



**Gektooiëerde Rekenmeester (SA)
Chartered Accountant (SA)**

HEARTLANDS BABY SANCTUARY NPO
(REGISTRATION NUMBER 1650-422-NPO)

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

HEARTLANDS BABY SANCTUARY NPO
(Registration number: 165-422 NPO)
Financial Statements for the year ended 31 March 2021

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Child and Youth Care Centre/Pediatric Hospice
Board members	Quaniet Richards Eugenie Smith Robert Sevenoaks Zaheeda Sunday
Registered office	794 Old Paardevlei Road The Interchange Somerset West 7130
Business address	794 Old Paardevlei Road The Interchange Somerset West 7130
Auditors	C Odendaal Chartered Accountant (SA)
Organisation registration number	165-422 NPO
Tax reference number	9163/610/22/4
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Non-Profit Organisation Act (Act No, 71 of 1997).
Preparer	The financial statements were independently compiled by: Daniëlle Kuun Trainee Accountant

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Financial Statements for the year ended 31 March 2021

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The reports and statements set out below comprise the financial statements presented to the board members:

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The following supplementary information does not form part of the financial statements and is unaudited:

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BOARD'S RESPONSIBILITIES AND APPROVAL

The board members are required by the Non-Profit Organisation Act (Act No, 71 of 1997), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The board members acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation's and place considerable importance on maintaining a strong control environment. To enable the board members 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 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 board members are 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The board members have reviewed the organisation's cash flow forecast for the year to 31 March 2022 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 auditors are responsible for independently auditing and reporting on the organisation's financial statements. The financial statements have been examined by the organisation's external auditors and their report is presented on page 4.

The financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the board on 31 July 2021 and were signed on its behalf by:


Approval of financial statements



Eugene Smith



Robert Sevenoaks



Zaheeda Souday

Somerset West
31 July 2021

INDEPENDENT AUDITOR'S REPORT TO THE BOARD MEMBERS OF HEARTLANDS BABY SANCTUARY NPO

Opinion

I have audited the financial statements of Heartlands Baby Sanctuary NPO set out on pages 6 to 13, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Except for the uncertainty regarding the outcome of the matters referred to below, in my opinion, the financial statements present fairly, in all material respects, the financial position of Heartlands Baby Sanctuary NPO as of 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Non-Profit Organisation Act, 71 of 1997.

Qualification

As in the case of similar organizations, it is not possible for the association to apply accounting measures to cash collections during fund raising projects and other activities where cash is received before the actual recoding of the collections in the accounting records. Likewise it was not possible for us to investigate the collections further than those that were recorded.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. I have fulfilled my other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The board members are responsible for the other information. The other information comprises the information included in the document titled "Heartlands Baby Sanctuary NPO financial statements for the year ended 31 March 2021", which includes the Members' Report as required by the Non-Profit Organisation Act, 71 of 1997 and the Detailed Statement of Financial Performance, which I obtained prior to the date of this report. Other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on my work, I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Board Members for the Financial Statements

The board members are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards for SME's and the requirements of the Non-Profit Organisation Act, 71 of 1997, and for such internal control as the board members determine 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, the board members are 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 the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

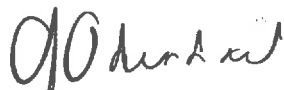
Auditor's responsibilities for the audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to date of my 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 a 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.

I 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 I identify during my audit.



CARINA ODENDAAL
Registered Accountant and Auditor
Chartered Accountant (SA)

Somerset West
31 July 2021

HEARTLANDS BABY SANCTUARY NPO
(Registration number: 165-422 NPO)
Financial Statements for the year ended 31 March 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

Figures In Rand	Note(s)	2021	2020
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	40,531	5,824
Current Assets			
Trade and other receivables	3	-	15,000
Cash and cash equivalents	4	1,926,253	878,255
		1,926,253	893,255
Total Assets		1,966,784	899,079
EQUITY AND LIABILITIES			
EQUITY			
Retained income		1,917,683	876,334
LIABILITIES			
Current Liabilities			
Trade and other payables	5	49,101	22,745
Total Equity and Liabilities		1,966,784	899,079

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STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2021	2020
Revenue	6	5,375,675	4,453,810
Operating expenses		(4,381,476)	(4,305,225)
Operating profit		994,199	148,585
Investment revenue	9	47,150	44,536
Profit before taxation		1,041,349	193,121
Taxation	10	-	-
Profit for the year		1,041,349	193,121
Revenue			
Rental income		-	47,720

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Financial Statements for the year ended 31 March 2021

STATEMENT OF CHANGES IN EQUITY

Figures In Rand	Retained income	Total equity
Balance at 01 April 2019	683,213	683,213
Profit for the year	193,121	193,121
Balance at 01 April 2020	876,334	876,334
Profit for the year	1,041,349	1,041,349
Balance at 31 March 2021	1,917,683	1,917,683

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STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash receipts from customers		5,375,675	4,453,810
Cash paid to suppliers and employees		(4,330,303)	(4,276,407)
Cash generated from operations		1,045,372	177,403
Interest income		47,150	44,536
Net cash from operating activities		1,092,522	221,939
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(44,525)	-
Total cash movement for the year		1,047,997	221,939
Cash at the beginning of the year		878,255	656,316
Total cash at end of the year	4	1,926,252	878,255

