

THEMBALITSHA FOUNDATION NPC

Non Profit Company

Registration Number: 1997/003064/08

ANNUAL FINANCIAL STATEMENTS

31 December 2019

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**THEMBALITSHA FOUNDATION NPC
ANNUAL FINANCIAL STATEMENTS
31 December 2019**

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Charity Organisation Non-profit company (NPC)
Directors	J F G Miller F R Christie A C Geard J A Scholtz (Chairman) J L Truter N D Mbuyazi M Fölscher
Business and registered address	Unit A, 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 2019 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 reviewing and 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 16 and the statement of detailed comprehensive income set out on pages 17 and 18, were approved by the board on 29 July 2020 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

Opinion

We have audited the financial statements of Thembalitsha Foundation set out on pages 6 to 16, which comprise the statement of financial position as at 31 December 2019 and the statement of profit or loss and other 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, the financial statements present fairly, in all material respects, the financial position of Thembalitsha Foundation as at 31 December 2019, 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 Opinion

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.



**INDEPENDENT AUDITOR'S REPORT
TO THE NATIONAL EXECUTIVE COMMITTEE OF THEMBALITSHA FOUNDATION NPC (continued)**

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 company'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.

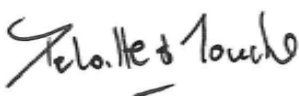
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Deloitte & Touche
Registered Auditors

Per JAR Welch
Partner
29 July 2020

THEMBALITSHA FOUNDATION NPC
DIRECTOR'S REPORT
31 December 2019

The directors submit their report for the year ended 31 December 2019.

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 R1 812 687 (2018: loss R369 777), after taxation of Rnil (2018: 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 negative impact of the COVID19 pandemic 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 other than the impact of the COVID19 pandemic which is regarded as a post balance sheet adjusting event.

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 R425 042 (2018: R1 612 544) were made during the accounting period under review.

Directors

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

J F G Miller	M Fölscher
N D Mbuyazi	A C Geard
F R Christie	J A Scholtz (Chairman)
J L Truter	

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 2019

	<u>Notes</u>	<u>2019</u> R	<u>2018</u> R
ASSETS			
Non-current assets			
Property, plant and equipment	2	15 289 098	15 184 037
Current assets			
Trade and other receivables		817 360	840 840
Cash and cash equivalents	3	1 280 718	2 785 704
		_____	_____
Total assets		17 387 176	18 810 581
		=====	=====
EQUITY AND LIABILITIES			
Retained income		12 797 894	14 610 581
Capital Fund		4 200 000	4 200 000
Current liabilities			
Trade and other payables	5	389 282	-
		_____	_____
Total equity and liabilities		17 387 176	18 810 581
		=====	=====

THEMBALITSHA FOUNDATION NPC
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	<u>2019</u>	<u>2018</u>
	R	R
Donations and grants	11 443 675	16 125 998
Other income	598 211	1 435 400
Operating expenses	(14 043 955)	(18 047 031)
	<hr/>	<hr/>
Operating loss	(2 002 069)	(485 633)
Investment revenue	69 882	115 856
Profit (loss) on disposal of fixed assets	119 500	-
	<hr/>	<hr/>
Loss for the year	(1 812 687)	(369 777)
	<hr/> <hr/>	<hr/> <hr/>

**THEMBALITSHA FOUNDATION NPC
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019**

	<u>Share capital</u> R	<u>Capital fund</u> R	<u>Retained income</u> R	<u>Total equity</u> R
Balance at 31 December 2017	-	4 200 000	14 980 358	19 180 358
Loss for the year	-	-	(369 777)	(369 777)
	-----	-----	-----	-----
Balance at 31 December 2018	-	4 200 000	14 610 581	18 810 581
Loss for the year	-	-	(1 812 687)	(1 812 687)
	-----	-----	-----	-----
Balance at 31 December 2019	-	4 200 000	12 797 894	16 997 894
	=====	=====	=====	=====

