



**Nkomazi**  
Community Trust

**2009 Annual Report**

# Our Chairman

*Looking back at the difficult year that was 2008 I am struck by the capacity demonstrated in the Nkomazi Community Trust to weather the financial storm that swept across the globe.*



*At a time when corporate contributions to most social development initiatives declined dramatically, our fledgling trust fund continued to receive regular donations from core partners and contributors. This speaks volumes about the resilience of our funding model which uses the opportunities inherent in B-BBEE (Broad-Based Black Economic Empowerment) to provide assistance and support to this very impoverished rural community living in the Nkomazi valley of Mpumalanga.*

*Although overall contributions in 2008 may have dropped from the previous year, for the first time we were able to enjoy some of the fruits of our investment model, with dividends being received from two companies in which we have shares. We now hold a degree of ownership in three private and two listed companies and look forward to the rewards that will flow to our beneficiaries as a result of our direct association with these entities.*

*The Trustees have adopted a very positive outlook towards the coming year, and courageously made a number of long-term financial commitments in anticipation of future funding. Chief among these are two all-inclusive three-year tertiary education bursaries, each worth R150,000, which will be presented to the best performing orphan matriculants from the classes of 2009 and 2010. In addition, the Trust has committed to funding the cost of seedlings, fertilisers and basic implements for more than 1000 community vegetable gardens, which provide essential nutrition to our children and people living with AIDS, as well being the only source of income for many.*

*Regretfully, as I write this report, I do so in the knowledge that one of our core partners— Mugg & Bean and the Gingerbread Foundation — is currently undergoing a change in ownership, and with it lies the uncertainty of whether contributions from this source will be continued. Nevertheless, I would like to use this opportunity to commend and thank Ben Filmler and his staff for their wonderful commitment and support to the Trust since we started. It is no surprise that this team has made Mugg & Bean one of the best-known brands in this country, having understood and embraced the importance of being a good corporate citizen. As Mike Clasper, President of Business Development at Proctor and Gamble in Europe, is quoted as saying *“People are going to want, and be able, to find out about the citizenship of a brand, and whether it is doing the right things socially, economically and environmentally.”**

*I would also like to express my admiration and appreciation for the generosity and loyalty of all our supporters who are identified in this report, as well as recognise the efforts of that truly remarkable group of people—the Trustees—who have unselfishly dedicated themselves to the vision, values and purpose of the Nkomazi Community Trust. None of this would be possible without you—and I salute you!*

A handwritten signature in black ink, appearing to read 'Madi'.

**Mandla Madi**

# Our mission

The Nkomazi Community Trust exists as a vehicle to empower one community of children and careworkers living in the Nkomazi Valley of Mpumalanga, on the eastern border of South Africa.

By harnessing opportunities arising from Broad-Based Black Economic Empowerment our mission is to bring life, hope and opportunity to our now more than 6000 registered beneficiaries through crisis alleviation, housing, education and job creation initiatives



*"We know that the profitable growth of our company depends on the economic, environmental, and social sustainability of our communities across the world. And we know it is in our best interests to contribute to the sustainability of those communities."*

**Travis Engen, CEO, Alcan**

# What we do

The Nkomazi Community Trust is a unique and authentic community development initiative that has been properly constituted under Trust law and registered with the Master of the High Court in South Africa.

The beneficiaries of our Trust comprise now more than 6000 Orphaned & Vulnerable Children, Youth, and Care-workers living in one of the most devastated communities in South Africa, and all funds raised by us are used to provide for their educational, safety, physical and social needs. The Trust is also recognised as a Public Benefit Organisation by the South African Revenue Services and is thereby entitled to issue Section 18A Tax Receipts to its contributors.

The primary goal of the Trust is to create a long-term and sustainable income stream for our beneficiaries by leveraging Broad-based Black Economic Empowerment (B-BBEE). To this end the Trust has been specifically positioned to assist small- to medium-size companies in South Africa attain their Black Empowerment credentials, while ensuring that the benefits of B-BBEE reaches the community at a grassroots level.

