

FAMSA - Families South Africa Western Cape
(Registration number NPO: 002-888)
Annual financial statements
for the year ended 31 March 2016

**FAMSA - Families South Africa Western Cape
Annual Financial Statements for the year ended 31 March 2016**

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Counselling and Training
Executive Committee	Mr V April (Chairperson) Mr W Mampama Mr G Chetty Ms N Blekkenhorst (Executive Director) Ms J Cope Ms M Bosman (Treasurer)
Registered office	9 Bowden Road Observatory 7925
Bankers	ABSA Bank Limited
Auditors	Nolands Inc Registered Auditors Practice Number: 900583e
Registration number	NPO: 002-888
Tax reference number	9170/860/15/0
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Non-Profit Organisations Act, 1997.

**FAMSA - Families South Africa Western Cape
Annual Financial Statements for the year ended 31 March 2016**

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The reports and statements set out below comprise the annual financial statements presented to the members:

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Independent Auditor's Report

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Noland
NOT YOUR ORDINARY AUDITORS

To the members of FAMSA - Families South Africa Western Cape

We have audited the financial statements of FAMSA - Families South Africa Western Cape, as set out on pages 6 to 16, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Executive Committee Responsibility for the Annual Financial Statements

The organisation's members are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities, and requirements of the Non-Profit Organisations Act, 1997, and for such internal control as the members determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual 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 that the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 annual financial statements.

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

Basis for Qualification

In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections from donations prior to the initial entry of collections in the accounting records. Accordingly it was impractical for us to extend our examinations beyond the receipts actually recorded.


AUDITING INSIGHT

CHAIRMAN: CLIVE NOLAND BCom (Hons) CA (SA) CHIEF EXECUTIVE OFFICER: ALLAN MUNDRELL BCompl (Hons) CA (SA) DIRECTORS: PAUL ERASMUS BCompl (Hons) CA (SA), HERMANN CLOETE BCom (Hons) CA (SA), DAVI D WASTRONG BCompl (Hons) CA (SA), CFE, MORRIS-BREEL, GRAIG STANSFELD BCom (Hons) CA (SA), HARZEL COMETS BCom (Hons) CA (SA), GRAEME SACCOMI BCom (Hons) MCom (Tax) CA (SA), MARK SCHULZE BCompl (Hons) CA (SA), SENIOR ASSOCIATES: JANUDIEN HASLIM BCom (CTA) ACA (SA), N CHOLAS KEDACH BCom (Hons) (CA) ACIS ASSOCIATES: WASIEMA ADAMS, BIANCA ARNOIT B Acc (Hons) CA (SA), KATHY HAYLOO, RIFKAH JAKOBT (Op Bus Comp), KIM VAN STIC, CHRIS VAN DER MERWE BCompl (Hons) CA (SA), IZELI LE WESSELS BCompl (Hons) CA (SA) SENIOR CONSULTANT: GEORGE NOLAND BCom (Hons) (Tax) MBA CA (SA) CORPORATE LAW & TAX SPECIALIST: PROF. WALTER GEACH B A LLB (CPT) MCom FRCIS CA (SA) MERGERS & ACQUISITIONS ADVISOR: WOLFER SCHOLTZ BA (Hons) NHEP LLB OFFICE MANAGER: TRACEY MADIBHE Chartered Accountants (SA) Registered Auditor. Geneva Group International (GGI), Independent Member Firm. Noland Inc Reg No 2000/004145/21. All professional firms practising in SA under the name of Noland ("Member Firms") are licensed by Noland South Africa (Noland SA"). Each Member Firm is an independent contractor providing its own risk and benefit. No Member Firm are partners, agents, representatives, joint ventures, fiduciaries or the like (collectively "Associates") of each other. Likewise, no Member Firm and Noland SA are Associates of each other. If any further information is required, kindly contact us. See www.nolandscpt.co.za

Independent Auditor's Report

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of FAMSA - Families South Africa Western Cape as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Non-Profit Organisations Act, 1997.



Nolands Inc
Registered Auditor
Practice number: 900583e
Per: Allan Mundell CA (SA), RA

Cape Town
31 July 2016

**FAMSA - Families South Africa Western Cape
Annual Financial Statements for the year ended 31 March 2016
Executive Committee's Responsibilities and Approval**

The members are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act of South Africa and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the members set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. Those standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that the appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

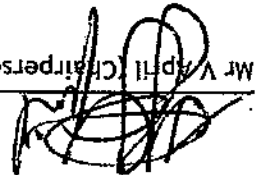
The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The members have reviewed the company's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the organisation has or has access to adequate resources to continue in operational existence for the foreseeable future.

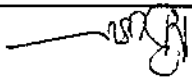
The external auditors are responsible for independently auditing and reporting on the organisation's annual financial statements. The annual financial statements have been examined by the organisation's external auditors and their report is presented on pages 2 and 3.

