

**THE COMMUNITY CHEST OF THE WESTERN CAPE**  
**(REGISTRATION 003-040 NPO)**  
**AUDITED ANNUAL FINANCIAL STATEMENTS**  
**AS AT 31 MARCH 2020**

**THE COMMUNITY CHEST OF THE WESTERN CAPE**

**AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2020**

**DIRECTORS**

**NON-EXECUTIVE**

C Duncan (Chairperson)  
M Bosazza (Vice-chairperson)  
E Adams  
M Cornelius  
C Daries  
C Fleurs-Goddard  
G Gunston  
H Hirsch (Deceased 06 June 2019)  
J Levendal (Resigned 25 September 2019)  
M Magida (Resigned 09 October 2019)  
A Woolfson  
S Zinn  
L Davids

**EXECUTIVE**

**LEGAL ADVISERS**

Cliffe Dekker Homeyr Inc.

**BANKERS**

First National Bank of Southern Africa Limited

**AUDITORS**

Ernst & Young Inc.

**REGISTRATION NUMBER**

003-040 NPO

**REGISTERED OFFICE**

82 Bree Street  
Cape Town  
South Africa  
8001


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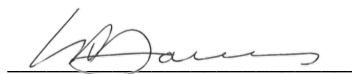
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**APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS**

The annual financial statements set out on pages 6 to 22 have been approved and are signed on behalf of the board by:



**C DUNCAN**  
**CHAIRPERSON**



**L DAVIDS**  
**CHIEF EXECUTIVE**

**30 October 2020**

## **THE COMMUNITY CHEST OF THE WESTERN CAPE**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020**

#### **NATURE OF BUSINESS**

The Community Chest of the Western Cape ("The Chest") is a philanthropic organisation that was founded in Cape Town in 1928 as a conduit for philanthropy in response to a poverty problem in the Western Cape. Funding was directed to organisations providing social relief to those affected by poverty and those living with mental or physical disabilities. Over time, The Chest became the first point of call for funding in social welfare and has funded many hundreds of organisations. The Chest also develops and facilitates philanthropy through partnerships with a wide range of donors and social development of donor resources. The Chest acts as an objective and professional community partner to ensure accountability for utilisation of donor resources.

The Chest provides services and advice to enhance the management, financial and skills capacity of 220 Non-Governmental and Community based organisations in the Western and Southern Cape that are engaged in social development.

As The Chest has been approved as a public benefit organisation in terms of Section 30 of the Income Tax Act its receipts and accruals are exempt from income tax in terms of Section 10(1)(cN).

The Chest operates in conjunction with its sister body, The Community Chest of the Western Cape S18A. Donors to the S18A entity enjoy tax relief on their contributions.

#### **OPERATING REVIEW AND FINANCIAL PERFORMANCE**

The leadership of The Chest has embraced the mandate to transform the organisation into a leading centre of philanthropy. The key objective of The Chest is to make grant funding available to vetted and approved non-profit organisations and in turn the fulfilment of this objective must lead to a safer, prosperous and growing South African society. Therefore, the upholding of this mandate has become the foundation of the critical design changes within The Chest. The Chest is dedicated to adding increased value to the grant making process by moving from a broadly defined charity mind-set to a deeper and more structured business mind-set based on intentional development of more meaningful education, health, income generation and community development solutions and impact measurement. This transformation strategy is both costly and necessary to enable the organisation to meet its constitutionally enshrined obligations to non-profit organisations.

During this reporting period, total revenue decreased by approximately R665 000 (2019: R5 million increase). This decrease is largely due to the timing of income received.

Direct expenditure and administrative overheads increased by R3.93 million (2019: R4.44 million increase). This increase is mainly due to the inclusion of the Johannesburg Office & Sediba in the current year. Community investment expenses amounted to R33.5 million (2019: R35 million). This resulted in a deficit for the year of R23.5 million (2019: deficit of R11.5 million).

The total investments into Communities of R33.5 million (2019: R35 million) for the year, represents a decrease of 4.24% over the previous year. The decrease is due to the ending of Special Projects & Government Projects in the current financial year. The Chest's long-term commitment is to see strategic changes in Education, Income Generation, Health and Community Development, which will allow our targeted communities to break free from the restricting poverty cycles that they have been in for generations.

The firm resolve of The Chest is to ensure that it remains committed to its task of providing funding to non-profit organisations to impact strategically selected projects in order to combat the devastating consequences of poverty.

The Chest leadership team and staff are aligned to ensuring that the mission and the mandate drive the outcomes of The Chest. The Chest will represent its funders and their interests in a professional and accountable manner. And the needs of communities will be upper most when considering grant applications.

The Chest staff and Board are deeply grateful to those who help support our work of combatting poverty and helping to rebuild human dignity. Our partnerships with government, business and communities are the essential elements of why we have survived year on year. Even in tough economic climates as experienced in the last few years, we have not stepped back from increasing our commitments to those we serve.

South Africa will need a brave and robust philanthropic sector in order to impact poverty. The Chest will seek to lead that sector with continued bravery, good governance and accountable and professional service.

