

**INFINITE FAMILY NPC  
(REGISTRATION NO. 2014/086518/08)**

**(NPO REGISTRATION 091-530-NPO)**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2016**

**INFINITE FAMILY NPC  
(REGISTRATION NO. 2014/086518/08)**

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FOR THE YEAR ENDED 31 DECEMBER 2016**

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INFINITE FAMILY NPC  
(REGISTRATION NO. 2014/086518/08)

## DIRECTORS' RESPONSIBILITIES AND APPROVAL

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

The financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium - sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls 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 out 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 employees are required to maintain the highest ethical standards in ensuring the company's business is considered 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 controls provides reasonable assurance that the financial records may be relied on for the presentation of the 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 year to 31<sup>st</sup> December 2017 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.

Although the board of directors is primarily responsible for the financial affairs of the company, it is supported by the company's external auditors.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 2 and 4.

The financial statements set out on pages 5 to 16, which have been prepared on the going concern basis, were approved by the board of directors on the 5<sup>th</sup> July 2017 and were signed on its behalf by:

B. J. Kun

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B. J. Kun

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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE DIRECTORS**

**INFINITE FAMILY NPC  
REGISTRATION NO. 2014/086518/08)**

### **Opinion**

We have audited the financial statements of the Infinite Family NPC set out on pages 5 to 16, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements fairly present, in all material respects, the financial position of Infinite Family as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with its accounting policies, International Financial Accounting Standards for Small and Medium - sized Entities and 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), together with the ethical requirements that are relevant to our audit of financial statements in South Africa. We have fulfilled our other ethical requirements in accordance with these requirements and the IRBA Code. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part 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 board of directors is responsible for the other information. The other information comprises the Report of the Directors. 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 any form of assurance conclusion thereon.

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 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 Management and Those Charged With Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with their accounting policies, the International Financial Reporting Standards for Small and Medium - sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **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 judgment 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 management
- conclude on the appropriateness of management'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
- obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink, appearing to read "DC Douglas".

**DC Douglas**  
**Douglas & Velcich**  
**Chartered Accountants (S.A.)**  
**Registered Accountants and Auditors**

**Johannesburg**  
**11 July 2017**

**INFINITE FAMILY NPC  
(REGISTRATION NO. 2014/086518/08)**

**DIRECTORS' REPORT FOR THE  
YEAR ENDED 31 DECEMBER 2016**

The directors present their report, together with the financial statements of the company for the financial period ended 31 December 2016.

**GENERAL**

The principal object of the company is to strengthen and inspire South African teens and pre-teens affected by HIV/AIDS and poverty to lead productive lives by assisting them to develop self-reliance and to become responsible, resourceful and resilient young adults.

The results of the company's activities and the state of its affairs are set out in the attached financial statements.

**SHARE CAPITAL AND DIVIDENDS**

The company has no share capital and its memorandum of incorporation prohibits the payments of dividends to members.

**POST FINANCIAL POSITION EVENTS**

There were no material facts or circumstances which have occurred in the company's operations between the financial position date and the date of this report.

**EQUIPMENT**

During the period under review, the company acquired equipment costing R709,608 (2015: R Nil)

**DIRECTORS**

The following directors were appointed at the date of incorporation :-

A C Stokes (American)  
R A Dannhauser  
B J Kun

**AUDITORS**

Douglas & Velcich were appointed as auditors for the period under review.

**INFINITE FAMILY NPC**  
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**STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016**

	Note	2016 R	2015 R
<b>ASSETS</b>		<b>1 234 308</b>	<b>954 941</b>
<b>Non - current assets</b>		<b>1 146 147</b>	<b>541 084</b>
Equipment	2	1 146 147	541 084
<b>Current assets</b>		<b>88 161</b>	<b>413 857</b>
Accounts receivable	3	10 944	10 944
Cash and cash equivalents	4	77 217	402 913
<b>Total assets</b>		<b>1 234 308</b>	<b>954 941</b>
<b>RESERVES AND LIABILITIES</b>		<b>1 234 308</b>	<b>954 941</b>
<b>Reserves</b>		<b>990 084</b>	<b>84 274</b>
Accumulated fund		990 084	84 274
<b>Current liabilities</b>		<b>244 224</b>	<b>870 667</b>
Accounts payable		44 224	70 667
Deferred grant income	5	200 000	800 000
<b>Total reserves and liabilities</b>		<b>1 234 308</b>	<b>954 941</b>



