

Independent Auditor's Report

To the Members of Mpilonhle Organisation

Report on the Audit of the Financial Statements

Opinion

We have audited the annual financial statements of Mpilonhle set out on pages 7 to 15, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in funds, and 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, the accompanying financial statements present fairly, in all material respects, the financial position of Mpilonhle as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with the entity specific financial reporting standards and the requirements of the Companies Act of South Africa.

Basis for 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 Financial Statements* section of our report. We are independent of the 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 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 opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Mpilonhle Annual Financial Statements for the year ended 31 December 2022", which includes the Directors' Report, as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Independent Auditor's Report

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, 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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the entity specific financial reporting standard and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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.

Independent Auditor's Report

- 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 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 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 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.



ASI Assurance & Advisory Inc.

Per: S Ismail

Director

Registered Auditors

Practice Number: 998113d

04 May 2023

4/2415 Hawthorn Village

1 Short Street

Fourways

2191

Mpilonhle Organisation
(Reg Number: 051-766 NPO)
Annual Financial Statements
For the year ending 31 December 2022

Mpilonhle Organisation
Annual Financial Statements for the year ending 31 December 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Non-Profit Organisation
Directors	Mr ZV Madikizela Ms N Mthembu Dr MP Matse Dr M Bennish
Registered Office	Lot 33 Lower Umfolozi Mtubatuba KwaZulu Natal 3935
Bankers	Standard Bank South Africa
Basis of preparations of financial statement	International Financial Reporting Standard for Small and Medium-sized Entities
Company registration number	051-766 NPO

Mpilonhle Organisation
Annual Financial Statements for the year ending 31 December 2022

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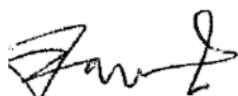
Approval of Financial Statements

The annual financial statement and other supplementary information set up on pages 7 to 16 have been reviewed by the board members and are hereby approved:



Dr M Bennish
Executive Director

Mtubatuba Date: 3 May 2023



Mr ZV Madikizela
Chairperson of the Board

Mtubatuba Date: 3 May 2023

Mpilonhle Organisation

(Reg Number: 051-766 NPO)

Annual Financial Statements for the year ending 31 December 2022

Director's Responsibilities and Approval

The directors are required by the South African Companies Act 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 operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimate.

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

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

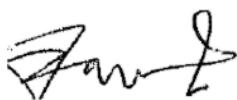
The directors are of the opinion, based on the information and explanations given by the management that the system of internal control provides reasonable assurance that the financial records may be relied on the preparation of the annual financial statements. However, any system of internal financial 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 director has no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company. The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4-6

The annual financial statements and supplementary information, as set on page 7 to 16 were approved by the board and signed by them.



Dr M Bennish

Executive Director



Mr ZV Madikizela

Chairperson of the Board

Date

3 May 2023

Date

3 May 2023

Mpilonhle Organisation

(Reg Number: 051-766 NPO)

Annual Financial Statements for the year ending 31 December 2022

Directors' Report

The directors present their report for the year ended 31 December 2022

1. Review of activities

Main business and operations

Mpilonhle's mission is to improve health and social development of youth in South Africa and to engage with the government, schools, parents, the traditional authority and sectors that deals with health and social development among youth.

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in my opinion require any further comment.

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 liabilities and commitments will occur in the ordinary course of business.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.

4. Directors

The directors of the company during the year and at the date of this report are as follow:

Name	Position Held
Mr ZV Madikizela	Chairperson
Ms N Mthembu	Member
Dr MP Matse	Member
Dr M Bennish	Ex-Officio Member

Mpilonhle Organisation**Annual Financial Statements for the year ending 31 December 2022****Statement of Financial Position**

Figures in Rand	Note(s)	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 067 552	773 918
Current Assets			
Account receivable	3	98 748	178 036
Cash and cash equivalents	4	3 380 776	1 747 849
		<u>3 479 524</u>	<u>1 925 886</u>
Total assets		<u>4 547 077</u>	<u>2 699 804</u>
Funds and Liabilities			
Funds			
Accumulated surplus		<u>4 547 077</u>	<u>2 620 516</u>
		4 547 077	2 620 516
Liabilities			
Current Liabilities			
Accounts payable	5	-	79 288
		<u>-</u>	<u>79 288</u>
Total Funds and Liabilities		<u>4 547 077</u>	<u>2 699 804</u>

Mpilonhle Organisation**Annual Financial Statements for the year ending 31 December 2022****Statement of comprehensive income**

Figures in Rand	Note(s)	2022	2021
Total Income	1	12 756 560	15 199 272
Operating Expenses		(10 878 755)	(15 316 915)
Operating Deficit		1 877 805	(117 643)
Interest Income		48 756	45 578
Finance Costs		-	-
Deficit for the year		1 926 561	(72 066)
Other Comprehensive Income		-	-
Total Comprehensive Deficit for the year		1 926 561	(72 066)

Mpilonhle Organisation
Annual Financial Statements for the year ending 31 December 2022

Statement of Changes in Funds

Figures in Rand	Accumulated Surplus	Total Funds
Balance at 31 December 2020	2 692 581	2 692 581
Deficit for the year	(72 066)	(72 066)
	(72 066)	(72 066)
Other comprehensive income	-	-
Total comprehensive deficit for the year	(72 066)	(72 066)
Balance at 31 December 2021	2 620 516	2 620 516
Profit for the year	1 926 561	1 926 561
	1 926 561	1 926 561
Other comprehensive income	-	-
Total comprehensive deficit for the year	1 926 561	1 926 561
Balance at 31 December 2022	4 547 077	4 547 077

