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

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

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

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

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

Our main material issues are set out below:
• Funding - expanding sources of income
• Human capital - skills and retention
• Advocacy for access to early childhood development (ECD) programmes
• Scaling up programmes.

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

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

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

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

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

Most recently, our focus has shifted to non-centre-based early childhood development playgroup and toy library programmes. We seek to find a scalable model to ensure more children have access to early learning opportunities through playgroups supported by toy libraries. Cotlands recognizes that by working with parents, communities, as well as the private and government sectors, we can address key early learning and developmental gaps to give young children the opportunity to not only survive, but thrive, into adulthood.

DID YOU KNOW?

When children play with blocks...

They learn to use their imagination by building a structure.

They learn about the principle of size, shapes, weight, height, length and textures.

They develop their hand-eye coordination.

They learn to play with others.

2015 SALIENT FEATURES

Attended the international toy library conference in Seoul, Korea, representing toy libraries in South Africa.

Planned implementation of playgroups in North West using community workers in collaboration with the DSD and Ilifa Labantwana.

Designed rigorous recruitment and selection programme for playgroup facilitators – applied in North West.

Participated in Ilifa Labantwana’s social franchise for playgroup think tank.

Trained 20 community workers on ‘becoming an early learning playgroup facilitator’, using the training package designed by the social franchise.

Developed a chapter on the ‘pedagogy of play’ which forms part of the birth-four curriculum training conducted by the Department of Basic Education.

Commented on norms and standards for non-centre-based programmes developed by DSD provincial department, Mpumalanga.

Invited to present at the national child protection forum meeting of DSD on lessons learnt about playgroups and toy libraries providing an opportunity to influence officials’ understanding of non-centre-based programmes.

Contracted by DSD Gauteng provincial department to procure resources for six NPO (non-profit organisation) sites and to capacitate them to use our playgroup and toy library programme.

In 2014 we reached 3 673 children.

Decreased number of children in the birth-two programme.

Beneficiary survey not conducted due to financial constraints.

Scaling up playgroups and toy libraries restricted as this requires additional human resources, with cost implications.

No bonus for committed staff due to financial constraints.

Registered Mpumalanga and Western Cape playgroups with the Department of Social Development (DSD).

Increased the use of Mobenzi as a management tool.

Hosted our first play conference.

Developed play advocacy plan to increase awareness of the importance of play.

Showcased mobile toy libraries during national book week in collaboration with the Department of Arts and Culture and South African Book Council.

Increased playgroups from two to four hours - increased uptake of the programme.

Introduced incentive scheme for early learning playgroup facilitators for the number of interactions they have with children based on attendance - increased attendance.

Registered Mpumalanga and Western Cape playgroups with the Department of Social Development (DSD).

Increased playgroups from two to four hours - increased uptake of the programme.

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WHY EARLY DEVELOPMENT OPPORTUNITIES ARE SO IMPORTANT

“LANGUAGE CAN REDESHAPE OUR ECONOMY”

David Harrison
CEO of The DG Murray Trust

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

So the next time we hold a big education summit in South Africa, we don’t invite educationists, but civil engineers. They might picture the education system as a high-rise building, but would not spend their time agonising over the cracks and weaknesses on the 12th floor. And they’re unlikely to suggest that we pour more money into refurbishing the floors above until the foundations are strengthened.

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

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

They would point to the last trimester of pregnancy and the first three months of life, when brain growth is fastest as cognitive circuits are laid down. This circuitry is the foundation of a strong educational system.

For vision and hearing, the rate of new connections peaks at three months old. For language, it’s at eight months old, while the networks for thinking and reasoning develop. By the time they reach grade R, their lifelong educational prospects can be predicted. The foundations are set – almost in concrete.

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

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

This might explain why, in the grade 9 annual national assessments last year, the average score was 43% for home language and 54% for mathematics.

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

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

Compare that with our funding of the National Student Financial Aid Scheme where – with dropout rates of close to 75% – we get back R1 for every R4 we spend. Financial Aid Scheme parents read to their children, according to the SA Book Development Council. Reading should start in the home, not at school – and even if parents cannot read, they can tell their children stories that stimulate their imagination and curiosity.

