

THE COMMUNITY CHEST OF THE WESTERN CAPE (SUMMARISED)
ANNUAL FINANCIAL STATEMENTS
AS AT 31 MARCH 2018

THE COMMUNITY CHEST OF THE WESTERN CAPE

**SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

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 2018.

NATURE OF THE 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 189 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

82 Bree Street
Cape Town
South Africa
8001

CONTENTS

	Page
Independent auditor's report	2
Directors' report	3-4
Statement of Comprehensive Income and Accumulated Funds (Summarised)	5
Statement of Financial Position (Summarised)	6
Statement of Cash Flows (Summarised)	7
Notes to the financial statements (Summarised)	8

APPROVAL OF SUMMARISED ANNUAL FINANCIAL STATEMENTS

The summarised 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

2018

13 SEPTEMBER 2018



Ernst & Young Incorporated
3rd floor, Waterway House
3 Dock Road
V&A Waterfront
PO Box 656
Cape Town 8000

Tel: +27 (0) 21 443 0200
Fax +27 (0) 21 443 1200
Docex 57 Cape Town
ey.com

Co Reg No 2005/002308/21

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, which comprise the summary statement of financial position as at 31 March 2018, 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 2018. We expressed a qualified audit opinion on financial statements of the Community Chest of the Western Cape in our report dated 13 September 2018.

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) for the year ended 31 March 2018.

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.

The audited financial statements and our report thereon

We expressed a qualified audit opinion on the audited financial statements in our report dated 13 September 2018. 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) 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.

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, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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)
13 September 2018

THE COMMUNITY CHEST OF THE WESTERN CAPE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

NATURE OF BUSINESS

The Community Chest of the Western Cape ("The Community 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 Community Chest became the first point of call for funding in social welfare and has funded many hundreds of organisations. The Community Chest also develops and facilitates philanthropy through partnerships with a wide range of donors and social development of donor resources. The Community Chest acts as an objective and professional community partner to ensure accountability for utilisation of donor resources.

The Community Chest provides services and advice to enhance the management, financial and skills capacity of 189 Non-Governmental and Community based organisations in the Western and Southern Cape that are engaged in social development.

As 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).

The Community 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.

The Summarised financial statements comprise of the aggregated financial statements of The Community Chest of the 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 Community Chest has embraced the mandate to transform the organisation into a leading centre of philanthropy. The key objective of The Community 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 Community Chest. The Community 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 R8.7 million (2017: R24.9 million increase). This increase is largely due to new Partnerships entered into in the current financial year.

Direct expenditure and administrative overheads increased by R0.83 million (2017: R1.4 million decrease). This increase is mainly due to the Database, which was still under construction in the previous financial year, being amortised in the current year. Community investment expenses amounted to R22.7 million (2017: R19.5 million). This resulted in a surplus for the year of R2.1 million (2017: deficit of R2.0 million).

The total investments into Communities of R22.7 million (2017: R19.5 million) for the year, represents an increase of 16.48% over the previous year. The increase is due to the new Partnerships and Projects entered into in the current financial year. The Community 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 Community 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 Community Chest leadership team and staff are aligned to ensuring that the mission and the mandate drive the outcomes of The Community Chest. The Community 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 Community 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

THE COMMUNITY CHEST OF THE WESTERN CAPE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

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 Community Chest will seek to lead that sector with continued bravery, good governance and accountable and professional service.

CAPITAL AND RESERVES

The Community 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 Community 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 Community 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 Community 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 Community Chest's control environment.

The Summarised financial statements are prepared in accordance with the accounting policies set out on page 8 and are examined by our auditors in accordance with International Standards on Auditing.

The Directors confirm that The Community 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 2018

