

Solidarity Fund Integrated Annual Report and Update Media Briefing - Presentation Script

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13 September 2022

Financial Overview

- It gives me great pleasure to present this second set of the Solidarity Fund's annual financial statements for the period 1 March 2021 to our year-end of 28 February 2022. These AFS were approved by the Board on 25 Aug 2022.
- The Fund is a Non-Profit Company and the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and on a historical cost and going concern basis.
- At a high level, the primary statements of the balance sheet, profit and loss, changes in equity and cash flow, reflect funds received as donations of R737m, operating expenditure of R1.2bn, administration costs of R6.8m and a bank balance at year-end of R1.2bn.
- These numbers are for the 12 months period ended 28 Feb 2022.

SOLIDARITY RESPONSE FUND NPC
(Registration number 2020/179561/08)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022

	2022 Rand R'000	2021 Rand R'000
ASSETS		
<i>Non-Current Assets</i>		
Intellectual Property	-	-
<i>Current Assets</i>		
- Inventories	-	108 687
- Other receivables	238 896	89 028
- Cash and cash equivalents	772 380	1 246 732
TOTAL ASSETS	1 011 276	1 444 447
FUNDS AND LIABILITIES		
<i>Funds</i>		
- Accumulated funds	923 331	1 373 964
<i>Current Liabilities</i>		
- Trade and Other Payables	87 945	70 483
TOTAL FUNDS AND LIABILITIES	1 011 276	1 444 447

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE

INCOME	2022 Rand R'000	2021* Rand R'000
Revenue		
- Donations	737 235	3 233 187
Operating expenditure	(1 223 393)	(1 905 780)
Operating (deficit)/ surplus	(486 158)	1 327 407
Administration cost	(6 804)	-
Interest income	41 617	54 660
Bank charges	-	(4)
Foreign exchange gain/ (loss) on cash and cash equivalents	712	(8 099)
(Loss)/ profit and total comprehensive (loss)/ income for the year/ period	(450 633)	1 373 964

*2021 information relates to the period 25 March 2020 to 28 February 2021

Audit Process & Audit Opinion

- Given the Public Interest nature of the Fund, PWC our external auditors, conducted a very thorough and robust year-end audit in line with the prior year.
- We are proud to present to you today the audited annual financial statements of the Fund, marred only by a common technical qualification for donation dependent organisations such as ours, in respect of donations received that are dependent on collection by third party agents which represents 0.04% (2021: 0.8%) of donations received during the year.
- As we documented on page 3 of the AFS, in the Directors' Responsibilities and Approval section, there are no controls that could be implemented to ensure completeness of donations received through these third- party agents.
- In addition, the external auditors, on page 17 of the AFS, provide details on the basis of their Opinion.
- Mr. Raj Dhanlall, the PWC audit partner, has kindly agreed to join us today and you are welcome to ask more about the audit process and audit opinion during the Q&A.

Donations received

- Regarding revenue, the Fundraising sub-committee of the Board helped to lead and guide the raising of R737 million in donations in the current year.
- As disclosed in note 8 on page 58 of the financials
 - 54% from public sector; and
 - 45% of donations received were sourced from corporates and trusts
 - 1% from individuals
- In addition:
 - 88% was domestically sourced, as opposed to
 - 12% from foreign sources.
- R279 000 relates to donations received from third party agents as discussed above.

Operating Expenditure

- Turning our attention now on how we spent the R1.2bn.
- It is useful to show the split of operating expenditure between the four strategic pillars of the Fund as shown in note 9 on page 59 of the financials, wherein our:
 - health response accounted for 45% (R556m) of all expenditure while the
 - humanitarian aid accounted for 11% (R136m)
 - the Solidarity Fund campaigns 23% (285m) and
 - finally the newly created Humanitarian Crisis Relief Fund (HCRF) 20% (247m)
- If we look at the R556 million spent on the health response, we see that PPE accounted for (3%), Covid research (7%), vaccinations related spend (27%), critical care equipment and ventilators (55%), nursing assistance (3%) and Charlotte Maxeke refurbishment (3%).
- The R136m spent on Humanitarian pillar was mainly for GBV projects (R74m) and Food and Farming vouchers (R62m).
- On HCRF the R247m was spent on mainly Food parcels (R112m) and Business support grants (R116m)
- The Disbursements Committee played a pivotal role in assisting the Board in discharging its responsibilities relating to the disbursement and deployment of funds, in the fulfillment of the Funds mandate.
- As stated earlier, the detail contained in the Key Audit Matters of the Independent Auditor's report (page 19- p22) provide very useful context to and results of their audit of operational expenditure.

Administration costs

- In the current financial year, the Fund incurred administration costs not previously incurred due to seconded staff being provided to the Fund in the form of in-kind support.
- This in-kind support terminated at the end of September 2021 with the Fund subsequently incurring the administration cost for seconded staff and company secretarial fees of R6,8million.
- Please refer to Note 10 of the financials

Going Concern

- I would also like to bring to your attention the Going Concern basis of preparation of the financial statements and the inherent and material uncertainty created by the Memorandum of Incorporation of the Fund, which PwC also refer to in their Independent Auditor's report on page 17 of the financials.
- As disclosed in note 17 of the financial statements, the MOI of the Fund states that the Fund does NOT have a specified period of existence and the Fund's termination will be determined by the directors having regard to whether it is still necessary to maintain the Fund in existence so as to enable the ongoing fulfillment of its objectives.
- This MOI statement introduces an inherent and material uncertainty with respect to whether or not the Fund should be regarded as a Going Concern.
- The Board is of the opinion that, in fulfilling its mandate, the continued involvement of the Fund in the complex National Vaccine Rollout Programme, together with the setting up of a humanitarian crisis relief fund in response to the KZN and Gauteng unrest, and the creation of the Floods pillar necessitate the continued existence of the Fund albeit in a scaled down version.

Governance, Risk and Control

- Finally, I would like to draw your attention to the Audit and Risk Committee report, the Corporate Governance report and the Directors' report included in the front part of the annual financial statements (pages 5 & 13).
- These reports highlight the focus of the Funds management, the ARC and the Boards on transparency, sound financial management and good corporate governance in order to ensure robust systems of internal, financial and accounting control and risk management.

Closing

- In closing, I would like to thank the ARC chair (Ms Tryphosa Ramano) and the ARC members for their guidance and support throughout the year.
- I would also like to thank the finance team, who were invaluable in the production of this comprehensive AFS.
- Thank you.