

**RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

GENERAL INFORMATION

ORGANISATION REGISTRATION NUMBER	010-190NPO
COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Involved in various projects to uplift the community
MEMBERS OF MANAGEMENT BOARD	C O'Brien (Chairperson) FEA Stafford (Treasurer) G Berry (Vice Chairperson) P Davids M Lack A Musialek M Petersen R Shields K Shikwambana
REGISTERED OFFICE	12 Bouquet Street Cape Town 8001
BUSINESS ADDRESS	12 Bouquet Street Cape Town 8001
POSTAL ADDRESS	12 Bouquet Street Cape Town 8001
BANKERS	Investec Bank Limited Standard Bank of South Africa Limited
AUDITORS	MGI Bass Gordon Registered Auditors Chartered Accountants (SA)

RURAL DEVELOPMENT SUPPORT PROGRAM
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The reports and statements as set out below comprise the annual financial statements presented to the management board:

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INDEPENDENT AUDITORS' REPORT

TO THE MANAGEMENT BOARD OF RURAL DEVELOPMENT SUPPORT PROGRAM

Qualified Opinion

We have audited the annual financial statements of Rural Development Support Program as set out on pages 8 to 14, which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, and statement of changes in funds for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the annual financial statements present fairly, in all material respects, the financial position of Rural Development Support Program as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with the basis of accounting as set out in note 1 to the annual financial statements.

Basis for Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Annual Financial Statements section of our report. 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 annual 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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Other Information

The management board is responsible for the other information. Other information comprises the management board's report, which we obtained prior to the date of this report, and the supplementary information as set out on page 15. Other information does not include the annual financial statements and our auditors' report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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.

Physical Address 17th Floor, 1 Thibault Square, 1 Long Street, Cape Town, 8001 Postal Address P.O. Box 838, Cape Town, 8000
Tel +27 21 405 8500 Fax 0866 748 017 Email info@bassgordon.co.za Docex 212 Cape Town www.bassgordon.co.za

PARTNERS David Donninger, Stuart Hendler, Abraham Petersen, Barry Pogrand, Alan Schermbrucker,
Howard Silke, Susan van der Valk **CONSULTANTS** Arthur Baguley, Mathew Hendler, Leonard Solomon.

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INDEPENDENT AUDITORS' REPORT

Responsibilities of the Management Board for the Annual Financial Statements

The management board is responsible for the preparation and presentation of the annual financial statements in accordance with the basis of accounting as set out in note 1 to the annual financial statements, and for such internal control as the management board determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the management board is responsible for assessing the organisation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless the management board either intends to liquidate the organisation or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Conclude on the appropriateness of the management 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 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 auditors' report to the related disclosures in the annual 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 auditors' report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that achieves reasonable presentation.

INDEPENDENT AUDITORS' REPORT

We communicate with the management 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.

MGI BASS GORDON

MGI BASS GORDON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS (SA)

PARTNER: IVAN BARRY POGRUND
REGISTERED AUDITOR
CHARTERED ACCOUNTANT (SA)

CAPE TOWN

DATE: 8 April 2019

RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

MANAGEMENT BOARD'S RESPONSIBILITIES AND APPROVAL

The management board is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements present the state of affairs of the organisation as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with the basis of accounting as set out in note 1 to the annual financial statements. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the basis of accounting as set out in note 1 to the annual financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The management board acknowledges that they are ultimately responsible for the system of internal financial control established by the organisation and places considerable importance on maintaining a strong control environment. To enable the management board to meet these responsibilities, the management board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The 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 organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

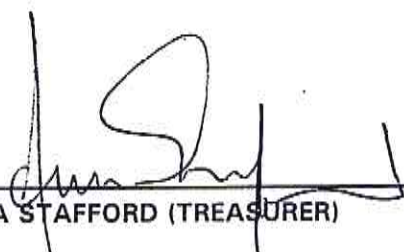
The management board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

The management board has reviewed the organisation's cash flow forecast for the year to 31 December 2019 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 annual financial statements as set out on pages 7 to 15, which have been prepared on the going concern basis, were approved and signed by:



C O'BRIEN (CHAIRPERSON)



FEA STAFFORD (TREASURER)

CAPE TOWN

DATE: 8 April 2019

RURAL DEVELOPMENT SUPPORT PROGRAM
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MANAGEMENT BOARD'S REPORT

The management board has pleasure in submitting their report on the annual financial statements of Rural Development Support Program for the year ended 31 December 2018.

