

MASICORP

masiphumelele

township

south africa

partners in education for life

Masiphumelele Corporation (SA)

(Registration number 040-994 NPO)

Annual Financial Statements
for the year ended 31 December 2021

Masiphumelele Corporation (SA)

(Scheme number: 040-994 NPO)

Annual Financial Statements for the year ended 31 December 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To work with the people of Masiphumelele, and key partners, offering opportunities through education to help residents progress out of poverty towards a sustainable livelihood.
Office bearers	Alan McKelvey Alastair Burns Andrew Hamilton-Smith Fiona Maitland Itumeleng Poee Jane Turner-Philippi Johanna E Taylor Keith Richardson Megan Pringle Michael Tyhali Millicent Firth Sandra Dodson Yandiswa Mazwana
Registered office	Chasmay Road Campus Chasmay Road Sunnydale South Africa 7975
Auditors	Vantage Chartered Accountants (SA) & Registered Auditors
NPO registration number	040-994 NPO
PBO reference number	930015544
Level of assurance	These annual financial statements have been audited in compliance with the requirements of the organisation's constitution

Masiphumelele Corporation (SA)

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Office Bearers' Responsibilities and Approval

The office bearers are required 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 organisation as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis of accounting as set out in note 1 to the financial statements.

The annual financial statements are prepared in accordance with the basis of accounting as set out in note 1 to the financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The office bearers acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the office bearers to meet these responsibilities, the 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

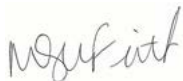
The office bearers are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial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

The office bearers have reviewed the organisation'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 organisation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the organisation's annual financial statements. The annual financial statements have been examined by the organisation's external auditors and their report is presented on pages 7 to 8.

The annual financial statements set out on pages 5 to 16, which have been prepared on the going concern basis, were approved by the office bearers on 27 May 2022 and were signed on its behalf by:

Approval of annual financial statements



Millicent Firth



Keith Richardson

Masiphumelele Corporation (SA)

(Scheme number: 040-994 NPO)

Annual Financial Statements for the year ended 31 December 2021

Office Bearers Report

The office bearers have pleasure in submitting their report on the financial statements of Masiphumelele Corporation (SA) for the year ended 31 December 2021.

1. Review of activities

Main business and operations

The organisation is engaged in working with the people of Masiphumelele and key partners, offering opportunities through education to help residents progress out of poverty towards a sustainable livelihood, and operates principally in the community of Masiphumelele.

The Covid-19 crisis has created many problems for the organisation: it has challenged and tested us all to minimise the damage to our education projects and programmes; it has caused stress for our staff and volunteers in the execution of their work; it has caused great hardship for children, parents, residents of Masiphumelele.

The nature and level of this Covid-19 challenge were severe and unprecedented. The organisation responded with inspired leadership, innovative action plans, courageous staff and volunteers who continued to work wherever and however they could and above all, it responded quickly.

The unifying objective throughout this time was to do everything possible to mitigate the effects of the crisis on the residents of Masiphumelele and to ensure the organisation could sustain itself and continue its education work.

We consider the operating results and state of affairs of the organisation, which are fully set out in these annual financial statements, to meet the above objectives comprehensively.

2. Office bearers

The office bearers of the organisation during the year and to the date of this report are as follows:

Name	Office	Designation
Alan McKelvey	UK fundraising & communication	Non-executive
Alastair Burns	Finance Director	Executive
Andrew Hamilton-Smith	President	Non-executive
Carol Hanks	Development & fundraising (resigned 31 Dec 2021)	Executive
Carol Thompson	Founder (resigned 03 Aug 2021)	Non-executive
Fiona Maitland	Deputy managing director & ECD	Executive
Itumeleng Poee	Director	Non-executive
Jane Turner-Philippi	US fundraising	Non-executive
Johanna E Taylor	Operations	Executive
John Thompson	Founder (resigned 03 Aug 2021)	Non-executive
Keith Richardson	Education & Chairperson	Non-executive
Megan Pringle	Fundraising Director	Executive
Michael Tyhali	Community liaison	Non-executive
Millicent Firth	Managing director	Executive
Sandra Dodson	Director	Non-executive
Yandiswa Mazwana	Director	Executive

Masiphumelele Corporation (SA)

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Annual Financial Statements for the year ended 31 December 2021

Office Bearers Report

3. Going concern

The annual 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.

4. Events after the reporting period

The office bearers are aware of the ongoing Covid-19 crisis and consider the organisation's financial standing, as represented in these annual financial statements, to place it ready to face future challenges.

Apart from the above, the office bearers are not aware of any other matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.

5. Auditors

Vantage Chartered Accountants (SA) & Registered Auditors continued in office for the current financial period.



Independent Auditor's Report

To the Office Bearers of Masiphumelele Corporation (SA)

Qualified Opinion

We have audited the annual financial statements of Masiphumelele Corporation (SA) (the organisation) set out on pages 9 to 16, which comprise the statement of financial position as at 31 December 2021, statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the annual financial statements of Masiphumelele Corporation (SA) for the year ended 31 December 2021 are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the annual financial statements and the requirements of the Non-Profit Organisations Act, 1997.

