions	84 529	101 023
Bank charges	44 302	26 524
Catering and groceries	533 828	562 391
Computer and internet expenses	318 701	122 644
Consulting and professional fees	477 080	689 942
Depreciation	917 946	809 123
Educational equipment and development	561 258	240 234
Employee costs	9 730 936	8 260 770
Human Resources	22 113	56 863
Fundraising expenses	72 312	26 990
Insurance	220 239	213 300
Interest Paid	61 881	29 773
Lease rental	31 247	30 077
Legal fees	-	3 400
Medical & pharmaceutical expenses	110 145	126 519
Printing and stationery	245 109	224 859
Repairs and maintenance	337 685	138 104
Security	47 389	46 566
Staff training and welfare	205 541	93 144
Telephone and fax expenses	10 422	79 539
Travel	145 423	112 972
Utilities	816 662	837 042
Non-capex items	3 980	
Operating (loss)/profit including interest	(926 277)	1 842 507
Loss on disposal of fixed assets	-	(16 604)
(Loss)/profit for the year	(926 277)	1 825 904

THEMBALITSHA FOUNDATION NPC
DETAILED STATEMENT OF COMPREHENSIVE INCOME (continued)
for the year ended 31 December 2023

	<u>TOTAL</u>	<u>Elimination</u>	<u>Head Office</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>Them bani</u>
	<u>R</u>	<u>Journal</u>	<u>R</u>	<u>Hope</u>	<u>R</u>	<u>Themba</u>	<u>R</u>	<u>Training</u>	<u>R</u>	<u>Connect</u>	<u>R</u>
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
Income											
Donations / Grants	(12 103 457)	-	(2 009 080)	(7 068 135)	(335 203)	(692 125)	-	(729 683)	(528 484)	(385 000)	(355 747)
Donation – The Marion Lahann Trust	(25 000)	-	(25 000)	-	-	-	-	-	-	-	-
Other Income Administration											
Contributions	-	1 164 000	(1 164 000)	-	-	-	-	-	-	-	-
Other Income	(1 523 950)	-	-	(345 014)	(68 630)	(295)	-	(327 364)	(260 170)	(40 737)	(476 314)
TF - Rental Income SOH	-	858 000	(858 000)	-	-	-	-	-	-	-	-
Investment income	(231 197)	-	(231 197)	-	-	-	-	-	-	-	-
Interest Received	(188 847)	-	(188 847)	-	-	-	-	-	-	-	-
	<u>(14 072 451)</u>	<u>2 022 000</u>	<u>(4 480 550)</u>	<u>(7 414 149)</u>	<u>(403 833)</u>	<u>(692 420)</u>	<u>-</u>	<u>(1 057 047)</u>	<u>(788 654)</u>	<u>(425 737)</u>	<u>(832 061)</u>
Operating expenses											
Advertising/Marketing/ Promotions	84 529	-	75 500	-	-	120	611	6 741	-	2 168	-
Bank Charges	44 302	-	18 758	4 072	2 023	1 211	-	6 181	4 411	1 561	5 474
Catering, Groceries and Consumables	533 828	-	18 095	102 126	36 332	150 520	-	129 609	44 380	1 284	51 482
Cellphone Expenses	10 422	-	6 510	-	-	3 912	-	-	-	-	-
Cleaning Expenses	95 659	-	1 688	67 111	4 230	661	-	3 191	9 772	4 033	4 973
Computer Expenses	318 701	-	158 157	82 687	14 040	3 975	-	17 828	1 959	23 071	16 984
Consulting/Professional Fees	477 080	-	368 567	99 984	-	8 829	-	-	-	-	-
Depreciation	917 946	-	148 091	140 978	948	79 350	-	248 375	43 758	3 488	252 958
Educational Equipment and Developer	561 258	-	-	515 265	708	-	-	-	13 232	13 242	18 811
Expansion Costs	8 617	-	6 959	-	-	-	-	1 658	-	-	-
Travel	145 423	-	54 771	30 319	14 562	2 550	-	9 905	11 933	8 588	12 795
Insurance	220 239	-	35 650	71 999	19 307	7 492	-	3 718	7 228	31 752	43 092
Human resources	22 113	-	19 287	2 826	-	-	-	-	-	-	-
Administration Fees	-	(1 164 000)	-	384 000	144 000	144 000	-	144 000	144 000	60 000	144 000
Rental - SOH	-	(858 000)	-	780 000	-	-	-	-	-	-	78 000
Interest paid	61 881	-	19 421	-	-	4 063	-	38 397	-	-	-
Medical & Pharmaceutical Expenses	110 145	-	5 417	30 685	20 655	8 272	-	8 377	15 069	899	20 771
Repairs and Maintenance	233 409	-	11 545	102 009	5 300	857	-	12 491	20 185	35 810	45 212
Printing and Stationery	245 109	-	7 281	179 097	2 627	2 898	-	7 400	5 376	20 463	19 967
Lease Rental	31 247	-	19 438	-	-	6 006	-	(5 197)	11 000	-	-
Employee Costs	9 730 936	-	3 139 629	4 367 413	329 763	472 649	-	345 379	373 699	204 479	497 925
Security	47 389	-	3 093	9 439	7 806	-	-	4 485	13 251	5 616	3 699
Funding Expenses	72 312	-	-	3 000	2 594	552	-	13 139	1 100	35 146	16 781
Staff Training & Welfare	205 541	-	135 289	36 843	3 951	6 290	-	2 234	3 935	7 324	9 675
Utilities	816 662	-	22 464	617 783	8 614	4 092	-	40 568	33 237	24 899	65 005
Non capex	3 980	-	-	-	-	-	-	2 980	1 000	-	-
	<u>14 998 728</u>	<u>(2 022 000)</u>	<u>4 275 611</u>	<u>7 627 636</u>	<u>617 460</u>	<u>907 999</u>	<u>611</u>	<u>1 041 459</u>	<u>758 525</u>	<u>483 823</u>	<u>1 307 604</u>
Profit/(loss) for the year	<u>(926 277)</u>	<u>-</u>	<u>204 939</u>	<u>(213 487)</u>	<u>(213 627)</u>	<u>(215 579)</u>	<u>(611)</u>	<u>15 588</u>	<u>30 129</u>	<u>(58 086)</u>	<u>(475 543)</u>