

**THE COMMUNITY CHEST OF THE WESTERN CAPE (SUMMARISED)**

**AUDITED ANNUAL FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2016**

**THE COMMUNITY CHEST OF THE WESTERN CAPE**

**SUMMARISED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**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 2016.

**NATURE OF 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 197 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 and the receipts and accruals are exempt from income tax in terms of Section 10(1) (cN).

**REGISTERED OFFICE:**

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**APPROVAL OF THE SUMMARISED ANNUAL FINANCIAL STATEMENTS**

The summarised annual 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**

7 September 2016



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMMUNITY CHEST OF THE WESTERN CAPE**

The accompanying summary financial statements, which comprise the summary statement of financial position as at 31 March 2016, the summary statement of comprehensive income and accumulated funds, 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 S18A (registration number 016-287 NPO) for the year ended, 31 March 2016. We expressed a qualified audit opinion on those financial statements in our report dated 7 September 2016.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standard for Small and Medium-sized Entities. Reading the summary financial statements, 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 S18A (registration number 016-287 NPO).

### **Management's responsibility for the summary financial statements**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

### **Opinion**

In our opinion, the summary financial statements 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 S18A (registration number 016-287 NPO) for the year ended 31 March 2016, are consistent, in all material respects, with those 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 S18A (registration number 016-287 NPO) for the year ended 31 March 2016.

The limitation of scope of the audited financial statements is described in our qualified audit opinion in our report dated 7 September, 2016. 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 S18A (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.

Our qualified audit opinion stated that, except for the effects of the described matter, those financial statements present fairly, in all material respects, the financial position of The Community Chest of the Western Cape (registration number 003-040 NPO) and The Community Chest of the Western Cape S18A (registration number 016-287 NPO) as at 31 March 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities.

### **Other reports**

As part of our audit of the statements for the year ended 31 March 2016, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

**Ernst & Young Inc.**

**Ernst & Young Inc.**  
**Director: Tina Lesley Rookledge**  
**Registered Auditor**  
**Chartered Accountant (SA)**  
**Cape Town**  
**7 September 2016**

## THE COMMUNITY CHEST OF THE WESTERN CAPE

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

#### 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 197 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 are entitled to tax relief on their contributions.

The summarised financial statements comprise of the aggregated financial statements of The Community Chest 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 loosely 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 initiatives 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 increased by approximately R33.5 million (2015: R3.4 million decrease). This is largely due to increased income in Legacies and Trusts. Ms CH Dose and Ms RM Dose upon their death very generously bequeathed to The Chest their Trust and Legacy respectively. These funds were largely held in investments (shares). The Chest has elected not to sell the investments but to grow this investment for awarding grants to our beneficiaries in future years to come as a Legacy to Ms CH Dose and Ms RM Dose. Direct expenditure and administrative overheads decreased by R1.2 million (2015: R8.1 million) mainly as a result of a loss on special events. Community investment expenses amounted to R20.3 million (2015: R21.1 million). This resulted in a surplus for the year of R22.8 million (2015: R10.4 million deficit).

The total investments into Communities of R20.3 million (2015: R21.1 million) for the year, represents a decrease of 3.6% over the previous 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.

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.

## **THE COMMUNITY CHEST OF THE WESTERN CAPE**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016 (CONTINUED)**

#### **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 to support our operations and growth to offset the effect of inflation on the grants made to beneficiaries. 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.

#### **POST STATEMENT OF FINANCIAL POSITION EVENTS**

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 summarised annual financial statements.

#### **RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Directors are responsible for the integrity of the summarised 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 summarised 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 as set out on page 8 and are examined by our auditors in accordance with International Standards on Auditing.

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 summarised financial statements.

