



Annual Report
2014

A Few Words From Our Chairman

2014 has been a year with many rewarding moments, as well as some challenges. Though a year of transition, we made solid progress on many fronts, including the introduction of strategic executive roles and dealing with succession. Our new MD, Monica Folscher, has taken to her role like a duck to water and her impact and refreshing approach continues to be felt across the Foundation.

South Africa is a diverse country with rapidly changing demographics of a growing middle class set against rising income inequality. Nearly half of the country's people live below the poverty line and therefore the scale and complexity of the issues facing our country are magnified. Studies show there is a direct link between poverty and deprivations in healthcare, education, training and general social infrastructure. Without access to quality health, education and income earning opportunities, the vast majority of the poor face a daily struggle for survival.

Every day Thembalitsha is working to provide people with the hope of healthier and happier lives. We are privileged to have taken on the responsibility of delivering healthcare services to patients with little access to quality care, education to children who otherwise would not have had access to a school and training people previously without hope of obtaining a skill to a point where they have income earning opportunities.

We are pleased with how we are discharging this responsibility, but we are far from satisfied. We will be united in our ambition to live out our vision to restore hope by providing education, training and healthcare to develop and aid the destitute, sick and vulnerable in the community.

In order to be able to provide these services to our stakeholders we need funds and have identified fundraising and marketing as an area in need of increased attention. To that end we have looked at how best to restructure the fundraising and marketing team and have sought to identify resources from within our organisation and externally. In the end the pieces of the puzzle fell into place quickly. The outgoing Chairman and Founder, Frank Christie, has taken on the lead marketing role and assembled a team of talented and passionate individuals around him. We are pleased and privileged to continue to receive the benefit of Frank's talents and the value he adds as Founder is of immense importance.

Government funding changes required closure of Thembacare Athlone

The challenges we face in this ever-changing not-for-profit landscape require time, vigilance and dedication to meet. For instance, the government is restructuring its support programme which required us to urgently re-evaluate and restructure our care programme. We have felt the impact of this restructure in a place close to our hearts. Our Thembacare Athlone project (which was the first project launched under the Thembalitsha banner) has now lost its government funding. The government has chosen to channel funding previously allocated to Thembalitsha to larger organisations in the area. The outcome of this process has been the closing down of our Thembacare Athlone facilities and redeployment of our loyal Thembacare staff. Whilst this is a sad event for our organisation we know our talented staff (those who will not be redeployed within our organisation) will be a blessing to other organisations.

Highlights

Amongst the many highlights the following stand out:

- Village of Hope construction project with support from the University of Stuttgart has been completed. Focus and dedication has resulted in massively improved infrastructure utilised by our employees, volunteers and patients.
- Sport programme in Grabouw going from strength to strength, touching the lives (through sport) of thousands of children in the area.
- Partnering with the Gerald Wright Foundation to roll out a large Early Childhood Development project in Grabouw.

- Partnering with Paul Cluver Wines, Appletiser and others to hold the successful Hope@PaulCluver concert series at the Cluver Amphitheatre, hosting diverse acts like Parlotones, Matthew Mole, Jeremy Loops, Nataniel, Suzanne Vega and others.
- Strategic thinking interviews conducted by one of our US Board members, Helen Baxter-Southworth were highly beneficial in assisting us with the fleshing out of our broader strategic planning processes.
- The School of Hope taking new premises in Waverley Park, Mowbray.

New Board and Founders' perpetual right to attend Board meetings

The Annual Directors' meeting was held on 27 November 2014 and a new Board was duly elected in accordance with our MOI.

We have, in line with our strategic plan, moved towards a Board structure where specific non-executive roles and special skills are identified as needed by the Board. As the Board is tasked to discharge an oversight and fiduciary function, we need to have the right blend of non-executive and executive expertise. We have improved by implementing communication structures at executive level and, to that end, now only have two ex-officio board members, namely the MD and FD.

We said good-bye to Tim Walker who served as a Board member for a number of years and we wish him and his wife Maz all the best. We trust they will find new direction and purpose during their well-deserved break. We welcome Nathi Mbuyazi to our Board and look forward to the value he will add in the coming years.

During the meeting it was resolved that the Founders, Frank and Kate Christie, will have a perpetual right to attend board meetings. It is not necessary that they are directors unless elected to a position on the Board.

