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Cotlands

INTEGRATED REPORT

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Terms we use

DSD	Department of Social Development
ECD	Early childhood development
ELF	Early learning facilitator
ELP	Early learning playgroup
Mobenzi	Cotlands electronic recording system

All the photographs in this annual report were taken by Bizphoto at various Cotlands programmes around the country

COTLANDS VALUES

Play
Responsibility
Excellence
Impact
Possibilities
Responsiveness

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and Corporate Relations

Vision

To see children in South Africa thrive in their formative years.

Mission

Cotlands provides children with effective, high impact health, psychosocial and early learning play based development opportunities to help them thrive.

PLAY AREAS

MATHS

FANTASY

ART

EDUCATIONAL GAMES AND PUZZLES

PLAY DOUGH

BOOKS

SCOPE AND BOUNDARY

Cotlands is a registered non-profit organisation operating in six provinces (Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal, Mpumalanga and North West) across South Africa. This report presents our financial, environmental, social and governance performance for the period 1 April 2014 to 31 March 2015 and sets out our regional and departmental policies, goals, performance, responsibilities, risks and plans.

Materiality is a core element in determining the relevance of report information, and a key driver of sustainability. The Cotlands board has duly applied its mind to matters that would be considered material to stakeholders and to Cotlands, and these are addressed throughout the report. Material issues were determined by assessing Cotlands' strategic objectives, risks and opportunities, as well as engaging with stakeholders. The management board and senior management team were responsible for determining these issues and greater detail appears in the sections on governance, our people, programmes and economics on pages 24-44. As the environmental impact of Cotlands as an organisation is minimal, it was deemed immaterial and is no longer disclosed separately in the report. However, it is discussed briefly under the economics section on page 44.

Our main material issues are set out below:

- Funding – expanding sources of income
- Human capital – skills and retention
- Advocacy for access to early childhood development (ECD) programmes
- Scaling up programmes.

Cotlands' new direction, non-centre-based early learning playgroups, was piloted in Gauteng in April 2013, and rolled out to other provinces in May 2013. As a result, last year's annual report did not present comparative data. The 2015 report contains some year-on-year comparisons but, over the past 18 months, we have had to continuously revise and improve our data collection so there are still some gaps.

Cotlands has used the Global Reporting Initiative (GRI) G4 guidelines to prepare this report and 'in accordance' with the core option, supported by Cotlands internally developed guidelines (available on request). We have also applied the GRI NGO sector supplement. The GRI compliance index is on page 60.

Selected performance information for Cotlands' early learning programmes, fund development and our people was assured by KPMG Services Proprietary Limited. Refer to page 56 for the assurance report.

We welcome your feedback on the report and any questions or comments can be directed to chief executive officer, Jackie Schoeman. Contact details appear on the inside back cover of this report.

COTLANDS AT A GLANCE

Toy libraries
abc Early learning groups
Nutrition
Health and psychosocial care

GAUTENG abc
MPUMALANGA abc
KWA-ZULU NATAL abc
EASTERN CAPE abc
WESTERN CAPE abc
NORTHWEST abc

2015 SALIENT FEATURES

- Increased playgroups from two to four hours = increased uptake of the programme
- Introduced incentive scheme for early learning playgroup facilitators for the number of interactions they have with children based on attendance = increased attendance
- Registered Mpumalanga and Western Cape playgroups with the Department of Social Development (DSD)
- Increased the use of Mobenzi as a management tool
- Hosted our first play conference
- Developed play advocacy plan to increase awareness of the importance of play
- Showcased mobile toy libraries during national book week in collaboration with the Department of Arts and Culture and South African Book Council
- Attended the international toy library conference in Seoul, Korea, representing toy libraries in South Africa
- Planned implementation of playgroups in North West using community workers in collaboration with the DSD and Ilifa Labantwana
- Designed rigorous recruitment and selection programme for playgroup facilitators – applied in North West
- Participated in Ilifa Labantwana's social franchise for playgroup think tank
- Trained 20 community workers on 'becoming an early learning playgroup facilitator', using the training package designed by the social franchise
- Developed a chapter on the 'pedagogy of play' which forms part of the birth-four curriculum training conducted by the Department of Basic Education
- Commented on norms and standards for non-centre-based programmes developed by DSD provincial department Mpumalanga
- Invited to present at the national child protection forum meeting of DSD on lessons learnt about playgroups and toy libraries providing an opportunity to influence officials' understanding of non-centre-based programmes
- Contracted by DSD Gauteng provincial department to procure resources for six NPO (non-profit organisation) sites and to capacitate them to use our playgroup and toy library programme
- In 2014 we reached 3 673 children
- Decreased number of children in the birth-two programme
- Beneficiary survey not conducted due to financial constraints
- Scaling up playgroups and toy libraries restricted as this requires additional human resources, with cost implications
- No bonus for committed staff due to financial constraints

DID YOU KNOW

When children play with blocks...
They learn to use their imagination by creating a structure
They learn about balance, size, shapes, weight, height, depth and textures
They develop their hand-eye coordination
They learn to play with others

WHO WE ARE

Cotlands has been a beacon of hope for vulnerable children in South Africa since 1936. Guided by the needs of communities, we have continuously adapted our services to provide relevant community-driven interventions across six provinces in South Africa.

Most recently, our focus has shifted to non-centre-based early childhood development playgroup and toy library programmes. We seek to find a scalable model to ensure more children have access to early learning opportunities through playgroups supported by toy libraries.

Cotlands recognises that by working with parents, communities, as well as the private and government sectors, we can address key early learning and developmental gaps to give young children the opportunity to not only survive, but thrive, into adulthood.

WHY EARLY DEVELOPMENT OPPORTUNITIES ARE SO IMPORTANT

“LANGUAGE CAN RESHAPE OUR ECONOMY”

David Harrison
CEO of The DG Murray Trust

What do you do when you’ve stared at the same problem for years but still cannot figure out how to solve it? You frame it differently and see it through someone else’s eyes.

So the next time we hold a big education summit in South Africa, we don’t invite educationists, but civil engineers.

They might picture the education system as a high-rise building, but would not spend their time agonising over the cracks and weaknesses on the 12th floor. And they’re unlikely to suggest that we pour more money into refurbishing the floors above until the foundations are strengthened.

The engineers would also argue that there can be no compromise on the strength of the cement that should hold the whole structure together, enabling each level of the skyscraper to be built upon the one below it.

Now let’s call in the neurocognitive scientists to explain the foundations of education and identify the cement that holds it together.

They would point to the last trimester of pregnancy and the first three months of life, when brain growth is fastest as cognitive circuits are laid down. This circuitry is the intellectual fibre optics of a knowledge economy.

For vision and hearing, the rate of new connections peaks at three months old. For language, it’s at eight months old, while the networks for thinking and reasoning develop fastest at one year. Over the next few years, the brain is shaped further as children learn through play and interaction.

By the time they reach grade R, their lifelong educational prospects can be predicted. The foundations are set – almost in concrete.

We tend to think of maths as numbers and forms, distinct from language.

But mathematics is a language of symbols that taps into the same neural pathways that enable us to talk and read. Language is the cement that allows us to build upon prior learning. If language is weak, so too is the ability to learn.

This might explain why, in the grade 9 annual national assessments last year, the average score was 43% for home language and 14% for mathematics.

Now that we understand the foundations and substance of education, it’s time to bring in the quantity surveyors and accountants.

Three-quarters of children in South Africa never experience quality learning before they go to school and public spending on preschool education is only 1% of the basic education budget.

Yet, according to a review published in The Lancet in 2011, we would recoup more than ten times our investment in early education.

Compare that with our funding of the National Student Financial Aid Scheme where – with dropout rates of close to 75% – we get back R1 for every R4 we spend.

The national promotion of early language development is even more pitiful. It shows in the fact that only 5% of parents read to their children, according to the SA Book Development Council. Reading should start in the home, not at school – and even if parents cannot read, they can tell their children stories that stimulate their imagination and curiosity.

Even money-poor homes can be rich in language. We need a concerted national campaign of sufficient scale, intensity and duration to get South Africans to read.

It could probably be done for about R100 million a year, or less than one-thousandth of the basic education budget.

Yet, this relatively small public investment is not there because the basic education department is focused on schooling, and the arts and culture department has yet to grasp the true potential of reading. But the problem is not just with government.

For reasons I find hard to understand, there are few corporate or private foundations willing to make large-scale investments in reading development.

The national Nal’ibali reading-for-enjoyment campaign spends about R20 million a year on 300 community reading clubs, six million newspaper supplements and stories for children to listen to on all public radio stations in their home languages three times a week.

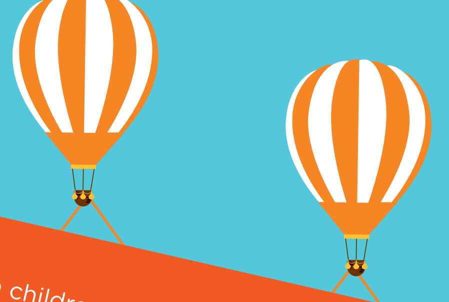
Since the beginning of this month, 500 billboards across South Africa urge people to bring “story power” back into their homes. But this is not enough and we need partnerships with government and other corporations to sustain a national campaign for at least the next decade.

It’s time to bring the educationists back into the room for a radically different discussion. This time, the conversation should not only be about retrofitting schooling and tertiary education, or improving operational efficiencies. This has to happen, but it won’t reshape the national economy.

The talk should centre on allocative efficiency – where we need to put our money where it would get the best returns.

Only then will we fundamentally change the education and employment outcomes in South Africa.

This article originally appeared in City Press on 13 November 2014



When children page through a book ... they learn about the conventions of reading, such as how to turn a page and reading from left to right. They “read” pictures, which is the first step to reading. If they read with an adult they learn new words.

CHAIRMAN'S REPORT

The introduction of the child support grant in recent years has been of great help to struggling families. While there will always be a need for some children to be placed in temporary care because of their home circumstances, the grant has given many mothers the opportunity to keep their babies. We believe that Cotlands' new role is to help these mothers prepare their children to succeed at school, the first steps to breaking the cycle of poverty prevalent in so many of our communities.

Last year I wrote that Cotlands' transition was complete and that we were looking ahead to the next three to five years. However, there was one outstanding process – the closure of the last two residential programmes. This followed in April and effectively saw the end of 79 years of housing babies in our buildings.

While I realise this was a difficult time for the staff, it was a strategic decision taken by the board to ensure the long-term sustainability of Cotlands, both by reducing annual operating costs and by remaining relevant to the needs of children living in South Africa today.

I would also like to comment on Cotlands' advocacy role. More than a decade ago, Cotlands joined forces with other interested parties to obtain a Constitutional Court ruling to get government to provide treatment to pregnant women to reduce the incidence of mother-to-child transmission of HIV/Aids. A few years later, we secured funding to provide antiretroviral treatment for all our HIV-positive children, before it was available through state health programmes. It is perhaps ironic that these very acts are what led us to change our organisation's strategy as it made our primary services redundant. Today, children no longer require in-patient or home-based care for HIV/Aids, either because they are negative, or the small percentage born positive are placed on treatment immediately and are physically well. This achievement is something we will always celebrate, as it has had a life-changing impact on many young lives.

My hope is that Cotlands will be able to have the same influence on early childhood development. Sadly, play is still seen as a luxury or even a frivolous activity that has no bearing on a child's future. Even when families understand the importance of play on development, many households just do not have the financial resources to purchase toys and other educational equipment. Cotlands' new advocacy role therefore is two-pronged. Firstly, we need to promote the importance of play and, secondly, we need to increase access to play equipment through our toy libraries.

In scaling up our services, our longer-term goals remain the same. As an organisation, we need to contribute to achieving targets set by government to increase access to early childhood learning opportunities. Ideally, we would like to do this in partnership with other organisations, as we believe this is a more sustainable and effective way of reaching more children.

On sustainability, we have again had a difficult year financially and, in the new year, I will task our board members with assisting Cotlands to secure sustainable sources of income.

In light of this, we will be reviewing the composition and structure of the board to align with the new direction of Cotlands.

The new broad-based black economic empowerment (BBBEE) codes that came into effect on 1 May 2015 have opened up funding opportunities such as socio-economic development, enterprise development, ownership (direct model sharing) and skills development which will be explored as alternative income streams. With more secure income sources, we will be able to plan for scaling up more confidently. Our first concern is always being forced to close a new service due to lack of funding after only recently introducing its benefits into a community.