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

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

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

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

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

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

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

The talk should centre on allocative efficiency – where we need to put our money where it would get the best returns. Only then will we fundamentally change the education and employment outcomes in South Africa.

This article originally appeared in City Press on 13 November 2014.
The introduction of the child support grant in recent years has been of great help to struggling families. While there will always be a need for some children to be placed in temporary care because of their home circumstances, the grant has given many mothers the opportunity to keep their babies. We believe that Cotlands’ new role is to help these mothers prepare their children to succeed at school, the first steps to breaking the cycle of poverty prevalent in so many of our communities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

So, what’s next? We are entering what is possibly the scariest part of the journey - taking our programme to scale. We have decided to employ a maximum of 32 ELFs, and confirmed the areas where we will operate, which gives us a nice mix of rural, peri-urban and urban settings to pilot, test and refine our early learning programme. We want to take our programme to scale in partnership with other organisations, both through the social franchise model, and with the Department of Social Development and other interested stakeholders. Cotlands has always been recognised for its exceptionally high standards, so our staff now has the opportunity to share their skills. The team in Somerset West decided to register the unit as a new NPO and continue the service. Cotlands has donated all the equipment and resources to this team to enable the project’s smooth continuation.

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

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

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

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

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

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

Jackie Schoeman
Chief executive officer

TREASURER’S REPORT

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

Gross revenue for the year was R26.9 million (2014: R27.0 million) against a budget of R27.7 million. This included a contingency of R4.3 million added to corporate funding of R19.4 million, boosting funds from this area to R13.7 million. Additional funding of R1.4 million was received from the social services departments of Gauteng and Mpumalanga. Direct mailing and tins receipts were down by some R800 000. Revenue was bolstered by a transfer from the trust funds of R700 000 to offset the operating deficit for the year.

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

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

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

Jackie Schoeman
Chief executive officer

Allen Pentz
Treasurer

DID YOU KNOW?

When children do art activities...
They learn to use their imagination by creating a structure. They learn about balance, size, shapes, weight, height, depth and texture.
They develop their hand-eye coordination.
They develop their fine and gross motor skills.
They work with others.

When children do number activities...
They learn to use their imagination by creating a structure. They learn about balance, size, shapes, weight, height, depth and texture.
They develop their hand-eye coordination.
They develop their fine and gross motor skills.
They work with others.
**1936**
- Established by US missionary nursing sister Matron Dorothy Reece after finding an abandoned baby on her doorstep.

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

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

**1953**
- The sanctuary in Turffontein is opened.

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

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

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

**1997**
- Formulated policy guidelines for children infected/affected by HIV/AIDS.

**1998**
- Initiated community outreach programmes.

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

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

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

**2005**
- Acquired Macassar Haven in Macassar, Western Cape.

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

**2007**
- Opened Cotlands community centre in Soweto, Gauteng.
- Opened Trelong ECD centre in Rustenburg, North West.
- Opened Cotlands’ first toy library in KwaZulu-Natal.
- Acquired property in Reeston, Eastern Cape.
- Macassar Haven becomes a community centre.
- Opened Cotlands toy library in East London.
- Opened Cotlands toy library in Soweto.

**2009**
- ECD centre opened at Macassar Haven community centre.
- Launched Trelong toy library in Gauteng, in collaboration with Save the Children UK.
- All regions adopt the integrated model, allowing them to provide an array of quality services including education, health and psychosocial care.
- In December, Cotlands announces the transformation of the Aids hospice into the Cotlands Child Care unit due to the drastic reduction in Aids-related deaths.

**2010**
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**2011**
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- Opened Everest early childhood development (ECD) centre near Boschfontein, Mpumalanga.
- Launched Cotlands House in Turffontein, Gauteng.