**THEMBALITSHA FOUNDATION NPC
STATEMENT OF CASH FLOWS
for the year ended 31 December 2019**

	<u>Notes</u>	<u>2019</u> R	<u>2018</u> R
Cash flows from operating activities			
Cash utilised from operations	7	(1 330 771)	(1 132 289)
Interest income		69 882	115 856
		<hr/>	<hr/>
Net cash outflow from operating activities		(1 260 889)	(1 016 433)
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(363 597)	(1 611 733)
Proceeds on disposal		119 500	-
		<hr/>	<hr/>
Net cash outflow from investing activities		(244 097)	(1 611 733)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(1 504 986)	(2 628 166)
Cash and cash equivalents at beginning of the year		2 785 704	5 413 870
		<hr/>	<hr/>
Cash and cash equivalents at end of the year	3	1 280 718	2 785 704
		<hr/> <hr/>	<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
31 December 2019

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 with the exception of the adoption of the new accounting standard IFRS16: Leases. Consistent with the prior year adoption of IFRS15: Revenue from Contracts with Customers and IFRS9: Financial Instruments; there was no material impact of the adoption of this new lease standard affecting either the results or the required disclosures.

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

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of amortisation on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset or liability is not discounted.

1. ACCOUNTING POLICIES (continued)

1.4 Impairment of assets

The Association 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. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The entity 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.

1.9 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

2019	<u>Opening balance</u> R	<u>Additions</u> R	<u>Disposals</u> R	<u>Closing balance</u> R
Cost				
Land	14 595 240	131 275	-	14 726 515
Furniture and fittings	1 100 429	180 647	-	1 281 076
Motor vehicles	1 550 040	56 584	129 311	1 477 314
Office equipment	345 632	14 386	-	360 018
Computer software	654 853	42 150	12 502	684 501
	<hr/>	<hr/>	<hr/>	<hr/>
	18 246 194	425 042	141 813	18 529 424
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
 31 December 2019

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	-	-	-	-
Furniture and fittings	900 883	86 852	-	987 734
Motor vehicles	1 332 186	86 160	72 727	1 345 619
Office equipment	303 192	24 805	7 640	320 356
Computer software	525 896	60 721	-	586 617
	<hr/>	<hr/>	<hr/>	<hr/>
	3 062 155	258 538	80 367	3 240 326
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value	15 184 039			15 289 098
	<hr/> <hr/>			<hr/> <hr/>
2018	<u>Opening balance</u> R	<u>Additions</u> R	<u>Disposals</u> R	<u>Closing balance</u> R
<u>Cost</u>				
Land	13 104 945	1 490 295	-	14 595 240
Furniture and fittings	1 065 878	34 551	-	1 100 429
Motor vehicles	1 550 040	-	-	1 550 040
Office equipment	325 389	20 243	-	345 632
Computer software	587 398	67 455	-	654 853
	<hr/>	<hr/>	<hr/>	<hr/>
	16 633 650	1 612 544	-	18 246 194
	<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	-	-	-	-
Furniture and fittings	793 210	107 672	-	900 882
Motor vehicles	1 185 256	146 930	-	1 332 186
Office equipment	281 342	21 849	-	303 191
Computer software	430 310	94 775	-	525 896
	<hr/>	<hr/>	<hr/>	<hr/>
	2 690 118	371 226	-	3 062 155
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value	13 943 532			15 184 037
	<hr/> <hr/>			<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2019

	<u>2019</u>	<u>2018</u>
	R	R
3. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Petty cash	8 201	6 992
Bank balances	1 272 517	2 778 712
	<hr/>	<hr/>
	1 280 718	2 785 704
	<hr/> <hr/>	<hr/> <hr/>
4. 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.		
5. TRADE AND OTHER PAYABLES		
Accrued expenses	317 782	-
Deferred income	71 500	-
	<hr/>	<hr/>
	389 282	-
	<hr/> <hr/>	<hr/> <hr/>
6. TAXATION		
No provision has been made for 2019 normal tax as the foundation is not liable for taxation in terms of Section 10(1)(cN) of the South African Income Tax Act.		
7. CASH GENERATED FROM OPERATIONS		
(Loss) profit before interest	(2 002 069)	(485 633)
Adjustments for:		
Depreciation	258 538	371 226
Changes in working capital:		
Trade and other receivables	23 478	(581 300)
Trade and other payables	389 282	(436 582)
	<hr/>	<hr/>
	(1 330 771)	(1 132 289)
	<hr/> <hr/>	<hr/> <hr/>
8. DIRECTORS' EMOLUMENTS		
Executive		
For services as directors	635 991	967 147
	<hr/> <hr/>	<hr/> <hr/>