## **THE COMMUNITY CHEST OF THE WESTERN CAPE**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)**

#### **CAPITAL AND RESERVES**

The Chest maintains reserves to ensure that it can continue its operations in the event of adverse economic and fundraising conditions. It is essential that we are able to maintain the level of financial support that we provide to a multitude of needy organisations as far as is possible.

During the current year, the investment portfolio provided income to support our operations. However, the fair value losses exceeded the income received from the investments. Investments are realised either when it is appropriate to make changes to the structure of the portfolio or when funding is required to sustain operations. Profits on the sale of investments, which are taken to income, can therefore vary in both timing and quantum. Included in the accumulated funds are unrealised gains and losses on the investment portfolio.

#### **CORPORATE GOVERNANCE**

Details of our governance are set out in the section of responsibility for the financial statements below.

#### **DIRECTORS**

Details of the directors are shown on page 1.

#### **RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Directors are responsible for the integrity of the annual financial statements.

In order to fulfil this responsibility, The Chest maintains and continuously monitors the accounting and administrative control systems designed to provide assurance that assets are safeguarded and that transactions are executed and recorded in accordance with The Chest's policies and procedures.

The Directors comprise of independent non-executive volunteers who meet periodically with the Chief Executive to manage the strategic direction of the organisation. The audit and risk committee comprises of independent non-executive volunteers, who meet periodically with the external auditors and senior management to assist in determining that internal controls provide reasonable assurance that The Chest's assets are safeguarded and that the financial records may be relied upon for the preparation of the financial statements. The finance committee comprises of independent non-executive volunteers who meet quarterly with senior management to review operating results and to monitor matters relative to The Chest's control environment.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, as approved by the International Accounting Standards Board (IASB) as set out in the accounting policies on pages 9 to 13 of the annual financial statements and are examined by our auditors in accordance with International Standards on Auditing.

The Directors confirm that The Chest has adequate resources to operate for the foreseeable future and will remain a viable going concern in the 12 months from the date of signing the annual financial statements.

#### **EVENTS AFTER REPORTING DATE**

No material fact or circumstance has come to the attention of the directors between the reporting date and the date of this report that would require disclosure in or adjustment of the annual financial statements.

The onset of the global pandemic in South Africa at the end of the Financial Year 2020 caused a significant degree of uncertainty within NGOs in particular. The Community Chest was one of the first NGO's in Cape Town to institute remote working.

During this time of crisis, we were reminded that it was for exactly this reason that The Community Chest was founded in 1928: To aid the destitute.

The Community Chest's number one priority throughout the pandemic was to ensure that our staff was safe and protected. With the team secured with the required PPE, The Community Chest began to address the Health, Nutritional and Safety needs of our NGO partners the communities around us

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COMMUNITY CHEST OF THE WESTERN CAPE**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of The Community Chest of the Western Cape set out on pages 6 to 22, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income and accumulated 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 financial statements present fairly, in all material respects, the financial position of The Community Chest of the Western Cape as at 31 March 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities.

#### **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 entity 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.

We have fulfilled our 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 corresponding sections of 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. 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 Directors Report included on page 2 and 3 of the annual financial statements. The other information that will be available after the date of this report is the Annual Report of The Community Chest of the Western Cape. The 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, 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 the Directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors 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 directors are responsible for assessing the entity'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 directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.





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## 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 entity'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 entity'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 entity 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.

Ernst & Young Inc.  
Director: Abdul-Majid Cader  
Registered Auditor  
Chartered Accountant (SA)  
30 October 2020

**THE COMMUNITY CHEST OF THE WESTERN CAPE**

**STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED FUNDS  
FOR THE YEAR ENDED 31 MARCH 2020**

	<b>2020 R</b>	<b>2019 R</b>
<b>REVENUE</b>	<b>47 434 609</b>	<b>48 099 535</b>
<b>Fundraising</b>	<b>44 563 773</b>	<b>45 238 917</b>
Corporates	1 008 745	1 714 366
Legacies	7 517 245	3 906 561
Partnerships	882 452	2 539 107
Government special projects	16 146 598	19 787 752
Management fees	291 942	259 446
Capacity building programme	5 000	1 009 104
Special events	351 429	281 633
Trusts	18 360 362	15 740 948
<b>Investment income</b>	<b>2 870 836</b>	<b>2 860 618</b>
Dividends	1 078 741	1 107 433
Interest	1 792 095	1 753 185
<b>Other income</b>	<b>(8 425 803)</b>	<b>492 799</b>
Fair value (losses)/gains on investments	(8 461 873)	356 308
Miscellaneous income	36 070	136 491
<b>DIRECT EXPENDITURE</b>	<b>(13 343 939)</b>	<b>(10 481 808)</b>
<b>OPERATING INCOME</b>	<b>25 664 867</b>	<b>38 110 526</b>
<b>ADMINISTRATIVE OVERHEADS</b>	<b>(15 717 216)</b>	<b>(14 647 550)</b>
<b>NET INCOME BEFORE COMMUNITY INVESTMENT EXPENSES</b>	<b>9 947 651</b>	<b>23 642 976</b>
<b>COMMUNITY INVESTMENT EXPENSES</b>	<b>(33 518 676)</b>	<b>(35 001 490)</b>
Grants awarded to Community Organisations	(9 124 819)	(6 952 678)
Capacity building programme	(1 323 936)	(1 341 302)
Special projects	(3 072 241)	(4 597 097)
Government special projects	(16 963 744)	(18 256 759)
Donations in kind – administration expenses	(1 270 299)	(1 217 231)
Bursary Allocations	(1 763 637)	(2 636 423)
<b>DEFICIT FOR THE YEAR</b>	<b>(23 571 025)</b>	<b>(11 538 514)</b>
<b>ACCUMULATED FUNDS AT BEGINNING OF YEAR</b>	<b>64 787 434</b>	<b>76 325 948</b>
<b>ACCUMULATED FUNDS AT END OF YEAR</b>	<b>41 216 409</b>	<b>64 787 434</b>