**2012**
- Launched early learning playgroup model for birth to four-year-olds launched in May.
- An electronic recording tool, Mobenzi, introduced to monitor playgroups.
- Cotlands launched its first mobile toy library in Gauteng, followed by an additional mobile for Gauteng and one for KwaZulu-Natal.
- The death of former President Nelson Mandela is marked by releasing balloons.
- Selected as a partner by Ilifa Labantwana to participate in the playgroup social franchise think tank.
- Cotlands hosts the first Southern Africa play conference.
- Initiated early learning playgroup pilot in partnership with Ilifa Labantwana and DSD in North West.
- First mobile toy library for Mpumalanga.
- Closure of residential baby units in Gauteng and Western Cape.

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## OUR 2015 STATISTICS

### Consolidated statistics

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<thead>
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<th>ACTIVITY</th>
<th>Measured</th>
<th>Annual total 2015</th>
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<td>Children at year end</td>
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<td>11,476</td>
</tr>
</tbody>
</table>

---

<sup>1</sup> 2015 data not recorded in a format comparable with 2014 and 2013

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### Early Learning Playgroups

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

Our programmes are based on best-practice principles, ensuring the holistic development of each of the children we serve. Each four-hour play session is structured around a routine, creating learning and play opportunities that develop children’s language, mathematical problem-solving, gross motor, fine motor as well as social and emotional skills.

### 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 support to children and their families. Cotlands will continue to advocate for toy libraries, working towards the vision of having a toy library in each area of every child in South Africa.

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

### Toy Libraries

A high-impact, cost-effective non-centre-based programme impacting thousands of children each year, offering educational play opportunities. The programme is focused on ensuring young children have access to educational and developmental opportunities, preparing them for formal schooling in ordering grade 1.
Refine early childhood development programmes and maximise the electronic monitoring and evaluation system to quality of service delivery and increase accountability to beneficiaries and investors. See page 28 for detail on how we performed against this goal. See page 29 for detail on how we performed against this goal.

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

Expand Cotlands' donor base to develop R30 million income for FY2016. See page 38 for detail on how we performed against this goal.

Evaluate and select new opportunities for Cotlands in FY2016 to scale up the early learning programme. See page 29 for detail on how we performed against this goal.

FYE2016 strategic goals

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

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

Activities
- Refine baseline and summative assessment processes for children aged 2 to 4 years olds in playgroups
- Conduct birth to 2 development assessments using Mobenzi
- Register early learning playgroups as partial-care facilities and programmes
- Introduce bar-coding system into toy library

Risks
- Poor uptake of the service from community members
- Programme implementation does not promote school readiness
- Programmes do not meet beneficiaries' needs
- Not maximising electronic monitoring system
- Programmes not registered as partial-care programmes

Opportunities
- Community engagement processes
- Effective monitoring and evaluation will identify areas for improvement
- Registered programmes are eligible for funding from Department of Social Development
- Effective programme will increase children's school readiness

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

Activities
- Identify and establish 2013 organisation vision, strategy and development plan
- Develop a talent strategy
- Competency management - move from managing people based on what they have (skills, abilities) to what they can do (performance)

Risks
- Inconsistent number of staff with specialised knowledge inhibits expansion opportunities
- Over-reliance on a few individuals leaves the organisation without depth and succession planning
- Lack of opportunities to implement new skills
- Inconsistent feedback on performance

Opportunities
- Manage the risk of losing staff
- Provide staff with new skills and opportunities
- Receive feedback and recognition for quality work, and favourable return on investment
- Provide good working conditions, including flexible working hours

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

Activities
- Strategically advocate for the importance of early learning development
- Support the advocacy plan to promote the importance of early childhood development
- Establish Cotlands as leader in ECD
- Grow Toy Library Association of South Africa (TLASA)

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

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

Goal 4: Expanding Cotlands' funding sources to meet the financial operational requirements

Activities
- Maintain and strengthen relationships with existing donors
- Expand BBEEE funding opportunities
- Increase public awareness - generate income through events, advertising, public relations, online giving avenues and social media
- Increase international fundraising efforts
- Review direct marketing programme and establish new methods of acquisition

Risks
- Insufficient funding to cover capital expenditure
- Shift in corporate social investment to enterprise development and job creation
- Impact of lack of play opportunities on a child's development not easily measurable
- Inconsistent feedback on performance
- Lack of opportunities to implement new skills
- Over-reliance on a few individuals leaves the organisation without depth and succession planning
- Insufficient number of staff with specialised knowledge inhibits expansion opportunities
- Poaching of qualified and scarce-skill staff
- Over-reliance on a few individuals leaves the organisation without depth and succession planning
- Competing with other NGOs for limited funding sources