Finances, Risk and Compliance

Deloitte has delivered our 5th unqualified audit in a row. The Board continues to work in accordance with our Strategic Plan, and have added a risk assessment plan, which highlights risk areas.

Our Commitment To Our Stakeholders

Our continued progress has been made possible by the belief in our mission that all our stakeholders share with us. The Board is committed to continuing the proud tradition of Thembalitsha as a purpose-led organisation, calling on the great range and diversity of all our stakeholders' talent and capabilities.

We will further dedicate ourselves every day to the responsibilities defined in our objectives namely to restore hope by providing education, training and healthcare to develop and aid the destitute, sick and vulnerable in the community.

We will also continue our commitment to our employees, and to the communities in which we operate and proudly call home. We will strive to further strengthen our global fundraising footprint including relationships with our UK and US boards, further joining up communication structures at board level enabling us to tap into the strengths offered by a multi-national organisation with a joined up vision.

We are proud to be walking the talk, in the process delivering quality services to our clients that are on par with that provided by the private sector.

The Board is looking forward to working with all our stakeholders in what is bound to be a very exciting year for the Foundation.

Managing Director's Report

"The capacity for hope is the most significant fact of life.

It provides human beings with a sense of destination and the energy to get started." Norman Cousins

As we look back on the challenges and successes in transforming the lives of over 1,300 beneficiaries per month through our health, education and training projects, we can truly say it has been a fulfilling year.

However, numbers are not the only measure of success. With the ever increasing socio-economic and health needs in our country, there will always be more and more people in need of help, hope and healing.

Thembalitsha Foundation has grown with this increasing demand, in services rendered, staff appointed and supporters who believe in what we do. During 2014, we decided to take the time to reflect on where we came from and where we are going. We reflected on our vision, our mission and our values and asked ourselves if all our projects are still based on these cornerstones.

And in an effort to ensure that we not only reach quantity, but that we offer quality services, our short-term strategic plan was launched in July, with clear markers and timeframes: A roadmap for the future of the Foundation.

To support our vision and mission we have committed ourselves to:

- To become a beacon of hope to the poor, vulnerable and destitute in South Africa.
- To transform lives through quality services to our beneficiaries through education, healthcare and training projects which are sustainable, duplicable and cost-effective.
- To ensure that we become a NPC with excellent governance, leadership, HR and financial management structures and practices.
- To procure the necessary national and international funding and support to sustain and develop the vision of the Foundation through marketing, public relations, fundraising and events.
- To offer organizational support services (HR, funding, IT, social media and financial administration) of the highest standard to Foundation projects.

Working towards becoming a Non Profit Company of excellence brought about many changes and challenges. The size of our staff and volunteer component as well as the ever increasing number of beneficiaries encouraged us to develop practical and transparent systems, procedures and policies, on a governance, management, financial, fundraising, human resources, marketing and individual project level. But one should never forget that we are all about people and relationships. Our staff members are faced daily with emotional and heart-breaking scenarios. During the year we have experienced the impact of strikes and riots in the communities where we operate. Staff wellness is important to us and we are developing a comprehensive program to ensure the holistic well-being of our employees.

In developing the Foundation, its employees and beneficiaries, one should always give recognition to the history, the people and the sacrifices made to bring the Foundation to where it is today. We salute every board member, staff member and volunteer for giving of their time and expertise. We salute the founding members Frank and Kate Christie for so graciously entrusting their soul-child to skilled and competent employees. We salute the international funding bodies in the UK and USA for their continuous support and prayers.

Most of all I would like to pay tribute to the ordinary person involved with Thembalitsha:

- The home-based carer who walks many miles to support a patient, come rain or shine.
- The maintenance guy who ensures that we have water and a working generator at our children's unit.
- The teacher who give up his Saturdays to ensure that matriculants are well prepared for their exams.
- The sewing lady who empowers women by teaching them skills to start their own business.
- The teacher at our edu-care facility who cares for her little students as if they are her own.
- The volunteer who welcomes newborn babies with a gift bag and counsel new mothers.
- The international volunteers who leave behind family and friends to support us in so many valuable ways.
- The bookkeeper who works over weekends to ensure that all financial data are up to date.
- The nursing sister who gets up in the middle of the night to support a dying patient.
- And every ordinary person who does extraordinary things every day as part of the Thembalitsha team.

