



SOS CHILDREN'S
VILLAGES
SOUTH AFRICA



ANNUAL REPORT 2017

A loving home for every child



Home



OUR VISION

Every child belongs to a family and grows up loved, respected and secure.



OUR MISSION

To build families for children in need, to help them shape their own futures and to share in the development of their communities.



OUR VALUES

Courage, Commitment, Trust and Accountability.



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Our Story



SOS Children's Villages South Africa

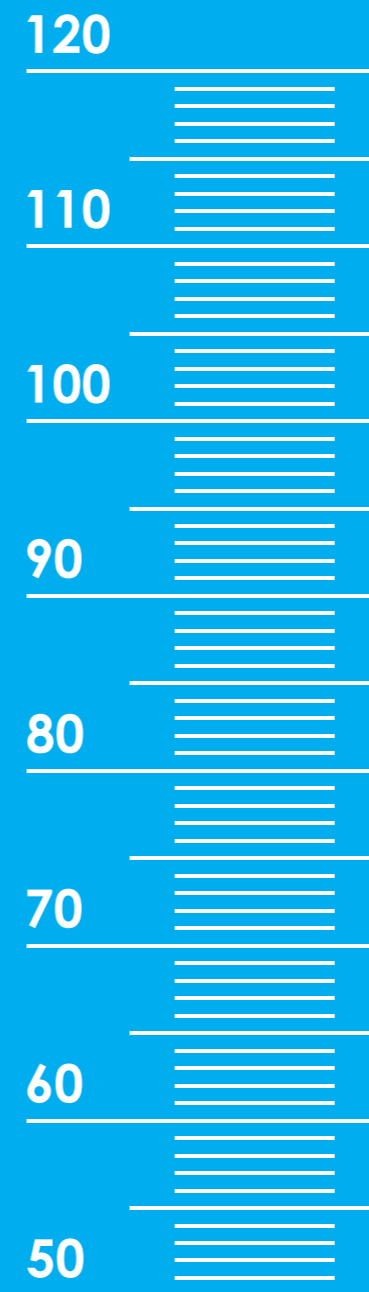
We care for children who have lost or are at risk of losing parental care. We do this by building and strengthening families for children where they can grow with love, respect and security.

For more than 30 years, SOS Children's Villages has been making an impact on the lives of so many people, especially children, across South Africa. 1982 marked the founding of the National Association 'SOS Children's Village Association of South Africa' – an affiliated member of SOS-Kinderdorf International. Through our eight villages and three social centres we build families for children in need, we help them shape their own futures and we share in the development of their communities.

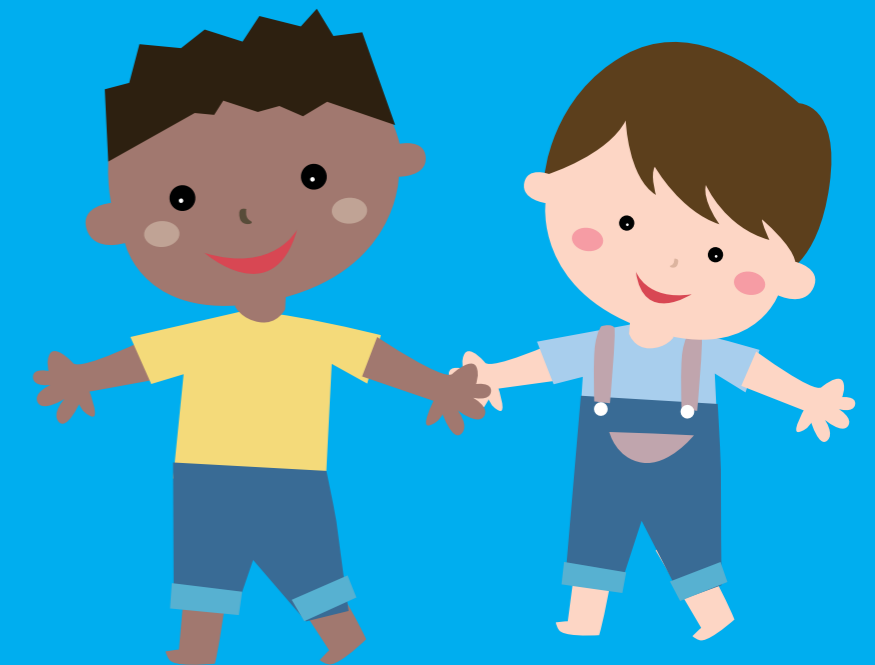
At SOS Children's Villages, we offer a protective and supportive family environment for children who need it most. Our community-based Family Strengthening Programmes (FSPs) provide support to families caring for orphans and vulnerable children, with the aim of keeping these children in their families and communities of origin. Through our community Social Centres, we form partnerships with community structures to enable them to tackle the issues facing vulnerable children at grass roots level.

