

Connect Christian Network

(Registration Number 2006/012058/08)

Annual Financial Statements

for the year ended 29 February 2020

Audited Financial Statements

Connect Christian Network

(Registration Number 2006/012058/08)

Annual Financial Statements for the year ended 29 February 2020

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General Information

Country of Incorporation and Domicile	South Africa
Registration Number	2006/012058/08
Nature of Business and Principal Activities	A network of churches, christian organisations and individuals working with women and children in need in the Western Cape
Directors	DN Moskoff VP Stannard C Anderson
Registered Office	1st Floor Alexandra Building 147 Main Road Somerset West 7130
Postal Address	PO Box 1005 Somerset West 7129
Tax Number	9389808156
PAYE Registration number	7320764071
UIF Registration number	U320764071
PBO Reference number	930031187
NPO Reference number	NPO 040-987
Level of Assurance	These financial statements have been audited.
Auditors	Naude & Partners 7 Lourensford Road Somerset West 7130

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Directors' Responsibilities and Approval

The directors are required to maintain adequate accounting records and are 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 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 company, and explain the transactions and financial position of the business of the non-profit company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the non-profit company and supported by reasonable and prudent judgements and estimates.


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

The focus of risk management in the non-profit company is on identifying, assessing, managing and monitoring all known forms of risk across the non-profit company. While operating risk cannot be fully eliminated, the non-profit company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

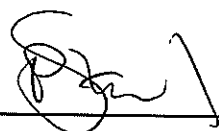
The directors are of the opinion, based on the information and explanations given by management and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any 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 directors have no reason to believe that the non-profit company will not be a going concern in the foreseeable future. The financial statements support the viability of the non-profit company.

The annual financial statements have been audited by the independent auditing firm, Naude & Partners, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the members, the directors and committees of the directors. The directors believe 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 5 to 6.

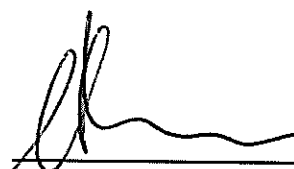
The annual financial statements set out on pages 7 to 15, and the supplementary information set out on pages 16 to 17 which have been prepared on the going concern basis, were approved by the directors and were signed on 11-9-2020 on their behalf by:



DN Moskoff



VP Stannard



C Anderson

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Directors' Report

The directors present their report for the year ended 29 February 2020.

1. Review of financial results and activities

Main business and operations

The principal activity of the non-profit company is a network of churches, christian organisations and individuals working with women and children in need in the western cape. There were no major changes herein during the year.

The non-profit company generated a surplus after tax for the year ended 29 February 2020 of Rands33,959 (2019: Rands73,947).

Non-Profit Company revenue decreased from Rands1,774,730 in the prior year to Rands1,682,327 for the year ended 29 February 2020.

Non-Profit Company cash flows from operating activities changed from an inflow of Rands84,049 in the prior year to an inflow of Rands18,280 for the year ended 29 February 2020.

2. 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.

3. Events after reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the non-profit company.

4. Directors

The directors of the non-profit company during the year and up to the date of this report are as follows:

DN Moskoff
VP Stannard
C Anderson

5. Independent Auditors

Naude & Partners were the independent auditors for the year under review.



Independent Auditor's Report

To the Members of Connect Christian Network

Qualified Opinion

We have audited the financial statements of Connect Christian Network set out on pages 7 to 15, which comprise the statement of financial position as at 29 February 2020, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the non-profit company as at 29 February 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Basis for Qualified Opinion

As in the case with similar organizations, it is not possible for the management committee to apply accounting measures to cash collections during fund raising and donations before actual recording of the collections in the accounting records. It was not possible for us to investigate the collections further than those that were recorded. In these circumstances we were unable to carry out the full scope of auditing procedures, or to obtain all information and explanations as we considered necessary or to satisfy ourselves that proper accounting records have been kept.

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 non-profit company 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 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.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this report, the Annual Report, which is expected to be made available to us after that date, and the supplementary information set out on pages 16 to 17. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

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 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 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 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 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 company 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.

We communicate with the directors 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.

Naude & Partners



I Du Toit
Registered Auditor

11-9-2020

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Financial Statements for the year ended 29 February 2020

Statement of Financial Position

Figures in Rands	Notes	2020	2019
Assets			
Non-current assets			
Property, plant and equipment	3	10,726	17,925
Total non-current assets		<u>10,726</u>	<u>17,925</u>
Current assets			
Trade and other receivables	4	65,716	48,817
Cash and cash equivalents	5	433,882	416,243
Total current assets		<u>499,598</u>	<u>465,060</u>
Total assets		<u>510,324</u>	<u>482,985</u>
Equity and liabilities			
Equity			
Accumulated surplus		142,051	202,382
Special reserves	6	355,710	261,420
Total equity		<u>497,761</u>	<u>463,802</u>
Liabilities			
Current liabilities			
Trade and other payables	7	12,563	19,183
Total liabilities		<u>12,563</u>	<u>19,183</u>
Total equity and liabilities		<u>510,324</u>	<u>482,985</u>

