

Annual Report 2011

Our accounts for the year...

Our financial accounts for 2011 are on the following pages. Together with the related notes and the President's report, they form this our annual report.

More detailed accounts are available, on request, for inspection by any person or organisation with a legitimate interest in our work in Masiphumelele.

This annual report will be available at our annual general meeting to be held at Masiphumelele Library on Friday 13th April 2012 at 4 pm.

All figures shown relate to our activity in South Africa, United States of America and United Kingdom—they are our consolidated global accounts.

As in all previous years, these accounts will be audited and submitted to the relevant fiscal authorities in South Africa, UK and USA.

Please note; in previous years we reported all honorarium, travel, entertainment and administration costs under 'Operating Expenses'. This year, a proportion of these costs are more accurately in-

cluded where they were incurred in the relevant programme costs. Last year's figures are also adjusted in the same way to allow for like-for-like comparison.

Notes to accounts explain all significant change compared with the previous year.

For further information please contact:

Elize Taylor

Director of Finance
j.taylor4@telkomsa.net

Highlights!

- Seedlings—our pre-school uplift programme has made a great start.
- Project Ukhanyo—supporting the primary school—has made remarkable progress with Fran Loudon's Science Lab.
- The bursary programme goes from strength to strength with students successfully graduating and 6 new joining in 2011.
- Wendy Ryan's Evangeline life skills programme has partnered us and will be doubled in capacity.
- Our business enterprise programme has made significant strides to assist small business development.
- The Library and its education resource centre continues to offer a wonderful free of cost facility to the township.
- Generous donors help make it all happen - a record fund raising year.

Volunteersmaking it happen on the ground

We are very fortunate to have so many volunteers that give their time and talents to our work in Masiphumelele and in the US and UK—about 75 of them working with us both directly and indirectly in the projects and programmes we support.

They are a remarkable team and over this past year they have helped to expand our existing programmes and develop and introduce new.

Words of thanks cannot do justice to their contribution, but, thanks all the same! They can be proud of what they have achieved. Their spirit and enthusiasm is remarkable and it is a pleasure to work together.

Andrew, Jill & Elize

The numbers.....

	NOTES	2011			2010		
		ZAR	US dollars	GBP	ZAR	US dollars	GBP
INCOME							
	1						
Restricted Donations		1 268 810	164 102	111 953	320 704	47 892	28 628
Unrestricted Donations		521 465	67 444	46 011	436 534	65 190	38 967
Interest		16 195	2 095	1 429	33 155	4 951	2 960
Total Income		1 806 470	233 641	159 393	790 393	118 033	70 555
EXPENSES							
	2						
Education	3	1 042 823	134 872	92 012	778 481	116 255	69 492
Creche		37 595	4 862	3 317	11 212	1 674	1 001
Early Childhood Development - Seedlings		40 118	5 189	3 540	-	-	-
Bursary Programme		465 106	60 154	41 039	340 104	50 790	30 360
Library Education Outreach		172 176	22 268	15 192	260 614	38 919	23 264
All Other		92 636	11 981	8 174	146 953	21 945	13 118
Ukhanyo Primary School		228 006	29 489	20 118	19 598	2 927	1 749
Masiphumelele High School		6 557	848	579	-	-	-
Evangeline Life Skills		629	81	55	-	-	-
Donations to Community	4	36 241	4 687	3 198	15 030	2 245	1 342
Social Development	5	64 849	8 387	5 721	111 804	16 696	9 980
Sosebenza		833	108	73	-	-	-
Community Sport		64 016	8 279	5 648	111 804	16 696	9 980
Community Service	6	734	95	65	11 633	1 737	1 038
Subtotal Programme & Project Expenses	7	1 144 647	148 041	100 996	916 948	136 933	81 852
Operating Expenses	8	127 944	16 549	11 291	32 364	4 832	2 890
Volunteer Honorarium		24 319	3 147	2 147	15 721	2 346	1 403
Travel & Entertainment		2 451	317	217	627	94	56
Administration		3 750	485	331	8 021	1 198	716
Marketing & Fundraising		73 648	9 525	6 498	1 685	252	150
Training		3 643	471	321	-	-	-
Professional Services Fee		8 352	1 080	737	-	-	-
Bank Service Charges		11 781	1 524	1 039	6 312	942	564
Total Costs & Expenses		1 272 591	164 590	112 287	949 313	141 766	84 742
Net Surplus/(Deficit)	9	533 879	69 051	47 107	-158 919	-23 732	-14 186
Accounts Payable	10	260 313	33 668	22 969	80 498	12 021	7 186
BALANCE SHEET							
Assets							
Cash in Bank		2 280 412	294 937	201 212	1 742 864	260 271	155 578
Outstanding Loans		580 251	75 047	51 198	404 106	60 347	36 073
Total Assets	11	2 860 663	369 984	252 410	2 146 970	320 618	191 651
Liabilities							
Restricted Donations	12	1 488 455	192 509	131 334	1 029 598	153 755	91 908
Equities							
Retained earnings		1 117 372	144 516	98 591	911 486	136 117	81 364
Net Income		254 836	32 959	22 485	205 886	30 746	18 379
Total Equity		1 372 208	177 475	121 076	1 117 372	166 863	99 743
Total Liabilities & Equity		2 860 663	369 984	252 410	2 146 970	320 618	191 651

