RAPHAEL SUPPORT AND SKILLS DEVELOPMENT ORGANISATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

BRANDT STOLTZ & CO.

CHARTERED ACCOUNTANTS (S.A.)

GRAHAMSTOWN

RAPHAEL SUPPORT AND SKILLS DEVELOPMENT ORGANISATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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BOARD'S RESPONSIBILITY STATEMENT AND APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of Raphael Support and Skills Development Organisation set out on pages 3 - 8 are the responsibility of the Board.

The Board is responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records for the safeguarding of assets, and for developing and maintaining a system of internal control that, among other things, will ensure the preparation of financial statements that achieve fair presentation.

The financial statements were approved by the Board and are signed by:

DIRECTOR

DATE 2/9/2020

CHAIRPERSON

DATE 2/9/2020

BRANDT STOLTZ & CO.

Chartered Accountants (S.A.)

Registered Auditors

51A Hill Street, Grahamstown, 6139, South Africa
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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF RAPHAEL SUPPORT AND SKILLS DEVELOPMENT ORGANISATION

Qualified Opinion

We have audited the accompanying annual financial statements of **RAPHAEL SUPPORT AND SKILLS DEVELOPMENT ORGANISATION** (the "Organisation") which comprises the Statement of Financial Position as at 31 December 2019, the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the possible effects of the matter described in Basis for qualified opinion paragraph, the accompanying financial statements presents fairly, in all material respects the financial position of Raphael Support and Skills Development Organisation as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in note 1 of the Financial Statements.

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the Board to institute accounting controls over cash collections from grants, donations and other receipts of a similar nature 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.

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 ethical requirements that are relevant to our audit of the Financial Statements in Grahamstown, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Going Concern

Without qualifying the above, we would like to emphasise that it is evident from the income statement that the organisation is dependent upon grants and donations for the continuation of its activities. The organisation continued to report a deficit and the current liabilities as at 31 December 2019 exceeded its total assets. As stated in note 6, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the organisation's ability to continue as a going concern.

Other matters -

Restriction of Use

Without modifying our opinion, we draw attention to the fact that the financial statements have been prepared in accordance with the basis of accounting described in note 1 of the Financial Statements for the purposes of providing financial information to the Board. The financial statements and our auditor's report may not be suitable for any other purpose.

Partners: Adrian M. Stoltz CA (SA) RA
Assisted by: Chengetai Chakurungama BCom, CTA,
Ralf S. Botha BCompt, James H. Brandt CA (SA)
IRBA practice number: 902357

Responsibilities of the Board for the Financial Statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in note 1 to the financial statements. This responsibility includes determining that the basis is an acceptable basis for preparing and presenting the financial statements in the circumstances; designing, implementing and maintaining internal control relevant to enable the preparation and 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 whether the financial statements are free from material misstatements.

As part of our audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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. Our conclusions are based on the audit evidence obtained up to date of our auditor's 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organisation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control what we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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A.M. STOLTZ
BRANDT STOLTZ &CO.
Registered Auditors
Grahamstown

Date: 8/9/2020.

RAPHAEL SUPPORT AND SKILLS DEVELOPMENT ORGANISATION

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019
(All amounts South African Rands ('R'), unless otherwise indicated)

	NOTE	2019	2018
ASSETS			
Non-current assets		-	-
Fixed assets	2.	-	-
Loans to officers and directors	4.	-	-
Current assets		1 603	42 712
Cash and cash equivalents	3.	1 603	42 712
Total assets		1 603	42 712
EQUITY AND LIABILITIES			
Capital and reserves		(62 553)	(7 288)
Accumulated (deficit)		(62 553)	(7 288)
Non-current liabilities		-	50 000
Loans from officers and directors	4.	-	50 000
Current liabilities		64 156	-
Accrued salaries	6.	64 156	-
Total equity and liabilities		1 603	42 712

RAPHAEL SUPPORT AND SKILLS DEVELOPMENT ORGANISATION

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts South African Rands ('R'), unless otherwise indicated)