It has been a sad goodbye to our ThembaCare Athlone project due to strategic changes in the Department of Health's policies, who will no longer be supporting smaller pediatric palliative care facilities.

We welcomed a new strategic partnership to ensure early childhood development in Grabouw. Our School of Hope, ThembaTraining, Graceland, Mama Themba (formally Bosom Buddies), Village of Hope and ThembaCare projects continued to offer services of quality, managed by competent and committed staff.

Networking partners, corporate funders and private donors are such an important part of what we do, and what we can do. By getting involved, and staying involved, it doesn't matter whether in a big or small way, you enable us to continue to restore hope and transform lives.

"If it were not for hope, the heart would break" Thomas Fuller

Monica Folscher | Managing Director, Thembalitsha Foundation

Treasury Report

The Thembalitsha Foundation remains, in aggregate, adequately funded and has sufficient liquid reserves. Our fundraising efforts have gathered momentum in order to meet our ongoing expenses and have put us in a position where we can expand our services to the communities we serve.

We are extremely grateful for the accounting and audit service provided to us free of charge by Deloitte & Touche, one of the world's (and South Africa's) leading audit and consulting firms. Our unqualified audit in 2014 (for the fifth year in a row) from Deloitte represents a stamp of credibility on our accounts and financial systems and processes. This is of inestimable value to our fundraising efforts. The 2014 auditors' report is available on request.

For the year ended 31 December 2014, the total income earned by Thembalitsha Foundation was roughly R14m and we recorded a small deficit. The following table presents the salient features of our accounts.

Table 1: Key features of our 2014 accounts

	2014	Change	2013
Donations & other income	14,018,961	-31%	20,310,822
Expenses	14,048,894	7%	13,081,522
Net surplus/(deficit)	(29,933)	na	7,229,300
Net assets	12,771,940	-1%	12,937,282

Figure 1: Key sources of income in 2014

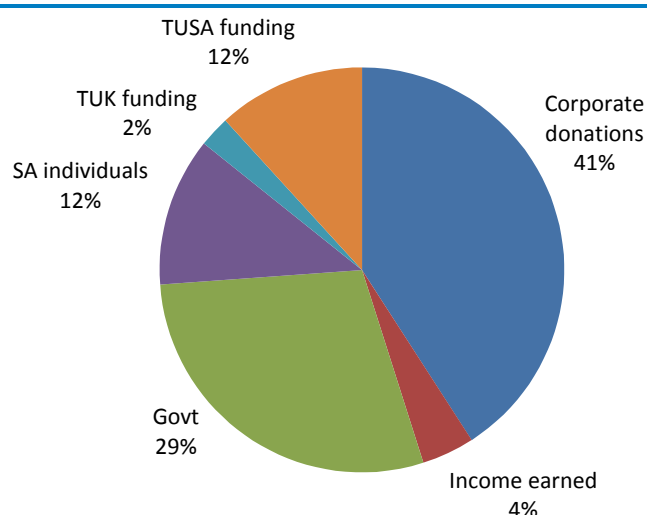


Figure 1 shows our key sources of income during 2014. The South African government contributed 29% of our funding, SA corporates a further 41%, while private donations mainly from South Africa, the US and the UK represented about 26% of our income. Income earned is made up of interest generated, school fees and local fundraising activities such as the Hope@Cluver projects.

Figure 2: Breakdown of expenses by project (excl. Hope@Cluver)

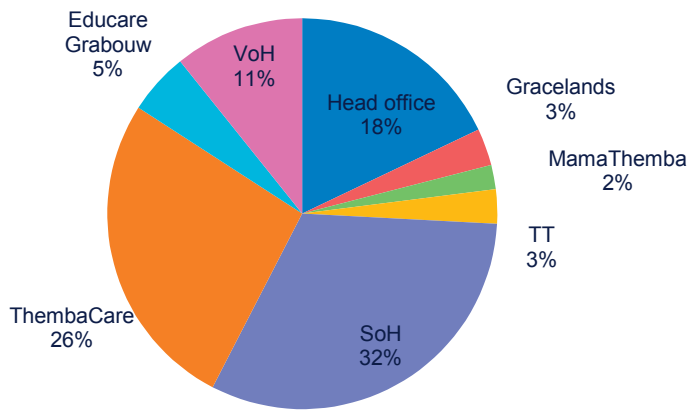
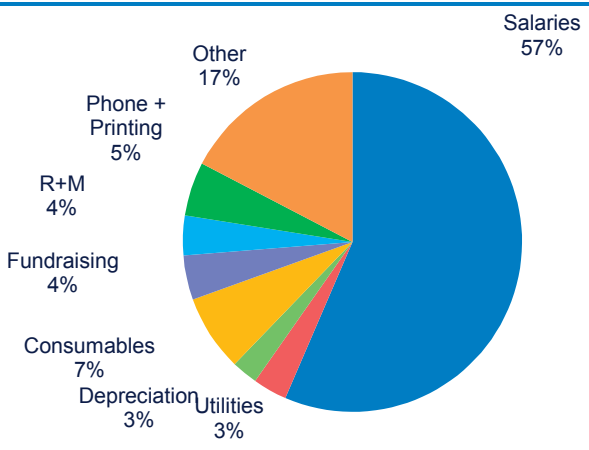