Every child is unique

and respected: We recognise children's potential, guiding and accompanying them on their path to becoming independent and contributing members of their society.



It's all about Growth



Chairperson's Report



It was another exciting year for SOS Children's Villages South Africa. The organisation continued to provide quality Alternative Care in our Children's Villages around the country, but also managed to help keep more families together in local communities. This type of Family Strengthening is a relatively new component of our work, and it comes from the recognition that the best place for a child to grow and develop is in their family of origin, within an environment of love, respect and security.

The UN Guidelines for the Alternative Care of Children are clear that it is only as a measure of absolute last resort that a child should be moved to alternative care, and that when this happens there should be a range of suitable options available. SOS Children's Villages provide a unique form of family-like care of the highest standard. We have also expanded our support to foster care families and small group homes.

These positive changes are articulated in our Strategy 2030, which I urge all supporters and friends of SOS Children's Villages to read. Once again, I am proud of the work that the executive undertook in 2017. Alongside the programme innovations, we also came one step closer to financial self-sufficiency. This is thanks to the thousands of South Africans who have chosen to donate to our cause. Thank you! We look forward to the year ahead and to reaching even more children through our programmes.

Gordon Nzalo
Chairperson of the Board



National Director's Report



2017 was an exciting and productive year for SOS Children's Villages South Africa. As you will read in this report, our work had a positive impact on the lives of thousands of children in Alternative Care as well as in their families of origin.

Compared to the previous year, children did better at school and were more likely to be self-reliant when leaving care. Young people also had greater access to skills training and work-placement opportunities through the YouthCan! programme launched in March. Whether it was doing well at school, captaining a football team, or graduating from university, each child earned their own success through hard work and dedication. We are immensely proud of them. Of course, not every child managed to excel. Many of the children in our care have experienced trauma, and have had a very unfair start in life. And so, in 2017 we continued to provide the individualised care and support that these children need. In 2017, SOS Children's Villages also deepened its involvement in local communities through our Family Strengthening work.

Through this, we aim to help families at risk of separation to stay together, based on the principle that the best place for a child to grow and develop is with their family of origin. This is why we are investing more time and resources in building partnerships with community-based organisations and supporting families at risk of breakdown. The SOS Children's Village itself is a place of absolute last resort. And so, when a child is placed in our care we provide a family-like environment. Whenever possible we work with the authorities to reunite children with their family of origin. When this is not possible, we commit to a long-term relationship, and provide the stability and support that all children need.

We were overwhelmed by the support of South Africans for our cause in 2017. Thanks to the generosity of our donors, we were able to reach more children and to provide better quality support. This is encouraging for the future, as there is an ever-greater call for the support of SOS Children's Villages. You can be certain that we will not rest until every child belongs to a family, and grows with love, respect and security.

Stephen Miller
National Director



The organisation is moving ever-closer to financial self-sufficiency, bringing innovation in alternative care, expanding family strengthening and empowering the youth.



Care Promise

The SOS Care Promise is a policy that articulates who we are and what we do at SOS Children's Villages. The policy was developed over the course of several years, with the input of thousands of SOS co-workers and young people around the world. It was an inclusive process. In April 2018, the SOS International Senate unanimously approved the document, and it is now binding on all SOS Children's Villages member associations.

