

BEAUTIFUL GATE MINISTRY
Trading as Beautiful Gate South Africa
(Reg no: 005-086 NPO)
Voluntary Association incorporated under
"THE NONPROFIT ORGANISATIONS ACT 1997"

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



(Registration number 005-086 NPO)

Annual Financial Statements for the year ended 31 December 2021

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Pierre R Retief & Kie

GEOKTROOIEERDE REKENMEESTERS (SA) / GEREGISTREERDE OUDITEURE
CHARTERED ACCOUNTANTS (SA) / REGISTERED AUDITORS

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Independent Auditors' Report

To the board of members of Beautiful Gate Ministry t/a Beautiful Gate South Africa

We have audited the financial statements of Beautiful Gate Ministry t/a Beautiful Gate South Africa, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income and retained earnings for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the chairpersons' report, as set out on pages 3 to 11.

Directors' Responsibility for the Financial Statements

The board members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Non-Profit Organisations Act of South Africa, and for such internal control as the members determine is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' judgement, 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 control 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 Beautiful Gate Ministry t/a Beautiful Gate South Africa as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Nonprofit Organisation Act 71 of 1997.

Pierre R. Retief & Co.
Chartered Accountants (S.A.)
Registered Auditors



15 December 2022

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Annual Financial Statement for the year ended 31 December 2021

Chairperson's Report

The board submit their report for the year ended 31 December 2021.

BUSINESS ACTIVITIES

Beautiful Gate Ministry is a registered NPO caring for vulnerable children and youth, empowering families and mobilising community responses.

FINANCIAL RESULTS

The financial results of the entity and the state of affairs of the entity, are set out in the attached financial statements.

In the light of the current financial position of the entity, the board is satisfied that the entity is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

GENERAL REVIEW

No material fact or circumstance has occurred between the date of the financial statements and the issue of this report, which in the opinion of the board, need be disclosed for a proper appreciation of the entity's affairs.

FIXED ASSETS

There has been no change in the nature of the fixed assets during the period.

BOARD MEMBERS

The following acted as board members during the period:

T. Brouwer - (Board Chairperson)
S. Farrell - (Vice Chairperson)
R.B. Couves
M. Koela
A. Kupe
N. Moshodi
V. Stannard

INDEPENDENT AUDITORS

Pierre R Retief & Co will continue in office.

BUSINESS AND POSTAL ADDRESS

44 Zonnekus Road, Morning Star, Philadelphia, 7304

Boards Responsibilities and Approval

The board members are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the financial statements of Beautiful Gate Ministry. The financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on judgements and estimates made by management. The board members also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. The controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the board's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The going concern basis has been adopted in preparing the financial statements. The board members have no reason to believe that the entity will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the entity is supported by the financial statements.

The financial statements have been independently compiled, and subsequently independently audited by Pierre R. Retief & Co., who have been given unrestricted access to all financial records and related data, including minutes of all meetings of members, the members of the board and committees of the board. The board members believe that all representations made to the independent auditors during their audit were valid and appropriate. Pierre R. Retief & Co.'s independent audit report is presented.

The financial statements were approved on 15 December 2022 by the board members and are signed on its behalf by:



Member



Member

(Registration number 005-086 NPO)
 Annual Financial Statement for the year ended 31 December 2021

Statement of financial position

Figures in Rand	Note(s)	2021	2020
ASSETS			
Non-current assets	3	20 033 006	14 589 283
Non-current assets		12 272 170	12 272 170
Investments	6	7 760 836	2 317 113
Current assets		7 101 579	8 079 005
Cash and cash equivalents	4	3 924 510	5 516 108
Trade and other receivables	7	2 981 558	2 414 909
Vat refundable		195 511	147 988
		27 134 585	22 668 288
FUNDS AND LIABILITIES			
Accumulated Funds		2 624 402	2 507 846
Operating Reserve	2.1	4 480 906	3 980 906
Property and Equipment Fund	2.2	12 272 170	12 272 170
Fair Value Reserve	2.3	760 837	317 113
Youth Safe Park Building Reserve	2.4	3 500 000	2 000 000
Building Improvement Reserve	2.5	750 000	250 000
Vehicle Reserve Fund	2.6	-	103 850
Ububele Fund	2.7	179 534	120 000
IT Infrastructure Reserve	2.8	200 000	-
Salary Equity Reserve	2.9	750 000	-
Current liabilities		1 616 736	1 116 403
Trade and other payables		531 424	514 226
Rental deposits		10 700	10 700
Deferred income	5	1 074 612	591 477
		27 134 585	22 668 288

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Statement of comprehensive income and retained earnings

Figures in Rand	Note(s)	2021	2020
Revenue			
Unrestricted Donations		8 214 552	7 640 298
Restricted Donations		1 807 291	2 265 657
National Lotteries Commission		559 738	-
Government Grants		2 399 194	2 698 550
Contributions for Services		1 040 232	940 671
		14 021 007	13 545 176
Other Income			
Interest Received		244 844	172 915
		14 265 851	13 718 091
Operating Expenses			
Child & Youth Care Centre and Covid Response		-	1 668 224
Community Family Support		5 478 862	4 472 812
Community Medical Care		462 088	434 913
Learner Education Support - Primary		3 373 077	3 642 474
Learner Education Support - Youth		1 439 329	815 867
Sustainability Projects		543 106	341 218
Community Collaboration		2 337 834	800 505
Independent Reviewer Fee		15 000	12 000
		13 649 295	12 188 013
Transfer to Reserves		(500 000)	(1 370 000)
Surplus for the Period		116 556	160 078

Accounting policies and explanatory notes

1. Basis of preparation and summary of significant accounting policies

The financial statements of Beautiful Gate South Africa have been prepared in accordance with the International Financial Reporting Standard for Small and Medium- sized Entities and the constitution. The financial statements have been prepared under the historical cost convention. They are presented in South African Rand.

and Medium- sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the church's accounting policies. The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Office equipment, motor vehicles and computer equipment

All office equipment, motor vehicles and computer equipment is expensed in its year of purchase. A fixed asset register is maintained by the organisation, however no annual depreciation expense is incurred.