We achieve this goal by offering business partners legitimate and authentic black economic empowerment credentials under three components of the DTI Codes of Good Practice, namely Ownership, Enterprise Development and Socio-Economic Development. Through its association with the Trust, a company acquires valuable BEE points which lead to a higher B-BBEE ranking and increased competitiveness. In return, the company makes financial contributions to the Trust, and pays dividends where Ownership is involved. These funds are used by the Trust to create an endowment fund that will continue to benefit this community long after the anticipated end of the B-BBEE scheme in 2017.

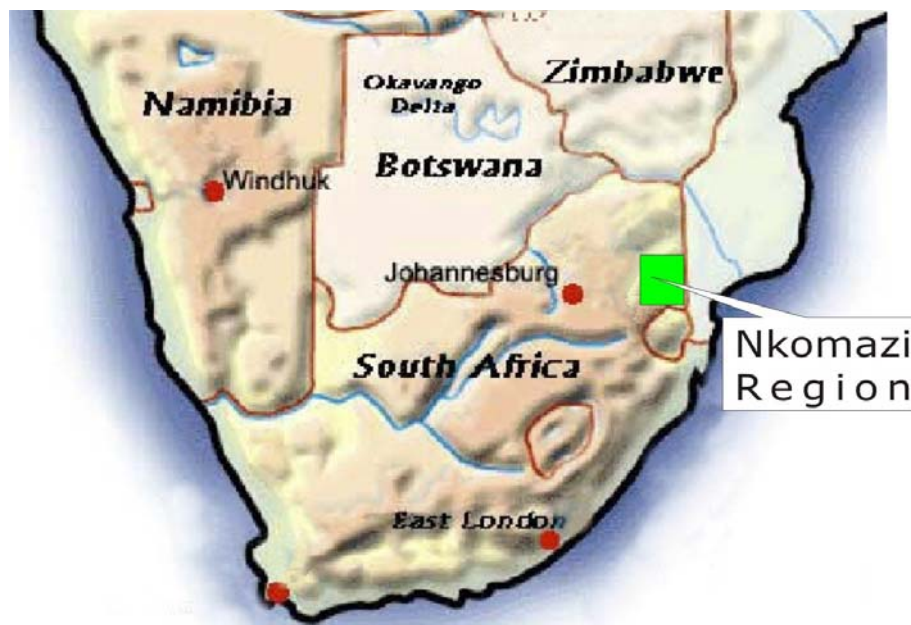
# How we fit in



The Nkomazi Community Trust constitution defines its beneficiaries as being *"the persons recorded as the Children and Care Workers on the membership role of Thembaletu Home Based Care, all of which persons are part of the Shongwe community in Mpumalanga"*.

In 2006, after careful examination of a number of mitigation projects operating in South Africa, the Nkomazi Community Trust selected Thembaletu Home Based Care Project (THBC) as its implementing partner in Mpumalanga.

The principal motivators for this decision were the nature and integrity of this operation, and the comprehensive database developed and maintained by the project that identified potential beneficiaries and recorded details of mitigation activities being undertaken on their behalf.



THBC was set up in 1999 by Ms. Sally McKibbin MBE in response to the AIDS epidemic in the Nkomazi Region of Mpumalanga. The project operates directly in 22 villages through 350 field workers with an approximate outreach of 250,000 people. It also has outreach programmes operating in Swaziland and Mozambique

The purpose of this organization is to teach and equip people to care for dying AIDS patients, counseling traumatized families, taking care of orphans, engaging youth in life-changing programs to combat HIV infection, and empowering the local community to become economically self-sufficient. Thembaletu's philosophy is to offer a holistic solution to the existing pandemic by introducing appealing intervention programmes which will ultimately result in a better life for those we serve.