Despite ongoing financial constraints, we look forward to the challenges ahead and feel confident that, as an organisation, we can make a meaningful impact on the lives of young children. I thank the Cotlands staff for their achievements over the past year, the management board members who have contributed their knowledge and time, and our many donors, old and new, whose support allows us to serve a substantial number of beneficiaries.

DE Ncala
Chairman

CEO'S REPORT

The one thing about leading an organisation that has been transitioning its services for the past few years is that change is the normal state of affairs. So for team members who thrive on new challenges – the problem solvers and programme developers – Cotlands has been an exciting environment over the past 18 months. It has been truly motivating to see how the transition has unfolded. The big wins, the major milestones, even the setbacks and calamities, have been a truly energising experience for most of us.

A summary of our recent achievements includes increasing the number of early learning groups from zero in April 2013 to 97 in March 2015. Similarly, the number of early learning facilitators (ELFs) has increased. We started with 34 home-based care workers anxiously deciding if they should risk starting a new career and enrolling for a formal qualification, which – for most – would have been their first exposure to tertiary training. Now, at year end, we can boast 30 ELFs and 30 ELF assistants, all of whom have completed, or will shortly complete, their level 4 ECD qualification.

Our beneficiary base has made similar progress. In 2013, we were struggling to recruit new patients for our home-based care programme because of the success of HIV treatment. Now we have 1 441 children enrolled in Cotlands-operated early learning playgroups. These children are not only receiving a high-impact education programme, but also health and psychosocial support. Our toy library programme serves 2 038 children per month.

I am so very proud of the Cotlands team and what we have achieved in such a short time. It has not always been easy and, sadly, we have lost some excellent team members along the way. Looking back, the most difficult task for me was closing the last of the residential units at the beginning of 2015. We started phasing out the residential programmes in 2012 with the closure of Cotlands House, which was followed by the sanctuaries and finally the hospices. Only the two baby units remained – the 15-bed unit in Johannesburg and the 20-bed unit in Somerset West, which were phased out in February 2015.

DID YOU KNOW

When children play make-believe…

They develop empathy
They role-play what they have seen or experienced
They work through emotions
They develop their imagination
They do "self-speech" (talking to themselves about their game which develops language)
They develop social skills

With our strategic decision to focus on early learning playgroups and toy libraries, we also started closing all the other projects we had picked up over the years. The Chris Hani/Baragwanath counselling and Health Information projects were closed in 2014. Both had a strong HIV and health focus, which meant the target groups no longer fell within our beneficiary range. The traditional home-based care service was transitioned into the early learning programme, while the nutrition project in the Eastern Cape and homework programmes in Gauteng and KZN were closed. While ending these projects was tough, it is important to remember that successful organisations have a single focus, which they do very well. Cotlands had fallen into the trap of having a variety of projects, all somehow related but each requiring different specialist skills. As an organisation, our impact had become diluted and we needed to streamline and focus not on how many projects we could support, but on what we do excellently.

Our new direction was very clear, and it met all the requirements we believe are important:

- Services are aligned to the early childhood development policy that outlines government priorities for early childhood development
- High-impact, cost-effective, non-centre-based programme
- A service offered to children within walking distance of where they reside, increasing accessibility
- Scaling up can take place through partnerships.

CEO'S REPORT
continued

Despite clarity on our way forward, there was still a need in me to hang on to our baby units. Closing the last two units was very difficult as it meant the end of Cotlands as a baby sanctuary, which had been its purpose for so many years and Dorothy Reece's 79-year old legacy. Added to this was the fact that I started my journey with Cotlands managing the Johannesburg residential childcare centre almost 18 years ago and knew the workers very well.

However, the deciding factor was the sustainability of Cotlands. Our confidence in our new direction and the fact that the two units served a maximum of 35 children at any one time, while accounting for almost a third of our annual budget, reinforced the need to close them. At the end of March 2015, Cotlands discharged its last baby in Johannesburg, followed by the closure of our Somerset West residential programme on 24 April.

Some of the Johannesburg staff have chosen to continue in the childcare field and were employed by other organisations. Cotlands has always been recognised for its exceptionally high standards, so our staff now has the opportunity to share their skills. The team in Somerset West decided to register the unit as a new NPO and continue the service. Cotlands has donated all the equipment and resources to this team to enable the project's smooth continuation.

So, what's next? We are entering what is possibly the scariest part of the journey – taking our programme to scale. We have decided to employ a maximum of 32 ELFs, and confirmed the areas where we will operate, which gives us a nice mix of rural, peri-urban and urban settings to pilot, test and refine our early learning programme. We want to take our programme to scale in partnership with other organisations, both through the social franchise model, and with the Department of Social Development and other interested stakeholders. Our first target has already been set – 800 children in North West in phase 1. Although this is daunting, if we are to see a meaningful change in the lives of our children and start transforming our society, we have to reach many more vulnerable children over the next few years.

Appreciation

I extend my appreciation to everyone involved with Cotlands over the past year.

My heartfelt thanks to Cotlands' staff – those who have left us and those who have remained – for the admirable way in which they have managed the transition and for their ongoing support and loyalty.

Special thanks to our generous donors, without whom we would not be able to operate effectively. My thanks also to our beneficiaries. We are honoured to be able to walk this new and exciting learning path with you and are grateful for your continued faith in our organisation.

Finally, thank you to the Cotlands board members who have helped us through this transition and offered exceptional guidance and support in some challenging times. May we all celebrate together the new, relevant and sustainable Cotlands as it goes forward to serve many more South African children and families.

J. Schoeman

Jackie Schoeman
Chief executive officer

TREASURER'S REPORT

The past year has been challenging in terms of fundraising. The economic situation in the country, the general clampdown on spending and a concerted focus on spending by companies in light of the introduction of new BEE codes, has made fundraising a real test. It has required a constant review and analysis of the way we approach the market, as well as the necessary skills. As a result, we discontinued certain avenues of fundraising, such as the traditional collection tins. Some electronic banking capabilities and the use of certain technology applications were investigated and tested, although these have not yet proven successful. However, this is the way of the future and we will need to persevere to find a winning formula.

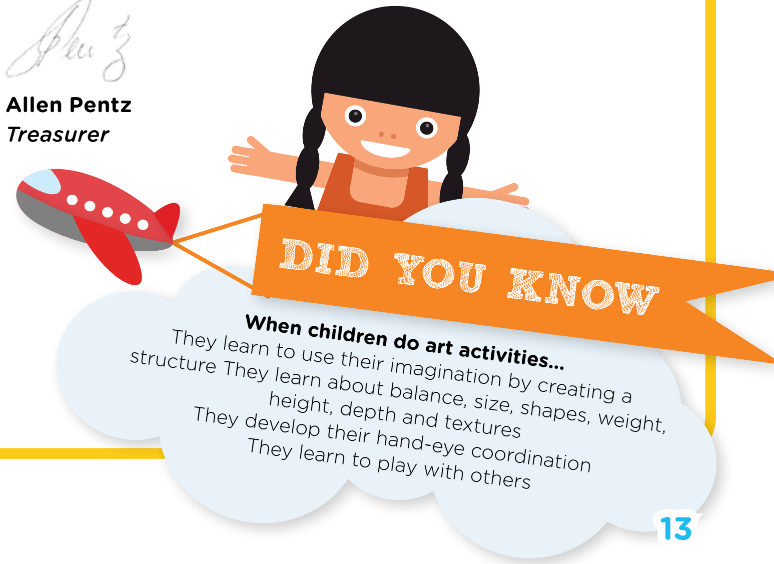
Gross revenue for the year was R26.9 million (2014: R27.0 million) against a budget of R27.7 million. This included a contingency of R4.3 million added to corporate funding of R9.4 million, boosting funds from this area to R13.7 million. Additional funding of R1.4 million was received from the social services departments of Gauteng and Mpumalanga. Direct mailing and tins receipts were down by some R800 000. Revenue was bolstered by a transfer from the trust funds of R700 000 to offset the operating deficit for the year.

Total operating costs were marginally up from the prior year at R27.6 million (2014: R27.1 million) and R1 million under budget for the year. The largest expense was salaries at R21.4 million, which was R1.3 million over budget largely due to retrenchment packages during the year. The net outcome was a small surplus of R754 000 for the year.

Our largest contributors to income remain local corporate donors, with international donors, individuals and government departments making up the balance. Campaigns to increase awareness of Cotlands, and its role in the community, will assist in improving funding in the coming year. Our focus on making the community and donors aware of the significance of our role in developing South Africa's children has led to Cotlands' expertise being recognised by authorities who are keen to support these initiatives and replicate them across the country. This may lead to future revenue opportunities for Cotlands.

I thank the Cotlands finance department for their untiring diligence in keeping donor funds secure and used for purpose. We also thank all donors – large and small – for their continued support of a very necessary initiative for South African children.

Allen Pentz
Treasurer



HOW WE'VE EVOLVED

Baby sanctuary

1936
- Established by US missionary nursing sister Matron Dorothy Reece after finding an abandoned baby on her doorstep

1942
- Public health department requests Matron Reece to make alterations to the home
- Due to financial constraints, Matron Reece decides to close the home
- After an appeal by the Sunday Times raised £4 000, the home was registered as a charitable institution

1952
- The home moves to larger premises in Kenilworth. Strict vetting procedures instituted for prospective adoptive parents, due to a nationwide shortage of babies

1953
- The sanctuary in Turffontein is opened

Community-based programmes Paediatric HIV – the first organisation to open a paediatric hospice providing end-stage care for children with Aids

1993
- The Cotlands nursery school opens in Turffontein
- Some residential children are diagnosed with HIV

1996
- The Aids hospice at Cotlands opens – the first in SA

1997
- Formulated policy guidelines for children infected/affected by HIV/Aids

1998
- Initiated community outreach programmes

1999
- Home-based care services for HIV babies offered in Soweto, Gauteng and Hlabisa, KwaZulu-Natal

Adding psychosocial and educational support to the programmes

2003
- Implemented antiretroviral treatment for relevant children
- Opened second Cotlands hospice in Somerset West, Western Cape
- Launched Cotlands-Chris Hani/Baragwanath HIV/Aids counselling project

2004
- Opened Cotlands nutrition project in East London, Eastern Cape

2005
- Acquired Macassar Haven in Macassar, Western Cape

2006
- Cotlands celebrates 70 years
- Opened Everest early childhood development (ECD) centre near Boschfontein, Mpumalanga
- Opened Cotlands House in Turffontein, Gauteng

2007
- Opened Cotlands community centre in Soweto, Gauteng

2009
- Opened Tirelong ECD centre in Rustenburg, North West
- Opened Cotlands' first toy library in KwaZulu-Natal
- Acquired property in Reeston, Eastern Cape

2010
- Macassar Haven becomes a community centre
- Opened Cotlands toy library in East London
- Opened Cotlands toy library in Soweto

2011
- ECD centre opened at Macassar Haven community centre

2012
- Launched Turffontein toy library in Gauteng, in collaboration with Save the Children UK
- All regions adopt the integrated model, allowing them to provide an array of quality services including education, health and psychosocial care
- In December, Cotlands announces the transformation of the Aids hospice into the Cotlands Child Care unit due to the drastic reduction in Aids-related deaths

Launching early learning

2013
- The early learning playgroup model for birth to four-year-olds launched in May
- An electronic recording tool, Mobenzi, introduced to monitor playgroups
- Cotlands launched its first mobile toy library in Gauteng, followed by an additional mobile for Gauteng and one for KwaZulu-Natal
- The death of former president Nelson Mandela is marked by releasing balloons

2014
- Selected as a partner by Ilifa Labantwana to participate in the playgroup social franchise think tank
- Cotlands hosts the first Southern Africa play conference

2015
- Initiated early learning playgroup pilot in partnership with Ilifa Labantwana and DSD in North West
- First mobile toy library for Mpumalanga
- Closure of residential baby units in Gauteng and Western Cape

WHAT WE DO

TOY LIBRARIES

A high-impact, cost-effective non-centre-based programme giving children, their families, ELFs and ECD practitioners' access to a collection of carefully selected educational play materials, play sessions and toys in their own communities and households.

The programme is focused on ensuring young children have access to educational development opportunities, preparing them for formal schooling on entering grade R.

