

**SOUTH AFRICAN EDUCATION AND ENVIRONMENT
PROJECT**

REG NO : NPO 028-310

PBO NO : 930010069

ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2016

LOW AND SCHREIBER
CHARTERED ACCOUNTANTS (SA)

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

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ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2016

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APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements set out on pages 4 to 14 have been approved by the Board of Directors:



CHAIRPERSON



TREASURER

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

The Board of Directors is required to maintain adequate accounting records and is responsible for the monitoring, preparation and integrity of the Annual Financial Statements and related information included in these Financial Statements.

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board of Directors has ultimate responsibility for the system of internal control.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Organisation's policies and procedures. These controls are implemented by trained, skilled personnel with an appropriate segregation of duties, are monitored by management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework. While operating risk cannot be fully eliminated, the Board of Directors endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and restraints.

The external auditors are responsible for reporting and expressing an independent opinion on the Annual Financial Statements.

The Annual Financial Statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The Annual Financial Statements also incorporate disclosure in line with the accounting philosophy of the Organisation. The Financial Statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Board of Directors has reviewed cash flow forecasts and the current financial position and is satisfied that the Organisation has adequate resources to continue as a going concern for the foreseeable future and accordingly the Financial Statements have been prepared on a going concern basis.

LOW AND SCHREIBER
CHARTERED ACCOUNTANTS (S A)

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INDEPENDENT AUDITORS' REPORT

To the Members of South African Education and Environment Project

Report on the Financial Statements

We have audited the Annual Financial Statements of South African Education and Environment Project, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 14.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the Organisation's stated policies and procedures. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of the Organisation as at 31 December 2016, and its financial performance and its cash flows for the period then ended in accordance with the Organisation's accounting policies and procedures.

Low and Schreiber

LOW AND SCHREIBER
REGISTERED AUDITORS, CAPE TOWN
20 MARCH 2017

LOW AND SCHREIBER

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting this their report together with the audited Financial Statements for the year ended 31 December 2016.

NATURE OF BUSINESS

To prepare children and youth at key stages of their development through education, life skills and psycho-social support.

MATERIAL FACTS OR CIRCUMSTANCES

No material facts or circumstances have occurred between the accounting date and the date of this report.

DIRECTORS

Gemma Oberth – Chairperson
Shiela Yabo – Vice-Chairperson
Mandla Ngewu – Treasurer
Helena Duk (since May 2016)
Leanne Allison
Danielle Becker
Gina Leinberger
Isabel Essen
Mogie Dass (since June 2016)

Avuyile Koli (until February 2016)
Charne Lavery (until January 2016)
Zandile Mahlasela (until May 2016)
Kubeshini Govender (until February 2016)
Nosisa Mhlathi (until September 2016)
Siham Boda (until January 2016)

AUDITORS

Low and Schreiber

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Note	2016 R	2015 R
ASSETS			
NON-CURRENT ASSETS			
Property and Equipment	2	100,458	133,944
CURRENT ASSETS			
Receivables	3	128,156	313,834
Deposits and Prepayments		275,263	54,462
Cash and Cash Equivalents	4	3,286,452	3,518,977
TOTAL ASSETS		3,790,329	4,021,217
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Stars Award	6	69,180	137,340
National Lottery Distribution Trust Fund Reserves	7	539,032	172,390
Other Specific Programme Reserves	5	2,002,588	3,010,898
Accumulated Funds		1,164,689	588,205
CURRENT LIABILITIES			
Accounts Payable		14,840	112,384
TOTAL EQUITY AND LIABILITIES		3,790,329	4,021,217