Opportunities
- New funding channels through social media and online marketing
- Finding new funding sources available through the social franchise programme

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

Activities
- Social franchise of early learning playgroups
- Department of Social Development filling part of requirements
- Civil society organisations and other donors contributing to Cotlands' social franchise
- Explore new partnerships opportunities to implement early learning playgroup programme

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

Opportunities
- Cotlands Empowerment Trust allows Cotlands to receive preferential shares, contributing to our sustainability
- Cotlands to receive preferential shares, contributing to our sustainability
- New fundraising channels through social media and online marketing
- New funding sources available through the social franchise programme
- Cotlands positioned as leader in the ECD field
- Cotlands Empowerment Trust allows Cotlands to receive preferential shares, contributing to our sustainability
Over the past two years, Cotlands has undergone a radical transformation and it was essential to continuously engage with all stakeholder groups to ensure our sustainability. Donors are clearly our most vital stakeholders. We endeavour to maintain open and regular communication with donors as this is important in developing long-term partnerships. We also actively encourage them to visit our programmes to experience our work first-hand. We constantly strive to improve our interaction with donors and welcome feedback and suggestions.

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

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

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

There is a growing understanding of the importance of brand management and reputation management across the non-profit sector. Private companies are also beginning to understand the need to be associated with social brands and take time to invest in their own image.

Different Life is one such company. This life insurance company has launched its philanthropic arm, Different.org, to provide financial assistance to Cotlands and assist in brand positioning and creating marketing material for our organisation.

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

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

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

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

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

Honorary members
Cotlands thanks our honorary members for their valuable contribution to our work:
- HKLM – Harwood Kirsten Lee and McCoy
- KPMG Services Proprietary Limited
- Talooma
- Newsclip

How we engage with stakeholders continued

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

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

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

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

These committees meet at least four times a year to support and oversee their specialised areas. Relevant staff members attend these meetings to enable employees to be heard at board level. The convenor of each committee sits on the executive committee (exco) to ensure all aspects of Cotlands 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, Indiran Gounden was appointed to serve on the finance and portfolio and strategy of Cotlands, guided by the chairman and board members.

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.

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 required to complete an annual risk assessment which is forwarded to the Cotlands risk manager. These are submitted to the Cotlands risk manager on an annual basis.

Policies are reviewed every two years or when required by legislation or service delivery.

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.

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

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

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

Performance against our strategic goals

Improving Programmes

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

Why this goal

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

How we performed

Steps we took to refine the early learning playgroup included:

- Increased hours per week from two to four for playgroups for 2- to 4-year-olds.
- Adapted learning to accommodate increased hours.
- Enhancements to Mobenzi – the electronic monitoring platform. This included the ability of the platform to enrol children, mark attendance, do assessments and record interventions by the nurse and social worker. These enhancements, which will ensure more accurate statistics, included:
  - Communications platform enabling communication between administrator and early learning playgroup facilitators.
  - Tool to delete children no longer attending from the system.
- Streamlined procedures within programme.
- Toy librarian monitoring checklist designed to enable toy librarians to identify children who are not accessing playgroups, which results in increased follow-up with absent children by facilitators.
- Registration of the playgroup programme in Western Cape and Mpuamalanga with the Department of Social Development to ensure sustainability. To receive funding from the department, playgroup programmes must comply with related norms and standards, which are currently in different stages of development across provinces and not standardised.
- Business plans submitted to the Department of Social Development in Western Cape, Mpuamalanga, Gauteng, Eastern Cape and KwaZulu-Natal. Gauteng and Mpuamalanga playgroups are the only playgroups that received funding from the department.

Steps we took to refine the toy library programme included:

- Toy librarian monitoring checklist designed to enable toy librarians to identify children who are not accessing playgroups, which results in increased follow-up with absent children by facilitators.
- Streamlined procedures within programme.
- Review of G4i a-collection process, resulting in reporting on number of children accessing the service and not only number of interactions.
- Revised role and responsibilities of toy librarian to include the early learning playgroup task of packing kits.
- Toy libraries hosted four toy library seminars.

