

dlalanathi

(Registration number 021-096-NPO)

Annual Financial Statements

For the year ended 31 December 2023

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General Information

Country of incorporation and domicile	Republic of South Africa
Date of incorporation	1 December 2000
Registration number	021-096-NPO
Tax number	9045267169
Vat number	Not registered
Nature of business and principal activities	Working alongside organisations and projects that provide material assistance to children
Board members	Lindokuhle Ngcobo Rachel Rozentals – Thresher Sally Mann Sinikiwe Biyela Anton Immelman Chrisjan van Aardt Nandisa Tushini
Registered office	191 Burger Street Pietermaritzburg 3201
Postal address	Suite H46 Private Bag X9118 Pietermaritzburg 3200
Public officer	Rachel Rozentals – Thresher
Bankers	Investec Bank Ltd Standard Bank of South Africa Ltd

Board Members' Responsibility Statement

The board members are responsible for the preparation and fair presentation of the annual financial statements of dlalanathi, comprising the Statements of Financial Positions as at 31 December 2023, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and the notes to the Annual Financial Statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards for Small and Medium-sized Enterprises.

The board members are also responsible for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

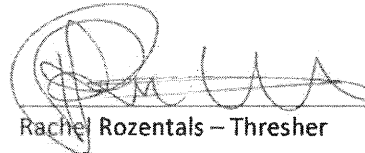
The board members have assessed the ability of the non-profit organisation to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Board Members' Approval of the Annual Financial Statements

The Annual Financial Statements were approved by the board members and are signed on their behalf by:


Lindokuhle Ngcobo


Rachel Rozentals – Thresher

28/05/2024

REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD MEMBERS OF DLALANATHI

Opinion

We have audited the annual financial statements of Dlalanathi, which comprise the board members' responsibility report, the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 18.

In our opinion, the annual financial statements on pages 7 to 18 present fairly, in all material respects, the financial position of the organisation as at 31 December 2023, and its financial performance for the year ended 31 December 2023 in accordance with the basis of accounting described in note 1.

Basis for Opinion

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 are independent of the organisation in accordance with the Sections 290 and 291 of the Independent Regulatory Boards 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 the 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 to performing audits in South Africa. The IRBA Codes are consistent with 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Board Members' Responsibility for the Financial Statements

The members of the board are responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as set out in note 1 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD MEMBERS OF DLALANATHI

Board Members' Responsibility for the Financial Statements (continued)

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the annual financial statements 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 International Standards on Auditing 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 annual financial statements.

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

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

- Identify and assess the risks of material misstatement of the Annual 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of the board's 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the auditor's report to the related disclosures in Annual Financials 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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD MEMBERS OF
DLALANATHI**

Auditor's Responsibility (continued)

- Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosure, whether the Annual Financial Statements represent the underlying transactions and events in the manner that achieves fair presentation.

We communicate with the members of the board 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.

Supplementary information

We draw your attention to the fact that with the supplementary information set out on pages 19 to 60 do not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that R E Buhr, a Registered Auditor, has been the auditor of Dlalathi for 2 years.

The engagement partner on the audit resulting in this independent auditor's report is Rupert Erich Buhr.



RE Buhr
Chartered Accountant (SA)
Registered Auditor

Date: 28/5/24
Pietermaritzburg

Statement of Comprehensive Income

Figures in rands	Notes	2023	2022
Income			
Donor income	1	15 989 558	11 411 194
Expenditure			
Administration costs		(1 111 181)	(980 470)
Depreciation	5	(184 594)	(129 377)
Operating costs		(7 826 976)	(5 886 978)
Professional fees		(1 831 193)	(1 262 545)
Project specific costs - Youth Fund		(350 817)	(128 270)
Partner project expenses		(2 353 032)	(2 685 763)
Total expenditure		(13 657 793)	(11 073 403)
Project (deficit) / surplus for the year		2 331 765	337 791
Investment income	2	368 306	179 339
Other non-contractual income	3	405 699	142 426
(Deficit) / Surplus for the year		3 105 770	659 556
Other comprehensive income not utilised			
Transfer to donor funds received in advance	4	(5 872 044)	(3 453 349)
Transfer prior year from donor funds received in advance		3 453 349	2 834 763
Total comprehensive income for the year		687 074	40 970
Transfer to Sustainability Reserves		(682 797)	(21 142)
Retained surplus at the beginning of the year		186 552	166 724
Retained surplus at the end of the year		190 828	186 552