Mpilonhle Organisation
Annual Financial Statements for the year ending 31 December 2022

Cash Flow Statement

Figures in Rand	2022	2021
Cash flows from operating activities		
Cash receipts from funders	12 805 316	15 244 849
Cash paid to suppliers and employees	(10 572 697)	(14 704 860)
Cash(used in) generated from operations	2 232 619	539 989
Interest income	-	-
Finance costs	-	-
Net cash from operating activities	2 232 619	539 989
Cash flows from investing activities		
Additions to property, plant and equipment	(599 692)	(214 091)
Cash flows from financing activities		
Other financial liabilities	-	-
Total cash movement for the year	1 632 926	325 898
Cash at the beginning of the year	1 747 849	1 421 951
Total cash at end of the year	3 380 776	1 747 849

Mpilonhle Organisation
Annual Financial Statements for the year ending 31 December 2022

Accounting Policies

1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the Financial Reporting Standard as determined by the company. This basis of accounting, applied by the entity, which comprises a set of criteria used in preparing financial statements applies to all material items and has been designed specifically for the intended users of the financial statements of the entity. Management considers the basis of accounting applied to be suitable for the intended users

The 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 year.

1.1 Property, plant and equipment

Items of property, plant and equipment 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 year

The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

It is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

An item of property, plant and equipment is initially measured at its cost. Cost includes:

- * its purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- * any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended

Item	Average useful life
Plant and machinery	5 years
Furniture and fittings	6 years
Motor vehicles	5 years
Office equipment	3 years
IT equipment	3 years
Computer software	2 years
Leasehold improvements	5 years

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Assets with a purchase price lower than R5 000 are written off immediately.

1.2 Leases

Operating leases, which are for the rental of property and a multifunction printer, are recognised as an expense in accordance with the terms of the lease agreement. The lease rentals expense have been included under office expenses for the year as it is not considered material for separate disclosure

Accounting Policies Continue...

1.3 Impairment of assets

The company assesses at each reporting date whether there is any indication that an asset may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss. The impairment of assets was not materialised this year.

1.4 Provisions and contingencies

Provisions are recognised when:

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

1.5 Grants

Grant income is recognised in line with the conditions of the fund agreement.

When a condition is attached to the grant that is for a specific purpose then these grants are recognised when the condition(s) is met. All other grants without conditions are recognised as revenue in the year that it is received.

1.6 Revenue

Revenue comprises donations, grant income and interest income.

Donation and grant income are recognised when it is received.

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

Mpilonhle Organisation**Annual Financial Statements for the year ending 31 December 2022****Notes to the Financial Statements**

Figures in Rand	2022	2021
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1. Grant Funds Received

Funds Received	10 493 175	14 889 466
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1.1 Cash generated from operations

Total comprehensive surplus/(deficit) for the year	1 926 561	(72 066)
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Adjustment for:

Depreciation and amortisation	306 058	612 055
	2 232 619	539 989

Changes in working capital

Accounts receivable	79 288	72 028
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Accounts payable	(79 288)	(72 028)
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Cash generated from operations	2 232 619	539 989
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2. Property, Plant and Equipment

	Opening Bal 2021	Additions	Depreciation	Carrying Value 2021
Leasehold Improvements	366 313	-	(366 313)	-
Furniture & Fittings	55 307	160 256	(77 152)	138 411
Motor vehicles	611 057	-	(122 211)	488 845
IT equipment	139 136	53 835	(46 379)	146 592
	1 171 812	214 091	(612 055)	773 918

Reconciliation of property, plant and equipment - 2022

	Opening Balance 2022	Additions	Depreciation	Carrying Value 2022
Leasehold Improvements	-	-	-	-
Furniture & Fittings	138 411	-	(23 069)	115 343
Motor vehicles	488 845	476 556	(193 080)	772 321
IT equipment	146 592	123 136	(89 909)	179 818
	773 918	599 692	(306 058)	1 067 552

3. Accounts Receivable

VAT	98 748	-
Independent Development Trust (IDT)	-	178 036

4. Cash and Cash Equivalents

Bank Balances	3 380 776	1 747 849
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5. Accounts Payable

SARS: PAYE & UIF Contributions (31 December)	-	79 288
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Mpilonhle Organisation
Annual Financial Statements for the year ending 31 December 2022

Notes to the Financial Statements (Cont.)

Figures in Rand	2022	2021
6 Grants and Other Income		
Tshikululu Trust (Vaccine Challenge Fund)	-	100 000
Department of Science and Innovation	3 653 902	2 700 000
Independent Development Trust	1 888 505	921 597
JHPIEGO	-	4 275
South 32	4 429 515	7 808 000
Department of Health (DOH)	521 253	-
University Research Co (URC)	-	1 947 844
Friends of Mpilonhle	-	1 407 750
	10 493 175	14 889 466

Mpilonhle Organisation**Annual Financial Statements for the year ending 31 December 2022****Detailed Income statement**

Figures in Rand	Note(s)	2022	2021
Total Income		12 805 316	15 244 849
Grant Received		10 493 175	14 889 466
Interest and Other Income		2 312 140	355 383
Operating expenses		10 878 755	15 316 915
Auditors Remuneration		30 000	44 800
Bank Charges		46 040	48 148
Community Project		-	-
Consulting and Professional Fees		228 274	162 599
Depreciation		306 058	612 055
Employee Costs		8 810 715	10 504 066
Office Expenses		1 028 440	1 362 003
Other Direct Costs		35 305	1 832 673
Travel and Accommodation		393 923	750 571
Total Comprehensive Surplus/(Deficit) for the year		1 926 561	(72 066)