Cotlands values
- Play
- Responsibility
- Excellence
- Impact
- Possibilities
- Responsiveness

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

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

Thank you to our generous sponsors
Antalis SA
Editing Ink
HKLM
KPMG Services (Pty) Limited
Law Print
Envisage Investor and Corporate Relations
Overend

Contents
01
- Scope and boundary
- Cotlands at a glance
- Map of services
- Significant features of 2014
- Who we are

02
- Chairman’s report
- Chief executive officer’s report
- Treasurer’s report

03
- Cotlands evolution
- What we do
- Consolidated statistics
- Material issues and strategy
- Stakeholder engagement

04
- Programme effectiveness
- Early learning playgroups
- Toy libraries
- Community capacity building
- Residential care
- Chris Hani Baragwanath counselling

05
- Our people
- Fund development
- Governance
- Environmental responsibility

06
- Economic performance
- Annual financial statements
- Donor acknowledgement
- KPMG assurance report
- GRI index
- Contact us

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Timeline of childhood milestones

**BIRTH TO 1 YEAR**
- starts to smile at two months
- then learns to sit, crawl and stand
- recognise own name
- babbles “mama and “dada”

**1-2 YEARS**
- walks independently
- drinks from a cup
- says at least 15 words
- begins to recognise body parts
- runs and jumps
- speaks in two word sentences
- follows simple instructions
- begins make-believe play

**2-3 YEARS**
- talks in two word sentences
- follows simple instructions
- begins make-believe play
3-4 YEARS
- climbs well
- speaks in multi-word sentences
- sorts objects by shape and colour

4-5 YEARS
- gets along with people outside the family
- draws circles and squares
- rides a tricycle

5-6 YEARS
- can tell name and address
- jumps, hops and skips
- gets dressed
- counts 10 or more objects
GROSS MOTOR GAMES

CONSTRUCTION

PLAY DOUGH

ART

READING
Cotlands is a registered non-profit organisation operating in five provinces (Gauteng, Western Cape, Eastern Cape, KwaZulu-Natal and Mpumalanga) across South Africa. This report presents our financial, environmental, social and governance performance for the period 1 April 2013 to 31 March 2014. It sets out Cotlands’ regional and departmental policies, goals, performance, responsibilities, risks and plans.

Materiality is a core element in determining the relevance of report information. The Cotlands board has duly applied its mind to matters that would be considered material to stakeholders and this report addresses material issues related to Cotlands, as outlined on page 22.

As a continuation of the Cotlands transition process, by July 2013 the home-based care programmes were almost completely phased out, with only a few families still requiring support. Cotlands’ new programme – non-centre-based early learning playgroups – was piloted in Gauteng in the first quarter of the financial year, and rolled out to other provinces in May 2013. As a result, there is a significant change in statistics presented in this report, which now reflect our revised services. Comparative data will only be available in the 2015 report.

Cotlands has used the Global Reporting Initiative (GRI) G4, in accordance with the core option, supported by our internally developed guidelines, (available on request from Cotlands), to prepare this report. We have also applied the GRI NGO sector supplement. The GRI compliance index is on page 74.

Selected performance information for Cotlands early learning programmes, fund development and our people, was assured by KPMG Services (Pty) Limited. Refer to page 70 for the assurance report.

We welcome your feedback on the report and any questions or comments can be directed to CEO, Jackie Schoeman. Contact details are provided on the inside back cover.
Selected criteria from these activities, as well as the following national activities have been assured by KPMG: human resources, fund development and a percentage of employees classified as black. These are indicated by ✓.
Who we are
Cotlands has been a beacon of hope for vulnerable children in South Africa since 1936. Always guided by the needs of communities, we adapt our services to provide relevant community-driven interventions across five provinces in South Africa.

In another step in our evolution, the focus has shifted to early childhood development. Refining our integrated community model – which encompassed health, education and psychosocial services – we have identified addressing developmental gaps, caused by poor health and other life circumstances, as a vital element of the holistic care of vulnerable children. Toy libraries support the implementation of early learning playgroups, which also offer health and psychosocial support.

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

Why early development opportunities are so important
Young children living in disadvantaged communities have limited or no access to early learning opportunities. When these children are due to start school, they already lag in their educational development and lack fundamental skills needed to learn to read and write. This affects their whole learning experience. Although they are forced to repeat years, they still do not successfully close these developmental gaps. As a result, these young people cannot achieve their academic potential and often leave school prematurely. Without the necessary education their opportunities are limited, resulting in unemployed or under-employed young adults struggling to earn an income and unable to lift themselves out of poverty. This in turn has broader societal consequences, with their children born in a disadvantaged community, starting the cycle again.

SIGNIFICANT FEATURES OF 2014

• First early learning playgroup initiated in May 2013
• 128 additional playgroups opened since May 2013 serving over 1 200 children
• Acquired three mobile toy libraries - two in Gauteng and one in KwaZulu-Natal
• Developed and introduced an electronic recording system, improving monitoring processes
• 27 Cotlands community caregivers successfully trained as early learning facilitators (ELFs)
• 27 ELFs enrolled for a level 4 early childhood development (ECD) practitioner qualification
• Small surplus at year end - thanks to a generous grant from the National Lotteries Board
• Selected by DG Murray as part of a team exploring the possibility of upscaling playgroups through social franchising
• Additional employment opportunities provided to unemployed youth as early learning playgroup assistants
• 15 community caregivers chose not to reskill and had to be retrenched
• External factors influence playgroup attendance
In my last report I concentrated on Cotlands’ transition from primarily health services to a focus on early childhood development. This transition has now been successfully achieved, so it is time to look forward to the next three to five years.

Government has set clear targets for increasing access to early childhood learning opportunities. We need to see how best Cotlands, as an organisation, can contribute to meeting these targets. In our planning, we have had to consider the economic climate of the country, corporate spend allocation, and what support structures are needed. It is also critical to decide how to scale up.

Current trends indicate that economic growth is slow, and there are constant warnings about a possible recession. For non-profit organisations, this is a concern because socio-economic development spend is usually determined as a percentage of profit. Corporates also want to maximise the benefits of their donations, rightly so, and they receive double the points on their black economic empowerment (BEE) scorecard for contributing to enterprise development (ED) initiatives as opposed to the traditional social investment spend.
Cotlands has an empowerment trust with the potential to secure ED donations which may be a sustainable opportunity to take our early learning playgroup programme to scale. We are currently exploring some options such as social franchising and registering practitioners as sole proprietors, which should meet ED requirements, but these need further development. The Department of Social Development is also developing its funding model for non-centre-based programmes, and it seems that a per-capita allocation is likely. These opportunities are encouraging steps towards a model that has the potential to secure sustainable funding.

While money is important in scaling up, more critical is the human capital needed to ensure quality of service. Over the next two years, Cotlands will focus on capacitating our staff to deliver the early learning playgroup programme, and train others to do so. If we really want to reach more children, the most effective way will be to partner with other organisations to deliver the service. However, our current infrastructure does not have the capacity to do this on a large scale.

Critical to quality service delivery are toy libraries, and we need to identify partners willing to establish these in their communities. Toy libraries are the most cost-effective way to resource playgroups as toys can be used week after week. However, the current system of manually labelling toys and filling out lending cards will not be able to cope with large numbers of members lending toys to run playgroups. A barcode system is being investigated, but costs will determine whether this will be a viable option nationally.

We look forward to the challenges that lie 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. Completely transforming an operational model is never an easy task, but the transition happened so smoothly that one has to appreciate all the background work and planning that went into this process. Particularly commendable was the fact that no beneficiaries were negatively affected by the transition, and those who could not be responsibly discharged have been retained.

The Cotlands management board members have tirelessly contributed their knowledge and time over the past year. They have monitored implementation of the new programme, assessed the impact, identified possible risks, and supported the staff. Thank you to each one of you for your invaluable contribution.

Cotlands is very grateful to have attracted many loyal and long-standing donors whose ongoing support throughout our transition allows us to continue assisting a substantial number of beneficiaries. Our donors and partners - whether they are individuals, corporates or government, and whether they provide goods, services or skills - are extremely important stakeholders to us.

\[\text{DE Ncala}\\
\text{Chairman}\]
Over the past 77 years, Cotlands services have continuously evolved in response to changing community needs. In the mid-1990s, it increasingly moved into the field of paediatric HIV, becoming the first organisation to open a paediatric hospice providing end-stage care for children with Aids. As treatment became available, and before it was accessible through state health services, we paid for our residential children to go onto antiretrovirals. The steady decrease in the number of children dying since 2003, both in our in-patient units and in our community care programmes, led to a further change in services. Where we focused mainly on health programmes with psychosocial support, we began to realise that these children were now likely to survive into adulthood, and we needed to start closing the developmental gaps caused by their poor health and other life circumstances.
In 2012, we started transitioning services from a primarily health-orientated service to an education focus. For more information on this strategic decision, please see our 2013 integrated report on our website www.cotlands.org

Underpinning this transition was our commitment to sustainability and our focus on ensuring we are consistently aware of our impacts, as well as those that impact us.

At the start of this financial year - April 2013 - we were ready to initiate our non-centre-based early childhood development (ECD) programmes. To do this, however, we needed to find an effective way to reskill our community care workers, who had only limited ECD knowledge. We decided that the best way to equip our staff to effectively deliver the newly-conceptualised early learning programme was to use a two-pronged approach. This entailed a weekly in-service training programme, supported by a level 4 ECD practitioner qualification.

Fortunately, our five Cotlands toy libraries, one in each of our regions, had already been operating for a few years and an additional Gauteng library was acquired in the previous year. This meant that every Cotlands project had at least one toy librarian with ECD experience and extensive knowledge on using toys to promote development. In partnership with Teacher’s Learning Centre (TLC), an accredited ECD training organisation, eight Cotlands toy librarians and ECD practitioners were trained as level 4 ECD facilitators, enabling them to offer training to 27 Cotlands staff around the country. Not only was this the most cost-effective option, it also allowed us to ensure training was standardised and adapted for playgroup settings throughout the organisation.

Alongside theoretical knowledge the community care workers, now called ELFs, received weekly in-service training on how to implement the early learning programme. This very hands-on training required staff to practice how to read stories, sing songs and play games selected for the week’s theme.

The result has been that Cotlands has been able to effectively take staff with no prior ECD experience and equip them to offer a high-impact, cost-effective non-centre-based early learning programme. While this has been a tremendous win for our organisation, as well as for government and other NGO partners, it did present some challenges, not least the financial cost.
Additional funding had to be raised to subsidise the training cost of 35 staff members, even with our cost-effective option. Apart from course fees, there were additional travel and accommodation costs to bring toy librarians from the other four provinces to Gauteng for training so that they could, in turn, train staff in their region.

The second challenge was time. The level 4 training and in-service training required allocating time in the work week. Fridays were set aside for training and meetings, which meant staff only had four days in which to deliver the early learning playgroup programme.

A third challenge was the self-doubt some employees felt about their ability to study and begin a new career path. Although staff who were not interested in a career change chose to leave during the restructuring in the previous year, those who remained were still anxious about the career change.

Lastly, staff not directly impacted were sceptical of the transition’s success and whether the new programme would have a meaningful impact on the children we serve.

Throughout this transition process, it is important that we acknowledge the exceptional input from regional and senior managers, the programme development team and the toy librarians, whose dedication and commitment to Cotlands’ new direction has made it so successful.

Now, when we review the progress made in the past year, doubts and concerns have been laid aside, and we are able to tangibly demonstrate the positive impact of the early learning playgroup programme, not only on children’s lives, but also on the communities in which the programmes operate.

Appreciation

I extend my thanks to all the people who have helped us achieve our successful transition. My appreciation to the Cotlands management board for their continued support and guidance. Special thanks to all our generous donors, without whose support we would not be able to operate effectively. To all our staff, a big thank you for tirelessly and enthusiastically working with us to transition into what we are today. And lastly, my thanks 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.

Jackie Schoeman
Chief Executive Officer
We were first introduced to André in December 2012 through his brother Christiaan after Cotlands put out an online appeal searching for a photographer to visually capture our work. Both brothers are renowned in their fields of wedding and corporate photography and we were pleasantly surprised when they enthusiastically offered to take Cotlands on as a pro-bono client.

André has remained with Cotlands since then, photographing our programmes and functions. Always eager to help us, André approaches every job with a smile and his catch phrase ‘hundred per cent’. It was his idea to assist Cotlands in building a photo library and he undertook a week-long journey with us across the country to capture the plight of children in rural and urban areas.

His remarkable and provocative work provides insight into each region in which children are expected to thrive.

His photography mirrors the unique struggles and complexities of each region, but expresses the hope that Cotlands brings to these areas. His photographs, which will be used in campaigns throughout the year, chronicle compelling narratives about children in present-day South Africa.

At Cotlands, we believe our visual material should reflect reality and tell a story. Working with André, who understands this vision, makes reaching our objectives that much easier.