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the organisation to implement accounting controls over donations and grants received prior to the initial deposit into the organisation's bank account. Accordingly, we were not able to extend our examination of income beyond the receipts actually recorded, and accordingly express no opinion on the completeness of income.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the organisation 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 annual 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

The office bearers are responsible for the other information. The other information comprises the information included in the document titled "Masiphumelele Corporation (SA) annual financial statements for the year ended 31 December 2021", which includes the Office Bearers Report as required by the Non-Profit Organisations Act, 1997 and the supplementary information as set out on pages 17 to 18. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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.

Responsibilities of the office bearers for the Annual Financial Statements

The office bearers are responsible for the preparation of the annual financial statements in accordance with the basis of accounting described in note 1 to the annual financial statements and the requirements of the Non-Profit Organisations Act, 1997, for determining that the basis of preparation is acceptable in the circumstance and for such internal control as the office bearers determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the office bearers are responsible for assessing the organisation'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 office bearers either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.



Independent Auditor's Report

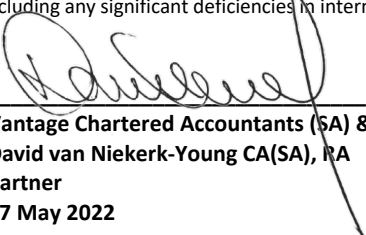
Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual 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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the office bearers.
- Conclude on the appropriateness of the office bearers' 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 organisation'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 annual 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 organisation to cease to continue as a going concern.

We communicate with the office bearers 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.



Vantage Chartered Accountants (SA) & Registered Auditors
David van Niekerk-Young CA(SA), RA
Partner
27 May 2022

Masiphumelele Corporation (SA)

(Scheme number: 040-994 NPO)

Annual Financial Statements for the year ended 31 December 2021

Statement of Financial Position as at 31 December 2021

	Note(s)	2021 R	2020 R
Assets			
Non-Current Assets			
Other financial assets	2	97,716	197,551
Current Assets			
Trade and other receivables	3	19,260	12,642
Cash and cash equivalents	4	14,227,388	13,742,000
		14,246,648	13,754,642
Total Assets		14,344,364	13,952,193
Reserves and Liabilities			
Funds and reserves			
Restricted donations		6,520,543	6,218,191
Retained income		5,635,458	3,899,636
		12,156,001	10,117,827
Liabilities			
Current Liabilities			
Trade and other payables	5	2,188,363	3,834,366
Total Reserves and Liabilities		14,344,364	13,952,193

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Annual Financial Statements for the year ended 31 December 2021

Statement of Comprehensive Income

	Note(s)	2021 R	2020 R
Revenue		10,364,995	10,887,354
Other income		3,285,412	2,443,976
Operating expenses		(12,022,564)	(10,915,753)
Operating surplus		1,627,843	2,415,577
Investment revenue	6	430,780	492,205
Finance costs	7	(20,449)	(11,432)
Surplus for the year		2,038,174	2,896,350

Masiphumelele Corporation (SA)

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Annual Financial Statements for the year ended 31 December 2021

Statement of Changes in Reserves

	Restricted donations R	Retained income R	Total funds and reserves R
Balance at 01 January 2020	3,465,502	3,755,975	7,221,477
Surplus for the year	-	2,896,350	2,896,350
Transfers to (from) retained income	2,752,689	(2,752,689)	-
Total changes	2,752,689	(2,752,689)	-
Balance at 01 January 2021	6,218,191	3,899,636	10,117,827
Surplus for the year	-	2,038,174	2,038,174
Transfers to (from) retained income	302,352	(302,352)	-
Total changes	302,352	(302,352)	-
Balance at 31 December 2021	6,520,543	5,635,458	12,156,001

Restricted donations represent amounts specifically allocated for use during the following financial period in terms of the donor contract requirements. Frequently the periods of donor contracts do not coincide with the financial year end of the organisation.

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Annual Financial Statements for the year ended 31 December 2021

Statement of Cash Flows

	Note(s)	2021 R	2020 R
Cash flows from operating activities			
Cash generated from operations	9	123,314	3,298,424
Interest income		430,780	492,205
Finance costs		(20,449)	(11,432)
Net cash from operating activities		533,645	3,779,197
Cash flows from investing activities			
Movement in financial assets		(48,257)	(104,951)
Net cash from investing activities		(48,257)	(104,951)
Total cash movement for the year		485,388	3,674,246
Cash at the beginning of the year		13,742,000	10,067,754
Total cash at end of the year	4	14,227,388	13,742,000

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Annual Financial Statements for the year ended 31 December 2021

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the accounting policies as set out below. The annual financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

1.2 Property, plant and equipment

Property, plant and equipment is written off in full in the year the capital costs are incurred.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

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Annual Financial Statements for the year ended 31 December 2021

Accounting Policies

1.4 Leases (continued)

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.5 Impairment of assets

The organisation assesses at each reporting date whether there is any indication that assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in surplus or deficit.

