



Nkomazi
Community Trust

2008 Annual Report

Our Chairman

It is with a great sense of personal joy that I share with you the achievements of the first year in the life of the Nkomazi Community Trust.



The Trust, which operates and serves in the Shongwe area of Mpumalanga, was established to empower this impoverished community through the opportunities presented by the Broad-Based Black Economic Empowerment (BBBEE) Act.

Although early days, I am pleased to report that the Trust is showing success in the recruitment of committed long-term partners, and in generating contributions from a large number of small- to medium-size companies intent on improving their BEE status. These companies, who are mentioned in the Administrative Trustee's report, represent a very important stakeholder group within the Trust, and we greatly appreciate their generosity and support.

The Trust is committed to supporting the purpose of Thembaletu HBC Project, our implementing agent in Shongwe, which is to teach and equip people in the area to care for dying AIDS patients, counsel traumatised families, take care of the orphans and vulnerable children (OVC), engage the youth in life-changing programmes to combat HIV infection, and empower the local community to become economically self-sufficient. To this end our activities this year have provided meaningful and tangible assistance to the more than 5000 OVC, youth and care workers on Thembaletu's membership roll, who currently represent all of our beneficiaries.

The principle objective of the Trust is to create opportunities for people living in this community of Shongwe to foster an environment that will withstand the devastating effects of AIDS and Poverty. The Trustees believe that this objective is achievable, and that such an achievement will have a profoundly positive and life-changing impact on the community of Shongwe in general, and our beneficiaries in particular. To this end we have elected to devote most of our efforts and funds to education and training, and the development of income-generating initiatives.

The Trustees are a remarkable group of people with a heart and passion for helping others less fortunate than themselves. As volunteers, they share freely and equally in the responsibility of directing the affairs of the Trust, and I wish to commend and thank them for their dedication to this role. The Administrative Trustee manages the day-to-day affairs of the Trust and ensures that the Board's strategies, policies and resolutions are properly implemented, and again I would like to thank him for the professional manner in which he is handling this portfolio.

Finally I would like to thank all of our contributors, without whom none of this would be possible. Your funds are the difference between a life of hope and opportunity, and one of total despair and defeat, and you can be assured that the seeds being planted in these peoples' lives today will bring a rich harvest in the future.

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 more than 5000 registered beneficiaries through crisis alleviation, housing, education and job creation initiatives



“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that has”

Margaret Mead

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 more than 5000 Orphaned and 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's 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 Black Empowerment ranking and increased competitiveness. In return the company makes regular 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.

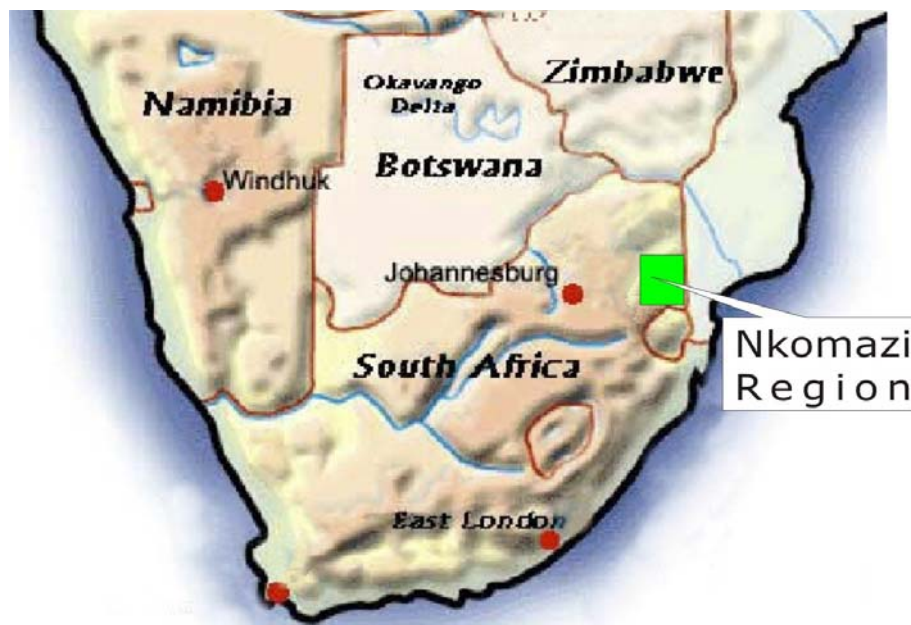
How we fit in



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.