The Nkomazi Community Trust works closely with the directors of THBC in the distribution and use of its funds. All meetings of the Trustees, which are open to interested members of the community, are held on-site at the project and attended by THBC board members. A THBC director acts as a trustee of the Nkomazi Community Trust, and two THBC directors sit on the Needs Assessment Committee which is tasked with determining the needs of the beneficiaries and guiding the funding decisions of the Trust.

# Who we are

The Nkomazi Community Trust is governed by eight trustees, of whom only the administering trustee receives any remuneration for the work being provided.

Of the trustees, four are drawn from the community itself and directly represent the interests of the children.

The fifth trustee represents the implementing agent, Thembaletu Home Based Care, and is tasked with the responsibility of ensuring the integrity of the beneficiary database.

The remaining three trustees are professional business people who are qualified in overseeing the financial affairs of the Trust and of making investment decisions on behalf of the beneficiaries.



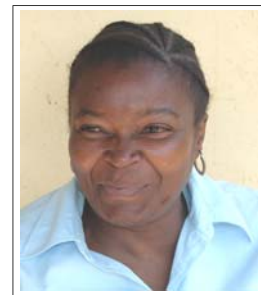
**Chairman**  
**Mandla**  
**Madi**  
Company director



**Trustee**  
**Thabisile**  
**Mkhathshwa**  
THBC Director



**Trustee**  
**Kate**  
**Mahumane**  
Health Care  
Worker



**Trustee**  
**Sonto**  
**Shongwe**  
Community Care  
Worker



**Trustee**  
**Gary**  
**Carter**  
Company Director



**Trustee**  
**Wendy**  
**Ngubane**  
Community Youth  
Leader



**Trustee**  
**Thulisile**  
**Malangwane**  
Community Care  
Worker



**Administrator**  
**John**  
**W-Maxwell**  
Company Director

# How We use our funds

The primary purpose of funds raised by the Trust is to

- support the education of children at primary, secondary and tertiary levels
- support skills training and development of community-based care-workers
- provide basic housing for children and care-workers
- provide resources for community day-care centres for the children
- establish and support income-generating initiatives that will ultimately benefit the children

It is however recognised that these objectives may be unrealistic within an environment oppressed by hunger, and therefore the Trustees have elected to allocate a portion of funds to hunger alleviation.

The following represents the funding model adopted by the Trustees:

The **Outer ring** of the funding model (right) represents the [SOURCE OF FUNDS](#)

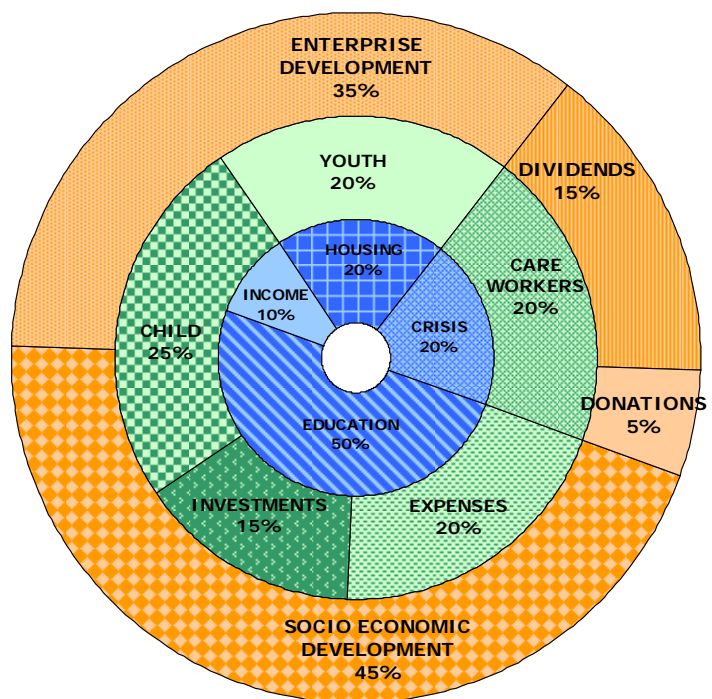
It is anticipated that the bulk (80%) of all funds will be generated through contributions to Socio-Economic and Enterprise Development, with the balance from dividends (15%) and ad hoc Donations (5%).