	Note	2018 R	2017 R
REVENUE		45 441 444	36 655 270
Fundraising		42 454 522	33 951 567
Corporates		2 865 443	3 588 131
Individuals		497 530	517 360
GAYE		1 162 469	1 418 620
Legacies		1 551 972	1 687 353
Partnerships		20 453 387	2 250 777
Management fees		44 102	-
Capacity building programme		519 000	590 872
Special events		614 397	2 009 769
Trusts		14 596 222	21 888 685
National lotteries		150 000	-
Investment income		2 986 922	2 703 703
Dividend income		1 023 949	967 767
Interest income from financial assets		1 962 973	1 735 936
Other income		183 627	697 616
Fair value gains on investments in financial assets		164 034	647 978
Miscellaneous income		19 593	49 638
DIRECT EXPENDITURE		(8 913 567)	(9 225 195)
Fundraising		(3 017 892)	(2 205 924)
Special events		(1 617 878)	(3 591 674)
Marketing and public relations		(1 902 255)	(1 031 609)
Grants management and allocations		(2 375 542)	(2 395 988)
OPERATING INCOME		36 711 504	28 127 691
ADMINISTRATIVE OVERHEADS		(11 776 292)	(10 633 888)
NET INCOME BEFORE COMMUNITY INVESTMENT EXPENSES		24 935 212	17 493 803
COMMUNITY INVESTMENT EXPENSES		(22 756 018)	(19 535 667)
Grants awarded to Community Organisations		(7 233 063)	(13 740 258)
Capacity building programme		(1 301 784)	(1 050 957)
Special projects		(12 282 129)	(3 248 261)
Donations in kind – administration expenses		(1 352 192)	(1 496 191)
Bursary allocations		(586 850)	-
SURPLUS/(DEFICIT) FOR THE YEAR	2	2 179 194	(2 041 864)
ACCUMULATED FUNDS AT BEGINNING OF YEAR		74 146 754	76 188 618
ACCUMULATED FUNDS AT END OF YEAR		76 325 948	74 146 754

THE COMMUNITY CHEST OF THE WESTERN CAPE

STATEMENT OF FINANCIAL POSITION (SUMMARISED) AS AT 31 MARCH 2018

	Note	2018 R	2017 R
ASSETS			
Non-current assets			
Intangible assets		4 096 268	5 445 708
Property, plant and equipment		1 783 155	1 971 288
Investments in equity instruments		<u>67 370 193</u>	<u>69 091 257</u>
		<u>73 249 616</u>	<u>76 508 253</u>
Current assets			
Inventory		-	73 436
Trade and other receivables		892 788	442 710
Cash and cash equivalents		<u>8 963 112</u>	<u>771 027</u>
		<u>9 855 900</u>	<u>1 287 173</u>
Total assets		<u>83 105 516</u>	<u>77 795 426</u>
FUNDS AND LIABILITIES			
Accumulated funds		<u>76 325 948</u>	<u>74 146 754</u>
		<u>76 325 948</u>	<u>74 146 754</u>
Non-current liabilities			
Post retirement benefit obligation		437 539	412 159
Income received in advance		<u>306 072</u>	<u>974 409</u>
		<u>743 611</u>	<u>1 386 568</u>
Current liabilities			
Trade and other payables		1 497 448	899 655
Provision for leave pay		773 259	637 199
Income received in advance		725 250	725 250
Government grants liability		<u>3 040 000</u>	<u>-</u>
		<u>6 035 957</u>	<u>2 262 104</u>
Total liabilities		<u>6 779 568</u>	<u>3 648 672</u>
Total funds and liabilities		<u>83 105 516</u>	<u>77 795 426</u>

THE COMMUNITY CHEST OF THE WESTERN CAPE

STATEMENT OF CASH FLOWS (SUMMARISED) FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	R	R
Cash flows from operating activities		
Cash generated/(utilised) by operations	1 624 262	(2 851 171)
Investment income	2 986 922	2 703 703
Dividend income	1 023 949	967 767
Interest income	1 962 973	1 735 936
Working capital changes	2 519 377	519 219
Net cash inflow from operating activities	<u>7 130 561</u>	<u>371 751</u>
Cash flows from investing activities		
Additions to intangible assets	-	(1 250 000)
Additions to property, plant and equipment	(52 045)	(85 730)
Proceeds on sale of property, plant and equipment	15 000	-
Withdrawals from investments	3 725 250	3 250 121
Additions to investments	(2 626 681)	(3 782 165)
Net cash inflow/(outflow) from investing activities	<u>1 061 524</u>	<u>(1 867 774)</u>
Net movement in cash and cash equivalents for year	8 192 085	(1 496 023)
Cash and cash equivalents at beginning of year	<u>771 027</u>	<u>2 267 050</u>
Cash and cash equivalents at end of year	<u>8 963 112</u>	<u>771 027</u>

THE COMMUNITY CHEST OF THE WESTERN CAPE

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2018

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 2018, approved by the directors on 13 September 2018. 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).