

Nelson Mandela
CHILDREN'S FUND



CHANGING THE WAY SOCIETY TREATS ITS CHILDREN AND YOUTH



Celebrating Our Children

Annual Report 2012

Annual Report 2012

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Vision

Nelson Mandela Children's Fund strives to change the way society treats its children and youth.

Mission

In the pursuit of its vision and in order to ensure that the legacy of its Founder, Nelson Mandela is secured in perpetuity, Nelson Mandela Children's Fund will:

- develop partnerships and initiate programmes which empower and improve the wellbeing of children and youth;
- promote the rights of children and youth through the influence of public policy and social awareness;
- sustain these initiatives through the development of a sound financial and knowledge support base; and
- give voice and dignity to the African child, through a child right's based movement.

Guiding Principles

Nelson Mandela Children's Fund's target beneficiaries are children and youth from birth to 22 years of age who come from impoverished backgrounds. To maximise the positive impact of our resources, the Fund works closely with fellow development organisations, Government, the private sector and other interested parties. The following values and principles guide the establishment of our partnerships with organisations that:

- position their ultimate goal as poverty eradication, and not just the amelioration of the difficult circumstances that the target beneficiaries find themselves in;
- possess holistic and integrated approaches to the challenges confronting children. These should recognise that children are an integral part of families and communities. The wellbeing of children cannot be isolated from that of their environment;
- facilitate the participation of the Fund's target group in the planning and implementation of projects and programmes. This means finding cost effective ways of involving children, youth and their communities in decision-making;
- as a primary requisite, empower communities to take responsibility for their decisions to facilitate change through their work. The absence of hunger, abuse, exploitation and homelessness are basic conditions that all children should enjoy. The programmes of the Fund's partners should enhance the rights of children to reach their full potential; and
- promote best practice, encourage professionalism, and be oriented towards achieving measurable results.





Chairperson's Message
Yvonne Mokgoro

Chairperson's Message

Never before has the plight of children been as distressing as has been the case recently. While 2011 left us with the good news that the care, safety and protection of children can be a cause for celebration, 2012 thus far, has had its moments of sadness.

The extent to which children continue to be denied the simple joy to be just children has gone beyond alarming proportions. The fact that society keeps going through shocking episodes and then goes about its normal way as if nothing has happened, is even more concerning. This may signal a society gradually becoming desensitised to the plight of children.

The absence of remedial action on behalf of our children, may in fact present us with a future we would not like to bequeath to generations after us. Children are in fact the image of a future we are creating by the manner in which they are treated by society today.

The task before us is to make childhood a joy rather than the blight that is now becoming the norm. To give children the kindness they deserve, society needs to summon all the energy that it can muster to make life a celebration for children. This energy requires nothing less than caring communities, strong families and a responsive government. The summoning of this energy should be directed at gearing society to give the best that life has to offer to children.

There is no better source of inspiration of what needs to be done by families, communities and all spheres of government, than Chapter 2 Section 28 of the Constitution of the Republic of South Africa, 1996, dedicated to the rights of children.

In the tradition of the Fund, our approach to recognition of these rights is based on the understanding that children are born into families, grow in communities and that the best that life has to offer them largely depends on a responsive government. Children must be seen in the context of the family and not in isolation.

More than recognition of these rights, the defining significance lies in making them a daily living expression of children, be they in rural or urban settings, towns or townships or any of South Africa's nine provinces.

Recognising these rights should necessarily translate into action that would not only see us waging a battle for society to be kind to its children, but also making life a celebration in a society into which children are born. Considering that children are the foundation upon which the future of society is built, it is by extending such kindness to children that a better future can be guaranteed.



To give impetus to the child rights movement, we count on our active collaboration with government in all its spheres. The Department of Social Development (DOSD), as a lead implementing arm of government social services, has been unflinching in not only providing policy direction but also joining hands with civil society organisations in the children's sector. The DOSD continues to act as a secretariat of the partnership between civil society and government, dealing with factors of vulnerability facing children under the auspices of the National Action Committee for Children Affected by Aids (NACCA).

While carrying out its monitoring role, the Department for Women, Children and People with Disabilities (DWCPD) has similarly become a dependable partner to advance the cause of children. Common areas of co-operation between the Fund and the DWCPD were arrived at with a view to strengthen the two entity's respective mandates.

The common feature of these areas of co-operation is aimed at the progressive realisation of children's rights. The areas of co-operation include:

- initiation of dialogue towards strengthening policy;
- alignment of legislation and policies pertaining to children for seamless service delivery;
- interactive consultative process of involvement and broad active participation of organs of civil society to ensure compliance with respect to international, regional and local instruments; and
- advocacy for children's rights.

From these areas of co-operation sprung a need to promote the notion that children need not only be seen but also be heard. The practical affirmation of this notion brought with it the act of making our children a celebration by launching the inaugural Nelson Mandela Children's Parliament. The Children's Parliament, convened under the theme 'Holding those in authority accountable', coincided with our Founder Nelson Mandela's 93rd birthday and International Nelson Mandela Day.

Though staged within the Gauteng Provincial Legislature, this was a national Children's Parliament with members drawn from all of the country's nine provinces. The Children's Parliament was made possible by an innovative partnership of the Office of Gauteng Speaker Lindi Maseko, DWCPD Minister Lulu Xingwana

and the Fund. Again, children were the centre of attention with government representatives adding the honour of their presence to be witnesses to children raising their voices and issues.

More than celebrating International Nelson Mandela Day, the Nelson Mandela Children's Parliament raised issues around health, education, transport and security, for which life for our children could be better if meaningfully responded to. These children's voices and issues are poised to be provided for throughout the country's provincial legislatures under the banner of the Nelson Mandela Children's Parliament.

The community rallies, championed by the Office of the Public Protector Thuli Madonsela, are a mark of hope that the rights of children are not just rhetoric. The Fund had the honour of being involved at one of the Public Protector's rallies held in Bethlehem in the Free State on March 20, 2012. These, meant to entrench a human rights culture, are a ray of hope that the rights so solemnly expressed in our constitution will find their way to being a living expression of daily experiences of our citizens including children – who are the voiceless, defenseless, youngest and most vulnerable members of our society. Step by step, we are finding our way clear to mobilising society to celebrating our children.



Yvonne Mokgoro
Chairperson





Acting CEO's Review
Moipone Buda-Ramatlo

Celebrating our Children

The work of the Fund is guided by a five-year strategic framework. This is founded on the philosophy that there is no better future for society other than its children. The way children are treated today invariably shapes the kind of a future which that society will have.

Each five-year period represents a milestone in the great march towards changing the way society treats its children and youth. This march recognises that it will take more than the Fund to change society. In the understanding of all stakeholders united for the betterment of children, this means building a child rights movement. This makes up for the context out of which the grand plan of the Fund arises.

From that grand plan, the Fund then isolates areas of intervention that can best inform our programmes to relate to the creation of favourable conditions for children to be born into, grow, dream and flourish to the fullest potential that life has to offer. The possibility of such conditions is the driving force and mandate of the Fund as derived from its vision. At the heart of this mandate is an acceptance that we are building the future. This explains why the periodic five-year plans in which the Fund carries out its work is defined as Sakha Ikusasa, meaning building the future. Successful implementation of designated and strategic projects, is a measure of progress to not only celebrating our children but also making the world fit for children and remaking society. We strongly believe that the best that society can offer to children today, will teach them to give back to society tomorrow. Propelled by this envisioned future, we entered the year under review, fully aware that remaking our society demands that all sectors march to the same drumbeat that commits to making life better for our children.

The developing meeting of minds between the Fund and the Ministry for Women, Children and People with Disabilities, led by Minister Lulu Xingwana, will surely see the voice of children being amplified within government structures.

The illustrative feature of this was the staging of the inaugural Nelson Mandela Children's Parliament. The Children's Parliament not only brought about a partnership between Minister Lulu Xingwana's ministry, the Gauteng Provincial Legislature and the Fund, but also established a strategic fit with one of our programmes, Youth for Change, for the subsequent years.

Issues which found their way into a declaration adopted by the Children's Parliament and signed by Minister Xingwana, Gauteng Speaker Lindi Maseko and Children's Parliament Speaker Tracy Koubangou, included education, safety and security and health.



Upon receipt, Minister Xingwana publicly committed to place the declaration before cabinet colleagues for attention.

The Annual Children Celebration, held on July 28, 2011 was dedicated to strengthen the Nelson Mandela Children's Hospital legacy project, with a backing of financial commitment by the Fund in the amount of R42million. Joining the Fund in this endeavour, support for the Children's Hospital was received from Minister of Health Dr Aaron Motsoaledi and Minister of International Relations and Cooperation, Maite Nkoana -Mashabane. In welcoming the unfolding plans for the Children's Hospital, Minister Xingwana formally expressed her support thus: "I hereby pledge my support for the Children's Hospital. I am confident that through our partnership we can ensure that the issues relating to child survival and mortality are closely monitored."

To have a working sense of the level of impact our programmes have had in the communities we work with, the Fund commissioned a baseline study. The objective of the baseline study is to deepen our understanding of the challenges faced by the funded organisations and children as well as the communities from which these organisations operate. Coupling the study is the development of a monitoring and evaluation (M&E) system for all funded projects which will help the Fund to measure the impact of funded programmes and projects.

On the legislative and policy front, the Fund has instituted a research study to be led by the Faculty of Law at the University of Western Cape. Titled "Harmonisation of child rights laws project", the purpose of the study is to examine various legislations and policies dealing with children and probable causes behind incoherent application, leading to the rights of children being impinged upon. This study will be complemented by a related research study, led by the government through an inter-ministerial committee titled "Review of Children's Rights and Alignment to Appropriate Age Thresholds". While the research study of the Fund encompasses all aspects of laws, policies, interpretation and application with respect to children, the inter-ministerial committee study is in relation to appropriate age of majority.

The footprint of our advocacy programme was by way of extending the audience of our findings for a pilot enquiry on African traditions of care for children in vulnerable situations with peer

organisations nationally as well as those within the Southern African Development Community (SADC) region. Through Imbeleko, a partnership between the Fund, Synergos Institute and the Foundation for Community Development (Mozambique), the findings were shared at the International Conference on Aids in Southern Africa held in Ethiopia.

The use of sport as a tool for community development is in its second year of being tested in South Africa and Swaziland through the Sport for Good pilot project which will be brought to closure in the next financial year. To help boost advocacy on a broader scale within the SADC region, the Fund spearheaded the relaunch of the Regional Advocacy Network for Children (RANCH) in Johannesburg. RANCH is a network of southern African non-governmental organisations that work to ensure that countries fulfill their international, regional and national commitments to improve children's rights. The network currently focuses on a number of multi-sectoral issues which include child participation, child health, education and child labour.

With the scourge that places children in danger continuing to escalate, we remain obliged to do everything possible to reverse the tide and put back the smile on their faces. Simple as this might seem, putting a smile on children's faces relates to the complexity of the work we do as it should translate into creation of exciting futures where life for children is as joyful as childhood should be.

In the creation of such an exciting future, we pride ourselves as not only having donors who believe in our vision, but who also have committed to the strategy pointing the way to societal health as a guarantee to children's wellbeing. The measured steps we have taken to celebrate our children would not have been possible without the enduring support of our donor community to walk with us in shaping a better future for our children and youth.