The annual financial statements set out on pages 6 to 16, which have been prepared on the going concern basis, were approved by the members on 31 July 2016 and were signed on its behalf by:

Mr V April (Chairperson)



Miss M Bosman (Treasurer)



Cape Town
31 July 2016

**FAMSA - Families South Africa Western Cape
Annual Financial Statements for the year ended 31 March 2016**

Statement of Comprehensive Income

Figures in Rand		2016	2015
		Note(s)	
Revenue	4 287 406	12	4 083 657
Department of Social Development Western Cape			
HIV Aid Project: Department of Health Western Cape	1 773 531		1 489 520
Grants: Western Cape Community Chest	-		230 000
General and Specific Fund Raising	17 530		64 694
Professional Services and Educational Work	530 070		823 801
National Lottery Distribution Trust Fund funding	620 000		-
HW Seta income	-		26 739
Gross profit	7 228 537		6 718 411
Other income	817	7	2 653
Dividend revenue	-		-
Other financial assets	-		-
Insurance claims	68 508		-
Interest received	43 758	7	40 639
Profit on sale of property, plant and equipment	24 998		-
Other income	1 442		21 669
Rental income	76 228		63 199
Expenses (Refer to page 8)	(7 241 028)		(6 754 916)
Operating surplus	203 260		91 655
Other financial assets	(4 760)		9 895
Surplus for the year	198 500		101 550

FAMSA - Families South Africa Western Cape
Annual Financial Statements for the year ended 31 March 2016

Statement of Comprehensive Income

Figures in Rand	2016	2015
Operating expenses	211 078	185 018
Accounting and admin fees	15 000	8 055
Affiliation and Registration fees	21 225	8 055
Auditors' remuneration	15 000	15 000
Bank charges	42 032	38 053
Cleaning	4 788	10 678
Computer expenses	96 332	33 261
Delivery expenses	-	2 190
Depreciation	51 592	61 140
Employee costs	44 490	43 521
Fines and penalties	-	11 863
General expenses	23 851	65 287
Insurance	92 093	91 082
Lease rentals on operating lease	50 199	90 987
Legal expenses	1 953	1 503
Motor vehicle expenses	13 956	21 198
Pension, Medical aid and UIF contributions	484 470	473 242
Printing and stationery	24 415	52 374
Professional services	47 966	36 033
Project funded expenses	5 512 719	5 099 419
Repairs and maintenance	20 593	17 803
Security	15 044	11 533
Staff welfare	10 786	14 465
Subscriptions	10 317	1 950
Telephone and fax	282 392	267 599
Utilities	163 737	84 629
Verification expenses	-	17 033
	<u>7 241 028</u>	<u>6 754 916</u>

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FAMSA - Families South Africa Western Cape
Annual Financial Statements for the year ended 31 March 2016
Statement of Changes in Reserves

Figures in Rand	Reserve funds	Non distributable reserves	Specific funds	Total funds	Retained income	Total reserves
Balance at 01 April 2014	3 000	6 953 390	52 010	7 005 400	1 192 425	8 200 825
Surplus for the year	-	-	-	-	101 550	101 550
Transfer of Non Distributable Reserves	-	-	(26 100)	(26 100)	26 100	-
Balance at 01 April 2015	3 000	6 953 390	25 910	6 979 300	1 320 075	8 302 375
Surplus for the year	-	-	-	-	198 500	198 500
Balance at 31 March 2016	<u>3 000</u>	<u>6 953 390</u>	<u>25 910</u>	<u>6 979 300</u>	<u>1 518 575</u>	<u>8 500 875</u>

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities, and the Non-Profit Organisations Act, 1997. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the organisation; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	20 years
Furniture and fittings	4 years
Motor vehicles	5 years
Computer equipment	4 years
Library books	Written down to a nominal value of R1

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Land is not depreciated and is carried at cost.

1.2 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the organisation becomes a party to the contractual provisions of the instruments.

Financial instruments are measured at fair value.

1.2 Financial instruments (continued)

Financial instruments at amortised cost

Debt instruments, as defined in the standard, are subsequently measured at amortised cost using the effective interest rate method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Leases where the organisation is the lessee

It is not the policy of the organisation to enter into leases where the significant risks and rewards of ownership are assumed. Leases are therefore classified as operating leases and rentals are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Leases where the organisation is the lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

1.4 Government grants

Grants that do not impose specific performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the organisation's right to receive payment has been established.

Donations are recognised at the fair value of the consideration received or receivable.

