

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

ADDITIONAL FINANCIAL STATEMENTS DENOMINATED IN US DOLLARS
for the year ended 31 March 2019

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(Registration Number 074-244-NPO)


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The attached financial statements for the year ended 31 March 2019 set out on pages 5 to 10 were signed on 3 September 2019 on behalf of the Masinyusane Development Organisation by:

.....
Executive Member





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*", the additional financial statements denominated in US Dollars of Masinyusane Development Organisation (the Organisation) for the year ended 31 March 2019 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 2019;
- the statement of comprehensive income for the year then ended; and
- 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

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Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg. no. 4950174682.



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 executive members. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

As indicated in note 1.1 to the additional financial statements denominated in US Dollar, these US Dollar financial statements are not the Organisation's annual financial statements as at 31 March 2019 and for the year then ended, prepared in accordance with the basis of accounting described in note 1.1 to those financial statements. We expressed a qualified opinion on the Organisation's South African Rand functional currency annual financial statements dated 2 September 2019, due to us not being able to obtain sufficient audit evidence regarding the completeness of cash donations. Our opinion on these financial statements is similarly qualified in respect of this matter.

Other information

The executive members are responsible for the other information. The other information comprises the information included in the document titled "Masinyusane Development Organisation Additional financial statements denominated in US dollars for the year ended 31 March 2019". The other information 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 our Basis of Qualified Opinion section above, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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, 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.



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.

A handwritten signature in black ink, appearing to read 'A Puggia'.

PricewaterhouseCoopers Inc.

Director: A Puggia

Registered Auditor

Port Elizabeth

3 September 2019

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

STATEMENT OF FINANCIAL POSITION
as at 31 March 2019

		March 2019 \$	March 2018 \$
ASSETS	Note		
Non-current assets			
Property, plant and equipment	4	341 211	165 104
Current assets			
Cash at bank		220 081	219 461
Prepaid expense		514	635
Reimbursement Floats		1 644	-
Total assets		<u>563 451</u>	<u>385 200</u>
EQUITY AND LIABILITIES			
Accumulated funds			
Retained surplus	3	253 703	261 087
Non-current liabilities			
Loan	2	188 397	-
Current liabilities		121 350	124 113
Loan	2	34 254	-
Accruals	5	1 242	1 932
Deferred income	6	85 854	122 181
Total liabilities		<u>309 747</u>	<u>124 113</u>
Total equity and liabilities		<u>563 450</u>	<u>385 200</u>

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

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2019

	March 2019 \$	March 2018 \$
Revenue		
Donations received	364 345	263 971
Interest received	17 554	3 192
	<u>381 899</u>	<u>267 163</u>
Expenditure	(336 891)	(203 898)
School Partnership	(131 424)	(67 802)
Top Learner	(173 196)	(120 887)
Fundraising	(7 616)	(8 208)
Operations and management	(24 655)	(7 001)
Net surplus for the year	45 008	63 265
Exchange difference on translation from Rand to USD	(52 394)	29 805
Total surplus for the year	<u>(7 386)</u>	<u>93 070</u>

MASINYUSANE DEVELOPMENT ORGANISATION
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NOTES TO THE ADDITIONAL FINANCIAL STATEMENTS DENOMINATED IN US DOLLAR
for the year ended 31 March 2019

1. ACCOUNTING POLICIES

1.1 Basis of preparation

These financial statements are presented in US Dollars and have been prepared for fundraising purposes and are not the Organisations Annual financial statements, on which the auditors issued a separate auditors report dated 29 August 2019.

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

1.2 Income

Donation income without future performance conditions are recognised when received and banked. If there are performance conditions, the donation income is recognised only when the conditions are met.

1.3 Cash balances

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

1.4 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment items of less than R10 000 are fully expensed to the statement of comprehensive income in the year of purchase.

Depreciation on assets are provided using the straight-line method to write down the cost over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Buildings	20
Motor vehicles	5

1.5 Expenses

Expenses are recorded on an accrual basis.