André has never let us down. Even in times of personal crisis he would – as he says – ‘make a plan’. For his sense of humour, talent and time, we are deeply appreciative. Thank you André, from all of us at Cotlands.
The strategic changes implemented in the previous year have affected our fundraising strategy, and we have had to reposition ourselves with corporates. The transition also places Cotlands as a promoter and implementer of education through play, thereby advancing children’s early development and forming the basis for improving their future learning capability.

In approaching corporates, we emphasised that contributions to Cotlands provide BEE points. However, this has not had the envisaged impact. We will continue to promote this benefit in the current year, and we hope this area will improve as a source of funding.

Cotlands’ gross revenue for the year was R27 130 173, which is a great effort given the changing dynamics of the institution. This allowed Cotlands to show a surplus of R40 119 for the year. Total operating costs were just over R27 million, around R1 million up from the previous year.

Our largest contributors to income remain local corporate donors, with international donors, individuals and government departments making up the balance. This was boosted by a R4,5 million donation from Lotto which greatly assisted with our results.

The financial position of Cotlands remains sound and we hope that campaigns to increase awareness of Cotlands, and its role in the community, will assist in improving funding in the coming year. We look forward to a year of stabilisation and refining our new strategies, while focusing on making the community and donors aware of the significance of our role in the development of South Africa’s children.

On behalf of the Cotlands finance department, we thank all donors – large and small. You are clearly the essence of our organisation’s existence, and you enable us to provide services to many children and families, thereby making a significant contribution to the well-being of our youth, and the future of South Africa.

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Allen Pentz
Treasurer
Typically, non-profit organisations view marketing as a luxury and struggle to find a donor willing to fund a marketing strategy or marketing material. At Cotlands, we have been able to achieve a stellar brand identity thanks to HKLM. In a competitive industry, Cotlands stands out because its brand has been well-crafted and established through the dedicated work of the HKLM team.

For HKLM, design is more than just shapes, colours and patterns. They understand that design is an important part of messaging and in creating an understanding of what is being communicated. They recognise the importance of investing time and energy in marketing, to highlight the plight of children in South Africa, and to build a loyal donor base for Cotlands.

For the past 11 years, HKLM has assisted Cotlands with rebranding, establishing a strong brand identity, designing, and printing a range of material, including signage, posters, stationery and annual reports.

Just recently, their award-winning team tackled our World Play Day campaign. Their innovative design highlighted the importance of play in a child’s development. Through their material, many more children across South Africa were exposed to the joy of learning through play. The resourceful poster they created was used to celebrate the day and as an interactive learning aid that taught children about their rights.

As with most creative out-of-the-box thinkers, HKLM stretch the boundaries each year with our annual report – like the one you are reading right now. Their passion for design drives them to show up early and stay late just to get the job done. We know from experience that sometimes pro-bono jobs are not a priority, but this is never the case at HKLM. From day one, we have felt like their most-valued client.

HKLM are more than donors - they are invested partners who walk side-by-side with Cotlands. We are truly grateful for their ongoing commitment.
Cotlands’ Evolution

- Established by US missionary nursing sister Matron Dorothy Reece after finding an abandoned baby on her doorstep
- 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 which raised £4 000, the home was registered as a charitable institution
- The home moves to larger premises in Kenilworth. Strict vetting procedures instituted for prospective adoptive parents, due to a nationwide shortage of babies

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

- The Cotlands nursery school opens in Turffontein
- Some residential children are diagnosed with HIV
- The Aids hospice at Cotlands opens – the first in SA
- Formulated policy guidelines for children infected/affected by HIV/Aids
- Initiated community outreach programmes
- Home-based care services for HIV babies offered in Soweto, Gauteng and Hlabisa, KwaZulu-Natal

Adding psychosocial and educational support to the programmes

- Implement antiretroviral treatment for relevant children
- Open second Cotlands hospice in Somerset West, Western Cape
- Launch of Cotlands/Chris Hani Baragwanath HIV/AIDS counselling project
<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>• Opening of Cotlands nutrition project in East London, Eastern Cape</td>
</tr>
<tr>
<td></td>
<td>• Acquisition of Macassar Haven in Macassar, Western Cape</td>
</tr>
<tr>
<td></td>
<td>• Cotlands celebrates 70 years</td>
</tr>
<tr>
<td></td>
<td>• Opening of Everest early childhood development (ECD) centre near Boschfontein, Mpumalanga</td>
</tr>
<tr>
<td></td>
<td>• Opening of Cotlands House in Turffontein, Gauteng</td>
</tr>
<tr>
<td>2005</td>
<td>• Opening of Cotlands community centre in Soweto, Gauteng</td>
</tr>
<tr>
<td></td>
<td>• Opening of Tirelong ECD centre in Rustenburg, North West</td>
</tr>
<tr>
<td></td>
<td>• Opening Cotlands’ first toy library in KwaZulu-Natal</td>
</tr>
<tr>
<td></td>
<td>• Acquisition of property in Reeston, Eastern Cape</td>
</tr>
<tr>
<td>2006</td>
<td>• Macassar Haven becomes a community centre</td>
</tr>
<tr>
<td></td>
<td>• Opening of Cotlands toy library in East London</td>
</tr>
<tr>
<td></td>
<td>• Opening of Cotlands toy library in Soweto</td>
</tr>
<tr>
<td>2007</td>
<td>• An ECD centre opens at Macassar Haven community centre</td>
</tr>
<tr>
<td></td>
<td>• Launch of Turffontein toy library in Gauteng, in collaboration with Save the Children, UK</td>
</tr>
<tr>
<td></td>
<td>• All regions adopt the integrated model, allowing them to provide an array of quality services including education, health and psychosocial services</td>
</tr>
<tr>
<td></td>
<td>• Cotlands takes over Active Learning Libraries of South Africa (ALL-SA)</td>
</tr>
<tr>
<td></td>
<td>• In December, Cotlands announced the transformation of the Aids Hospice into the Cotlands Child Care unit due to the drastic reduction in Aids-related deaths</td>
</tr>
</tbody>
</table>

**Launching early learning programmes**

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>• The early learning playgroup model for birth to four-year-olds is launched in May 2013</td>
</tr>
<tr>
<td></td>
<td>• An electronic recording tool, Mobenzi, is introduced to monitor playgroups</td>
</tr>
<tr>
<td></td>
<td>• Cotlands launches its first mobile toy library in Gauteng, followed by an additional mobile library for Gauteng and one for KwaZulu-Natal</td>
</tr>
<tr>
<td></td>
<td>• The death of former president Nelson Mandela is marked by releasing balloons</td>
</tr>
<tr>
<td></td>
<td>• Selected as a partner by Ilifa Labantwana to develop a playgroup social franchise</td>
</tr>
<tr>
<td></td>
<td>• Cotlands hosts the first Southern Africa play conference</td>
</tr>
<tr>
<td></td>
<td>• A unique USSD system is introduced to communicate with beneficiaries</td>
</tr>
</tbody>
</table>
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, early learning 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
• Early learning play sessions for children who do not have access to an ECD programme
• Resources that support early childhood development centres

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 a website exclusive to members.

EARLY LEARNING PLAYGROUPS

An innovative, non-centre-based ECD service that increases access to early learning opportunities.

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

Each two-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 nutritious meal is provided for all children attending early learning playgroups. In some instances the meal is prepared by Cotlands but, wherever possible, we have partnered with existing feeding schemes.

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. She/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.

RESIDENTIAL CARE

Cotlands has retained two small residential facilities: a 15-bed unit which mostly accommodates newborn babies waiting to be adopted in Turffontein, Gauteng, and a unit in Somerset West, Western Cape. This unit houses 20 children and, in addition to newborns, has retained a few beds for palliative care patients.
## CONSOLIDATED STATISTICS 2014

### INDICATOR

<table>
<thead>
<tr>
<th>NUMBER OF:</th>
<th>UNIT OF MEASUREMENT</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
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<tr>
<td><strong>EARLY LEARNING PLAYGROUPS:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Play sessions</td>
<td>total</td>
<td>4954</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Meals served</td>
<td>total</td>
<td>33,848</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Children enrolled</td>
<td>at year-end</td>
<td>1,261</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>TOY LIBRARY DEPOTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total members(^1)</td>
<td>at year-end</td>
<td>288</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Play sessions(^2)</td>
<td>total</td>
<td>1,827</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Child interactions</td>
<td>total</td>
<td>58,495(^3)</td>
<td>10,964</td>
<td>589</td>
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<tr>
<td><strong>COMMUNITY CAPACITY BUILDING</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Health sessions</td>
<td>total</td>
<td>115</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Psychosocial sessions</td>
<td>total</td>
<td>59</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Education sessions</td>
<td>total</td>
<td>114</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Awareness campaigns</td>
<td>total</td>
<td>26</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Total interactions</td>
<td>total</td>
<td>5,296</td>
<td>1,022</td>
<td>835</td>
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<tr>
<td><strong>RESIDENTIAL CARE</strong></td>
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<tr>
<td>Admissions</td>
<td>total</td>
<td>93</td>
<td>96</td>
<td>86</td>
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<tr>
<td>Discharges</td>
<td>total</td>
<td>94</td>
<td>96</td>
<td>143</td>
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<tr>
<td>Annual total of children</td>
<td>total</td>
<td>128</td>
<td>139</td>
<td>192</td>
</tr>
</tbody>
</table>

\(^1\) 2012 and 2013 stats not recorded in a format comparable with 2014.
\(^2\) This is a cumulative total where a child is counted every time they access the service. In preparation for the 2015 reporting period, we are refining the recording process so that we can determine how many children we serve and how many times they access the service.
THE VALUE OF PLAY

You say you love your children, and are concerned they learn today?
So am I - that’s why I’m providing a variety of kinds of play.

You’re asking me the value of blocks and other such play?
Your children are solving problems. They will use that skill every day.

You’re asking what’s the value of having your children play?
Your daughter’s creating a tower; she may be a builder someday.

You’re saying you don’t want your son to play in that “sissy” way?
He’s learning to cuddle a doll; he may be a father someday.

You’re questioning the interest centres; they just look like useless play?
Your children are making choices; they’ll be on their own someday.

You’re worried your children aren’t learning; and later they’ll have to pay?
They’re learning a pattern for learning; for they’ll be learners always.

Leila P. Fagg

PLAY DOUGH RECIPE

You need:
• 2 cups plain flour (all purpose)
• 2 tablespoons vegetable oil
• 1/2 cup salt
• 2 tablespoons cream of tartar
• Up to 1.5 cups boiling water (adding in increments until it feels just right)
• food colouring (optional)
• few drops glycerine (optional – adds more shine!)

Method:
1. Mix the flour, salt, cream of tartar and oil in a large mixing bowl
2. Add food colouring to the boiling water then into the dry ingredients (colour optional)
3. Stir continuously until it becomes a sticky, combined dough
4. Add the glycerine (optional)
5. Allow it to cool down then take it out of the bowl and knead it vigorously for a couple of minutes until all of the stickiness has gone. * This is the most important part of the process, so keep at it until it’s the perfect consistency!
(If it remains a little sticky then add a touch more flour until just right)
MATERIAL ISSUES AND STRATEGY

Strategic objectives
Cotlands strategic goals for FY2014 were to:

1. Expand our donor base and actively develop sustainable sources of income to raise R30 million for FY2014
2. Transform structures and procedures to implement a new service delivery model
3. Maintain existing Cotlands services where donor commitments, community needs or service remains relevant to the new model
4. Capacitate all Cotlands ELFs to implement the early learning development model in 2014
5. Develop systems that will allow monitoring, evaluation and recording of progress in implementing the early learning development model
6. Review and standardise HR documentation
7. Manage talent to effectively implement the early learning development programme
8. Implement structures to roll out Cotlands national toy library association (Cotlasa)

Progress towards achieving these goals is discussed in the relevant sections in this report.

Material issues
Addressing material issues that impact the organisation is recognised as a key driver of sustainability.

During the year, Cotlands determined its material issues by assessing its strategic objectives, risks and opportunities, as well as engaging with stakeholders. The management board and senior management team were responsible for determining material issues as set out below.

Advocating for early childhood development
Educating individuals, communities, government and donors on the critical role early childhood development plays in future school performance has become a critical issue for Cotlands. When our services were HIV focused, cause and effect were very clear - HIV-positive children required treatment and support or they would die. However, communicating the long-term impact of poor stimulation in a child’s early years is more challenging.
South Africa’s school results are dismal, which is blamed on the poor education system, unqualified teachers and demotivated pupils. Although these factors do play a part, research has repeatedly demonstrated that inadequate early learning opportunities are the root cause. Children learn the basics of maths and literacy through structured and unstructured play. Therefore the only way to improve our school results in the long term is to redirect resources to improving ECD programmes. We are not suggesting that no attempt is made to remEDIATE learning difficulties in later years, but increasing resource allocation to early learning programmes would largely alleviate the need for this. In the long term, a better educated population would mean a more employable workforce. This is certainly something our society should be striving towards, although it is a tricky concept to communicate to stakeholders.

**Meeting the challenge**

The Department of Social Development has flagged ECD services as a priority. In particular, it is keen to explore cost-effective, non-centre-based services to reach the government’s 2022 goal of having an essential age- and developmental-stage appropriate package of quality ECD services available and accessible to all young children and their caregivers. This is an exciting opportunity for Cotlands as partnering with government will allow us to up-scale our services, equip and train new service providers, and secure a new source of sustainable funding.

**Programme effectiveness**

Our ECD model has not yet been formally tested as the true success of the programme will only become apparent when children, currently enrolled, graduate from high school and begin successful working careers. This means we run the risk of directing the bulk of our resources to implementing a model that may not be fully effective. Therefore we look to the successes of our other ECD programmes which have demonstrated improved school performance, the baseline and summative scores of children after each quarter, as well as results from other studies, locally and internationally.

**Meeting the challenge**

In analysing our model and deciding if we need to make any changes, we are not alone. In January 2014, Cotlands was privileged to be selected as part of the social franchise for playgroups task team of DG Murray, an independent South African grant-making foundation committed to developing the potential of people in South Africa. DG Murray has brought four organisations with extensive ECD experience together to develop a playgroup model with the potential to achieve scale through social franchising. Each organisation contributes best-practice principles that will be incorporated into the playgroup social franchise. The model will be piloted in July 2014 and results of the pilot will enable us to revise our programme where necessary.
Meeting the challenge

With reskilling we also had to allow adequate time for training. Therefore the programme can only run four days a week. On Fridays, the ELFs meet at their regional office where they attend class for their level 4 ECD qualification, followed by in-service training on the following week’s learning plan. The toy librarians take them through the entire two-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. After this, the toy librarians assist ELFs in collecting and packing their learning kits for the coming week.

In conducting 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 up-scale services. To retain our staff, we are looking at introducing a reward and recognition programme, but the risk remains that once they have acquired the necessary skills and completed their level 4 qualifications, we may lose them to 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, fundraisers, 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.
Meeting the challenge

The only way we can confidently plan to up-scale services is if we can increase our sustainable income. Sources of sustainable income stem from multiyear funding agreements, increasing monthly individual donors, government subsidies and annual cause-related marketing programmes. Another potential income source is The Cotlands Empowerment Trust which allows us to access enterprise development funds over and above social economic development funds. Although we are focused on securing these sources of income, charity spend often depends on the economy and is therefore not guaranteed.

In addition we closely monitor costs and ensure unnecessary spending is kept to a minimum. In doing so, we balance our commitment to not compromise the quality of service delivery with reducing costs. We also remain cognisant of staff becoming demoralised if their requests are continuously denied.

Financial sustainability has the biggest impact on Cotlands. The challenge remains 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. On the other hand, if we do not increase our services, we cannot expect donors to increase their financial support.
FY 2015 strategic goals:
The FY2015 strategic goals below were developed by considering our material issues and FY2014 goals:

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>RISKS</th>
<th>OPPORTUNITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refine early childhood development programme</td>
<td>Programme implementation does not promote school readiness</td>
<td>Effective monitoring and evaluation will identify areas for improvement</td>
</tr>
<tr>
<td>Implement electronic monitoring system</td>
<td>Programmes do not meet the needs of beneficiaries</td>
<td>Registered programmes are eligible for funding from Department of Social Development</td>
</tr>
<tr>
<td>Evaluate programmes through beneficiary survey</td>
<td>Not maximising electronic monitoring system</td>
<td>An effective programme will increase children’s school readiness</td>
</tr>
<tr>
<td>Align and adjust programmes where necessary to register early learning groups as partial-care programmes and toy libraries as partial-care facilities and programmes</td>
<td>Programmes not registered as partial-care programmes</td>
<td></td>
</tr>
<tr>
<td>Develop a programme feedback mechanism for continuous quality improvement</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

Goal 2:

Skill staff to perform competently and retain key talent.

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>RISKS</th>
<th>OPPORTUNITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop staff to close skills gap</td>
<td>Poaching of qualified and scarce-skill staff</td>
<td>Promotion within the organisation</td>
</tr>
<tr>
<td>Develop and implement a performance measurement programme</td>
<td>Failing to implement new skills</td>
<td>Provide staff with new skills and new opportunities</td>
</tr>
<tr>
<td>Implement a rewards and recognition programme per job category</td>
<td>Consistent performance management</td>
<td>Receive reward and recognition for quality work, and favourable return on investment</td>
</tr>
<tr>
<td>Create favourable working conditions</td>
<td></td>
<td>Provide favourable working conditions, ie flexitime, workload</td>
</tr>
</tbody>
</table>
### Goal 3:
Advocate for the importance of early childhood development and promote children’s rights

**Activities**
- Develop and implement an advocacy plan to promote ECD
- Establish Cotlands as leaders in ECD
- Grow the toy library association

**Risks**
- Impact of lack of play opportunities on a child's development is not easily measurable
- Benefits of intervention only apparent as the child matures

**Opportunities**
- Increased opportunities for advocacy as ECD is a government priority

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

**Activities**
- Restructure to increase efficiency and close gaps
- Establish and implement structures and procedures for Cotlands Empowerment Trust to leverage existing opportunities
- Expand cause-related marketing partnerships with corporations
- Increase public awareness to generate income through events, advertising, public relations, online giving avenues and social media
- Increase international fundraising efforts
- Increase number of corporate investors making regular, long-term funding commitments
- Review direct marketing programme and establish new methods of acquisition

**Risks**
- Insufficient funding to cover annual expenses
- Perception that Cotlands is a wealthy organisation
- 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

**Opportunities**
- Cotlands Empowerment Trust allows Cotlands to receive preferential shares, contributing to our sustainability
- New fundraising channels through social media and online marketing
- Cotlands UK trust provides opportunities for international funding

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

**Activities**
- Social franchise of early learning playgroups
- Department of Social Development partnership in Gauteng to monitor and support partners implementing the early learning programme
- Explore new partnership opportunities to implement the early learning playgroup programme

**Risks**
- Expansion can exceed financial and human resources
- Reputational and quality risk of partnerships

**Opportunities**
- Up-scaling early childhood development programmes will reach more children
- Government partnerships contribute to the financial sustainability of the organisation
- Cotlands positioned as leader in the ECD field
As part of our ongoing process to assess services, we engaged with our stakeholders on a range of issues over the past year. Their feedback, together with the major risks, challenges and achievements identified by management, contributed to determining the content of this report.

**Cotlands management board**

Strategy and finances are the main concerns of the management board, so they have been kept abreast of all developments at board and subcommittee meetings throughout the year. Where necessary, the CEO also met with individual board members for additional assistance and guidance, which was then fed back to the group as a whole.

**Employees**

In any restructuring process, job security is the primary concern for employees. A series of meetings was held with teams directly affected by the transition to discuss the impact on their current jobs, opportunities for reskilling, how their performance would be measured and any changes to salaries. Other staff members were kept updated on the challenges and achievements of the new programme at monthly general meetings, through a monthly internal newsletter and at weekly staff meetings.

**Volunteers**

Previously most of our volunteers applied to Cotlands as they wanted to assist in caring for residential children. As part of our transition, we have cut back on our residential care. With just a 15-bed unit in Johannesburg and an 20-bed unit in Somerset West, the need for this volunteer service was reduced. Most volunteers left as the children were placed out, in most cases following the children to their new placement. Working with a core group of volunteers, a new role in Cotlands was designed to support our new services. The remaining volunteers, and some new recruits, received weekly training over three months to implement Saturday morning play sessions. They meet monthly with the programme leader to discuss their activities, resolve challenges and receive additional training.

**Donors**

Donors are our most vital stakeholders as, without their support, Cotlands would close. We needed to tell donors 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. A variety of methods was used to engage with donors, the most successful being to invite them to accompany us on an experiential visit. Newsletters, proposals, reports, even face-to-face contacts, while necessary, cannot provide the same understanding as visiting an early learning play session. At least 100 donors visited one of our early learning programmes during the year.

Cotlands also hosted three corporate events in 2013 to inform donors how they could access social economic development as well as opportunities for enterprise development points on their BEE scorecards. Knowledgeable guest speakers were invited to share information and assist with specific questions.
**Beneficiaries**

Beneficiary engagement has been critical to successfully implementing the new Cotlands model. Before initiating any early learning group, permission had to be sought from local community leaders and a community meeting arranged to outline the proposed service. Even communities that appear transient, such as informal settlements, or unconventional communities such as residents in an inner-city high-rise building, had to have this first step to avoid failure. The next step was to distribute pamphlets explaining how early learning groups operated, with door-to-door recruitment by the early learning facilitator.

The question most frequently posed by primary caregivers was “how can two two-hour sessions have any impact on my child’s development?” Many also questioned the value of play. It was only after there was tangible evidence that their children were learning basic concepts that we started to get buy-in. We have taken their requests into consideration and will review the duration of sessions in the next year.

**Memberships and awards**

During the year Cotlands received some prestigious awards and accolades:

- Five-star rating from the Council for Health Service Accreditation of Southern Africa (COHSASA) for our Western Cape programme
- Chartered Secretaries annual report award: NGO category winner
- Silver Impumelelo Social Innovation award

**Honorary members**

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

- Chris Hani Baragwanath Hospital
- Helderberg Hospital
- HKLM – Harwood Kirsten Leigh McCoy
- Kaelo Engage
- KPMG Services (Pty) Limited
- Rosettenville Clinic
- Somerset West Municipality: TB clinic and immunisation clinic
- South Rand Hospital
- Talooma
- Tygerberg Hospital
- Groote Schuur Hospital
- Red Cross Hospital
- Dr Linda Nieuwoudt
During the year, our strategic goals for programme effectiveness were to:

- Transform structures and procedures to implement a new service delivery model
- Maintain existing Cotlands services where donor commitments, community needs or service remains relevant to the new model (residential care programmes and the Chris Hani Baragwanath Hospital counselling programme)
- Develop systems to monitor, evaluate and record progress in implementing the early learning playgroup model
- Implement structures to roll out Cotlands Toy Library Association of South Africa (COTLASA).

Progress towards achieving these goals is discussed further in this report.

**Rationale for the shift to early childhood education programmes**

Early childhood care and education realities in South Africa:

- 83% of children do not have access to any ECD services before starting formal schooling
- The ECD diagnostic review prioritised:
  - Up-scaling access to ECD services through non-centre-based programmes including home-visiting and playgroups
  - Programmes in the first 1000 days should be intensified
  - Early childhood development services and programmes should be population based and should serve vulnerable children.
**The transition process**

Included in the scope of our transition to offering non-centre-based early learning programmes was to increase the number of direct beneficiaries. The Cotlands home-based care model of 2012, apart from being primarily health-focused, was not an effective model to up-scale services.

We employed 36 community caregivers, each seeing an average of 23 children – a total of 743 direct beneficiaries.

The Cotlands team began developing a model that would reach children who were not accessing early learning opportunities. The model had to use resources currently available to Cotlands (both financial and human), but also reach more children and ensure they received psychosocial and health services in addition to education.

The early learning play group model, supported by our existing toy libraries, was developed. Before it could be implemented, the home-based care programme had to be phased out.

An analysis of the current client base ensured we exited responsibly – clients were:
- Discharged because they no longer needed our services
- Placed on the list for continued home visits by the nurse and/or social worker
- Migrated to early learning playgroups if they were in the birth-six years age range
- Referred to a more appropriate organisation if they required specific services.

**Implementing the early learning playgroup model**

The first step was to partner with organisations or individual community members to provide a venue to host early learning playgroups. Potential partners included:
- Feeding schemes
- Churches
- Toy libraries
- Family homes
- Grandmothers caring for grandchildren
- Child minders.

In May 2013 Cotlands launched the early learning playgroup service for two- to four-year olds, supported by our existing toy libraries. The birth-to-two-year playgroups were launched in October 2013, as was the new electronic monitoring and evaluation programme, internally referred to as Mobenzi (see monitoring and evaluation below).
Record keeping

The ELFs are required to keep the following records:

• Enrolment of children: before any child joins an early learning playgroup, the parent or primary caregiver must complete an enrolment form that provides essential information about the child and parent. This information is transferred to the mobile electronic record keeping system (Mobenzi).

• Daily registers: a hard copy is completed and attendance is also captured on the electronic register. As the ELFs and the organisation become more comfortable with technology, we will phase out the paper-based registers.

• Baseline and summative assessments at the beginning and end of each term measure the impact of the programme, and the child’s development.

• Weekly reports to the team leader on implementation of the playgroups also provide feedback on an ELF’s successes and challenges.
Health and psychosocial support

Our nurses and social workers in Gauteng, KwaZulu-Natal and Western Cape visit each early learning group once a month. Any children flagged with possible health or psychosocial concerns will be followed up with a home visit or referred to the appropriate service for further assistance.

In the Eastern Cape and Mpumalanga, children with health or psychosocial needs are referred by the programme leader to the nearest clinic or Department of Social Development. This is not as effective as having nurses and social workers dedicated to the programme and is an issue we will consider in the next financial year.

Monitoring and evaluation

Once early learning playgroups were implemented, monitoring schedules were completed by regional managers and toy librarians, and the information shared with the programme development team as well as with ELFs during one-on-one consultations. This ensured that staff implementing the programme received coaching and support so that critical aspects could be rectified.

Programme development managers also made site visits to monitor implementation and identify areas for improvement. One area identified was that the programme needed to consider diversity, so books and rhymes in the children’s various home languages were introduced.

In evaluating our programmes, we also realised that we had under-estimated communities’ understanding of the importance of early childhood development and the impact this would have on establishing early learning playgroups. As an example, children would be kept away from groups for trivial reasons. However, once the playgroups were established, parents and caregivers began to see the benefits for their children and we started to see more commitment to the playgroups. This highlighted the need to improve our advocacy.

The ongoing evaluation of the programme is coordinated through several mechanisms. National work sessions are scheduled each quarter where both the development and implementation teams meet to consult, identify objectives, negotiate implementation timeframes and agree on procedures. An operational calendar is used to plot actions, which are monitored and supported by monthly regional meetings and site visits.

Notably, we invested in an electronic monitoring and evaluation tool, designed by Mobenzi specifically for our early learning playgroup programme. Mobile phones are used by early learning facilitators, nurses and social workers to record demographic information, attendance and services received.

The system tracks interventions and records baseline and summative assessment results.

This tool has increased the accuracy of our statistics and enables us to build a profile on each child in the programme. Data is uploaded daily and can be accessed remotely via a web link. Regional managers are able to monitor whether the group has taken place and attendance rates. As new children join groups, they are enrolled via the mobile phone. The next phase for Mobenzi will be to develop the toy library platform.
The impact of the programme is measured by using baseline and summative assessments that determine what the children have gained by attending the groups. The assessments focus on concepts that would have been covered in the early learning playgroup.

They are also used to determine which aspects in the programme are not being implemented adequately. The identified areas are then adapted, people trained and revised versions implemented.

Programme development managers undertake site visits to the regions three times a year, using a monitoring tool to measure programme implementation. A site visit report indicates to regions whether programmes are adequately implemented. Action plans are created to close any gaps.

Regional managers submit monthly reports to the chief operations officer, who prepares a report for the community development committee and Cotlands management board. These reports evaluate progress against strategic objectives.

The relevance of services and effectiveness of programmes relative to beneficiary needs are monitored through beneficiary surveys.

The various monitoring and evaluation activities ensure that a culture of continuous quality improvement is created which, in turn, improves services offered to the children.

Early learning playgroup (ELP) statistics

<table>
<thead>
<tr>
<th>NUMBER OF:</th>
<th>UNITS OF MEASUREMENT</th>
<th>TOTAL</th>
<th>GAUTENG</th>
<th>KWAZULU-NATAL</th>
<th>WESTERN CAPE</th>
<th>EASTERN CAPE</th>
<th>MPUMALANGA</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELF (Early Learning Facilitators)</td>
<td>at year-end</td>
<td>27</td>
<td>6</td>
<td>10</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Early Learning Groups</td>
<td>at year-end</td>
<td>129</td>
<td>18</td>
<td>61</td>
<td>22</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Play sessions</td>
<td>total</td>
<td>4 973</td>
<td>961</td>
<td>2201</td>
<td>598</td>
<td>756</td>
<td>438</td>
</tr>
<tr>
<td>Children Enrolled</td>
<td>at year-end</td>
<td>1 261</td>
<td>190</td>
<td>569</td>
<td>173</td>
<td>115</td>
<td>214</td>
</tr>
<tr>
<td>Boys</td>
<td>at year-end</td>
<td>628</td>
<td>85</td>
<td>306</td>
<td>86</td>
<td>53</td>
<td>98</td>
</tr>
<tr>
<td>Girls</td>
<td>at year-end</td>
<td>633</td>
<td>105</td>
<td>263</td>
<td>87</td>
<td>62</td>
<td>116</td>
</tr>
<tr>
<td>Home visits by nurse and</td>
<td>total</td>
<td>49</td>
<td>43</td>
<td>6</td>
<td>0</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Social</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meals served</td>
<td>total</td>
<td>33 848</td>
<td>6 696</td>
<td>15 518</td>
<td>3 870</td>
<td>5 474</td>
<td>2 290</td>
</tr>
<tr>
<td>Referrals</td>
<td>total</td>
<td>105</td>
<td>32</td>
<td>7</td>
<td>56</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

✓ KPMG assured.
Over and above the traditional services our toy libraries offer – toy lending (take and play), play sessions (come and play), and training and information sessions for ECD practitioners – they now also serve as resource depots for early learning facilitators.

Toy librarians have taken on the responsibility of training ELFs each week on how to implement the next week’s learning programme, and assist them in packing their kits. The librarians also facilitate the level 4 ECD training course for ELFs in their region.

Mobile toy libraries

In addition to the six toy libraries – one in each region and two in Gauteng – Cotlands was fortunate to have three mobile units donated during the year. Two mobile units operate in Gauteng, serving communities around southern Johannesburg and Olievenhoutbosch, and Mooiplaas in Tshwane. The third mobile unit operates in Hlabisa in KwaZulu-Natal.

The mobile units have a fixed weekly schedule, spending two hours at each service point in communities. The mobile unit is used to raise awareness about the importance of early childhood development, encouraging communities to implement early learning playgroups. Once this has been achieved, the mobile unit moves into a new area.

Cotlands Toy Library Association of South Africa (COTLASA)

COTLASA is a networking organisation managed by Cotlands with 377 organisations and individuals on its database. It aims to promote best practice in the field of toy libraries by offering training, seminars and newsletters. A total of 355 individuals attended four regional toy library seminars and 105 participants received toy library training.
### Toy library statistics

<table>
<thead>
<tr>
<th>NUMBER OF:</th>
<th>TOTAL</th>
<th>GAUTENG</th>
<th>KWAZULU-NATAL</th>
<th>WESTERN CAPE</th>
<th>EASTERN CAPE</th>
<th>MPUMALANGA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total members at year-end</td>
<td>288</td>
<td>✓</td>
<td>132</td>
<td>32</td>
<td>96</td>
<td>5</td>
</tr>
<tr>
<td>Play sessions</td>
<td>1 827</td>
<td>✓</td>
<td>1 165</td>
<td>49</td>
<td>405</td>
<td>N/A</td>
</tr>
<tr>
<td>Play sessions-child interactions</td>
<td>40 224</td>
<td>✓</td>
<td>31 023</td>
<td>384</td>
<td>4 043</td>
<td>N/A</td>
</tr>
<tr>
<td>Homework support- child interactions</td>
<td>18 086</td>
<td>✓</td>
<td>N/A</td>
<td>18 032</td>
<td>54</td>
<td>N/A</td>
</tr>
<tr>
<td>Total boys</td>
<td>33 684</td>
<td></td>
<td>16 698</td>
<td>12 744</td>
<td>2 025</td>
<td>N/A</td>
</tr>
<tr>
<td>Total girls</td>
<td>24 811</td>
<td></td>
<td>14 325</td>
<td>5 911</td>
<td>2 018</td>
<td>N/A</td>
</tr>
<tr>
<td>Toys lent out</td>
<td>14 405</td>
<td></td>
<td>3 871</td>
<td>6 959</td>
<td>2 142</td>
<td>234</td>
</tr>
<tr>
<td>Toys trained</td>
<td>4 646</td>
<td></td>
<td>2 060</td>
<td>1 463</td>
<td>62</td>
<td>8</td>
</tr>
<tr>
<td>Toys lost</td>
<td>46</td>
<td></td>
<td>31</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

1. This is a cumulative total. As of 2014 we will refine the recording process so that we can determine how many children we serve and how many times they access the service. Currently every interaction with every child is counted.

✓ KPMG assured.
COMMUNITY CAPACITY BUILDING

The Cotlands community capacity building programme aims to give parents access to information about the health, education and psychosocial aspects of their children’s development. These sessions raise awareness, empower parents and ensure access to information.

Community capacity building statistics

<table>
<thead>
<tr>
<th>NUMBER OF:</th>
<th>TOTAL</th>
<th>GAUTENG</th>
<th>KWAZULU-NATAL</th>
<th>WESTERN CAPE</th>
<th>EASTERN CAPE</th>
<th>MPUMALANGA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health sessions</td>
<td>115</td>
<td>54</td>
<td>16</td>
<td>5</td>
<td>32</td>
<td>8</td>
</tr>
<tr>
<td>Psychosocial sessions</td>
<td>59</td>
<td>17</td>
<td>20</td>
<td>3</td>
<td>16</td>
<td>3</td>
</tr>
<tr>
<td>Education sessions</td>
<td>114</td>
<td>45</td>
<td>4</td>
<td>52</td>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>Total sessions</td>
<td>288</td>
<td>116</td>
<td>40</td>
<td>60</td>
<td>60</td>
<td>12</td>
</tr>
<tr>
<td>Awareness campaigns</td>
<td>26</td>
<td>14</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Total males</td>
<td>871</td>
<td>662</td>
<td>70</td>
<td>130</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Total females</td>
<td>4,425</td>
<td>2,708</td>
<td>406</td>
<td>601</td>
<td>581</td>
<td>129</td>
</tr>
</tbody>
</table>

✓ KPMG assured.

RESIDENTIAL CARE

Gauteng

Although downscaling of the residential unit to 15 beds was finalised in 2012, there were still five older children awaiting permanent placement. Three were special-needs children who have now been placed in facilities able to offer them long-term institutional care. The remaining two, a brother and sister, should be placed with a foster or adoptive family by the end of 2014.

The majority of the other children in the childcare unit were admitted as newborns available for adoption. We have achieved a turnover rate of 213%, which means we are realising our goal of reducing the children’s stay at Cotlands, minimising the risk of institutionalisation.

Western Cape

Our 20-bed unit in Somerset West also primarily serves babies available for adoption. However, because of the shortage of palliative care services in the Helderberg region, a few beds are reserved for children with life-threatening illnesses. We are proud to report a turnover rate of 480%, which means the average stay for most children is less than three months before they are reunified with their family, fostered or adopted.
Residential care statistics

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>GAUTENG</th>
<th>WESTERN CAPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>New admissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discharges:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Deaths</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- Fostered</td>
<td>0</td>
<td>27</td>
</tr>
<tr>
<td>- Adopted</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>- Returned to family</td>
<td>3</td>
<td>38</td>
</tr>
<tr>
<td>- Transferred to other facilities</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Discharges (total)</td>
<td>16</td>
<td>78</td>
</tr>
<tr>
<td>Children on ART (at year-end)</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Residents (at year-end)</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td><strong>TOTAL NUMBER OF CHILDREN</strong></td>
<td><strong>32</strong></td>
<td><strong>96</strong></td>
</tr>
</tbody>
</table>

CHRIS HANI BARAGWANATH COUNSELLING

Over the past decade, Cotlands counsellors have played a vital role in the lives of children admitted to the hospital’s paediatric wards – from helping families through bereavement, advocating for treatment so that children no longer had to die, to knowing your status.

Although statistics show that the number of sessions has remained consistent, the counsellors have noted that very little of their work is now HIV-related. The success of the hospital’s prevention of mother to child transmission programme and the effective roll out of antiretroviral treatment has markedly decreased the number of children born HIV positive, in turn reducing the need for our service. Because of this, and our new focus on early childhood development, this project will be closed in the next financial year.
Finger paint

Ingredients
1 cup corn starch (Maizena)
3 cups water
1 tablespoon (15ml) salt
Food colouring or tempera paint powder
Small sealable containers

Method
1. Mix flour and salt in a saucepan and slowly add water, mixing with a whisk until combined.
2. Keep stirring over a medium heat, until the mixture is smooth and thick, then remove from heat and allow to cool.
3. Once cooled, separate into small containers and colour with small amounts of either food colouring or tempera. If using tempera powder, add a little water to combine.
4. If the paint is too thick, add small amounts of water and mix thoroughly until you get the desired consistency.
The 2014 human resources goals:

• Enable all Cotlands early learning facilitators to implement the early learning development model in 2014
• Review and standardise human resources documentation
• Manage talent to effectively implement the early learning development programme.

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 Cotlands’ employees within this framework.

**Retrenchments**

Cotlands committed to reskilling community caregivers in early childhood development. However we also acknowledged that not everyone would want to make the shift from health to education and, in April 2013, 15 community caregivers were retrenched.

**Staff turnover**

The staff turnover rate for the current year was 24%, significantly higher than the prior year due to these retrenchments.

**Parental leave**

Cotlands offers the mandatory maternity leave for all female employees. In addition, if the employee has worked at Cotlands for a full 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, ten staff members became pregnant. Of these, one returned to work, one resigned and the remaining eight were still on leave at year-end but have subsequently returned to work.

No male employees took paternal leave in the past year.

**Union membership**

Eight permanent Gauteng staff (11,8%) are members of Nehawu. No staff in the other regions belong to a union, so the national percentage of union members is 5,5%.
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:

- 86% of staff are from previously disadvantaged groups (African, Coloured and Indian)
- 89% are female
- 40% of the senior management team are African and Indian
- 100% of the senior management team are women.

In August 2013, Cotlands employed three people with disabilities to provide them with workplace experience over a 12-month period. They were to rotate and gain experience in various departments, but unfortunately none completed the period. One absconded, one resigned and the third left for medical reasons.

Skills development and training

Cotlands HR department ensures that the workplace skills plan complies with, and is implemented as required by South African legislation.
Regional representation has been established on the organisation’s 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 rand value for skills development during the period was R345 363 for external training programmes. On average, Cotlands contributes 60% of training costs for external providers.

The focus was to retrain and capacitate all our community caregivers as early learning facilitators. To achieve this, 11 employees were trained by the Teacher Learning Centre as trainers to facilitate the early childhood development national qualifications framework (NQF) level 4 course in their respective regions. Currently, 27 community caregivers are undergoing this training. 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 people between 18 and 28 years old with an interest in early childhood development. We have applied to Health and Welfare SETA for sponsorship of this project so that these assistants can also be enrolled on the ECD course in addition to the workplace experience they are receiving.

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 also 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, activities were carried through to each employee’s personal development plan.

The process of developing standard operating procedures for each job in the organisation was initiated, and will be completed in FY2015.

The graph below indicates the training focus

<table>
<thead>
<tr>
<th>Focus</th>
<th>Number of staff trained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and safety</td>
<td>55</td>
</tr>
<tr>
<td>Early childhood development</td>
<td>45</td>
</tr>
<tr>
<td>Supervisory management</td>
<td>26</td>
</tr>
<tr>
<td>Electronic monitoring</td>
<td>21</td>
</tr>
<tr>
<td>Fund development</td>
<td>09</td>
</tr>
<tr>
<td>Finance and HR</td>
<td>04</td>
</tr>
</tbody>
</table>
Rewards and recognition
To improve staff retention, we believed we needed to implement a rewards and recognition system at Cotlands. We realised this was a complex process as we wanted a system that was simple, fair, objective and applicable to all staff, regardless of their position. Before the system could be developed, however, job descriptions and standard operating procedures had to be finalised and the performance management system reviewed. We have made good progress, and hope to have the reward and recognition system in place by September 2014.

Volunteers
Local volunteers
In 2012, we embarked on a recruitment drive for a ‘different’ volunteer for Cotlands as our requirements had changed significantly. Under our revised model, our new volunteers need to:

• Have lots of energy to facilitate play sessions
• Be passionate about giving children access to opportunities to learn, develop and be stimulated
• Be capable of managing groups of children aged 2-6
• Be able to attend regular theory and practical training sessions
• Go out to communities to assist with toy libraries and playgroups
• Take responsibility for groups of children at specific times within a structured programme
• Assist at fundraising functions and events.

We currently have 55 active volunteers in Gauteng and 34 in Western Cape. Our Gauteng volunteers completed a three-month in-service training programme at the beginning of the year 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.

Our Western Cape volunteers work mostly in the residential unit, assisting with care and stimulation and arranging outings for the older children. They attend a one-day training course, followed by induction, orientation and on-the-job training.

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 regions as we do not have suitable housing or families to accommodate volunteers in other regions. At any one time, we have had an average of nine international volunteers in Gauteng from the UK and Europe and two in the Western Cape from Australia, UK and Europe. This year, East London also benefited from a German volunteer who had arranged her own accommodation.

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.
After initial hurdles, Cotlands was finally able to open an offshore bank account, which will enable us to offer UK donors’ tax relief for their donation to Cotlands UK trust. In addition, one of our fundraising team members relocated to England in July 2014 and will be well-placed to identify further funding opportunities.

During the year, we actively worked on improving our brand awareness. We established a long-term partnership with Draft FCB which has created a Cotlands TV and print ad, and secured free advertising space. We continue to work with HKLM for branding and design, and Talooma, which redesigned our website to make it more user-friendly. We are also trying to ensure Cotlands appears weekly on TV, radio or in print, primarily to advocate for play.

Social media has become a highly interactive platform that allows us to communicate with our donors globally. It is also a valuable medium to identify new international and local supporters, and increase online donations. In addition to tapping into the online advertising market, we make a conscious effort to use various social media platforms, including Twitter and Facebook, to keep followers informed about developments at Cotlands.

In FY2014, the goal of the fund development department was to expand our donor base and actively develop sustainable sources of income to raise R30 million. We raised just over R27 million, R4 million up from FY2013. However, this additional income came from one source, the National Lotteries Distribution Trust Fund. Funding from corporates increased slightly, while government and international funding, as well as income from our tin collection project, decreased.

Although we did not achieve the funding target, we are confident we have prepared the groundwork for 2015. Applications have been submitted to all provincial social development departments to support our early learning programme and, if approved, we will receive a subsidy for each child who attends a playgroup. Although this will not cover the full cost of the programme, government funding is often a sustainable source of income which helps when planning to expand the programme.
### Income for FY2014 by donor group (R)

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bequests</td>
<td>447 905</td>
<td>859 495</td>
<td>76 500</td>
</tr>
<tr>
<td>Collection tins</td>
<td>594 194</td>
<td>1 098 404</td>
<td>1 474 199</td>
</tr>
<tr>
<td>Community groups</td>
<td>174 521</td>
<td>199 192</td>
<td>237 435</td>
</tr>
<tr>
<td>Corporates and trusts</td>
<td>10 259 927</td>
<td>9 143 700</td>
<td>10 203 252</td>
</tr>
<tr>
<td>Individuals</td>
<td>1 305 164</td>
<td>1 290 095</td>
<td>1 285 215</td>
</tr>
<tr>
<td>NLDTF (Lotto)</td>
<td>4 502 000</td>
<td>0</td>
<td>1 500 000</td>
</tr>
<tr>
<td>Government</td>
<td>4 173 399</td>
<td>3 563 491</td>
<td>4 724 931</td>
</tr>
<tr>
<td>Direct mail</td>
<td>3 020 301</td>
<td>3 114 274</td>
<td>2 991 376</td>
</tr>
<tr>
<td>Foreign income</td>
<td>2 569 885</td>
<td>3 010 474</td>
<td>3 791 437</td>
</tr>
<tr>
<td>Marketing</td>
<td>796 175</td>
<td>1 255 983</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>82 877</td>
<td>168 323</td>
<td>2 136 721</td>
</tr>
<tr>
<td>Special projects</td>
<td>0</td>
<td>0</td>
<td>23 672</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td><strong>27 130 173</strong></td>
<td><strong>23 243 623</strong></td>
<td><strong>29 700 721</strong></td>
</tr>
<tr>
<td>Contingency</td>
<td>0</td>
<td>3 000 000</td>
<td>0</td>
</tr>
</tbody>
</table>

### Breakdown of income by donor group

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bequests</td>
<td>1.7</td>
</tr>
<tr>
<td>Collection tins</td>
<td>2.2</td>
</tr>
<tr>
<td>Community groups</td>
<td>0.6</td>
</tr>
<tr>
<td>Corporates and trusts</td>
<td>37.8</td>
</tr>
<tr>
<td>Individuals</td>
<td>4.8</td>
</tr>
<tr>
<td>NLDTF (Lotto)</td>
<td>16.6</td>
</tr>
<tr>
<td>Government</td>
<td>15.4</td>
</tr>
<tr>
<td>Direct mail</td>
<td>11.1</td>
</tr>
<tr>
<td>Foreign income</td>
<td>9.5</td>
</tr>
<tr>
<td>Other</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>TOTAL INCOME</strong></td>
<td>R27 130 173</td>
</tr>
</tbody>
</table>

* KPMG assured.
Corporate donors
Our top six local corporate and trust donors this year accounted for R3 812 366 (14% of gross revenue):

• The Giving Organisation
• Exxaro Chairman’s Fund
• Lexmark International SA
• Robor
• The Wilfrid Metje Foundation
• Anglo American Chairman’s Fund

In total, R10 259 927 was received from 414 corporate donors, an improvement on last year when we received R9 939 875 from 358 companies. The average donation was R24 782, down from last year’s average of R27 765.

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 Clicks Retailers and Tiger Brands.

International donors
The top international donors in 2014 contributed R1 934 496 (7% of gross revenue):

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

Government
The Department of Social Development funds Cotlands’ residential programmes in Gauteng and Western Cape, and our early childhood development programme in Mpumalanga. The Department of Health (national and provincial) supports our residential programmes and community care programmes across all five provinces.

Individual donors
Individual donors and direct mail donors (mostly individuals) contributed R1 305 164 and R3 020 301 respectively. This year we received donations from 515 individuals, with an average donation of R505. The direct mail programme has 2 390 donors, contributing an average of R208 per year.

Black economic empowerment (BEE)
Cotlands has a level 2 BEE rating with a procurement recognition level of 156.25%. By supporting a BEE-compliant charity - through cash contributions, donating goods or volunteerism - South African companies can boost their required points significantly under the socio-economic development spend category of the Department of Trade and Industry’s broad-based BEE scorecard. This benefit particularly helps smaller businesses rated as qualifying small enterprises – those with R5 million to R35 million in annual turnover. Smaller businesses that donate 1% of their net profit after tax to an organisation such as Cotlands may claim a full 25 points on their scorecard.

Cotlands has registered a trust that can provide BBBEE shareholding to South Africa’s quality companies. Dividends will go towards meeting the needs of our beneficiaries, 98% of whom are black South African women and children.

Tax exemption
In addition to BEE 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 18A 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.

✓ KPMG assured.
Monthly donors are issued with an annual receipt in March which 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 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.

**Communication**

Cotlands endeavours to maintain open and regular communication with donors as we believe 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.

On behalf of the children we serve, the fund development team again extends heartfelt thanks to all Cotlands supporters.
The primary role of the Cotlands management board is to approve all strategic and policy decisions, and cascade specific decision-making tasks to subcommittees and the CEO for implementation.

All governance structures are formalised and prescribed by the regulations set out in the Cotlands constitution. The Cotlands board has 15 members, comprising an independent group of volunteer experts in the fields of business, marketing, child development, human resources and finance.

Owing to our broad range of operations and functions, the board is divided into specialist committees:

<table>
<thead>
<tr>
<th>COMMITTEE</th>
<th>COMMUNITY DEVELOPMENT</th>
<th>FINANCE AND GOVERNANCE</th>
<th>ORGANISATIONAL DEVELOPMENT AND REMUNERATION</th>
<th>SUSTAINABLE FUNDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsibilities</td>
<td>• Guidance and oversight of programme development, implementation, and evaluation</td>
<td>• Financial planning</td>
<td>• Overall organisational development processes</td>
<td>• Contribute to messaging strategy, communication plan, and leveraging Cotlands brand</td>
</tr>
<tr>
<td></td>
<td>• Ensure programmes are strategically aligned with Cotlands’ mission and government priorities</td>
<td>• Financial audits</td>
<td>• Staff structure required to meet strategic goals</td>
<td>• Securing and retaining donor support</td>
</tr>
<tr>
<td></td>
<td>• Consider social impacts of all programmes</td>
<td>• Banking relationships</td>
<td>• Monitor and provide input on staff remuneration</td>
<td>• Consider sustainable sources of income</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Investment policy and portfolio</td>
<td>• Monitor and provide input on staff issues:</td>
<td>• Facilitate introductions for funding opportunities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• All economic decisions, including budget approval and resource allocation</td>
<td>• industrial action</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• sick-leave trends</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• percentage of staff turnover per region</td>
<td></td>
</tr>
</tbody>
</table>
These committees each meet at least six times a year to support and oversee specialised areas in our organisation. Relevant staff members attend these meetings to enable employees to be heard at board level. The convenor of each subcommittee sits on the executive committee (exco) to ensure all aspects of the organisation are 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, one of Cotlands long-serving board members and supporters, Mr Solwin Elephant, passed away. His contribution will be sadly missed. In addition, two board members vacated their positions and one ex-board member returned to serve on the community development committee.

If an area of expertise is lacking in any committee, new members are recruited to close the gap. Board and staff members actively seek out individuals with the appropriate skills and knowledge, and invite them to join the management board. If they accept, their nomination needs to be put forward and approved at Cotlands’ annual general meeting. One new board member was recruited to serve on the organisational development and remuneration committee this year.

**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 within Cotlands is conducted formally and regularly through bimonthly or quarterly reports to subcommittees, exco and the board. Each operating division is required to report on its progress, identified risks, and areas needing corrective action and mitigation. As these reports are generated at operational level, this is also the 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. This maintains constructive dialogue with these important stakeholders.
GOVERNANCE

Organisational structure

COTLANDS MANAGEMENT BOARD

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

FINANCE AND GOVERNANCE
Allen Pentz
Jos Polatinsky
Mike Coward

SUSTAINABLE FUNDING
Mike Coward
Michal Bolanowski
Sue Morris
Katherine Madley

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

COMMUNITY DEVELOPMENT
Nicola Malan
Eleanor Huggett
Cynthia Morrison
Peter Moloney
A sustainable organisation understands that long-term success depends on, and should contribute to, a healthy economy, environment and society. Our primary goal is to improve the long-term wellbeing of children who come into our care, thus contributing to developing a healthy society. If we succeed in giving these children a good foundation for formal schooling, one day they will be able to actively contribute to the economy. We take our environmental responsibility just as seriously.

We started monitoring consumption of water, electricity, gas and fuel for financial reasons to ensure we use our financial resources prudently and efficiently. Interestingly, to contextualise the financial consideration, in 2008, 5 285 kilolitres of water cost R88 681 and, in 2014, 3 226 kilolitres cost R114 122. This year, Cotlands spent R675 560 on electricity and water across all our regions.

Now, as part of our good governance philosophy, we not only monitor costs but also our environmental impacts against targets. The aim is to improve our performance incrementally, even though our consumption is low compared to the industrial sector and we do not dispose of large amounts of solid or hazardous waste.

### Water and electricity consumption

**Water consumption (Turffontein)**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CONSUMPTION KILOLITRES</th>
<th>% INCREASE</th>
<th>ANNUAL EXPENSE (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3 226</td>
<td>13</td>
<td>114 122</td>
</tr>
<tr>
<td>2013</td>
<td>2 851</td>
<td>(36)</td>
<td>88 362</td>
</tr>
<tr>
<td>2012</td>
<td>7 377</td>
<td>46</td>
<td>246 718</td>
</tr>
<tr>
<td>2011</td>
<td>5 055</td>
<td>6</td>
<td>113 687</td>
</tr>
<tr>
<td>2010</td>
<td>4 774</td>
<td>(12)</td>
<td>95 486</td>
</tr>
<tr>
<td>2009</td>
<td>5 434</td>
<td>3</td>
<td>91 855</td>
</tr>
<tr>
<td>2008</td>
<td>5 285</td>
<td>(7)</td>
<td>88 681</td>
</tr>
</tbody>
</table>

1 This table reflects water use at Cotlands’ Turffontein headquarters only.
Electricity consumption

<table>
<thead>
<tr>
<th>FACILITY</th>
<th>2014 CONSUMPTION KWH</th>
<th>2014 KG OF CO₂ EMISSIONS</th>
<th>2013 CONSUMPTION KWH</th>
<th>2013 KG OF CO₂ EMISSIONS</th>
<th>2012 CONSUMPTION KWH</th>
<th>2012 KG OF CO₂ EMISSIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gauteng</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Turffontein</td>
<td>115 623</td>
<td>51 508</td>
<td>111 598</td>
<td>111 598</td>
<td>152 452</td>
<td>147 890</td>
</tr>
<tr>
<td>- Soweto</td>
<td>839</td>
<td>374</td>
<td>1 823</td>
<td>1 823</td>
<td>4 365</td>
<td>4 240</td>
</tr>
<tr>
<td>Western Cape¹</td>
<td>12 229</td>
<td>5 448</td>
<td>14 547</td>
<td>14 547</td>
<td>12 625</td>
<td>12 250</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>5 424</td>
<td>2 416</td>
<td>5 603</td>
<td>5 603</td>
<td>3 357</td>
<td>3 260</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>10 947</td>
<td>4 877</td>
<td>29 186</td>
<td>29 186</td>
<td>14 441</td>
<td>14 010</td>
</tr>
<tr>
<td>TOTAL</td>
<td>145 062</td>
<td>64 623</td>
<td>162 757</td>
<td>162 757</td>
<td>187 240</td>
<td>181 650</td>
</tr>
</tbody>
</table>


¹Only reflects use at Macassar Haven and not the Somerset West facility, where electricity and water use is recorded by the landowner.

For FY2014, we reduced electricity use in all regions except Gauteng’s main building in Turffontein. This property also recorded an increase in water consumption. Both increases can be attributed to relocating living quarters for international volunteers to this building from July 2013 once the old sanctuary section had been renovated to accommodate adults.

The notable decrease in electricity use in Soweto reflects the property being sold and vacated in July 2013, and in Mpumalanga we were finally able to resolve our meter-reading query.

Carbon emissions

Cotlands is monitoring the following carbon emissions:

- Scope 1 - Direct energy consumption (natural gas at Turffontein, petrol and diesel across all operations)
- Scope 2 - Indirect energy consumption (electricity across all operations)
- Scope 3 - Indirect energy consumption (flights across all operations).
Other CO₂ emissions

<table>
<thead>
<tr>
<th>UNIT</th>
<th>CONSUMPTION</th>
<th>KG OF CO₂ EMISSIONS</th>
<th>CONSUMPTION</th>
<th>KG OF CO₂ EMISSIONS</th>
<th>CONSUMPTION</th>
<th>KG OF CO₂ EMISSIONS</th>
<th>CONSUMPTION</th>
<th>KG OF CO₂ EMISSIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity (all) kWh</td>
<td>145 062</td>
<td>64 622</td>
<td>162 757</td>
<td>162 757</td>
<td>187 240</td>
<td>181 650</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural gas (Turffontein) Gigajoules</td>
<td>660</td>
<td>80 168</td>
<td>522</td>
<td>27 468</td>
<td>1 525</td>
<td>78 460</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petrol (all) Litres</td>
<td>21 258</td>
<td>47 074</td>
<td>22 724</td>
<td>52 606</td>
<td>30 907</td>
<td>69 390</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diesel (all) Litres</td>
<td>10 082</td>
<td>26 221</td>
<td>6 113</td>
<td>16 077</td>
<td>4 839</td>
<td>12 450</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flights (all) Flights</td>
<td>49</td>
<td>10 216</td>
<td>32</td>
<td>30 663</td>
<td>38</td>
<td>45 300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>228 301</td>
<td>289 571</td>
<td>387 250</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Last year, our target was to reduce our carbon footprint by 10% and we achieved a 20% reduction. However, this reflects a change in the conversion rate rather than any real progress on our part as we actually increased our gas and diesel consumption as well as the number of flights, as explained below.

During the year, Cotlands received three new mobile toy libraries. While this has been a wonderful opportunity to take service to children in remote or inaccessible areas, it has meant a significant increase in diesel consumption.

The number of flights also increased substantially. Regional managers were required to attend an additional meeting in Johannesburg to plan the roll-out of the new programme. Toy librarians from all regions were required to travel to Johannesburg for training as trainers for the level 4 ECD qualification; and programme development managers were required to do three-monthly site visits to monitor and support implementation of the early learning playgroups.

We are exploring alternatives to reduce travel, such as video conferencing, but in some instances it does require having everyone in the same room. We have also considered introducing other energy-efficient solutions to reduce our carbon footprint, but these are expensive.

For the coming year, our goal is to keep consumption at current levels until we can secure resources to implement more eco-friendly options.

Secondary environmental impacts

We support a number of initiatives that have achieved positive impacts on the environment, either directly by our organisation or by the many stakeholders who support us.
These include:

- Lexmark International’s cartridge recycling initiative – an environmental project that also generates income for Cotlands. Lexmark collects used inkjet cartridges and laser toners for recycling or responsible destruction. For every used cartridge returned to the company, Lexmark makes a financial donation to Cotlands.
- Wherever possible, office paper is used by our staff or children more than once before being sent to Mondi for recycling.
- Waste products are collected to be recycled into toys for our toy libraries.
- Donated food that is not suitable for our children, such as spicy meals, or large quantities of a product with an expiry date, is shared with other charities.
- Hazardous and medical waste is stored in a dedicated, secure area and collected by a medical waste disposal service for safe disposal. Indirectly, we are protecting the environment by responsibly disposing of hazardous waste.

### Slime

**Ingredients**
- 1 teaspoon (5ml) borax powder (sodium borate)
- 1 1/2 cups water
- 1/2 cup (120ml) white glue
- Food colouring (optional)

**Equipment**
- Teaspoon
- Bowl
- Jar
- Measuring cup

**Method**
1. Pour glue into the jar.
2. Fill empty glue bottle with water and stir it into the glue (or add 1/2 cup of water).
3. If desired, add food colouring, otherwise the slime will be opaque white.
4. In a separate bowl, mix one cup (240ml) of water and one teaspoon (5ml) of borax powder.
5. Slowly stir glue mixture into the bowl of borax solution.
6. Place the slime that forms in your hands and knead until it feels dry (don’t worry about the excess water remaining in the bowl).
7. The more the slime is played with, the firmer and less sticky it will become.
8. Store your slime in a zip-lock bag in the fridge (otherwise it will develop mould).
Accounting policy
The main principle of accounting used by Cotlands is the accrual concept. This requires the effects of transactions and events to be recognised as they occur. The accrual basis informs users of past transactions involving the payment and receipt of cash, and of obligations to pay cash in future and of resources that represent cash to be received in future.

Budgeting
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.

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

During the year, there were three substantial additional costs:
- Training fees for the ELF's level 4 ECD qualification
- Development and implementation of the electronic monitoring system
- Staff bonuses.

We were very fortunate to secure a donor to cover the training costs, and we used a portion of our IT reserve to pay for the electronic monitoring system. We had budgeted for a 50% bonus in December, but because we had a surplus at the end of the year, Cotlands management board granted employees an additional 50%. The staff were very grateful for this as no bonuses were paid in 2012.

In terms of our procurement policy, the first step is to try to get the item sponsored and, if unsuccessful, to negotiate a good discount. As a result, suppliers are generally selected based on price rather than other factors such as their BEE scorecard.

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 2014 were R27 507 020 against a budget of R26 518 657, comprising:
- Administration (including IT infrastructure costs and depreciation): 8%
- Building costs: 6%
- Motor vehicles (fuel, repairs and maintenance, insurance): 4%
- Service delivery (food, clothing, disposables, medical supplies, educational equipment, etc): 9%
- Staff costs (salaries, benefits and training): 73%

Staff costs
In any business, large or small, 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 additional benefits to the children 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 NGOs.
Hello. My name is Maria. I am 4 years old. My sister and me live with my granny in Soweto. She looks after us. She gives us bread and some tea. She also cooks for us. She makes pap and sometimes she gives us vegetables. I don't really like the green ones but my granny makes me eat them.

My mommy works at other people’s house, she lives there. She comes home to us late on Fridays in a taxi, and then she goes back to the people’s house on Sunday night.

My granny always says it is very important for me to learn at school and when I go to big school, I must study. I must be clever so that I can get a good job with lots of money, so that I can buy a big house and a car.

I go to Cotlands playgroup every week, Mondays and Wednesdays. My granny walks with me and it doesn't take too long. I can walk very far but my feet feel sore. I like to jump in the puddles when it rains.

I enjoy going there because I learn a lot of new things. This week I learned about the colour orange. Orange is my favourite colour because it makes me feel happy. My sister gave me her orange dress because it is too small for her now. It has little flowers. Sometimes we get oranges to eat at the playgroup too. I love oranges. I can also count to 50 now. I can even count my uncle’s chickens in his yard.

My favourite part is when we learn new songs. My mommy and my granny were so proud when they heard me sing twinkle-twinkle little star. Twinkle-twinkle little star, how I wonder what you are...

Sometimes we don’t eat breakfast at home when we don’t have any money. My granny cooks us pap for lunch, and if there is some left we eat it for supper. My tummy aches when I am hungry. My teacher gives us food when we go to the playgroup, then my tummy feels very full. I like the food they give us. Sometimes, I try to take food home for my sister. My teacher always says full tummies make you clever. I want to be clever.

I like my teacher. She is very friendly. She laughs all the time and never gets cross. She is like my mommy. I also like story time. No one can tell a story like my teacher can, she is very funny. She makes funny voices when she reads the stories. I like looking at the pictures while she tells the story. I am very glad I can go to the Cotlands playgroup because I can play with my friends and read the books. I have no books at home. We can also play with the balls and the puzzles. I like all the toys.
ANNUAL FINANCIAL STATEMENTS
## Statement of Financial Position

for the year ended 31 March 2014

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2014 R</th>
<th>2013 R</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>1 and 2</td>
<td>3 341 310</td>
<td>4 803 364</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td>3 341 310</td>
<td>4 803 364</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td>11 917 915</td>
<td>9 441 469</td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td>4 641</td>
<td>5 681</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td></td>
<td>208 502</td>
<td>306 269</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>11 704 772</td>
<td>9 129 519</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>15 259 225</td>
<td>14 244 833</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td>5 861 434</td>
<td>5 849 314</td>
</tr>
<tr>
<td>Retained surplus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td>9 397 791</td>
<td>8 395 519</td>
</tr>
<tr>
<td>Designated fund liability</td>
<td>5</td>
<td>7 442 404</td>
<td>6 503 243</td>
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<tr>
<td>Trade and other payables</td>
<td></td>
<td>533 951</td>
<td>421 709</td>
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<tr>
<td>Provisions</td>
<td>3</td>
<td>1 421 436</td>
<td>1 470 567</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>15 259 225</td>
<td>14 244 833</td>
</tr>
</tbody>
</table>
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2014

<table>
<thead>
<tr>
<th>Description</th>
<th>Notes</th>
<th>2014  R</th>
<th>2013  R</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross revenue</strong></td>
<td>10</td>
<td>27 042 173</td>
<td>26 243 624</td>
</tr>
<tr>
<td>Donations - Local</td>
<td></td>
<td>12 697 398</td>
<td>12 655 044</td>
</tr>
<tr>
<td>Donations - Local Government</td>
<td></td>
<td>3 693 046</td>
<td>3 084 344</td>
</tr>
<tr>
<td>Donations - Foreign</td>
<td></td>
<td>2 477 340</td>
<td>2 809 636</td>
</tr>
<tr>
<td>Donations - Foreign Government</td>
<td></td>
<td>92 545</td>
<td>200 838</td>
</tr>
<tr>
<td>Projects and functions</td>
<td></td>
<td>3 456 482</td>
<td>4 212 678</td>
</tr>
<tr>
<td>Maintenance grants</td>
<td></td>
<td>480 354</td>
<td>479 147</td>
</tr>
<tr>
<td>Lotto funding</td>
<td></td>
<td>4 502 000</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from/(to) designated fund liability</td>
<td></td>
<td>(439 160)</td>
<td>2 712 284</td>
</tr>
<tr>
<td>Sale of goods</td>
<td></td>
<td>82 168</td>
<td>89 653</td>
</tr>
<tr>
<td><strong>Cost of sales/direct expenses</strong></td>
<td></td>
<td>(683 634)</td>
<td>(988 295)</td>
</tr>
<tr>
<td><strong>Gross surplus</strong></td>
<td></td>
<td>26 358 539</td>
<td>25 255 329</td>
</tr>
<tr>
<td>Other income</td>
<td></td>
<td>636 076</td>
<td>628 025</td>
</tr>
<tr>
<td>Dissolution distribution - ALL-SA</td>
<td></td>
<td>-</td>
<td>63 602</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td></td>
<td>26 994 615</td>
<td>25 946 956</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td>27 507 020</td>
<td>26 220 951</td>
</tr>
<tr>
<td>Employee costs</td>
<td></td>
<td>20 820 175</td>
<td>18 695 868</td>
</tr>
<tr>
<td>Depreciation on property, plant and equipment</td>
<td></td>
<td>257 986</td>
<td>339 112</td>
</tr>
<tr>
<td>Operating lease charges</td>
<td></td>
<td>306 121</td>
<td>272 977</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td></td>
<td>6 122 738</td>
<td>6 912 994</td>
</tr>
<tr>
<td><strong>Operating deficit</strong></td>
<td></td>
<td>(512 405)</td>
<td>(273 995)</td>
</tr>
<tr>
<td>Investment revenue</td>
<td></td>
<td>524 525</td>
<td>464 533</td>
</tr>
<tr>
<td>Finance costs</td>
<td></td>
<td>-</td>
<td>(4 270)</td>
</tr>
<tr>
<td><strong>Total comprehensive surplus for the year</strong></td>
<td></td>
<td>12 120</td>
<td>186 268</td>
</tr>
</tbody>
</table>
### Statement of Changes in Equity

**for the year ended 31 March 2014**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 April 2012</strong></td>
<td>5 663 046</td>
<td>186 268</td>
</tr>
<tr>
<td>Total comprehensive surplus for the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 1 April 2013</strong></td>
<td>5 849 314</td>
<td></td>
</tr>
<tr>
<td>Total comprehensive surplus for the year</td>
<td></td>
<td>12 120</td>
</tr>
<tr>
<td><strong>Balance at 31 March 2014</strong></td>
<td>5 861 434</td>
<td></td>
</tr>
</tbody>
</table>

### Statement of Cash Flows

**for the year ended 31 March 2014**

<table>
<thead>
<tr>
<th></th>
<th>2014 R</th>
<th>2013 R</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from/(used in) operations</td>
<td>561 069</td>
<td>2 516 024</td>
</tr>
<tr>
<td>Interest income</td>
<td>524 525</td>
<td>464 533</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-</td>
<td>(4 270)</td>
</tr>
<tr>
<td><strong>Total cash movement for the year</strong></td>
<td>1 489 659</td>
<td>(17 532)</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(530 831)</td>
<td>(378 269)</td>
</tr>
<tr>
<td>Sale of property, plant and equipment</td>
<td>2 020 490</td>
<td>360 737</td>
</tr>
<tr>
<td><strong>Total cash movement for the year</strong></td>
<td>2 575 253</td>
<td>(2 073 293)</td>
</tr>
<tr>
<td>Cash at the beginning of the year</td>
<td>9 129 519</td>
<td>11 202 812</td>
</tr>
<tr>
<td><strong>Total cash at end of the year</strong></td>
<td>11 704 772</td>
<td>9 129 519</td>
</tr>
</tbody>
</table>
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 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the organisation and the revenue be reliably measured.

Revenue from donors is recognised at the date of receipt of donations. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer.

1.2 Property, plant and equipment

Property, plant and equipment is recorded at cost and is written off over their expected useful lives. The residual value, depreciation method and the useful life of each asset is reviewed at each annual reporting period, if there are indicators present that there is a change from the previous estimate. Cost includes all costs directly attributable to bringing the assets to a working condition for their intended use.

2. Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Accumulated depreciation</td>
<td>Carrying value</td>
</tr>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>2 177 643</td>
<td>-</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>942 182 (830 774)</td>
<td>111 408</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>162 917 (162 917)</td>
<td>-</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>1 824 959 (932 733)</td>
<td>892 226</td>
</tr>
<tr>
<td>Office equipment</td>
<td>591 082 (558 437)</td>
<td>32 645</td>
</tr>
<tr>
<td>Equipment other</td>
<td>446 659 (319 271)</td>
<td>127 388</td>
</tr>
<tr>
<td></td>
<td>6 145 442 (2 804 132)</td>
<td>3 341 310</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Provision for upgrade of IT systems</th>
<th>Carrying amount at beginning of the year R</th>
<th>Additional provisions R</th>
<th>Used during the year R</th>
<th>Carrying amount at end of the year R</th>
</tr>
</thead>
<tbody>
<tr>
<td>533 096</td>
<td></td>
<td></td>
<td>(180 000)</td>
<td>353 096</td>
</tr>
<tr>
<td>642 911</td>
<td></td>
<td>130 869</td>
<td></td>
<td>773 780</td>
</tr>
<tr>
<td>294 560</td>
<td></td>
<td></td>
<td></td>
<td>294 560</td>
</tr>
<tr>
<td><strong>1 470 567</strong></td>
<td><strong>130 869</strong></td>
<td><strong>(180 000)</strong></td>
<td></td>
<td><strong>1 421 436</strong></td>
</tr>
</tbody>
</table>
4. Other financial assets

At amortised cost

Loans and receivables - ALL-SA

The above loan is unsecured and interest free. ALL-SA approached Telkom for a rescue package of R240 000 to pay for certain operating expenses, which was still outstanding at the time that ALL-SA was dissolved. In order to ensure continued service delivery to the children at the toy library and to retain selected staff, the request was made to the finance committee for the authorisation of the abovementioned loan. The advanced amount was used for payment of salaries and related PAYE and UIF, rental of the CMI building in which the toy library is situated and telephone expenses.

Impairment

(124 924)

5. 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.

6. 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 year ended 31 March 2014

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STATEMENT OF COMPREHENSIVE INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total income</td>
<td>26 994 615</td>
<td>25 946 956</td>
<td>28 315 264</td>
<td>29 908 593</td>
<td>27 608 941</td>
</tr>
<tr>
<td>Donations and projects</td>
<td>26 358 539</td>
<td>25 255 329</td>
<td>28 252 746</td>
<td>29 686 769</td>
<td>27 405 914</td>
</tr>
<tr>
<td>Other income</td>
<td>636 076</td>
<td>628 025</td>
<td>62 518</td>
<td>221 824</td>
<td>203 027</td>
</tr>
<tr>
<td>Dissolution distribution - ALL-SA</td>
<td>–</td>
<td>63 602</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Operating expenditure</strong></td>
<td>27 507 020</td>
<td>26 220 951</td>
<td>28 620 085</td>
<td>30 171 880</td>
<td>27 953 699</td>
</tr>
<tr>
<td>Employee costs</td>
<td>20 820 175</td>
<td>18 695 868</td>
<td>21 180 015</td>
<td>22 602 930</td>
<td>20 193 830</td>
</tr>
<tr>
<td>Depreciation on property, plant and equipment</td>
<td>257 986</td>
<td>339 112</td>
<td>469 267</td>
<td>415 533</td>
<td>547 608</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>6 428 859</td>
<td>7 185 971</td>
<td>6 970 803</td>
<td>7 153 417</td>
<td>7 212 261</td>
</tr>
<tr>
<td><strong>Operating surplus/(deficit)</strong></td>
<td>(512 405)</td>
<td>(273 995)</td>
<td>(304 821)</td>
<td>(263 287)</td>
<td>(344 758)</td>
</tr>
<tr>
<td>Investment revenue</td>
<td>524 525</td>
<td>464 533</td>
<td>522 325</td>
<td>406 582</td>
<td>450 185</td>
</tr>
<tr>
<td>Finance costs</td>
<td>–</td>
<td>(4 270)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total comprehensive surplus/(deficit) for the year</strong></td>
<td>12 120</td>
<td>186 268</td>
<td>217 504</td>
<td>143 295</td>
<td>105 427</td>
</tr>
<tr>
<td>Staff members (include casuals and tin reps)</td>
<td>202</td>
<td>193</td>
<td>203</td>
<td>250</td>
<td>261</td>
</tr>
<tr>
<td>Average cost per employee</td>
<td>103 070</td>
<td>96 870</td>
<td>104 335</td>
<td>90 412</td>
<td>77 371</td>
</tr>
</tbody>
</table>
# Five-Year Review
for the year ended 31 March 2014

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STATEMENT OF FINANCIAL POSITION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>3 341 310</td>
<td>4 803 364</td>
<td>5 539 116</td>
<td>5 819 200</td>
<td>5 869 140</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>11 917 915</td>
<td>9 441 469</td>
<td>11 559 328</td>
<td>12 307 072</td>
<td>11 087 140</td>
</tr>
<tr>
<td>Inventories</td>
<td>4 641</td>
<td>5 681</td>
<td>-</td>
<td>-</td>
<td>7 445</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>208 502</td>
<td>306 269</td>
<td>356 516</td>
<td>237 537</td>
<td>469 530</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>11 704 772</td>
<td>9 129 519</td>
<td>11 202 812</td>
<td>12 069 535</td>
<td>10 610 165</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>15 259 225</td>
<td>14 244 833</td>
<td>17 098 444</td>
<td>18 126 272</td>
<td>16 956 280</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>5 861 434</td>
<td>5 849 314</td>
<td>5 663 046</td>
<td>5 445 542</td>
<td>5 302 247</td>
</tr>
<tr>
<td>Retained surplus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>9 397 791</td>
<td>8 395 519</td>
<td>11 435 398</td>
<td>12 680 730</td>
<td>11 654 033</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>533 951</td>
<td>421 709</td>
<td>790 325</td>
<td>743 983</td>
<td>1 143 133</td>
</tr>
<tr>
<td>Provisions</td>
<td>1 421 436</td>
<td>1 470 567</td>
<td>1 429 546</td>
<td>1 548 081</td>
<td>1 595 907</td>
</tr>
<tr>
<td>Designated fund liability</td>
<td>7 442 404</td>
<td>6 503 243</td>
<td>9 215 527</td>
<td>10 388 666</td>
<td>8 914 993</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>15 259 225</td>
<td>14 244 833</td>
<td>17 098 444</td>
<td>18 126 272</td>
<td>16 956 280</td>
</tr>
</tbody>
</table>

Members of the Executive Management Committee
DE Ncala (Chairperson), MD Coward (Vice-chairperson and Convenor – Marketing), JR Polatsky (Convenor – Finance), MJ Bolanowski (Additional Member), N Malan (Convenor – Community Development), JA du Preez (Convenor – Organisational Development), J Schoeman (Chief Executive Officer – ex officio), B Haack (Chief Human Resources Officer – ex officio), M Stach (Chief Operations Officer – ex officio).
### STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>1 085 594</td>
<td>(2 055 761)</td>
<td>(651 952)</td>
<td>1 824 962</td>
<td>429 352</td>
</tr>
<tr>
<td>Cash generated from/ (used in) operations</td>
<td>561 069</td>
<td>(2 516 024)</td>
<td>(1 174 277)</td>
<td>1 418 380</td>
<td>(20 833)</td>
</tr>
<tr>
<td>Interest income</td>
<td>524 525</td>
<td>464 533</td>
<td>522 325</td>
<td>406 582</td>
<td>450 185</td>
</tr>
<tr>
<td>Finance costs</td>
<td>–</td>
<td>(4 270)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td>1 489 659</td>
<td>(17 532)</td>
<td>(214 771)</td>
<td>(365 592)</td>
<td>(1 547 374)</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(530 831)</td>
<td>(378 269)</td>
<td>(308 788)</td>
<td>(365 592)</td>
<td>(1 622 168)</td>
</tr>
<tr>
<td>Sale of property, plant and equipment</td>
<td>2 020 490</td>
<td>360 737</td>
<td>94 017</td>
<td>–</td>
<td>74 794</td>
</tr>
<tr>
<td><strong>Total cash movement for the year</strong></td>
<td>2 575 253</td>
<td>(2 073 293)</td>
<td>(866 723)</td>
<td>1 459 370</td>
<td>(1 118 022)</td>
</tr>
<tr>
<td>Cash at the beginning of the year</td>
<td>9 129 519</td>
<td>11 202 812</td>
<td>12 069 535</td>
<td>10 610 165</td>
<td>11 728 187</td>
</tr>
<tr>
<td><strong>Total cash at end of the year</strong></td>
<td>11 704 772</td>
<td>9 129 519</td>
<td>11 202 812</td>
<td>12 069 535</td>
<td>10 610 165</td>
</tr>
</tbody>
</table>

By order of the Executive Management Committee

DE Ncala  
Chairperson  
Turffontein  
30 July 2014

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.
100 Abc’ers Club
3D Graphics
702 Talk Radio
Absa
Accenture SA
Added Value Engineering Consultants
AdvaCare
AECI (Heartlands)
AECOM – Africa
AEL Mining Services
AfriSam SA
Akhile Management and Consulting
Analytical and Diagnostic Products
Anglo American Chairman’s Fund
Antalis SA
Antonio Braz Trust
Aqua Gaming
Atbro Systems
Barloworld Motor Retail SA
Barracuda Holdings
Bateleur Capital
BC Partner Beteiligungsberatung
Beautiful Earth
Behr Hella Service SA
Bioscope Films
BIZPhotography
Blade
Buckle Packaging
C and K Moneyline
C Webster
Caxton
Changing Tides 314
Chapmar Industries
CJP Chemicals
Clicks Retailers
Connet Systems
Consol Glass
Consolidated Power Projects
Crossberth Cold Stores
DAL Agency
Dash of Lime
DDS SA
Department of Health (Gauteng)
Department of Social Development (Gauteng)
Department of Social Development (Mpumalanga)
Department of Social Development (Western Cape)
D Dieter
DigiCore
Dis-Chem Foundation
Discovery Fund
Draft FCB
Editing Ink
EL Xaba
Eazi Sales
Edcon
Electrical Board Manufacturers
Embassy of the United States
Emerging Markets Benefit Limited
ER 24
Evertrade
Exxaro Resources
F and L Von Glehn
F Seibold
Fireco
Ford Foundation
Freq’ncy
G4S Cash Solutions
Genesis Steel
HN Diederen
HV Test
Habari Media
Hach SA
Hauke Films
HCI Foundation
HKLM
Hospice Association of SA
Howden Africa
I Hagemann
I Prins
I Zuschke
Impala Platinum Holdings Limited
Imperial Holdings
Information Security Architects
Ipsos
Isa Klingenst
IWT Abrasives
JC Huang
J Pezie
J Steffen
JT Ross
Johannesburg Article Clerk Association
John Moffat Prolock
Kargo National
L Cilliers
Landis+Gyr
Law Print
Le Creuset SA
Lexmark International SA
Libra-Plant Sales
Life Trust
Loi’s Functions
Loud! Consulting
MD Coward
Market SA
Martin Creamer Media
Matrix Marketing
McDonalds SA
Media Mark Digital
Melco Conveyor Equipment
Mix Telematics
M-Net Cares
MSAT (City of Cape Town - Health)
Mtuba Power Spar
Multichoice
My Office Furniture
MySchoolMyVillageMyPlanet
National Department of Health
National Lottery Distribution Trust Fund
Netflorist
Nochumsohn & Teper Attorneys
NuWorld Industries
Ochestra Blue Post Production
PC Geljon
PBA Projects
Philip Morris SA
PL Steel Services
Portnex Trading
Protea Hotels
RC Shearer
Revive Electrical Transformers
Road Lodge Richards Bay
Robor
Roses and Rosemary
RWW Engineering
S Shames
Sakhumzi Restaurant
Salzburg Muenc
Saphire Gifts & Houseware
Service Monitor Management Consultants
Shaula Investments trading as Wizard Collective
SLR Consulting
Solo Rail and Mining
Space Station
Spar South Rand
Standard Electrical
Stanley Brodkin Maditsi Attorneys
Ster Kinekor
Sterling Debt Recoveries
Strate
Stunt SA
Sunny Packs Manufacturing
Support Orphans in Southern Africa
Talooma
The Adele Drechmeier Trust
The DG Murray Trust Fund
The Doreen Muller Charitable Trust
The Federated Employers’ Mutual Assurance Company
The GS Elkin Residuary Trust
The Giving Organisation
The Hermann Ohlthaver Trust
The Len Smith Foundation
The Marion on Nicol
The Stephen Lewis Foundation
The Wilfred Metje Foundation
Tiger Brands
Unisource
United Pharmaceutical Distributors
Valente Bros
Viking Social and Upliftment Trust
Weldtechnic Engineering
WesBank
Wictra Holdings
Williams Hunt
Woolworths (The Glen)
YASKAWA Southern Africa
INDEPENDENT ASSURANCE REPORT ON SELECTED SUSTAINABILITY INFORMATION

We have undertaken a limited assurance engagement on selected sustainability information, as described below, and presented in the 2014 Integrated Report of Cotlands for the year ended 31 March 2014 (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. The 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 5.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>UNIT AND VALUE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human resources indicators</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total workforce: permanent employees and non-permanent employees</td>
<td>Number of permanent employees: 145</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>Number of non-permanent employees: 57</td>
<td></td>
</tr>
<tr>
<td>Gender: males and females</td>
<td>Number of employees:</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>22 male</td>
<td></td>
</tr>
<tr>
<td></td>
<td>180 female</td>
<td></td>
</tr>
<tr>
<td>Staff turnover: Number of employees who have left Cotlands during the year</td>
<td>Number of employees: 35</td>
<td>41</td>
</tr>
<tr>
<td><strong>Fund development indicators</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total donations received</td>
<td>R27 130 173</td>
<td>45</td>
</tr>
<tr>
<td>Funding sources as a % of total income</td>
<td>Bequests (1,7%), Collection Tins (2,2%), Community Groups (0,6%), Corporates and Trusts (37,8%), Individuals (4,8%), Lotto (16,6%), Government (15,4%), Direct Mail (11,1%), Foreign Income (9,5%) and Other (0,3%)</td>
<td>45</td>
</tr>
<tr>
<td>Funding From Six Largest Local Corporate Donors (Name of donor and percentage contribution to total income)</td>
<td>Names of donors:</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>The Giving Organisation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Exxaro Chairman’s Fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lexmark International SA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Robor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Wilfred Metje Foundation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Anglo American Chairman’s Fund percentage contribution to total income: 14%</td>
<td></td>
</tr>
<tr>
<td>DESCRIPTION</td>
<td>UNIT AND VALUE</td>
<td>PAGE</td>
</tr>
<tr>
<td>-------------------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Community capacity building training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health sessions</td>
<td>Cumulative number of sessions: 115</td>
<td>37</td>
</tr>
<tr>
<td>Psychosocial sessions</td>
<td>Cumulative number of sessions: 59</td>
<td>37</td>
</tr>
<tr>
<td>Education sessions</td>
<td>Cumulative number of sessions: 114</td>
<td>37</td>
</tr>
<tr>
<td>Awareness campaigns</td>
<td>Cumulative number of sessions: 26</td>
<td>37</td>
</tr>
<tr>
<td>Early Learning Play Groups</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of ELF’s (Early Learning Facilitators)</td>
<td>Number at year-end: 27</td>
<td>34</td>
</tr>
<tr>
<td>Number of early learning groups</td>
<td>Number at year-end: 129</td>
<td>34</td>
</tr>
<tr>
<td>Number of children enrolled</td>
<td>Number at year-end: 1 261</td>
<td>34</td>
</tr>
<tr>
<td>Number of play sessions</td>
<td>Cumulative Number of sessions: 4 973</td>
<td>34</td>
</tr>
<tr>
<td>Total number of boys and girls</td>
<td>Number at year-end</td>
<td>34</td>
</tr>
<tr>
<td>Boys: 628</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Girls: 633</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of home visits by nurse and social worker</td>
<td>Cumulative number of home visits: 49</td>
<td>34</td>
</tr>
<tr>
<td>Number of meals served</td>
<td>Cumulative number of meals: 33 848</td>
<td>34</td>
</tr>
<tr>
<td>Number of referrals</td>
<td>Cumulative number of referrals: 105</td>
<td>34</td>
</tr>
<tr>
<td>Toy Libraries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of members</td>
<td>Number at year-end: 288</td>
<td>36</td>
</tr>
<tr>
<td>Number of play sessions</td>
<td>Cumulative number of play sessions: 1 827</td>
<td>36</td>
</tr>
<tr>
<td>Play sessions - child Interactions</td>
<td>Cumulative number of child interactions: 40 224</td>
<td>36</td>
</tr>
<tr>
<td>Homework support - child Interactions</td>
<td>Cumulative number of child interactions: 18 086</td>
<td>36</td>
</tr>
</tbody>
</table>

2. Percentage of employees who are classified as black, prepared in compliance with the Broad-Based Black Economic Empowerment (“B-BBEE”) 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 6.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>VALUE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resources indicators</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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)</td>
<td>86%</td>
<td>41</td>
</tr>
</tbody>
</table>
Directors’ responsibilities
The Directors are responsible for the selection, preparation and presentation of the sustainability information in accordance with Cotlands’ internally developed guidelines, and the B-BBEE 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 (Pty) Limited maintains a comprehensive system of quality 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 B-BBEE Act of 2003 and the Codes of Good Practice (2007), as the basis of preparation for the selected key performance indicators, assessing the risks of material misstatement of the selected key performance indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected key performance indicators. 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 2014, 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 B-BBEE 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 B-BBEE 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
3 September 2014
1 Albany Road
Parktown
South Africa
2193
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 2013 to 31 March 2014. 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

<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>General standard disclosures</td>
<td>1-2</td>
</tr>
<tr>
<td>STRATEGY AND ANALYSIS</td>
<td>3-4</td>
</tr>
<tr>
<td>ORGANISATIONAL PROFILE</td>
<td>5-6</td>
</tr>
<tr>
<td>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</td>
<td>7-16</td>
</tr>
<tr>
<td>STAKEHOLDER ENGAGEMENT</td>
<td>17-20</td>
</tr>
<tr>
<td>REPORT PROFILE</td>
<td>21-24</td>
</tr>
<tr>
<td>GOVERNANCE</td>
<td>25-55</td>
</tr>
</tbody>
</table>

The table above indicates the pages where each section begins, with the page numbers in parentheses after each section. Additional indicators and information are available on our website.
<table>
<thead>
<tr>
<th>Key:</th>
<th>Included.</th>
<th>Included but requires improvement.</th>
<th>Included, additional information on GRI content index on Cotlands website.</th>
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</table>

**ETHICS AND INTEGRITY**

<table>
<thead>
<tr>
<th>NGO1</th>
<th>NGO2</th>
<th>NGO3</th>
<th>NGO4</th>
</tr>
</thead>
<tbody>
<tr>
<td>56</td>
<td>57</td>
<td>58</td>
<td>www</td>
</tr>
</tbody>
</table>

**SPECIFIC STANDARD DISCLOSURES**

**PROGRAMME EFFECTIVENESS**

<table>
<thead>
<tr>
<th>NGO1</th>
<th>NGO2</th>
<th>NGO3</th>
<th>NGO4</th>
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<th>NGO1</th>
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**ENVIRONMENTAL**

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**SOCIAL: LABOUR PRACTICES AND DECENT WORK**

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**SOCIAL: HUMAN RIGHTS**

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<th>NGO1</th>
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**SOCIAL: SOCIETY**

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**SOCIAL: PRODUCT RESPONSIBILITY**

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Email: thandi@cotlands.org

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www.cotlands.org

Cotlands banking details
Account holder: Cotlands
Bank: Standard Bank – The Glen
Account number: 20 004 5288
Branch code: 00-60-05-18
Swift code: SBZAZAJJ

NPO registration
NPO 000 849

All donations qualify for section 18A tax exemption
Scan the code to view our complete 2014 Annual Report online.

www.cotlands.org