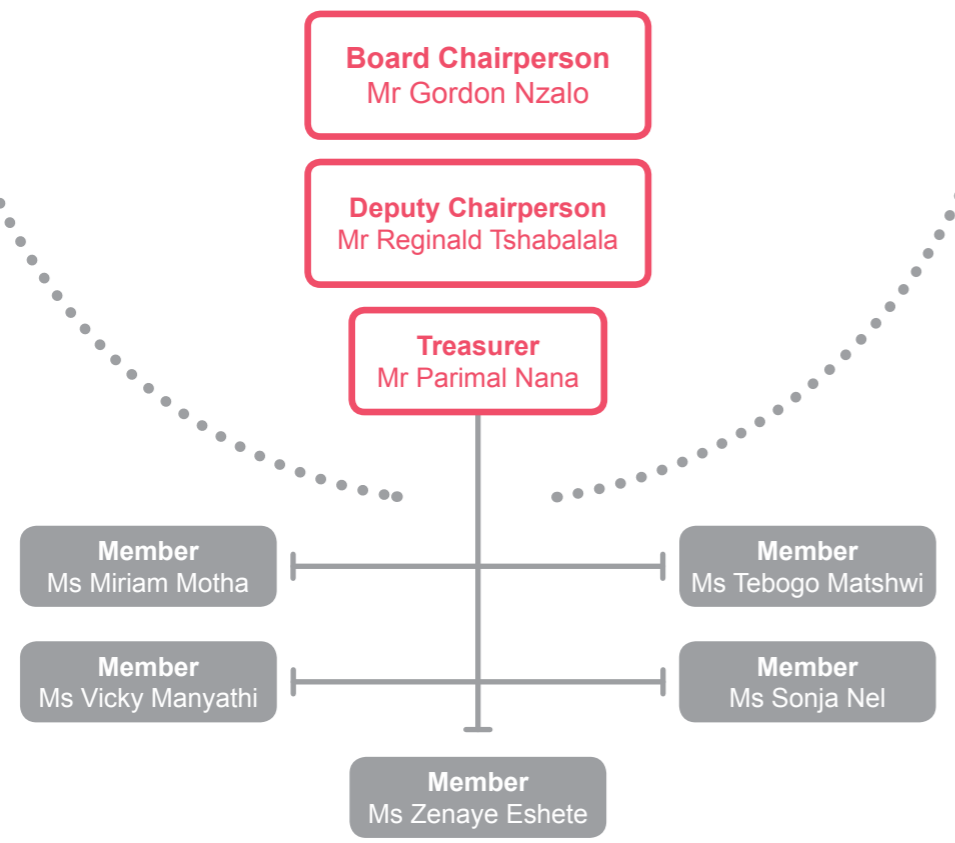
The SOS Care Promise is divided into two sections, the first looking at our 'foundations' and the second at our care 'commitments'.

The foundations section speaks to 'who we are'. Our foundations are the principles and values that guide our work. They are the international framework that is provided by the United Nations and the Sustainable Development Goals. They are also the care solutions that we offer to children who have either lost, or are at risk, of losing their parental care.