Toy libraries provide:

- A lending service where members take out educational toys for their children, providing play and learning opportunities at home
- Play sessions for children who do not have access to an ECD programme
- Resources that support under-resourced ECD centres
- Community capacity-building sessions for parents/primary caregivers where general health, education and psychosocial information is disseminated

EARLY LEARNING PLAYGROUPS

An innovative, non-centre-based ECD service that increases access to early learning opportunities for children aged birth to four years.

Our programmes are based on best-practice principles, ensuring the holistic development of each of the children we serve.

Each four-hour play session is structured around a routine, creating learning and play opportunities that develop children's language, mathematical, problem-solving, gross motor, fine motor as well as social and emotional skills.

NUTRITION, HEALTH AND PSYCHOSOCIAL SUPPORT

A meal and/or snack is provided to all children attending early learning playgroups. To deliver an integrated service to our children, a nurse and social worker visit the early learning groups. The nurse conducts routine screenings of the children's general health, measures and weighs them to check for stunted growth and poor nutrition, screens for symptoms of illness, including HIV and TB, and checks immunisation cards for defaulters.

The social worker determines which children do not have access to social grants and assists the family to access grants if they are eligible. S/he also ensures all orphaned or abandoned children are legally placed with their primary caregivers. Families are supported to enrol children into formal schooling once they turn six. Together with the early learning facilitator, the social worker will observe children for signs of neglect or abuse.

The nurse and social worker visit the families of any children flagged with possible health or psychosocial concerns at home.

TOY LIBRARY ASSOCIATION OF SOUTH AFRICA (TLASA)

Cotlands is committed to toy libraries as a cost-effective non-centre-based approach to reach children who do not have access to developmental opportunities. We also believe toy libraries can be a hub to offer health and psychosocial services to children and their families. Cotlands will continue to advocate for toy libraries, working towards the vision of having a toy library within reach of every child in South Africa.

TLASA offers three training courses: toy library set-up and administration, skills development through play, and birth to two, focusing on the first 1 000 days. Members receive discounted training, quarterly newsletters, free regional seminars and exclusive information on our website.

OUR 2015 STATISTICS

Consolidated statistics

ACTIVITY Number of:	Measured	Annual total 2015	2014	2013
EARLY LEARNING PLAYGROUPS:				
Early learning playgroups	total	**97**	140	–
Early learning play sessions[4]	total	**6 350**	4 954	–
Children	at year end	**1 441**	1 261	–
Meals	total	**55 175**	33 848	–
TOY LIBRARY DEPOTS				
Members[1]	at year end	**214**	288	–
Play sessions[1]	total	**1 433**	1 827	–
Children	total	**2 038**	58 495[2]	10 964
COMMUNITY CAPACITY BUILDING				
Health sessions	total	**176**	115	–
Psychosocial sessions	total	**104**	59	–
Education sessions	total	**326**	114	–
Awareness campaigns	total	**35**	26	–
Total attendees	total	**5 557**	5 296	1 022
RESIDENTIAL CARE				
Admissions	total	**81**	93	96
Discharges	total	**112**	94	96
Annual total of children	total	**116**	128	139
TOTAL ANNUAL BENEFICIARIES				
Primary beneficiaries	total	**3 673**	–[3]	9 447
Secondary beneficiaries	total	**923**	9 110	2 029
Annual total	at year-end	**4 596**	–[3]	11 476

1 2013 stats not recorded in a format comparable with 2014 and 2015

2 Cumulative total where children were counted each time they accessed the service. In the 2015 reporting period, we refined the recording process so that we could determine how many children we serve and how many times they access the service.

3 Total number of children being served could not be calculated because the toy library programme did not record the number of children, only the number of contacts.

4 Cumulative number of playgroup sessions for the year.

OUR FY2015 STRATEGY

01 Refine early childhood development programmes and maximise the electronic monitoring and evaluation system to improve quality of service delivery and increase accountability to beneficiaries and investors
See page 28 for detail on how we performed against this goal.

02 Skill staff to perform competently and retain key talent
See page 32 for detail on how we performed against this goal.

03 Advocate for the importance of early childhood development and promote children's rights
See page 29 for detail on how we performed against this goal.

04 Expand Cotlands' donor base to develop sustainable sources of income to raise R30 million for FY2015
See page 38 for detail on how we performed against this goal.

05 Evaluate and select new opportunities for Cotlands in 2014 to scale up the early learning programme
See page 29 for detail on how we are performed against this goal.

FY2016 strategic goals

The strategic goals below were developed by considering our material issues and FY2015 goals:

Goal 1: Maintain and improve Cotlands early learning programmes through quality assurance systems and increased accountability to stakeholders

Activities	Risks	Opportunities
• Refine baseline and summative assessment process for 2 to 4-year-olds in playgroups • Conduct birth-2 development assessments using Mobenzi • Register early learning playgroups as partial-care programmes and toy libraries as partial-care facilities and programmes • Introduce bar-coding system into toy library	• Poor uptake of the service from community members • Programme implementation does not promote school readiness • Programmes do not meet beneficiaries' needs • Not maximising electronic monitoring system • Programmes not registered as partial-care programmes	• Community engagement processes • Effective monitoring and evaluation will identify areas for improvement • Registered programmes are eligible for funding from Department of Social Development • Effective programme will increase children's school readiness

Goal 2: Attract, develop and retain people who are engaged and driving Cotlands' strategic goals

Activities	Risks	Opportunities
• Identify and establish 2018 organisation vision, strategy and development plan • Develop a talent strategy • Competency management – move from managing people based on what they have (skills, abilities) to what they can do (performance)	• Insufficient number of staff with specialised subject knowledge inhibits expansion opportunities • Over-reliance on a few individuals leaves the organisation without depth and succession planning • Poaching of qualified and scarce-skill staff • Lack of opportunities to implement new skills • Inconsistent feedback on performance	• Promotion within the organisation • Provide staff with new skills and opportunities • Receive reward and recognition for quality work, and favourable return on investment • Provide favourable working conditions, i.e. flexitime, workload

Goal 3: Strategically advocate for the importance of early learning and position Cotlands as the leader in non-centre-based programmes

Activities	Risks	Opportunities
• Implement the advocacy plan to promote the importance of early childhood development • Establish Cotlands as leader in ECD • Grow Toy Library Association of South Africa (TLASA)	• Impact of lack of play opportunities on a child's development not easily measurable • Benefits of intervention only apparent as the child matures	• Increased opportunities for advocacy as ECD is a government priority

Goal 4: Expand Cotlands funding sources to sustain the financial operational requirements of FY2016

Activities	Risks	Opportunities
• Maintain and strengthen relationships with existing donors • Expand BBBEE funding opportunities • Increase public awareness – generate income through events, advertising, public relations, online giving avenues and social media • Increase international fundraising efforts • Review direct marketing programme and establish new methods of acquisition	• Insufficient funding to cover annual expenses • Perception that Cotlands is a wealthy organisation and does not require financial support • Shift in corporate social investment to enterprise development and job creation • Donations that cover capital expenditure seldom provide for additional operational costs • Competing with other NGOs for limited funding sources	• Cotlands Empowerment Trust allows Cotlands to receive preferential shares, contributing to our sustainability • New fundraising channels through social media and online marketing • New funding sources are available through the social franchise programme

Goal 5: Increase organisational capacity to contribute to the national scale up of early learning programmes reaching 4 000 children

Activities	Risks	Opportunities
• Social franchise of early learning playgroups • Department of Social Development partnership in Gauteng to monitor and support partners implementing early learning programme • Explore new partnership opportunities to implement early learning playgroup programme	• Expansion can exceed financial and human resources • Reputational and quality risk of partnerships	• Scaling up ECD programmes will reach more children • Government partnerships contribute to our financial sustainability • Cotlands positioned as leader in the ECD field

HOW WE ENGAGE WITH STAKEHOLDERS

Over the past two years, Cotlands has undergone a radical transformation and it was essential to continuously engage with all stakeholder groups to ensure our sustainability. Donors are clearly our most vital stakeholders. We endeavour to maintain open and regular communication with donors as this is important in developing long-term partnerships. We also actively encourage them to visit our programmes to experience our work first-hand. We constantly strive to improve our interaction with donors and welcome feedback and suggestions.

Another critical stakeholder group is partners. Our vision is to reach as many children with no access to ECD services as possible through our non-centre-based model. However, we cannot do this on our own, nor would we want to. To extend the programme's reach without draining our limited resources, we have partnered with Ilifa Labantwana and the Department of Social Development to implement the playgroup programme in North West province. The target in the next year is to set up 40 playgroups and ten toy libraries serving 800 children. We have also partnered with the provincial department of social development in Gauteng to provide resources, training and monitoring to four non-government organisations or NGOs to implement the Cotlands playgroup and toy library programmes.

DID YOU KNOW

When children play outside...
They develop gross motor skills
They learn about getting on and off, going around, going forward and backward They run, climb, jump, hang, slide, swing and develop their physical strength
They learn about the limitations of their body They learn how to play safely, to take turns and to share space

Our key stakeholders, their issues and how we engage with them is set out below:

Stakeholder	What matters to them	How we engage with them
Donors	• Detail on why early childhood development is important, the long-term impact on society if children are not able to access services, and why play is such a key component in early learning	• Experiential visits, providing an in-depth understanding of the early learning play session • At least 100 donors visited one of our early learning programmes during the year • Hosted two corporate events with knowledgeable guest speakers on how donors can access socio-economic development and enterprise development points on their BBBEE scorecards
Cotlands management board	• Strategy • Finances	• Updates at board and committee meetings • CEO and COO meet with individual board members where necessary for additional assistance/guidance
Employees	• Job security (during change process) • New challenges	• Meetings with teams directly affected by closure of residential services, outlining impact on current job and reskilling opportunities • Updates on challenges and achievements of new programme • Monthly general meetings • Internal newsletter • Weekly staff meetings
Volunteers	• What services they can offer Cotlands with the new model	• Monthly internal newsletter including upcoming events and other relevant activities • Email specific information on request • Meetings (2-3 per year) • Biannual training sessions on rules and regulations for children and toy library information • Knowledge sharing
Beneficiaries	• Engagement critical to successfully implement playgroups • Engaging with parents and community members • Parents indicated two hours a day was inadequate	• Consultation process – programme increased to four hours a day as a result of consultations

HOW WE ENGAGE WITH STAKEHOLDERS continued

Public relations and advocacy

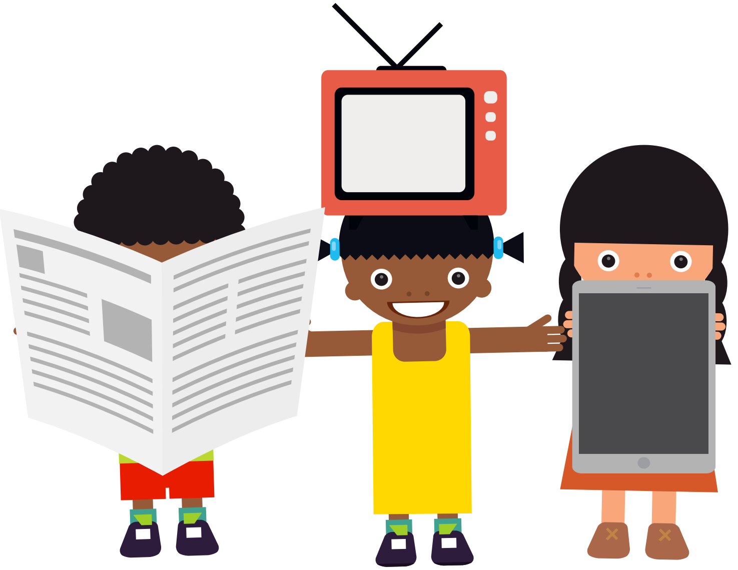
During the year, we actively worked on improving our brand awareness. We established a long-term partnership with FCB which secured free advertising space for our marketing campaigns. We continue to work with HKLM for branding and design, and Talooma, which has maintained and hosted our website for many years now. We are also trying to ensure Cotlands appears weekly on TV, radio or in print, primarily to advocate for play. Thanks to Newsclip, we are able to monitor the frequency and rand value of all published material.

There is a growing understanding of the importance of brand management and reputation management across the non-profit sector. Private companies are also beginning to understand the need to be associated with social brands and take time to invest in their own image. Different Life is one such company. This life insurance company has launched its philanthropic arm, Different.org, to provide financial assistance to Cotlands and assist in brand positioning and creating marketing material for our organisation.

