

SOUTH AFRICAN EDUCATION PROJECT

REG. NO : NPO 028-310

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ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2023

CONTENTS	PAGE
Board Members' approval of Financial Statements	1
Responsibility for the Financial Statements	2
Activities Highlights Report	3
Report of the Independent Auditors	4
Annual Financial Statements	
Summary Report of the Members	5
Statement of Financial Position	6
Statement of Profit or Loss	7
Notes to the Financial Statements	8 – 9
Analysis of Revenue	10

APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements set out on pages 6 to 10 have been approved by the Board Members and are signed on their behalf by:



CHAIRPERSON



TREASURER

SOUTH AFRICAN EDUCATION PROJECT

RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

The Board Members are 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 Members have 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 Members endeavour 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 members have reviewed the current financial situation of the organisation and is satisfied that the organisation is likely to continue as a going concern, taking into account its existing reserves and secured and anticipated funding.

THE SOUTH AFRICAN EDUCATION PROJECT

ACTIVITIES HIGHLIGHTS REPORT

For the year ended 31 December 2023

INTRODUCTION

Reflecting on 2023: Strategic Focus and Impact

The financial year for 2023 marked a significant year for SAEP as we built upon the learnings of 2022. We strategically focused on strengthening and expanding the impact of our core programme offerings – early childhood development (ECD) support, primary school literacy, and environmental education for intermediate learners. This shift allowed us to refine our approach and provide more impactful technical support, rather than direct interventions with limited scalability. As we integrate this strategy into our future planning, we anticipate a positive and widespread impact on the basic education landscape within the communities we serve.

Strengthening Core Programmes:

Early Childhood Development (ECD): We unveiled a new ECD programme model with a comprehensive monitoring, evaluation, and learning framework. This framework, developed through stakeholder consultations, focuses on key areas like business development, curriculum, and psychosocial support. The programme's reach has organically grown, now encompassing over 170 centres (registered and unregistered). This translates to continuous training and mentorship for over 600 principals and practitioners, ultimately impacting the early learning outcomes of over 8,400 children.

Additionally, SAEP directly coached 14 ECD centres, resulting in successful grant applications for 11 centres, showcasing the effectiveness of our income diversification efforts.

Literacy Programme: Recognizing the importance of literacy development in grades 3 and 4, we implemented a refined approach focusing on upskilling teachers. This involved training Grade 3 and 4 educators using a train-the-trainer model, along with ongoing technical support and in-classroom mentoring. This collaborative approach fosters a love of reading and strong literacy skills, laying a strong foundation for future academic success.

Hope Scholars Programme: This programme continues to expose children to the wonders of the natural world, while integrating life skills and psychosocial support. This holistic approach equips beneficiaries with coping mechanisms and resilience to navigate daily challenges.

Notably, Kwafaku Primary School and Vukani Primary School received WESSA Eco-Schools awards with the programme's support.

Expanding Support Services:

Psychosocial Support Services: Re-establishment of this services provides ECD centres with vital social work services, addressing a critical need in the communities we serve. The deployment of social auxiliary worker interns has demonstrably benefited these centres, schools, and individual beneficiaries.

Financial Performance Highlights:

SAEP has remained resilient through tough economic conditions. A net surplus for the year of R1 333 834 has been demonstrated and we report accumulated funds of R2 987 722 for the year end December 2023. The key financial drivers to highlight is a reduction in Government income due to the ending of a Vangasali pilot project which supported 15 ECD Centres. The National DBE issued a directive for funds to reach children and therefore Social Services Organisations were utilized to support this process while they were building capacity at the centres. Additionally, SAEP has received a smaller grant from SAEP US in 2023, since the end of year tranche was received and is going to be used in the year 2024.

Collaboration for Impact:

SAEP recognises the importance of collaboration in addressing educational inequities. We actively foster partnerships with schools, communities, government officials, and other stakeholders. Together, we work towards addressing the root causes of the education crisis in South Africa and create a more equitable learning environment for all.

We are deeply grateful for your continued support. Thank you for being a part of the change!

LOW AND SCHREIBER
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INDEPENDENT AUDITORS' REPORT

To the Members of South African Education Project

Report on the Financial Statements

We have audited the Annual Financial Statements of South African Education Project, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 10.

Board of Members' Responsibility for the Financial Statements

The Board of Members 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 fact that, in common with similar organisations, the entity is dependent on securing donation and grant income to continue operating. The timing and amount of these income flows is subject to various factors and it is accordingly more difficult for the Directors to make forecasts in this regard.

Opinion

In our opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of the Organisation as at 31 December 2023, 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
6 JUNE 2024

SOUTH AFRICAN EDUCATION PROJECT

SUMMARY REPORT OF THE MEMBERS

The Members have pleasure in submitting this their report together with the audited Financial Statements for the year ended 31 December 2023.