Statement of Financial Position

Figures in rands	Notes	2023	2022
Assets			
Non current assets			
Equipment	5	450 351	457 558
Current assets			
Trade and other receivables		47 100	41 100
Cash and cash equivalents	6	8 166 174	5 018 987
		8 213 274	5 060 087
Total assets		8 663 625	5 517 645
Equity and liabilities			
Equity			
Restricted reserves		2 572 601	1 876 385
Retained surplus		194 661	186 552
		2 767 262	2 062 937
Current liabilities			
Funds received in advance	4	5 872 044	3 453 349
Trade and other payables		24 318	1 359
		5 896 363	3 454 708
Total equity and liabilities		8 663 625	5 517 645

dlalanathi
Annual Financial Statements
31 December 2023

Segmental Statement of Financial Position

Figures in Rands	dlalanathi	Self help groups	Training Unit	Community	KNH/BMZ Project	Youth	Special	2023
Assets								
Non current assets								
Equipment	249,952	186,982	-	-	13,417	-	-	450,351
Current assets								
Trade and other receivables	47,100	-	-	-	-	-	-	47,100
Cash and cash equivalents	2,388,610	1,944,697	364,606	1,040,758	304,401	2,119,137	3,964	8,166,174
	2,435,710	1,944,697	364,606	1,040,758	304,401	2,119,137	3,964	8,213,274
Total assets	2,685,662	2,131,679	364,606	1,040,758	317,818	2,119,137	3,964	8,663,625
Equity and liabilities								
Equity								
Restricted reserves	2,372,202	186,982	-	-	13,417	-	-	2,572,601
Retained surplus	194,661	-	-	-	-	-	-	194,661
	2,566,863	186,982	-	-	13,417	-	-	2,767,262
Current liabilities								
Funds received in advance	94,481	1,944,697	364,606	1,040,758	304,401	2,119,137	3,964	5,872,044
Trade and other payables	24,318	-	-	-	-	-	-	24,318
	118,799	1,944,697	364,606	1,040,758	304,401	2,119,137	3,964	5,896,363
Total equity and liabilities	2,685,662	2,131,679	364,606	1,040,758	317,818	2,119,137	3,964	8,663,625

Segmental Statement of Financial Position (continued)

Figures in Rands	dlalanathi	Self help groups	Community	Covid	Youth	Special	2022
Assets							
Non current assets							
Equipment	198,196	259,362	-	-	-	-	457,558
Current assets							
Trade and other receivables	41,100	-	-	-	-	-	41,100
Cash and cash equivalents	1,598,732	932,423	237,502	52,732	1,628,972	568,626	5,018,987
	1,639,832	932,423	237,502	52,732	1,628,972	568,626	5,060,087
Total assets	1,838,028	1,191,785	237,502	52,732	1,628,972	568,626	5,517,645
Equity and liabilities							
Equity							
Restricted reserves	1,617,023	259,362	-	-	-	-	1,876,385
Retained surplus	186,552	-	-	-	-	-	186,552
	1,803,575	259,362	-	-	-	-	2,062,937
Current liabilities							
Funds received in advance	33,094	932,423	237,502	52,732	1,628,972	568,626	3,453,349
Trade and other payables	1,359	-	-	-	-	-	1,359
	34,453	932,423	237,502	52,732	1,628,972	568,626	3,454,708
Total equity and liabilities	1,838,028	1,191,785	237,502	52,732	1,628,972	568,626	5,517,645

Statement of Changes in Equity

Figures in Rands	Notes	Restricted reserve - funding fixed assets	Restricted reserve - funding fixed assets	Restricted reserve - funding 1 months' payroll	Restricted reserve - emergency funds (50% donations)	Retained surplus	Total Equity
Notes		1	2	3	4		
Balance at 1 January 2022 as previously stated		539,320	491,923	400,000	424,000	166,724	2,021,967
Retained surplus for the year		-	-	-	-	40,969	40,969
Transfer to/from reserves		(103,463)	34,854	-	89,752	(21,143)	-
Balance at 31 December 2022		435,857	526,777	400,000	513,752	186,550	2,062,936
Balance at 1 January 2023 as previously stated		435,857	526,777	400,000	513,752	186,550	2,062,936
Retained surplus for the year		-	-	-	-	-	-
Transfer to/from reserves		14,494	185,554	100,000	400,000	4,279	704,326
Balance at 31 December 2023		450,351	712,331	500,000	913,752	190,829	2,767,262

Notes

1. The reserve was created to fund the existing owned fixed assets (equals the book value of fixed assets).
2. The reserve was created to fund the replacement of the existing owned fixed assets (equals the accumulated depreciation provided up to the date of the current year end on the existing fixed assets)
3. The reserve was created to fund one months payroll in the event of timing differences between receiving donor funds and the projects starting.
4. The reserve was created for unforeseen events by taking 50% of donations received (being non-donor income) and retaining such amount in reserve. Once this reserve reaches the amount of 2 months payroll, no additional transfers will be made to it.