1.6 Foreign exchange translation

The results and financial position of the organisation has been translated from the entity's functional currency (of South African Rand) to the presentation currency (of US Dollar) as follows:

- Assets and liabilities are translated at the closing rate at the reporting date
- Income and expenses are translated at the average exchange rates, and
- All resulting exchange differences are recognised in net surplus.

The exchange rates used are as follows:

2019		2018	
Year end rate	14.597	Year end rate	11.813
Average rate	13.755	Average rate	13.004

MASINYUSANE DEVELOPMENT ORGANISATION
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NOTES TO THE ADDITIONAL FINANCIAL STATEMENTS DENOMINATED IN US DOLLAR
for the year ended 31 March 2019

2. Loan

This South African Rand denominated loan was received from A.M. Naelgele and G.Naegele on 05 August 2018 in order to fund the acquisition of the property, 52 Rubin Crescent.

The terms of the loan are as follows:

Interest rate	0%
Repayment Terms	The payment terms in terms of the loan agreement are not explicit and the organisation has been granted flexibility in this regard. The Organisation's intended instalments are as follows: \$34,254 annually with a balloon payment at the end of the loan agreement. The first payment is to be made in August 2019.

The property at 52 Ruben Crescent is pledged as security for the loan.

	March 2019 \$	March 2018 \$
Non-current liabilities		
At amortised cost	188 397	-
Current liabilities		
At amortised cost	<u>34 254</u>	<u>-</u>
	<u>222 651</u>	<u>-</u>
Interest for the year	-	1 375

3. RETAINED SURPLUS

Balance at the beginning of the year	261 087	168 017
Total surplus for the year	(7 384)	93 070
Balance at the end of the year	<u>253 703</u>	<u>261 087</u>

4. PROPERTY, PLANT AND EQUIPMENT

2019

Movement schedule	Opening balance	Additions	Depreciation	Exchange differences	Closing balance
	\$	\$	\$	\$	\$
Buildings	156 342	215 801	(12 437)	(29 101)	330 605
Motor vehicles	8 762	5 138	(1 721)	(1 572)	10 607
	<u>165 104</u>	<u>220 939</u>	<u>(14 159)</u>	<u>(30 672)</u>	<u>341 211</u>

2018

Movement schedule	Opening balance	Additions	Depreciation	Exchange differences	Closing balance
	\$	\$	\$	\$	\$
Building	145 044	-	(8 109)	19 407	156 342
Motor vehicles	11 107	-	(3 538)	1 193	8 762
	<u>156 151</u>	<u>-</u>	<u>(11 647)</u>	<u>20 600</u>	<u>165 104</u>

The property, 52 Rubin Crescent, is pledged as security in terms of the loan described in note 2.

MASINYUSANE DEVELOPMENT ORGANISATION
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DETAILED INCOME STATEMENT
for the year ended 31 March 2019

	March 2019 \$	March 2018 \$
Revenue		
Donations received	364 345	263 971
National Lottery Distribution Trust Fund Grant	-	39 866
South African Individuals	6 169	1 282
South African Corporations	246 695	6 878
South African Foundations	3 764	58 478
United States Individuals	-	58 938
Europe Foundations	-	8 553
Europe Individuals	107 717	89 976
Interest received	17,554	3,192
	381 899	267 163
Expenditure	(336 891)	(203 898)
School partnerships		
Children's education	(99 625)	(58 028)
Cultural and sports clubs	(4 433)	(4 600)
School renovations	(22 048)	(3 570)
Nutrition and welfare	(5 318)	(1 604)
Top Learner		
Masinyusane House	(58 873)	(31 981)
Kouga Wind Farm	(32 501)	-
University student support	(66 046)	(73 546)
High school student support	(15 776)	(15 360)
Fundraising		
Operations	(6 779)	(7 443)
Travel	(837)	(765)
Operations and management		
Office expenses	(12 451)	(3 365)
Audit and banking fees	(2 886)	(1 509)
Staff costs	(3 294)	(1 282)
Other	(6 024)	(845)
Surplus for the year	45 008	63 265
Exchange difference on translation from Rand to USD	(52 394)	29 805
Total surplus for the year	(7 386)	93 070