Moipone Buda-Ramatlo
Acting CEO

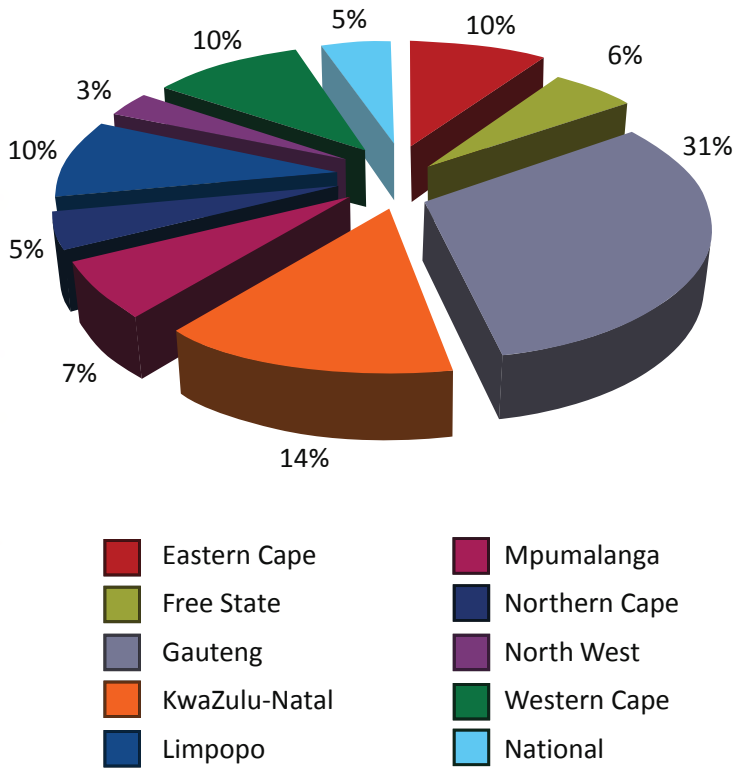




Results at a Glance
for the year ended 31 March 2012

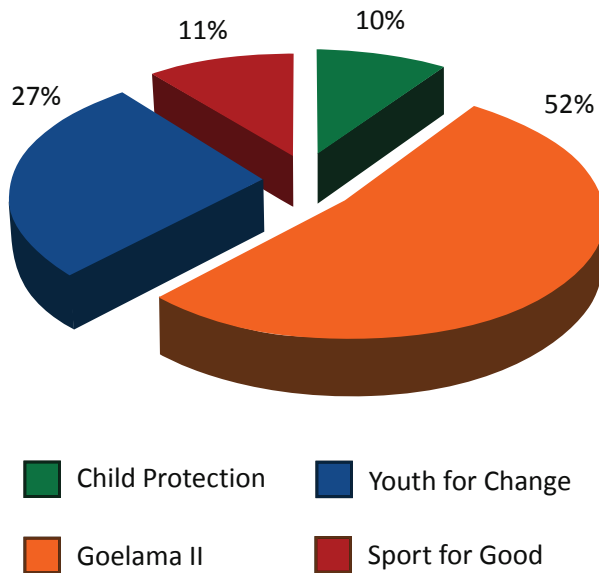
Grants per Province - 31 March 2012

(Excludes Grant to the Nelson Mandela Children's Hospital Project)



Grants per Programme - 31 March 2012

(Excludes Grant to the Nelson Mandela Children's Hospital Project)



Results at a Glance

for the year ended 31 March 2012

R'000	1995-2007	2008	2009	2010	2011	2012	Cumulative
Income	466,492	60,834	65,429	37,847	34,552	39,708	704,862
Children's Hospital Project Income	9,276	5,295	1,017	2,115	13,196	-	30,899
Mott Foundation Endowment	17,055	-	-	-	-	-	17,055
Investment Income	226,459	50,579	47,405	30,262	39,465	38,296	432,436
Total Cash Income	719,282	116,708	113,851	70,224	87,213	78,004	1,185,282
Less							
Programme Development expenditure	(30,952)	(4,948)	(7,352)	(7,945)	(13,438)	(14,319)	(78,954)
Operation & Administration expenditure	(65,829)	(7,190)	(7,368)	(7,475)	(7,410)	(8,511)	(103,783)
Operation & Admin Recovery from Designated Funds	(9,049)	(1,651)	(971)	(2,586)	(2,310)	(1,986)	(18,553)
Special Projects							
Annual Children's Celebration	(739)	(28)	(644)	(100)	(133)	(145)	(1,789)
Advancement of the Status of Women	-	-	(22)	(161)	(330)	(16)	(529)
Children's Hospital Project	(468)	(2,724)	(4,771)	(8,120)	(19,014)	4,199	(30,898)
Story of the Fund	-	-	(604)	-	-	-	(604)
Youth Parliaments	-	-	(2,582)	-	-	-	(2,582)
Total Expenditure	(107,037)	(16,541)	(24,314)	(26,387)	(42,635)	(20,778)	(237,692)
Grants Approved	(276,239)	(38,494)	(47,429)	(16,427)	(32,493)	(51,257)	(462,339)
Net Funds Received	336,006	61,673	42,108	27,410	12,085	5,969	485,251

Income vs Grants made 1995-2012

R'000	1995-2007	2008	2009	2010	2011	2012	Cumulative
Income	466,492	60,834	65,429	37,847	34,552	39,708	704,862
Grants Approved	276,239	38,494	47,429	16,427	32,493	51,257	462,339
Grants Approved as a % of Income Received	59%	63%	72%	43%	94%	129%	66%



Free State and Gauteng

In line with Sakha Ikusasa III and in pursuance of the "Theory of Change"* that underpins the work of the Fund, partnerships are critical. There has been extensive exploration to find structures to partner with, especially those with specific focus on children and youth. In the year under review, meaningful partnerships were sought and forged with different government departments, non governmental organisations and community structures.

*"Theory of Change" - Calling upon all sectors of society to work together for the wellbeing, protection and nurturing of all children.

Gauteng Area: 18,178 km ² Population: 11,328,203 Density: 590/km ²	
Free State Area: 129,825 km ² Population: 2,759,644 Density: 21/km ²	



Holistic development, harnessing children and youth participation

Child participation is a critical area of the current Sakha Ikusasa III strategy and it is also one of the Fund's value propositions. To strengthen this area of work, the team joined the "Child Participation Network" which provided extensive information, knowledge, lessons and case studies on child participation in programming. This enabled a better understanding and knowledge on how to integrate this concept into programmes and it guides partner organisations to apply the concept.

In the Free State we worked on establishing new partnerships and identifying areas of collaboration, whilst in Gauteng our work was more on strengthening partnerships and engaging them in the work undertaken.

Partnership was established with the Regional Psychosocial Support Initiative (REPSSI), a lead Psychosocial Support (PSS) organisation in the region and continent, with capacity and expertise in PSS. Through REPSSI, the psychosocial wellbeing for children, youth and caregivers is provided in all programmes. REPSSI provides the Fund and its partners with the critically needed PSS training, information and knowledge. This is used to guide partners to integrate and mainstream PSS in their programmes.

In May 2011 partners participated in a PSS regional forum co-hosted by REPSSI and the Fund. This gave partners an opportunity to meet and share lessons with counterparts from other countries in the SADC region. In October 2011 the Fund's programme staff was introduced to PSS and its importance in programming. This introduction and training was offered by REPSSI. In December 2011 all Gauteng and Free State partners were introduced to PSS concepts and were supported to ensure that beneficiaries in their programmes received PSS. The impact of PSS is seen in the changes of certain individuals who have received training and the children with whom they interact. The observations of impact of PSS making a difference is observed in behaviour, confidence gained, self belief, resilience, improved school performance and families being able to meet their basic needs.





An example of the impact of PSS is demonstrated in the case of a boy in the Education With Enterprise Trust's (EWET) Youth Enterprise Society (YES) programme. This learner in one of the schools where EWET runs its programme, was about to be expelled for bad behaviour and negative attitude. Through his involvement in the EWET programme and the PSS support provided, the learner was given a second chance. In a short space of time the school saw a changed boy. The learner took his work seriously, was responsible inside and outside the classroom. He became involved in extra mural activities and is now a member of the EWET facilitated YES school committees.

The YES programme is singled out as one programme through which Gauteng "celebrates the child". Schools in Sedibeng, south of Gauteng entered a national entrepreneur competition and one of the schools, Beverly Hills High School, came up tops in the whole country. This was the first time that Beverly Hills High School entered the competition.

The EWET Sedibeng YES project demonstrates and has evidence of where and how "child participation" is practiced. Children and youth are trained and provided with skills, empowered and assume the leadership role in the programmes. The skills provided are put into action inside and outside of the YES programme. Children and youth have started their own businesses in the community and some have recruited their unemployed parents and siblings. The children who were part of the Beverly Hills School YES programme that won the prize had the following to say:





Zanele Sangweni
 “Children should believe in themselves. They should depend on themselves in order to conquer”.

Lerato Tsotetsi
 “Education is the key to success. Our parents did not have the chance to get education but we have it. Let us use education to impact our lives”

Nkosana Khathide
 “Confidence is the key. If you do not fear you can achieve more. If you create an invention and you are positive that it will work – nothing can stop you”

The seamless partnership between the Sedibeng Department of Education, EWET and the Beverley Hills School is testimony to success that can be achieved when all those who have an interest in the protection, safety and wellbeing of children and youth work together.

Primary partners - Sakha Ikusasa III	
Province	Organisation
Free State	Thabo Mofutsanyana Youth Network
	Education With Enterprise Trust (EWET)
	Khanya Community Based Organisation
	Kena Lematla
Gauteng	Child Welfare South Africa (CWSA)
	Centre for the Study of Violence & Reconciliation (CSVR)
	Kids Care Support
	South African Mobility for the Blind Trust (SAMBT)



Eastern Cape and KwaZulu- Natal

The departure point for the Fund in its third strategy was the understanding that the majority of South African children and young people live in an environment where challenges such as extreme poverty and violence are the order of the day. Given this and for the period under review, Eastern Cape and KwaZulu-Natal continued to strengthen specific responses to children's issues. This emphasis on community support has provided evidence of engaging communities and strengthening of households to better cope and mitigate the effects of vulnerability.

KwaZulu-Natal
Area: 94,361 km²
Population: 10,819,130
Density: 110/km²



Eastern Cape
Area: 168,966 km²
Population: 6,829,958
Density: 39/km²



Partnership for improved participation of children and youth in issues affecting them

In the region, the focus was on developing strong working relationships and partnerships with community based initiatives. Strategic decisions were taken to support innovative community initiatives. Parallel to this, were processes designed to enable children and youth to take leadership in their schools and communities. A supportive environment was created for them to make appropriate decisions. The region worked on two major components:

- Children and youth participation, empowerment and mobilisation.
- Facilitation of a community based framework ensures all structures protect and promote the rights of children. This is a process that promotes functional co-ordination between government and traditional community based systems, broader networking in the sector, advocacy initiatives for a better life and access to services for children in rural communities.

Through the implementing organisations that have partnered with the Fund, there is concrete evidence of young people who are empowered with knowledge. These young people are inspired and they are positive about life. For them, they are in a space affirming them and that there are opportunities available to improve their lives and the lives of their families.

The work in this region is also characterised by deliberate mitigation of the impact of child abuse on children and their families as well as the impact of vulnerability and diseases, with special focus on access to education, care and support.

Highlights include:

- Access to basic services such as water, education, services for children and young people living and working on the streets.