The words to go with the numbers...

1 **Income** – All income is derived from donations and bank interest. Restricted donations are dedicated by the donor for a particular use.

- Restricted donations have increased for the following programmes: Bursaries, Seedlings which is a new programme for early childhood development and the Science Lab for Ukhanyo Primary School.
- Our current donor sources are largely from private individual donors in USA, UK and SA. In the USA, still the major source of our income, many donors are long-standing supporters since MasiCorp was founded. Donor income from UK and SA has made a significant and welcome increase to income this year.
- The decrease in interest income is as a result of the reduction in the interest rate as well as the interest income earned on the library investment being shown as restricted donations in the current year whereas in the prior year it was classified as interest income.

2. **Expenses:** This section includes everything we spend. A portion of the volunteer honorarium, travel and entertainment costs and administration costs relate directly to the expenses below and have been allocated as such in the report.

3. **Education:** Subtotal - This is for the items listed below this line.

- We continue to support Ikhaya Labantwana crèche and the increased expenses was incurred due to building maintenance.
- We have started a new programme for early childhood development, seedlings, incurred expenditure for set up costs and honorarium.
- The significant increase in bursary expenditure stems from the expansion of the programme—6 new students added in the year.
- Support for Library decreased as no new equipment, fixtures and fittings were required in the 2011 financial year whereas this was required in the prior year.
- The programmes included in “All other” are Independent Thinking, Wordworks and English...Please! The decrease compared with last year was due to a one off donation for Wordworks in 2010. All other spending in this area stayed in line with the prior year.
- Increased support for Ukhanyo School has been expended on the set up of the new Science Lab.
- A new programme for Masiphumelele High School started in the 2011 financial year and the spending in this area mainly relates to training of teachers at the school.

4. **Donations to the Community:** We made donations to other NGOs in Masiphumelele with whom we have worked in partnership over the past year.

5. **Social Development:** Subtotal - this is for the items listed below this line.

- We reduced spending on community sport due to not covering honorariums for SAQ who assist with sports coaching. SAQ secured own funding for the 2011 financial year.

6. **Community Service:** the significant decrease in expenditure stems from the Community Park project where we paid for emergency repairs to the pump in the prior year.

7. **Subtotal Programme and Project Expenses:** this is everything we have spent directly on our programmes and projects in and for Masiphumelele.

8. **Total Operating Costs:** Subtotal - this is for the items below this line.

- To acknowledge their work in a voluntary capacity for MasiCorp, and to cover some of the resultant expenses incurred, honorariums were paid to two Executive Directors and seven members who lead and coordinate a number of our programmes and projects.
- No salary or any other benefit is paid to any Director or member including the President/CEO; MasiCorp is a wholly volunteer-based organization.
- Travel & Entertainment increased due to a number of special events held during the 2011 financial year.
- Marketing & Fundraising increased due to production of a marketing DVD and increase in fund raising research in the United Kingdom.
- Professional Services Fees were expended for the change from a private operating foundation in the United States to a tax exempt Public Charity.
- Bank charges: the increase compared with last year due to additional bank accounts and an increase in programme and project activities.