Advocacy

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

Why this goal

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

How we performed

Advocating for early childhood development and promoting children’s rights has been the primary focus of this year’s play conference and World Play Day celebrations. Cotlands hosted its first play conference in collaboration with Terre des Hommes and A Chance to Play Southern Africa, with 75 delegates from across Africa attending. The aim was to promote children’s right to play, with topics exploring what play means for different age groups. The conference produced an advocacy plan for play, which participating organisations undertook to include in their work.

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

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

Scaling up

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

Why this goal

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

How we performed

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

Flowing out of this think tank was a partnership that enabled Cotlands to become part of a multi-stakeholder initiative to set up 40 playgroups reaching 800 children in North West. The model projects and tests the possibility of skilling community workers to become early learning playgroup facilitators.

Towards the end of the year, a third scaling-up opportunity was presented: Cotlands’ social franchise think tank was further refined in this project.

The aim is to enhance this “play” opportunity presented in 2014 to become a multi-stakeholder initiative. Cotlands guided these non-profit organisations on how to implement playgroups and toy libraries.
The effectiveness of our programme is reflected in the number of beneficiaries accessing these programmes.

<table>
<thead>
<tr>
<th>Program Area</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>Early learning playgroups</td>
<td>Total</td>
<td>2015</td>
<td>2014</td>
<td>2015</td>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>Early learning playgroups at year end</td>
<td>30</td>
<td>6 10 4 4 6 27</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early learning playgroups at year end</td>
<td>97</td>
<td>20 21 17 13 26 129</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Play sessions total</td>
<td>6350</td>
<td>1 251 1 996 1 099 835 1 169 4 973</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children at year end</td>
<td>1 441</td>
<td>297 386 290 207 281 1 261</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boys at year end</td>
<td>694</td>
<td>144 189 151 97 113 628</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Girls at year end</td>
<td>747</td>
<td>153 197 159 110 148 653</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home visits total</td>
<td>438</td>
<td>311 97 6 0 24 49</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meals served total</td>
<td>57 155</td>
<td>1 15 39 5 863 8 773 33 848</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Referrals total</td>
<td>207</td>
<td>102 42 60 0 3 105</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toy libraries</td>
<td>Total</td>
<td>214</td>
<td>119 18 0 2 75 288</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Play sessions total</td>
<td>1 432</td>
<td>933 38 252 N/A 210 1 827</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children attending play sessions total</td>
<td>24 418</td>
<td>18 463 522 1 493 3 973 40 224</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>Children attending homework support total</td>
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<tr>
<td>Mobile play sessions total</td>
<td>620</td>
<td>582 38 N/A N/A N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communities served by mobile units total</td>
<td>268</td>
<td>250 38 N/A N/A N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECD centres served by mobile units total</td>
<td>294</td>
<td>180 114 N/A N/A N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children attending mobile sessions total</td>
<td>11 973</td>
<td>11 451 522 N/A N/A N/A</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boys total</td>
<td>20 947</td>
<td>9 394 8 935 818 N/A 1 802 33 684</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Girls total</td>
<td>16 929</td>
<td>9 078 4 890 673 N/A 2 351 24 811</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toys lent out total</td>
<td>20 218</td>
<td>3 724 7 344 6 046 546 2 556 14 425</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toys trained total</td>
<td>4 958</td>
<td>1 547 3 349 - 41 21 4 646</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toys lost total</td>
<td>46</td>
<td>1 1 0 0 0 46</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community capacity building</td>
<td>Total</td>
<td>176</td>
<td>37 31 29 25 34 115</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Health sessions</td>
<td>104</td>
<td>25 33 14 8 24 59</td>
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<td></td>
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</tr>
<tr>
<td>Education sessions</td>
<td>326</td>
<td>1 61 214 22 28 114</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total sessions</td>
<td>606</td>
<td>63 125 57 55 86 288</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awareness campaigns total</td>
<td>35</td>
<td>16 7 6 5 1 26</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total males</td>
<td>504</td>
<td>318 426 107 31 22 4 871</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total females</td>
<td>4 653</td>
<td>1 441 939 1 291 415 567 4 425</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total children in ECD</td>
<td>52</td>
<td>- - - - - 52</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Toy Library Association of South Africa (TLASA)