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Statement of Comprehensive Income

Figures in Rands

	Notes	2020	2019
Revenue		1,682,327	1,774,730
Other income		263,624	247,551
Administrative expenses	8	(93,098)	(64,464)
Other expenses		(1,837,842)	(1,893,194)
Surplus from operating activities	9	15,011	64,623
Finance income		19,590	10,723
Finance costs		(642)	(1,399)
Surplus for the year		33,959	73,947

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Statement of Changes in Equity

Figures in Rands	Special reserves	Accumulated surplus	Total
Balance at 1 March 2018	133,139	256,716	389,855
Changes in equity			
Surplus for the year	-	73,947	73,947
Total comprehensive income	-	73,947	73,947
Transfers between equity			
Transfers from retained income	-	(128,281)	(128,281)
Transfers to special reserves	128,281	-	128,281
Balance at 28 February 2019	261,420	202,382	463,802
Balance at 1 March 2019	261,420	202,382	463,802
Changes in equity			
Surplus for the year	-	33,959	33,959
Total comprehensive income	-	33,959	33,959
Transfers between equity			
Transfers from retained income	-	(94,290)	(94,290)
Transfers to special reserves	94,290	-	94,290
Balance at 29 February 2020	355,710	142,051	497,761

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Statement of Cash Flows

Figures in Rands

	Note	2020	2019
Cash flows (used in) / from operations			
Cash receipts from customers		1,925,252	2,020,152
Cash paid to suppliers and employees		(1,926,562)	(1,946,826)
Net cash flows (used in) / from operations		<u>(1,310)</u>	<u>73,326</u>
Interest received		19,590	10,723
Net cash flows from operating activities		<u>18,280</u>	<u>84,049</u>
Cash flows from / (used in) investing activities			
Proceeds from sales of property, plant and equipment		1	-
Purchase of property, plant and equipment		-	(16,808)
Cash flows from / (used in) investing activities		<u>1</u>	<u>(16,808)</u>
Cash flows used in financing activities			
Interest paid		(642)	(1,399)
Cash flows used in financing activities		<u>(642)</u>	<u>(1,399)</u>
Net increase in cash and cash equivalents		<u>17,639</u>	<u>65,842</u>
Cash and cash equivalents at beginning of year		416,243	350,401
Cash and cash equivalents at end of year	5	<u>433,882</u>	<u>416,243</u>

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Accounting Policies

1. Basis of preparation

The financial statements of Connect Christian Network have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the non-profit company's accounting policies.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the directors.

The non-profit company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the non-profit company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the period in which they are incurred.

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset class	Useful life / depreciation rate
Fixtures and fittings	6
Office equipment	5
Computer equipment	3

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains/(losses)' in the statement of comprehensive income.

2.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of returns, rebates and discounts.

Interest income is recognised using the effective interest method.

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Accounting Policies

Summary of significant accounting policies continued...

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

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Notes to the Financial Statements

Figures in Rands

2020

2019

3. Property, plant and equipment

Balances at year end and movements for the year

	Fixtures and fittings	Office equipment	Computer equipment	Total
Reconciliation for the year ended 29 February 2020				
Balance at 1 March 2019				
At cost	17,373	4,275	41,862	63,510
Accumulated depreciation	(12,054)	(4,275)	(29,256)	(45,585)
Net book value	5,319	-	12,606	17,925
Movements for the year ended 29 February 2020				
Depreciation	(1,596)	-	(5,602)	(7,198)
Disposals	(1)	-	-	(1)
Property, plant and equipment at end of year	3,722	-	7,004	10,726
Closing balance at 29 February 2020				
At cost	17,373	4,275	41,862	63,510
Accumulated depreciation	(13,651)	(4,275)	(34,858)	(52,784)
Net book value	3,722	-	7,004	10,726
Reconciliation for the year ended 28 February 2019				
Balance at 1 March 2018				
At cost	17,373	4,275	25,054	46,702
Accumulated depreciation	(10,458)	(4,275)	(25,054)	(39,787)
Net book value	6,915	-	-	6,915
Movements for the year ended 28 February 2019				
Additions	-	-	16,808	16,808
Depreciation	(1,596)	-	(4,202)	(5,798)
Property, plant and equipment at the end of the year	5,319	-	12,606	17,925
Closing balance at 28 February 2019				
At cost	17,373	4,275	41,862	63,510
Accumulated depreciation	(12,054)	(4,275)	(29,256)	(45,585)
Net book value	5,319	-	12,606	17,925

4. Trade and other receivables

Trade and other receivables comprise:

Trade receivables	65,716	47,976
Sundry debtors	-	841
Total current receivables	65,716	48,817

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Notes to the Financial Statements