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 Inner ring represents **Source of Funds**

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

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

The middle ring represents **Distribution of Funds**.

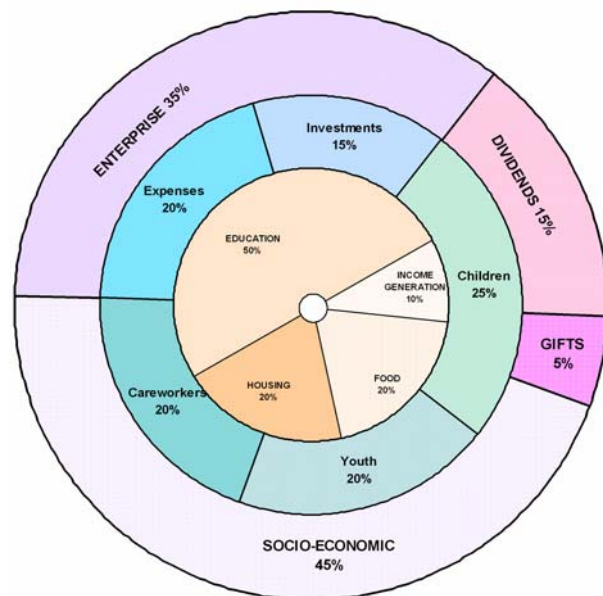
In compliance with the objects of the Trust, the trustees have set the following distribution parameters:

- 45% of funds for Children and Youth
- 20% of funds for Careworkers
- 15% of funds for long-term investments
- Operational expenses not to exceed 20% of total annual income

The inner ring represents **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 Food parcels
- 10% of funds to the development of income-generating initiatives



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.



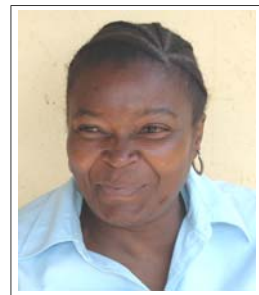
Chairman
Mandla
Madi
Company director



Trustee
Thabisile
Mkhathswa
THBC Director



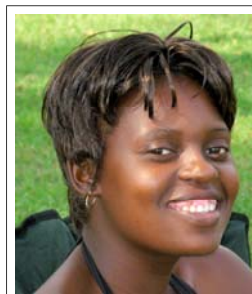
Trustee
Kate
Mahumane
Health Care
Worker



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

Our Contributors

The trustees of the Nkomazi Community Trust wish to recognise and commend all those generous and caring individuals and companies who made contributions to the Trust in 2007, which enabled us to make a difference to the children and careworkers of the Nkomazi community.

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 .

Every contribution made to the Trust is very important and highly valued, and if it were possible the trustees would want to recognise the efforts of each and every contributor. Nevertheless, there have been a number of extraordinary individuals and companies who deserve a special mention for their contributions to the Trust

- **The Carter Family**

Inspired by **Gary Carter**, who serves as a trustee of the Nkomazi Community Trust, this special family has made huge contributions to the establishment and work of the Trust, financially and through individual service. In addition, Gary's example has inspired the management and staff of two companies - **Dac Systems** and **Wappoint** - to become actively involved in building homes, subsidising education costs, and providing jobs for members of the Nkomazi community.

- **Xybanetx**

In conjunction with their black empowerment partner - Reagile Trust - Xybanetx was the first company to commit to supporting the Trust. In addition to its financial contributions, the Trust has also benefited from the introductions and endorsements made to their extensive network by Xybanetx directors, particularly **Carlo Mariani**.

- **Mugg & Bean**

The Directors of the Mugg & Bean Franchise caught our vision early in 2007 and through their own social initiative, known as **the Gingerbread Foundation**, have made significant financial contributions to the Trust. Further, this organisation is supporting the Trust in efforts to develop a tourism hub at Thembaletu, and together with our trustees and the Nelspruit-based M & B franchisees is in the process of creating a dedicated two year Management Training Programme specifically aimed at providing young people from our community with skills and employment.

- **BEE Rating Solutions**

Early in its establishment, the Trust made contact with **Johan du Toit** of BEE Rating Solutions to ask for help and advice on understanding the intricacies of the BEE Codes. Not only did Johan willingly help, but through his recommendation to clients requiring additional BEE points, has been directly responsible for bringing a significant amount of donations into the fund

- **The Website Team**

His visit to Thembaletu in March 2007 with a team of volunteers from Singapore was the catalyst for **Andrew Ralston** to freely offer his services in developing and managing the Trust's website. Andrew's great technical skills, coupled to generous financial support of an anonymous sponsor, has resulted in the Trust being equipped with a quality and highly professional means of reporting our activities to the world.

