

THUSO SOCIAL SERVICE FOUNDATION
TRADING AS:



ANNUAL REPORT
1 April 2007 to 31 March 2008

BACKGROUND INFORMATION

The term “indigent” is understood to mean the lack of necessities of life such as food, clothing and shelter. In South Africa, a poverty line of 800 South African Rand per month income (about US \$100 per month) per household is regarded as the “ultra poverty line” and is used by the national government to denote an indigent household. It is estimated that 22 million people in South Africa survive on less than 144 South African Rand a month (about \$20 per month). More than half of South Africa’s children (55%) live in the “indigent” category. Structural unemployment has become chronic with 42% of South Africa’s children living in a household where nobody is employed.¹ These children face discrimination, isolation and extreme hardship. They typically do not have access to the resources necessary to grow, be healthy, live in safety, become educated and develop their full potential.



The main reasons for child poverty is, firstly, the legacy of “apartheid” where racial discrimination policies of the previous South African government has resulted in high levels of inequality. Large rural areas, declared previously as “homelands” were neglected and under-developed. Schools, clinics and basic services are sub-standard,

overcrowded or non-existent. The poorest of the population still live in these areas, where women and children are overrepresented. The second reason for child poverty is the very high level of unemployment. The new South African government has struggled, amongst other things, to compete in a global market resulting in huge job losses rather than job creation. Thirdly, but not the least of reasons, is the devastating effect that the HIV/AIDS pandemic is having on sub-Saharan Africa. Already poor households lose the little income they have when breadwinners get sick or die. Added to this is the extra burden on the extended families as they take in the children left behind by those who have died. Fourteen years after the election of a democratic South African government and “apartheid” has ended, and despite gains made by the present government in terms of providing housing, water and electricity to previously disadvantaged people, the poor remain as large a group as ever with their suffering as bad as ever and in some areas perhaps worse.

The response to poverty should come from every sector of society, from big business, private enterprise, world governments, religious bodies and individuals. Whether at macro or micro level, a multi-faceted approach is needed incorporating poverty alleviation programs, job creation, capacity development, service delivery, social security and more.

¹ Statistics South Africa (2006) General Household Survey 2005

THE PAST FISCAL YEAR : HELPING HANDS IN AFRICA

It is within this background of poverty and under-development that **Helping Hands In Africa** works.

Our mission is to restore hope for the future in disadvantaged communities by providing opportunities for individuals in the community to develop skills that will equip them to take responsibility for their own economic, health, educational, social and spiritual upliftment. Helping Hands is a Christian Ministry, openly and unashamedly. But it is not exclusionary. We fully recognize those who are not Christian and we do not discriminate in any way whatsoever in our care and love for those we serve.

During the past financial year, the emphasis of our work has been the development and strengthening of our Childcare as well as Empowerment programs.

Five facilities have been built to house Learning Centers. These centers cater for indigent children through pre-school and after-school care. The emphasis of these centers is to

provide a safe environment in which to nurture the love for learning. One of the primary ways to break the cycle of poverty is through education. The Learning Centers of **Helping Hands In Africa** provide learning experiences that are supplemental to the children's formal school learning. In devastatingly poor areas where children typically do not have the basics of school supplies, our Learning Centers are stocked with good books to read, crayons, pencils, art supplies and caring adults willing to go the extra mile. Our pre-schools are beautifully equipped using a well thought out curriculum relevant to the children. All this is provided free of charge. Here poverty does not mean a lack of stimulation, possibility and growth.