Statement of Cash Flows

Figures in rands	Notes	2023	2022
Cash flow from operating activities			
Net (deficit)/surplus for the year		3 105 770	659 556
Adjustments for			
Depreciation		184 594	129 377
Transfer to donor funds received in advance		(5 872 044)	(3 453 349)
Transfer prior year from donor funds received in advance		3 453 349	2 834 763
Change in working capital			
Trade and other receivables		(6 000)	(27 900)
Trade and other payables		2 441 655	595 832
Net cash from operating activities		3 307 325	738 279
Cash flow from investing activities			
Additions to equipment		(160 138)	(47 615)
Net cash from investing activities		(160 138)	(47 615)
Cash flow from financing activities			
Net cash from financing activities		-	-
Increase in cash and cash equivalents		3 147 187	690 664
Cash and cash equivalents at the beginning of the year		5 018 987	4 328 323
Cash and cash equivalents at the end of the year	6	8 166 174	5 018 987

Accounting Policies

1. General information

dlalanathi is a non-profit organisation incorporated in South Africa.

1.1 Summary of significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board.

The principal accounting policies have been applied consistently with those applied in the prior year.

The financial statements are prepared on the historical cost basis, and incorporate the principal accounting policies as set out below:

1.2 Revenue recognition

The non-profit organisation recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the non-profit organisation therefrom.

1.3 Income taxes

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

dlalanathi is registered as a PBO with the South African Revenue Services and as such is exempt from taxation in terms of Section 10(1)(cN) of the Income Tax Act.

1.4 Equipment

Equipment is initially recorded at cost and is depreciated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives.

The depreciation rates applicable to each category of equipment is as follows:

	2023	2022
Computer equipment	33.33%	33.33%
Furniture and fittings	33.33%	33.33%
Motor vehicles	20.00%	20.00%

Residual value, useful life and depreciation methods are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Accounting Policies

1.5 Impairment of assets

The carrying amounts of all assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. An impairment loss is reversed if there is an indication that the impairment loss may no longer exist. The impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

1.6 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include accounts receivables, cash and cash equivalents, loans and accounts payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

1.7 Provisions

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Notes to the Annual Financial Statements

Figures in rands		2023	2022
1	Donor income		
	dlalanathi income	126 048	110 636
	DG Murray Training Unit	834 900	266 000
	Self Help Groups (SHG)	4 609 674	3 864 022
	KNH BMZ Project	2 827 407	-
	Community income	3 470 612	2 635 066
	ELMA	750 000	750 000
	Hoskin Consolidated Investments (HCI)	120 000	120 000
	IQRAA Trust	100 000	-
	Kindernothilfe (KNH)	1 187 980	1 041 484
	Pietermaritzburg & District Community Chest	-	35 000
	Stephen Lewis Foundation	671 018	688 582
	Empower	641 614	-
	Youth income	3 637 127	3 079 442
	Charlize Theron Africa Outreach Project	1 262 542	984 506
	Terre Des Hommes Schweiz	2 374 585	2 094 936
	Special projects	483 790	1 456 028
	Playmat Project	-	792 788
	Terre Des Hommes Schweiz Youth Facility	-	56 859
	Unicef Training	24 000	-
	Empower	-	502 056
	Victor Daitz	208 785	104 325
	KNH Digitalization Fund	251 005	-
		15 989 558	11 411 194
2	Investment income		
	Interest received - Investec Bank Limited	125 942	62 472
	Interest received - Standard Bank of South Africa Ltd	242 364	116 867
		368 306	179 339
3	Other non-contractual income		
	Donations	15 867	2 400
	Insurance income	2 805	-
	Sundry income	2 000	1 570
	Reimbursements	385 027	138 456
		405 699	142 426

Notes to the Annual Financial Statements

Figures in rands		2023	2022
4	Transfer to donor funds received in advance		
	dlalanathi	94 481	33 094
	DG Murray Training Unit	364 606	-
	Self Help Groups (SHG)	1 944 696	932 423
	KNH BMZ Project	304 401	-
	Community projects	1 040 758	237 502
	ELMA	13 581	8 270
	Hoskin Consolidated Investments (HCI)	32 757	5 569
	IQRAA Trust	61 807	-
	Kindernothilfe (KNH)	225 668	39 454
	Pietermaritzburg & District Community Chest	-	771
	Stephen Lewis Foundation	281 692	183 438
	Empower	425 254	-
	Covid specific projects	-	52 732
	ELMA Covid funds	-	49 625
	Seven Passes Covid funds	-	3 107
	Youth projects	2 119 137	1 628 972
	Charlize Theron Africa Outreach Project	921 270	454 899
	Terre Des Hommes Schweiz	1 197 867	1 174 073
	Special projects	3 964	568 626
	Playmat Project	-	68 566
	Unicef Training	-	169 210
	Empower	-	330 850
	KNH Digitalization Fund	3 964	-
		5 872 044	3 453 349

Notes to the Annual Financial Statements

	Opening balance	Additions	Disposals	Closing balance
At cost				
Motor vehicles	781,335	-	-	781,335
Computer equipment	136,161	169,510	-	305,671
Office Equipment	22,660	7,878	-	30,538
Furniture and fittings	45,137	-	-	45,137
	<u>985,293</u>	<u>177,388</u>	<u>-</u>	<u>1,162,681</u>
Accumulated depreciation				
Motor vehicles	423,523	79,933	-	503,456
Computer equipment	80,687	79,657	-	160,344
Office Equipment	959	9,960	-	10,919
Furniture and fittings	22,567	15,044	-	37,611
	<u>527,736</u>	<u>184,594</u>	<u>-</u>	<u>712,330</u>
Carrying values at the end of the year		2023	2022	
Motor vehicles		277,879	357,812	
Computer equipment		145,327	55,475	
Office Equipment		19,619	21,701	
Furniture and fittings		7,526	22,570	
		<u>450,351</u>	<u>457,558</u>	
		2023	2022	
6 Cash and cash equivalents				
Investec call account		2,126,315	1,380,372	
Standard Bank moneymarket call account		1,058,534	1,260,818	
Standard Bank current account		861,315	289,201	
Standard Bank ML - Kindernothilfe		281,427	55,788	
Standard Bank ML - Training unit		403,906	710	
Standard Bank ML - Terre Des Hommes Funds		1,252,462	1,169,312	
Standard Bank current - Self Help Groups		1,021,743	55,125	
Standard Bank ML - Self Help Groups		855,435	805,633	
Standard Bank current - KNH/BMZ Project		304,401	-	
Petty cash		636	2,028	
		<u>8,166,174</u>	<u>5,018,987</u>	
Apportionment of cash and cash equivalents				
Funds to cover future operations and restricted reserves		2,294,129	1,565,638	
Funds to cover project funds in advance		5,872,045	3,453,349	
		<u>8,166,174</u>	<u>5,018,987</u>	

Notes to the Annual Financial Statements

		2023	2022
7	Operating lease commitment		
	Commitments entered into in respect of leases entered into by the entity on leasehold property or portions of property. Lease signed until 31/07/2025.		
	Within 1 year	389 836	367 770
	Within 2-5 years	235 169	389 838
		<u>625 006</u>	<u>757 608</u>
8	Operating Costs Include:		
	Facilitators	<u>5 133 885</u>	<u>3 906 310</u>

Supplementary Information

Detailed Income Statement - Full consolidation

dlalanathi General
DG Murray Training Unit
Self Help Groups

Detailed Income Statement - Consolidated Community

ELMA
Hoskin Consolidated Investments (HCI)
IQRAA
Kindernothilfe (KNH)
Pietermaritzburg and District Community Chest
Steven Lewis Foundation
Uthando Dolls Project

Detailed Income Statement - Covid Specific Funds

Charlize Theron Africa Outreach Project Covid Fund
ELMA Covid Fund
Kindernothilfe (KNH) Covid Fund
Lego Foundation
Seven Passes Covid Fund

Detailed Income Statement - Consolidated Youth Projects

Charlize Theron Africa Outreach Project
Terre Des Hommes Schweiz

Detailed Income Statement - Consolidated Special Projects

Playmat Project
PACF
Terre Des Hommes Schweiz Youth Facility
Unicef Training