**THE COMMUNITY CHEST OF THE WESTERN CAPE**

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	Note	2020 R	2019 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	3	3 071 915	3 983 878
Property, plant and equipment	4	1 739 623	1 925 815
Investments at fair value through surplus or deficit	5	45 463 298	62 278 466
		<u>50 274 836</u>	<u>68 188 159</u>
<b>Current assets</b>			
Trade and other receivables	6	1 276 645	2 281 288
Cash and cash equivalents	7	2 761 897	677 264
		<u>4 038 542</u>	<u>2 958 552</u>
<b>Total assets</b>		<u><b>54 313 378</b></u>	<u><b>71 146 711</b></u>
<b>FUNDS AND LIABILITIES</b>			
Accumulated funds		<u>41 216 409</u>	<u>64 787 434</u>
		<u><b>41 216 409</b></u>	<u><b>64 787 434</b></u>
<b>Non-current liabilities</b>			
Post retirement benefit obligation	8	<u>285 330</u>	<u>422 744</u>
		<u><b>285 330</b></u>	<u><b>422 744</b></u>
<b>Current liabilities</b>			
Trade and other payables	9	3 154 347	1 813 687
Provision for leave pay	10	1 543 384	1 423 503
Income received in advance	11	278 885	354 273
Government grants liability	17	7 835 023	2 345 070
		<u>12 811 639</u>	<u>5 936 533</u>
<b>Total liabilities</b>		<u><b>13 096 969</b></u>	<u><b>6 359 277</b></u>
<b>Total funds and liabilities</b>		<u><b>54 313 378</b></u>	<u><b>71 146 711</b></u>



**THE COMMUNITY CHEST OF THE WESTERN CAPE**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

	<b>Note</b>	<b>2020 R</b>	<b>2019 R</b>
<b>Cash flows utilised by operating activities</b>			
Cash utilised by operations	<b>12.1</b>	(16 210 414)	(12 354 438)
Investment income		2 870 836	2 860 618
Dividends		1 078 741	1 107 433
Interest		1 792 095	1 753 185
Working capital changes	<b>12.2</b>	7 757 095	(2 444 170)
Net cash outflows from operating activities		<b>(5 582 483)</b>	<b>(11 937 990)</b>
<b>Cash flows from investing activities</b>			
Additions to intangible assets	<b>3</b>	-	(797 344)
Additions to property, plant and equipment	<b>4</b>	(72 420)	(255 817)
Proceeds on sale of property, plant and equipment		12 000	4 384
Withdrawals from investments at fair value through surplus or deficit		14 452 169	11 026 810
Additions to investments at fair value through surplus or deficit		(6 724 633)	(6 325 821)
Net cash inflow from investing activities		<b>7 667 116</b>	<b>3 652 212</b>
<b>Net movement in cash and cash equivalents for year</b>		<b>2 084 633</b>	<b>(8 285 778)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>677 264</b>	<b>8 963 042</b>
<b>Cash and cash equivalents at end of year</b>	<b>7</b>	<b>2 761 897</b>	<b>677 264</b>

## THE COMMUNITY CHEST OF THE WESTERN CAPE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 1 ACCOUNTING POLICIES

The financial statements set out on pages 6 to 22 are prepared on the going concern basis and are consistent with the prior year. The items in the annual financial statements are measured on a historical cost basis, except for some financial instruments, which are measured at fair value through profit and loss. The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-size Entities (IFRS for SME's) as issued by the International Accounting Standards Board (IASB).

The significant accounting policies are as stated below:

##### 1.1 Significant accounting judgements and estimates

###### Estimations

Estimations are made concerning the future at the reporting date regarding the post-retirement medical obligation as well as regarding the useful lives, depreciation rates and residual values of depreciable assets. The estimates and assumptions made by the actuaries are disclosed in Note 8. Amortisation and depreciation rates are disclosed in notes 1.2 and 1.3.

##### 1.2 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The identifiability criterion is met when the intangible asset is separable (that is, it can be sold, transferred, licensed, rented or exchanged), or where it arises from contractual or other legal rights or where it is acquired as part of a business combination.

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortised on a systematic basis over the expected useful lives of the intangibles using the straight-line basis. This life is determined based on the contractual period of the asset or on the period of expected use of the asset. Amortisation begins when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be usable in the manner intended by management. Amortisation ceases when the asset is derecognised. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The residual value of such assets at the end of their useful lives is assumed to be zero, unless there is either a commitment by a third party to purchase the asset or there is an active market for the asset.