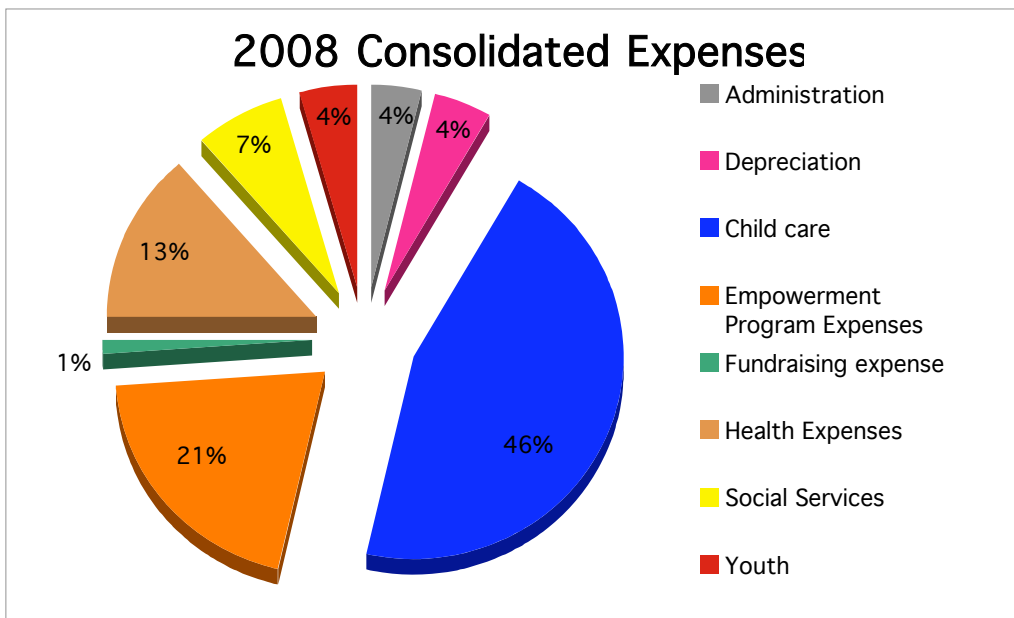
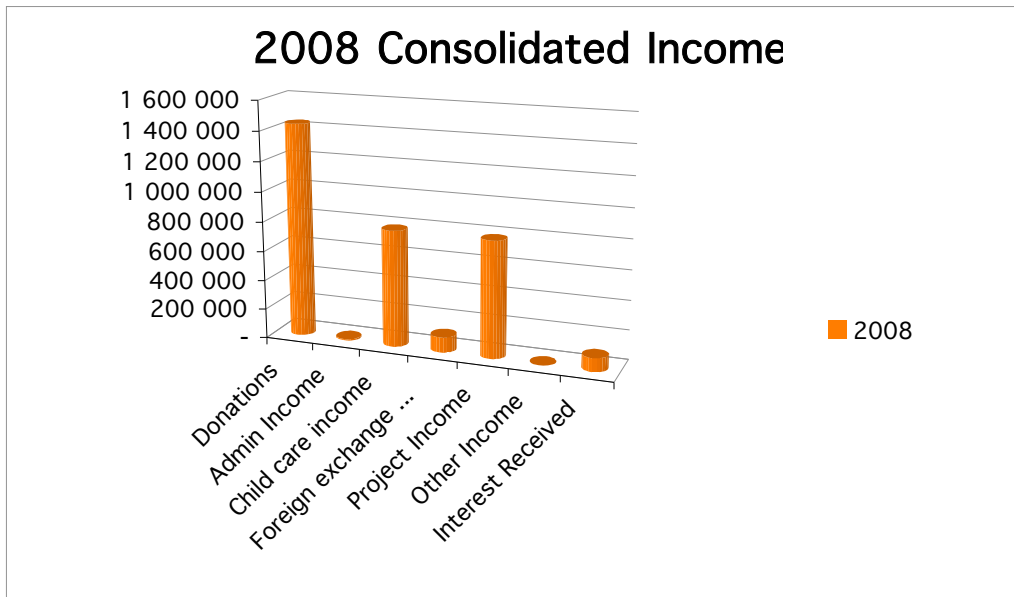
The **Helping Hands In Africa** Empowerment Program is aimed at the development of rural church leaders. Church leaders are typically engaged with their community at grass roots level. Therefore developing and empowering these leaders should result in better service delivery to those most in need. Five rural pastors have been hand picked to receive individual mentoring over the past year. This has resulted in capacity being built in them to successfully implement and manage projects most needed by their communities, such as feeding programs for orphans and vulnerable children and AIDS home based care for those who are sick.

Although there has been emphasis on these two programs during the past year, the other much-

needed programs of **Helping Hands In Africa** have continued. Following is a summary of the work completed.

