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StreetSmart SA
P.O. Box 49,
Green Point,
8051

10 April 2019

RE: DEFICIT EXPLANATION

We are the appointed auditors of StreetSmart SA (“StreetSmart”), and we recently completed the audit for the year ended 31 December 2018.

During the current year StreetSmart incurred a deficit of R584, 548, mainly as a result of the Board deciding to increase their distributions to beneficiaries by an additional R611,000.

Had this additional distribution not been made the results for the year would have reflected a small surplus.

The funding for the additional R611, 000 came from the Investment Account, which represented accumulated surpluses over the years.

This letter is issued in good faith and without any liability incurred on behalf of the writer.

Yours faithfully,

BDO Cape Incorporated
I Hashim
Director
Registered Auditor

BDO Cape Incorporated
Registration number: 2010/016204/21
Practice number: 970879
VAT number: 4950256596

Directors: I.M. Scott (Managing Director) • K.M. Bowman • J.G. Glass • I. Hashim • D. Honeyball (PE) • H.C. Kilian (PE) • B.J. Lodewyk • H.J. Salmon • M.S. Willimott (PE) • M. Hanekom (PE) • J.M. Nield • B. Jackson • S.F. Cillié • F.B. Mohamed • N.I. Strybis • Y.J. Weaver-Sasman • B. van der Walt • M. Fourie • F. Rhoda • D. Forbes • J. Dhansay • K.B. Groenewald

BDO Cape Incorporated, a South African personal liability company, is an affiliated company of BDO South Africa Incorporated, a South African personal liability company, which in turn is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

StreetSmart Homeless Children's Charity South Africa
(Association incorporated under section 21)
Annual Financial Statements
for the year ended 31 December 2018

StreetSmart Homeless Children's Charity South Africa

(Registration number 2004/036117/08 (NPO 051-449))

Annual Financial Statements for the year ended 31 December 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Conduit fundraising organisation that distributes funds to existing charities working with street children.
Directors	MA Burke (Chairperson) M Thomas (Vice Chairperson) RNE Heckscher (Secretary) Z Adams CA Bagley SM Birch ZA Melane EB Oppon DJ Pillai JL Stricker-Greeff
Registered office	3rd Floor, Deneb House Cnr 368 Main & Browning Road Observatory 7925
Business address	3rd Floor, Deneb House Cnr 368 Main & Browning Road Observatory 7925
Postal address	P O Box 49 Green Point 8051
Bankers	Nedbank Limited
Auditors	BDO Cape Inc. Chartered Accountants (S.A.) Registered Auditors
Secretary	RNE Heckscher
Company registration number	2004/036117/08 (NPO 051-449)
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were independently compiled by: I Hashim Chartered Accountant (S.A.) Registered Auditor
Published	05 April 2019

StreetSmart Homeless Children's Charity South Africa

(Registration number 2004/036117/08 (NPO 051-449))

Annual Financial Statements for the year ended 31 December 2018

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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StreetSmart Homeless Children's Charity South Africa

(Registration number 2004/036117/08 (NPO 051-449))

Annual Financial Statements for the year ended 31 December 2018

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act, 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the next 12 months after approval and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The board of directors are responsible for the financial affairs of the company.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 8 to 15, which have been prepared on the going concern basis, were approved by the board of directors on 05 April 2019 and were signed on its behalf by:



M A Burke (Chairperson)



M Thomas (Vice-Chairperson)

Cape Town

05 April 2019

Independent Auditor's Report

To the shareholders of StreetSmart Homeless Children's Charity South Africa

We have audited the financial statements of StreetSmart Homeless Children's Charity South Africa set out on pages 8 to 14, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period 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 StreetSmart Homeless Children's Charity South Africa as at 31 December 2018 and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

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 company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Parts A and B)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The director is responsible for the other information. The other information comprises the Director's Report as required by the Companies Act of South Africa and the supplementary information set out on page 29. 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.