Figures in Rands

	2020	2019
5. Cash and cash equivalents		
Cash and cash equivalents comprise:		
Cash		
Cash on hand	216	586
Balances with banks	433,666	415,657
Total cash	433,882	416,243
Total cash and cash equivalents included in current assets	433,882	416,243
Net cash and cash equivalents	433,882	416,243
6. Special reserves		
- Child Sponsorship	69	(5)
- Equipped to Serve	23,300	18,740
- Quality Improvement System	72,387	18,500
- Small Grants Fund	7,693	-
- CampAfrica	235,482	218,127
- IKAPA Volunteers	11,110	4,647
- Homeless Blankets	-	1,412
- CPC Funds	5,669	-
	355,710	261,420
7. Trade and other payables		
Trade and other payables comprise:		
Trade creditors	11,550	6,897
Deposits received	300	300
Accrued expenses	713	5,586
QIS prepayments	-	4,200
Staff Savings	-	2,200
Total trade and other payables	12,563	19,183

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Notes to the Financial Statements

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	2020	2019
8. Administrative expenses		
Administrative expenses comprise:		
Accounting fees	38,509	9,742
Auditors remuneration	20,148	19,740
Bank charges	4,085	3,732
Computer expenses	-	4,700
Subscriptions	(1,400)	5,722
Telephone and fax	31,756	20,828
	<u>93,098</u>	<u>64,464</u>
9. Surplus from operating activities		
Surplus from operating activities includes the following separately disclosable items		
Other operating expenses		
Property plant and equipment - depreciation	7,198	5,798
Leases - operating lease minimum lease rentals	132,219	120,565
Other employee benefits	595,859	644,123
Audit fees		
Auditors remuneration	20,148	19,740
	<u>20,148</u>	<u>19,740</u>
10. Donation income		
Donation income include amongst others the following local and foreign donors:		
The Community Chest of Western Cape	50,000	30,000
Mergon Foundation	200,000	290,000
The Sowers Trust	250,000	125,000
Protestante Kerk in Actie	313,976	-
The Ultimate Activity Company	250,000	414,807
The Barney II Foundation	96,080	159,807
Proliteracy Worldwide	-	10,293
Children's Campaign Trust	-	60,000
UK Funds for Charities - Ruth Prior	-	27,863
The Rolf Stephen Nussbaum Foundation	-	140,000
Million Dollar Round Table Foundation	-	115,692
Guldensporen College	-	31,764
Santam	100,000	50,000
Claytile (Pty) Ltd	86,000	85,596

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Detailed Income Statement

Figures in Rands

	2020	2019
Revenue		
Affiliation fees	43,400	41,600
Donation income	1,029,593	981,382
Donation Income - Camp Africa	250,000	414,807
Donation income - Child Sponsorship	2,324	8,885
Donation income - Quality improvement systems	201,205	130,600
Donation income - Small grants	96,080	159,807
Donation income - The Community Chest of Western Cape	50,000	30,000
Event income	9,725	7,649
Total revenue	1,682,327	1,774,730
Gross surplus	1,682,327	1,774,730
Other income		
Consulting income	-	2,978
CPC Community Chest	25,000	-
IKAPA Volunteers	5,925	36,000
Interest received	19,590	10,723
Rent received	27,620	32,936
Resource income	-	1,050
Royalties	8,160	6,400
Sundry Income	55,194	80,387
Training income	111,225	87,800
Verification income	30,500	-
Total other income	283,214	258,274

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Detailed Income Statement

Figures in Rands

	2020	2019
Other operating expenses		
Accounting fees	(38,509)	(9,742)
Advertising	(10,432)	(15,268)
Auditors' remuneration	(20,148)	(19,740)
Bad debts	(3,800)	(4,900)
Bank charges	(4,085)	(3,732)
Board development	(4,500)	-
CampAfrica expense	(249,087)	(229,343)
Child Protection & Advocacy expense	(94,525)	-
Child sponsorships	(2,250)	(9,039)
Cleaning	(1,730)	(2,010)
Computer expenses	-	(4,700)
Consulting fees	(211,069)	(149,825)
CPC Community Chest expense	(19,330)	-
Depreciation - property, plant and equipment	(7,198)	(5,798)
Donations	(2,412)	(6,390)
Employee expense - salaries	(595,859)	(644,123)
Equipment maintenance	-	(1,839)
Equipped to Serve expense	(3,600)	(3,600)
Gifts	(12,746)	(8,317)
IKAPA Volunteers	(1,049)	(28,218)
Insurance	(11,367)	(10,934)
Interest paid - trade and other payables	(642)	(1,399)
Lease rental on operating lease	(132,219)	(120,565)
Network Events	(42,755)	(43,541)
Office expenses	(4,208)	(3,569)
Postage	(367)	(3,104)
Printing and stationery	(33,747)	(37,293)
Proliteracy expense	-	(95,820)
Quality Improvement Systems expense	(233,190)	(230,615)
Refreshments	(7,524)	(20,551)
Repairs and maintenance - deductible	-	(972)
Resources	(1,909)	(3,500)
Small assets written off	-	(7,061)
Small grants expense	(87,100)	(138,143)
Stipend	-	(12,500)
Subscriptions	1,400	(5,722)
Telephone and fax	(31,756)	(20,828)
Training	(20,299)	(11,723)
Transport	(2,142)	(1,316)
Travel - local	(41,428)	(43,317)
Total other expenses	(1,931,582)	(1,959,057)
Surplus for the year	33,959	73,947