AIDS Home Based Care Givers Trained = 16
Patients cared for by Home Based Caregivers = 207 Patients referred for further treatment = 199
People assisted in obtaining grants& ID documents = 128
Orphans participating in Intervention Program = 126
Visits by children to Learning Centers = 8260
Meals distributed to orphans and vulnerable children = 18,895

Following is a summary of the audited financial statements. Full and signed audited statements are lodged at the Helping Hands In Africa offices in South Africa.



Figures are represented in South African Rands.
Approximate exchange rate U.S.\$1.00 = R7.5

	2008
	R
Income	
Donations	1 437 270
Admin Income	9 542
Health income	-
Child care income	786 716
Social Service income	-
Empowerment Program Income	-
Foreign exchange gain on consolidation	104 283
Project Income	785 533
Other Income	227
Interest Received	91 291
	<u>3 214 862</u>
TOTAL INCOME	
Expenses	
Administration	102 221
Depreciation	115 800
Child care	1 180 812
Empowerment Program Expenses	535 999
Fundraising expense	28 288
Health Expenses	351 312
Social Services	186 795
Youth	114 185
	<u>2 615 412</u>
TOTAL EXPENSES	
Net Surplus	
	<u><u>599 450</u></u>

Report of the Auditors (LMD Africa Chartered Accountants) to the members of Thuso Social Service Foundation**Association Incorporated under section 21, Trading as : Helping Hands In Africa**

We have the annual financial statements set out on pages 3 to 12. These financial statements are the responsibility of the members. Our responsibility's to report on these statements.

Scope

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the financial statements. An audit includes:

- an evaluation of the appropriateness of the accounting policies.
- an examination, on a test basis, of evidence supporting the amounts and disclosures included in the financial statements
- an assessment of the reasonableness of significant estimates and
- a consideration of the appropriateness of the overall financial statement presentation.

We consider that our audit procedures were appropriate in the circumstances to express our opinion presented below.

Qualification on donations

In common with similar organisations, it is not feasible for Thuso Social Service Foundation to institute accounting controls over cash collections from donations prior to the initial entry of the collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

Qualified audit opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of Thuso Social Service Foundation at March 31, 2008 and the results of its operations and cash flow for the year then ended in accordance with the statements of generally accepted accounting practice and the South African Companies Act.

**Notes to the Financial Statements
For the year ended March 31, 2008****Accounting policy**

The financial statements set out on pages 3-12 comply with Generally Accepted Accounting Practise and are consistent with those applied in the previous years.

Property, Plant and Equipment

Property, plant and equipment are depreciated on the straight-line basis at rates estimated to write off each over the term of its useful life. Property, plant and equipment are stated at cost less accumulated. The actual depreciation rates used are:

Buildings	10%
Furniture and fittings	20%
Equipment	20%
Books	33.33%
Vehicles	20%

Financial instruments**Initial recognition and measurement**

Financial instruments are recognized when the enterprise becomes a party to the transaction. Initial measurement is at cost, which includes transaction costs subsequent to initial recognition.

Trade and other receivables

Trade and other receivables originated by the enterprise are stated at cost less provision for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Financial liabilities

Financial liabilities are recognized at amortised cost, namely original debt less principal payments and amortisation.

Taxation

The organisation is exempt from any form of taxation in terms of section 10(1)(cN) of the income tax Act.

Revenue recognition

Revenue represents grants, which are recognised when the grant is allocated by signed agreement and donations.

Financial Instruments and Financial Risk Management***Fair value of financial instruments***

Financial Instruments are comprised primarily of cash deposits with banks, trade debtors and trade creditors. The carrying amounts of all financial assets and liabilities included in these financial statements are considered to approximate their fair values.

Credit risk

Cash surpluses are deposited with major South African banks of high quality credit standing, and the credit risk in respect of these deposits is considered minimal. There are no significant credit risk attached to trade debtors as they have been received after year end.

Consolidation

Helping hands in Africa - USA account has been consolidated into the holding company's accounts at the prevailing exchange rates as at each financial year end and on an average rate for the income statement and cash flow statements. The resulting excess has been taken to a foreign exchange gain on consolidation.