In addition, the trustees would like to highlight the following for their extraordinary generosity to the Trust in 2007:

Penny Bassett, Canyon Carpet Care and **McManus Consulting Services**.

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 9th August 2008. 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, or the organisation's website at <http://www.nkomazitrust.org>

Balance Sheet for the year ending 29 February 2008

	2008 R	2007 R
ASSETS		
Non-current assets	467 173	450
Share investments	100 450	450
FNB Money Market investment	366 723	0
Current Assets	60 730	20 020
Accounts Receivable	9 174	0
Bank and Cash	51 556	20 020
Total Assets	527 903	20 470
FUNDS AND LIABILITIES		
Funds	451 422	(44 329)
Trust Fund	100	100
Retained Earnings	451 322	(44 429)
Non-current Liabilities	63 199	62 849
Loan from trustees	42 849	42 849
Other loans	20 350	20 000
Current Liabilities	13 282	1 950
Accounts payable	7 433	0
Provisions	5 849	1950
Total Funds and Liabilities	527 903	20 470

Income Statement for the year ending 29 February 2008

	2008 R	2007 R
DONATIONS RECEIVED	787 020	0
OTHER INCOME		
Interest received	6 027	0
Dividends Received	0	0
	793 047	0
EXPENSES	147 296	44 429
Accounting Fees	350	0
Advertising	0	3 475
Administration fees	141 943	0
Audit fees	3 899	1 949
Bank Charges	1 104	30
Legal Fees	0	12 597
Stationery & Printing	0	6 350
Sundry Expenses	0	500
Telephone & Postage	0	1 394
Travelling Expenses	0	18 134
Trustees Remuneration	0	0
Profit/(Loss) before taxation	645 751	(44 429)
Distributions to Beneficiaries	(150 000)	0
	495 751	(44 429)
Taxation	0	0
Profit / (Loss) after Taxation	495 751	(44 429)

Where did our funds come from?

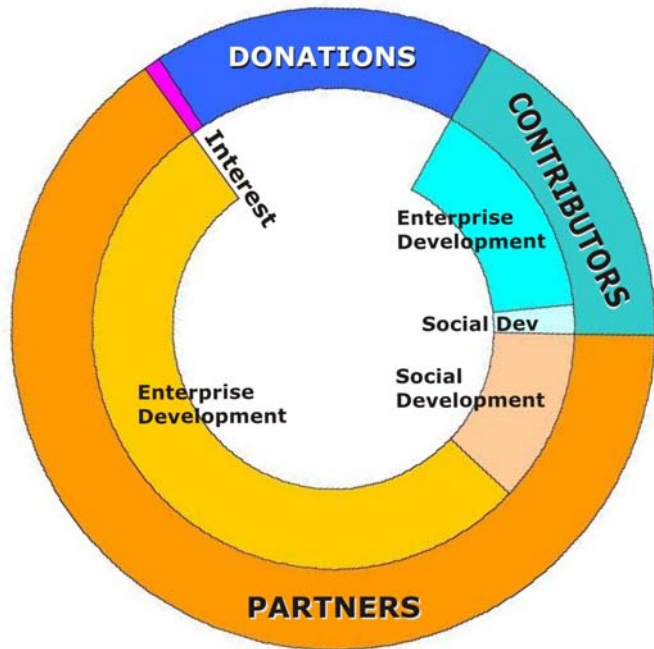
Total Income for 2007 amounted to **R793,047**, made up of Contributions from Funders of R787,020, and Interest Received of R6,027

Of total contributions received, R513,213 (65.5%) came from **Partners**, and R135,807 (17%) from **Contributors**.

