

**MASINYUSANE DEVELOPMENT ORGANISATION**  
*(Registration Number 074-244-NPO)*

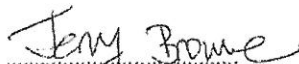
**FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

MASINYUSANE DEVELOPMENT ORGANISATION  
(Registration Number 074-244-NPO)

FINANCIAL STATEMENTS  
for the year ended 31 March 2017

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The attached financial statements for the year ended 31 March 2017 set out on pages 5 to 10 were signed on 25 July 2017 on behalf of the Masinyusane Development Organisation by:

  
.....  
DIRECTOR

  
.....  
DIRECTOR





## *Independent auditor's report*

To the Executive Members of Masinyusane Development Organisation

### *Our qualified opinion*

In our opinion, except for the possible effects of the matter described in the "*Basis for qualified opinion*" section of our report, the financial statements of Masinyusane Development Organisation (the "Organisation") for the year ended 31 March 2017 are prepared, in all material respects, in accordance with the basis of accounting described in note 1.1 to the financial statements.

### **What we have audited**

Masinyusane Development Organisation's financial statements set out on pages 5 to 9 comprise:

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

### *Basis for qualified opinion*

Donations are a substantial source of revenue for Masinyusane Development Organisation. The executive members have determined that it is impracticable to establish internal controls over the collection of donations prior to the initial entry into its financial records. We were therefore unable to confirm whether all donations were recorded. Our audit report in respect of the preceding financial year was similarly modified.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

### **Independence**

We are independent of the Organisation in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

### *Emphasis of Matter – Basis of Accounting*

We draw attention to note 1.1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the Organisation's own accounting policies to satisfy the financial information needs of the Organisation's members. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Chief Executive Officer, T D Shango  
Management Committee: S N Madikane, J S Masondo, P J Mofhebe, C Richardson, F Tshelli, C Volschenk  
The Company's principal place of business is at 2 Eglon Road, Sunninghill where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg. no. 4950174682

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### *Other information*

The executive members are responsible for the other information. The other information comprises the Detailed Income Statement, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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. As described in the Basis for Qualified Opinion section above, we are unable to obtain sufficient appropriate evidence about the completeness of donations recorded. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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### *Responsibilities of the Executive Members for the financial statements*

The executive members are responsible for the preparation of the financial statements in accordance with the basis of accounting described in note 1.1 to the financial statements and for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the executive members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive members are responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive members either intend to liquidate the Organisation or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





- Obtain an understanding of internal control relevant to the audit 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 Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive members.
- Conclude on the appropriateness of the executive members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.

We communicate with the executive members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**PricewaterhouseCoopers Inc.**

**Director: Andrea Puggia**

**Registered Auditor**

**Port Elizabeth**

**25 July 2017**

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**MASINYUSANE DEVELOPMENT ORGANISATION**  
(Registration Number 074-244-NPO)

**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2017

	Note	<u>2017</u> R	<u>2016</u> R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank		989 228	654 745
<b>Non-current assets</b>			
Property, plant and equipment	4	<u>2 101 779</u>	<u>2 253 223</u>
<b>Total assets</b>		<u>3 091 007</u>	<u>2 907 968</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Loan	2	231 658	136 699
Accruals	5	<u>104 500</u>	<u>9 019</u>
		336 158	145 718
<b>Non-current liabilities</b>			
Loan	2	493 342	863 529
<b>Accumulated funds</b>			
Retained surplus	3	<u>2 261 507</u>	<u>1 898 721</u>
<b>Total equity and liabilities</b>		<u>3 091 007</u>	<u>2 907 968</u>

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**MASINYUSANE DEVELOPMENT ORGANISATION**  
**(Registration Number 074-244-NPO)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 March 2017**

	2017 R	2016 R
<b>Revenue</b>		
Donations received	2 786 329	2 354 930
National Lottery Distribution Trust Fund	-	240 500
Shikaya Foundation	320 000	426 000
The Learning Trust	300 000	235 500
S A Individuals	-	1 721
S A Corporations	264 325	223 166
International donors	1 579 457	930 805
S A Charities	322 547	297 238
Interest received	-	13 931
	<u>2 786 329</u>	<u>2 368 861</u>
<b>Less: Expenditure</b>		
School partnership	2 423 543	1 276 343
Top learner	723 182	375 268
Operational and management expenses	1 447 385	631 368
Fundraising	104 149	156 826
	<u>148 827</u>	<u>112 881</u>
<b>Total comprehensive income for the year</b>	<u>362 786</u>	<u>1 092 518</u>

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**MASINYUSANE DEVELOPMENT ORGANISATION**  
**(Registration Number 074-244-NPO)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2017**

**1. ACCOUNTING POLICIES**

**1.1. Basis of preparation**

The financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below. These accounting policies are consistent with the previous year.