The annual rates applied are as follows:

- |            |               |
|------------|---------------|
| • Website  | 16% per annum |
| • Database | 16% per annum |

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income and accumulated funds in the period the asset is derecognised.

##### 1.3 Property, plant and equipment

Property, plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date. The cost of an asset comprises any costs incurred in bringing the asset to the location and condition necessary for it to operate as intended by management.

Property, plant and equipment are subsequently stated at cost, less accumulated depreciation and any accumulated impairment. Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the

## THE COMMUNITY CHEST OF THE WESTERN CAPE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.3 Property, plant and equipment (continued)

items will flow to The Chest and the cost of the items can be measured reliably. All other repairs and maintenance expenditures are expensed to the statement of comprehensive income and accumulated funds during the financial period in which they are incurred. Expenditure incurred to replace or modify a significant component of plant and equipment is capitalised and any remaining carrying value of the component replaced is derecognised in the statement of comprehensive income and accumulated funds.

Property, plant and equipment are depreciated on a straight-line basis at rates estimated to write each asset down to its estimated residual value over the term of its useful life.

The annual rates applied are as follows:

• Motor vehicles	20% per annum
• Furniture and other equipment	10% per annum
• Computer equipment	33% per annum
• Carnival equipment	14 - 16% per annum
• Property and improvements	2 - 8.33% per annum

The assets' residual values, useful lives and rates of depreciation are reviewed if there are indications that the residual value or useful life of an asset has changed since the most recent annual reporting date and adjusted prospectively, if appropriate, at the end of each financial period.

Depreciation commences when assets are available for their intended use.

An assessment is made at each reporting date as to whether there is an indication that an asset may be impaired. If such an indication exists, an impairment test of the asset is performed and The Chest makes an estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use.

Any item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income and accumulated funds in the period the asset is derecognised.

##### 1.4 Retirement benefits

The Chest operates a defined contribution plan, based on a percentage of pensionable earnings funded by both The Chest and employees, the assets of which are held in separate trustee-administered funds. Contributions to this plan are charged to the statement of comprehensive income and accumulated funds in the period to which they relate.

##### Post-retirement medical benefit

The Chest has agreed to provide certain post-retirement medical benefits to a retired senior employee. These benefits are not funded. The present value of future medical aid subsidies in respect of past services is actuarially determined using the projected unit credit method, on an annual basis, and the liability is reflected in the Statement of Financial Position. Any curtailment of benefits or settlement amounts is recognised in the statement of comprehensive income and accumulated funds. Actuarial gains and losses are recognised in the statement of comprehensive income and accumulated funds in the period in which they occur.

##### Short term employee benefit

Short-term employee benefits are recognised in the period of service and are measured on an undiscounted basis. Short-term employee benefits paid in advance are treated as prepayments and are expensed over the period of the benefit.

## THE COMMUNITY CHEST OF THE WESTERN CAPE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.5 Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to The Chest and the revenue can be reliably measured. Revenue from legacies and trusts consist of donations that The Chest receives from deceased estates and trusts.

The following specific recognition criteria must also be met before revenue is recognised:

Revenue from fundraising is recognised on receipt.

Revenue from competitions is recognised on receipt.

Management fees are recognised when due and receivable.

Donations, which are designated for a specific purpose, including capacity building programmes and partnerships are treated as deferred revenue until expended. Unspent amounts are disclosed as income received in advance.

Interest is recognised on a time apportionment basis, which takes into account the effective yield on the asset over the period it is expected to be held.

Dividends are recognised when The Chest's right to receive the payment is established.

Donations in kind relating to inventory and/or property, plant and equipment are recognised at fair value on receipt. This fair value is determined with reference to invoiced amounts received from the relevant donor.

##### 1.6 Leased assets

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date.

All leases are classified as operating leases as none of the risks and rewards incidental to ownership, are transferred to The Chest. The relevant rentals are charged to income on a straight-line basis according to the period of use of the assets concerned. The resulting difference arising from the straight-line basis and contractual cash flows is recognised as an operating lease obligation or asset.

Contingent rental income and expenses are recognised when accrued or incurred.

##### 1.7 Financial instruments

Financial instruments recognised in the Statement of Financial Position include cash and cash equivalents, investments in equity instruments, trade and other receivables and trade and other payables. Financial assets and financial liabilities are initially recognised in the Statement of Financial Position when The Chest becomes bound by the contractual provisions of the instrument.

When a financial asset or a financial liability is recognised initially, it is measured at transaction price plus directly attributable transaction costs (except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit) unless the arrangement constitutes, in effect a financing transaction. If the arrangement constitutes a financing transaction, The Chest measures the financial instruments at present value of the future cash flows discounted at a market rate of interest. The Chest determines the classification of its financial assets on initial recognition. Subsequent to initial recognition, financial instruments are measured as set out below:

###### Investments in equity instruments

Investments are subsequently measured at fair value with changes in fair value being recognised in the statement of comprehensive income and accumulated funds.

The fair value of investments in equity instruments is determined by reference to quoted market bid prices at the close of business on the statement of financial position date.