Social media has become a highly interactive platform that allows us to communicate with our stakeholders globally. It is also a valuable medium to identify potential international and local supporters, and increase online donations. As our online community continues to grow, so has our international footprint. Interestingly, our social media interaction has brought in younger donors with a strong commitment to our organisation's new direction.

In the past year, Cotlands has played an important role in the public space of highlighting the importance of play. Through regular engagement with the press, we have promoted the right to play alongside the right to early childhood development opportunities. Feature articles on the importance of play in a child's development appeared in all leading national and regional papers. As a result of our proactive engagement with the press, Cotlands has often been identified as an expert in the field of childcare and has been requested to offer expert opinions on talk shows.

Advocating for early childhood development and the right to play in the media:



189 printed articles

50 radio and TV interviews

130 online articles

Memberships

- International Toy Library Association (ITLA): promotes toy libraries internationally
- A Chance to Play Southern Africa (ACTPSA): advocates for children's right to play
- National Early Childhood Development Alliance (NECDA): promotes, strengthens and represents NPOs working in the ECD sector
- ECD community of practice: Multi-stakeholder forum that facilitates information exchange on ECD practice
- Just Footprints Foundation (JFF): Cotlands is a founding member of JFF, which organises camps for orphaned and vulnerable children.

Awards

- Second in the annual National Development Agency (NDA) ECD awards for best ECD training and intervention programme 2014
- Merit award from Chartered Secretaries integrated reporting awards 2014

Honorary members

Cotlands thanks our honorary members for their valuable contribution to our work:

- HKLM – Harwood Kirsten Lee and McCoy
- KPMG Services Proprietary Limited
- Talooma
- Newsclip

OUR GOVERNANCE

Good governance is central to everything we do. It encompasses being responsible and accountable to our beneficiaries and donors, creating opportunities for stakeholders to participate in developing our services, and transparent reporting. We believe this is critical for sustainable development as it helps us ensure we are delivering essential services to those who need it most and that we accurately and clearly report our progress.

Cotlands management board

The overarching governance structure in Cotlands is the management board, whose primary role is to approve all strategic and policy decisions, and cascade specific decision-making tasks to board committees and the CEO for implementation.

All governance structures are formalised and prescribed by regulations set out in the Cotlands constitution. The Cotlands board has 16 members, comprising an independent group of volunteer experts in the fields of business, marketing, child development, human resources and finance.

Specialist committees ensure we can address the broad range of operations and functions with the appropriate skills and expertise:

Committee	Community development	Finance and governance	Organisational development and remuneration	Sustainable funding
Responsibilities	• Guidance and oversight of programme development, implementation, and evaluation • Ensure programmes are strategically aligned with Cotlands' mission and government priorities • Consider social impacts of all programmes	• Financial planning • Financial audits • Banking relationships • Investment policy and portfolio • All economic decisions, including budget approval and resource allocation	• Overall organisational development processes • Staff structure required to meet strategic goals • Monitor and provide input on staff remuneration • Monitor and provide input on staff issues: – industrial action – sick-leave trends – percentage of staff turnover per region	• Contribute to messaging strategy, communication plan, and leveraging Cotlands brand • Secure and retain donor support • Consider sustainable sources of income • Facilitate introductions for funding opportunities

These committees meet at least four times a year to support and oversee their specialised areas. Relevant staff members attend these meetings to enable employees to be heard at board level. The convenor of each committee sits on the executive committee (exco) to ensure all aspects of Cotlands is represented at this level. Exco meets at least four times a year and the full board, comprising the various specialist committees, meets twice a year.

The chairman is elected by board members and serves a three-year term, which can be renewed. The roles of the chairman and CEO are separated to maintain independence. The CEO oversees the operational functioning and strategy of Cotlands, guided by the chairman and board members.

The exco and finance committee approve the annual budget and final allocation of salaries for all staff members. These committees also approve the annual financial statements.

During the year, Indiran Gounden was appointed to serve on the finance and sustainable income committees. Cotlands management board now comprises 16 members.

Codes and policies

All Cotlands direct and support services are governed by policies and procedures. These range from the responsibilities of board members to admission criteria for various programmes. They include a code of conduct and disciplinary code for staff and volunteers, as well as processes for managing and identifying risks. Policies are reviewed every two years or when required by legislation or service delivery.

These codes, policies and procedures are available to all staff on our intranet and in hard copy. Copies are available to relevant stakeholders and partners on request.

Quality improvement

Each department in each region is required to complete an annual risk assessment, which is forwarded to the Cotlands risk manager. These are collated and ranked, which determines our quality improvement programme. An action plan with clear targets and timeframes has been developed for each quality issue and progress is measured at monthly meetings.

Reporting

To maintain our commitment to open and honest communication, reporting in Cotlands is conducted formally and regularly through bi-monthly or quarterly reports to committees, exco and the board. Each operating division is required to report on its progress, identify risks, and areas needing corrective action and mitigation. These reports are generated at operational level, creating an effective mechanism for employees to channel concerns, suggestions and opinions directly to the board.

External reporting takes many forms throughout the organisation, including monitoring and evaluation reports to donors, the annual report and progress reports to government departments, all of which help us maintain a constructive dialogue with these important stakeholders.

COTLANDS REPORTING STRUCTURE

COTLANDS MANAGEMENT BOARD
Dumisani Ncala
Mike Coward

EXECUTIVE COMMITTEE
Dumisani Ncala (chairman)
Mike Coward (vice chairman)
Allen Pentz
Nicola Malan
Sundrie Naidoo
Michal Bolanowski
Peter Moloney
Janet du Preez

FINANCE AND GOVERNANCE
Allen Pentz
Jos Polatinsky
Mike Coward
Indiran Gounden

SUSTAINABLE FUNDING
Mike Coward
Michal Bolanowski
Sue Morris
Katherine Madley
Indiran Gounden

ORGANISATIONAL DEVELOPMENT AND REMUNERATION
Sundrie Naidoo
Clive Pintusewitz
Janet du Preez
Tina Georgoulakis
* Glenda Cloete

COMMUNITY DEVELOPMENT
Nicola Malan
Eleanor Huggett
Cynthia Morrison
Peter Moloney

Bold: Chairperson
** Ad hoc member*

CHIEF EXECUTIVE OFFICER
Jackie Schoeman

EXECUTIVE SECRETARY
Sandy Miller

CHIEF OPERATIONS OFFICER
Monica Stach

PROGRAMME DEVELOPMENT MANAGER: EDUCATION
Mealang van Heerden

PROGRAMME DEVELOPMENT MANAGER: TOY LIBRARIES
Venessa T'Hart

PROGRAMME DEVELOPMENT MANAGER: PSYCHOSOCIAL
Boitumelo Seabi

REGIONAL CO-ORDINATOR: GAUTENG
Shireen Miller

REGIONAL CO-ORDINATOR: WESTERN CAPE
Gary Janeke

REGIONAL CO-ORDINATOR: EASTERN CAPE
Patricia Gunn

REGIONAL MANAGER: KWAZULU-NATAL
Nozizwe Dladla-Qwabe

REGIONAL MANAGER: MPUMALANGA
Thandi Mdaka

CHIEF HR OFFICER
Bonnie Haack

HR MANAGER
Elanie Olivier

LOCAL AND INTERNATIONAL VOLUNTEERS

FINANCE MANAGER
Jeanette Gourlie

INCOME GENERATION AND MARKETING

SUSTAINABILITY AND INCOME MANAGER
Gerna van Rooyen

MARKETING AND PR MANAGER
Lois Moodley

OUR IMPACT

The impact we have and the effectiveness of our programme is material to this report as it relates to the core of our business of providing services to children. We report on our programme effectiveness by measuring our progress against our strategic goals as well as the numbers of beneficiaries reached.

Performance against our strategic goals

IMPROVING PROGRAMMES

Goal 1: Refine early childhood development programmes and maximise the electronic monitoring and evaluation system to improve quality of service delivery and increase accountability to beneficiaries and investors

Why this goal

This goal was developed to ensure that the outcome of the evaluation process meant that any gaps in the service or aspects that were not optimal were revised and improved.

How we performed

Steps we took to refine the early learning playgroup included:

- Increased hours per week from two to four for playgroups for 2- to 4-year-olds
- Adapted learning to accommodate increased hours
- Enhancements to Mobenzi – the electronic monitoring platform used to enrol children, mark attendance, do assessments and record interventions by the nurse and social worker. These enhancements, which will ensure more accurate statistics, included:
  - Communications platform enabling communication between administrator and early learning playgroup facilitators
  - Tool to delete children no longer attending from the system
- 39 handsets replaced with smartphones for better functioning of the platform including:
  - GPRS functionality enables regional managers to determine the physical location of groups and early learning playgroup facilitators
  - Phones used to take photographs of playgroup children, which in turn are used to verify statistics
- Providing playgroup children with a progress report including their development and number of sessions attended. Parents were pleased with the feedback they received
- Surplus food donations used as an incentive to encourage regular attendance at playgroups
- Amended remuneration incentive of early learning playgroup facilitators so they are now remunerated according to monthly attendance, which resulted in increased follow-up with absent children by facilitators
- Registration of the playgroup programme in Western Cape and Mpumalanga with the Department of Social Development to ensure sustainability. To receive funding from the department, playgroup programmes must comply with related norms and standards, which are currently in different stages of development across provinces and not standardised.
- Business plans submitted to the Department of Social Development in Western Cape, Mpumalanga, Gauteng, Eastern Cape and KwaZulu-Natal. Gauteng and Mpumalanga playgroups are the only playgroups that received funding from the department.

Steps we took to refine the toy library programme included:

- Toy librarian monitoring checklist designed to enable regional managers to monitor programme implementation
- Streamlined procedures within programme
- Review of data-collection process, resulting in reporting on number of children accessing the service and not only number of interactions
- Revised role and responsibilities of toy librarian to include the early learning playgroup task of packing kits
- Toy libraries hosted four toy library seminars

ADVOCACY

Goal 3: Advocate for the importance of early childhood development and promote children's rights

Why this goal

While there is a growing need for early childhood development, many do not fully understand what this entails or that play is an integral part of a child's development. Cotlands has a responsibility to make the public, funders, policy makers and beneficiaries aware of the importance of ECD programmes.

How we performed

Advocating for early childhood development and promoting children's rights has been the primary focus of this year's play conference and World Play Day celebrations. Cotlands hosted its first play conference in collaboration with Terre des Hommes and A Chance to Play Southern Africa, with 91 delegates from across Africa attending. The aim was to promote children's right to play, with topics exploring what play means for different age groups. The conference produced an advocacy plan for play which participating organisations undertook to include in their work.

The theme of World Play Day 2014 was 'The right to play'. Cotlands used this day to advocate for a child's right to play and all Cotlands toy libraries hosted celebrations. We also produced a pamphlet and activity ideas for the event which were posted on the website.

A variety of platforms, including newspapers, radio and television were used to advocate on the importance of early childhood development and a number of newspaper articles, blogs and opinion pieces were published during the year.

SCALING UP

Goal 5: Evaluate and select new opportunities for Cotlands in 2014 to scale up the early learning programme

Why this goal

A strategic decision was taken to scale up access to early learning playgroups through partnerships, which will ensure that more children are reached by our programme.

How we performed

During the year, Cotlands partnered with Ilifa Labantwana's playgroup social franchise think tank, which explored the possibility of scaling up access to early learning playgroups using a social franchise model. The partnership culminated in a playgroup package that was prototyped in the North West.

Flowing out of this think tank was a partnership that enabled Cotlands to become part of a multi-stakeholder initiative to set up 40 playgroups reaching 800 children in North West. The project models and tests the possibility of skilling community workers to become early learning playgroup facilitators. The package designed by the social franchise think tank was further refined in this project.

Towards the end of the year, a third scaling-up opportunity presented itself in capacitating four non-profit organisations in partnership with Gauteng's Department of Social Development. Cotlands guided these non-profit organisations on how to implement playgroups and toy libraries.

OUR IMPACT
continued

Our progress in numbers

The effectiveness of our programme is reflected in the number of beneficiaries accessing these programmes.

	Measured	Total 2015	Gauteng	KwaZulu-Natal	Western Cape	Eastern Cape	Mpumalanga	Total 2014
Early learning playgroups (ELPs)								
Early learning facilitators	at year end	**30** ✓	6	10	4	4	6	27
Early learning playgroups	at year end	**97** ✓	20	21	17	13	26	129
Play sessions	total	**6 350** ✓	1 251	1 996	1 099	835	1 169	4 973
Children	at year end	**1 441** ✓	297	386	290	207	261	1 261
Boys	at year end	**694** ✓	144	189	151	97	113	628
Girls	at year end	**747** ✓	153	197	139	110	148	633
Home visits	total	**438** ✓	311	97	6	0	24	49
Meals served	total	**55 175** ✓	12 115	19 345	8 089	6 853	8 773	33 848
Referrals	total	**207** ✓	102	42	60	0	3	105
Toy libraries								
Total members	at year end	**214** ✓	119	18	0	2	75	288
Play sessions	total	**1 433** ✓	933	38	252	N/A	210	1 827
Children attending play sessions1	total	**24 451**	18 463	522	1 493		3 973	40 224[1]
Children attending homework support[1]	total	**13 301**	N/A	13 301	N/A	N/A	N/A	18 086[1]
Mobile play sessions	total	**620**	582	38	N/A	N/A	N/A	–
Communities served by mobile units	total	**268**	230	38	N/A	N/A	N/A	–
ECD centres served by mobile units	total	**294**	180	114	N/A	N/A	N/A	–
Children attending mobile sessions	total	**11 973**	11 451	522	N/A	N/A	N/A	–
Boys	total	**20 947**	9 394	8 933	818	N/A	1 802	33 684
Girls	total	**16 992**	9 078	4 890	673	N/A	2 351	24 811
Toys lent out	total	**20 218**	3 724	7 344	6 046	546	2 556	14 405
Toys trained	total	**4 958**	1 547	3 349	–	41	21	4 646
Toys lost	total	**46**	–	1	9	–	36	46

1. Cumulative totals. We have refined the recording process to determine how many children were served and how many times they accessed the service.

✓ KPMG assured

The Toy Library Association of South Africa (TLASA)

	Total
Participants trained	186
TLASA members	17
Participants attending seminars	183
Participants attending play conference	91

Community capacity building

	Total 2015	Gauteng	KwaZulu-Natal	Western Cape	Eastern Cape	Mpumalanga	Total 2014
Health sessions	**176** ✓	57	31	29	25	34	115
Psychosocial sessions	**104** ✓	25	33	14	8	24	59
Education sessions	**326** ✓	1	61	214	22	28	114
Total sessions	**606**	63	125	57	55	86	288
Awareness campaigns	**35** ✓	16	7	6	5	1	26
Total males	**904**	318	426	107	31	22	871
Total females	**4 653**	1 441	939	1 291	415	567	4 425
Total children in ECD	**52**	–	–	–	–	52	–

✓ KPMG assured

Residential care statistics

	Gauteng 2015	Gauteng 2014	Western Cape 2015	Western Cape 2014
New admissions	**16**	17	**65**	76
Discharges:				
– Deaths	**0**	0	**1**	0
– Fostered	**0**	0	**32**	27
– Adopted	**11**	9	**8**	10
– Returned to family	**0**	3	**27**	38
– Transferred to other facilities	**14**	4	**14**	3
Discharges (total)	**25**	16	**82**	78
Children on ART (at FYE)	**0**	0	**0**	4
Residents (at FYE)	**14**	15	**14**	20
Total number of children	**31**	32	**85**	96

OUR PEOPLE

Performance against our strategic goals

Goal 2: Skill staff to perform competently and retain key talent

Why this goal

Cotlands staff play a vital role in our sustainability as they are responsible for implementing our programmes. If our staff fail, we will not be able to deliver an effective service so training is a critical component in achieving effective programme delivery.

In addition, retention is key in preventing the loss of competent employees who have built up a skills and knowledge base. Without these, productivity and service delivery could be impacted.

How we performed

Due to the national shortage of qualified ECD practitioners, registered training providers and new graduates, as well as concomitant high salaries, Cotlands chose to enrol and train staff in level 4 ECD: 24 candidates have successfully completed their course and a further 33 are expected to complete the course by the end 2015. In addition, we have undertaken to continue training ECD to build our internal capacity and to reduce the national shortage.

We have also continued with our in-service training sessions. On Fridays, the ELFs meet at their regional office to be trained on the following week's learning plan. The toy librarians take them through the entire four-hour session, including how to welcome the children, how to read the story, what tune to use for the rhyme, how to prepare the art activity and how to play the maths game. The toy librarians then assist ELFs in collecting and packing their learning kits for the coming week.

From this training we have pleasingly discovered that, with the right support, the programme can be implemented by anyone. This has been particularly encouraging for our new partners, as the lack of qualified staff has always been a barrier to scale up services.

To retain staff, we have introduced an incentive programme. However, the risk remains that after acquiring the necessary skills and completing their level 4 qualifications, they may still leave for other organisations. We view this in a positive light as it means more young children will benefit from a quality learning experience and it will be another mechanism for scaling up services.

To ensure children in our own programme are not affected by staff turnover, we have appointed ELF assistants – young, unemployed youth with an interest in ECD – to work alongside our ELFs. They in turn will be able to take over or start their own playgroups, creating opportunities for new ELF assistants.

Obviously, our success does not rest entirely on the ELFs. Support staff such as programme developers, toy librarians, team leaders, regional managers, housekeeping – all play a meaningful role in our sustainability. It is vital we put systems in place to retain our most valuable resource – our human capital.

Overview of our people in 2015

Retrenchments

Phasing out our non-ECD programmes, namely the counselling project and remaining residential programmes, resulted in 54 staff being retrenched.

We assisted the affected staff in compiling and updating CVs. We also provided detailed references and put their names forward to reskill in ECD for those who were interested. Other children's homes were contacted and notified in case they had relevant vacancies.

Staff turnover

The staff turnover rate for the current year was 46.5%, significantly higher than the prior year due to retrenchments.

Parental leave

Cotlands offers the mandatory maternity leave for all female employees. In addition, if the employee has worked at Cotlands for two years, she receives 50% of her salary for two of the four months she is on leave. Male employees are entitled to five days' family responsibility leave when their child is born.

In the review period, 13 staff members became pregnant. Of these, three returned to work, three resigned, two were retrenched, one contract ended and the remaining four were still on leave at year end. Two male employees took paternity leave in the past year.

OUR PEOPLE
continued

Staff composition

By Gender	2015 Permanent	Non-permanent	Total	Left service	2014[1] Total	2013[1] Total
Female	74	49	123 ✓	85	180	166
Male	16	9	25 ✓	9	22	27
Total	90 ✓	58 ✓	148	94 ✓	202	193

1. Includes non-permanent staff

By province	2015 Permanent	Non-permanent	Total	Left service	2014[1] Total	2013[1] Total
Gauteng	37	19	56	46	84	85
Western Cape	7	17	24	38	51	48
KwaZulu-Natal	21	14	35	4	42	37
Eastern Cape	6	3	9	0	8	13
Mpumalanga	19	5	24	6	17	10
North West	0	0	0	0	0	0
Total	90	58	148	94	202	193

1. Includes non-permanent staff

By race	2015 Permanent	Non-permanent	Total	Left service	2014[1] Total	2013[1] Total
African	71	40	111	52	139	135
Coloured	6	10	16	27	31	29
Indian	1	1	2	2	4	4
White[2]	12	7	19	13	28	25
Total	90	58	148	94	202	193

1. Includes non-permanent staff
2. Includes foreign national employees
✓ KPMG assured

Reason for staff leaving service in 2015	
Salary and benefits	9
Retired/deceased	3
Dismissed/retrenched	65
Other	17
Total	94
Age groups of staff leaving service 2015	
20-35	31
36-45	23
45+	40
Total	94

Code of conduct

As an employer, Cotlands is committed to employment equity, fair labour practice, decent working conditions and ethical leadership. All actions are guided by our code of conduct and ethics policy. The human resources (HR) department provides the operating principles, leadership, guidance, training and consultation for our employees within this framework.

Employment equity

Cotlands provides equal-opportunity employment and conditions of service regardless of race, sex, religion or political opinion. Although we have not actively enforced black economic empowerment policies, our employment equity figures exceed all legislated targets:

- 87% ✓ of staff are from previously disadvantaged groups (African, Coloured and Indian)
- 83% are female
- 29% of the senior management team are African
- 100% of the senior management team are women

In August 2014 and March 2015, Cotlands employed two people with disabilities to provide them with workplace experience over a 12-month period. By rotating, they will gain HR and clerical experience in various departments.

Skills development and training

Cotlands HR department ensures that our workplace skills plan complies with and is implemented as required by South African legislation. Regional representation has been established on our training committee, which also serves as the employment equity forum.

Due to the change in Cotlands' strategic direction, the skills development programme was implemented conservatively during the year. The estimated spend on skills development in FY2015 was R470 668 for external training programmes. On average, Cotlands contributes 60% of training costs for external providers.

The focus was to train and capacitate our early learning facilitators in early childhood development national qualifications framework (NQF) level 4 in their respective regions.

The ELFs also receive weekly in-service training from toy librarians to implement the early learning programme.

In tandem, Cotlands has initiated a project with unemployed youth in the communities we serve to act as assistants to the ELFs. These are young people between 18 and 28 with an interest in early childhood development. The sector training authority, Health and Welfare SETA, assisted with sponsorship for this project so that these assistants can be enrolled on the ECD course in addition to the workplace experience they are receiving.

✓ KPMG assured

OUR PEOPLE
continued

The table below indicates the training focus

Skills development and training

Focus	Number of staff trained
Admin and HR	5
ECD	63
Finance	3
Fundraising and marketing	11
Health and safety	4
Hospitality	1
Management	4
Professional development	1

Performance monitoring

The performance of staff members is monitored using various tools such as the number of early learning playgroups, number of children receiving services, proposals sent out, and income received. All staff complete quarterly personal development plans, which are designed to be constructive and identify development needs.

Documentation

The changing nature of services delivered by Cotlands required a review of all HR documentation. This year, the focus was on developing job descriptions for ELFs and ELF assistants, and reviewing the job descriptions of toy librarians. Once these were finalised, each employee's personal development plan was amended accordingly.

The process of developing standard operating procedures for each job in the organisation was initiated, and will be completed in FY2016.

Rewards and recognition

We identified the need to implement a rewards and recognition system to improve staff retention. This was a complex process as we wanted a system that was simple, fair, objective and applicable to all staff, regardless of their position. Job descriptions and standard operating procedures were finalised and the performance management system reviewed. Although we have made good progress, we still face the challenge of having sufficient available financial resources to pay out performance-based bonuses.

Volunteers

Local volunteers

With the final phasing out of residential facilities in Gauteng and Western Cape, the drop in regular committed volunteers was evident.

We currently have 15 active volunteers in Gauteng who run the Saturday Club at the Turffontein facility. They completed a three-month in-service training programme and now offer children living in Turffontein play sessions on Saturday mornings – a wonderful opportunity for them as the toy library is usually closed over the weekend.

We are exploring other opportunities for volunteers to get involved in our programmes and add value to the worthwhile cause and service we offer.

International volunteers

Despite the shift in focus, Cotlands remains a popular choice among many volunteer agencies in the UK and Europe. To date, international volunteers have been hosted at the Gauteng and Western Cape offices as we do not have suitable housing or families to accommodate them in other regions.

We are grateful to all our volunteers for their dedication and commitment to Cotlands, the support they provide for our staff and the additional services they offer to our children. They truly are a valuable resource for our organisation.

Human rights

As an NGO, Cotlands has not been called on to investigate any violation of human rights. We remain committed to upholding all laws and codes on the fair treatment of employees and beneficiaries.

All employees are required to be familiar with and promote patients' rights and children's rights, and while it is always our intention to do good, the first step is to make sure we do no harm.

DID YOU KNOW

When children play in sand or water...
They develop their sense of touch and learn about textures
They pour, build, measure and count
They can choose to play alone or with others
It calms and relaxes them (particularly children who are anxious or aggressive)

OUR ECONOMIC PERFORMANCE

INCOME

Thank you

We are very grateful for the unwavering support we receive from so many donors who invest in Cotlands. We thank each of our investors for their generosity, loyalty and commitment to our cause, as every contribution enriches the lives of vulnerable children across South Africa. We would not be able to provide early learning opportunities to thousands of children without your incredible support.

Performance against our strategic goals

Goal 4: Expand Cotlands' donor base to develop sustainable sources of income to raise R30 million for FY2015

Why this goal

Last year, the fundraising team set a target of raising R30 million against an expense budget of around R27 million. As financial sustainability is critical for our survival, our ongoing challenge is whether to plan our programmes to fit into our budget or let our programmes determine the budget. If we expand without receiving funds, we run the risk of having to withdraw, which could be harmful to communities. The only way we can confidently plan to scale up services is if we can increase our sustainable income.

We identified that sources of sustainable income stem from multi-year funding agreements, increasing numbers of monthly individual donors, government subsidies and annual cause-related marketing programmes. We also identified Cotlands Empowerment Trust as another potential income source as the Trust allows us to access enterprise development funds over and above socio-economic development funds.

Please see page 20 for how we interacted with our donors.

How we performed

In recent years, Cotlands has consistently been R3-4 million short of our annual budget. Fortunately, we have had unexpected windfalls in most years to cover the deficit – one year it was the realisation of some shares, last year it was a grant from the National Lotteries Board. However, this is not a solution nor is it sustainable.

As a result, we made some changes to our fundraising strategy this year, while retaining the traditional methods of income generation, in the hope of reaching an optimistic R30 million target.

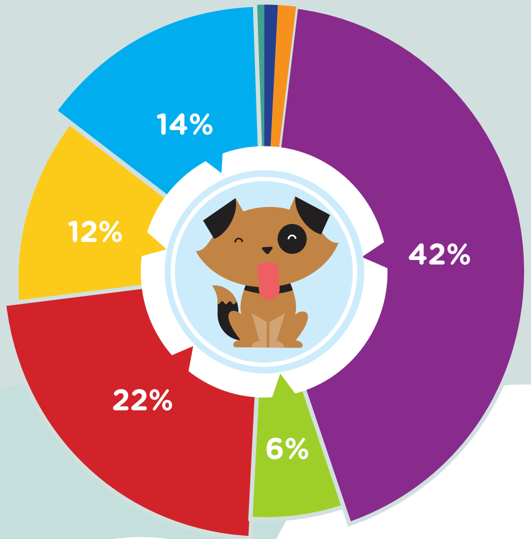
Firstly, we restructured the fundraising department to streamline processes, improve efficiency and reduce overheads. Secondly, we submitted applications to all provincial social development departments to support our early learning programme as government funding is a sustainable source of income . However, we have only signed service level agreements with Gauteng and Mpumalanga for FY2016, so cannot expect any additional funding for Western Cape, Eastern Cape and KwaZulu-Natal. Thirdly, we increased our online presence to increase the number of individual supporters.

Despite these initiatives, we again fell short of our expense budget, and far short of our income target. This was certainly a contributing factor to closing the last of the residential programmes to bring our budget more in line with what we can realistically expect to fundraise each year.

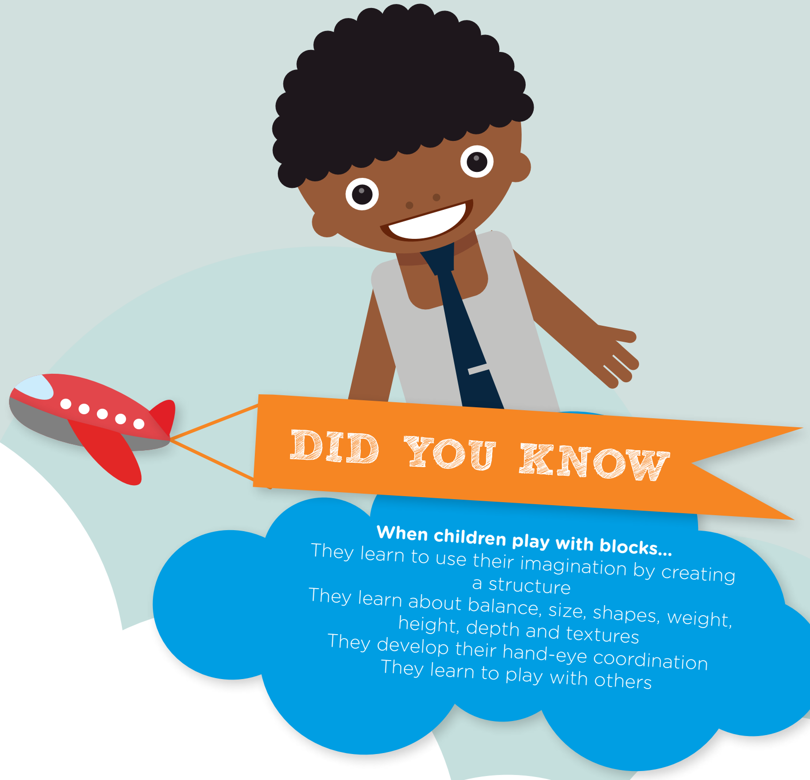
Income for FY2015 by donor group

Source	%	2015	2014	2013
Bequests	0.12 ✓	26 469	447 905	859 495
Collection tins	0.78 ✓	172 895	594 194	1 098 404
Community groups	1.21 ✓	267 699	174 521	199 192
Corporates and trusts	42.64 ✓	9 461 627	10 259 927	9 939 875
Individuals	6.09 ✓	1 350 710	1 305 164	1 290 095
NLDTF (Lotto)	0.00 ✓	0	4 502 000	0
Government	22.39 ✓	4 967 494	4 173 399	3 563 491
Direct mail	12.23 ✓	2 713 095	3 020 301	3 114 274
Foreign income	14.09 ✓	3 126 297	2 569 885	3 010 474
Other	0.45 ✓	101 357	82 877	168 323
Total income	100	22 187 643 ✓	27 130 173	23 243 623
Contingency		4 300 000		3 000 000

✓ *KPMG assured*



- Bequests
- Collection tins
- Community groups
- Corporates and Trusts
- Individuals
- Government
- Direct mail
- Foreign income



OUR ECONOMIC PERFORMANCE continued

Corporate donors

Our top six local corporate and trust donors this year accounted for R3 714 470 (14% of gross revenue):

- The DG Murray Trust Fund
- The Giving Organisation
- The Wilfrid Metje Foundation
- Anglo American Chairman's Fund
- Exxaro Chairman's Fund
- Lexmark International SA

In total, R9 461 627 was received from 295 corporate donors, with an average donation of R32 073.

The support we receive from in-kind donors is highly valued as it reduces our monthly expenses. Our largest in-kind corporate donors this year were Tiger Brands and Kargo International.

International donors

The top international donors in 2015 contributed R2 296 336 (9% of gross revenue):

- Emerging Markets Benefit Ltd
- The Stephen Lewis Foundation
- Philip Morris International

Government

The Department of Social Development funded our residential programmes in Gauteng and Western Cape, and our early childhood development programme in Mpumalanga and Gauteng. The Department of Health supported our residential programmes and community care programmes in Gauteng, Western Cape and KwaZulu-Natal.

Individual donors

Individual donors and direct mail donors (mostly individuals) contributed R1 350 710 and R2 713 095, respectively. This year, 621 individuals donated to Cotlands, with an average donation of R2 175. The direct mail programme has 3 328 donors, contributing an average of R815 per year.

Broad-based black economic empowerment (BBBEE)

Cotlands has a level 1 BBBEE rating with a procurement recognition level of 168.75%.

The new BBBEE codes that came into effect on 1 May 2015 give NPOs such as Cotlands the opportunity to tailor-make a business solution for corporates, and small and medium enterprises (SMEs), to support Cotlands through different funding avenues and gain points on more than one of the pillars of the new code. This could include socio-economic development, skills development, enterprise development, procurement and direct ownership.

Cotlands also has a trust that can provide BBBEE shareholding to companies. Dividends will go towards meeting the needs of our beneficiaries, 99% of whom are black South African women and children.

Tax exemption

In addition to BBBEE points, there are also tax benefits for Cotlands donors. The South African Revenue Service (SARS) regulation states that a taxpayer making a bona fide cash donation to a section 18(A) approved organisation is entitled to a deduction from taxable income if the donation is supported by a receipt issued by the organisation and does not exceed 10% of the taxpayer's taxable income.

Monthly donors are issued with an annual receipt in March that reflects the cumulative total of donations to Cotlands. Once-off donors receive a receipt within weeks of their donation. This is not an actual receipt but an acknowledgement letter worded to comply with SARS requirements: *In terms of section 18(A) of the Income Tax Act 1962, this letter serves as an official tax receipt – reference no 18/11/13/2009. Your donation has been or will be used exclusively for Cotlands.*

Donor rights and ethical fundraising

Our fundraising policy ensures donors have the right to remain anonymous and not be publicly acknowledged for their donations if they choose. However, we actively attempt to trace all our anonymous donations so that

OUR ECONOMIC PERFORMANCE
continued

we can acknowledge their valuable contribution. This information is used strictly for Cotlands' benefit and is not disclosed beyond our organisation.

We retain the right to decline a donation if the source conflicts with our vision, mission and principles. During the year, no donations were deemed likely to compromise our integrity, and therefore none were declined.

To ensure funding received is used as directed by the donor, contributions to a specific project are earmarked and kept in reserve. Each month, expenses for that project are claimed back from the reserve until funds have been depleted. If the money is not used in the financial year, the balance is carried over to the new year.

On behalf of the children we serve, the fund development team again extends heartfelt thanks to all Cotlands supporters.

EXPENSES

Equally important as our income budget is our expense budget. Consistently failing to reach our income targets was the major contributing factor in expediting the closure of our residential programmes in March 2015. This generated a large cost saving in the new financial year.

The finance department prepares an income and expense budget annually, with input from regional managers and head office. The percentage increase for each expense item is determined by the finance committee, based on CPI and current trends. Once finalised, the budget is approved by the executive committee, which also determines salary increments for the senior management team.

For FY2016, we have managed to reduce the budget to R21 million (R24 million if we include the new North West project which is fully funded. Comparing this to past levels, we believe it is an attainable income level and therefore a more sustainable target.

Performance to budget

Performance to budget is monitored monthly by the finance committee. Our goal is to stay within 5% of the expense budget. All unbudgeted expenses need to be approved by the CEO and, if above R7 500, by the finance committee.

All payments are made by Cotlands finance department at our head office, except for vehicle fuel and maintenance and petty cash. This ensures expenses are closely monitored. Cotlands expenses for 2015 were R27.6 million against a budget of R28.6 million. This was 3.6% under budget, despite two substantial additional costs not budgeted for:

- Retrenchment packages for the residential and associated support staff
- Replacement of the KwaZulu-Natal pickup truck after an accident

These costs, together with our budgeted expenses, were broken down as follows:

- Administration (including IT infrastructure costs): 7%
- Building costs: 5%
- Motor vehicles (fuel, repairs and maintenance, insurance): 3%
- Service delivery (food, clothing, medical supplies, educational equipment, etc): 6%
- Staff costs (salaries, benefits and training): 79%

Utility costs form part of our administration costs. To ensure we use our financial resources prudently and effectively, we monitor consumption of water, electricity, gas and fuel. For the year Cotlands spent R670 903 on electricity and water across all regions.

In addition, as part of our good governance philosophy, we also monitor our environmental impact (as kilograms of carbon dioxide or CO_2 emissions) against targets, including fuel and flights. We aim to improve our performance incrementally, despite being a low-impact organisation.

Our environmental performance

	Unit	Consumption 2015	Kg CO_2 emissions 2015	Consumption 2014	Kg CO_2 emissions 2014	Consumption 2013	Kg CO_2 emissions 2013
Electricity (all)	kWh	137 391	132 090	145 062	139 460	162 757	162 757
Natural gas (Turffontein)	gigajoules	598	38 206	660	42 167	522	27 468
Petrol (all)	litres	11 664	28 693	21 258	52 295	22 724	52 606
Diesel (all)	litres	15 317	40 743	10 082	26 818	6 113	16 077
Flights (all)		37	7 490	49	10 216	32	30 663
Total			247 222		270 956		289 571

http://www.carbontrust.com/resources/guides/carbon-footprinting-and-reporting/conversion-factors

Staff costs

In any business, the salary allocation is one of the biggest company expenses. It is no different for non-profit organisations. Donors and visitors occasionally question why Cotlands employs so many staff, assuming that most services could be delivered by volunteers. While we appreciate the valuable role of volunteers at Cotlands, their purpose is to provide support rather than direct service delivery.

If we want to maintain the quality of our programmes and ensure they are consistently delivered to our beneficiaries, we need to employ trained professionals and offer market-related salaries. Experience has shown that if we do not do this, we lose our staff and the training investment, to the private sector or to better-paying NPOs. Cost-saving opportunities do need to be explored, however, and for FY2016 we have reduced staff costs from 79% to 65% by establishing new partnerships.

AUDITED RESULTS

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2015

	Notes	2015 R	2014 R
ASSETS			
Non-current assets		**3 900 780**	**3 341 310**
Property, plant and equipment	2	3 900 780	3 341 310
Current assets		**7 173 934**	**11 917 915**
Inventories		2 974	4 641
Trade and other receivables		420 134	208 502
Cash and cash equivalents		6 750 826	11 704 772
Total assets		**11 074 714**	**15 259 225**
EQUITY AND LIABILITIES			
Equity		**5 862 188**	**5 861 434**
Retained surplus			
Current liabilities		**5 212 526**	**9 397 789**
Designated fund liability	3	3 617 335	7 442 404
Trade and other payables		508 991	533 951
Provisions	4	1 086 200	1 421 436
Total equity and liabilities		**11 074 714**	**15 259 225**

✓ *KPMG assured*

Statement of comprehensive income

For the year ended 31 March 2015

	Notes	2015 R	2014 R
Gross revenue		**26 903 052**	**27 042 173**
Donations – local		16 028 083	12 697 398
Donations – local government		4 968 128	3 693 046
Donations – foreign		3 124 087	2 477 340
Donations – foreign government		2 210	92 545
Projects and functions		3 528 320	3 456 482
Maintenance grants		125 799	480 354
Sale of goods		101 357	82 168
Lotto funding		–	4 502 000
Transfer from/(to) designated fund liability		(974 932)	(439 160)
Cost of sales/direct expenses		**(775 985)**	**(683 634)**
Gross surplus		**26 127 067**	**26 358 539**
Other income		1 081 233	636 076
Total income		**27 208 300**	**26 994 615**
Operating expenses		**27 625 765**	**27 507 020**
Employee costs		21 647 334	20 820 175
Depreciation on property, plant and equipment		222 278	257 986
Operating lease charges		217 128	306 121
Other operating expenses		5 539 025	6 122 738
Operating deficit		**(417 465)**	**(512 405)**
Investment revenue		418 219	524 525
Total comprehensive surplus for the year		**754**	**12 120**

Statement of changes in equity

For the year ended 31 March 2013

	2015 R
Balance at 01 April 2013	**5 849 314**
Total comprehensive surplus for the year	12 120
Balance at 01 April 2014	**5 861 434**
Total comprehensive surplus for the year	754
Balance at 31 March 2015	**5 862 188**

Statement of cash flows

For the year ended 31 March 2015

	Notes	2015 R	2014 R
Cash flows from operating activities		**(253 462)**	**146 433**
Cash generated from/(used in) operations		(671 681)	(378 092)
Interest income		418 219	524 525
Cash flows from investing activities		**(875 415)**	**1 489 659**
Purchase of property, plant and equipment		(875 471)	(648 611)
Sale of property, plant and equipment		56	2 138 270
Cash flows from financing activities			
Movement in designated fund liability		(3 825 069)	939 161
Total cash movement for the year		**(4 953 946)**	**2 575 253**
Cash at the beginning of the year		11 704 772	9 129 519
Total cash at end of the year		**6 750 826**	**11 704 772**

ACCOUNTING POLICIES

for the year ended 31 March 2015

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Size Entities. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands. These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Costs include all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

1.2 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the organisation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the organisation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- grants received subject to special conditions are included in revenue once those conditions have been met.
- it is probable that the economic benefits associated with the transaction will flow to the organisation; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Revenue from donations is recognised at the date of receipt of donation.

Interest is recognised, in profit or loss, using the effective interest rate method.

Notes to the annual financial statements

for the year ended 31 March 2015

2. Property, plant and equipment

	2015 Cost R	2015 Accumulated depreciation R	2015 Carrying value R	2014 Cost R	2014 Accumulated depreciation R	2014 Carrying value R
Land and buildings	2 177 643	–	2 177 643	2 177 643	–	2 177 643
Furniture and fixtures	892 440	(649 040)	243 400	942 182	(830 774)	111 408
Leasehold improvements	–	–	–	162 917	(162 917)	–
Motor vehicles	2 352 296	(977 956)	1 374 340	1 824 959	(932 733)	892 226
Office equipment	487 469	(483 668)	3 801	591 082	(558 437)	32 645
Equipment Other	361 896	(260 300)	101 596	446 659	(319 271)	127 388
	6 271 744	**(2 370 964)**	**3 900 780**	**6 145 442**	**(2 804 132)**	**3 341 310**

	2015 R	2014 R
3. Designated fund liability	**3 617 335**	**7 442 404**

3. Designated fund liability

These liabilities arise from donations received from donors that are earmarked for designated projects. When the actual expenditure is incurred for the designated project, an amount equal to the expense is reversed from the designated fund liability to the statement of comprehensive income. The remainder of the unutilised funds are shown as a designated fund liability on the statement of financial position.

4. Provisions

Provisions are recognised when the organisation has an obligation at the reporting date as a result of a past event, it is probable that the organisation will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably.

	2015 Carrying amount at beginning of the year R	Additional provisions R	Used during the year R	Carrying amount at end of the year R
Provision for upgrade of IT systems	353 096			353 096
Provision for leave pay	773 780		(243 947)	529 833
Provision for building maintenance	294 560		(91 289)	203 271
	1 421 436	**–**	**(335 236)**	**1 086 200**

5. Taxation

No provision has been made for taxation as the organisation is exempt from taxation by virtue of section 10(1)(cN) of the Income Tax Act No.58 of 1962, as amended.

Five year review

for the years ended 31 March

	2015 R	2014 R	2013 R	2012 R	2011 R
STATEMENT OF COMPREHENSIVE INCOME					
Total income	**27 208 300**	**26 994 615**	**25 946 956**	**28 315 264**	**29 908 593**
Donations and projects	26 127 067	26 358 539	25 255 329	28 252 746	29 686 769
Other income	1 081 233	636 076	628 025	62 518	221 824
Dissolution distribution – ALL-SA	–	–	63 602	–	–
Operating expenditure	**27 625 765**	**27 507 020**	**26 220 951**	**28 620 085**	**30 171 880**
Employee costs	21 647 334	20 820 175	18 695 868	21 180 015	22 602 930
Depreciation on property, plant and equipment	222 278	257 986	339 112	469 267	415 533
Other operating expenses	5 756 153	6 428 859	7 185 971	6 970 803	7 153 417
Operating surplus/(deficit)	**(417 465)**	**(512 405)**	**(273 995)**	**(304 821)**	**(263 287)**
Investment revenue	418 219	524 525	464 533	522 325	406 582
Finance costs	–	–	(4 270)	–	–
Total comprehensive surplus/(deficit) for the year	**754**	**12 120**	**186 268**	**217 504**	**143 295**
Staff members (include casuals & tin reps)	148	202	193	203	250
Average cost per employee	146 266	103 070	96 870	104 335	90 412
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Non-current assets	**3 900 780**	**3 341 310**	**4 803 364**	**5 539 116**	**5 819 200**
Property, plant and equipment					
Current assets	**7 173 934**	**11 917 915**	**9 441 469**	**11 559 328**	**12 307 072**
Inventories	2 974	4 641	5 681	–	–
Other financial assets	–	–	–	–	–
Trade and other receivables	420 134	208 502	306 269	356 516	237 537
Cash and cash equivalents	6 750 826	11 704 772	9 129 519	11 202 812	12 069 535
Total assets	**11 074 714**	**15 259 225**	**14 244 833**	**17 098 444**	**18 126 272**
EQUITY AND LIABILITIES					
Equity	**5 862 188**	**5 861 434**	**5 849 314**	**5 663 046**	**5 445 542**
Retained surplus					

	2015 R	2014 R	2013 R	2012 R	2011 R
Current liabilities	**5 212 526**	**9 397 791**	**8 395 519**	**11 435 398**	**12 680 730**
Trade and other payables	508 991	533 951	421 709	790 325	743 983
Provisions	1 086 200	1 421 436	1 470 567	1 429 546	1 548 081
Designated fund liability	3 617 335	7 442 404	6 503 243	9 215 527	10 388 666
Total equity and liabilities	**11 074 714**	**15 259 225**	**14 244 833**	**17 098 444**	**18 126 272**
STATEMENT OF CASH FLOWS					
Cash flows from operating activities	**(4 078 531)**	**1 085 594**	**(2 055 761)**	**(651 952)**	**1 824 962**
Cash generated from/(used in) operations	(4 496 750)	561 069	(2 516 024)	(1 174 277)	1 418 380
Interest income	418 219	524 525	464 533	522 325	406 582
Finance costs	–	–	(4 270)	–	–
Cash flows from investing activities	**(875 415)**	**1 489 659**	**(17 532)**	**(214 771)**	**(365 592)**
Purchase of property, plant and equipment	(875 471)	(530 831)	(378 269)	(308 788)	(365 592)
Sale of property, plant and equipment	56	2 020 490	360 737	94 017	–
Total cash movement for the year	**(4 953 946)**	**2 575 253**	**(2 073 293)**	**(866 723)**	**1 459 370**
Cash at the beginning of the year	11 704 772	9 129 519	11 202 812	12 069 535	10 610 165
Total cash at end of the year	**6 750 826**	**11 704 772**	**9 129 519**	**11 202 812**	**12 069 535**

By order of the Executive Management Committee

DE Ncala
Chairperson
Turffontein
04 August 2015

Members of the Executive Management Committee

DE Ncala (Chairperson), MD Coward (Vice-chairperson and Convenor – Marketing), AEJ Pentz (Convenor – Finance), MJ Bolanowski (Additional Member), N Malan (Convenor – Community Development), G Naidoo (Convenor – Organisational Development), JA du Preez (Additional Member), J Schoeman (Chief Executive Officer – ex officio), B Haack (Chief Human Resources Officer – ex officio), M Stach (Chief Operations Officer – ex officio).

These results have been audited by the independent auditors, GL Palmer and Company

The audited annual financial statements are available for inspection at the organisation's registered office.

DONOR ACKNOWLEDGMENTS

100 Abc'ers Club
ABSA Home Loans: Achievement Awards Group
Accolade Wines
Acrow Limited
Added Value Engineering Consultants
Adreach
AECI
AECOM SA
AEL Mining Services
AfriSam South Africa
AHT South Africa
Akhile Management and Consulting
Alan Coward
Alert Engine Parts
Alloy Magnetic Cores
Altech Netstar
Analytical & Diagnostic Products
Anglo American Chairman's Fund
Antalis SA
Antonio Braz Trust
ApexHi Charitable Trust
Aqua Gaming
Arcay Burson-Marsteller
Atbro Systems
Azriel & Moyra Fine Foundation
Balwin Properties
BCE Foodservice Equipment
Beautiful Earth
Bennett Brothers
Benvenuto
BizPhoto
Bob Tucker
Buckle Packaging
C & K Moneyline
Caleb Tucker
Cardano Risk Management
Cash Focus
Caxton
Charles Webster
Charlize Theron Africa Outreach Project
Church Alive
Cipla Medpro SA
Clarins
Clarissa Hathorn
Cleardata
Comap-Aquatouch
Connet Systems
Consol Glass
Cooper College
Crossberth Cold Stores
D Micklewood
DAL Agency
Dan Saltzman
Dash of Lime
DDS SA
Del Quantity Surveyors
Department of Social Development (Gauteng)
Department of Social Development (Mpumalanga)
Department of Social Development (Western Cape)
Dhiren Mansingh
Diplomat Group
Dis-Chem Foundation
Discovery Foundation
Dorothea Vonde
DSTV Media
Edcon
Editing Ink
Embassy of the United States
Emerging Markets Benefit Limited
Empowered Spaces
Envisage Investor and Corporate Relations
Exact Mobile
Exxaro Resources
FCB
First African Signs
Frank and Louise Von Glehn
Frieze Films
G4S Cash Solutions
Genesis Steel
Green Power
Greener Pastures
H.V. Test
HCI Foundation
HKLM
Holy Family Sisters
Holy Rosary School
Howden Africa
Hudaco Trading
Ina Prins
Information Security Architects
Inge Zuschke
Investec
Ipsos
Iscar South Africa
Italtile Limited
JAM
Jan Pezie
Janine Harris
JM Fourie
Jo'burg Theatre
John Zaat
Jonel Steffen
Jones Lang Lasalle
JR King Cuba
JT Ross Charitable Trust
Kaelo Engage
Kargo National
KBC Health and Safety
KC Van Straaten
Kotze Gearbox & Diffs

KPMG Services Proprietary Limited
Landis+Gyr
Law Print
Lerato Xaba
Lexmark International SA
Life Trust
LKDA Strategic Creative Advertising
Lol's Functions
Lomaen Medical
Marion on Nicol
Mark Read Crisp
Market SA
Martin Creamer Media
MDSOL Galactic
Melco Conveyor Equipment
Michael Coward
Mico SA
Mike Glover
M-Net Cares
Momentum Fund
Mostert Opperman Incorporated
Mpisi Trading
MSAT (City of Cape Town)
Mtuba Power Spar
MySchoolMyVillageMyPlanet
Natal Gaskets
National Department of Health
Netflorist
Newsclip
NGK Hottentots Holland
Nochumsohn & Teper Attorneys
One Angel Foundation
Overend
Palomino Plant SA
Pan African Asset Management
Pat Wiltshire Sports
Paul Lutz
Philip Morris South Africa
Phoenix Business Advisors
Portnex Trading
Pradeep Rowji
Pricewaterhouse Coopers
Primedia Broadcasting
Protarp Manufacturing
Protea Hotels
Rand Water Foundation
Ravi Singh
Relode Cricket Club
Revive Electrical Transformers
RM Vala
Robor
Roses & Rosemary
RR Travel
RWW Engineering
SA Canopy Germiston
Salcarb
Sarel and Han Janse van Rensburg
Savannah Environmental
SLR Consulting
Solo Rail & Mining
Space Station
Spar South Rand
Sparrow Task Force Engineering
Specialised Exhibitions
Specpack Sales and Marketing
Specpack Services
Stanley Brodkin Maditsi Attorneys
Stichting Mundo Crastino Meliori
Stop Hunger Now
Strate Proprietary Limited
Sue Koch
Sunny Packs Manufacturing
Susan Shames
Swift Silliker
Taback & Associates
Talooma
Tea @ Ten
Terre des Hommes
The Adele Drechmeier Trust
The Cecil Jowell Family Charitable Trust
The DG Murray Trust
The Doreen Muller Charitable Trust
The Federated Employers' Mutual Assurance Company Limited
The GS Elkin Residuary Trust
The Giving Organisation
The Hendrie Foundation
The Hermann Ohlthaver Trust
The Len Smith Foundation Trust
The Lunchbox Fund
The Pumpsmith
The Stephen Lewis Foundation
The Wilfrid Metje Foundation
Tiger Brands Limited
Tim Fry
Tony Dos Santos
Vitabiotics
Vodacom Foundation
Watson-Marlow Bredel SA
Wictra Holdings
Williams Hunt
Woolworths The Glen
Yaskawa Southern Africa

KPMG ASSURANCE REPORT

INDEPENDENT ASSURANCE REPORT ON SELECTED SUSTAINABILITY INFORMATION

To the directors of Cotlands

We have undertaken a limited assurance engagement on selected sustainability information, as described below, and presented in the 2015 integrated report of Cotlands for the year ended 31 March 2015 (the Report). Our engagement was conducted by a multidisciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

Subject matter

We are required to provide limited assurance on the following selected sustainability information:

1 Key performance indicators set out in the table below, prepared in accordance with Cotlands internally developed guidelines. The boundary of the assured KPIs is described on page 2.

Description	Value and unit	Page
Human resources indicators		
Total workforce: permanent employees and non-permanent employees	Number of permanent employees: 90 Number of non-permanent employees: 58	34
Gender: males and females	Number of female employees: 123 Number of male employees: 25	34
Staff turnover: number of employees who have left Cotlands during the year	Number of employees: 94	34
Fund development indicators		
Total donations received	R22 187 643	39
Funding sources as a % of donations received	Bequests (0.12%), collection tins (0.78%), community groups (1.21%), corporates and trusts (42.64%), individuals (6.09%), government (22.39%), direct mail (12.23%), foreign income (14.09%) and other (0.46%)	39
Community capacity building training		
Health sessions	Cumulative Number of sessions :176	31
Psychosocial sessions	Cumulative Number of sessions: 104	31
Education sessions	Cumulative Number of sessions: 326	31
Awareness campaigns	Cumulative Number of sessions: 35	31
Early learning playgroups		
Number of ELFs (early learning facilitators)	Number at year-end: 30	30
Number of early learning groups	Number at year-end: 97	30
Number of children enrolled	Number at year-end: 1 441	30
Number of play sessions	Cumulative Number of sessions: 6 350	30
Total number of boys and girls	Number at year-end Boys: 694 Girls: 747	30
Number of home visits by nurse and social worker	Cumulative Number of home visits :438	30
Number of meals served	Cumulative Number of meals: 55 177	30
Number of referrals	Cumulative Number of referrals: 207	30
Toy libraries		
Total number of members	Number at year-end: 214	30
Number of play sessions	Cumulative Number of play sessions: 1 433	30

2 Percentage of employees who are classified as black (page 35), prepared in compliance with the Broad-Based Black Economic Empowerment (BBBEE) Act of 2003 and the Codes of Good Practice on Black Economic Empowerment (Codes of Good Practice) (2007). The boundary of the assured KPI is described on page 2.

Description	Value and unit	Page
Human resources indicators		
Percentage of employees who are classified as black (as defined by the BBBEE Codes of Good Practice in line with the BEE Act of 2003)	88.67%	35

Directors' responsibilities

The directors are responsible for the selection, preparation and presentation of the sustainability information in accordance with the Cotlands' internally developed guidelines, and the BBBEE Act of 2003 and the Codes of Good Practice (2007). This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance and for the design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Our independence and quality control

We have complied with the code of ethics for professional accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with International Standard on Quality Control 1, KPMG Services Proprietary Limited maintains a comprehensive system of quality

KPMG ASSURANCE REPORT
continued

control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express limited assurance conclusions on the selected sustainability information based on our work performed and the evidence we have obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, assurance engagements other than audits or reviews of historical financial information, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected sustainability information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of Cotlands' use of its internally developed guidelines and the BBBEE Act of 2003 and the Codes of Good Practice (2007), as the basis of preparation for the selected sustainability information, assessing the risks of material misstatement of the selected sustainability information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Interviewed management and executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability information;
- Inspected supporting documentation and performed analytical procedures on a sample basis to evaluate the data generation and reporting processes against the reporting criteria; and
- Evaluated whether the selected sustainability information presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at Cotlands.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on the matters identified in 1 and 2 above.

Conclusions

In relation to the Report for the year ended 31 March 2015, we report:

1 On the selected sustainability information prepared in accordance with Cotlands' internally developed guidelines:

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability information identified in 1 above is not prepared, in all material respects, in accordance with Cotlands' internally developed guidelines.

2 On the selected sustainability information prepared in compliance with the BBBEE Act of 2003 and the Codes of Good Practice (2007)

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability information identified in 2 above is not prepared, in all material respects, in compliance with the BBBEE Act of 2003 and Codes of Good Practice (2007).

Other matters

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the Report.

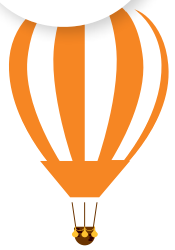
The maintenance and integrity of the Cotlands website is the responsibility of Cotlands' management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on the Cotlands website.

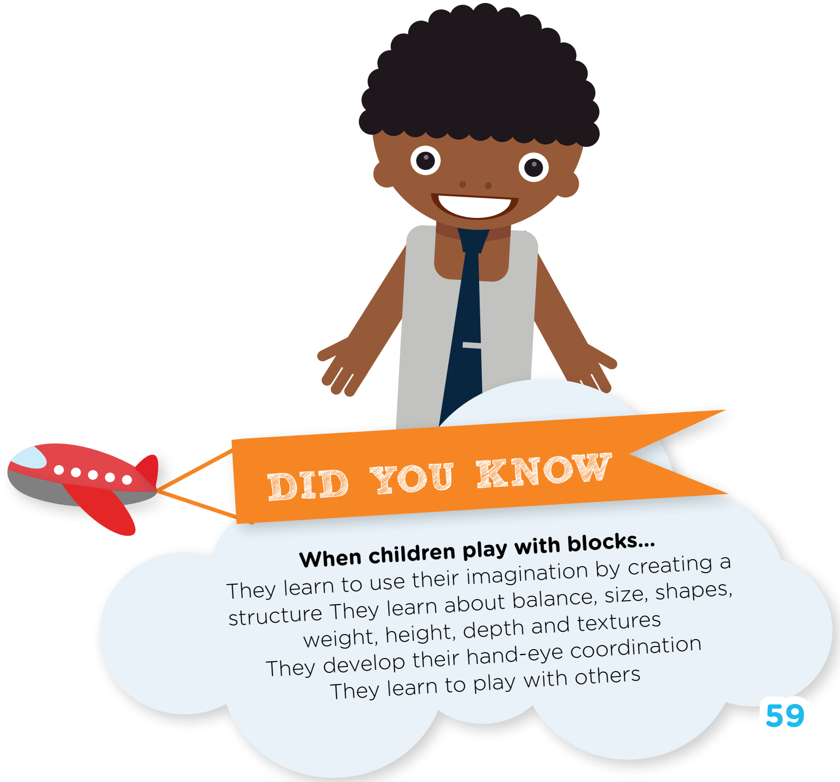
Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability information to the directors of Cotlands in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Cotlands, for our work, for this report, or for the conclusion we have reached.

KPMG Services Proprietary Limited

Per PD Naidoo
Director
Johannesburg
28 August 2015
1 Albany Road
Parktown
South Africa
2193





GRI INDEX

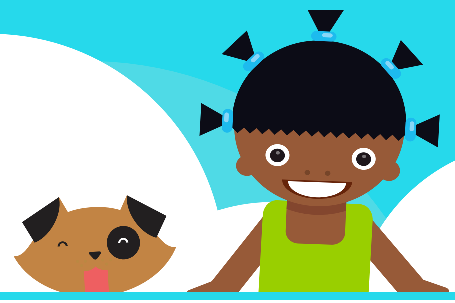
Cotlands has used the Global Reporting Initiative (GRI) G4 guidelines in accordance with the core option, as well as the NGO sector supplement, to guide the contents of this annual report for the period 1 April 2014 to 31 March 2015. We have attempted to report on all our programmes around the country, although there are instances where the information provided only applies to certain regions. This is indicated in the report.

The table below reflects the indicators covered in this report. Additional indicators and further information is provided on our detailed GRI content index on our website: www.cotlands.org

GLOBAL REPORTING INITIATIVE (GRI) G4 CONTENT INDEX

GENERAL STANDARD DISCLOSURES

Strategy and analysis								
	1	√	2	√				
Organisational profile								
	3	√	4	√	5	√	6	√
	7	√	8	√	9	√	10	√
	11	www	12	www	13	√	14	√
	15	www	16	√				
Identified material aspects and boundaries								
	17	www	18	√	19	√	20	√
	21	www	22	www	23	www		
Stakeholder engagement								
	24	√	25	www	26	www	27	√
Report profile								
	28	√	29	www	30	√	31	√
	32	√	33	www				
Governance								
	34	√	35	www	36	www	37	www
	38	√	39	√	40	√	41	www
	42	www	43	www	44	www	45	www
	46	www	47	www	48	www	49	√
	50	www	51	www	52	√	53	www
	54	www	55	www				



Key:

√ Included

√ Included, additional information on GRI content index on Cotlands website

www Information provided on GRI content index on Cotlands website

Ethics and integrity								
	56	√	57	www	58	www		
SPECIFIC STANDARD DISCLOSURES								
Programme effectiveness								
	NGO1	√	NGO2	www	NGO3	√	NGO4	www
	NGO5	www	NGO6	√				
Economic								
	NGO7	√	NGO8	√	EC1	√	EC2	www
	EC3	www	EC4	√	EC5	www	EC6	www
	EC7	√	EC8	www	EC9	www		
Environmental								
	EN3	√	EN4	www	EN6	√	EN7	www
	EN15	√	EN16	√	EN19	www		
Social: Labour practices and decent work								
	NGO9	√	LA1	√	LA3	√	LA10	√
	LA11	√	LA12	√				
Social: Human rights								
	HR3	www	HR5	www				
Social: Society								
	SO1	√						
Social: Product responsibility								
	PR1	√						


NOTES

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