1. NATURE OF BUSINESS

Rural Development Support Program was incorporated in South Africa and is involved in various projects to uplift the community. The organisation operates in South Africa.

There have been no material changes to the nature of the organisation's business from the prior year.

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The annual financial statements have been prepared in accordance with the entity specific basis of accounting. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position and results of operations of the organisation are set out in these annual financial statements.

3. EVENTS AFTER THE REPORTING PERIOD

The management board is not aware of any matter or circumstance of a material nature arising between the accounting date and the date of this report, which significantly affect the financial position of the organisation or the results of its operations.

4. MANAGEMENT BOARD

The members of the management board at the date of this report are as follows:

Management Board

C O'Brien (Chairperson)

FEA Stafford (Treasurer)

G Berry (Vice Chairperson)

P Davids

M Lack

A Musialek

M Petersen

R Shields

K Shikwambana

RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
STATEMENT OF FINANCIAL POSITION

	Notes	2018 R	2017 R
ASSETS			
Current Assets			
Accounts receivable	2	38 489	93 771
Cash and cash equivalents	3	432 404	247 471
		<u>470 893</u>	<u>341 242</u>
Total Assets		<u>470 893</u>	<u>341 242</u>
FUNDS AND LIABILITIES			
FUNDS			
Sustainability fund		-	192 141
Accumulated funds		2 656	114 612
		<u>2 656</u>	<u>306 753</u>
LIABILITIES			
Current Liabilities			
Accounts payable	4	35 390	34 489
Grants received in advance	5	432 847	-
		<u>468 237</u>	<u>34 489</u>
Total Funds and Liabilities		<u>470 893</u>	<u>341 242</u>

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2018 R	2017 R
Revenue	6	2 264 202	3 794 315
Other income	7	37 003	18 531
Operating expenses		(2 618 506)	(3 922 901)
Operating deficit		(317 301)	(110 055)
Interest received	8	13 204	26 231
Deficit before transfer from sustainability and accumulated funds		(304 097)	(83 824)
Transfer from sustainability fund and accumulated funds		304 097	83 824
(Deficit) Surplus for the year		-	-

RURAL DEVELOPMENT SUPPORT PROGRAM
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STATEMENT OF CHANGES IN FUNDS

	Sustainability fund R	Accumulated funds R	Total funds R
Balance at 01 January 2017	275 965	114 612	390 577
Transfer from sustainability fund	(83 824)	-	(83 824)
Balance at 01 January 2018	192 141	114 612	306 753
Transfer from sustainability fund	(192 141)	(111 956)	(304 097)
Balance at 31 December 2018	-	2 656	2 656

RURAL DEVELOPMENT SUPPORT PROGRAM ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

ACCOUNTING POLICIES

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the accounting policies as set out below. The annual financial statements have been prepared on the historical cost basis.

These accounting policies are consistent with the previous year.

We emphasise that the basis of accounting and presentation of disclosures contained in the annual financial statements are not intended to and do not comply with the requirements of the International Financial Reporting Standard for Small and Medium-sized Entities.

1.1 EQUIPMENT

All fixed assets are written off in the year of acquisition. A fixed asset register is available for inspection.

1.2 FINANCIAL INSTRUMENTS

Initial measurement

Financial instruments are initially measured at the transaction price.

Accounts receivables

Accounts receivables are measured at initial recognition at fair value and appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivables are impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Accounts payables

Accounts payables are recognised at cost, comprising original debt less principal payments.

Loans receivable and payable

Loans receivable and payable are recognised initially and subsequently at cost.

1.3 GRANTS RECEIVED IN ADVANCE

These are specific grants where the duration of the contracts fall outside the organisation's financial year, the unspent balances of which are deferred to the next year.