###### Trade and other receivables

Trade and other receivables are subsequently measured at amortised cost, less provision for impairment.

## THE COMMUNITY CHEST OF THE WESTERN CAPE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

#### 1 ACCOUNTING POLICIES (CONTINUED)

##### 1.7 Financial instruments (continued)

###### **Cash and cash equivalents**

Cash and cash equivalents, consisting of cash on daily call and cash in bank current accounts, are subsequently measured at amortised cost.

###### **Trade and other payables**

Trade and other payables are subsequently measured at amortised cost.

###### **Derecognition**

A financial asset is derecognised when:

- The rights to the cash flows from the financial asset expire or are settled or,
- The Chest transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- The Chest has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

A financial liability is derecognised when:

- The obligation under the liability is discharged or cancelled or expires

###### **Impairment**

At the end of each reporting period, financial assets measured at amortised cost are assessed for evidence of impairment.

For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, The Chest would reverse the previously recognised impairment loss either directly or by adjusting an allowance account. The reversal will not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The Chest will recognise the amount of the reversal in the statement of comprehensive income and accumulated funds immediately.

###### **Offset of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention on a net basis to realise the assets and settle the liabilities.

##### 1.8 Grants awarded to Community Organisations

Grants comprise allocations made to beneficiaries and are recognised as expenses when paid.

##### 1.9 Provisions

A provision is recognised where The Chest has present legal or constructive obligations as a result of past events, reliable estimates of the obligations can be made, and it is probable that outflows of resources embodying economic benefits will be required to settle the obligations. The expense relating to any provision is presented in the statement of comprehensive income and accumulated funds net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using the rate that reflects, where appropriate, the risks specific to the liabilities. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



## **THE COMMUNITY CHEST OF THE WESTERN CAPE**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)**

#### **1 ACCOUNTING POLICIES (CONTINUED)**

##### **1.10 Expenses**

Expenses are recognised when incurred.

##### **1.11 Government grants**

Government grants are recognised as follows:

- A grant that does not impose specified future performance conditions on the recipient is recognised in income when the grant proceeds are received.
- A grant that imposes specified future performance conditions on the recipient is recognised in income only when the performance conditions are met, and
- Grants received before the revenue recognition criteria are satisfied are recognised as a liability.
- Grants are measured as the fair value of the asset received or receivable.

**THE COMMUNITY CHEST OF THE WESTERN CAPE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)**

	<b>2020 R</b>	<b>2019 R</b>
<b>2 DEFICIT FOR THE YEAR</b>		
The deficit for the year is stated after:		
Professional services fees	<b>1 565 471</b>	<b>1 515 007</b>
Auditor remuneration		
- current year fee	404 200	372 700
- prior period under provision	-	22 500
Financial consulting	200 775	201 800
Legal and other	336 303	170 961
Investment management fee	624 193	747 046
Amortisation (See note 3)	911 963	909 734
Depreciation (See note 4)	249 988	226 408
Operating lease expense	690 103	584 372
- Premises	566 100	411 896
- Office machinery	124 003	172 476
Salaries and contributions	23 730 441	16 796 772
- Management personnel	10 679 351	7 799 198
- Other personnel	13 051 090	8 997 574
Bad debt expense	2 773	-
Number of employees	<u>46</u>	<u>39</u>

**3 INTANGIBLE ASSETS**

	<b>2020</b>		
	<b>Website R</b>	<b>Database R</b>	<b>Total R</b>
Beginning of year			
- cost	1 685 820	5 522 344	7 208 164
- accumulated amortisation	(1 575 905)	(1 648 381)	(3 224 286)
-Net Book Value	<b>109 915</b>	<b>3 873 963</b>	<b>3 983 878</b>
Current year movements			
- Additions	-	-	-
- Amortisation	(48 852)	(863 111)	(911 963)
<b>Balance at end of year</b>	<b>61 063</b>	<b>3 010 852</b>	<b>3 071 915</b>
Made up as follows:			
- Cost	1 685 820	5 522 344	7 208 164
- Accumulated amortisation	(1 624 757)	(2 511 492)	(4 136 249)
<b>Net book value</b>	<b>61 063</b>	<b>3 010 852</b>	<b>3 071 915</b>

THE COMMUNITY CHEST OF THE WESTERN CAPE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

3 INTANGIBLE ASSETS (CONTINUED)

	2019		
	Website R	Database R	Total R
Beginning of year			
- Cost	1 685 820	4 725 000	6 410 820
- Accumulated amortisation	(1 527 052)	(787 500)	(2 314 552)
-Net Book Value	<b>158 768</b>	<b>3 937 500</b>	<b>4 096 268</b>
Current year movements			
- Additions at Cost	-	797 344	797 344
- Amortisation	(48 853)	(860 881)	(909 734)
<b>Balance at end of year</b>	<b>109 915</b>	<b>3 873 963</b>	<b>3 983 878</b>
Made up as follows:			
- Cost	1 685 820	5 522 344	7 208 164
- Accumulated amortisation	(1 575 905)	(1 648 381)	(3 224 286)
<b>Net book value</b>	<b>109 915</b>	<b>3 873 963</b>	<b>3 983 878</b>