- School and homework support, family support, facilitation of access to health care services, facilitation of access to social grants and other Government services.
- After school care initiatives that provide learners with nutritional meals and use sport and fun activities to assist orphans and vulnerable children to attain self empowerment.
- Members of the community are beginning to understand their role in ensuring the protection of their children and the role they can play in ensuring that protection. Members of the community now know where to go if they need help.
- Strategic partnerships with Government Departments and other non-governmental organisations is being institutionalised - there are agreements and there are on-going conversations.
- Capacity building of implementing partners by supporting the strengthening of quality service provision.
- Facilitation of an education summit to improve the quality of education in the region.

Youth, as agents of change in their communities, was a major focal point in the region, with Umtapo Centre as one of the partners who have extensive knowledge and experience in this field. Hannah Kim, who joined Umtapo after the Fund's youth parliaments, is now an intern at Umtapo and conducts training sessions for young people to be exposed to the philosophy of Ubuntu. These young people are encouraged to use their differences, diversity and backgrounds to effect lasting change in society as they drive the message of peace.

This is what Hanna had to say:
"I joined the Umtapo family in 2008 after my school participated in Nelson Mandela Youth Parliament that was facilitated by Umtapo Centre in KwaZulu-Natal. This is when I was introduced to the concept of the Peace Club. By this time Peace Clubs were already popular in most schools in Eastern Cape, Western Cape, Limpopo as well as KwaZulu Natal, with more than 200 of these clubs functioning and others still being established – with Umtapo Centre's Peace, Human Rights and Anti-Racism Education programmes as their corner stone. Peace Clubs have had a profound impact on students at high school level. In my area in a Chatsworth school, a group of gangsters were recruited as Peace Club members and surprisingly they did not only stay in the club but took up leadership roles that gave



them the opportunity to be amongst the students who also participated in the Nelson Mandela Children's Fund Youth Parliament.

Most of us involved in the programme have been found to perform well academically. The thought behind this is that as members of a Peace Club, our mindset and the way we view our world is transformational. This is because we begin to develop a mindset of self-worth and we are exposed to the world around us and the issues affecting us. Another notion is that Peace, Human Rights, Anti-Racism Education (PHARE) and Umtapo's Programmes are related to education and this builds on to our thinking capacity. This is one of the reasons PHARE needs to be instilled in every child - but this can only be done if it is applied entirely and not passively into the formal education system. By tailoring our education to fit the issues we are affected by, students are equipped to take action and contribute towards the greater good of society.

As an intern at Umtapo and studying with Unisa, it is not difficult for me to juggle the two because I am studying by correspondence. The beauty of Umtapo and its youth programmes is that our views and contributions are valued. By doing this, as the youth we develop a sense of self-worth at a young age and we grow into leadership positions wherever we find ourselves.

The Ubuntu programme has inspired students in Limpopo. Through this programme unemployed youth have established the Peace Afrika Youth Forum. It was inspired by the values of Self-Reliance. The Peace Afrika Youth Forum members are accustomed to starting something out of

nothing and have developed projects on a social entrepreneurship level and do not stop there, but also contribute to the wellbeing of the community such as donating funds towards education requirements for learners.

Tertiary Peace Forums which are bodies of Umtapo at university level, exist in Gauteng, Western Cape, KwaZulu- Natal, Eastern Cape and Limpopo. These bodies create leaders who will be absorbed by broader society and play a role in their respective professions.

We need to appreciate that no one exists in isolation. When we come together we can come up with a greater idea to solve our problems because we have different sources of knowledge, skills and most communities trust people they are familiar with. When we come up with a solution, everyone goes back and uses the different context they find themselves in to spread what was discussed in the meeting. But as the youth, we need support, guidance, empowerment and proper information to lead. By watering a plant in its prime, it can only blossom beautifully and be useful to the gardener and its environment."

The youth of the region is embracing being counted as active contributors to creating solutions for their protection, safety and nurturing and their wellbeing at large. It is for this reason that we invite our partners to join us as we celebrate our children.

Primary partners - Sakha Ikusasa III

Province

Eastern Cape

KwaZulu-Natal

Organisation

Lusikisiki Child Abuse Resource

Lusikisiki Paralegal Advice Centre

Vusisizwe Aids Awareness and Human Rights Programme

Masibambisane Home Based Care Centre

Siyakhathala Caring Networks

Action Group For Children in Distress

Ikhwezi Lokusa Wellness Centre

Student Partnership Worldwide

Star For Life Centre

Zisize Educational Trust

Umtapo Centre



Limpopo and Mpuma- langa

The increase in gender based violence and sexual abuse of children in Limpopo Province received special attention especially in the Vhembe District. Work has been done to understand the conditions that create vulnerability and information has been gathered through community and youth dialogues, a baseline study and small scale research.



Families, communities take collective responsibility in protecting their children

Findings suggest that cultural practices such as early marriages, sexual abuse, especially rape, teenage pregnancy and lack of parental involvement in children's lives have made girl children prone to violent behaviour.

While the findings created a gloomy picture, the young people did not give up on themselves. A group of teenage mothers and out of school youth went on an exchange programme at Far North Community Care and Development to see the work done on self help groups. When they came back they were very motivated and they started their small businesses - a hair salon and a catering business.

Letaba Helen Franz Bursary Scheme, based in the greater Polokwane area, ran an advocacy campaign at an Education Conference where they raised issues on integrating young people with disabilities into the mainstream schooling system. The organisation was able to develop critical contacts in the sector which will allow it to build on their future campaign on disability mainstreaming.

The Child Care Forums movement is also taking root in some areas in the province. The Fund's partner, Human Resource and Social Information Centre (Huresic) is beginning to show signs of a positive impact that Child Care Forums (CCF) can have in a community. The recent adoption of a three year-old child by one of the Child Care Forum members is a case in point. In supporting a family of four children, with the oldest being nine years and the youngest three, the CCF member took it upon herself to adopt the youngest of the four while the older siblings are being cared for by their uncle.

"Adopting the young girl was an attempt to alleviate pressure from the siblings who are children themselves. When I mooted the idea to my family they were quite welcoming to it and once the adoption process was finalised, there was joy in the home and the little one received a warm welcome.





Because the family is within the community, the adoption has not separated the children from one another and they will always have access to their little sister”, the CCF member said.

For the Fund, this shows that Ubuntu still exists in communities despite the socio economic circumstances they find themselves in and the willingness to embrace alternative models of care for the protection and nurturing of children to be entrenched in society.

The financial support of the Fund in Mpumalanga is focused in the Bushbuckridge area. The strategic partnership between the Fund and the Department of Agriculture, Rural Development and Land Administration has allowed the Fund to increase its reach in terms of working with women on self help groups in the

province. There has been three training sessions that have been conducted with women from seven communities who have started implementing the model.

The networking opportunities are still being explored through the Mpumalanga Children’s Rights Stakeholder Forum. This is the forum where different government departments and NGOs working in the children sector meet and discuss issues that affect children and their intervention strategies. The Fund participates in the quarterly meetings that are held to strengthen its presence. The partnership with the Department of Agriculture, Rural Development and Land Administration emerged through the forum.

The intention is to meet with the provincial department, National Rural Movement provincial office to understand some of the issues that affect children in the area. The initial discussion has revealed that incest is high in Driefontein, while in the Mbombela area issues of child abuse, trafficking and displaced children who are born of non South African parents are prevalent.





In Mpumalanga the initiatives of the Self Help Group (SHG) are underway to strengthen and ensure that the women who are in the programme are able to grow and improve their small income generating initiatives.

The issues raised during the activation of the 2010 Champion for Children Campaign in the province are being followed up within the partnership between the Fund, the Department of Social Services, the Premier's Office and the Department of Agriculture, Rural Development and Land Administration to replicate the self help group model in other areas in the province.

In conclusion, work has been sustained through partnerships and leveraging resources. The Fund has been able to get involved in interesting work that could lead into ground breaking interventions when completed. This work includes involvement of young boys in parenting, as well finding intervention models for children who have experienced violence.

Primary partners - Sakha Ikusasa III

Province

Limpopo

Organisation

Fanang Diatla Self Help Project

Letaba Helen Franz Bursary Scheme

Far North Community Care and Development

Rivoni Society for the Blind

Huresic

Akanani Rural Development Association

Thohoyandou Victim Empowerment Programme

Mindset Network

Bokamoso Science and Technology Education Centre

Ebenezer Welfare Support and Caring Organisation

Mpumalanga



Northern Cape and Western Cape

The Fund's work in these provinces is beginning to yield positive developments, in spite of the provinces being hardest hit by child and drug abuse and extraordinary high statistics of Fetal Alcoholic Syndrome (FAS) cases. The Fund is proud to partner with organisations whose goal is to ensure the wellbeing of children in this region – and it is on the basis of the partnership we have with development organisations in this region that we have reason to celebrate our children.

Northern Cape
Area: 372,889 km²
Population: 1,096,731
Density: 2.8/km²



Western Cape
Area: 129,462 km²
Population: 5,287,863
Density: 41/km²



Partnerships yielding positive results

Vredendal is a small town in Western Cape. The town has a large farming population which makes up the majority of its community. Issues of child neglect and poverty are rife in the area. It is the first time the Fund has its footprint in this part of the country. Among the promising signs of collaboration between the Fund and its partners is the appointment of a junior council for Vredendal. The municipality has shown interest in the structure and is fully supporting it. This is encouraging, as having the support of a local municipality assures sustainability and rightfully speaks to the responsiveness of those in authority to issues pertaining to children and youth. This is important for the Fund as it is striving towards the realisation of a children's rights movement.

Agape Copeland Train in Upington has completed its research on facilitating innovative youth. The research is an exciting project by the organisation, a colorful and expressive report with children's voices, expressing themselves freely and articulating their perspective on issues affecting them, echoing throughout the report.

A recent advocacy engagement on FAS, attended by Women on Farms, FAS-related research South Africa, FASfacts South Africa and Goedgedacht Farm ensured collaboration by all organisations working on FAS in this region. Formalising of the network is underway. The provinces have the highest number of FAS in the country and the world. There are however no rehabilitation centres in this region. Children are usually swallowed up by the vicious cycle of poverty and substance dependency. This makes the conditions of poverty and substance dependency even worse. More and younger children use addictive substances. This is a disturbing trend in the province. The partnership among all concerned is an effort to create awareness of these issues with hope to have duty bearers being more accountable and responsive. The ultimate goal of the partnership is to provide children with a safe and nurturing environment and give parents pride and the ability to take better care of their children.

To give voice and dignity to children, a collaborative effort is being made in this region by Vredendal Junior Council in Western Cape and the Junior Commissioner in Northern Cape in preparation for the children's parliament. This is towards building a region-based active and effective structure that co-ordinates activities on child participation. This will celebrate our children, give them a voice and the dignity they deserve and encourage children to advocate for their own development.

Ikhaya Lethu in the Northern Cape, has opened the first day care centre in Richie, an area with the majority of parents working on farms. This has come as a welcome effort for children who were otherwise left without supervision, thereby compromising their safety and wellbeing. This project provides a safe space, nutritious meals, educational

One cannot just focus on the boy or only on the girl, because both children are still very young and have a future ahead of them. A well considered intervention is needed. During investigations we found that the boy had been abused some years ago and was doing what had been done to him. It was also discovered that three years ago the same boy committed a similar act on another girl, but not much was done about it. At the moment the two children are both receiving



stimulation for these children and ensures that they are accounted for at all times. This is exciting as it creates a conducive environment where children are allowed to feel and act like children, irrespective of their background. This is remarkable and promising in that the province is moving in the right direction of creating a safe and a nurturing environment for its children.