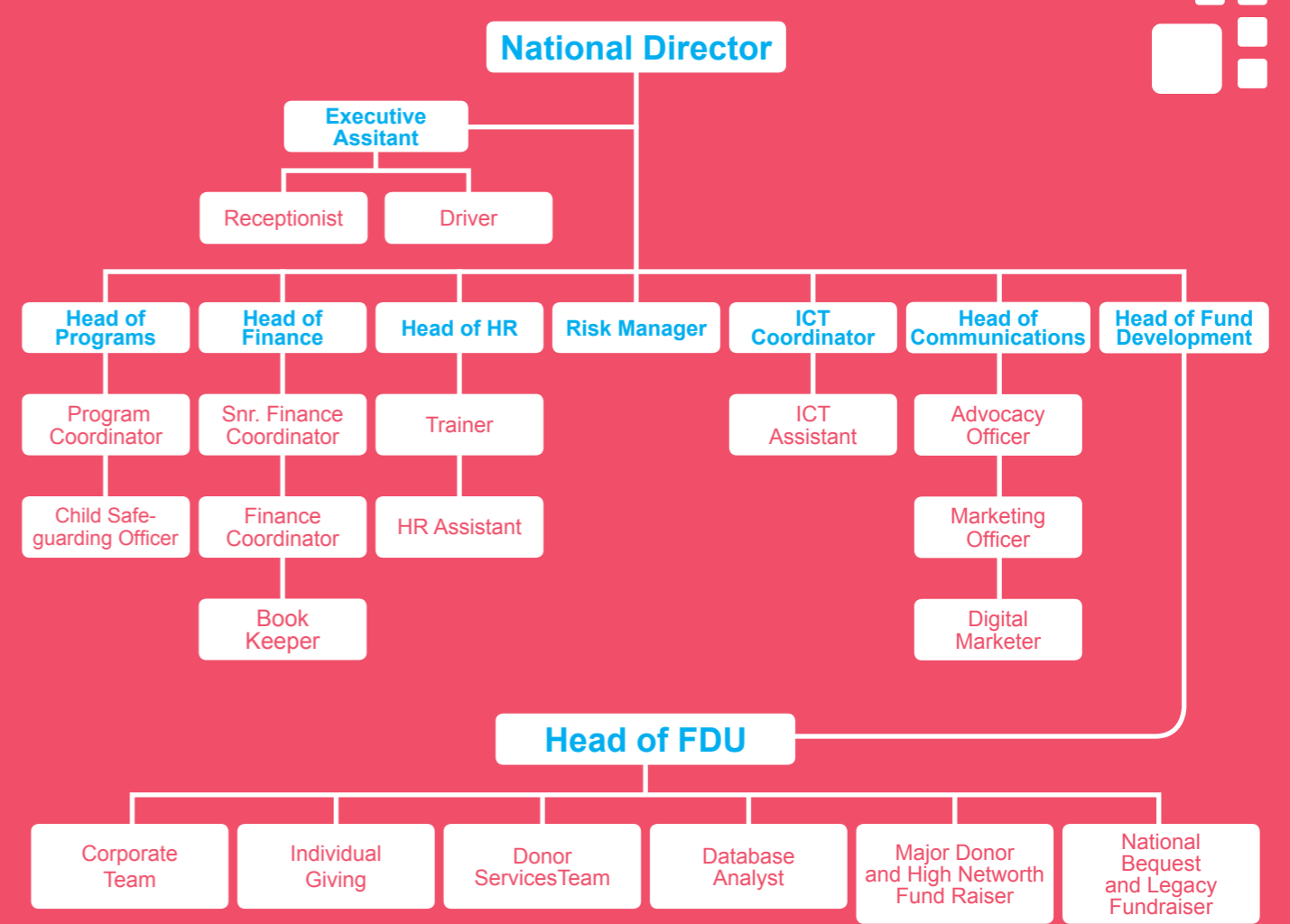
The commitments section speaks to 'what we do'. We then have nine commitments that focus on the quality and scope of our work. Each commitment represents a standard that we hold ourselves to. They also keep us accountable to the children, our donors, partners and everyone connected to us.

The SOS Care Promise is the first port-of-call for anyone who wants to understand SOS Children's Villages today.

MEMBERS OF THE BOARD



NATIONAL OFFICE STRUCTURE





INDEPENDENT AUDITOR'S REPORT

To the members of SOS Children's Village Association of the Republic of South Africa.

We have audited the Annual Financial Statements of SOS Children's Village Association of the Republic of South Africa, which comprise the Statement of Financial Position as at December 31, 2017, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

In our opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of SOS Children's Village Association of the Republic of South Africa as at December 31, 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Nonprofit Organisation Act, 1997.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the association in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics

Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The board of governors is responsible for the other information. The other information comprises the Board of Governors' Report and the Audit Committee's Report as required by the Nonprofit Organisation Act, 1997 of South Africa, which we obtained prior to the date of this report. Other information does not include the Annual Financial Statements and our auditor's report thereon.

Our opinion on the Annual Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Annual Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board for the Financial Statements

The board of governors is responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Nonprofit Organisation Act, 1997, and for such internal control as the board determine is necessary to enable

the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Financial Statements, the board of governors is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going-concern basis of accounting unless the board either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Annual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Annual Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.

