

THE COMMUNITY CHEST OF THE WESTERN CAPE (SUMMARISED)
AUDITED ANNUAL FINANCIAL STATEMENTS
AS AT 31 MARCH 2017

THE COMMUNITY CHEST OF THE WESTERN CAPE

SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

INTRODUCTION:

The summarised annual financial statements are prepared from the audited financial statements of The Community Chest of the Western Cape (registration number 003-040 NPO) and the Community Chest of the Western Cape Section 18A (registration number 016-287 NPO) for the year ended 31 March 2017.

NATURE OF THE BUSINESS:

The Community Chest's purpose is to help alleviate poverty. It develops and facilitates philanthropy through partnerships with a wide range of donors and social development organisations. We act as an objective and professional community partner to ensure accountability for utilisation of donor resources.

We provide services and advice to enhance the management, financial and skills capacity of 143 Non-Governmental and Community based organisations in the Western and Southern Cape that are engaged in social development.

The Community Chest has been approved as a public benefit organisation in terms of Section 30 of the Income Tax Act its receipts and accruals are exempt from income tax in terms of Section 10(1)(cN).

REGISTERED OFFICE

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APPROVAL OF SUMMARISED ANNUAL FINANCIAL STATEMENTS

The summarised financial statements set out on pages 3 to 8 have been approved and are signed on behalf of the board by:


C FLEURS-GODDARD
CHAIRMAN


L DAVIDS
CHIEF EXECUTIVE

28 September 2017



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working world

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REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF THE COMMUNITY CHEST OF THE WESTERN CAPE

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 March 2017, the summary statement of comprehensive income and accumulated funds, and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of The Community Chest of the Western Cape (registration number 003-040 NPO) and The Community Chest of the Western Cape Section 18A (registration number 016-287 NPO) for the year ended 31 March 2017. We expressed a qualified audit opinion on those financial statements in our report dated 28 September 2017.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, on the basis described in Note 1. However, the summary financial statements were subject to the same limitation of scope as the audited financial statements of The Community Chest of the Western Cape (registration number 003-040 NPO) and The Community Chest of the Western Cape Section 18A (registration number 016-287 NPO) for the year ended 31 March 2017.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards for Small and Medium-Sized Entities. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements of The Community Chest of the Western Cape (registration number 003-040 NPO) and The Community Chest of the Western Cape Section 18A (registration number 016-287 NPO) and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed a qualified audit opinion on the audited financial statements in our report dated 28 September 2017. Our qualified audit opinion is based on the fact that, in common with similar organisations, it is not feasible for The Community Chest of the Western Cape (registration number 003-040 NPO) and The Community Chest of the Western Cape Section 18A (registration number 016-287 NPO) to institute accounting controls over cash collections from the donations and fundraising activities prior to the initial recording of this income in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded. Our opinion for the prior year was also modified in this regard.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

Ernst & Young Inc.

Ernst & Young Inc.
Director: Tina Lesley Rookledge
Registered Auditor
Chartered Accountant (SA)
28 September 2017

THE COMMUNITY CHEST OF THE WESTERN CAPE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

NATURE OF BUSINESS

The Community Chest of the Western Cape ("The Chest") is a philanthropic organisation whose main purpose is to help alleviate poverty. It develops and facilitates philanthropy through partnerships with a wide range of donors and social development of donor resources. The Chest acts as an objective and professional community partner to ensure accountability for utilisation of donor resources.

The Chest provides services and advice to enhance the management, financial and skills capacity of 143 Non-Governmental and Community based organisations in the Western and Southern Cape that are engaged in social development.

As The Chest has been approved as a public benefit organisation in terms of Section 30 of the Income Tax Act its receipts and accruals are exempt from income tax in terms of Section 10(1)(cN).

The Chest operates in conjunction with its sister body, The Community Chest of the Western Cape S18A. Donors to the S18A entity enjoy tax relief on their contributions.

The Summarised financial statements comprise of the aggregated financial statements of The Community Chest of the Western Cape (registration number 003-040 NPO) and its sister body The Community Chest of the Western Cape S18A (registration number 016-287 NPO).

OPERATING REVIEW AND FINANCIAL PERFORMANCE

The leadership of The Chest has embraced the mandate to transform the organisation into a leading centre of philanthropy. The key objective of The Chest is to make grant funding available to vetted and approved non-profit organisations and in turn the fulfilment of this objective must lead to a safer, prosperous and growing South African society. Therefore the upholding of this mandate has become the foundation of the critical design changes within The Chest. The Chest is dedicated to adding increased value to the grant making process by moving from a broadly defined charity mind-set to a deeper and more structured business mind-set based on intentional development of more meaningful education, health, income generation and community development solutions and impact measurement. This transformation strategy is both costly and necessary to enable the organisation to meet its constitutionally enshrined obligations to non-profit organisations.