The scourge of child abuse is rampant in some parts of the region and in talking to our colleagues at Heavenly Promise, Vredendal, it became clear that the situation needs attention by all concerned: "The latest case we have is of a seven year old girl who was molested by a nine year old boy on their way back from school one Friday afternoon. The question now is who actually needs help - the abused or the culprit?

counselling," States Elsabe Cloete, project coordinator at Heavenly Promise. Poverty experienced by children and youth in farm communities in the region is another challenge that has brought partners together to stem the tide. Working with Goedgedacht Trust over the years has given us access to their experience and knowledge on this issue.





The Trust has been in existence for 20 years, and the Path Out of Poverty Programme (PoP) is committed to finding creative solutions to the poverty in the local farm and rural communities. This model has proved to be successful for the past 14 years.

“We essentially target children on farms that are growing up in extreme rural poverty. There used to be a 90% drop out rate among farm school children before entering high school phase, 14 years ago, and throughout the years there has been many interesting changes, and that is where we started seeing some differences in children that were within our programmes; children were staying in school longer, did not get pregnant at

a young age, also did not drink or smoke when they were pregnant” – says Annie Templeton, Trustee at Goedgedacht Trust.

The Path Out of Poverty is not a project that has a specific lifespan, it has a carry-over programme that keeps developing over time, concentrating on children and youth from 0 - 29 years. As we celebrate our children, the work our partners and other stakeholders are doing, makes that celebration meaningful and it gives hope for the South African child.

Primary partners - Sakha Ikusasa III

Province

Northern Cape

Western Cape

Organisation

Agape Copeland Train

Childline Northern Cape

Ikhaya Lethu

Goedgedacht Trust

Heavenly Promise

James House



North West Province

The mission for Sakha Ikusasa III is very clear: "To give a voice and dignity to the African child by building a rights based movement" and as simple and clear as it sounds the actual has proven to be quite the contrary. It is without a doubt that in the North West province, efforts leading to this mission in the last year of implementation involved intensified engagement, ongoing guidance and support to primary partners and has definitely positioned them in the right direction.

North West Province

Area: 104,882 km²
Population: 3,253,390
Density: 29/km²



Dialogue and reflection

Through intense engagements with partners the following emerged:

- In line with the standards set by Government, partners need to be taken back to "basics" and to the core of caring for orphaned and vulnerable children, families and communities. This process involved deliberate emphasis on providing "quality" services. Subsequent to this, partner organisations solicited a representative (social worker) from the Department to provide a refresher workshop for individual partners on the role and responsibility of CBOs and NGOs in the community, community child care forums, home based care, basic counseling and caring for the caregiver.
- A shift of mindset by partners, moving from what was "business as usual", which in this case was mainly meeting the immediate needs of people such as providing food parcels, administering referrals for social grants and home visits to children. Needless to say, these services were, and are critical to communities. What was of importance for the Fund was how they began to harness the psychosocial services, which deliberately place emphasis on holistic programming. In this fashion it was guaranteed that children, families and communities are emotionally and socially supported. Furthermore this process of transition for partners has enabled them to create a connected process between activities in and around the wellbeing of the child.

South African children and communities have been hit with what seems to be an overpowering whirl of negative force in its many forms. The soaring cases of brutal child abuse and killings are shockingly pushing children's rights organisations, NGOs, CBOs and government alike, into corners of reflection on the work that we do with families and communities. Children have become nothing but non entities for "public consumption". The Fund's vision, "To change the way society treats its children and youth" has been highly compromised and needless to say, we sure do have our work cut out for us. However it is not all doom and gloom as partners such as the Child Welfare in the North West are implementing the Asibavikele (let us protect them) programme in Vryburg and Christiana and are reaching great heights.





Community based volunteers are identified and utilised to identify vulnerable children and families, determine their needs and facilitate appropriate community care options for them. This process allows for active community participation in the caring and protection of children.

Community education workshops on children’s rights are to further sensitise people on upholding the wellbeing of children and youth. The seamless process of restoring, engaging and educating communities and their children has created an interwoven network of systems which embraces and cares for children.

The Fund’s theme for 2011-2012 financial year is “celebrating our children”, and what better way to celebrate our children if it isn’t through safe and nurturing environments which enable young people to be vibrant, creative and expressive. The Guidance Education Youth Project hosted a youth seminar in the Dr Kenneth Kaunda District. The purpose of the seminar was to create a platform for young people to not only deal with critical issues which affect them, but also engage with representatives from the following government departments:

- South African Police Service (SAPS)
- Education
- Health
- Social Development
- Sports, Arts, Culture and Recreation

The objectives of the seminar were:

- to promote dialogue and debates among young people;
- to form partnerships and linkages with relevant stakeholders and other critical role players in the district for the development of young people; and

- to advocate for inclusion of youth in the youth development programmes in the district.

The following key issues emerged:

- The need and importance for positive role models. Community and family structures are failing to provide young people with positive leadership and grooming.
- The lack of parental guidance, involvement, supervision and support to young people, resulting in them turning to peers for affirmation which in many instances comes in inappropriate forms.
- The lack of safety measures and educator involvement in schools.
- Primary schools have become targets for gang recruitment because according to the South African Law, children under the age of 18 cannot be incarcerated.
- There is a growing concern by young people with regards to



the gaps in the education system and the typical economic environment.

- Science and commerce students enjoy more exposure and opportunities than those in other fields.

The seminar provided a space for earnest discussions between young people and stakeholders. The positive outcome of the seminar over and above a joint plan between stakeholders and young people for working together, was the establishment of a District Youth Network. The network comprises over 15 organisations and various government departments. This network will further analyse issues raised by young people and prioritise messages for advocacy. The network identified safety and behavioural change initiatives as

key focal points for the way forward. These issues will be tackled and presented on larger forums, to solicit public support and involvement. The network will review its plan and what was set for achievement in December 2012. This process is preparing communities and children to be advocates, activists and leaders in their own right. It has further encouraged and allowed communities to embrace their children and youth.



Primary partners - Sakha Ikusasa III
Province
North West

Organisation
Arise and Shine
Arekopaneng Support Group
Pholo Modi wa Sechaba
Guidance Education Youth Project
Keletsong Community Training & Resource Centre
Child Welfare South Africa -North West
Ebenezer Health Services



Sport for Good

"There can be no keener revelation of a society's soul than the way in which it treats its children"

Nelson Mandela

If the cruelties faced by children today are anything to go by, then society is responsible for an increasingly unkind and unjust world. This is a world where childhood is robbed of its innocence. Against this background the Fund continues to strive to transform the way in which society treats its children and youth. Key to this endeavour is the search for innovative programmes. Out of these programmes key lessons are learnt, best practices advanced and models of childcare formulated to ensure the holistic development, nurturing and wellbeing of our children and young people. Sports for Good is one such project.

South Africa
Area: 1,221,037 km²
Population: 48,810,427
Density: 41.4/km²



Swaziland
Area: 17,364 km²
Population: 1,185,000
Density: 68.2/km²



A journey of discovery, a journey of learning

The Fund's Sport for Good project (SGP), a two year pilot programme which aims to explore ways in which sport could be used as a tool for the development of children and young people. This journey of learning and discovery for the Fund and its nine implementing partners is drawing to a close. Emerging lessons indicate that sport, recreation and play, if used systematically, can be a powerful tool for the development of children and young people. There is no greater evidence of this than the personal testimonies of transformation by children who participated in the Sport for Good pilot project.

"I am currently living with both my parents and five siblings and we are studying. I have no intentions of dropping out of school, instead I want to be someone important in life. The programme taught me how to think, see and say things in a good manner. It taught me not to judge or discriminate against other people including people living with HIV and Aids. It gives me guidelines on how to protect myself from HIV and Aids, how to behave in life while I am growing up to be a man. The programme has changed my attitude towards people living with HIV and Aids." Eastern Cape Participant

"I am a child who is living with both parents. I am doing grade 10. I was not performing well at school because of my bad behaviour. I used to stand next to the road robbing young children of money so that I can go to the tavern to buy alcohol. I also used to bully others and beat them. Sometimes when I was given money for pocket money, I would not eat at school, instead I would use the money to buy alcohol. I always quit classes and go to play cards with bad friends. I decided to join a gang called Hustler. In this gang we were hurting people and tormenting them without reason. The community started to reject us and fear us. No one wanted to come close to us and that angered my parents and they did not want to give me money anymore.

One day care givers came to my parents to ask them if they can take me to the sports where more activities were being done. My parents did not hesitate to give them permission. From there



I was accepted to join others who are playing soccer and traditional dance. The sessions that were facilitated before training sessions really helped me a lot. Journey of Life session changed my life. I realised that I am in a wrong path and that I must change. As for now my life has changed completely. I decided to leave the gang and that gang no longer exists. I am enjoying a lot here, and if it was not for my parents and care givers I could have been dead.” Limpopo Participant

In line with the broader values of the Fund on issues affecting children and youth and the pilot project’s objectives, critical lessons and best practices to inform programming in the national and regional sport for development sector have been recorded. Sport for development interventions offer a variety of activities to stimulate, educate and provide holistic development for children and young people. In addition to this, emerging lessons suggest that effective sport for development programming and delivery is not prescriptive but instead has the following elements:

- Sport for development places children at the centre of the intervention. Our partners have found that there is greater efficacy in their interventions when children and young people make decisions about which sporting activities will be conducted as well as when they will take place. In addition to this, our partners have relied on children’s knowledge of their community and the skills that exist within it; they have been best positioned to identify volunteer coaches in their neighbourhoods with the necessary sporting skills.
- Sport for development is a deliberate methodology for delivering positive and substantive change in the lives of children and young people. Play in itself, is developmental for children and young people as they learn through play. Effective sport for development interventions maximise this potential. The playground, sports field or the play area and the game itself are transformed into a learning

space and experience. This is also done through the inclusion of key positive messages that promote health and life skills.

- Sport for development is inclusive and reaches the most vulnerable children and youth in communities including children living with disabilities, girls and young women, children living in the street and unemployed and out-of-school youth. In play, children and young people find common ground and a shared experience that transcends difference. In this regard, play and sporting activities are proving to be a simple and cost effective means of building bridges of commonality and a shared humanity. However the pilot project has unearthed key challenges faced by Community Based Organisations (CBOs) with regards to the inclusion of children living with disabilities in their sport for development interventions. The Fund is aware of the need for increased investment in the inclusion of children living with disabilities.





This will require additional human and financial resources as well as technical expertise to ensure that children living with disabilities are indeed reached and benefit through sport for development interventions.

- Sport for development offers a safe physical and emotional space. This enables children and youth to talk about their challenges freely and they are nurtured to reach their full potential. For children, the bonds of trust and mutual respect forged between participants and volunteer coaches foster networks of care and support. For our partners, the knowledge gained from children and young people’s actual experience has proven invaluable in ensuring that their broader developmental practice and interventions are targeted and responsive to their needs.
- Project delivery teams are positioned as champions of the developmental ethos of the project and as role models for participants. In communities where there is a breakdown in the family structure role models are critical. The volunteer coaches have filled this gap as they play the role of big brother or sister.
- Sport for development is embedded in community networks and strengthens

linkages between various local stakeholders to address challenges faced by children and young people. Our partners have found that sports activities, particularly sports events, are an effective means for unlocking community assets for the benefit of all. They have used sports events to harness mutually beneficial partnerships with local businesses, families, churches and other CBO’s whilst also creating awareness and mobilising communities to respond to issues affecting children and youth.