	2019	2018
REVENUE	438 926	880 152
Donations/Grants	381 730	876 243
Interest	-	3 909
Self-generated funds	57 196	-
ORGANISATIONAL EXPENDITURE	(460 651)	(889 753)
Audit fees	14 490	13 225
Bank charges and interest	7 560	10 345
Cleaning	326	400
Communications	15 945	71 654
Electricity	2 621	7 630
Equipment costs	-	4 160
Insurance	-	10 321
President Award	1 400	-
Printing, postage and stationery	5 990	21 932
Rent and utilities	48 800	100 370
Repairs and maintenance	2 360	6 005
Retrenchment and consulting	2 317	-
Risk management	-	7 146
Security	1 107	-
Staff appreciation/welfare	2 136	3 046
Staff salaries	316 334	620 906
Telephone and fax	39 265	12 613
OPERATIONAL EXPENDITURE COMMUNITY, CHILD AND YOUTH WELLNESS	(33 540)	(94 554)
Accommodation	-	6 825
Facilitation fees	1 360	12 672
Nutrition	15 135	34 332
Project resources	7 382	7 982
Training materials	4 766	4 800
Transport	4 897	25 943
Uniforms	-	2 000
(DEFICIT) FOR THE PERIOD	(55 265)	(104 155)

RAPHAEL SUPPORT AND SKILLS DEVELOPMENT ORGANISATION

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts South African Rands ('R'), unless otherwise indicated)

	ACCUMULATED SURPLUS/ (DEFICIT)
Balance at 31 December 2017	96 867
Loss for the year	(104 155)
Balance at 31 December 2018	(7 288)
Loss for the year	(55 265)
Balance at 31 December 2019	(62 553)

RAPHAEL SUPPORT AND SKILLS DEVELOPMENT ORGANISATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts South African Rands ('R'), unless otherwise indicated)

1. ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis in terms of International Financial Reporting Standards for Small and Medium-sized Entities. The following are the principal accounting policies of the Organisation:

1.1. REVENUE

Revenue comprises grants and donations from local and foreign based organisations.

Other operating income comprises interest income.

REVENUE RECOGNITION

Revenue and other income are measured at the fair value of the consideration received or receivable.

1.2. FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation.

Previously depreciation was calculated on the straight line basis, at rates considered appropriate to reduce the book values to R1 over the useful lives of the assets. The applicable depreciation rates are:

Furniture, Fittings and Equipment	16 2/3% p.a.
Computer Equipment	33 1/3% p.a.

Most of the assets were destroyed during the fire. It was resolved that, to align the accounting policies with other fund reports and the main objective of the organisation, assets will be expensed in full in the year of acquisition, going forward.

1.3. FINANCIAL INSTRUMENTS

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

Cash and cash equivalents
Cash and cash equivalents consist of cash held at a reputable bank in a business cheque account and savings pocket, and petty cash on hand.

RAPHAEL SUPPORT AND SKILLS DEVELOPMENT ORGANISATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts South African Rands ('R'), unless otherwise indicated)

	2019	2018
2. FIXED ASSETS		
FURNITURE, FITTINGS AND EQUIPMENT	-	-
Opening balance	-	-
Cost	-	-
Accumulated depreciation	-	-
Additions	-	-
Disposals	-	-
Depreciation	-	-
Loss of assets	-	-
Closing balance	-	-
Cost	-	-
Accumulated depreciation	-	-
COMPUTER EQUIPMENT	-	-
Opening balance	-	-
Cost	-	-
Accumulated depreciation	-	-
Additions	-	-
Disposals	-	-
Depreciation	-	-
Closing balance	-	-
Cost	-	-
Accumulated depreciation	-	-
TOTAL BOOK VALUE OF FIXED ASSETS	-	-

3. CASH AND CASH EQUIVALENTS

	2019	2018
FNB Business Cheque Account	1 544	38 832
FNB Savings Pocket	9	85
Petty cash	46	3 544
Money on Call	4	251
	1 603	42 712

RAPHAEL SUPPORT AND SKILLS DEVELOPMENT ORGANISATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
(All amounts South African Rands ('R'), unless otherwise indicated)

	2019	2018
4. LOANS TO/(FROM) OFFICERS AND DIRECTORS		
Mary Humphreys	-	(50 000)

The above loan is unsecured, bears no interest and has no fixed repayment terms.
During the year the loan was waived as a donation to Raphael Centre. Therefore, the full amount was recognised as donation income in the income statement.

5. INCOME TAX

Since this is a non-profit organisation it is exempt from income tax in terms of section 10(1)(f) of the Income Tax Act.

6. The organisation was facing financial challenges during the year; so much that it was struggling to pay its employees. This resulted in staff retrenchment and accrual of staff salaries as disclosed below:

Accrued retrenchment costs	20 273
Accrued salaries	43 884
	64 157