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Note	2016 R	2015 R
INCOME		8,547,869	9,473,292
Donations Received	8	4,517,753	6,428,572
Interest Received		206,580	212,959
Fundraising Events and Other		1,657,595	751,274
Government Grants	9	226,707	489,868
National Lottery Distribution Trust Fund		691,516	397,284
Programme Services		1,247,719	1,193,335
EXPENDITURE		8,681,213	8,913,224
Fundraising	10	923,490	749,906
Programme Costs		7,900,856	8,354,879
Early Childhood Development Programme	11	1,255,407	1,388,232
ADTteach Programme	12	646,650	593,006
Arts Programme	13	463,343	654,726
Hope Scholars Programme	14	1,333,813	1,346,853
Environmental Hikes		12,731	18,019
Bridging Year Programme	15	1,138,208	1,336,405
Tertiary Support Programme	16	1,564,401	1,484,680
Impact Centre	17	259,195	681,650
Partnership with Injongo	18	466,828	409,821
Social Work Interventions		4,590	3,135
Siyakhathala Primary Project	19	720,203	358,303
Partnership with Sophumelela Secondary School		25,876	24,124
Partnership with Ilitha Leseding Foundation		9,610	55,925
Monitoring and Evaluation		506,212	389,760
Support Costs	20	1,754,896	1,718,700
Less: Management Fees and Charges		(2,404,241)	(2,300,021)
NET (DEFICIT)/SURPLUS BEFORE SPECIAL ITEMS		(133,344)	560,068
TRANSFER FROM/(TO) RESERVES		709,828	(612,985)
NET SURPLUS/(DEFICIT) FOR THE YEAR		576,484	(52,917)
ACCUMULATED FUNDS at beginning of the year		588,205	641,122
ACCUMULATED FUNDS at end of the year		1,164,689	588,205

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

1. ACCOUNTING POLICIES

The Annual Financial Statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement.

These Annual Financial Statements are presented in South African rand which is the functional currency of SAEP.

These Annual Financial Statements were prepared based on the expectation that the entity will continue as a going concern for at least the next twelve (12) months.

The principal accounting policies applied in the preparation of these Annual Financial Statements are set out below. These accounting policies are consistent with those applied in the preparation of prior year Annual Financial Statements.

1.1 Property and Equipment

Capital purchases, such as office equipment and furniture, are expensed in the year of purchase. The Organisation only carries purchases as Property and Equipment and depreciates them if the asset is a motor vehicle or if it is stipulated by a donor in a grant agreement. The Organisation depreciates its Property and Equipment according to the straight-line method over a period of 5 years (20% per annum).

1.2 Revenue Recognition

Revenue comprises funds received from donations, grants and from other programme services. The revenue is recognised when it accrues to the Organisation. Funds that are due under signed contract, but have not yet been received, can be booked as accounts receivable if the contract with the funder permits. Restricted funds are recognised as revenue, but kept in a ring-fenced reserve.

2. PROPERTY AND EQUIPMENT

	Cost R	Accum Depr R	2016 Net Book Value R	2015 Net Book Value R
Motor Vehicles	167,430	66,972	100,458	133,944
	<u>167,430</u>	<u>66,972</u>	<u>100,458</u>	<u>133,944</u>

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 December 2016

3. RECEIVABLES	2016	2015
	R	R
National Arts Council	-	200,000
WC Department of Social Development	37,550	37,550
Sundry	90,606	76,284
	<u>128,156</u>	<u>313,834</u>

4. CASH AND CASH EQUIVALENTS

Bank Balance (Current)	827,890	464,219
Bank Balance (Investment/Savings)	2,454,406	3,051,722
Cash on Hand	4,156	3,036
	<u>3,286,452</u>	<u>3,518,977</u>

The banking facilities are unsecured.

5. OTHER SPECIFIC PROGRAMME RESERVES

Administrative Reserve	80,556	108,260
Arts Programme Reserves	-	40,000
Bridging Year Programme Reserves	325,579	825,798
Early Childhood Development Programme Reserves	319,916	705,984
EPaP Reserve	31,082	31,767
Impact Centre Reserve	8,723	271,000
Impumelelo Award – ECD Programme	14,200	14,200
Thandolwethu – Building Reserve	325,487	325,487
Hope Scholars Programme Reserve	-	158,245
Tertiary Support Funds	715,552	355,023
Emergency Relief	11,244	13,334
“Rainy Day” Reserve	1,500	1,500
Siyakhathala Primary Project Reserve	168,750	160,300
	<u>2,002,588</u>	<u>3,010,898</u>

These funds were received for specified purposes and/or projects and had not been fully applied to those purposes and/or projects during the year under review.