Sport for development in itself cannot address the full scope of vulnerabilities of children. However, what we do know is that sport and play are essential to the wellbeing of children. Given this fact, perhaps one of the most critical lessons to emerge out of the Sport for Good pilot project is that meeting the fundamental right of all children to play is urgent now more than ever. In their simplest form, sport for development interventions celebrate children and restore their dignity as they allow children to be children.

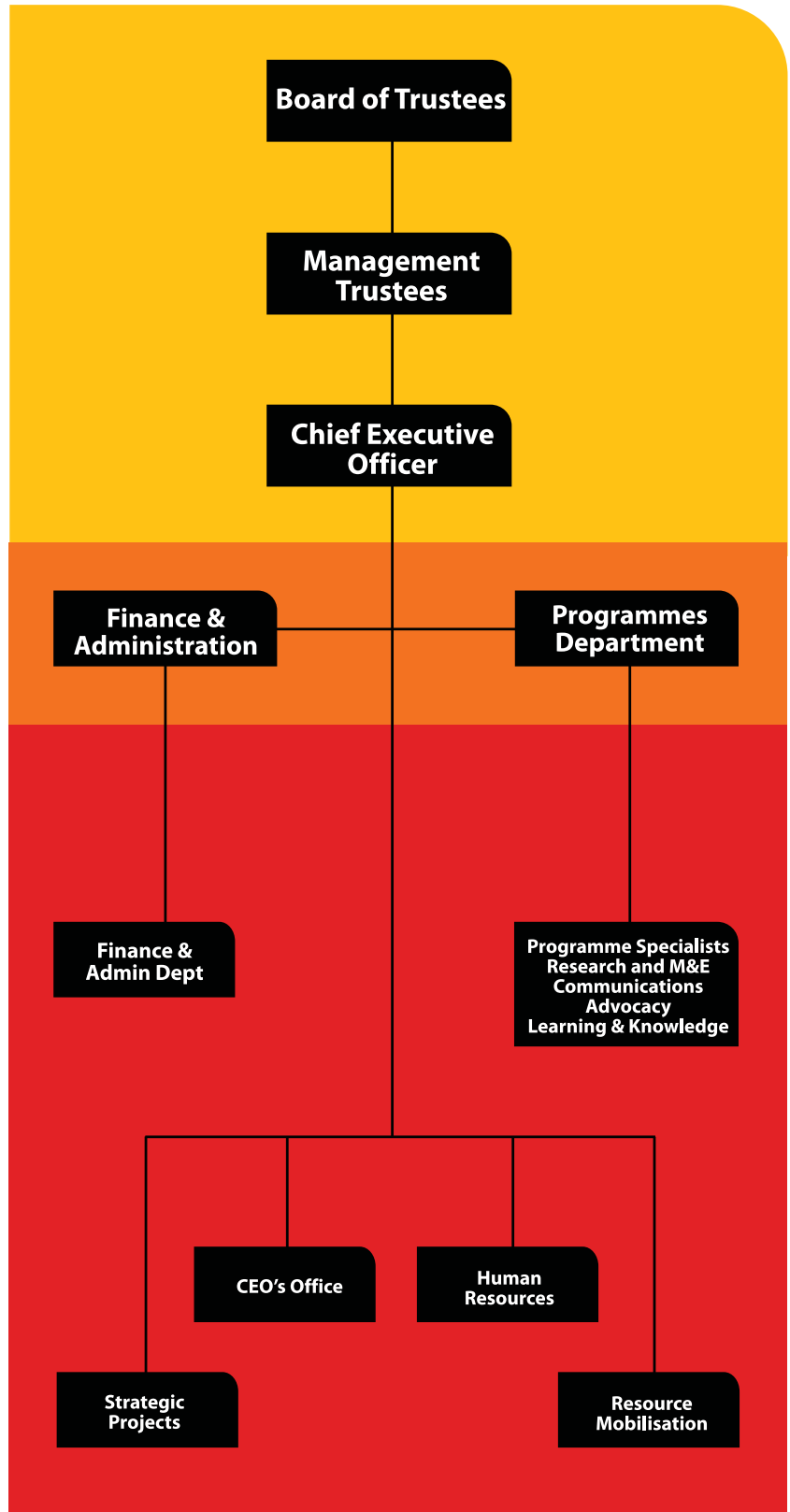
Primary partners - Sakha Ikusasa III
Project
Sport for Good

Organisation
Alliance of Mayor’s Initiative for Community Action on Aids at the Local Level (AMICAALL) Swaziland
Children of the Dawn
Invomvo Training & Management Services
Lesedi la Batho
Manzini Youth Care (Swaziland)
Special Olympics South Africa





Organogram
Management and Staff



Executive Management



Management



Staff



Management and Staff as at 31 March 2012



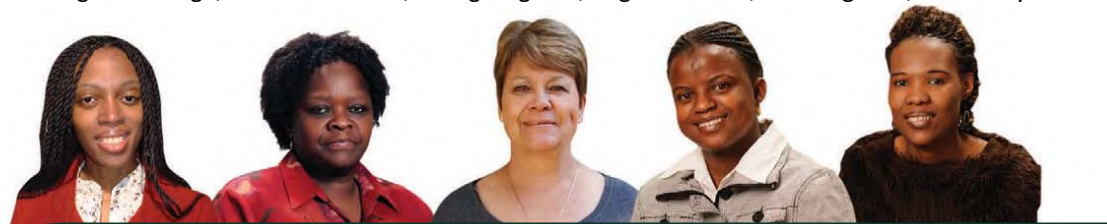
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Shadi Xaba, Thabang Mathibe, Lungile Kubheka, Vuyani Ntanjana, Ncazelo Mlilo, Vincent Kgomo



Bridget Masango, Adern Nkandela, Tebogo Ngoma, Kagiso Bonoko, Fikile Ngcobo, Fezile July



Charity Mamathuba, Tshidi Kwela, Leona Sequeira, Carol Motang, Nombulelo Maholwana



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 Comic Relief
 Charles Stewart Mott Foundation





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Chairperson
Judge Yvonne Mokgoro

Acting Chief Executive Officer
Ms Moipone Buda-Ramatlo

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At a dinner on 26 May 2011, Judge Dikgang Moseneke was aptly saluted for the leadership he afforded the Fund during his tenure as the Chair of the Board of Trustees from late 1996 to mid 2010.





Annual Financial Statements
As at 31 March 2012

NELSON MANDELA CHILDREN'S FUND

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

Acting Chief Executive Officer: Moipone Buda-Ramatlo

Auditor: PricewaterhouseCoopers Inc.
Sunninghill

Registered office: 21 Eastwold Way
Saxonwold
Johannesburg
2196

Trust registration number:
I. Trust 2801/95 (Discretionary intervivos trust)

Non-profit organisation registration number:
004-638 NPO

Income tax number:
0720/090/84/4

Section 18A PBO registration number:
18/11/13/694

VAT registration number:
4110179175

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Report of the Finance and Audit Committee for the year ended 31 March 2012

We are pleased to present our report for the financial year ended 31 March 2012.

1. Finance and Audit Committee members and attendance

Finance and Audit Committee consists of the non-executive trustees listed hereunder.

- Dr Warren Clewlow (Chairman)
- Dr Chris Liebenberg
- Mr Vuyo Mbuli
- Mr Jacob Modise
- Judge Kathy Satchwell

All members act independently. During the current year, four meetings were held.

2. Finance and Audit Committee responsibility

The committee reports that it has:

- complied with its responsibilities arising from the Fund's Deed of Trust;
- adopted appropriate formal terms of reference as its audit committee charter;
- regulated its affairs in compliance with this charter; and
- discharged all its responsibilities as contained therein.

3. The effectiveness of internal control and risk management

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with King III Report on Corporate Governance requirements, the Finance and Audit Committee has discharged the functions in terms of its charter and ascribed to it in terms of the Deed of Trust as follows:

- Reviewed the year-end financial statements, culminating in a recommendation to the Board of Trustees to adopt them. In the course of its review the committee:
 - o took appropriate steps to ensure the financial statements were prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP);
 - o considered and, where appropriate, made recommendations on internal financial controls;
 - o dealt with concerns or complaints relating to accounting policies, the auditing or content of annual financial statements, and internal financial controls; and
 - o reviewed legal matters that could have a significant impact on the Fund's financial statements.

4. External audit

The committee has satisfied itself that the external auditor of the Fund is independent. The committee, in consultation with management, agreed to an audit fee for the financial year ended 31 March 2012. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Meetings were held with the auditor where management was not present, and also with management where the auditor was not present. The committee has nominated, for approval at the annual general meeting, PricewaterhouseCoopers Inc as the external auditor for the year ending 31 March 2013, and Mr KJ Dikana as the designated auditor.

5. Annual financial statements

The committee has recommended the annual financial statements as set out on pages 36 to 57 for approval of the Board. The Board has subsequently approved the annual financial statements which will be opened for discussion at the annual general meeting.



Warren Clewlow
Chairman of the Finance and Audit Committee



Statement of the Management Trustees' Responsibility for the year ended 31 March 2012

The Management Trustees are responsible for the preparation, integrity and fair presentation of the annual financial statements of Nelson Mandela Children's Fund. The annual financial statements presented on pages 36 to 57 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP"), and include amounts based on judgements and estimates made by management.

The Management Trustees consider that in preparing the annual financial statements, they have used the most appropriate policies, consistently applied and supported by reasonable prudent judgments and estimates, and that all Statements of SA GAAP that they consider to be applicable, have been followed. The annual financial statements fairly present the results of operations for the year and the financial position of the Fund at year end in accordance with SA GAAP.

The Management Trustees have a responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy, the financial position and results of the Fund to enable the Management Trustees to ensure that the annual financial statements comply with relevant legislation.

The Fund operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the operations are being controlled. Nothing has come to the attention of the Management Trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Management Trustees have reviewed the Fund's budget and cash flow forecast for the financial year to 31 March 2013. On the basis of this review, and in the light of the current financial position, the Management Trustees are satisfied that the Fund has access to adequate resources to continue in operational existence for the foreseeable future and is a going concern and have continued to adopt the going concern basis in preparing the annual financial statements. These annual financial statements support the viability of the Fund.

The annual financial statements have been audited by the independent auditor, PricewaterhouseCoopers Inc., who was given unrestricted access to all financial records and related data, including minutes of all meetings of management, Board of Trustees and Committees of the Board. The audit report of PricewaterhouseCoopers Inc. is presented on page 35.

The annual financial statements were approved by the Management Trustees on 2 August 2012 and are signed on their behalf by:



YVONNE MOKGORO
Chairperson



MOIPONE BUDA-RAMATLO
Acting Chief Executive Officer

Independent Auditor's Report

To the Trustees of Nelson Mandela Children's Fund



We have audited the annual financial statements of Nelson Mandela Children's Fund which comprise of the statement of financial position as at 31 March 2012, the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 57.

Management Trustees' responsibility for the financial statements

The Management Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 Fund's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nelson Mandela Children's Fund at 31 March 2012 and the results of its operations and cash flows for the year then ended in accordance with the South African Statements of Generally Accepted Accounting Practice.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: KJ Dikana

Registered Auditor

Johannesburg

2 August 2012

PricewaterhouseCoopers Inc, 2 Eglin Road, Sunninghill 2157, Private Bag X36, Sunninghill 2157, South Africa
Reg. no. 1998/012055/21, T: +27 (11) 797 4000, F: +27 (11) 797 5800, www.pwc.com/za

Executive: S P Kana (Senior Partner) T P Blandin de Chalain D J Fölscher P J Mothibe S Subramoney F Tonelli
Resident Partner in Charge: E R Mackeown
The Firm's principal place of business is at 2 Eglin Road, Sunninghill where a list of the partners' names is available for inspection.
VAT reg.no. 4070182128.