**INFINITE FAMILY NPC**  
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**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 R	2015 R
<b>INCOME</b>		<b>3 759 460</b>	<b>2 283 716</b>
Grants and donations	6	2 325 945	2 250 835
Transfer from USA		220 306	-
Donation in kind		1 207 238	-
Interest received	7	5 971	13 881
Sundry income		-	19 000
<b>EXPENDITURE</b>		<b>2 853 650</b>	<b>2 251 661</b>
Audit fees		13 974	55 786
Bank charges		4 171	4 164
Bookkeeping		10 853	9 761
Computer /IT services		78 862	73 709
Conference and professional development		10 457	11 389
Depreciation	2	104 545	69 065
Filming		-	1 850
Office supplies		63 960	40 336
Monitoring and evaluation		61 747	-
NGO and Net Blazer stipends	8	129 642	123 338
Postage and delivery		420	861
Programme costs		189 958	366 219
Regulator administration		1 440	9 210
Salaries and contributions		913 281	804 259
Telephone and fax		9 519	15 735
Travel and accommodation		53 583	15 979
Transfer to Head Office -USA		-	650 000
In kind expenditure - Internet technology		1 207 238	-
<b>SURPLUS FOR THE YEAR</b>		<b>905 810</b>	<b>32 055</b>

**INFINITE FAMILY NPC  
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**STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Accumulated Fund R</b>	<b>Total R</b>
<b>Balance at 31 December 2014</b>	<b>52 219</b>	<b>52 219</b>
(Deficit) for the year	32 055	32 055
<b>Balance at 31 December 2015</b>	<b>84 274</b>	<b>84 274</b>
(Deficit) for the year	905 810	905 810
<b>Balance at 31 December 2016</b>	<b>990 084</b>	<b>990 084</b>

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STATEMENT OF CASH FLOWS FOR  
THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 R	2015 R
Cash received from donors		3 153 489	2 055 903
Cash expended on programmes, suppliers and employees		(2 775 548)	(2 111 929)
<b>Cash generated from operations</b>	<b>12</b>	<b>377 941</b>	<b>(56 026)</b>
Interest received		5 971	13 881
<b>Net cash inflow from operating activities</b>		<b>383 912</b>	<b>(42 145)</b>
<b>Cash flows (utilised in) investing activities</b>		<b>(709 608)</b>	<b>-</b>
Acquisition of equipment		(709 608)	-
<b>Cash flows generated from/(utilised in) financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>(325 696)</b>	<b>(42 145)</b>
<b>Cash and cash equivalents transferred from the Trust</b>		<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>402 913</b>	<b>445 058</b>
<b>Cash and cash equivalents at end of period</b>	<b>4</b>	<b>77 217</b>	<b>402 913</b>

**INFINITE FAMILY NPC  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**ACCOUNTING POLICIES**

1. The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium - sized Entities and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, except for financial instruments, and incorporate the following principal accounting policies set out below.

**1.1 SIGNIFICANT JUDGEMENTS**

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

**1.2 EQUIPMENT**

The cost of an item of tangible assets is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of tangible assets and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of tangible assets, the carrying amount of the replaced part is derecognised.

Tangible assets are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all tangible assets other than freehold land, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

<b>Item</b>	<b>Useful life</b>
Container LaunchPad	10 years

The depreciation charge for each period is recognised in profit or loss, unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognising of an item of equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognising of an item of equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE ENDED 31 DECEMBER 2016 (Continued)**

**ACCOUNTING POLICIES (Continued)**

**1.3 FINANCIAL INSTRUMENTS**

**Measurement**

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:

**Accounts receivable**

Accounts receivables and accrued income are stated at cost less provision for impairment losses.

**Cash and cash equivalents**

Cash and cash equivalents are measured at fair value.

**Accounts payable**

Accounts payable which are short - term obligations, are stated at their nominal value.

**1.4 IMPAIRMENT**

The carrying amounts of assets are reviewed at financial position date to determine whether there is any indication of impairment. If there is such indication, the assets are written down to the estimated recoverable amounts. The recoverable amount is the higher of the net selling price and the value in use.

**1.6 PROVISIONS**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

**1.7 INCOME RECOGNITION**

Income from grants is generally brought to account in the period to which it relates.

All other income is brought to account as and when received.

**1.8 INTEREST INCOME**

Interest is brought to account as and when received.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE ENDED 31 DECEMBER 2016 (Continued)**

**ACCOUNTING POLICIES (Continued)**

**1.9 EXPENDITURE RECOGNITION**

Expenditure is accounted for on the accrual basis.

**1.10 PROJECT ACCOUNTING AND EXPENSE ALLOCATION**

In terms of its contractual obligations to donors, the company's policy is to allocate project expenses that are clearly identifiable as such, directly against project funds. Indirect and shared costs are apportioned on the basis of management estimates.

Accrued and deferred grant income is based on the balance of each project or donor fund after taking into account the direct, indirect and shared costs as described above. The unexpended surplus of the project fund is deferred to the following year or the deficit is accrued in the year under review.