Figure 2 shows how the expenses were incurred across the seven projects and the head office, which provides executive leadership and fundraising and administrative support.

Figure 3: Breakdown of expenses by category



Most of the expenses were incurred to pay salaries: more than 100 employees and volunteers were engaged by ThembaCare during 2014 to teach, train, nurture, counsel, comfort and care for almost 2,000 people, mostly women and children in vulnerable communities.

The following charts show how our income and expenditure, specifically that directed to funding employee costs, have advanced during the past six years. We are grateful that, with the exception of 2014, our income has exceeded our expenses each year.

Figure 4: Income and expenditure trends, showing net surplus

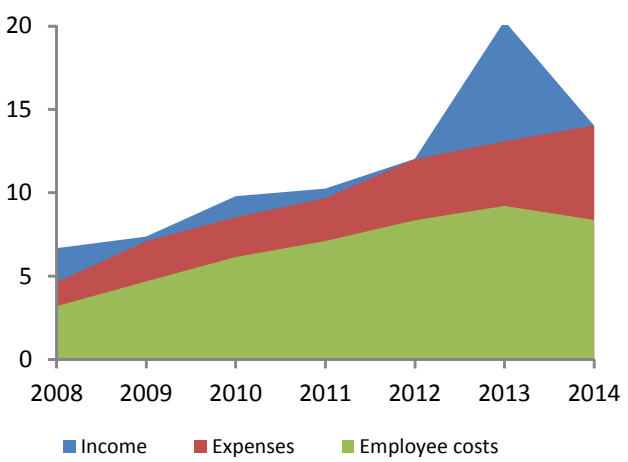
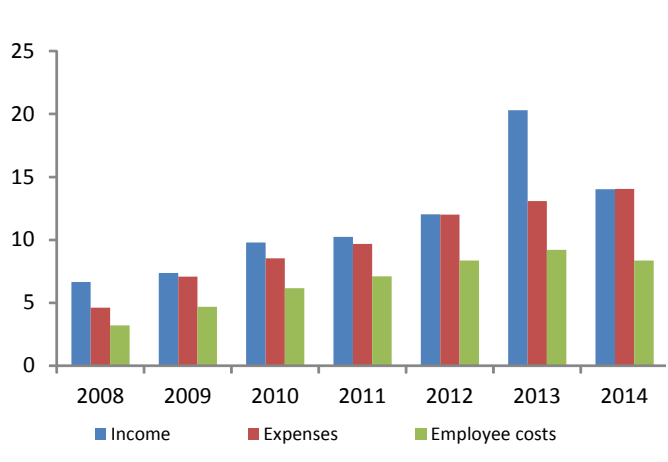


Figure 5: Income and expenditure trends



None of this would be possible without the support of our donors, including government, corporates and many individuals and churches in South Africa and around the world, as well as other non-governmental organisations. We, and all those who benefit from the services of Thembalitsha, owe you a debt of gratitude.

May you all see a rich harvest from the seed you have sown in this fertile soil.

Anthony Geard | Treasurer, Thembalitsha Foundation

The Thembalitsha Foundation NPO No: 007-409 Reg No: 1997/003064/08

Directors:

Jan Scholtz – Chairman, Frank Christie – Vice Chairman, Monica Folscher – Managing Director, Jan Truter – Secretary, Anthony Geard - Treasurer, Kate Christie – Director, John Miller – Director, Nathi Mbuyazi - Director