To maintain the integrity of each income stream, two separate banking accounts are held by the Trust.

The model's **Middle ring** represents the [DISTRIBUTION OF FUNDS](#).

In line with the objects of the Trust, the trustees have set the following distribution parameters:

- 45% of funds to Children & Youth
- 20% of funds to Careworkers
- 15% of funds to Investments
- Operational expenses not to exceed 20% of total annual income



The **Inner ring** of the model represents the [ALLOCATION OF FUNDS](#)

The BEE Codes of Good Practice prescribe how contributions to Socio-Economic Development and Enterprise Development may be employed and these requirements influence the nature of our intervention programmes. In line with this, funds are allocated across four key intervention areas

- 50% of funds to Education and Training
- 20% of funds to Housing & Shelter for caregivers and orphan-headed households
- 20% of funds to Crisis Alleviation (such as food parcels)
- 10% of funds to the development of Income-generating initiatives

# Our Contributors

The trustees of the Nkomazi Community Trust wish to recognise, commend and most gratefully thank all those generous and caring individuals and companies who made contributions to the Trust in 2008, thereby making a difference to the lives of the Nkomazi children and careworkers.

The Trust identifies its donors as being either Partners or Contributors.

- **Partners** are those individuals or companies making regular contributions to the Trust, usually on a monthly basis. In most cases these partners contribute to both development initiatives promoted by the Trust, namely Enterprise development and Socio-economic development, and in some cases the Trust may also hold a minority shareholding in a partnering company.
- **Contributors** are those individuals or companies making single or ad hoc donations to the Trust. In most cases such donors nominated the Trust as beneficiary of their donations in order to improve their BEE credentials, however in the course of the year a number of anonymous donations were also received .

## 2008 PARTNERS

Aqua Engineering Africa  
Canyon Carpet Care  
Carter family  
Clean Environment  
DAC Systems  
Jiri Investments  
Gingerbread Foundation (Mugg & Bean)  
McManus Consulting Services  
Penny Bassett  
Xybanetx



## 2008 CONTRIBUTORS

Andrew Ralston  
Autotruster  
Bairds Renaissance  
Bitrate  
Devorah Barnes  
Evolve Networks  
Hapaq-Lloyd Africa  
LM Bookmaker  
Mediworx  
Quinta Raddison  
Rhema South Church  
SET Recruitment  
Technilamp  
Van Rensburg, Kruger & Rakwena  
Weston Scrap Metals  
Wilburg Steel Construction



# Financial Overview

The summary financial statements are based on the audited financial statements of the Nkomazi Community Trust (registration number IT 11872.2006) conducted by J & M Oosthuizen Chartered Accountants, and approved by the Trustees on 24th August 2009. The full edition of these financial results are available from the registered office of the Trust at Unit 7, Grand Beverley Estate, 58 Mulbarton Road, Beverley Sandton

## Balance Sheet for the year ending 28 February 2009

	2009 R	2008 R
<b>ASSETS</b>		
<b>Non-current assets</b>	409 313	467 173
Share investments	138 040	100 450
FNB Money Market investment	271 273	366 723
<b>Current Assets</b>	99 889	60 730
Accounts Receivable	-	9 174
Bank and Cash	99 889	51 556
<b>Total Assets</b>	<b>509 202</b>	<b>527 903</b>
<b>FUNDS AND LIABILITIES</b>		
<b>Funds</b>	500 854	451 422
Trust Fund	100	100
Retained Earnings	500 754	451 322
<b>Non-current Liabilities</b>	350	63 199
Loan from trustees	-	42 849
Other loans	350	20 350
<b>Current Liabilities</b>	7 998	13 282
Accounts payable	2 150	7 433
Provisions	5 848	5 849
<b>Total Funds and Liabilities</b>	<b>509 202</b>	<b>527 903</b>