During this reporting period total revenue decreased by approximately R24.9 million (2016: R33.5 million increase). This decrease is largely due to income received in Legacies and Trusts in the prior year from Ms CH Dose and Ms RM Dose and not recurring in the current year. Ms CH Dose and Ms RM Dose, upon their death, very generously bequeathed to The Chest their Trust and Legacy respectively. These funds continued to be held in investment (shares). The Chest has elected not to sell the investments, but to grow them for the purpose of awarding grants to our beneficiaries in future years, as a legacy to Ms CH Dose and Ms RM Dose.

Direct expenditure and administrative overheads decreased by R1.4 million (2016: R1.2 million) mainly as a result of Carnival being held over a split financial year (March 2016 and April 2016). The Board has taken a decision not to host another Carnival. Community investment expenses amounted to R19.5 million (2016: R20.3 million). This resulted in a deficit for the year of R2.0 million (2016: surplus of R22.8 million).

The total investments into Communities of R19.5 million (2016: R20.3 million) for the year, represents a decrease of 3.94% over the previous year. The decrease is due to some allocated funds for the period not being received before the close of the year. The Chest's long term commitment is to see strategic changes in Education, Income Generation, Health and Community Development which will allow our targeted communities to break free from the restricting poverty cycles that they have been in for generations.

The firm resolve of The Chest is to ensure that it remains committed to its task of providing funding to non-profit organisations to impact strategically selected projects in order to combat the devastating consequences of poverty.

The Chest leadership team and staff are aligned to ensuring that the mission and the mandate drive the outcomes of The Chest. The Chest will represent its funders and their interests in a professional and accountable manner. And the needs of communities will be upper most when considering grant applications.

The Chest staff and Board are deeply grateful to those who help support our work of combatting poverty and helping to rebuild human dignity. Our partnerships with government, business and communities are the essential elements of why we have survived year on year. Even in tough economic climates as experienced in the last few years, we have not stepped back from increasing our commitments to those we serve.

THE COMMUNITY CHEST OF THE WESTERN CAPE

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

South Africa will need a brave and robust philanthropic sector in order to impact poverty. The Chest will seek to lead that sector with continued bravery, good governance and accountable and professional service.

CAPITAL AND RESERVES

The Chest maintains reserves to ensure that it can continue its operations in the event of adverse economic and fundraising conditions. It is essential that we are able to maintain the level of financial support that we provide to a multitude of needy organisations as far as is possible.

During the current year the investment portfolio provided both income and growth to support our operations. Investments are realised either when it is appropriate to make changes to the structure of the portfolio or when funding is required to sustain operations. Profits on the sale of investments, which are taken to income, can therefore vary both in timing and quantum. Included in the accumulated funds are unrealised gains and losses on the investment portfolio.

CORPORATE GOVERNANCE

Details of our governance are set out in the section of responsibility for the financial statements below.

RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the integrity of the annual financial statements.

In order to fulfil this responsibility, The Chest maintains and continuously monitors the accounting and administrative control systems designed to provide assurance that assets are safeguarded and that transactions are executed and recorded in accordance with The Chest's policies and procedures.

The Directors comprise of independent non-executive volunteers who meet periodically with the Chief Executive to manage the strategic direction of the organisation. The audit and risk committee comprises of independent non-executive volunteers, who meet periodically with the external auditors and senior management to assist in determining that internal controls provide reasonable assurance that The Chest's assets are safeguarded and that the financial records may be relied upon for the preparation of the financial statements. The finance committee comprises of independent non-executive volunteers who meet quarterly with senior management to review operating results and to monitor matters relative to The Chest's control environment.

The Summarised financial statements are prepared in accordance with the accounting policies set out on page 8 and are examined by our auditors in accordance with International Accounting Standards.

The Directors confirm that The Chest has adequate resources to operate for the foreseeable future and will remain a viable going concern in the 12 months from the date of signing the annual financial statements.

EVENTS AFTER REPORTING DATE

No material fact or circumstance has come to the attention of the directors between the reporting date and the date of this report that would require disclosure in or adjustment of the annual financial statements.