1.2 Income

This consists of donations from individuals, churches, business concerns, government subsidies and rental of office premises. Donations received in cash constitute less than 3% of total income received.

1.3. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off during the year in which they are identified. The entity will only establish debtors accounts for donors who have formally committed funding.

1.4. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents includes cash on hand, deposits held at call with banks.

1.5. Deferred tax and taxation

The organisation enjoys a section 10(1)(cN) exemption status with the South African Revenue Services and hence no taxation or deferred taxation is raised in the financial statements.

1.6. Trade payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier. The entity will only apply for credit facilities under exceptional circumstances.

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

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Accounting policies and explanatory notes

Figures in Rand	2021	2020
2. Reserves and Funds		
2.1 Operating Reserve	4 480 906	3 980 906
This reserve is an accumulation of funds with the aim to hold an amount equivalent to 3 to 6 months' of budgeted expenditure on recurring activities to enable the organisation to absorb temporary downturns in income or cash flow, or in the value of the organisations investments, without having to reduce programme expenditure.		
2.2 Property and Equipment Fund	12 272 170	12 272 170
This fund represents the extent to which funds are invested in property (land and buildings) and other capital equipment and so not available for other purposes; this fund will be equal to the carrying value of the property and equipment.		
2.3 Fair Value Reserve	760 837	317 113
This reserve is unrealised (and so will only be realised when the related asset is sold), so is unavailable for use. This relates to the funds invested at Ninety One Investment Platform (Pty) Ltd.		
2.4 Youth Safe Park Building Reserve	3 500 000	2 000 000
This reserve is for funds designated for the Youth Safe Park building project. The first phase of the project is estimated at R10 million. This fund will grow as further donations are received specifically for this project and the funds will be spent when the project breaks ground.		
2.5 Building Improvement Reserve	750 000	250 000
This reserve is for building improvements required on the Beautiful Gate site above and beyond annual maintenance.		
2.6 Vehicle Reserve Fund	-	103 850
This reserve is for funds set aside to procure a new vehicle in 2021.		
2.7 Ububele Fund	126 533	126 533
This reserve allows for generosity in the next financial year and may include study support for alumni beneficiaries, financial support to other Beautiful Gate associations and seed funding for community projects. The fund is administered by the Executive Leadership of Beautiful Gate, with oversight by the Board.		
2.8 IT Infrastructure Reserve	200 000	-
This reserve allows for IT infrastructure upgrades for the Youth Resource Centre and IT needs of the organisation.		
2.9 Salary Equity Reserve	750 000	-
This reserve allows for salary equity adjustments following a salary review process to ensure that staff are paid fairly according to the organisation's pay model and NPO salary surveys.		

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Accounting policies and explanatory notes

Figures in Rand				2021		2020	
3. Non-current assets							
	2021			2020			
	Cost	Transfer to accumulated funds	Carrying value	Cost	Transfer to accumulated funds	Carrying value	
Owned assets							
Land & buildings	12 272 170	-	12 272 170	12 272 170	-	12 272 170	
Furniture & fittings	661 800	661 800	-	661 800	661 800	-	
Office & computers	253 100	253 100	-	253 100	253 100	-	
Motor vehicles	183 000	183 000	-	183 000	183 000	-	
	13 370 070	1 097 900	12 272 170	13 370 070	1 097 900	12 272 170	

The carrying amounts of non-current assets can be reconciled as follows:

	Carrying value 31/12/2020	Additions	Disposals	Transfer to accumulated funds	Carrying value 31/12/2021
Owned assets					
Land and buildings	12 272 170	-	-	-	12 272 170
Furniture and fittings	-	-	-	-	-
Office & computer equipment	-	-	-	-	-
Motor vehicles	-	-	-	-	-
	12 272 170	-	-	-	12 272 170

4. Cash and cash equivalents

Money Market	3 107 333	5 103 985
Market link - Eskom	55 332	54 586
Deposit call account	69 303	68 761
Current account - Beautiful Gate Ministry	635 589	286 783
Current account - Designated	50 489	1 925
Cash on hand	6 464	68
	3 924 510	5 516 108

5. Deferred Income

Donations received in advance for specific projects:

AECI Limited	403 333	333 333
Drive 4 Excellence	300 000	-
DG Murray Trust	100 000	111 250
The Learning Trust	50 000	-
Stichting Zijn	-	146 894
Industrial Development Corporation	221 279	-
	1 074 612	591 477

6. Investments

Ninety One Investment Platform (Pty) Ltd listed shares - Cost	7 000 000	2 000 000
Ninety One Investment Platform (Pty) Ltd listed shares - Market value	7 760 836	2 317 113

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Accounting policies and explanatory notes

Figures in Rand	Note(s)	2021	2020
7. Trade and other receivables			
Sundry debtors		2 981 558	2 414 909
		2 981 558	2 414 909
8. National Lotteries Commission donor report			
Income		559 738	
Expenses		559 738	
Accounting and bookkeeping fees		15 000	
NLC logo		600	
Vehicle		544 138	
Net			