THE COMMUNITY CHEST OF THE WESTERN CAPE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

4 PROPERTY, PLANT AND EQUIPMENT

	2020					
	Property and improvements R	Motor vehicles R	Computer equipment R	Furniture & other equipment R	Carnival equipment R	Total R
Beginning of year						
- cost	3 070 975	255 853	799 911	776 300	21 767	4 924 806
- accumulated depreciation	(1 618 911)	(163 613)	(626 811)	(571 979)	(17 677)	(2 998 991)
- Net Book Value	1 452 064	92 240	173 100	204 321	4 090	1 925 815
Current year movements						
- additions	-	-	62 425	9 995	-	72 420
- disposals/scrapped	-	(104 588)	(13 499)	-	-	(118 087)
- reallocations	-	-	-	-	-	-
- depreciation of assets scrapped	-	104 588	4 875	-	-	109 463
- depreciation of assets reallocated	-	-	-	-	-	-
- depreciation	(90 917)	(23 060)	(88 915)	(44 865)	(2 231)	(249 988)
Balance at end of year	1 361 147	69 180	137 986	169 451	1 859	1 739 623
Made up as follows:						
- cost	3 070 975	151 265	848 837	786 295	21 767	4 879 139
- accumulated depreciation	(1 709 828)	(82 085)	(710 851)	(616 844)	(19 908)	(3 139 516)
Net Book Value	1 361 147	69 180	137 986	169 451	1 859	1 739 623

The original cost of the property, including improvements is R2 604 974. The property had a valuation of R14 220 000 as at 31 March 2019, as assessed by a professional valuer. The property comprises ERF 2090, Cape Town situated at 82 Bree Street, Cape Town.

THE COMMUNITY CHEST OF THE WESTERN CAPE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2019

	Property and improvements R	Motor vehicles R	Computer equipment R	Furniture & other equipment R	Carnival equipment R	Total R
Beginning of year						
- cost	3 070 975	140 553	1 291 339	808 966	25 671	5 337 504
- accumulated depreciation	(1 527 997)	(140 553)	(1 248 979)	(619 308)	(17 512)	(3 554 349)
- Net Book Value	1 542 978	-	42 360	189 658	8 159	1 783 155
Current year movements						
- additions at cost	-	115 300	183 710	72 107	-	371 117
- disposals/scrapped at cost	-	-	(675 138)	(108 677)	-	(783 815)
- reallocations at cost	-	-	-	3 904	(3 904)	-
- depreciation of assets scrapped	-	-	680 519	101 247	-	781 766
- depreciation of assets reallocated	-	-	-	(2 060)	(2 060)	-
- depreciation	(90 914)	(23 060)	(58 351)	(51 858)	(2 225)	(226 408)
Balance at end of year	<b>1 452 064</b>	<b>92 240</b>	<b>173 100</b>	<b>204 321</b>	<b>4 090</b>	<b>1 925 815</b>
Made up as follows:						
- cost	3 070 975	255 853	799 911	776 300	21 767	4 924 806
- accumulated depreciation	(1 618 911)	(163 613)	(626 811)	(571 979)	(17 677)	(2 998 991)
- Net Book Value	<b>1 452 064</b>	<b>92 240</b>	<b>173 100</b>	<b>204 321</b>	<b>4 090</b>	<b>1 925 815</b>

The original cost of the property, including improvements is R2 604 974. The property had a valuation of R14 220 000 as at 31 March 2019, as assessed by a professional valuer. The property comprises ERF 2090, Cape Town situated at 82 Bree Street, Cape



**THE COMMUNITY CHEST OF THE WESTERN CAPE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)**

	<b>2020 R</b>	<b>2019 R</b>
<b>5 INVESTMENTS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT</b>		
Listed shares	21 479 788	27 484 478
Unit trusts	23 945 153	34 757 829
Money market accounts	38 357	36 159
	<b>45 463 298</b>	<b>62 278 466</b>
Investments at fair value through surplus or deficit are split as follows:		
Domestic	45 463 298	62 278 466
	<b>45 463 298</b>	<b>62 278 466</b>
<b>6 TRADE AND OTHER RECEIVABLES</b>		
Sundry Debtors	247 030	156 442
The Community Chest of the Western Cape S18A	335 733	298 363
VAT Receivable	556 876	1 730 880
Prepayments	17 881	41 625
Staff loans	119 125	53 978
	<b>1 276 645</b>	<b>2 281 288</b>

The amount receivable from The Community Chest of the Western Cape is unsecured, interest free and payable on demand. Staff loans are unsecured, interest free and payable on demand.

**7 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise:

Daily call accounts	2 360 428	36 790
Current accounts	401 469	640 474
	<b>2 761 897</b>	<b>677 264</b>

The interest rates on the call accounts are floating rates linked to the prime lending rate

**8 POST RETIREMENT BENEFIT OBLIGATION**

The Chest has agreed to provide certain post-retirement medical aid benefits to a retired senior employee. These benefits are not funded.

The following tables summarise the components of the net benefit expense recognised in the statement of comprehensive income and accumulated funds and the amounts recognised in the statement of financial position for the plan.