The balance of R138,000 (17.5%) came from general **Donations**

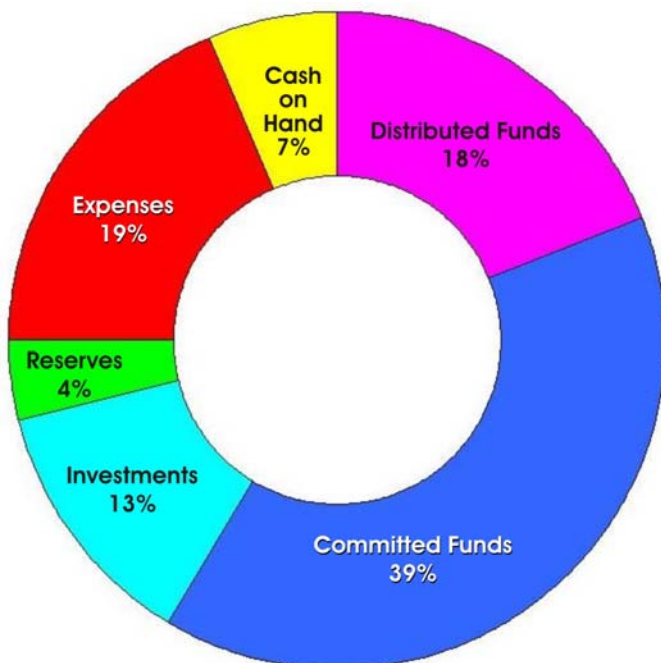
In terms of contributions made by funders towards Broad-based Black Empowerment initiatives,

- **Enterprise Development** received R435,966 (55%)
- **Socio-Economic Development** received R351,054 (45%)

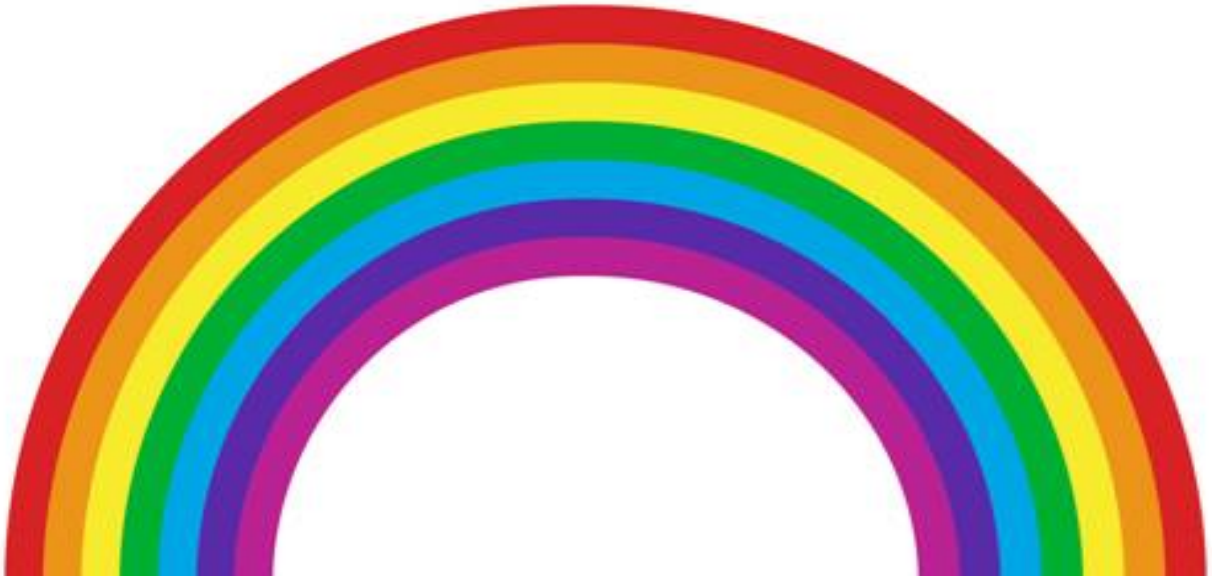


Where did our funds go to?

The allocation of total funds received by the Trust in 2007 was as follows:



- **Distributed Funds (18%)**
Funds distributed to Thembaletu in 2007 for purposes of education and crisis alleviation amounted to R100,000
- **Committed Funds (39%)**
These represent funds that have been committed to a project but have yet to be distributed. Of these, R100,000 has been reserved for the building of a community hall in Thembaletu, and R214,000 will go towards the purchase of shares offered under B-BBEE schemes, namely Sasol and Vodacom
- **Investments (13%)**
R100,000 was used to purchase MTN shares under its B-BBEE offer
- **Reserves (4%)**
Cash reserves amount to R30,000
- **Expenses (19%)**
Total operating expenses for the year amounted to R147,296. Note that our operating expenses are capped at 80:20 income:expense ratio
- **Cash on Hand (7%)**
Operating capital stands at R51,556



"The AIDS challenge is enormous. But people must not feel powerless. It is all about action on many fronts. Before this battle is over, there will be many ordinary people who will become heroes and heroines in their own communities.

Perhaps we will learn to care more for each other.

Perhaps we will learn the true meaning of being a rainbow nation"

Clem Sunter and Alan Whiteside, 2000