- Participants trained: 186
- TLASA members: 17
- Participants attending seminars: 183
- Participants attending play conferences: 91

<table>
<thead>
<tr>
<th>Residential care statistics</th>
<th>Gauteng 2015</th>
<th>Gauteng 2014</th>
<th>Western Cape 2015</th>
<th>Western Cape 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>New admissions</td>
<td>16</td>
<td>17</td>
<td>65</td>
<td>76</td>
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<tr>
<td>Discharges</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Deaths</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>- Fostered</td>
<td>0</td>
<td>0</td>
<td>32</td>
<td>27</td>
</tr>
<tr>
<td>- Adopted</td>
<td>11</td>
<td>9</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>- Returned to family</td>
<td>0</td>
<td>3</td>
<td>27</td>
<td>38</td>
</tr>
<tr>
<td>- Transferred to other facilities</td>
<td>34</td>
<td>4</td>
<td>14</td>
<td>3</td>
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<tr>
<td>Discharges (total)</td>
<td>25</td>
<td>16</td>
<td>82</td>
<td>78</td>
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<tr>
<td>Children on ART (at FYE)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
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<tr>
<td>Residents (at FYE)</td>
<td>34</td>
<td>15</td>
<td>14</td>
<td>25</td>
</tr>
<tr>
<td>Total number of children</td>
<td>31</td>
<td>32</td>
<td>85</td>
<td>96</td>
</tr>
</tbody>
</table>
### Performance against our strategic goals

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

**Why this goal**

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

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

**How we performed**

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

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

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

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

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

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

#### Overview of our people in 2015

**Retrenchments**

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

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

**Staff turnover**

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

#### Parental leave

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

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

Staff composition

<table>
<thead>
<tr>
<th>By Gender</th>
<th>Permanent</th>
<th>Non-permanent</th>
<th>Total</th>
<th>Left service</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>74</td>
<td>49</td>
<td>123</td>
<td>85</td>
<td>166</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>16</td>
<td>9</td>
<td>25</td>
<td>9</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>58</td>
<td>148</td>
<td>94</td>
<td>202</td>
<td>193</td>
</tr>
</tbody>
</table>

Includes non-permanent staff

<table>
<thead>
<tr>
<th>By province</th>
<th>Permanent</th>
<th>Non-permanent</th>
<th>Total</th>
<th>Left service</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gauteng</td>
<td>37</td>
<td>19</td>
<td>56</td>
<td>46</td>
<td>84</td>
<td>85</td>
</tr>
<tr>
<td>Western Cape</td>
<td>7</td>
<td>17</td>
<td>24</td>
<td>38</td>
<td>51</td>
<td>48</td>
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<tr>
<td>KwaZulu-Natal</td>
<td>21</td>
<td>14</td>
<td>35</td>
<td>4</td>
<td>42</td>
<td>37</td>
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<tr>
<td>Eastern Cape</td>
<td>6</td>
<td>3</td>
<td>9</td>
<td>0</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>Mzimbalanga</td>
<td>19</td>
<td>5</td>
<td>24</td>
<td>6</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td>North West</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>58</td>
<td>148</td>
<td>94</td>
<td>202</td>
<td>193</td>
</tr>
</tbody>
</table>

Includes non-permanent staff

<table>
<thead>
<tr>
<th>By race</th>
<th>Permanent</th>
<th>Non-permanent</th>
<th>Total</th>
<th>Left service</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
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<td>African</td>
<td>71</td>
<td>40</td>
<td>111</td>
<td>52</td>
<td>139</td>
<td>135</td>
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<tr>
<td>Coloured</td>
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<td>10</td>
<td>16</td>
<td>27</td>
<td>31</td>
<td>29</td>
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<td>Indian</td>
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<td>White</td>
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<td>19</td>
<td>13</td>
<td>28</td>
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<tr>
<td>Total</td>
<td>90</td>
<td>58</td>
<td>148</td>
<td>94</td>
<td>202</td>
<td>193</td>
</tr>
</tbody>
</table>