1.6 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 leave pay 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.

1.7 Government grants

Grants are measured at the fair value of the asset received or receivable.

1.8 Revenue

Revenue comprises of donations and funds received from various sources and is recognised on receipt of funds. The balance of donor funding at year end and those funds designated to particular projects in future are identified and transferred to specific reserve funds.

Receipts from donors in foreign currency are converted into South African Rands at the spot rate on the date of receipt into the local bank account.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Masiphumelele Corporation (SA)

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Annual Financial Statements for the year ended 31 December 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
2. Other financial assets		
At amortised cost		
Community loans	97,716	197,551
Student support loans	-	-
	97,716	197,551
<p>Student support loans are loans provided to individual students by the organisation. The loans are unsecured, interest free, and are repayable net of bursary donations received on completion of student studies. The loans were written off in full during the year.</p> <p>The community loans are unsecured, interest free, and have no fixed terms of repayment. In the current year a number of long outstanding loans were determined to be unrecoverable, and were therefore written off as bad debts. The extent of the write off was R114,206.</p>		
Non-current assets		
At amortised cost	97,716	197,551
3. Trade and other receivables		
Deposits	19,260	11,915
Prepayments	-	727
	19,260	12,642
<p>Outstanding educare fees and Chasmay Road rental balances are fully impaired. The balance of impairments at the end of the year is R267,488 (2020: R242,082).</p>		
4. Cash and cash equivalents		
<p>Cash and cash equivalents consist of:</p>		
Cash on hand	12,831	11,132
Bank balances	14,211,557	13,730,868
Credit card	3,000	-
	14,227,388	13,742,000
5. Trade and other payables		
Employee taxes	-	52,108
ICDL - Commitment deposits	13,120	-
Project funding received for future periods	1,988,907	3,618,186
Tenant deposits	186,336	164,072
	2,188,363	3,834,366
6. Investment revenue		
Interest revenue		
Bank	430,780	492,205

Masiphumelele Corporation (SA)

(Scheme number: 040-994 NPO)

Annual Financial Statements for the year ended 31 December 2021

Notes to the Annual Financial Statements

	2021 R	2020 R
7. Finance costs		
Late payment of tax	20,449	11,432
8. Taxation		
Taxation has not been provided for as the organisation is registered as a Public Benefit Organisation and is exempt from tax in terms of section 10(1)(cN) of the Income Tax Act.		
9. Cash generated from operations		
Surplus before taxation	2,038,174	2,896,350
Adjustments for:		
Interest received	(430,780)	(492,205)
Finance costs	20,449	11,432
Impairment deficit	148,092	127,262
Changes in working capital:		
Trade and other receivables	(6,618)	75,985
Trade and other payables	(1,646,003)	679,600
	123,314	3,298,424

Masiphumelele Corporation (SA)

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Annual Financial Statements for the year ended 31 December 2021

Detailed Income Statement

	Note(s)	2021 R	2020 R
Revenue			
Donations in kind		-	177,000
Restricted donations		8,657,778	9,238,586
Unrestricted donations		1,707,217	1,471,768
		10,364,995	10,887,354
Other income			
Educare - Sunnysdale		101,000	-
Educare fees - Chasmay		572,620	311,340
Educare fees - Masiphumelele		752,400	397,590
Government grants		622,200	657,162
ICDL tests income		10,490	-
Recoveries - tenant electricity		128,235	108,507
Rental income		1,066,066	952,147
Sundry recoveries		9,321	4,920
Tracksuits		23,080	12,310
		3,285,412	2,443,976
Expenses (Refer to page 18)		(12,022,564)	(10,915,753)
Operating surplus	6	1,627,843	2,415,577
Investment income	7	430,780	492,205
Finance costs		(20,449)	(11,432)
		410,331	480,773
Surplus for the year		2,038,174	2,896,350

Masiphumelele Corporation (SA)

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Annual Financial Statements for the year ended 31 December 2021

Detailed Income Statement

	Note(s)	2021 R	2020 R
Operating expenses			
Advertising		(158,158)	(165,408)
Audit fees		(30,303)	(28,865)
Bank charges		(89,752)	(75,731)
Communication		(181,074)	(396,368)
Community outreach		(663,815)	(776,460)
Employee costs		(6,993,423)	(5,907,514)
Impairment of loans and receivables		(148,092)	(127,262)
Insurance		(67,566)	(65,863)
Municipal expenses		(340,449)	(358,527)
Printing and stationery		(6,557)	(540)
Professional service fees		(805,421)	(592,828)
Repairs and maintenance		(224,250)	(150,806)
Staff development and welfare		(16,310)	(2,160)
Student rewards		(1,753)	(6,605)
Student support		(558,524)	(496,091)
Subscriptions		(120,163)	(11,330)
Supplies, materials, and capital costs		(1,455,658)	(1,636,742)
Transport and travel		(161,296)	(116,653)
		(12,022,564)	(10,915,753)