Statement of Financial Position

at 31 March 2012

	Notes	2012 R'000	2011 R'000
ASSETS			
Non-current assets		582 410	558 425
Property, plant and equipment	3	5 360	5 438
Available-for-sale financial assets	5	577 050	552 987
Current assets		56 153	52 768
Inventory	6	1 384	3 671
Other receivables	7	1 942	7 777
Cash and cash equivalents	8	52 827	41 320
TOTAL ASSETS		638 563	611 193
RESERVES AND LIABILITIES			
Reserves		599 444	575 667
Income resources		458 321	461 343
Mott endowment reserve	16	13 404	12 528
Fair value reserve		127 719	101 796
Current liabilities		39 119	35 526
Trade and other payables	9	3 044	10 190
Approved grants payable	10	14 954	13 206
Unutilised designated programme funding	11	21 121	12 130
TOTAL RESERVES AND LIABILITIES		638 563	611 193



Statement of Comprehensive Income

for the year ended 31 March 2012

	Notes	2012 R'000	2011 R'000
Donations			
Programme designated funds		43 175	61 628
Unutilised prior year funds		12 130	28 566
Funds received during the year		31 045	12 825
Children's Hospital project income		-	13 196
Funds receivable		-	7 041
Non-designated funds		1 635	7 266
		<u>44 810</u>	<u>68 894</u>
Programme designated funds carried forward to the following year	11	(21 121)	(12 130)
Net donations received		<u>23 689</u>	<u>56 764</u>
Investment Income			
Finance income	13	17 493	18 713
Dividends received	14	6 529	6 048
Realised surplus on investments		14 274	14 704
		<u>38 296</u>	<u>39 465</u>
Other income			
Fundraising initiatives		7 031	7 410
(Loss)/Profit on sale of property, plant and equipment		(3)	10
		<u>7 028</u>	<u>7 420</u>
Total income resources		<u>69 013</u>	<u>103 649</u>
Resources utilised			
Grants made – designated funds		21 257	20 493
Grants made – core funds	18.1	30 000	12 000
Programme development expenses		12 956	13 290
Overhead recoveries – programme funding		1 986	2 310
Annual children's celebrations		145	133
Operating and administration expenses	12, 21	8 511	7 410
Children's Hospital project expenses	18.1	(4 199)	19 014
Institutional development		307	148
Advancement of the Status of Women		16	330
Funds returned to donors		1 056	-
		<u>72 035</u>	<u>75 128</u>
Total resources utilised		<u>72 035</u>	<u>75 128</u>
Net (deficit)/income resources for the year		<u>(3 022)</u>	<u>28 521</u>



Statement of Changes in Reserves

for the year ended 31 March 2012

	Income Resources R'000	Mott Endowment R'000	Fair Value Reserve R'000	Total R'000
Balance at 1 April 2010	431 325	14 848	80 856	527 029
Transfer from fair value reserve	1 497	-	(1 497)	-
Fair value (losses)/ gains on available-for-sale investments	-	(2 320)	22 437	20 117
Net surplus for the year	28 521	-	-	28 521
Balance at 31 March 2011	<u>461 343</u>	<u>12 528</u>	<u>101 796</u>	<u>575 667</u>
Balance at 1 April 2011	461 343	12 528	101 796	575 667
Fair value gains on available-for-sale investments	-	876	25 923	26 799
Net deficit for the year	(3 022)	-	-	(3 022)
Balance at 31 March 2012	<u>458 321</u>	<u>13 404</u>	<u>127 719</u>	<u>599 444</u>



Statement of Cash Flows

for the year ended 31 March 2012

	Notes	2012 R'000	2011 R'000
Cash flow from operating activities			
Net (deficit)/income resources		(3 022)	28 521
Adjusted for:			
- Depreciation		278	309
- Loss/(Profit) on disposal of property, plant and equipment		3	(10)
- Investment portfolio management costs		500	438
- Finance income		(17 493)	(18 713)
- Dividends received		(6 529)	(6 048)
- Realised surplus on investments		(14 274)	(14 704)
Net cash outflow before working capital changes		(40 537)	(10 207)
Decrease/(Increase) in other receivables		5 835	(7 425)
Decrease/(Increase) in inventory		2 287	(3 671)
(Decrease)/Increase in trade and other payables		(7 146)	7 913
Increase/(Decrease) in approved grants payable		1 748	(4 253)
Increase/(Decrease) in unutilised designated programme funds		8 991	(16 436)
Cash utilised by operating activities		(28 822)	(34 079)
Finance income	13	564	718
Net cash utilised by operating activities		(28 258)	(33 361)
Cash generated from investing activities		39 765	9 504
Purchase of property, plant and equipment		(203)	(159)
Proceeds on the disposal of property, plant and equipment		-	10
Drawdown from investments	6	39 968	9 653
Net increase/(decrease) in cash and cash equivalents		11 507	(23 857)
Cash and cash equivalents at the beginning of the year		41 320	65 177
Cash and cash equivalents at the end of the year	8	52 827	41 320



Notes to the Annual Financial Statements

for the year ended 31 March 2012

1 General information

Nelson Mandela Children's Fund (the Fund) is a discretionary inter vivos trust and is registered in terms of the Nonprofit Organisations Act, 1997 (Act 71 of 1997). The primary aim of the Fund is to change the way society treats its children and youth.

2 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

2.1 Basis of preparation

The annual financial statements are presented in South African rand, the functional currency of the Fund, and are rounded to the nearest thousand. They have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice, using the historical cost basis of accounting, except for the fair value of investments classified as available-for-sale.

The preparation of financial statements in conformity with South African Statements of Generally Accepted Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment, complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.16.

2.2 Property, plant and equipment

All property, plant and equipment are initially recorded at cost, or, in the case of donations-in-kind, at fair value, if it is probable that any future economic benefits associated with the items will flow to the Fund and the costs of the items can be measured reliably. Cost includes expenditure that is directly attributable to the acquisition of the items. Land and buildings are classified as owner occupied property.

Subsequent expenditure is capitalised to carrying amount of items of property, plant and equipment if it is measurable and it is probable that it increases the future economic benefits associated with the item. All other expenses are recognised in the statement of comprehensive income as an expense during the financial period in which they are incurred.

Subsequent to initial recognition, property, plant and equipment, except land, are carried at cost less accumulated depreciation and accumulated impairment losses.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other items of property, plant and equipment is provided on the straight-line basis which, it is estimated, will reduce the carrying amount of the items of property, plant and equipment to their residual values at the end of their useful lives. Where an item of property, plant and equipment comprises major components with different useful lives, the components are depreciated separately.

The major categories of items of property, plant and equipment are depreciated at the following rates:

- | | |
|--------------------------|----------|
| • Computer equipment | 3 years |
| • Furniture and fittings | 4 years |
| • Motor vehicles | 4 years |
| • Buildings | 50 years |

The residual values and useful lives of items of property, plant and equipment are reviewed and adjusted, if appropriate, at each statement of financial position date.



Notes to the Annual Financial Statements

for the year ended 31 March 2012

2.2 Property, plant and equipment (continued)

Items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses on the disposal of property, plant and equipment are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. The gain or loss on derecognition of property, plant and equipment is recognised in the statement of comprehensive income.

2.3 Impairment

The carrying amounts of the Fund's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the greater of its fair value less cost to sell and its value in use. The fair value less cost to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent from those of other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

2.4 Inventories

Inventories are stated at the lower of historical cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any selling expenses. The cost of inventories is based on the weighted average principal and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

2.5 Financial instruments

Financial instruments, as recognised on the statement of financial position, include all financial assets and financial liabilities.

2.5.1 Financial assets

The Fund classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets and initial recognition and re-evaluates this designation at every reporting date.

a) Loans and receivables financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date.



Notes to the Annual Financial Statements

for the year ended 31 March 2012

2.5.1 Financial assets (continued)

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Regular purchases and sales of investments are recognised on the trade date, which is the date that the Fund commits to purchase or sell the investment. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amounts of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised as reserves. Changes in the fair value of non-monetary securities classified as available-for-sale are recognised in reserves.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in reserves are included in the statement of comprehensive income as realised surplus on investments.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the Fund's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for financial asset is not active, the Fund establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Fund assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from reserves and recognised in the statement of comprehensive income.

Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. Impairment testing of other receivables is described in note 6.



Notes to the Annual Financial Statements

for the year ended 31 March 2012

2.6 Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'resources utilised'. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against resources utilised in the statement of comprehensive income.

2.7 Leases

Leases in which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease after taking into account any fixed escalation clauses.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2.9 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Employee benefits

a) Post-retirement obligations

The Fund provides benefits to employees through a defined contribution plan in terms of the Pension Fund Act, 1956 (Act 24 of 1956). A defined contribution plan is a pension plan under which the Fund pays fixed contributions into a separate entity. The Fund has no legal or constructive obligations to pay further contributions beyond those already paid.

Obligations arising from the defined contribution plan are recognised as an expense when they are due.

b) Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

Provision for employee entitlement to annual leave represents the present obligation which the Fund has to pay as a result of employees' services provided to the statement of financial position date. The provision has been calculated at undisclosed amounts based on current salary rates.

2.11 Current and deferred income tax

The Fund has an income tax exemption from SARS. Therefore the Fund is not required to calculate and provide for income tax on the basis of the tax laws enacted.



Statement of Cash Flows

for the year ended 31 March 2012

	Notes	2012 R'000	2011 R'000
Cash flow from operating activities			
Net (deficit)/income resources		(3 022)	28 521
Adjusted for:			
- Depreciation		278	309
- Loss/(Profit) on disposal of property, plant and equipment		3	(10)
- Investment portfolio management costs		500	438
- Finance income		(17 493)	(18 713)
- Dividends received		(6 529)	(6 048)
- Realised surplus on investments		(14 274)	(14 704)
Net cash outflow before working capital changes		(40 537)	(10 207)
Decrease/(Increase) in other receivables		5 835	(7 425)
Decrease/(Increase) in inventory		2 287	(3 671)
(Decrease)/Increase in trade and other payables		(7 146)	7 913
Increase/(Decrease) in approved grants payable		1 748	(4 253)
Increase/(Decrease) in unutilised designated programme funds		8 991	(16 436)
Cash utilised by operating activities		(28 822)	(34 079)
Finance income	13	564	718
Net cash utilised by operating activities		(28 258)	(33 361)
Cash generated from investing activities		39 765	9 504
Purchase of property, plant and equipment		(203)	(159)
Proceeds on the disposal of property, plant and equipment		-	10
Drawdown from investments	6	39 968	9 653
Net increase/(decrease) in cash and cash equivalents		11 507	(23 857)
Cash and cash equivalents at the beginning of the year		41 320	65 177
Cash and cash equivalents at the end of the year	8	52 827	41 320



Notes to the Annual Financial Statements

for the year ended 31 March 2012

2.13.1 Market risk (continued)

b) Price risk

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the statement of financial position as available-for-sale. The Fund is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Fund.

c) Interest rate risk

The Fund's interest rate risk arises from short-term investments. Investments issued at variable rates expose the Fund to cash flow interest rate risk. Investments issued at fixed rates expose the Fund to fair value interest rate risk.

