NEMATO CHANGE A LIFE

(Registration Number 220-298 NPO)

Annual Financial Statements

for the year ended 31 December 2022

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

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
REGISTRATION NUMBER	220-298 NPO
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	The non-profit organisation exists to carry on public benefit activities
MANAGEMENT COMMITTEE	Simthembile Bari (Chairperson) Thando Ngoqo (Treasurer)
REGISTERED OFFICE	53 Tyali Street Port Alfred 6170
LEVEL OF ASSURANCE	These financial statements have been audited in compliance with the applicable requirements of the Non-profit organisations Act of South Africa.
INDEPENDENT AUDITOR	A2A Kopano Incorporated 1 Keey Street Port Alfred 6170

A2A KOPANO INCORPORATED
CHARTERED ACCOUNTANTS (S.A.)
& REGISTERED AUDITORS

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1 Keey Street, Port Alfred, 6170
P.O. Box 2083, Port Alfred, 6170

INDEPENDENT AUDITOR'S REPORT

To the Management of NEMATO Change a Life

Qualified Opinion

We have audited the annual financial statements of NEMATO Change a Life set out on pages 6 to 13, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income for the year then ended, and 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 NEMATO Change a Life for the year ended 31 December 2022 are prepared, in all material respects, in accordance with the basis of accounting described in note 2 to the financial statements and the requirements of the Non-profit organisations Act of South Africa.

Basis for Qualified 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 Annual Financial Statements section of our report. We are independent of the non-profit 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 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.

In common with similar organisations, it is not feasible for NEMATO Change a Life, to institute accounting controls over cash collections to the initial entry of the collection in the accounting records. Accordingly it was impractical for us to extend our examination beyond the receipts actually recorded.

Emphasis of Matter – Basis of Accounting

We draw attention to note 2 to the annual financial statements, which describes the basis of accounting. The annual financial statements are prepared in accordance with the non-profit organisation's own accounting policies to satisfy the financial information needs of the non-profit organisation's management . As a result, the annual financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Going concern

Without further qualifying our opinion, we draw attention to the fact that the entity is a non-profit organisation and is dependent on the continued support of its donors and funders in order to continue operating as a going concern.

Responsibilities of the Management committee for the Annual Financial Statements

The management committee is responsible for the preparation of the annual financial statements in accordance with the basis of accounting described in note 2 to the financial statements and the requirements of the Non-profit organisations Act of South Africa, and for such internal control as the management committee 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 committee is responsible for assessing the non-profit 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 committee either intends to liquidate the non-profit organisation or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 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 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 ISAs, 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 non-profit organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.
- Conclude on the appropriateness of the management committee'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 non-profit 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 auditor's 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 auditor's report. However, future events or conditions may cause the non-profit 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 represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management committee 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.

A2A Kopano Incorporated

A2A KOPANO INCORPORATED
Registered Auditors
Associate Director: C J S Visser CA (SA)
Port Alfred
7 May 2024

MANAGEMENT'S RESPONSIBILITIES AND APPROVAL

The management committee is required by the Non-profit organisations Act of South Africa 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 its responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the non-profit organisation, and explain the transactions and financial position of the business of the non-profit organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the non-profit organisation and supported by reasonable and prudent judgements and estimates.

The management committee acknowledges that it is ultimately responsible for the system of internal financial control established by the non-profit organisation and places considerable importance on maintaining a strong control environment. To enable the management committee to meet these responsibilities, the management committee 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 non-profit organisation and all employees are required to maintain the highest ethical standards in ensuring the non-profit organisation's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the non-profit organisation is on identifying, assessing, managing and monitoring all known forms of risk across the non-profit organisation. While operating risk cannot be fully eliminated, the non-profit 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 committee 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the management committee has no reason to believe that the non-profit organisation will not be a going concern in the foreseeable future. The annual financial statements support the viability of the non-profit organisation.

The annual financial statements have been audited by the independent auditing firm, A2A Kopano Incorporated, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the management , the management committee and committees of the management committee. The management committee believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's qualified audit report is presented on pages 3 to 4.

