

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

REG. NO : NPO 028-310

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ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2018

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APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements set out on pages 4 to 9 have been approved by the Board of Directors and are signed on their behalf by :



CHAIRPERSON



TREASURER

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 2018, 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 9.

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.

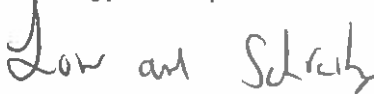
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

Without qualifying our opinion below, we draw attention to the comment made in the Directors Report regarding the ability of the entity to continue to operate as a going concern. In common with similar organisations, the entity is dependent on securing donation and grant income to continue operating. We also note that included in other receivables is an amount of R129,663 in respect of input vat claimed from SARS. The recoverability of this amount, and the timing thereof, is not certain and there is consequently a risk that the full portion may not ultimately be recovered.

Opinion

In our opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of the Organisation as at 31 December 2018, 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
REGISTERED AUDITORS, CAPE TOWN
7 MAY 2019

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 2018.

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.

GOING CONCERN

The Organisation has recorded a deficit of R241,397 for the current financial period. In common with similar organisations, the entity is dependent on donation and grant income to fulfill its activities. The timing and amount of such receipts is often difficult to predict, but the Board is committed to securing appropriate funding to ensure that the entity is able to continue to operate and provide the services it has in the past. Should appropriate funding not be secured, then certain programmes and services will have to re-evaluated or curtailed.

DIRECTORS

Isabel Essen – Chairperson
Mogie Dass - Vice-Chairperson
Olebogeng Motswai – Treasurer
Nicola Lloyd – Deputy Treasurer
Helena Duk
Gemma Oberth
Danielle Becker
Emma Broadbent
Gina Leinberger (Secretary)

AUDITORS

Low and Schreiber

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT
STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Note	2018 R	2017 R
ASSETS			
NON-CURRENT ASSETS			
Property and Equipment	2	432,549	66,972
CURRENT ASSETS			
Receivables	3	545,832	464,887
Deposits and Prepayments		19,879	55,839
Cash and Cash Equivalents	4	806,281	2,592,702
TOTAL ASSETS		1,804,541	3,180,400
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Stars Award	6	8,086	8,347
National Lottery Distribution Trust Fund Reserves	7	-	461,099
Other Specific Programme Reserves	5	747,174	1,462,783
Accumulated Funds		974,249	1,215,646
CURRENT LIABILITIES			
Accounts Payable		75,032	32,525
TOTAL EQUITY AND LIABILITIES		1,804,541	3,180,400

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Note	2018 R	2017 R
INCOME		5,144,207	8,279,490
Donations Received		4,030,070	5,370,560
Interest Received		134,999	180,879
Fundraising Events and Other		70,388	334,890
Government Grants		695,368	568,030
National Lottery Distribution Trust Fund		-	422,113
Income Generation / Consulting Services		209,382	204,926
Programme Services		4,000	1,198,091
EXPENDITURE		6,419,754	8,907,105
Programme Services		4,396,904	8,092,685
Support Costs		1,840,508	1,800,037
Fundraising		521,193	826,335
Income Generation Consulting Services		24,191	94,999
Monitoring and Evaluation		376,040	561,959
Less: Management Fees and Charges		(739,082)	(2,468,910)
NET DEFICIT BEFORE SPECIAL ITEMS		(1,275,547)	(627,614)
TRANSFER FROM RESERVES		1,034,150	678,571
NET (DEFICIT) / SURPLUS FOR THE YEAR		(241,397)	50,957
ACCUMULATED FUNDS at beginning of the year		1,215,646	1,164,689
ACCUMULATED FUNDS at end of the year		<u>974,249</u>	<u>1,215,646</u>

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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	2018 Net Book Value R	2017 Net Book Value R
Motor Vehicles	628,641	196,092	432,549	66,972
	<u>628,641</u>	<u>196,092</u>	<u>432,549</u>	<u>66,972</u>

SOUTH AFRICAN EDUCATION AND ENVIRONMENT PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 December 2018

3. RECEIVABLES	2018 R	2017 R
SAEP (USA)	410,982	390,400
Other	134,850	74,487
	545,832	464,887
4. CASH AND CASH EQUIVALENTS		
Bank Balance (Current)	134,657	371,284
Bank Balance (Investment Savings)	671,073	1,793,291
Bank Balance (NLDTF 89164 Current)	-	422,113
Cash on Hand	551	6,014
	806,281	2,592,702
The banking facilities are unsecured.		
5. OTHER SPECIFIC PROGRAMME RESERVES		
Administrative Reserve	281,480	40,375
Bridging Year Programme Reserves	-	258,534
Early Childhood Development Programme Reserves	332,891	499,943
EPaP Reserve	-	16,925
Impumelelo Award – ECD Programme	-	14,200
Thandolwethu – Building Reserve	-	325,487
Hope Scholars Programme Reserve	4,469	2,659
Tertiary Support Funds	117,545	125,269
Emergency Relief	-	9,142
“Rainy Day” Reserve	-	1,500
Siyakhathala Primary Project Reserve	-	168,750
Social Work / Other	10,789	-
	747,174	1,462,783

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 2018

6. STARS AWARD

	Received R	Spent R	Balance R
Stars Award 2012	736,047	736,047	-
Stars Award 2013	734,979	726,893	8,086
	<u>1,471,026</u>	<u>1,462,940</u>	<u>8,086</u>

7. NATIONAL LOTTERY DISTRIBUTION TRUST FUND RESERVES

	Received R	Spent R	Balance Remaining R
Grant Number 73553 (Arts Programme)	691,516	691,516	-
Grant Number 89164 (Vehicle /Excursions)	422,113	422,113	-
	<u>1,113,629</u>	<u>1,113,629</u>	<u>-</u>
<u>Analysis of Grant Income</u>			
Received	1,113,629		
	<u>1,113,629</u>		

8. 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.