More words to go with the numbers...

9. **Income & Expenses Surplus/Deficit:** the year's income includes reserved donations, some of which are for expenditure in subsequent years. The year's expenditure includes items funded from reserved donations in previous years. The significant change compared with last year stems from an increase in restricted donations for the bursary programme and the early childhood development programme which were not fully spent in the current year.
10. **Accounts Payable:** This is a provision for NSFS students on our original bursary programme for when they finish their education and have to pay back their student loans.
11. **Total Assets:**
Due to year over year movements in the exchange rates used for USD and GBP financials, the 2011 vs. 2010 change in assets and liabilities on the balance sheet will not equal the 2011 cash balance on the income statement in these currencies.
Outstanding loans: This increase is due to us providing more student loans due to the increase in students.
12. **Restricted Donations:** this figure in our Liabilities is all the money donated for a particular programme or project. It is shown as a liability because we are committed to spend the money for those purposes. We have no other liabilities.

About us...

Masiphumelele Corporation [SA] is a registered NGO in South Africa
NPO: 040994 and PBO: 930015544

Our registered address is:

PostNet Sun Valley 537, Private Bag X4
Sun Valley, Cape Town 7975
South Africa

Our office bearers are:

Andrew Smith—President & CEO
Jill Stirrup—Director of Bursaries
Elize Taylor—Director of Finance
John Thompson—Non-exec Chairman
Carol Thompson—Non-exec Director
Jane Philippi—Non-exec Director

Changes in 2011:

None

Masiphumelele Corporation [US] is a tax exempt public charity under Code Section 501(c)(3) of the Internal Revenue of the U.S. EIN number: 02-0511758.

Our mailing address is:

PO Box 221
Center Harbor
NH 03226
USA

Our office bearers are:

Andrew Smith—President & CEO
John Thompson—Non-exec Chairman
Carol Thompson—Non-exec Director
Jane Philippi—Non-executive Director

Changes in 2011:

None

Masiphumelele Trust [UK] is a company limited by guarantee registered at Companies House.

Charity Commission N° 1137358

HMRC Gift Aid Registration: XT26095

Our registered address is:

7 Silverdale Road
Wargrave
Reading
Berks RG10 8EA
UK

Our office bearers are:

Trevor Evans—Trustee, Chairman
John Spinks—Trustee, Secretary
Sandra Dodson—Trustee
Julia Musgrave—Trustee
Andrew Smith—Trustee
Hilary Winter—Trustee

Changes in 2011:

None

Our organisation in SA is where all our work is carried out. Our organisations in USA and UK raise funds for and commission our work in SA, they also help to promote a better understanding of South Africa in those countries.

The principal objective of the whole organisation is to carry on public benefit activity in a non-profit manner and with an altruistic or philanthropic intent.

Masiphumelele Corporation & Trust

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Masiphumelele - "we will succeed!"

Donors—part of our team!

The hard work and enthusiasm of our volunteers working to deliver projects and programmes for the people of Masiphumelele is matched by our fund raisers in the US, UK and SA.

It is also matched by the generosity of our donors. Here in the township, we think of all of you as a part of our Masicorp family—we know our work depends on you. Teamwork—you can't beat it!

Jill, Elize, Andrew

2011 President's report...

We have enjoyed a very successful year; our work in the township has expanded through the inspired contribution of many volunteers; our generous supporters have donated funds to enable our projects and programmes to proceed; we have received much feed-back from the community, other NGO's and local government that tells us we are on the right track and making a positive difference.

Those few words should mean much to all of us involved—the goodwill, hard work, generosity of everyone who works with and supports Masicorp is a remarkable collective benefit for the poor and disadvantaged people of Masiphumelele.

Together, we can do still more!

Andrew Smith,
President & CEO



**WHAT A
GOOD
YEAR IT
WAS!**



Our US team came back to visit us—founders John and Carol Thompson and Jane Philippi, and...



...Jill Stirrup was awarded an MBE in the Queen's Birthday Honours for her services to education and..

...HRH Camilla,
Duchess of Cornwall
came to Masiphumelele to see
our work