The annual financial statements set out on pages 6 to 13, and the supplementary information set out on page 14 which have been prepared on the going concern basis, were approved by the management committee and were signed on 7 May 2024 on its behalf by:

Simthembile Bari (Chairperson)

Thando Ngoqo (Treasurer)

STATEMENT OF FINANCIAL POSITION

Figures in R	Notes	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	920,170	520,037
Related party loan	5	153,400	153,400
		1,073,570	**673,437**
Current assets			
Trade and other receivables	4	13,324	1,413
Cash and cash equivalents	6	374,767	629,918
		388,091	**631,331**
Total assets		**1,461,661**	**1,304,768**
EQUITY AND LIABILITIES			
Equity			
Accumulated surplus		1,305,054	825,302
Unexpended funds	7	121,394	292,871
		1,426,448	**1,118,173**
Liabilities			
Current liabilities			
Trade and other payables	8	35,213	36,595
Related party loan	9	-	150,000
		35,213	**186,595**
Total equity and liabilities		**1,461,661**	**1,304,768**

STATEMENT OF COMPREHENSIVE INCOME

Figures in R	2022	2021
Revenue	1,723,168	1,537,517
Other income	92,886	-
Administrative expenses	(50,748)	(42,446)
Other expenses	(1,285,554)	(1,359,025)
Surplus from operating activities	**479,752**	**136,046**
Surplus for the year	**479,752**	**136,046**

ACCOUNTING POLICIES

1. General information

NEMATO Change a Life ('the non-profit organisation') exists to carry on public benefit activities.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the accounting policies as set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These annual financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Revenue recognition

The organisation recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the organisation's activities, as described below:

Donations and grants

Donation sponsorship and grants are recognised when the organisation's right to receive payment has been established.

Interest income

Interest income is recognised using the effective interest method.

2.2 Income taxes

The association has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act (the Act) and the receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Act.

The public benefit organisation has been approved for purposes of section 18A(1)(a) of the Act and donations to the organisation will be tax deductible in the hands of the donors in terms of and subject to the limitations prescribed in section 18A of the Act.

2.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

Asset class	Useful life
Plant and equipment	5 years
Motor vehicles	5 years
Fixtures and fittings	10 years
Office equipment	6 years
Computer equipment	6 years

ACCOUNTING POLICIES

Summary of significant accounting policies continued...

2.4 Financial instruments

Trade and other receivables
Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the non-profit organisation will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Trade and other payables
Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Funds
In order to ensure observance of limitations and restrictions placed on the use of resources available to NEMATO Change a Life, the fund accounts of NEMATO Change a Life are maintained in accordance with the principles of "fund accounting". Resources to be used for specific purposes are classified for accounting and reporting purposes into funds that are in accordance with activities specified. Fund balances restricted by outside sources are distinguished from unrestricted funds. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds. Unrestricted funds represent those funds over which the board retains full control in achieving any of NEMATO Change a Life's purposes.

Loans to/(from) related party
The loans are stated at nominal value.

ACCOUNTING POLICIES

Summary of significant accounting policies continued...

2.5 Related parties

A related party is a person or entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person:
  - has control or joint control of the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - Both entities are joint ventures of the same third party;
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
  - The entity is controlled or jointly controlled by a person identified as a related party;
  - A person identified as having control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
  - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R	2022	2021

3. Property, plant and equipment

	Plant and equipment	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Total
Reconciliation for the year ended 31 December 2022						
Balance at 1 January 2022						
At cost	30,000	-	589,577	40,933	60,190	**720,700**
Accumulated depreciation	(22,000)	-	(109,979)	(27,180)	(41,504)	**(200,663)**
Net book value	**8,000**	-	**479,598**	**13,753**	**18,686**	**520,037**
Movements for the year ended 31 December 2022						
Additions	-	535,188	-	30,411	15,394	**580,993**
Depreciation	(6,000)	(107,038)	(57,677)	(4,974)	(5,171)	**(180,860)**
Property, plant and equipment at the end of the year	**2,000**	**428,150**	**421,921**	**39,190**	**28,909**	**920,170**
Closing balance at 31 December 2022						
At cost	30,000	535,188	589,577	71,344	75,584	**1,301,693**
Accumulated depreciation	(28,000)	(107,038)	(167,656)	(32,154)	(46,675)	**(381,523)**
Net book value	**2,000**	**428,150**	**421,921**	**39,190**	**28,909**	**920,170**
Reconciliation for the year ended 31 December 2021						
Balance at 1 January 2021						
At cost	30,000	-	512,617	40,933	60,190	**643,740**
Accumulated depreciation	(16,500)	-	(53,727)	(23,458)	(36,334)	**(130,019)**
Net book value	**13,500**	-	**458,890**	**17,475**	**23,856**	**513,721**
Movements for the year ended 31 December 2021						
Additions	-	-	76,960	-	-	**76,960**
Depreciation	(5,500)	-	(56,252)	(3,722)	(5,170)	**(70,644)**
Property, plant and equipment at the end of the year	**8,000**	-	**479,598**	**13,753**	**18,686**	**520,037**
Closing balance at 31 December 2021						
At cost	30,000	-	589,577	40,933	60,190	**720,700**
Accumulated depreciation	(22,000)	-	(109,979)	(27,180)	(41,504)	**(200,663)**
Net book value	**8,000**	-	**479,598**	**13,753**	**18,686**	**520,037**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R	2022	2021