THEMBALITSHA FOUNDATION NPC
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
31 December 2019

	<u>2019</u>	<u>2018</u>
	R	R
9. FINANCIAL RISK MANAGEMENT		
Financial instruments		
The entities financial instruments consist mainly of cash deposits, trade and other receivables and payables.		
Financial instruments by category:		
The carrying value of the entities financial instruments by category is as follows:		
Trade and sundry receivables	817 360	840 840
Bank and cash balances	1 280 718	2 785 704
	<hr/>	<hr/>
Total financial assets	2 098 078	3 626 544
	<hr/> <hr/>	<hr/> <hr/>
Trade and other payables	389 282	-
	<hr/> <hr/>	<hr/> <hr/>
Total financial liabilities	389 282	-
	<hr/> <hr/>	<hr/> <hr/>

The carrying value of the group 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 entity. The entity 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.

10. RELATED PARTY TRANSACTIONS

Details of directors' emoluments have been disclosed in note 8.

There are no other significant related party transactions.

THEMBALITSHA FOUNDATION NPC
DETAILED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	<u>2019</u>	<u>2018</u>
	R	R
Income	12 111 768	17 677 254
Donations/grants	11 443 675	15 975 998
Lotto funding	-	-
Street Smart	-	150 000
Other income	598 211	1 435 400
Interest received	69 882	115 856
Operating expenses	14 043 955	18 047 031
Advertising/marketing/promotions	33 624	39 035
Bank charges	57 526	60 038
Catering and groceries	544 146	933 209
Computer expenses	110 720	132 508
Consulting and professional fees	580 973	419 212
Depreciation	258 538	371 227
Educational equipment and development	343 505	234 069
Employee costs	9 031 220	10 438 024
Fundraising expenses	300 916	2 399 379
Insurance	242 385	247 374
Lease rental	213 305	233 306
Lotto expenditure	-	643
Medical & pharmaceutical expenses	103 995	17 606
Printing and stationery	253 864	353 764
Repairs and maintenance	340 442	311 226
Security	253 085	197 194
Staff training and welfare	126 541	187 641
Telephone and fax expenses	219 492	313 684
Travel	224 542	236 702
Utilities	805 137	921 191
Operating (loss) profit including interest	(1 932 187)	(369 777)
Profit on disposal of fixed assets	119 500	-
(Loss) profit for the year	(1 812 687)	(369 777)

THEMBALITSHA FOUNDATION NPC
DETAILED STATEMENT OF COMPREHENSIVE INCOME (continued)
for the year ended 31 December 2019