- Conclude on the appropriateness of the board use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Annual Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

J de Villiers

Chartered Accountant
Kreston Johannesburg Inc.
Registered Auditors
June 23, 2018
Johannesburg



STATEMENT OF FINANCIAL POSITION

For the year ending 31 December 2017

		2017	2016
		R	R
Assets			
Non Current Assets			
Property, plant and equipment	3	18,950,915	22,859,008
Other financial assets	4	3,301,646	2,846,403
		22,252,561	25,705,411
Current Assets			
Trade and other receivables	6	7,307,816	4,935,588
Cash and cash equivalents	7	19,036,853	24,917,295
		26,344,669	29,852,883
Total Assets		48,597,230	55,558,294
Equity and liabilities			
Equity			
Reserves		8,066,515	-
Accumulated funds		25,273,619	41,071,230
		33,340,134	41,071,230
Liabilities			
Non current liabilities			
Retirement benefit obligation	5	658,466	551,237
Current Liabilities			
Provisions	10	360,000	365,100
Trade and other payables	12	5,945,359	4,839,087
Deferred income	13	578,541	1,314,247
Funds held on behalf of children	11	7,714,730	7,417,393
		14,598,630	13,935,827
Total Liabilities		15,257,096	14,487,064
Total Equity and Liabilities		48,597,230	55,558,294

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ending 31 December 2017

		2017	2016
		R	R
Revenue	14	82,084,867	84,913,817
Other operating income		2,454,015	1,804,819
Other operating (losses)/gains	15	(574,978)	91,200
Other operating expenses		(92,390,481)	(95,391,944)
Operating deficit	16	(8,426,577)	(8,582,108)
Investment income	17	813,073	1,339,726
Deficit for the year		(7,613,504)	(7,242,382)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit liability		(117,592)	99,771
Other comprehensive income for the year		(117,592)	99,771
Total comprehensive deficit for the year		(7,731,096)	(7,142,611)

For more information on the Audited Annual Financials, please go to www.sossouthafrica.org.za





Fund Development

Fund Development Overview

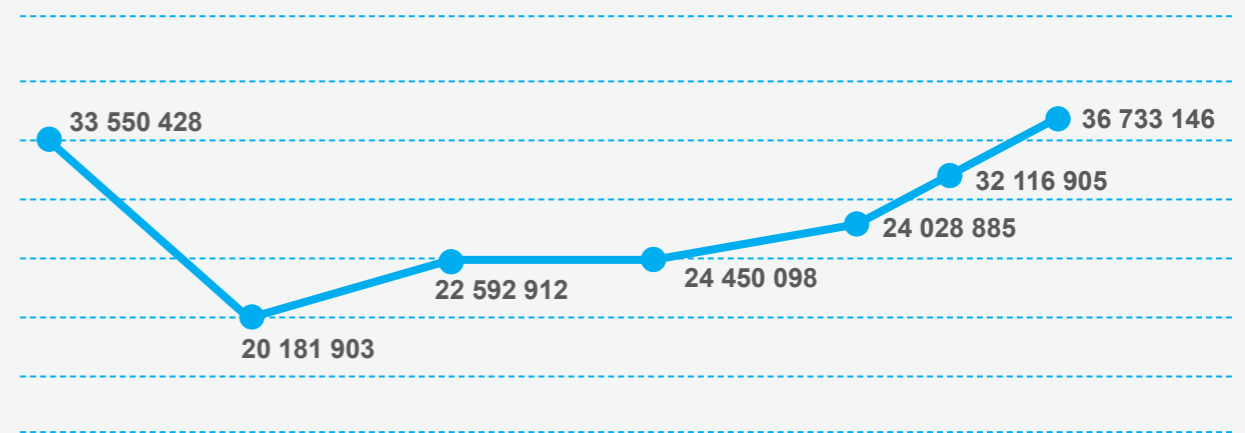
The year 2017 was an exciting but stressful year. We saw some really great firsts in the year.

The first Safe Park was successfully opened and sponsored by Old Mutual. Johnson & Johnson came on board as a three-year donor—the first partnership of this kind. Our first donation for Youth Can! for SA was from Akso Noble.

Some of our returning favourite partnerships were KFC, HSBC, E'Zethu Development Trust, NBA, DHL and Western Union.

