

**RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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	K Shikwambana (Chairperson) G Berry (Vice Chairperson) K Soderlund (Treasurer) R Shields (Secretary) T Arendse S Davids C O'Brien
REGISTERED OFFICE	Cathedral Place 12 Bouquet Street Cape Town 8001
BUSINESS ADDRESS	Cathedral Place 12 Bouquet Street Cape Town 8001
POSTAL ADDRESS	Cathedral Place 12 Bouquet Street Cape Town 8001
BANKERS	Standard Bank of South Africa Limited
AUDITORS	MGI Bass Gordon Registered Auditors Chartered Accountants (SA)

**RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

INDEX

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

	Page
Independent Auditors' Report	3 - 5
Management Board's Responsibilities and Approval	6
Management Board's Report	7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Funds	10
Accounting Policies	11
Notes to the Annual Financial Statements	12 - 14
The following supplementary information does not form part of the annual financial statements:	
Detailed Income Statement	15

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 (the organisation) as set out on pages 8 to 14, which comprise the statement of financial position as at 31 December 2022, 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 of Rural Development Support Program for the year ended 31 December 2022 are prepared, in all material respects, in accordance with the basis of accounting as set out in note 1 to the annual financial statements.

Basis for 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 out examination beyond the receipts actually recorded.

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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to note 1 to the annual financial statements, which sets out the basis of accounting. The annual financial statements are prepared in accordance with the organisation's own accounting policies to satisfy the financial information needs of the organisation's management board. As a result, the annual financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT

Other Information

The management board is responsible for the other information. The other information comprises the information included in the document titled "Rural Development Support Program Annual Financial Statements for the year ended 31 December 2022", which includes the management board's report and the supplementary information as set out on page 15. The 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.

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, for determining that the basis of preparation is acceptable in the circumstance 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 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.

INDEPENDENT AUDITORS' REPORT

- 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.

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: 29 March 2023

**RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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 in note 1 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 is aware of the organisation's continued tight cash flow situation at present as this was presented at the management board meetings continuously throughout 2022, and that the accumulated reserves have decreased during the year. However, due to consistent funding and the positive outlook continuing within the organisation, they are satisfied that the organisation has adequate resources to continue through 2023.

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:



K SHIKWAMBANA (CHAIRPERSON)



K SODERLUND (TREASURER)

CAPE TOWN
DATE: 29 MARCH 2023

**RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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 2022.

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 basis of accounting as set out in note 1 to the annual financial statements.. 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. MANAGEMENT BOARD

The members of the management board of the organisation during the year and to the date of this report are as follows:

Members	Changes
K Shikwambana (Chairperson)	
G Berry (Vice Chairperson)	
K Soderlund (Treasurer)	
R Shields (Secretary)	
T Arendse	
S Davids	Appointed 16 May 2022
C O'Brien	

4. EVENTS AFTER THE REPORTING PERIOD

The management board are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF FINANCIAL POSITION

	Notes	2022 R	2021 R
ASSETS			
Current Assets			
Accounts receivable	2	17 592	41 242
Cash and cash equivalents	3	1 438 207	450 381
		<u>1 455 799</u>	<u>491 623</u>
Total Assets		<u>1 455 799</u>	<u>491 623</u>
FUNDS AND LIABILITIES			
FUNDS			
Accumulated funds		<u>93 128</u>	<u>275 256</u>
LIABILITIES			
Current Liabilities			
Accounts payable	4	825	-
Grants received in advance	5	1 361 846	216 367
		<u>1 362 671</u>	<u>216 367</u>
Total Funds and Liabilities		<u>1 455 799</u>	<u>491 623</u>

RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022 R	2021 R
Revenue	6	1 719 729	2 109 352
Other income	7	17 857	18 336
Operating expenses	8	(1 928 919)	(2 034 967)
Operating (deficit) surplus		(191 333)	92 721
Interest received	9	9 205	5 291
(Deficit) surplus for the year		(182 128)	98 012

RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF CHANGES IN FUNDS

	Accumulated funds R	Total funds R
Balance at 01 January 2021	177 244	177 244
Surplus for the year	98 012	98 012
Balance at 01 January 2022	275 256	275 256
Deficit for the year	(182 128)	(182 128)
Balance at 31 December 2022	93 128	93 128

RURAL DEVELOPMENT SUPPORT PROGRAM ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

ACCOUNTING POLICIES

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements have been prepared on a going concern basis 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 equipment is 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 receivable

Accounts receivable 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 payable

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

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.

Interest is recognised, in surplus or deficit, using the effective interest method.

RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022 R	2021 R
2. ACCOUNTS RECEIVABLE		
Trade receivables	1 920	14 019
Prepayments	3 682	3 964
Value Added Tax	11 990	23 259
	<u>17 592</u>	<u>41 242</u>
3. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Bank balances	1 438 020	449 750
Cash on hand	187	631
	<u>1 438 207</u>	<u>450 381</u>
4. ACCOUNTS PAYABLE		
Trade payables	<u>825</u>	<u>-</u>
5. GRANTS RECEIVED IN ADVANCE		
DG Murray Trust	383 280	-
Misereor KZE	184 228	216 367
Papal Foundation	794 338	-
	<u>1 361 846</u>	<u>216 367</u>

RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022 R	2021 R
6. REVENUE		
Grants and capacity building fees received	<u>1 719 729</u>	<u>2 109 352</u>
Grants received in advance at the beginning of the year	216 367	440 475
Acorn Education NPC	-	5 000
Ann Kreitzer Will Trust	60 000	60 000
Apex Primary School	-	5 000
Capacity Building Fees	49 690	51 987
DG Murray Trust	624 300	-
Discovery Fund	-	100 000
DOCKDA	268 358	397 851
Elex Khanyisa	-	40 000
Lifeline N C	40 120	-
Mary Lack Community Grant Programme	58 650	-
Misereor KZE (2020-2022)	1 078 243	973 706
Other donations	5 175	-
Papal Foundation	577 972	-
SACBC Lenten Fund	50 000	50 000
SANCA WC	10 700	10 700
Sibona Illanga Trust	42 000	41 000
Solidarity Fund	-	150 000
Less: Grants received in advance at the end of the year	<u>(1 361 846)</u>	<u>(216 367)</u>
	<u>1 719 729</u>	<u>2 109 352</u>
7. OTHER INCOME		
COVID - 19 TERS	-	14 423
DG Murray Trust campaign income	3 000	-
Fund raising - Global Giving	8 857	-
Surplus on sale of asset	6 000	3 913
	<u>17 857</u>	<u>18 336</u>
8. OPERATING EXPENSES		
Operating expenses include the following expenses:		
Operating lease charges		
Premises		
• Contractual amounts	<u>38 937</u>	<u>30 513</u>
Depreciation	-	15 477
Employee costs	<u>1 027 307</u>	<u>1 048 551</u>
9. INTEREST RECEIVED		
Interest received		
Bank	<u>9 205</u>	<u>5 291</u>

RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022 R	2021 R
10. TAX		
Non-provision of tax		
No provision has been made for 2022 tax as the organisation is exempt from tax in terms of Section 10(1)(cN) of the Income Tax Act.		
11. AUDITORS' REMUNERATION		
Fees	<u>102 300</u>	<u>88 000</u>

12. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The members of the management board believe that the organisation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The members of the management board have satisfied themselves that the organisation is in a sound financial position. The members of the management board are not aware of any new material changes that may adversely impact the organisation. The members of the management board are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the organisation.

RURAL DEVELOPMENT SUPPORT PROGRAM
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

DETAILED INCOME STATEMENT

	Notes	2022 R	2021 R
REVENUE			
Grants and capacity building fees received		1 719 729	2 109 352
OTHER INCOME			
COVID - 19 TERS		-	14 423
DG Murray Trust campaign income		3 000	-
Fund raising - Global Giving		8 857	-
Surplus on sale of asset		6 000	3 913
		17 857	18 336
EXPENSES			
Accommodation and food		(200 046)	(273 484)
Auditors' remuneration	11	(102 300)	(88 000)
Bank charges		(15 838)	(14 067)
Community based support		(25 000)	(30 000)
Computer expenses		(8 475)	(4 192)
Depreciation		-	(15 477)
Evaluation		-	(62 538)
Fundraising expenses		(2 564)	(2 540)
Insurance		(2 142)	(2 129)
Lease rentals on operating lease		(38 937)	(30 513)
Meetings and seminars		(8 726)	(3 399)
Printing and stationery		(1 932)	(1 673)
Program transport		(189 098)	(197 183)
Salaries		(1 027 307)	(1 048 551)
Specialised services		(216 131)	(170 820)
Staff development		(14 477)	(5 927)
Telecommunications and postage		(37 256)	(29 479)
Training material		(38 690)	(54 995)
		(1 928 919)	(2 034 967)
Operating (deficit) surplus		(191 333)	92 721
Interest received	9	9 205	5 291
(Deficit) Surplus for the year		(182 128)	98 012

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