1.4 REVENUE

Revenue comprises grants received, building capacity fees received and income from investments, less balances accrued through grants received in advance.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
2. ACCOUNTS RECEIVABLE		
Trade receivables	8 724	49 020
Prepayments	3 457	4 124
Sundry debtors	18 879	39 450
Value Added Taxation	7 429	1 177
	<u>38 489</u>	<u>93 771</u>
3. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Bank balances	430 134	245 995
Cash on hand	2 270	1 476
	<u>432 404</u>	<u>247 471</u>
The following facilities from Standard Bank of South Africa Limited are available:		
Overdraft details: Overdraft limit of R45 000		
4. ACCOUNTS PAYABLE		
Trade payables	<u>35 390</u>	<u>34 489</u>
5. GRANTS RECEIVED IN ADVANCE		
DG Murray Trust	36 213	-
Italian Bishops Conference	3 242	-
Papal Foundation	393 392	-
	<u>432 847</u>	<u>-</u>

RURAL DEVELOPMENT SUPPORT PROGRAM**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2018 R	2017 R
6. REVENUE		
Grants and capacity building fees received	2 264 202	3 794 315
Grants received in advance at beginning of year	-	497 506
Ann Kreitzer Will Trust	55 000	50 000
APEXHI	-	120 000
Butterfly Art Project	39 700	47 000
Capacity Building Fees	129 517	296 093
CATHCA	10 489	858 695
Catholic Community - Justice and Peace	41 289	-
DG Murray Trust	100 000	-
Diocese of Kroonstad	51 350	-
DOCKDA	154 971	25 165
Dramatic Solutions	-	30 430
Edmund Rice Camps	30 131	-
Holistix Solutions	-	2 008
Italian Bishops Conference	136 834	-
Joint Gender Fund	-	35 000
Misereor KZE	-	51 722
Misereor KZE (2017-2019)	1 092 365	1 423 260
Misereor PME	71 089	70 940
Missio Aachen	-	140 515
Namaqua Community Projects	-	18 000
Other donations	-	4 731
Pamoja Assessment Management/DSD	-	57 650
Papal Foundation	703 310	-
SACBC Lenten Fund	50 000	40 000
SANCA	8 600	25 600
St Kizito	22 404	-
Less : Grants received in advance at end of the year	(432 847)	-
	2 264 202	3 794 315
7. OTHER INCOME		
Administration and management fees received	37 003	18 531
8. INTEREST RECEIVED		
Interest received		
Bank	13 204	26 231
9. TAXATION		

No provision has been made for 2018 taxation as the organisation is exempt from taxation in terms of Section 10(1)(cN) of the Income Tax Act.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
10. AUDITORS' REMUNERATION		
Fees	61 500	77 500
Prior year over provision	-	(7 500)
Secretarial services	-	1 250
	<u>61 500</u>	<u>71 250</u>

RURAL DEVELOPMENT SUPPORT PROGRAM
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DETAILED INCOME STATEMENT

	Notes	2018 R	2017 R
REVENUE			
Grants and capacity building fees received		2 264 202	3 794 315
OTHER INCOME			
Administration and management fees received		37 003	18 531
Interest received	8	13 204	26 231
		<u>50 207</u>	<u>44 762</u>
EXPENSES			
Accommodation and food		(244 562)	(330 178)
Auditors' remuneration	10	(61 500)	(71 250)
Bad debts		(37 500)	(20 066)
Bank charges		(19 508)	(22 620)
Community based support		(71 089)	(203 819)
Computer expenses		(20 047)	(5 312)
Depreciation		(12 998)	(18 398)
Evaluation		(11 000)	-
Fund raising expenses		(1 691)	-
Insurance		(1 949)	(1 908)
Lease rentals and maintenance		(99 157)	(94 186)
Meetings and seminars		(5 162)	(9 428)
Other expenses		-	(119)
Printing and stationery		(7 105)	(3 802)
Program transport		(158 958)	(378 876)
Salaries		(1 633 100)	(2 391 728)
Specialised services		(77 030)	(217 310)
Staff development		(49 202)	(31 267)
Telecommunications and postage		(60 819)	(67 588)
Training materials		(46 129)	(55 046)
		<u>(2 618 506)</u>	<u>(3 922 901)</u>
Deficit before transfer from sustainability fund and accumulated funds		(304 097)	(83 824)
Transfer from sustainability fund and accumulated funds		304 097	83 824
		<u>-</u>	<u>-</u>

The supplementary information presented does not form part of the annual financial statements and is unaudited.