BDO Cape Incorporated
Registration number: 2010/016204/21
Practice number: 970879
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Directors: I.M. Scott (Managing Director) • K.M. Bowman • J.G. Glass • I. Hashim • D. Honeyball (PE) • H.C. Kilian (PE) • B.J. Lodewyk • H.J. Salmon • M.S. Willimott (PE) • M. Hanekom (PE) • J.M. Nield • B. Jackson • S.F. Cillié • F.B. Mohamed • N.I. Strybis • Y.J. Weaver-Sasman • B. van der Walt • M. Fourie • F. Rhoda • D. Forbes • J. Dhansay • K.B. Groenewald

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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 Director for the Financial Statements

The director is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, and for such internal control as the director determines 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 director is responsible for assessing the company'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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's 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 company'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 company 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 director 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.

A handwritten signature in black ink that reads 'BDO Cape Town' followed by a long horizontal stroke.

BDO CAPE INCORPORATED
Chartered Accountants (SA)
Registered Auditors

I Hashim
Partner
Chartered Accountant (SA)
Registered Auditor

Date: 5 April 2019

6th Floor
BDO House
123 Hertzog Boulevard
Foreshore
Cape Town
8001

StreetSmart Homeless Children's Charity South Africa

(Registration number 2004/036117/08 (NPO 051-449))

Annual Financial Statements for the year ended 31 December 2018

Directors' Report

The directors submit their report for the year ended 31 December 2018.

1. Review of activities

Main business and operations

The company is a conduit fundraising organisation that distributes funds to existing charities working with street children and operates in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that would have a material effect on the annual financial statements for the year ended 31 December 2018.

3. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality	Changes
MA Burke (Chairperson)	South African	
M Thomas (Vice Chairperson)	South African	
RNE Heckscher (Secretary)	German	
Z Adams	South African	Appointed 01 January 2019
CA Bagley	South African	
MA Biggs	South African	Resigned 31 December 2018
SM Birch	South African	
AMD Cockburn	South African	Deceased 31 August 2018
LM Hersch	South African	Resigned 31 December 2018
ZA Melane	South African	Appointed 01 January 2019
EB Oppon	South African	Appointed 24 April 2018
DJ Pillai	South African	
JL Stricker-Greeff	South African	Appointed 01 January 2019

4. Secretary

The secretary of the company is RNE Heckscher.

5. Auditors

BDO Cape Inc. will continue in office in accordance with section 90 of the Companies Act, 71 of 2008.

StreetSmart Homeless Children's Charity South Africa

(Registration number 2004/036117/08 (NPO 051-449))

Annual Financial Statements for the year ended 31 December 2018

Statement of Financial Position

Figures in Rand	Notes	2018	2017
Assets			
Current Assets			
Trade and other receivables		-	3 517
Cash and cash equivalents	3	1 303 978	1 816 724
		1 303 978	1 820 241
Equity and Liabilities			
Equity			
Retained income		1 228 978	1 813 526
Liabilities			
Current Liabilities			
Trade and other payables	4	75 000	6 715
Total Equity and Liabilities		1 303 978	1 820 241

StreetSmart Homeless Children's Charity South Africa

(Registration number 2004/036117/08 (NPO 051-449))

Annual Financial Statements for the year ended 31 December 2018

Statement of Comprehensive Income

Figures in Rand	Notes	2018	2017
Donations received		1 591 449	1 451 180
Operating expenses		(636 924)	(688 122)
Distribution to charities		(1 695 000)	(1 120 000)
Operating (deficit)		(740 475)	(356 942)
Investment revenue	5	155 927	165 943
(Deficit) for the year		(584 548)	(190 999)

StreetSmart Homeless Children's Charity South Africa

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Annual Financial Statements for the year ended 31 December 2018

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 January 2017	2 004 525	2 004 525
Changes in equity		
Total comprehensive deficit for the year	(190 999)	(190 999)
Total changes	(190 999)	(190 999)
Balance at 01 January 2018	1 813 526	1 813 526
Changes in equity		
Total comprehensive deficit for the year	(584 548)	(584 548)
Total changes	(584 548)	(584 548)
Balance at 31 December 2018	1 228 978	1 228 978

