

THE COMMUNITY CHEST OF THE WESTERN CAPE (SUMMARISED)
ANNUAL FINANCIAL STATEMENTS
AS AT 31 MARCH 2019

THE COMMUNITY CHEST OF THE WESTERN CAPE

**SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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 2019.

NATURE OF THE BUSINESS:

The Community Chest's purpose is to help alleviate poverty. It develops and facilitates philanthropy through partnerships 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 153 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 signed on behalf of the board by:


C FLEURS-GODDARD
CHAIRMAN


L DAVIDS
CHIEF EXECUTIVE

26 September 2019



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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 set out on pages 5 to 8, which comprise the summary statement of financial position as at 31 March 2019, 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 2019. We expressed qualified audit opinions on those financial statements in our reports dated 26 September 2019.

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 2019.

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.

Audited financial statements and our report thereon

We expressed qualified audit opinions on the audited financial statements in our reports dated 26 September 2019. 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 in the current and prior year. 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. The other information does not include the summary financial statements and our auditor's report thereon. The other information that will be available after the date of this report is the Annual Report.

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)
26 September 2019

THE COMMUNITY CHEST OF THE WESTERN CAPE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

NATURE OF BUSINESS

The Community Chest of the Western Cape ("The Chest") is a philanthropic organisation which was founded in Cape Town in 1928 as a conduit for philanthropy in response to a poverty problem in the Western Cape. Funding was directed to organisations providing social relief to those affected by poverty and those living with mental or physical disabilities. Over time The Chest became the first point of call for funding in social welfare and has funded many hundreds of organisations. The Chest also 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 153 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.

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 increased by approximately R4.8 million (2018: R8.7 million increase). This increase is largely due to increase in income received from Legacies, Trusts, Partnerships and Government Special Projects Income received in the current financial year.

Direct expenditure and administrative overheads increased by R4.44 million (2018: R0.83 million increase). This increase is mainly due to the inclusion of the Impumelelo Social Innovation Awards, increased Marketing Activities and renovations done to the building. Community investment expenses amounted to R37 million (2018: R22.7 million). This resulted in a deficit for the year of R11.5 million (2018: surplus of R2.1 million).

The total investments into Communities of R37 million (2018: R22.7 million) for the year, represents an increase of 63% over the previous year. The increase is due to the new Partnerships and Government Projects entered into in the current financial 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 FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

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.

DIRECTORS

Details of the directors are shown on page 1.

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 annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, as approved by the International Accounting Standards Board (IASB) as set out in the accounting policies on page 8 of the annual financial statements (summarised) 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 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 2019**

	2019 R	Restated 2018 R
REVENUE	50 334 551	45 441 444
Fundraising	47 473 933	42 454 522
Government special projects income	19 787 752	19 728 137
Corporates	2 762 946	2 865 443
Individuals	499 823	497 530
GAYE	946 059	1 162 469
Legacies	3 906 561	1 551 972
Partnerships	2 539 107	725 251
Management fees	-	44 102
Capacity building programme	1 009 104	519 000
Special events	281 633	614 397
Trusts	15 740 948	14 596 221
National lotteries	-	150 000
Investment income	2 860 618	2 986 922
Dividend income	1 107 433	1 023 949
Interest income from financial assets	1 753 185	1 962 973
Other income	492 799	183 627
Fair value gains on investments in financial assets	356 308	164 034
Miscellaneous income	136 491	19 593
DIRECT EXPENDITURE	(10 481 808)	(8 913 567)
OPERATING INCOME	40 345 542	36 711 504
ADMINISTRATIVE OVERHEADS	(14 649 390)	(11 776 292)
NET INCOME BEFORE COMMUNITY INVESTMENT EXPENSES	25 696 152	24 935 212
COMMUNITY INVESTMENT EXPENSES	(37 234 666)	(22 756 018)
Government special projects expenses	(18 256 759)	(9 912 092)
Grants awarded to Community Organisations	(9 185 854)	(7 233 062)
Capacity building programme	(1 341 302)	(1 301 784)
Special projects	(4 597 097)	(1 492 052)
Donations in kind – administration expenses	(1 217 231)	(1 352 192)
Bursary allocations	(2 636 423)	(1 464 836)
(DEFICIT)/SURPLUS FOR THE YEAR	(11 538 514)	2 179 194
ACCUMULATED FUNDS AT BEGINNING OF YEAR	76 325 948	74 146 754
ACCUMULATED FUNDS AT END OF YEAR	64 787 434	76 325 948

THE COMMUNITY CHEST OF THE WESTERN CAPE

STATEMENT OF FINANCIAL POSITION (SUMMARISED) AS AT 31 MARCH 2019

	2019	2018
	R	R
ASSETS		
Non-current assets		
Intangible assets	3 983 878	4 096 268
Property, plant and equipment	1 925 815	1 783 155
Investments at fair value through surplus or deficit	<u>62 278 466</u>	<u>67 370 193</u>
	<u>68 188 159</u>	<u>73 249 616</u>
Current assets		
Trade and other receivables	2 021 842	892 788
Cash and cash equivalents	<u>695 716</u>	<u>8 963 112</u>
	<u>2 717 558</u>	<u>9 855 900</u>
Total assets	<u>70 905 717</u>	<u>83 105 516</u>
FUNDS AND LIABILITIES		
Accumulated funds	<u>64 787 434</u>	<u>76 325 948</u>
	<u>64 787 434</u>	<u>76 325 948</u>
Non-current liabilities		
Post retirement benefit obligation	422 744	437 539
Income received in advance	-	306 072
	<u>422 744</u>	<u>743 611</u>
Current liabilities		
Trade and other payables	1 572 693	1 497 448
Provision for leave pay	1 423 503	773 259
Income received in advance	354 273	725 250
Government grants liability	<u>2 345 070</u>	<u>3 040 000</u>
	<u>5 695 539</u>	<u>6 035 957</u>
Total liabilities	<u>6 118 283</u>	<u>6 779 568</u>
Total funds and liabilities	<u>70 905 717</u>	<u>83 105 516</u>

THE COMMUNITY CHEST OF THE WESTERN CAPE

STATEMENT OF CASH FLOWS (SUMMARISED) FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	R	R
Cash flows from operating activities		
Cash (utilised)/generated by operations	(12 354 438)	1 624 262
Investment income	2 860 618	2 986 922
Dividend income	1 107 433	1 023 949
Interest income	1 753 185	1 962 973
Working capital changes	<u>(2 425 788)</u>	<u>2 519 377</u>
Net cash (outflow)/inflow from operating activities	<u>(11 919 608)</u>	<u>7 130 561</u>
Cash flows from investing activities		
Additions to intangible assets	(797 344)	-
Additions to property, plant and equipment (excluding donated vehicle)	(255 817)	(52 045)
Proceeds on sale of property, plant and equipment	4 384	15 000
Withdrawals from investments at fair value through surplus or deficit	11 026 810	3 725 250
Additions to investments at fair value through surplus or deficit	<u>(6 325 821)</u>	<u>(2 626 681)</u>
Net cash inflow from investing activities	<u>3 652 212</u>	<u>1 061 524</u>
Net movement in cash and cash equivalents for year	(8 267 396)	8 192 085
Cash and cash equivalents at beginning of year	<u>8 963 112</u>	<u>771 027</u>
Cash and cash equivalents at end of year	<u><u>695 716</u></u>	<u><u>8 963 112</u></u>

THE COMMUNITY CHEST OF THE WESTERN CAPE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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 2019, approved by the directors on 26 September 2019. 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).