THE COMMUNITY CHEST OF THE WESTERN CAPE

STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED FUNDS (SUMMARISED)
FOR THE YEAR ENDED 31 MARCH 2017

	2017 R	2016 R
REVENUE	36 655 270	61 573 300
Fundraising	33 951 567	59 805 731
Corporates	3 588 131	2 250 926
Individuals	517 360	777 925
GAYE	1 418 620	1 462 704
Legacies	1 687 353	17 296 457
Partnerships	2 250 777	2 119 015
Capacity building programme	590 872	681 508
Special events	2 009 769	2 315 087
Trusts	21 888 685	32 902 109
Investment income	2 703 703	1 767 569
Dividend income	967 767	624 913
Interest income from financial assets	1 735 936	1 142 656
Other income	697 616	2 947 691
Fair value gains on investments in financial assets	647 978	2 907 403
Miscellaneous income	49 638	40 288
DIRECT EXPENDITURE	(9 225 195)	(11 292 765)
Fundraising	(2 205 924)	(2 953 384)
Special events	(3 591 674)	(4 244 407)
Marketing and public relations	(1 031 609)	(1 677 013)
Grants management and allocations	(2 395 988)	(2 417 961)
OPERATING INCOME	28 127 691	53 228 226
ADMINISTRATIVE OVERHEADS	(10 633 888)	(10 062 866)
NET INCOME BEFORE COMMUNITY INVESTMENT EXPENSES	17 493 803	43 165 360
COMMUNITY INVESTMENT EXPENSES	(19 535 667)	(20 336 449)
Grants awarded to Community Organisations	(13 740 258)	(13 447 619)
Capacity building programme	(1 050 957)	(928 400)
Special projects	(3 248 261)	(4 173 548)
Donations in kind – administration expenses	(1 496 191)	(1 786 882)
(DEFICIT)/SURPLUS FOR THE YEAR	(2 041 864)	22 828 911
ACCUMULATED FUNDS AT BEGINNING OF YEAR	76 188 618	53 359 707
ACCUMULATED FUNDS AT END OF YEAR	74 146 754	76 188 618

THE COMMUNITY CHEST OF THE WESTERN CAPE

STATEMENT OF FINANCIAL POSITION (SUMMARISED) AS AT 31 MARCH 2017

	2017 R	2016 R
ASSETS		
Non-current assets		
Intangible assets	5 445 708	4 757 651
Property, plant and equipment	1 971 288	2 269 570
Investments in equity instruments	69 091 257	68 674 305
	<u>76 508 253</u>	<u>75 701 526</u>
Current assets		
Inventory	73 436	75 000
Trade and other receivables	442 710	2 807 751
Cash and cash equivalents	771 027	2 267 050
	<u>1 287 173</u>	<u>5 149 801</u>
Total assets	<u>77 795 426</u>	<u>80 851 327</u>
FUNDS AND LIABILITIES		
Accumulated funds	74 146 754	76 188 618
	<u>74 146 754</u>	<u>76 188 618</u>
Non-current liabilities		
Post retirement benefit obligation	412 159	395 001
Income received in advance	974 409	1 674 529
	<u>1 386 568</u>	<u>2 069 530</u>
Current liabilities		
Trade and other payables	899 655	1 313 019
Provision for leave pay	637 199	554 910
Income received in advance	725 250	725 250
	<u>2 262 104</u>	<u>2 593 179</u>
Total liabilities	<u>3 648 672</u>	<u>4 662 709</u>
Total funds and liabilities	<u>77 795 426</u>	<u>80 851 327</u>

THE COMMUNITY CHEST OF THE WESTERN CAPE

STATEMENT OF CASH FLOWS (SUMMARISED) FOR THE YEAR ENDED 31 MARCH 2017

	2017 R	2016 R
Cash flows from operating activities		
Cash (utilised)/generated by operations	(2 851 171)	19 732 431
Investment income	2 703 703	1 767 569
Dividend income	967 767	624 913
Interest income	1 735 936	1 142 656
Working capital changes	519 219	(3 183 117)
Net cash inflow from operating activities	<u>371 751</u>	<u>18 316 883</u>
Cash flows from investing activities		
Additions to intangible assets	(1 250 000)	(3 775 887)
Additions to property, plant and equipment	(85 730)	(53 251)
Proceeds on sale of investments in equity instruments	-	2 325 000
Withdrawals from money market investments	3 250 121	13 223 284
Additions to investments in equity instruments	(3 782 165)	(29 547 246)
Net cash inflow/(outflow) from investing activities	<u>(1 867 774)</u>	<u>(17 828 100)</u>
Net movement in cash and cash equivalents for year	(1 496 023)	488 783
Cash and cash equivalents at beginning of year	<u>2 267 050</u>	<u>1 778 267</u>
Cash and cash equivalents at end of year	<u><u>771 027</u></u>	<u><u>2 267 050</u></u>

THE COMMUNITY CHEST OF THE WESTERN CAPE

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017

I ACCOUNTING POLICIES

Basis of preparation

The financial statements set out on pages 5 to 8 are prepared on the going concern basis. The items in the financial statements are measured on a historical cost basis, except for some financial instruments, which are measured at fair value through profit and loss. Consistent with prior years, the financial statements of The Community Chest of the Western Cape and The Community Chest of the Western Cape S18A have been prepared on this basis.

The summarised financial statements are an aggregation of the financial statements of The Community Chest of the Western Cape and The Community Chest of the Western Cape S18A for the year ended 31 March 2017, approved by the directors on 28 September 2017. All inter-organisation balances and transactions are eliminated in full.

The summarised financial statements have been prepared using accounting policies from the financial statements of The Community Chest of the Western Cape on pages 9 to 13 and The Community Chest of the Western Cape S18A on pages 9 to 10.

Both these sets of financial statements are available on the website of The Community Chest of the Western Cape (www.comchest.org.za).