HEARTLANDS BABY SANCTUARY NPO
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Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Non-Profit Organisation Act (Act No, 71 of 1997). The financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, 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 assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Motor vehicles	Straight line	5 years
IT equipment	Straight line	3 years
Other property, plant and equipment	Straight line	5 years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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ACCOUNTING POLICIES

1.2 Financial Instruments (continued)

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.4 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

1.5 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

HEARTLANDS BABY SANCTUARY NPO
(Registration number: 165-422 NPO)
Financial Statements for the year ended 31 March 2021

DETAILED INCOME STATEMENT

Figures In Rand	Note(s)	2021	2020
Revenue			
Donations received		2,677,906	1,313,865
Events and fundraising		213,021	84,751
Foreign donations received		226,554	424,491
Government grants		1,221,176	1,186,950
Rental Income		-	47,720
Sustainability projects		1,037,018	1,396,033
	6	<u>5,375,675</u>	<u>4,453,810</u>
Operating expenses			
Accounting fees		(42,435)	(53,729)
Advertising		(14,721)	(6,777)
Bank charges		(22,975)	(29,495)
Cleaning		(770)	(240)
Computer expenses		(9,892)	(1,130)
Consulting and professional fees		-	(24,000)
Depreciation, amortisation and impairments		(9,817)	(28,887)
Employee costs		(3,555,203)	(3,350,603)
Entertainment		(3,175)	(9,920)
Gifts		(2,990)	(695)
Insurance		(16,835)	(32,710)
Lease rentals on operating lease		(170,500)	(155,000)
Legal expenses		(940)	-
Marketing and events		-	(13,343)
Motor vehicle expenses		(6,698)	(2,880)
Municipal expenses		(222,442)	(109,837)
Other rent paid		-	(1,058)
Penalties and interest		-	(128)
Petrol and oil		(6,452)	(10,983)
Postage		(475)	(424)
Printing and stationery		(6,120)	(8,852)
Protective clothing		(110)	(7,237)
Removal services		(46,548)	(46,494)
Repairs and maintenance		(43,650)	(12,825)
Security		(8,432)	(5,965)
Service delivery expenses		(101,471)	(90,675)
Staff welfare		(6,044)	(9,471)
Subscriptions		(200)	(1,768)
Sustainability projects		(39,287)	(210,477)
Telephone and fax		(42,374)	(34,395)
Training		(770)	(44,027)
Transport and freight		(150)	(1,200)
		<u>(4,381,476)</u>	<u>(4,305,225)</u>
Operating profit		994,199	148,585
Investment income	9	47,150	44,536
Taxation	10	-	-
Profit for the year		<u>1,041,349</u>	<u>193,121</u>

Heartlands Baby Sanctuary NPO

(Taxpayer reference number 9163/610/22/4)

(Registration number: 165-422 NPO)

Financial Statements for the year ended 31 March 2021

Tax Computation

Figures in Rand	2021
Net profit per income statement	1,041,349
Temporary differences	
Wear and tear allowance (s11(e))	(9,817)
Depreciation according to financial statements	9,817
	-
Imputed net income from CFC	-
Assessed loss brought forward	-
Taxable income for 2021	1,041,349
	-
Tax thereon @ 0% in the Rand	-

HEARTLANDS BABY SANCTUARY NPO
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NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2021	2020
6. Revenue		
Sustainability projects	1,037,018	1,396,033
Rental income	-	47,720
Donations received	2,677,906	1,313,865
Foreign donations received	226,554	424,491
Events and fundraising	213,021	84,751
Government grants	1,221,176	1,186,950
	<u>5,375,675</u>	<u>4,453,810</u>
7. Employee cost		
Employee costs		
Basic	3,218,967	3,102,918
Tips	4,022	16,648
UIF	56,096	-
Pension fund	276,118	231,037
	<u>3,555,203</u>	<u>3,350,603</u>
8. Depreciation, amortisation and impairments		
The following items are included within depreciation, amortisation and impairments:		
Depreciation		
Property, plant and equipment	<u>9,817</u>	<u>28,887</u>
9. Investment revenue		
Interest revenue		
Bank	<u>47,150</u>	<u>44,536</u>
10. Taxation		

No provision has been made for the 2021 tax as the organisation meets the requirements of a Public Benefit Organisation (PBO) and is therefore exempt from income tax.

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NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2021	2020
6. Revenue		
Sustainability projects	1,037,018	1,396,033
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	<u>5,375,675</u>	<u>4,453,810</u>
7. Employee cost		
Employee costs		
Basic	3,218,967	3,102,918
Tips	4,022	16,648
UIF	56,096	-
Pension fund	276,118	231,037
	<u>3,555,203</u>	<u>3,350,603</u>
8. Depreciation, amortisation and impairments		
The following items are included within depreciation, amortisation and impairments:		
Depreciation		
Property, plant and equipment	9,817	28,887
9. Investment revenue		
Interest revenue		
Bank	47,150	44,536
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No provision has been made for the 2021 tax as the organisation meets the requirements of a Public Benefit Organisation (PBO) and is therefore exempt from income tax.