Includes non-permanent staff

1. Includes non-permanent staff
2. Includes foreign national employees

Reason for staff leaving service in 2015

<table>
<thead>
<tr>
<th>Salary and benefits</th>
<th>Retired/deceased</th>
<th>Dismissed/retrenched</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>3</td>
<td>65</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>94</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Age groups of staff leaving service 2015

- 20-35: 31
- 35-45: 25
- 45+: 40
- Total: 94

Code of conduct

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

Employment equity

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

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

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

Skills development and training

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

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

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

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

In tandem, Cotlands has initiated a project with unemployed youth in the communities we serve to act as assistants to the ELFs. These are young people between 18 and 28 with an interest in early childhood development.

The sector training authority, Health and Welfare SETA, assisted with sponsorship for this project so that these assistants can be enrolled on the ECD course in addition to the workplace experience they are receiving.
The table below indicates the training focus:

<table>
<thead>
<tr>
<th>Skills development and training</th>
<th>Number of staff trained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin and HR</td>
<td>5</td>
</tr>
<tr>
<td>ECD</td>
<td>63</td>
</tr>
<tr>
<td>Finance</td>
<td>3</td>
</tr>
<tr>
<td>Fundraising and marketing</td>
<td>11</td>
</tr>
<tr>
<td>Health and safety</td>
<td>4</td>
</tr>
<tr>
<td>Hospitality</td>
<td>1</td>
</tr>
<tr>
<td>Management</td>
<td>4</td>
</tr>
<tr>
<td>Professional development</td>
<td>1</td>
</tr>
</tbody>
</table>

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

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

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

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

Volunteers
Local volunteers
With the final phasing out of residential facilities in Gauteng and Western Cape, the drop in regular committed volunteers was evident. We currently have 15 active volunteers in Gauteng who run the Saturday Club at the Turffontein facility. They completed a three-month in-service training programme and now offer children living in Turffontein play sessions on Saturday mornings – a wonderful opportunity for them as the toy library is usually closed over the weekend.

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

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

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

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

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

DID YOU KNOW?

When children play in sand or water…

They develop their sense of touch and learn about textures.

They pour, build, measure and count.

It calms and relaxes them (particularly children who are anxious or aggressive).
OUR ECONOMIC PERFORMANCE

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

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

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

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

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

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

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

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

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

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Income for FY2015 by donor group

<table>
<thead>
<tr>
<th>Source</th>
<th>%</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
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<td>447 905</td>
<td>839 495</td>
</tr>
<tr>
<td>Collection tins</td>
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<td>172 895</td>
<td>594 194</td>
<td>1 098 404</td>
</tr>
<tr>
<td>Community groups</td>
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<td>174 521</td>
<td>199 192</td>
</tr>
<tr>
<td>Corporates and trusts</td>
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<td>9 461 627</td>
<td>10 259 927</td>
<td>9 939 875</td>
</tr>
<tr>
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<td>1 290 095</td>
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<td>Government</td>
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<td>4 173 599</td>
<td>3 563 491</td>
</tr>
<tr>
<td>Direct mail</td>
<td>12.23</td>
<td>2 713 095</td>
<td>3 020 301</td>
<td>3 114 274</td>
</tr>
<tr>
<td>Foreign income</td>
<td>14.09</td>
<td>3 126 297</td>
<td>2 569 885</td>
<td>3 010 474</td>
</tr>
<tr>
<td>Other</td>
<td>0.45</td>
<td>101 357</td>
<td>82 877</td>
<td>168 323</td>
</tr>
<tr>
<td>Total income</td>
<td>100</td>
<td>22 187 643</td>
<td>27 130 173</td>
<td>23 243 623</td>
</tr>
<tr>
<td>Contingency</td>
<td>4.30</td>
<td>4 300 000</td>
<td>3 000 000</td>
<td></td>
</tr>
</tbody>
</table>

KPMG assured

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

DID YOU KNOW?
Corporate donors
Our top six local corporate and trust donors this year accounted for R3 714 470 (14% of gross revenue): The DG Murray Trust Fund • The Giving Organisation • The Wilfrid Metje Foundation • Anglo American Chairman’s Fund • Exxaro Chairman’s Fund • Lexmark International SA

In total, R19 461 627 was received from 295 corporate donors, with an average donation of R32 073.