**1.2. Income**

Income from every source is accounted for and recognised only when received and banked.

**1.3. Cash balances**

Cash balances represent the reconciled balances at the end of the year.

**1.4. Expenses**

Expenses are recorded on an accrual basis.

**2. LOAN**

This loan of R1.1 million was received from an anonymous donor on 1 October 2015 in order to fund the acquisition of the house.

The terms of the loan are as follows:

Interest rate	Prime+0.5%
Repayment Terms	R25 000 per month (2016: R20 000)
	Interest to be paid on 25th of each month

The house at 68 Ruben Crescent is held as security over the loan.

	<u>2017</u> <u>R</u>	<u>2016</u> <u>R</u>
<b>Non-current liabilities</b>		
At amortised cost	493 342	863 529
<b>Current liabilities</b>		
At amortised cost	<u>231 658</u>	<u>136 699</u>
	<u>725 000</u>	<u>1 000 228</u>
Interest for the year	<u>100 416</u>	<u>53 437</u>

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**MASINYUSANE DEVELOPMENT ORGANISATION**  
(Registration Number 074-244-NPO)

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2017 (continued)

**3. RETAINED SURPLUS**

	<u>2017</u> R	<u>2016</u> R
Balance at beginning of year	1 898 721	806 203
Total comprehensive income	<u>362 786</u>	<u>1 092 518</u>
Balance at end of year	<u>2 261 507</u>	<u>1 898 721</u>

**4. PROPERTY, PLANT AND EQUIPMENT**

2017	Cost R	Accumulated Depreciation R	Book value R
Building	2 108 907	(156 628)	1 952 279
Motor vehicle	<u>230 000</u>	<u>(80 500)</u>	<u>149 500</u>
	<u>2 338 907</u>	<u>(237 128)</u>	<u>2 101 779</u>

Movement schedule	Opening balance R	Additions R	Disposals R	Depreciation R	Closing balance R
Building	2 057 723	-	-	(105 444)	1 952 279
Motor vehicle	<u>195 500</u>	<u>-</u>	<u>-</u>	<u>(46 000)</u>	<u>149 500</u>
	<u>2 253 223</u>	<u>-</u>	<u>-</u>	<u>(151 444)</u>	<u>2 101 779</u>

2016	Cost R	Accumulated Depreciation R	Book value R
Building	2 108 907	(51 184)	2 057 723
Motor vehicle	<u>230 000</u>	<u>(34 500)</u>	<u>195 500</u>
	<u>2 338 907</u>	<u>(85 684)</u>	<u>2 253 223</u>

Movement schedule	Opening balance R	Additions R	Disposals R	Depreciation R	Closing balance R
Building	-	2 108 907	-	(51 184)	2 057 723
Motor vehicle	<u>-</u>	<u>230 000</u>	<u>-</u>	<u>(34 500)</u>	<u>195 500</u>
	<u>-</u>	<u>2 338 907</u>	<u>-</u>	<u>(85 684)</u>	<u>2 253 223</u>

The building is secured in terms of the loan as described in note 2.

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**NOTES TO THE FINANCIAL STATEMENTS**  
 for the year ended 31 March 2017 (continued)

5. ACCRUALS

	2017 R	2016 R
Accruals can be split as follows:		
Telkom	3 835	1 602
SARS	-	3 142
FDM Architects	-	4 275
Rental accrual	6 000	-
Bursary accrual	82 811	-
Other	11 854	-
	104 500	9 019

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**MASINYUSANE DEVELOPMENT ORGANISATION**  
(Registration Number 074-244-NPO)

**DETAILED INCOME STATEMENT**  
for the year ended 31 March 2017

	2017 R	2016 R
<b>Revenue</b>		
Donations received	2 786 329	2 354 930
Interest received	-	13 931
	2 786 329	2 368 861
<b>Less: Expenses paid</b>	2 423 543	1 276 343
<b>School partnerships</b>		
Children's education	435 579	159 852
Cultural and sports clubs	63 490	58 664
School renovations	40 919	14 983
Nutrition and welfare	9 949	18 920
Operations	173 245	122 849
<b>Top Learner</b>		
Masinyusane House	438 928	312 362
Masinyusane scholarships	755 524	152 202
University student support	139 852	105 401
High school student support	113 081	61 403
<b>Fundraising</b>		
Operations	116 086	88 647
Travel	32 741	24 234
<b>Operations and management</b>		
Office expenses	69 805	91 256
Audit and banking fees	11 268	8 966
Other	12 275	26 094
Staff costs	10 801	30 510
<b>Surplus for the year</b>	362 786	1 092 518

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