StreetSmart Homeless Children's Charity South Africa

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Annual Financial Statements for the year ended 31 December 2018

Statement of Cash Flows

Figures in Rand	Notes	2018	2017
Cash flows from operating activities			
Cash (used in) / generated from operations	6	(668 673)	(353 744)
Interest income		155 927	165 943
Net cash from operating activities		(512 746)	(187 801)
Total cash movement for the year			
Cash at the beginning of the year		1 816 724	2 004 525
Total cash at end of the year	3	1 303 978	1 816 724

StreetSmart Homeless Children's Charity South Africa

(Registration number 2004/036117/08 (NPO 051-449))

Annual Financial Statements for the year ended 31 December 2018

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act, 71 of 2008. The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.1 Revenue

Revenue comprises of donations received and interest earned.

Donations are recognised on the receipt thereof.

Interest is recognised in profit or loss using the effective interest rate method.

StreetSmart Homeless Children's Charity South Africa

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Annual Financial Statements for the year ended 31 December 2018

Notes to the Annual Financial Statements

2. New Standards and Interpretations

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the entity's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's financial statements.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5 744	698
Bank balances	1 298 234	1 816 026
	1 303 978	1 816 724

4. Trade and other payables

Refund due to donor	-	6 715
Delayed distribution to Amy Foundation	75 000	-
	75 000	6 715

5. Investment revenue

Interest revenue		
Bank	155 927	165 943

6. Cash used in operations

Loss before taxation	(584 548)	(190 999)
Adjustments for:		
Interest received	(155 927)	(165 943)
Changes in working capital:		
Trade and other receivables	3 517	(3 517)
Trade and other payables	68 285	6 715
	(668 673)	(353 744)

7. Taxation

No provision is made for taxation as the company is exempt from taxation in terms of section 10(1)(cN) of the Income Tax Act.

8. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial assets in each category are as follows:

2018

	Loans and receivables	Total
Cash and cash equivalents	1 303 978	1 303 978

StreetSmart Homeless Children's Charity South Africa

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Annual Financial Statements for the year ended 31 December 2018

Notes to the Annual Financial Statements

8. Financial assets by category (continued)

2017

	Loans and receivables	Total
Cash and cash equivalents	1 816 724	1 816 724

9. Risk management

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to pay obligations when due.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

The company's interest rate risk arises from investments in interest bearing instruments.

At 31 December 2018, if interest rates on Rand-denominated investments had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R13 040 (2017: R18 160) lower/higher, mainly as a result of higher/lower interest income on floating rate investments.

Credit risk

Credit risk consists mainly of cash deposits. The company only deposits cash with major banks with high quality credit standing.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2018	2017
Nedbank Limited	1 303 978	1 816 724

StreetSmart Homeless Children's Charity South Africa

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Annual Financial Statements for the year ended 31 December 2018

Detailed Statement of Comprehensive Income

Figures in Rand	2018	2017
Donations received	1 591 449	1 451 180
Investment revenue	155 927	165 943
	1 747 376	1 617 123
Operating expenses		
Advertising	(28 626)	(33 591)
Bank charges	(5 437)	(5 020)
Catering	(2 591)	(2 994)
Distributions to charities	(1 695 000)	(1 120 000)
Donor refund	(6 710)	-
Employee costs	(517 083)	(462 487)
Furniture and fittings	(11 179)	(12 761)
General expenses	(12 119)	(88 787)
Petrol and oil	(12 481)	(24 409)
Postage	(1 152)	(1 896)
Printing and stationery	(13 555)	(42 205)
Restuarant recruitment	(10 937)	-
Telephone and fax	(15 054)	(13 972)
	(2 331 924)	(1 808 122)
(Deficit) for the year	(584 548)	(190 999)