THE COMMUNITY CHEST OF THE WESTERN CAPE

STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED FUNDS  
(SUMMARISED) FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 R	2015 R
<b>REVENUE</b>		<b>61 573 300</b>	<b>28 033 612</b>
<b>Fundraising</b>		<b>59 805 731</b>	<b>26 399 257</b>
Corporates		2 250 926	5 322 868
Individuals		777 925	918 064
Give As You Earn (GAYE) Staff schemes		1 462 704	1 607 357
Legacies		17 296 457	1 666 555
Partnerships		2 119 015	483 500
Capacity building programme		681 508	160 439
Special events		2 315 087	3 973 728
Foundations		-	7 000
Trusts		32 902 109	12 249 746
<b>Investment income</b>		<b>1 767 569</b>	<b>1 634 355</b>
Dividends		624 913	459 313
Interest income from financial assets		1 142 656	1 175 042
<b>Other income</b>		<b>2 947 691</b>	<b>5 151 978</b>
Fair value gains on investments in financial assets		2 907 403	5 103 417
Miscellaneous income		40 288	48 561
<b>DIRECT EXPENDITURE</b>		<b>(11 292 765)</b>	<b>(12 545 018)</b>
Fundraising		(2 953 384)	(3 827 120)
Special events		(4 244 407)	(5 394 164)
Marketing and Public Relations		(1 677 013)	(2 296 562)
Grants management and Allocations		(2 417 961)	(1 027 172)
<b>OPERATING INCOME</b>		<b>53 228 226</b>	<b>20 640 572</b>
<b>ADMINISTRATIVE OVERHEADS</b>		<b>(10 062 866)</b>	<b>(9 962 499)</b>
<b>NET INCOME BEFORE COMMUNITY INVESTMENT EXPENSES</b>		<b>43 165 360</b>	<b>10 678 073</b>
<b>COMMUNITY INVESTMENT EXPENSES</b>		<b>(20 336 449)</b>	<b>(21 106 482)</b>
Grants awarded to Community Organisations		(13 447 619)	(14 618 875)
Capacity building programme		(928 400)	(1 495 741)
Donations in kind – administration expenses		(1 786 882)	(1 194 097)
Special Projects		(4 173 548)	(3 797 769)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>22 828 911</b>	<b>(10 428 409)</b>
<b>ACCUMULATED FUNDS AT BEGINNING OF YEAR</b>		<b>53 359 707</b>	<b>63 788 116</b>
<b>ACCUMULATED FUNDS AT END OF YEAR</b>		<b>76 188 618</b>	<b>53 359 707</b>

THE COMMUNITY CHEST OF THE WESTERN CAPE

STATEMENT OF FINANCIAL POSITION (SUMMARISED) AS AT 31 MARCH 2016

	2016 R	2015 R
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	4 757 651	-
Property, plant and equipment	2 269 570	3 958 179
Investments in equity instruments	<u>68 674 305</u>	<u>52 577 283</u>
	<u>75 701 526</u>	<u>56 535 462</u>
<b>Current assets</b>		
Inventory	75 000	171 654
Trade and other receivables	2 807 751	1 015 816
Cash and cash equivalents	<u>2 267 050</u>	<u>1 778 267</u>
	<u>5 149 801</u>	<u>2 965 737</u>
<b>Total assets</b>	<u><b>80 851 327</b></u>	<u><b>59 501 199</b></u>
<b>FUNDS AND LIABILITIES</b>		
Accumulated funds	<u>76 188 618</u>	<u>53 359 707</u>
<b>Non-current liabilities</b>		
Post retirement benefit obligation	395 001	381 715
Income received in advance	<u>1 674 529</u>	<u>2 486 303</u>
	<u>2 069 530</u>	<u>2 868 018</u>
<b>Current liabilities</b>		
Trade and other payables	1 313 019	2 230 829
Provision for leave pay	554 910	559 145
Income received in advance	<u>725 250</u>	<u>483 500</u>
	<u>2 593 179</u>	<u>3 273 474</u>
<b>Total liabilities</b>	<u>4 662 709</u>	<u>6 141 492</u>
<b>Total funds and liabilities</b>	<u><b>80 851 327</b></u>	<u><b>59 501 199</b></u>

THE COMMUNITY CHEST OF THE WESTERN CAPE

STATEMENT OF CASH FLOWS (SUMMARISED) FOR THE YEAR ENDED 31 MARCH 2016

	2016 R	2015 R
<b>Cash flows utilised by operating activities</b>		
Cash generated/(utilised) by operations	19 732 431	(15 867 542)
Investment income	1 767 569	1 634 355
Dividends received	624 913	459 313
Interest received	1 142 656	1 175 042
Working capital changes	(3 183 117)	(1 732 477)
Net cash inflow/(outflow) from operating activities	<u>18 316 883</u>	<u>(15 965 664)</u>
<b>Cash flows from investing activities</b>		
Additions to intangible assets	(3 775 887)	-
Additions to property, plant and equipment	(53 251)	(1 536 779)
Proceeds on sale of investments in equity instruments	2 325 000	4 283 500
Withdrawals from money market investments	13 223 284	14 383 332
Additions to investments in equity instruments	(29 547 246)	(2 067 702)
Net cash (outflows)/inflow from investing activities	<u>(17 828 100)</u>	<u>15 062 351</u>
Net movement in cash and cash equivalents for year	488 783	(903 313)
Cash and cash equivalents at beginning of year	<u>1 778 267</u>	<u>2 681 580</u>
Cash and cash equivalents at end of year	<u><u>2 267 050</u></u>	<u><u>1 778 267</u></u>



## THE COMMUNITY CHEST OF THE WESTERN CAPE

### NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2016

#### 1 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 2016, approved by the directors on 7 September 2016. 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 8 to 11 and The Community Chest of the Western Cape S18A on pages 8 and 9.

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