**Income Statement** for the year ending 28 February 2009

	<b>2009 R</b>	<b>2008 R</b>
<b>DONATIONS RECEIVED</b>	468 203	787 020
<b>OTHER INCOME</b>		
Interest received	34 923	6 027
Dividends Received	46 841	0
	549 967	793 047
<b>EXPENSES</b>	103 213	147 296
Accounting Fees	1 620	350
Advertising	-	-
Administration fees	94 154	141 943
Audit fees	5 848	3 899
Bank Charges	1 591	1 104
Legal Fees	-	-
Stationery & Printing	-	-
Sundry Expenses	-	-
Telephone & Postage	-	-
Travelling Expenses	-	-
Trustees Remuneration	-	-
Profit/(Loss) before taxation	446 754	645 751
Distributions to Beneficiaries	(397 322)	(150 000)
	49 432	495 751
Taxation	0	0
<b>Profit / (Loss) after Taxation</b>	<b>49 432</b>	<b>495 751</b>

## Where did our funds come from?

Total income in 2008 amounted to **R549,967** made up of:

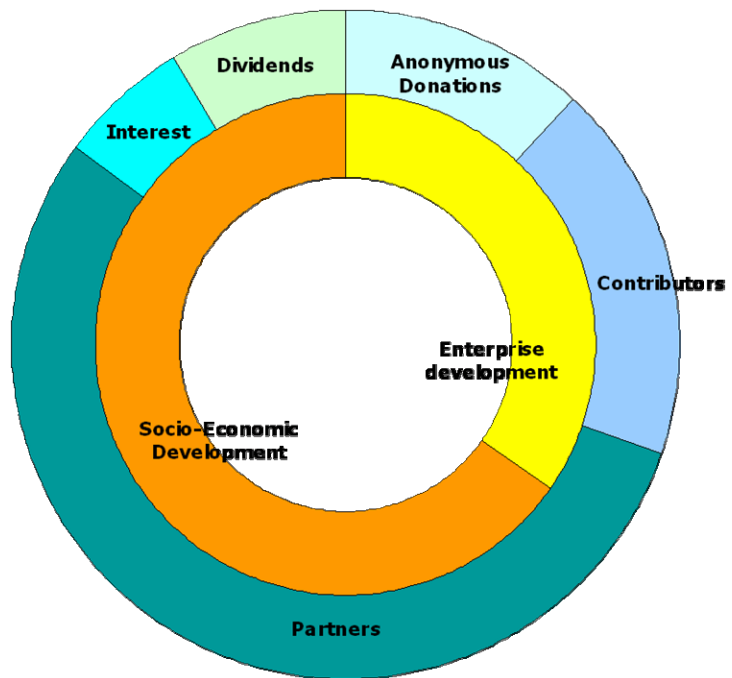
- 85% Contributions (R468,203)
- 6% Interest Received (R34,923)
- 9% Dividends (R46,841)

Contributions from funders came from:

- 65% Partners (R302,297)
- 22% Contributors (R100,906)
- 13% Anonymous (R65,000)