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 December 2016

6. STARS AWARD

	Received R	Spent R	Balance R
Stars Award 2012	736,047	731,222	4,825
Stars Award 2013	734,979	670,624	64,355
	<u>1,471,026</u>	<u>1,401,846</u>	<u>69,180</u>

7. NATIONAL LOTTERY DISTRIBUTION TRUST FUND RESERVES

	Received/ Accrued R	Spent R	Balance Remaining R
Grant Number 47134	50,000	50,000	-
Grant Number 56186 (Arts Programme)	635,180	635,180	-
Grant Number 72215 (SAEP)	297,284	297,284	-
Grant Number 72215 (Ilitha Leseding)	100,000	65,534	34,466
Grant Number 73553 (Arts Programme)	691,516	186,950	504,566
	<u>1,773,980</u>	<u>1,234,948</u>	<u>539,032</u>

Analysis of Grant Income

Received	1,773,980
	<u>1,773,980</u>

Analysis of Expenditure

Salary Related Expenditure	332,708
Non-Salary Related Expenditure	902,240
	<u>1,234,948</u>

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 December 2016

	2016	2015
	R	R
8. DONATIONS		
Individuals	909,185	916,982
Community Chest	40,000	9,000
Corporations	553,402	719,896
SAEP (USA)	936,945	2,102,450
Trusts and Foundations	2,078,220	2,680,243
	<u>4,517,753</u>	<u>6,428,572</u>
9. GOVERNMENT GRANTS		
Fundisa Grants	1,407	1,188
WC Department of Cultural Affairs and Sport (WCDAS)	-	60,000
WC Department of Social Development	225,300	228,681
National Arts Council	-	200,000
	<u>226,707</u>	<u>489,868</u>
10. FUNDRAISING		
Employment Costs	778,510	656,169
Occupancy	41,961	-
Telecommunication	4,055	4,067
Training	702	3,612
Transport Costs	530	722
Supplies	447	1,600
Professional Fees	63,512	28,699
Events	33,773	55,036
	<u>923,490</u>	<u>749,906</u>

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 December 2016

	2016	2015
	R	R
11. EARLY CHILDHOOD DEVELOPMENT PROGRAMME		
Employment Costs and Volunteer Allowance	713,909	803,176
Occupancy (Electricity, Insurance, Rent)	71,791	68,029
Office Equipment and Furniture	-	23,504
Monitoring and Evaluation	101,242	58,464
Telecommunication	3,726	3,882
Transport Costs	22,258	19,566
Training	2,893	4,690
Programme Services	88,505	134,186
Support Costs	251,081	272,735
	<u>1,255,407</u>	<u>1,388,232</u>
12. ADTTEACH PROGRAMME		
Employment Costs	162,015	153,582
Occupancy (Electricity, Insurance, Rent)	23,851	36,658
Office Equipment and Furniture	1,157	1,867
Monitoring and Evaluation	50,621	38,976
Telecommunication	4,161	3,882
Transport Costs	2,354	2,129
Programme Services	43,880	55,903
Support Costs	358,610	300,009
	<u>646,650</u>	<u>593,006</u>
13. ARTS PROGRAMME		
Employment Costs and Volunteer Allowance	266,710	319,126
Monitoring and Evaluation	-	38,976
Occupancy (Electricity, Insurance, Rent)	28,109	42,578
Office Equipment, Furniture and Training	-	7,435
Telecommunication	4,518	7,814
Non-recoverable Pledges	10,000	-
Transport Costs	5,976	17,098
Programme Services	56,948	94,422
Support Costs	91,083	127,276
	<u>463,343</u>	<u>654,726</u>