The Fund and its Investment Portfolio Managers analyse its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Fund and its Investment Portfolio Managers calculate the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Below is a table illustrating the impact on the Fund's deficit for the financial year ended 31 March 2012, if interest rates were to increase or decrease:

	Increase in base points	Sensitivity of net interest income	Decrease in base points	Sensitivity of net interest income
Cash and cash equivalents	100	R3 570 000	-100	-R3 570 000

2.13.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

Management monitors rolling forecasts of the Fund's liquidity reserve comprised of cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the Fund in accordance with practice and limits set by the Fund. These limits vary to take into account the liquidity of the market in which the Fund operates. In addition, the Fund's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these by monitoring liquidity ratios against internal requirements.

The table below analyses the Fund's liabilities into relevant maturity groupings based on the remaining period on the statement of financial position to the contractual maturity date. The amounts disclosed in the table below are the contractually undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



Notes to the Annual Financial Statements

for the year ended 31 March 2012

2.13.2 Liquidity risk (continued)

(As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed on the statement of financial position for trade and other payables.)

	Less than 1 year R'000	Over 1 year R'000
At 31 March 2012		
Trade and other payables	654	-
Accruals	2 390	-
	<u>3 044</u>	<u>-</u>
At 31 March 2011		
Trade and other payables	684	-
Accruals	9 506	-
	<u>10 190</u>	<u>-</u>

2.13.3 Credit risk

Credit risk is managed by the Fund. Credit risk arises from cash and cash equivalents, available-for-sale financial instruments and deposits with banks and financial institutions, as well as credit exposures to outstanding receivables (excluding VAT and prepayments) and committed transactions. For banks and financial institutions, only independently rated parties are accepted. The Fund has no significant concentration of credit risk, due to the nature of its activities. There is no independent rating, therefore management assesses the quality of the donors taking into account its financial position, past experience and other factors.

2.14 Capital risk management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns to beneficiaries and to maintain an optimal reserve structure. In order to maintain or adjust this reserve structure, the Fund constantly monitors this structure. Currently the required reserves are funded by the operational activities of the Fund.

The Management Trustees monitor the level of reserves, which the Fund defines as its Capital. However, funding for the Fund is mostly received from grants, donations and interest and dividends earned on investments.

There were no changes to the Fund's approach to capital management during the year.

2.15 Fair value estimation

The fair value of financial instruments in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Fund is the current bid price.

The carrying values less impairment provision of receivables and trade and other payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.



Notes to the Annual Financial Statements

for the year ended 31 March 2012

2.16 Critical accounting estimates and judgments

2.16.1 Critical judgments in applying the Fund's accounting policies

a) Impairment of available-for-sale financial assets

The Fund follows the guidance of IAS 39 (AC 133) to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Fund evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

2.17 Provisions

Provisions are recognised for a present legal or constructive obligation when, 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 obligation can be made.

2.18 Adoption of new and revised standards

In the current financial year, the Fund has adopted all new and revised standards and interpretations issued by the Accounting Practice Board (APB) that are relevant to its operations and effective for annual reporting periods beginning 1 April 2011. The adoption of these new and revised standards and interpretations has not resulted in changes to the Fund's accounting policies.

At the date of authorisation of these financial statements for the year ended 31 March 2012, the following standards and interpretations were in issue but not yet effective:



Notes to the Annual Financial Statements

for the year ended 31 March 2012

2.18 Adoption of new and revised standards (continued)

Standard/ Interpretation		Effective Date
IAS 1 (AC 101)	Amendment to IAS 1 (AC 101) – Presentation of financial statements - Presentation of items of other comprehensive income	Annual periods commencing on or after 1 July 2012
IFRS 9 (AC 146)	Financial instruments	Annual periods commencing on or after 1 January 2013
IFRS 10 (AC 147)	Consolidated financial statements	Annual periods commencing on or after 1 January 2013
IFRS 11 (AC 148)	Joint arrangements	Annual periods commencing on or after 1 January 2013
IFRS 12 (AC 126)	Disclosure of interests in other entities	Annual periods commencing on or after 1 January 2013
IFRS 13 (AC 150)	Fair value measurement	Annual periods commencing on or after 1 January 2013
IAS 19 (AC 116)	Amendment to IAS 19 (AC116) - Employee benefits	Annual periods commencing on or after 1 January 2013
IAS 27 (AC 132)	Amendments to IAS 27 (AC 132) - Separate financial statements	Annual periods commencing on or after 1 January 2013
IAS 28 (AC 110)	Amendments to IAS 28 (AC 110) - Investment in associates and joint ventures	Annual periods commencing on or after 1 January 2013
IFRIC 20	Stripping costs in the production phase of a surface mine	Annual periods commencing on or after 1 January 2013

All applicable standards will be complied with in the financial statements of the period ending 31 March 2013. Compliance with these amendments; revisions and improvements require additional disclosure compared to that required in terms of existing standards.



Notes to the Annual Financial Statements

for the year ended 31 March 2012

	Computer Equipment R'000	Furniture and Fittings R'000	Motor Vehicles R'000	Land R'000	Buildings R'000	Total R'000
3 Property, plant and equipment						
Year ended 31 March 2012						
Opening carrying amount	183	117	32	881	4 225	5 438
Additions	57	156	-	-	-	213
Disposals	(111)	(2)	-	-	-	(113)
Accumulated depreciation on disposals	98	2	-	-	-	100
Depreciation charge	(98)	(50)	(32)	-	(98)	(278)
Closing carrying amount	<u>129</u>	<u>223</u>	<u>-</u>	<u>881</u>	<u>4 127</u>	<u>5 360</u>
At 31 March 2012						
Cost	892	2 123	384	881	4 913	9 193
Accumulated depreciation	(763)	(1 900)	(384)	-	(786)	(3 833)
Carrying amount	<u>129</u>	<u>223</u>	<u>-</u>	<u>881</u>	<u>4 127</u>	<u>5 360</u>

Land and buildings comprise of Erf 419, Saxonworld Township measuring 4 194m, with office buildings thereon.

	Computer Equipment R'000	Furniture and Fittings R'000	Motor Vehicles R'000	Land R'000	Buildings R'000	Total R'000
Property, plant and equipment						
Year ended 31 March 2011						
Opening carrying amount	202	86	97	881	4 324	5 590
Additions	93	68	-	-	-	161
Disposals	(141)	(31)	(245)	-	-	(417)
Accumulated depreciation on disposals	141	29	245	-	-	415
Depreciation charge	(112)	(35)	(65)	-	(99)	(311)
Closing carrying amount	<u>183</u>	<u>117</u>	<u>32</u>	<u>881</u>	<u>4 225</u>	<u>5 438</u>
At 31 March 2011						
Cost	946	1 972	384	881	4 913	9 096
Accumulated depreciation	(763)	(1 855)	(352)	-	(688)	(3 658)
Carrying amount	<u>183</u>	<u>117</u>	<u>32</u>	<u>881</u>	<u>4 225</u>	<u>5 438</u>

Land and buildings comprise of Erf 419, Saxonworld Township measuring 4 194m, with office buildings thereon.



Notes to the Annual Financial Statements

for the year ended 31 March 2012

4 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	2012 R'000	2011 R'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	52 827	41 320
Available-for-sale financial assets	<u>577 050</u>	<u>552 987</u>
Total	<u>629 877</u>	<u>594 307</u>
Financial liabilities		
Trade and other payables excluding statutory liabilities	<u>2 821</u>	<u>10 190</u>
Cash at bank and short-term deposits		
Nedbank	1 590	230
Standard bank	51 235	41 086
Petty cash	<u>2</u>	<u>4</u>
Total	<u>52 827</u>	<u>41 320</u>

5 Available-for-sale financial assets

Endowment

Balance at the beginning of the year	552 987	504 211
Dividends received	6 529	6 049
Interest received	16 929	17 995
Net realised gain	14 274	14 704
Net foreign exchange loss (Note 16)	876	(2 319)
Drawings	(39 968)	(9 653)
Portfolio management fees and expenses	(500)	(437)
Market value adjustments	<u>25 923</u>	<u>22 438</u>
Balance at the end of the year	<u>577 050</u>	<u>552 987</u>

Available for sale investments were not considered to be impaired, therefore there is no impairment provision on available-for-sale investments in 2012 or 2011.



Notes to the Annual Financial Statements

for the year ended 31 March 2012

5 Available-for-sale financial assets (continued)

The endowment fund comprises of investments held as available-for-sale and includes the following:

	2012 R'000	2011 R'000
Listed securities:		
Equities	285 250	265 049
Gilts and semi-gilts	184 126	139 994
Unlisted securities:		
Liquid funds	92 160	135 416
Mott endowment	15 514	12 528
Total	<u>577 050</u>	<u>552 987</u>

All investments are administered by Coronation Fund Managers and Melville Douglas Investment Management (Pty) Ltd.

Available-for-sale financial assets are denominated in the following currencies:

	2012	2011
Rand	519 913	503 446
US Dollar:	57 137	49 541
- Mott reserve	-	57 137
- Other available-for-sale financial assets	12 528	37 013
Total	<u>577 050</u>	<u>552 987</u>

6 Inventories

Television sets held at cost	1 384	3 671
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Television sets relate to Sony TVs that were donated by FIFA for distribution to various partners. Of the 840 TVs on hand at 31 March 2011 at a cost of R3,7m according to the different models, 575 sets at a cost of R2,3m were distributed during the year under review thus leaving 265 sets at a cost of R1,4m on hand as at 31 March 2012.

7 Other receivables

Programme funds receivable	-	7 041
VAT receivable	81	692
Sundry debtors	984	44
Other receivables	877	-
Total	<u>1 942</u>	<u>7 777</u>

These amounts are all interest free and normally recovered within a three month cycle. The fair value is considered equal to the carrying value.



Notes to the Annual Financial Statements

for the year ended 31 March 2012

	2012 R'000	2011 R'000
8		
Cash and cash equivalents		
Cash at bank	1 627	248
Short-term bank deposits	51 198	41 068
Cash on hand	<u>2</u>	<u>4</u>
Total	<u>52 827</u>	<u>41 320</u>

The effective interest rate on short-term deposits was 4,9% (2011: 4,9%). These deposits have an average maturity of 30 days.

9		
Trade and other payables		
Accounts payable	431	606
VAT liability	223	306
Accruals	<u>2 390</u>	<u>9 278</u>
Total	<u>3 044</u>	<u>10 190</u>

These amounts are all interest free and the fair value is considered to be equal to the carrying value. Accounts payable are normally paid within a three month cycle.

10		
Approved grants payable		
Designated programme funding	14 854	13 088
Non-designated funding	<u>100</u>	<u>118</u>
Total	<u>14 954</u>	<u>13 206</u>

Approved grants are paid according to the programme contracts, and are normally paid within 12 months.



Notes to the Annual Financial Statements

for the year ended 31 March 2012

	2012 R'000	2011 R'000
11 Unutilised designated programme funding		
Opening balance	12 130	28 566
Funds received during the year	31 046	26 006
- Children's Hospital income	-	13 196
- Designated programmes	31 046	12 810
Funds receivable	-	7 041
Funds utilised during the year	(22 055)	(49 483)
- Programme development expenses	(4 529)	(7 685)
- Children's Hospital expenses	4 199	(19 014)
- Overhead recoveries	(2 405)	(2 676)
- Write up	1 176	686
- Unspent funds returned by projects	420	15
- Grants approved in the current year	(19 859)	(20 809)
- Funds returned to donors	(1 057)	-
Designated programme funding not yet approved for Payment	<u>21 121</u>	<u>12 130</u>
Restricted for:		
- Children's Hospital project	-	(4 199)
- Designated programmes	<u>21 121</u>	<u>16 329</u>
Closing balance	<u>21 121</u>	<u>12 130</u>

Designated programme funding is comprised of amounts received that are restricted for building capacity and specified programmes. Any amounts unspent are disclosed as current liabilities.