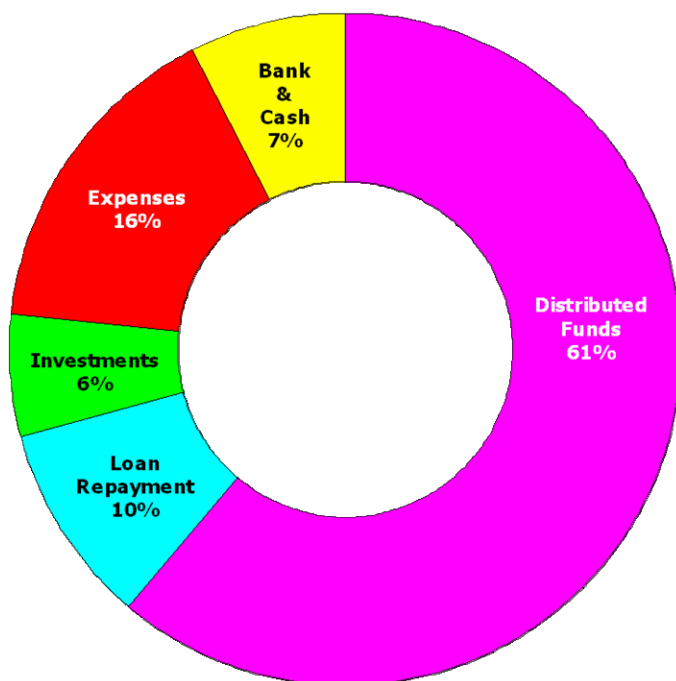
Contributions to B-BBEE were split

- 35% Enterprise Development (R191,603)
- 65% Socio-Economic Development: (R358,364)

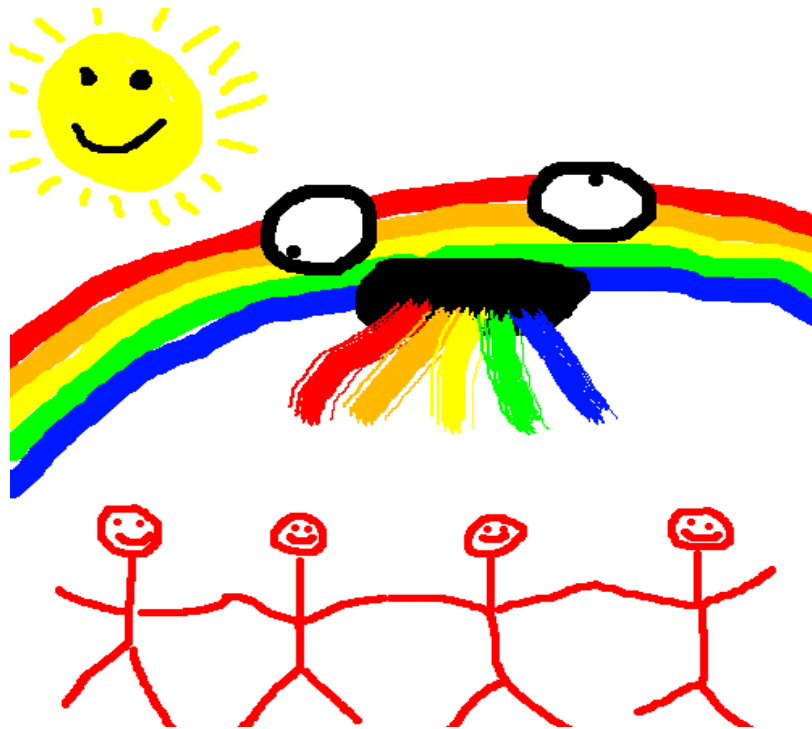


## Where did our funds go to?

Funds disbursed by the Trust in 2008 were split as follows:



- **Distributed Funds (61.2%)**  
Funds distributed in 2008 to education & training, building and crisis alleviation amount to R397,322
- **Investments (5.8%)**  
R37,332 was used to purchase 1070 ordinary shares in the Sasol Inzalo Public offer
- **Repayment of Loans (9.7%)**  
Loans repaid amount to R62,849
- **Operating Expenses (15.9%)**  
Total operating expenses for the year amounted to R103,213 representing 82:18 income to expense ratio
- **Cash on Hand (7.4%)**  
Net increase in Bank and Cash amounted to R48,333



*" In terms of power and influence you can forget about the church, forget politics. There is no more powerful institution in society than business... The business of business should not be about money, it should be about responsibility. It should be about public good, not private greed."*

**Anita Roddick**  
Business as Usual