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Annual Financial Statements for the year ended 31 March 2016

Notes to the Financial Statements

Figures in Rand

2016 2015

2. Property, plant and equipment

	2016		2015	
	Cost	Accumulated depreciation	Carrying value	Cost
Land and buildings	7 866 797	-	7 866 797	7 866 797
Furniture and fittings	197 333	(195 672)	1 661	225 128
Motor vehicles	647 692	(571 714)	75 978	700 323
Computer equipment	328 024	(323 038)	4 986	328 024
Library books	1	-	1	1
Total	9 039 847	(1 090 424)	7 949 423	9 120 273
				(1 119 256)
				8 001 017

Reconciliation of property, plant and equipment - 2016

	Opening balance	Disposals	Depreciation	Total
Land and buildings	7 866 797	-	-	7 866 797
Furniture and fittings	9 161	(1)	(7 499)	1 661
Motor vehicles	102 026	(1)	(26 047)	75 978
Computer equipment	23 032	-	(18 046)	4 986
Library books	1	-	-	1
Total	8 001 017	(2)	(51 592)	7 949 423

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Land and buildings	7 866 797	-	-	7 866 797
Furniture and fittings	16 657	-	(7 496)	9 161
Motor vehicles	128 074	-	(26 048)	102 026
Computer equipment	49 227	1 401	(27 596)	23 032
Library books	1	-	-	1
Total	8 060 756	1 401	(61 140)	8 001 017

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Notes to the Financial Statements

Figures in Rand

2016
2015

2. Property, plant and equipment (continued)

Details of properties

Land and buildings situated on 9 Bowden Road, Observatory, erf 27127, in extent 1420 square meters.

Secured in terms of a mortgage bond. Refer to note 11

- Purchase price: 2001	594 065	594 065
- Capitalised expenditure: 2002	614 903	614 903
- Capitalised expenditure: 2003	65 175	65 175
- Capitalised expenditure: 2004	5 912	5 912
- Capitalised expenditure: 2005	14 974	14 974
- Capitalised expenditure: 2011	306 491	306 491
- Capitalised expenditure: 2012	2 703 965	2 703 965
	4 305 485	4 305 485

Land and buildings situated erven 29435, 29436 and 29454, Khayalitsha, in extent 589 square meters.

- Purchase price: 2001	56 881	56 881
- Capitalised expenditure: 2006	41 361	41 361
- Capitalised expenditure: 2007	500 542	500 542
- Capitalised expenditure: 2008	1 916 251	1 916 251
- Capitalised expenditure: 2009	174 230	174 230
	2 689 265	2 689 265

3. Other financial assets

At fair value

475 Sanlam shares - Listed shares

37 226	37 226
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Non-current assets
At fair value

37 226	32 466
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The fair values of listed shares are based on the quoted market price at the reporting period date.

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	18 697
Bank balances	823 660	1 202 545
Short-term deposits	753 587	725 178
	1 577 247	1 946 420

FAMSA - Families South Africa Western Cape
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Notes to the Financial Statements

Figures in Rand

	2016	2015
5. Non-Distributable reserve		
Building Fund - fixed property	6 953 390	6 953 390
Capital expenditure fund	25 910	25 910
Township development fund	-	7 500
Training fund	-	3 600
Development of trauma fund	-	15 000
Transfer of funds	-	(26 100)
	<u>6 979 300</u>	<u>6 979 300</u>
6. Trade and other payables		
Trade payables	15 005	15 001
Amounts received in advance	1 039 871	1 665 780
Value-added taxation	6 715	4 837
	<u>1 061 591</u>	<u>1 685 618</u>
Reconciliation of amounts received in advance	535 013	542 696
Department of Social Development	151 774	-
Department of Health Western Cape	353 084	353 084
National Lottery Distribution Trust Fund - building	-	770 000
Lotto 2013-2014 funding	-	1 665 780
7. Investment revenue		
Dividend revenue	817	2 653
Listed financial assets - Local		
Interest received	43 758	40 639
	<u>44 575</u>	<u>43 292</u>
8. Taxation		
No provision for 2016 taxation has been made as the organisation had no taxable income.		
9. Auditors' remuneration	15 000	15 000
Audit fees		

**FAMSA - Families South Africa Western Cape
Annual Financial Statements for the year ended 31 March 2016**

Notes to the Financial Statements

Figures in Rand

2016
2015

10. Cash used in operations

	2016	2015
Surplus	198 500	101 550
Adjustments for:		
Depreciation	51 592	61 138
Loss on disposal of property, plant and equipment	(24 998)	-
Dividends received	(817)	(2 653)
Interest received	(43 758)	(40 639)
Fair value adjustments	4 760	(9 895)
Changes in working capital:		
Trade and other receivables	-	3 701
Trade and other payables	(624 027)	507 007
	(438 748)	620 209

11. Contingencies

The organisation has a first mortgage bond of R 150,000 registered with Absa Bank Limited over immovable property as reflected in note 2. This facility was raised for short term financing purposes. FAMSA has ceded all its rights, title and interest in its Multimarck III Mutual and Federal policy in favour of Absa Bank Limited in respect of this bond.

12. HIV Aids Project: Provincial Administration Western Cape

Department of Health; Metropole Region

1 773 531
1 489 520

13. Funded and Non-funded employee posts

Included in Project funded expenses are salaries funded by the Department of Health, Department of Social Development and NLDTF (Lotto) for specific projects run by the organisation. The Employee costs relate to non-funded posts.