**1.11 EMPLOYEE BENEFITS**

**Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employee renders service that increases their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

**Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE ENDED 31 DECEMBER 2016 (Continued)

2. EQUIPMENT

	Containers LaunchPad R	Total R
<b>31 December 2016</b>		
<b>Net book value - 1 January 2016</b>	<b>541 084</b>	<b>541 084</b>
Cost	690 649	690 649
Accumulated depreciation	(149 565)	(149 565)
Additions during the period	709 608	709 608
Depreciation for the period	(104 545)	(104 545)
<b>Net book value - 31 December 2016</b>	<b>1 146 147</b>	<b>1 146 147</b>
Cost	1 400 257	1 400 257
Accumulated depreciation	(254 110)	(254 110)
<b>31 December 2015</b>		
<b>Net book value - 1 January 2015</b>	<b>610 149</b>	<b>610 149</b>
Cost	690 649	690 649
Accumulated depreciation	(80 500)	(80 500)
Additions during the period	-	-
Depreciation for the period	(69 065)	(69 065)
<b>Net book value - 31 December 2015</b>	<b>541 084</b>	<b>541 084</b>
Cost	690 649	690 649
Accumulated depreciation	(149 565)	(149 565)
	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>3. ACCOUNTS RECEIVABLE</b>		
Rental deposit	<b>10 944</b>	<b>10 944</b>
<b>4. CASH AND CASH EQUIVALENTS</b>		
<b>Favourable balances</b>	<b>77 217</b>	<b>402 913</b>
Standard Bank - current account	74 164	400 127
Petty cash	3 053	2 786
	<b>77 217</b>	<b>402 913</b>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE ENDED 31 DECEMBER 2016 (Continued)

	2016 R	2015 R
<b>5. DEFERRED INCOME</b>		
BT Communications	-	500 000
European School of Munich	200 000	300 000
	<u>200 000</u>	<u>800 000</u>
<b>6. GRANTS AND DONATIONS</b>		
BT Communications	500 000	-
Deferred to 2015	-	500 000
Deferred to 2016	500 000	(500 000)
BT Communications	-	-
Received	-	200 000
Accrued in 2014	-	(200 000)
BT Communications	400 000	400 000
Received	400 000	400 000
Glencore / Xstrata	1 311 945	1 401 316
Received	1 311 945	1 401 316
Glencore / Xstrata	-	291 694
Received	-	-
Deferred to 2015	-	291 694
European School of Munich	100 000	122 238
Deferred to 2015	-	422 238
Deferred to 2016	300 000	(300 000)
Deferred to 2017	(200 000)	-
Pulse Contract Solutions	9 000	9 750
Scarab IT Solutions	-	5 837
The Charity Calendar	5 000	-
Donations - individuals	-	20 000
	<u>2 325 945</u>	<u>2 250 835</u>
<b>7. NET INTEREST RECEIVED</b>		
Interest received - call account	<u>5 971</u>	<u>13 881</u>



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NOTES TO THE FINANCIAL STATEMENTS  
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	2016 R	2015 R
<b>8. NGO AND NET BLAZER STIPENDS</b>		
Alexandra Child Care	22 921	21 875
Tau Raulana HS	25 800	25 800
Tsogang Sechaba	11 460	22 794
N H Village	16 235	-
Nkosi's Haven	-	21 913
Mehlwana	45 168	30 956
Net Blazers	8 058	-
	<b>129 642</b>	<b>123 338</b>
<b>9. CASH GENERATED FROM OPERATIONS</b>		
(Deficit) for the period	905 810	32 055
Adjusted for :		
Depreciation	104 545	69 065
Interest received	(5 971)	(13 881)
Decrease in accrued income	-	200 000
Increase in deferred income	(600 000)	(413 932)
<b>Operating surplus before working capital changes</b>	<b>404 384</b>	<b>(126 693)</b>
<b>Working capital changes</b>	<b>(26 443)</b>	<b>70 667</b>
Decrease/(increase) in accounts receivable	-	-
(Decrease)/increase in accounts payable	(26 443)	70 667
	<b>377 941</b>	<b>(56 026)</b>
<b>10. TAXATION</b>		

No provision has been made for taxation as the Company is exempt from South African Normal tax in terms of section 10(1)(cN) as read with Section 30 of the Income Tax Act.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE ENDED 31 DECEMBER 2016 (Continued)**

**11. GOING CONCERN**

The existence of the company is dependent on the continued support of its donors, by way of grants. Should the grants be withdrawn it is highly unlikely that the company will be able to continue as a going concern. Donors have agreed to continue supporting the company in 2017.

**12. FINANCIAL RISK**

**12.1 Currency risk**

The company is exposed to currency risk to the extent that some grants are received by the company in foreign currency.

**12.2 Interest rate risk**

The company is exposed to interest rate risk, as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rates and placings within market expectations.

**12.3 Credit risk**

The company's credit risk is attributable to liquid funds. The credit risk on liquid funds is limited because the counter party is a bank with credit rating assigned by international credit-rating agencies. The company has no significant concentration of credit risk.

**12.4 Liquidity risk**

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained.