

SALESIAN LIFE CHOICES NPO
(Registration number 086-084-NPO, PBO-930036135)
Annual Financial Statements
for the year ended 31 December 2015



LPH.

SALESIAN LIFE CHOICES NPO

Annual Financial Statements for the year ended 31 December 2015

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Youth development organisation.
Board members	E O'Neill S Neves L Roos D Charton S Silwana D Romero D Acquisto K Crowley N Ngqulana-Kasana L Rabotapi
Registered office	312 Imam Haron Road Lansdowne Cape Town 7780
Business address	312 Imam Haron Road Lansdowne Cape Town 7780
Postal address	PO Box 14290 Kenwyn 7790
Bankers	The Standard Bank of South Africa Limited
Auditor	LPH Chartered Accountants Inc. Registered Auditors
Organisation registration number	086-084-NPO, PBO-930036135
Preparer	The annual financial statements were independently compiled by: K Nelson CA(SA)
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Non-Profit Organisations Act No 71, 1997.

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Management Committee's Responsibilities and Approval

The management committee 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 its responsibility to ensure that the annual financial statements fairly 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 period then ended, in conformity with accounting policies as set out in note 1 of 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 accounting policies as set out in note 1 of the annual financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The management committee acknowledge that it is ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the management committee to meet these responsibilities, the 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 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 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 management committee have reviewed the organisation's cash flow forecast for the year to 31 December 2016 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 external auditor is responsible for independently auditing and reporting on the organisation's annual financial statements. The annual financial statements have been examined by the organisation's external auditor and its report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 16, which have been prepared on the going concern basis, were approved by the management committee on 13 May 2016 and were signed on their behalf by:



Chairperson



Managing Director



LPH Chartered Accountants Inc.
Registered Auditors

Registration No: 1998/020830/21
IRBA Practice No: 900537

Independent Auditor's Report

To the Management Committee of Salesian Life Choices NPO

Report on the Annual Financial Statements

We have audited the annual financial statements of Salesian Life Choices NPO, as set out on pages 8 to 15, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management Committee's Responsibility for the Annual Financial Statements

The organisation's management committee is responsible for the preparation and fair presentation of these annual financial statements in accordance with accounting policies as set out in note 1 of the annual financial statements and for such internal control as the management committee determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

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

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the organisation to institute control over donations and other income received prior to the initial entry in the accounting records. Accordingly, it was impractical for us to extend our examinations beyond the receipts actually recorded.

Independent Auditor's Report

Qualified Opinion

In our opinion, except for the possible effects of the matter referred to in the preceding paragraph, the annual financial statements present fairly, in all material respects, the financial position of the organisation as at 31 December 2015, and its financial performance and its cash flows for the year ended in accordance with accounting policies as set out in Note 1 to the annual financial statements, and in the manner required by the Constitution.

Supplementary information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 17 to 42 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

LPH.

LPH Chartered Accountants Inc.
Registered Auditors
Per: K Nelson
Chartered Accountant (SA)
Registered Auditor
Director

13 May 2016
Cape Town

LPH.

SALESIAN LIFE CHOICES NPO

Annual Financial Statements for the year ended 31 December 2015

Management Committee's Report

The management committee submit its report on the annual financial statements of Salesian Life Choices NPO for the year ended 31 December 2015.

1. Nature of business

The organisation is engaged in youth development for less priviledged communities and operates in South Africa.

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

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with the accounting policies as set out in note 1 of the annual financial statements. The accounting policies have been applied consistently compared to the prior year.

The operating results and state of affairs of the organisation are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

3. Management Committee

The management committee in office at the date of this report are as follows:

Name

E O'Neill
S Neves
L Roos
D Charton
S Silwana
D Romero
D Acquisto
K Crowley
N Ngqulana-Kasana
L Rabotapi

There have been no changes to the directorate for the period under review.

4. Events after the reporting period

The management committee is not aware of any material event which occurred after the end of the financial year, and the date the financial statements were approved, not otherwise dealt with in this report or the annual financial statements, that would significantly affect the operations of the organisation or the result of those operations.

5. Going concern

The management committee 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 management committee have satisfied themselves that the organisation is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The management committee are not aware of any new material changes that may adversely impact the organisation. The management committee 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.

6. Independent Auditor

LPH Chartered Accountants Inc. will continue in office in the 2016 financial year.

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Annual Financial Statements for the year ended 31 December 2015

Management Committee's Report

7. Year end change

The organisation changed its year end from 31 March to 31 December during the period under review. These annual financial statements are presented for the 12 month period ended 31 December 2015. The comparative figures have been presented for the 12 month period ended 31 December 2014.

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Annual Financial Statements for the year ended 31 December 2015

Statement of Financial Position

Figures in Rand	Note(s)	2015	2014
Assets			
Non-Current Assets			
Property, plant and equipment	2	229 747	63 625
Current Assets			
Trade and other receivables	3	72 371	101 260
Cash and cash equivalents	4	3 396 547	2 122 386
		3 468 918	2 223 646
Total Assets		3 698 665	2 287 271
Reserves and Liabilities			
Reserves			
Accumulated reserves		502 806	(20 899)
Liabilities			
Current Liabilities			
Deferred income		3 154 997	2 249 443
Provisions	5	39 000	32 000
Trade and other payables	6	1 862	26 727
		3 195 859	2 308 170
Total Reserves and Liabilities		3 698 665	2 287 271

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Annual Financial Statements for the year ended 31 December 2015

Statement of Comprehensive Income

Figures in Rand	Note(s)	2015	2014
Revenue	7	7 025 504	4 187 445
Other income	8	41 014	120 443
Operating expenses		(6 594 591)	(4 239 682)
Operating (deficit) surplus		471 927	68 206
Investment revenue	9	51 778	51 166
(Deficit) surplus for the year		523 705	119 372
Other comprehensive income		-	-
Total comprehensive (deficit) surplus for the year		523 705	119 372

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Annual Financial Statements for the year ended 31 December 2015

Statement of Changes in Reserves

Figures in Rand	Accumulated surplus	Total reserves
Balance at 1 January 2014	(140 271)	(140 271)
Surplus for the year	119 372	119 372
Other comprehensive income	-	-
Total comprehensive surplus for the year	119 372	119 372
Balance at 1 January 2015	(20 899)	(20 899)
Surplus for the year	523 705	523 705
Other comprehensive income	-	-
Total comprehensive surplus for the year	523 705	523 705
Balance at 31 December 2015	502 806	502 806

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Annual Financial Statements for the year ended 31 December 2015

Statement of Cash Flows

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Cash generated from operations	11	1 475 967	423 259
Interest income		51 778	51 166
Net cash from operating activities		1 527 745	474 425
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(253 584)	-
Total cash movement for the year		1 274 161	474 425
Cash at the beginning of the year		2 122 386	1 647 961
Total cash at end of the year	4	3 396 547	2 122 386

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Annual Financial Statements for the year ended 31 December 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment also include investment property for which fair value cannot be determined without undue cost or effort on an ongoing basis.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

The initial estimate of the costs of dismantling and removing an asset and restoring the site on which it is located is also included in the cost of property, plant and equipment, when such dismantling, removal and restoration is obligatory.

Depreciation is provided using the straight-line method to write down the cost (residual values are not applied) over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	6 years
Computer equipment	3 years

The depreciation charge for each period is recognised in profit or loss.

The gain or loss arising from the derecognition of an item of equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

The organisation expense certain items of property, plant and equipment that are used in projects. These amounts are allocated to project costs and is merely to provide sufficient disclosure to funders of projects. These items are accordingly not capitalised and depreciated.

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Annual Financial Statements for the year ended 31 December 2015

Accounting Policies

1.2 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Operating leases – lessee

Operating lease payments are recognised as an expense over the lease term.

Any contingent rents are expensed in the period they are incurred.

1.3 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave and bonuses), are recognised in the period in which the service is rendered and are not discounted.

1.4 Provisions and contingencies

Provisions are recognised when:

- the organisation has an obligation at the reporting date as a result of a past event;
- it is probable that the organisation will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

Contingent assets and contingent liabilities are not recognised.

1.5 Revenue

Revenue comprises the fair value of donations received or services rendered and excludes investment and other non-operating income and value added taxation. The organisation recognises revenue when the amount can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to it have been resolved.

Interest is recognised, in profit or loss, using the effective interest rate method.

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Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

Figures in Rand 2015 2014

2. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Computer equipment	260 075	(99 125)	160 950	76 564	(69 284)	7 280
Furniture and fixtures	89 898	(39 744)	50 154	39 001	(36 718)	2 283
Motor vehicles	1 846 858	(1 846 858)	-	1 846 858	(1 805 053)	41 805
Office equipment	125 615	(106 972)	18 643	106 439	(94 182)	12 257
Total	2 322 446	(2 092 699)	229 747	2 068 862	(2 005 237)	63 625

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Computer equipment	7 280	183 511	(29 841)	160 950
Furniture and fixtures	2 283	50 897	(3 026)	50 154
Motor vehicles	41 805	-	(41 805)	-
Office equipment	12 257	19 176	(12 790)	18 643
	63 625	253 584	(87 462)	229 747

3. Trade and other receivables

Trade receivables	-	3 217
Value-added tax	72 371	33 165
Other receivables	-	64 878
	72 371	101 260

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	20 259	12 818
Bank balances	3 376 288	2 109 568
	3 396 547	2 122 386

5. Provisions

Reconciliation of provisions - 2015

	Opening balance	Additions	Utilised during the year	Total
Provision for audit fees	32 000	39 000	(32 000)	39 000

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
6. Trade and other payables		
Trade payables	543	-
Other payables	1 319	-
Accruals	-	26 727
	1 862	26 727
7. Revenue		
Donations received	7 025 504	4 187 445
8. Other income		
Other income	1 000	98 744
Other income	33 714	3 699
Rent received	6 300	18 000
	41 014	120 443
9. Investment revenue		
Interest revenue		
Bank	51 778	51 166
10. Taxation		
No provision has been made for taxation as the organisation is exempted from tax in terms of section 10(1)(cN) of the Income Tax Act.		
11. Cash generated from operations		
(Deficit) surplus	523 705	119 372
Adjustments for:		
Depreciation	87 462	17 643
Interest received	(51 778)	(51 166)
Movements in provisions	7 000	32 000
Changes in working capital:		
Trade and other receivables	28 890	(47 088)
Trade and other payables	(24 866)	(31 977)
Deferred income	905 554	384 475
	1 475 967	423 259

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Detailed Income Statement

Figures in Rand	Note(s)	2015	2014
Revenue			
Argon		100 000	-
Bristol Myers		531 416	531 416
Caritas - Germany		2 409 309	-
Claremont Rotary		49 000	-
Colour Run		-	8 297
Consolidated Power		100 000	100 000
Coronation Asset Management		5 000	-
De Klerk Foundation		50 000	-
Don Bosco - Swiss		546 030	289 291
Don Bosco Mondo		566 705	413 749
Flat Art CC		10 000	-
Future Growth		60 000	30 000
General donations received		135 594	102 629
Kids of the Cape		-	60 000
Leaders Quest - Kids in Action		-	18 797
MLT Tech CC		10 000	10 000
MOL		-	5 000
Mandela Washington Fund		-	176 480
Master Builders Association - Development fund		120 000	-
Misean Cara		743 292	696 744
Misereor		716 317	-
My School Card		5 737	3 504
National Lottery Distribution Trust Fund (Local)		-	582 810
Nedbank Private Wealth Educational Foundation		200 000	-
Pareto		-	868 889
Porticus Amsterdam (International)		377 920	-
Prudential		34 418	100 000
Quaker Service		20 000	24 200
Sabinet		30 000	-
Salesian Mission - JBG		10 000	10 000
Salesians Missions Madrid		337 691	-
Social development grant		402 724	436 558
Staff donations		9 820	5 570
State Street		267 428	204 993
Strate		-	110 000
Walter & Louise Davidson		62 657	-
Zonke Monitoring Systems		20 000	-
Effects of transfers to and from deferred income		(905 554)	(601 482)
	7	7 025 504	4 187 445
Other income			
Insurance claim received		33 714	3 699
Rent received		6 300	18 000
Other income		1 000	98 744
Interest received	9	51 778	51 166
		92 792	171 609

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Detailed Income Statement

Figures in Rand	Note(s)	2015	2014
Operating expenses			
Accounting fees		5 206	17 887
Advertising		6 251	-
Auditor's remuneration		59 446	13 206
Bank charges		29 760	28 384
Consulting fees		87 314	-
Depreciation		87 462	17 643
Employee costs		3 723 935	2 068 670
Evaluation		224 450	182 425
HR Officer		87 984	-
Materials		-	8 578
Printing and stationery		68 676	95 166
Programme costs		1 470 150	1 363 096
Rent		102 368	83 192
Repairs and maintenance		45 223	-
Staff training		107 506	19 506
Telephone and fax		48 728	40 619
Transport		440 132	301 310
		6 594 591	4 239 682
(Deficit) Surplus for the year		523 705	119 372