	<u>TOTAL</u>	<u>Elimination</u>	<u>Head</u>	<u>School of</u>	<u>Graceland</u>	<u>Global</u>	<u>Mama</u>	<u>ECD</u>	<u>Themba</u>	<u>Themba</u>	<u>Village of</u>	<u>Agape</u>	<u>Adelaide</u>	<u>Hope @</u>
	<u>R</u>	<u>Journal</u>	<u>Office</u>	<u>Hope</u>	<u>R</u>	<u>Fund</u>	<u>Themba</u>	<u>R</u>	<u>Grabouw</u>	<u>Training</u>	<u>Hope</u>	<u>R</u>	<u>R</u>	<u>Paul</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>	<u>R</u>	<u>R</u>
Income														
Donations / Grants	11 443 675	(1 383 196)	2 239 007	4 691 493	524 038	1 489 296	444 052	260 146	2 101 954	42 140	206 392	351 278	363 000	114 095
Streetsmart Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income Administration Contributions	47 500	(720 000)	720 000	-	-	-	-	47 500	-	-	-	-	-	-
Other Income	550 711	-	3 573	75 067	84 452	-	500	41 617	6 182	261 248	65 595	6 900	3 524	2 054
TF - Rental Income SOH	-	(480 000)	4580 000	-	-	-	-	-	-	-	-	-	-	-
Interest Received	69 882	-	69 882	-	-	-	-	-	-	-	-	-	-	-
	12 111 768	(2 583 196)	3 512 461	4 766 560	608 490	1 489 296	444 552	349 263	2 108 136	303 368	271 987	358 178	366 524	116 149
Operating expenses														
Advertising/Marketing/ Promotions	33 624	-	28 780	1 660	-	-	216	-	-	945	-	-	2 024	-
Bank Charges	57 526	-	24 409	5 278	3 570	746	1 964	4 307	5 375	2 058	2 423	3 885	2 507	1 003
Catering, Groceries and Consumables	544 146	-	10 988	79 805	45 934	-	100 808	12 599	217 811	1 597	20 935	17 091	5 824	30 754
Computer Expenses	110 720	-	32 241	59 390	317	-	300	3 425	7 643	-	6 364	782	-	259
Consulting/Professional Fees	580 973	-	553 605	15 421	-	-	-	-	5 901	-	5 759	-	288	-
Depreciation	258 538	-	39 662	79 309	25 698	-	2 233	44 494	45 496	8 433	6 129	4 167	2 917	-
Educational Equipment and Development	343 505	-	23 455	271 824	-	-	-	40 983	1 988	-	1 100	555	-	3 601
Travel	224 542	-	25 547	57 407	10 908	-	2 246	18 068	37 645	7 083	33 407	3 728	24 861	3 642
Insurance	242 385	-	24 049	43 469	13 357	-	8 225	52 352	34 132	2 804	45 413	737	17 466	379
Administration Fees	-	(720 000)	-	120 000	60 000	-	60 000	60 000	120 000	60 000	120 000	60 000	60 000	-
Rental - SOH	-	(480 000)	-	480 000	-	-	-	-	-	-	-	-	-	-
Medical & Pharmaceutical Expenses	103 995	-	-	670	838	-	37	120	100 583	350	1 133	119	145	-
Repairs and Maintenance	340 442	-	44 792	92 170	18 450	-	136	57 692	48 028	2 226	64 592	458	11 557	340
Printing and Stationery	253 864	-	42 857	125 466	37 094	-	2 902	3 379	28 340	5 100	852	2 682	3 719	1 472
Lease Rental	213 305	-	138 228	-	-	-	6 241	-	-	60 750	-	5 000	3 087	-
Lotto Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Costs	9 031 220	(781 604)	2 500 721	2 709 869	305 675	781 604	199 279	623 036	1 708 182	170 344	214 219	278 372	140 323	181 200
Security	253 085	-	6 744	13 012	7 459	-	3 560	4 002	12 145	786	191 364	8 431	5 414	168
Funding Expenses	300 916	(501 698)	40 502	15 697	2 806	501 698	300	141 450	1 252	86 996	(436)	900	11 449	-
Staff Training & Welfare	126 541	-	68 470	27 109	934	-	7 851	1 457	1 577	4 540	-	994	13 608	-
Telephone & Fax Expenses	219 492	(99 894)	43 531	72 148	11 405	99 894	800	17 554	51 281	2 590	5 355	5 907	7 294	1 627
Utilities	805 137	-	32 403	488 368	8 275	-	-	44 259	114 061	28 309	72 527	2 700	10 334	3 900
Project Distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	14 043 955	(2 583 196)	3 680 985	4 758 072	552 721	1 383 942	397 098	1 129 176	2 541 438	444 911	791 138	396 509	322 816	228 344
Operational profit/ (loss)	(1 932 187)	-	(168 524)	8 488	55 769	105 354	47 455	(779 913)	(433 303)	(141 543)	(519 151)	(38 331)	43 708	(112 195)
Profit on disposal of fixed assets	119 500	-	32 000	-	-	-	-	-	87 500	-	-	-	-	-
Profit/(loss) for the year	(1 812 687)	-	(136 524)	8 488	55 769	105 354	47 455	(779 913)	(345 803)	(141 543)	(519 151)	(38 331)	43 708	(112 195)