	<b>2020 R</b>	<b>2019 R</b>
Net benefit expense:		
Actuarial gain on obligation	(118 785)	(7 896)
Interest cost	24 322	32 530
<b>Net benefit (income)/expense</b>	<b>(94 463)</b>	<b>24 634</b>
Net benefit obligation:		
<b>Defined benefit obligation</b>	<b>285 330</b>	<b>422 744</b>

# THE COMMUNITY CHEST OF THE WESTERN CAPE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

### 8 POST RETIREMENT BENEFIT OBLIGATION (CONTINUED)

Changes in the present value of the defined benefit obligation, as determined by the comprehensive actuarial valuation as at 31 March 2020, are as follows:

	2020 R	2019 R
Opening defined benefit obligation	422 744	437 539
Interest cost	24 322	32 530
Benefit payments	(42 951)	(39 429)
Actuarial losses on obligation	(118 785)	(7 896)
<b>Closing defined benefit obligation</b>	<b>285 330</b>	<b>422 744</b>

The principle assumptions used in determining the post-retirement medical aid benefit obligation are shown below:

	2020	2019
Discount rate	10.1%	8.9%
Medical inflation rate	6.6%	6.8%

Sensitivity analysis:

#### Effect on the aggregate current interest cost of

	Increase 1% R	Decrease 1% R
Discount rate	27 690	24 952
Medical inflation	27 670	25 198

#### Effect on the defined benefit obligation

Discount rate	273 430	298 328
Medical inflation	297 982	273 472

Amounts for the current and previous three periods are as follows:

	2020 R	2019 R	2018 R	2017 R
Defined benefit obligation	285 330	422 744	437 539	412 159
Experience adjustments on plan liabilities	(118 785)	(7 896)	34 640	42 092

### 9 TRADE AND OTHER PAYABLES

	2020 R	2019 R
The Community Chest of the Western Cape Section 18A	254 425	240 994
Trade creditors	1 654 670	549 247
Sundry creditors and accruals	1 217 252	906 445
Staff savings	28 000	117 001
	<b>3 154 347</b>	<b>1 813 687</b>

Staff savings are interest free, unsecured and payable on demand. The amount payable to The Community Chest of the Western Cape S18A is interest free, unsecured and is payable on demand. Terms of payment for trade creditors and sundry creditors and accruals are between 30 and 60 days.

**THE COMMUNITY CHEST OF THE WESTERN CAPE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)**

	<b>2020 R</b>	<b>2019 R</b>
<b>10 PROVISIONS</b>		
<b>Provision for leave pay</b>		
Balance at beginning of year	1 423 503	773 259
Increase in provision	1 803 205	948 768
Amount utilised during the year	(1 683 324)	(298 524)
Balance at end of the year	<b>1 543 384</b>	<b>1 423 503</b>
<b>11 INCOME RECEIVED IN ADVANCE</b>		
<b>Anonymous donor</b>		
Balance at beginning of year	354 273	1 031 322
Investment (shrinkage)/growth	(5 672)	38 068
Reinvested investment income	5 615	19 984
Administration fees paid	(2 048)	(9 851)
Grants paid	(352 168)	(725 250)
Subtotal	(0)	354 273
Transferred to current liabilities	0	(354 273)
Balance at end of year	<b>-</b>	<b>-</b>
<b>Rutgers University</b>		
Balance at beginning of year	0	0
Income received in the year	287 885	0
<b>Balance at end of year</b>	<b>287 885</b>	<b>354 273</b>
<b>12 NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<b>12.1 Cash utilised by operations</b>		
Deficit for the year	(23 571 025)	(11 538 514)
Adjustments for:		
Amortisation	911 963	909 734
Depreciation	249 988	226 408
Fair value losses/(gains) on investments	8 461 873	(356 308)
Dividend income	(1 078 741)	(1 107 433)
Interest income	(1 792 095)	(1 753 185)
Management fee income capitalised to investments	(447)	(7 133)
Investment management fees deducted from investments	624 640	754 179
Post-retirement benefit obligation movement	(137 414)	(14 795)
Provision for leave pay	119 881	650 244
Profit on disposal assets	(1 810)	(2 335)
Bad debt expense	2 773	-
Donation in kind	-	(115 300)
	<b>(16 210 414)</b>	<b>(12 354 438)</b>
<b>12.2 Working capital changes</b>		
(Increase)/decrease in trade and other receivables	1 001 870	(1 116 312)
Increase in trade and other payables	1 340 660	44 121
Increase/(decrease) in income received in advance and government grants	5 414 565	(1 371 979)
	<b>7 757 095</b>	<b>(2 444 170)</b>

## THE COMMUNITY CHEST OF THE WESTERN CAPE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

#### 13 RETIREMENT BENEFIT INFORMATION

The Community Chest participates in a pension fund for eligible employees. The fund constitutes a defined contribution plan and is governed by the Pension Funds Act of South Africa (Act 24 of 1956, as amended). The Community Chest is committed in terms of the rules of the fund, to contribute 7.5% of the pensionable emoluments of the members in its employ. Contributions by The Chest to the fund for the current period amounted to R1 913 427 (2019: R1 475 337).