4. Trade and other receivables

Sundry debtors	13,324	1,413

5. Related party loan

Mike Thomson Change a Life Trust	153,400	153,400

The balance is secured by an interest of 50% in a vehicle registered in the Trust's name. The loan bears no interest and is long term in nature.

6. Cash and cash equivalents

6.1 Cash and cash equivalents included in current assets:

Cash		
Balances with banks	374,767	629,918

6.2 Detail of cash and cash equivalent balances

Bank balances		
FNB Current account	229,865	552,948
FNB Funds on call	144,902	76,970
	374,767	**629,918**

7. Unexpended funds

Reconciliation for the year ended 31 December 2022	Opening balance 2022	Income	Payments	Closing balance 2022
Alexander Van Assendelft fund	242,169	-	(242,169)	-
NEMATO Skate Park Project	30,093	-	(30,093)	-
Matinyana Fund	20,609	58,455	(60,000)	19,064
Rehabilitation Fund	-	52,406	-	52,406
Telkom IT Fund	-	98,000	(48,076)	49,924
	292,871	208,861	(380,338)	121,394

Reconciliation for the year ended 31 December 2021	Opening balance 2021	Income	Payments	Closing balance 2021
Alexander Van Assendelft fund	-	242,169	-	242,169
NEMATO Skate Park Project	30,093	-	-	30,093
Matinyana Fund	48,353	38,857	(66,601)	20,609
	78,446	281,026	(66,601)	292,871

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R	2022	2021

8. Trade and other payables

	2022	2021
Trade creditors	18,855	676
Audit fee accrual	16,358	35,919
	35,213	36,595

9. Related party loan

	2022	2021
Alexander van Assendelft	-	150,000

10. Related parties

10.1 Other related parties

Entity name	Nature of relationship
Mike Thompson Change a Life Trust	Significant donor
Alexander Van Assendelft	Relative of key management

	Mike Thompson Change a Life Trust	Alexander Van Assendelft	Total
Year ended 31 December 2022			
Outstanding balances for related party transactions			
Amounts receivable	153,000	-	**153,000**
Year ended 31 December 2021			
Outstanding balances for related party transactions			
Amounts payable	-	(150,000)	**(150,000)**
Amounts receivable	153,000	-	**153,000**

NEMATO CHANGE A LIFE

(Registration Number 220-298 NPO)

Annual Financial Statements for the year ended 31 December 2022

DETAILED INCOME STATEMENT

Figures in R	2022	2021
Revenue		
Donations received - foreign	392,168	55,060
Donations received - local	121,798	192,680
Interest received	4,732	1,107
Sponsorships and grants	1,204,470	1,288,670
	1,723,168	**1,537,517**
Other income		
Gymnastics Club recoveries	92,886	-
Administrative expenses		
Audit fees	35,209	20,665
Bank charges	4,751	5,201
Telephone and fax	10,788	16,580
	50,748	**42,446**
Other expenses		
Accounting fees	1,323	53,820
Affiliated club donations	75,411	262,434
Depreciation - property, plant and equipment	180,860	70,645
Education and empowerment	142,755	89,813
Employee costs - salaries	113,902	160,293
Food expense	236,057	218,310
Funeral expenses	-	6,750
Insurance	42,340	20,643
Office expenses	30,125	31,625
Rent paid	-	4,800
Repairs and maintenance	177,481	160,851
Small assets expensed	63,814	34,558
Theft	-	14,098
Training courses and accommodation	69,410	84,139
Transport	152,076	146,246
	1,285,554	**1,359,025**
Surplus from operating activities	**479,752**	**136,046**