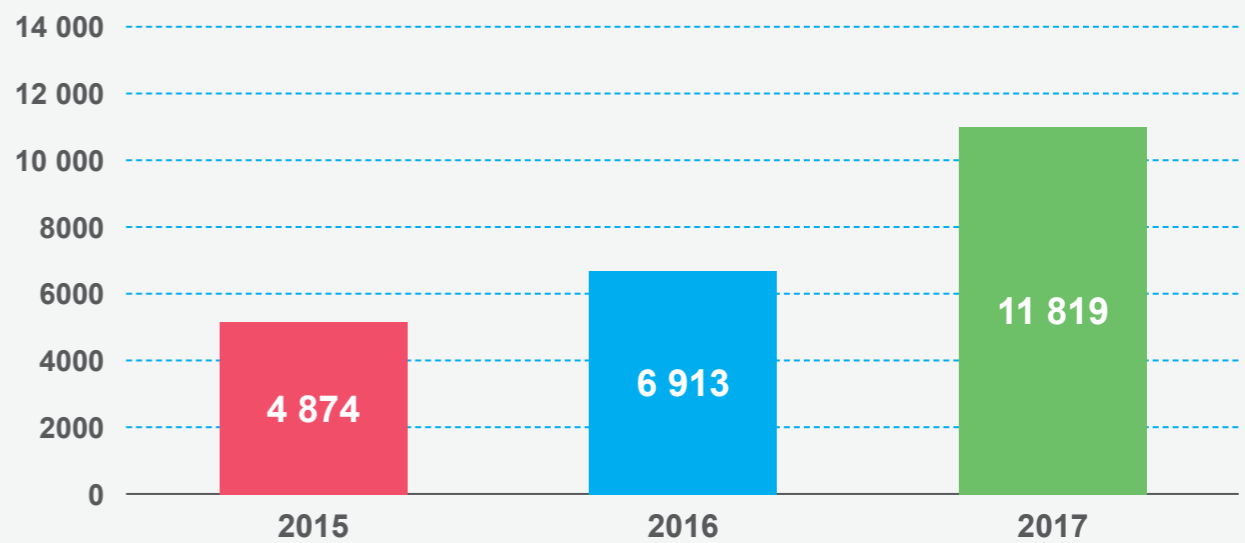
Total FR Income 2011 - 2017

Amounts in Rands



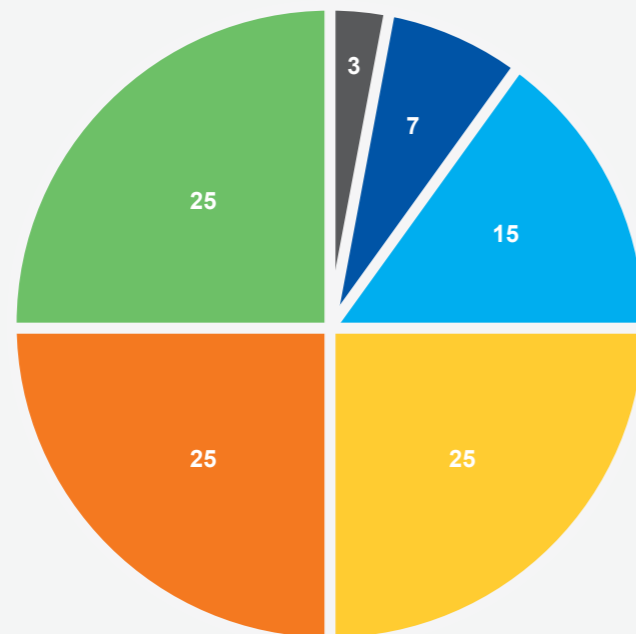
Committed Giving

Amounts in Rands





Income Stream 2017



We have a diversified income stream with KFC, Corporate and Committed Giving each bringing in 25% of the total income.

Top 20 donors of 2017:

1	KFC ADD HOPE
2	BRIAN FORSYTH SYKES - bequest
3	OLD MUTUAL
4	JOHNSON & JOHNSON CORP
5	HSBC
6	NBA
7	ICI DULUX (Akso Noble)
8	E'ZETHU DEVELOPMENT TRUST
9	MARTIN GARRIX
10	CAPE GATE

11	EVERGREEN CONTAINERS
12	DHL - GO TEACH
13	EASTERN CAPE EDUCATIONAL TRUST
14	THE R B HAGART TRUST
15	WESTERN UNION
16	HASBRO
17	SAGE FOUNDATION
18	FAURECIA
19	SCHAEFFLER SA
20	SILICA FINANCIAL SERVICES

Beneficiaries



■ Alternative Care
■ FSP





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SOS Children's Villages South Africa



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