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 December 2016

	2016	2015
	R	R
14. HOPE SCHOLARS PROGRAMME		
Employment Costs and Volunteer Allowance	727,953	705,328
Monitoring and Evaluation	75,932	58,464
Occupancy (Electricity, Insurance, Rent)	41,285	52,484
Office Equipment and Furniture	4,207	17,160
Training	4,635	-
Telecommunication	8,132	8,411
Transport Costs	27,869	31,208
Programme Services	176,957	201,063
Support Costs	266,843	272,735
	<u>1,333,813</u>	<u>1,346,853</u>
15. BRIDGING YEAR PROGRAMME		
Employment Costs and Volunteer Allowance	566,324	608,771
Monitoring and Evaluation	101,242	97,440
Occupancy (Electricity, Insurance, Rent)	35,837	183,374
Telecommunication	3,838	9,070
Training	2,018	3,500
Transport Costs	7,988	4,156
Programme Services	83,638	145,611
Office Equipment and Furniture	888	11,749
Support Costs	227,644	272,735
	<u>1,138,208</u>	<u>1,336,405</u>
16. TERTIARY SUPPORT PROGRAMME		
Employment Costs	533,144	447,812
Monitoring and Evaluation	101,242	97,440
Occupancy (Electricity, Insurance, Rent)	35,837	41,027
Telecommunication	4,885	5,823
Training	2,018	3,420
Transport Costs	4,399	2,110
Programme Services	587,824	614,313
Support Costs	295,051	272,735
	<u>1,564,401</u>	<u>1,484,680</u>

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 December 2016

	2016	2015
	R	R
17. IMPACT CENTRE		
Employment Costs and Volunteer Allowance	142,354	464,896
Occupancy (Electricity, Insurance, Rent)	49,352	38,452
Telecommunication	1,181	4,687
Training	1,500	280
Transport Costs	1,857	4,708
Programme Services	11,113	23,379
Office Equipment and Furniture	-	8,881
Support Costs	51,839	136,368
	<u>259,195</u>	<u>681,650</u>
18. PARTNERSHIP WITH INJONGO		
Employment Costs	391,785	372,285
Occupancy (Electricity, Insurance, Rent)	33,321	14,825
Support Costs	37,346	18,182
Telecommunications	4,376	4,529
	<u>466,828</u>	<u>409,821</u>
19. SIYAKHATHALA PRIMARY PROJECT		
Employment Costs and Volunteer Allowance	390,106	219,120
Telecommunication	1,459	2,130
Transport Costs	19,216	14,146
Training	-	350
Programme Services	60,235	36,077
Office Equipment and Furniture	1,916	4,659
Occupancy	27,298	-
Monitoring and Evaluation	75,932	-
Support Costs	144,041	81,821
	<u>720,203</u>	<u>358,303</u>

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 December 2016

	2016	2015
	R	R
20. SUPPORT COSTS		
Employment Costs and Volunteer Allowance	980,604	939,524
Occupancy	140,973	188,444
Telecommunication	36,765	31,567
Transport	103,544	161,454
Professional Fees	281,798	99,566
Office Supplies and Printing	145,456	156,603
Office Equipment and Furniture	1,836	30,775
Depreciation	33,486	58,486
Training	3,690	20,021
Events	27,979	6,147
Travel	1,765	26,112
	<u>1,754,896</u>	<u>1,718,700</u>

21. TAXATION

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

The public benefit organisation has been approved for purposes of Section 18A(1)(a) of the Act and donations to the organisation will be tax deductible in the hands of the donor in terms of and subject to the limitations prescribed in Section 18A of the Act.

No provision has been made for taxation as the entity had no taxable income for the year under review. It is a non-profit organisation and is registered as a public Benefit Organisation with the South African Revenue Service.

22. VAT REGISTRATION

The entity registered as a vat vendor on the 7th October 2015. All the 2015 year-end expenses are reflected inclusive of vat. For the current financial year, expenses have been reflected net of vat where applicable. An amount of R132,959, being vat recoverable from SARS on qualifying expenses, has been reflected in receivables at year-end. This amount was fully recovered in the new financial year.