Notes to the Annual Financial Statements

for the year ended 31 March 2012

	2012 R'000	2011 R'000
12	Operating and administration expenses	
	Operating and administration expenses include the following:	
	Depreciation	
	98	116
	50	31
	32	64
	98	98
	<u>278</u>	<u>309</u>
	Operating lease rentals	
	119	92
	Auditor's remuneration	
	180	273
	Employee benefits	
	4 572	3 994
	195	844
	<u>4 767</u>	<u>4 838</u>
13	Finance income	
	564	718
	16 929	17 995
	<u>17 493</u>	<u>18 713</u>
14	Dividend income	
	6 529	6 048



Notes to the Annual Financial Statements

for the year ended 31 March 2012

15 Taxation

In terms of section 10(1)(cN) of the Income Tax Act 1962, as amended, the Fund has been approved by the Commissioner for the South African Revenue Service as a public benefit organisation. Accordingly, the Fund is exempt from income taxation.

	2012 R'000	2011 R'000
16 Mott Endowment Reserve		
Balance at beginning of year	12 528	14 848
Transfer from/(to) income resources	<u>876</u>	<u>(2 320)</u>
Balance at end of year	<u>13 404</u>	<u>12 528</u>
Movement on the investment of the Mott Endowment Reserve		
Coronation Fund Managers	12 528	14 848
Fair value gains/(losses) on foreign exchange	<u>876</u>	<u>(2 320)</u>
Balance at end of year	<u>13 404</u>	<u>12 528</u>

In 2002 a grant amounting to US\$2 million was received from the Charles Stewart Mott Foundation. This grant was recorded in accordance with the grant agreement as a permanent endowment and shown as a separate reserve. The amount has been invested in a separate portfolio with Coronation Fund Managers. If, at any time, the principal amount of this grant is not maintained in a segregated fund or should the Fund cease to exist, the Fund will be obliged to return the capital portion of this endowment to the Charles Stewart Mott Foundation forthwith. The Fund may only utilise the income earned on the capital amount to fund its charitable activities.



Notes to the Annual Financial Statements

for the year ended 31 March 2012

17 Employee benefit obligations

The Fund's employees belong to the Investment Solutions Pension Fund administered by Investment Solutions Limited. This is a defined contribution fund. Currently, 33 (2011: 33) employees belong to this fund.

	2012 R'000	2011 R'000
Current contributions charged to the statement of comprehensive income	821	793

18 Related party transactions

Related party transactions exist between Nelson Mandela Children's Fund, Nelson Mandela Foundation, Mandela Rhodes Foundation, Nelson Mandela Children's Hospital, 46664 and affiliates of Nelson Mandela Children's Fund. All transactions relating to joint fundraising activities were done in the normal course of business.

18.1 Nelson Mandela Children's Hospital Project

The Nelson Mandela Children's Hospital is an initiative of Nelson Mandela Children's Fund. The accounts of the Hospital Project were processed in Fund's books for the past six years. With effect from 1 April 2011, the Hospital Trust has its own set of books of account. The current cash flows of the Hospital Project in the books of the Fund are as follows:

Unutilised funds - beginning of the year	-	1 619
Received during the year	-	13 196
Total funds available	-	14 815
Funds utilised during the year	-	(19 014)
Unutilised funds - end of the year	-	(4 199)

During the current financial year, an amount of R30 million (2011: R12 million) was granted to the Hospital.

As at 31 March 2012, R744 000 was owed by the Hospital Trust for disbursements made by Nelson Mandela Children's Fund on behalf of the Hospital Trust.

19 Commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Office equipment		
Not later than 1 year	137	91
Later than 1 year and not later than 5 years	253	450
Total	390	541

20 Post reporting date events

No material fact or circumstance has occurred between the reporting period and the date of this report.



Notes to the Annual Financial Statements

for the year ended 31 March 2012

21 Operating and Administration Expenses

	2012	2011
	R'000	R'000
Audit fee	180	273
Communication and risk assessment costs	-	153
Depreciation	278	309
Employee benefits	4 767	4 798
Equipment, IT and services	523	485
Fundraising costs	1 158	757
Insurance	97	158
Investment portfolio management fees	500	438
Legal fees	-	7
Operational costs	3 328	1 305
Overhead recoveries	(2 824)	(3 042)
Publicity and communication expenses	316	1 363
Travelling and transport costs	188	406
Net expenses	<u>8 511</u>	<u>7 410</u>





Governance

In line with the King III Report on Corporate Governance, the Management Trustees ensure that the Fund's policies continue to meet current requirements and the terms and covenants of the Trust Deed approved by the Master of the Supreme Court. These policies relate to the duties of the full Board of Trustees, and to the delegation of authority to the Management Trustees Committee (MTC) and to various sub-committees, as well as the Chief Executive Officer, and they specify responsibilities and levels of authority.

Current Financial Status

The Fund is in a sound financial position with total assets of R639 million against a forecast distribution of development funding in the new year totaling R21 million. This provides a reasonable base to sustain and grow the Fund into the future. R577 million is invested with the appointed investment managers in shares and gilts, while R53 million is invested with the Fund's bankers.

Financial Policy

The financial policy is designated to achieve the twin objectives of providing a reasonable flow of funds to be available for current grant making while still creating an increasing base for future sustainability of the Fund and its grantees. Each year the Management Trustees Committee (MTC) reviews and agrees by resolution the financial parameters of the Fund set to achieve objective stated above.

It must be noted that these parameters more than fulfil the tax exemption requirements of the South African Revenue Service in terms of note 14 of the financial statements.

Investment Policy

The investment policy includes detailed guidelines and parameters for the two current investment managers - Coronation Fund Managers and Melville Douglas Investment Management (Pty) Ltd.

Board of Trustees

The Board of Trustees is the ultimate governing body of the Fund under the leadership of the Founder, Nelson Mandela. In implementing this responsibility, the Board of Trustees has delegated authority to the MTC to act for and on behalf of the Fund in every respect, while retaining for itself the following functions:

- Approving overall policy and strategy concerning the objectives of the Fund;
- Receiving and adopting the financial statements of the Fund;
- Ratifying and confirming the resolutions passed by the MTC since the previous annual general meeting.



In addition, it is the responsibility of each and every Trustee to:

- promote the objectives of the Fund at all times;
- advance the general and financial well-being of the Fund; and
- maintain and enhance the capital of the Fund.

The Board of Trustees must meet at least once in each calendar year and at intervals not exceeding eighteen months.

Management Trustees Committee (MTC)

The MTC is responsible to all stakeholders in general, and the Trustees, donors and beneficiaries in particular, for the performance and therefore the overall management of the Fund.

The MTC's major responsibilities include ensuring that the Fund:

- Works towards achieving the goals and ideals set down in the founding document and agreed by the Board of Trustees, which include managing the affairs of the Fund in such a manner so as to ensure the greatest possible benefits for the beneficiaries and protection of the assets of the Fund.
- Operates within the Fund's Trust Deed.
- Operates within the confines of the Nonprofit Organisation Act, Property Control Act, the Merchandising Marks Act and the Common Law.
- Operates within the resolutions passed at meetings of the Trustees and at meetings of the MTC.

In discharging its duties the MTC is responsible for:

- The overall strategy and structure of the Fund.
- The Fund's assets and distributions and therefore the Fund's operations.

In implementing this responsibility the MTC has delegated authority to the Chief Executive Officer of the Fund to manage the day-to-day operations, while retaining certain authority and responsibilities for itself.

The most important of these are:

- The development of the Fund's objectives, policies and budgets (annual as well as long-term) and the appraisal and monitoring of performance against these.
- Taking appropriate corrective action when performance does not, after consideration of all the circumstances involved, meet these approved standards.

In addition, and without detracting from the above, the MTC has retained the responsibilities detailed below:

- Financial policies and caveats
- Investment policy
- Fundraising initiative policy and caveats
- Principles guiding the formulation of the Fund's grant making

The MTC meets at least four times a year.

Subcommittees of the MTC

Finance and Audit Committee

The Finance and Audit Committee comprises Dr Warren Clewlow (Chair), Dr Chris Liebenberg, Mr Vuyo Mbuli, Mr Jacob Modise and Judge Kathy Satchwell.

The Committee is responsible for monitoring the adequacy of the Fund's financial controls, accounting policies and financial reporting. It provides a forum through which the external auditors report to the MTC. The mandate to the Finance and Audit Committee is in line with Sakha Ikusasa III, the approved strategy of the Fund for the period 2010 - 2015. The Finance and Audit Committee meets four times a year.

Human Resources, Remuneration and Nominations Committee

The Human Resources, Remuneration and Nominations Committee comprises Judge Yvonne Mokgoro (Chair), Advocate Michael Katz, Advocate Kgomotso Moroka, Ms Barbara Nell and Ms Riah Phiyega.

The Committee considers and approves remuneration for the management of the Fund in line with the relevant market indicators. It is



further responsible for determining the remuneration policy and employee benefits applicable to the Fund's staff. It also considers and approves senior management appointments. The mandate to this Committee is in line with Sakha Ikusasa III, the approved strategy of the Fund for the period 2010 - 2015. The Committee meets three times a year.

Development Committee

The Development Committee comprises Ms Irene Menell (Chair), Judge Dion Basson, Judge Johann Kriegler, Ms Shirley Mabusela, Ms Zarina Maharaj and Ms Barbara Nell.

In line with the current strategy of the Fund, Sakha Ikusasa III, the mandate to this committee is to identify strategic and long term partners for the current strategic period, to approve funding to identified partners, and monitor impact made upon the lives of children within their communities

The Committee continually reviews the status of development funding philosophy, policy and criteria in terms of appropriateness and ensures the Fund operates within a restricted budget. The Committee meets at least twice a year.

Investment Committee

The Investment Committee comprises Dr Warren Clewlow (Chair), Dr Chris Liebenberg, Mr Joe Maswanganyi, Mr Jacob Modise, Mr Owen Maubane and Mr Charles Priebatsch.

The Committee determines, in discussion with Fund's approved investment advisors, the overall investment strategy and structure for Fund, within the limits of the prudent investment guidelines as set by the Registrar of Financial Institutions from time to time.

The Investment Committee receives reports from the Fund's advisors and monitors their performances on a regular basis. It has the delegated power to reduce or increase the quantum of funds under each investment advisor's control. The Committee meets four times a year.

Branding and Marketing Committee

The Branding and Marketing Committee comprises Mr Charles Priebatsch (Chair), Ms Nana Magomola, Ms Zindzi Mandela, Ms Irene Menell and Ms Lulama Mokhobo. Its mandate is to advise management on all aspects of business development, monitor management of the brand, and monitor the implementation of the Fund's communication strategy and fundraising strategy as well as the performance and compliance of affiliates in line with the signed Licensing Agreements concluded with each affiliate. The Committee meets four times a year.

Trustees

The names of the Trustees appear on page 30 of this report. In terms of paragraph 6.7 of the Trust Deed, one third of the Trustees should retire from office at each annual general meeting but, being eligible, may be re-elected by the remaining Trustees. In 2011, 13 Trustees retired, determined by alphabetical rotation. One Trustee resigned and 12 were re-elected. At the 2012 Annual General Meeting, a further 13 Trustees, determined by alphabetical rotation, will retire but may be re-elected.





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