#### 14 OPERATING LEASE COMMITMENT

The Chest has entered into various operating leases in respect of equipment & property. The monthly lease payments amount to R690 103 (2019: R584 372). Future minimum rentals under non-cancellable leases are as follows:

	2020 R	2019 R
Within one year	241 470	244 980
Between two and five years	334 560	452 640
Future lease payments	<u>576 030</u>	<u>697 620</u>

#### 15 TAXATION

As The Chest is registered as a Public Benefit Organisation in terms of Section 30 of the Income Tax Act, its receipts and accruals are exempt from tax in terms of section 10(1)(cN) of the Income Tax Act.

#### 16 RELATED PARTIES

Personnel compensation to key management for the year is R10 679 351 (2019: R7 799 198). Key management remuneration is disclosed in Note 2.

Related parties exist between The Community Chest of the Western Cape and The Community Chest of The Western Cape Section 18A, as these entities are under common control. The directors of The Community Chest of the Western Cape are also the directors of The Community Chest of the Western Cape Section 18A. Refer to note 6 and note 9 for the loan amount due to The Community Chest of the Western Cape Section 18A. An administration fee of R281 942 (2019: R249 446) was charged to The Community Chest of the Western Cape Section 18A during the year. The outstanding loan balance as at 31 March 2020 is R254 425 (2019: R240 994).

A related party relationship exists between The Community Chest of the Western Cape and Computer Specialists (Pty) Ltd. The Chairperson of the Board is also a director and owner of Computer Specialists (Pty) Ltd. In the prior year, The Community Chest continued to develop software through Computer Specialists (Pty) Ltd totalling R5 522 344. Prior year cost for the continued development of the software through Computer Specialists (Pty) Ltd totalled R797 344. In the current year R38 961 was for the purchase of a server from Computer Specialists (Pty) Ltd and R930 000 was for SLA Maintenance costs. Included in Trade and Other Payables is an amount of R655 500 which is due to Computer Specialists for the SLA Maintenance costs. This transaction was subject to a rigorous internal tender process and is therefore considered to be at arm's length.

#### 17 GOVERNMENTS GRANTS LIABILITY

	Opening Balance	Reallocated 2020	2020 Received 2020	Recognised 2020	Closing Balance
Innovation Fund	1 916 660	-	-	-390 081	1 526 579
Steamac Training	428 410	-428 410	-	-	-
Year Beyond Youth in Service	-	-	180 750	-180 750	-
	-	428 410	12 714 000	-12 148 241	994 169
	-	-	8 741 800	-3427 525	5 314 275
	<u>2 345 070</u>	-	<u>21 636 550</u>	<u>-16 146 597</u>	<u>7 835 023</u>

## THE COMMUNITY CHEST OF THE WESTERN CAPE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

#### 17 GOVERNMENTS GRANTS LIABILITY (CONTINUED)

	Opening Balance	Reallocated 2019	2019 Received 2019	Recognised 2019	Closing Balance
Innovation Fund	3 040 000	-	-	-1 123 340	1 916 660
Steamac	-	-	428 410	-	428 410
	<u>3 040 000</u>	-	<u>428 410</u>	<u>-1 123 340</u>	<u>2 345 070</u>

Government Grants have been provided by the Department of Cultural Affairs and Support to The Community Chest of the Western Cape in order to facilitate after school programmes that provide educational support after school hours to certain learners of the Department of Education at identified schools in the province of the Western Cape.

A liability of R7.8 million (2019: R2.3 million) has been recognised due to some of the conditions not being met per the contracts. These grants are to be utilised for after school programmes in no and low fee schools.

#### 18 EVENTS AFTER REPORTING DATE

##### Our Role

During the COVID-19 lockdown period, The Community Chest's work continued unabated, even though its offices had closed. The Community Chest was given "Essential Service Agency" status by the Western Cape Government. The Community Chest remained in service to support staff, volunteers and NGOs working on the front lines combatting the virus. The Community Chest's main role continues to be to provide financial and in-kind support to the brave men and women working with at-risk and infected communities and individuals. In addition, The Community Chest also reaches out to communities directly where and when required.

Over R2 million has been spent on food relief and more than R5 million on COVID-19 related relief efforts. The bulk of these relief efforts focused on food, PPE related products and COVID-19 testing services.

##### Funding

A challenging outcome for NGOs during the pandemic is the loss of significant portions of donor funding, to the NGO sector, due to lockdown and the defer and delay of decisions by donors. In highly structured donor agencies, where funding decision-making goes through many processes, the lockdown has caused such decisions to be subject to delays until post lockdown. This has had a disastrous impact on the sustainability of many NGOs. Other donors have opted to divert their regular funding to COVID-19 causes – and not fund their traditional NGO partners during this time.

Together, both the delay and the divert decisions by donors have led to several large and small NGOs being at risk of closing their doors all together.

##### Conclusion

The Community Chest has decided to take a very public role during this pandemic and to take our donors with us into seeing this pandemic as an opportunity to realign donor strategies to ensure that we are both – donor and NGO – able to pivot to do sense-making philanthropic interventions to stop the spread of the COVID-19 virus.

While there are measures on on-going instability, we are now more assured that, our donor partners have seen the essential nature of our work and services to people and communities at risk and will continue to fund our work going forward.