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

In common with similar organisations, SAEP is dependent on donation and grant income to fulfil its activities. The timing and amount of such receipts is often difficult to predict. However, the board is committed to securing appropriate funding to ensure that the entity is able to continue to operate and provide services as it has in the past. Should appropriate funding not be secured, then certain programmes and services will have to be re-evaluated or curtailed.

MEMBERS

The following persons served as Members during the financial year to 31 December 2023:

Isabel Essen – Chairperson
Kayin Scholtz – Vice-Chairperson
Kathrin Friester – Treasurer
Lindie Scholtz CA (SA) – Vice-Treasurer (from August 2023)
Gina Leinberger – Secretary
Helena Duk
Haroon Mahomed
Gemma Oberth (until September 2023)
Mogie Dass (until February 2023)

AUDITORS

Low and Schreiber

SOUTH AFRICAN EDUCATION PROJECT**STATEMENT OF FINANCIAL POSITION**

At 31 December 2023

	Note	2023 R	2022 R
ASSETS			
NON-CURRENT ASSETS			
Property and Equipment	2	129,694	184,934
CURRENT ASSETS			
Receivables		99,209	535,623
Deposits and Prepayments		7,533	2,772
Cash and Cash Equivalents	3	4,735,904	2,993,234
TOTAL ASSETS		4,972,340	3,716,563
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Specific Programme Reserves	4	1,782,210	1,107,326
Accumulated Funds		2,987,722	1,653,888
Other Administration Reserves		-	721,251
Capital Replacement Reserve		129,694	184,934
CURRENT LIABILITIES			
Accounts Payable		72,714	49,164
TOTAL EQUITY AND LIABILITIES		4,972,340	3,716,563

SOUTH AFRICAN EDUCATION PROJECT

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	2023 R	2022 R
INCOME	Pg 10 6,178,361	10,722,218
Donations Received	5,246,339	7,428,185
Interest Received	206,132	70,769
Government Grants	725,890	3,223,263
EXPENDITURE	4,926,433	10,640,223
Programme Services	2,450,564	8,394,168
Support Costs	2,159,998	1,853,466
Fundraising	315,871	392,589
NET SURPLUS BEFORE TRANSFERS	1,251,928	81,955
TRANSFER - RESERVES	81,906	460,517
NET SURPLUS FOR THE YEAR	1,333,834	542,512
ACCUMULATED FUNDS at beginning of the year	1,653,888	1,111,376
ACCUMULATED FUNDS at end of the year	2,987,722	1,653,888

SOUTH AFRICAN EDUCATION PROJECT

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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	2023 Net Book Value R	2022 Net Book Value R
Motor Vehicles	240,174	110,480	129,694	184,934
	<u>240,174</u>	<u>110,480</u>	<u>129,694</u>	<u>184,934</u>

SOUTH AFRICAN EDUCATION PROJECT

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 December 2023

	2023	2022
	R	R
3. CASH AND CASH EQUIVALENTS		
Bank Balance (Current)	1,173,947	1,635,823
Bank Balance (Investment/Savings)	3,559,080	1,352,948
Cash on Hand	2,877	4,463
	<u>4,735,904</u>	<u>2,993,234</u>

The banking facilities are unsecured.

4. OTHER SPECIFIC PROGRAMME RESERVES

Bridging Year Programme Reserves	-	145,000
Early Childhood Development Programme Reserves	850,300	321,468
Hope Scholars Programme Reserve	455,167	462,494
Tertiary Support Funds	51,578	51,578
Siyakhathala Primary Project Reserve	425,165	77,759
Social Work / Other	-	49,027
	<u>1,782,210</u>	<u>1,107,326</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.

5. 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.

SOUTH AFRICAN EDUCATION PROJECT

ANALYSIS OF REVENUE

For the year ended 31 December 2023

	2023 R	2022 R
GRANTS INCOME	3,624,481	6,592,074
Department of Social Development	725,890	3,223,263
Philanthropy Initiative with Employees of Allan Gray	1,500,000	1,500,000
Hans Hoheisen Charitable Trust	591,808	559,919
SAEP US	606,783	1,308,892
Community Chest	200,000	-
CORPORATE INCOME	1,136,843	1,558,500
Coronation Asset Managers	550,000	1,077,500
Grand Slots CSI	-	145,000
The Lewis Group	529,893	300,000
Exeo Khokola Civil Engineering	-	36,000
Afrisam	56,950	-
TRUSTS AND FOUNDATION INCOME	867,038	1,757,043
Douglas George Murray Trust	-	410,000
ER Tonnesen Will Trust	50,500	28,293
Percy Fox Foundation	-	250,000
Hilary and Dorothy Champion Charitable Trust	200,000	250,000
Oppenheimer Memorial Trust	-	618,750
Wenhold Family Trust	250,000	200,000
Norman Wevell Trust	66,538	-
Nussbaum Foundation	300,000	-
DONATIONS INCOME – Individuals and Institutions	343,865	573,832
INTEREST AND OTHER	206,132	240,769
TOTAL REVENUE	<u>6,178,361</u>	<u>10,722,218</u>