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

International donors
The top international donors in 2015 contributed R2 296 336 (9% of gross revenue): Emerging Markets Benefit Ltd • The Stephen Lewis Foundation • Philip Morris International

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

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

Broad-based black economic empowerment (BBBEE)
Cotlands has a level 1 BBBEE rating with a procurement recognition level of 168.75%.

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

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

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

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

Your donation has been or will be used exclusively for Cotlands.

Donor rights and ethical fundraising
Our fundraising policy ensures donors have the right to remain anonymous and not be publicly acknowledged for their donations if they choose. However, we actively attempt to trace all our anonymous donations so that
we can acknowledge their valuable contribution. This information is used strictly for Cotlands’ benefit and is not disclosed beyond our organisation. We retain the right to decline a donation if the source conflicts with our vision, mission and principles. During the year, no donations were deemed likely to compromise our integrity, and therefore none were declined.

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

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

**EXPENSES**

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

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

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

**Performance to budget**

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

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

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

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

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

Utility costs form part of our administration costs. To ensure we use our financial resources prudently and effectively, we monitor consumption of water, electricity, gas and fuel. For the year Cotlands spent R470,903 on electricity and water across all regions.

In addition, as part of our good governance philosophy, we also monitor our environmental impact (as kilograms of carbon dioxide or CO2 emissions) against targets, including fuel and flights. We aim to improve our performance incrementally, despite being a low-impact organisation.
Our environmental performance

<table>
<thead>
<tr>
<th>Unit</th>
<th>Consumption 2015</th>
<th>Kg CO₂ emissions 2015</th>
<th>Consumption 2014</th>
<th>Kg CO₂ emissions 2014</th>
<th>Consumption 2013</th>
<th>Kg CO₂ emissions 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity (all)</td>
<td>kWh 137 391</td>
<td>132 090</td>
<td>145 062</td>
<td>139 460</td>
<td>162 757</td>
<td>162 757</td>
</tr>
<tr>
<td>Natural gas (Turffontein)</td>
<td>gigajoules 598</td>
<td>38 206</td>
<td>660</td>
<td>42 167</td>
<td>522</td>
<td>27 468</td>
</tr>
<tr>
<td>Petrol (all)</td>
<td>litres 11 664</td>
<td>28 693</td>
<td>21 258</td>
<td>52 295</td>
<td>22 724</td>
<td>52 606</td>
</tr>
<tr>
<td>Diesel (all)</td>
<td>litres 15 317</td>
<td>40 743</td>
<td>10 082</td>
<td>26 818</td>
<td>6 111</td>
<td>16 077</td>
</tr>
<tr>
<td>Flights (all)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>247 222</td>
<td>270 956</td>
<td>289 571</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Staff costs

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

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

for the year ended 31 March 2015

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>3,900,780</td>
<td>3,341,310</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>3,900,780</td>
<td>3,341,310</td>
</tr>
<tr>
<td>Current assets</td>
<td>7,173,934</td>
<td>11,917,915</td>
</tr>
<tr>
<td>Inventories</td>
<td>2,974</td>
<td>4,641</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>420,154</td>
<td>208,502</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>6,750,826</td>
<td>11,704,732</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>11,074,714</td>
<td>15,259,225</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>5,862,188</td>
<td>5,861,434</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>5,212,526</td>
<td>9,397,789</td>
</tr>
<tr>
<td>Designated fund liability</td>
<td>3,617,335</td>
<td>7,442,404</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>508,991</td>
<td>533,951</td>
</tr>
<tr>
<td>Provisions</td>
<td>1,086,200</td>
<td>1,421,436</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>11,074,714</td>
<td>15,259,225</td>
</tr>
</tbody>
</table>

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March 2015

<table>
<thead>
<tr>
<th>Notes</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>Gross revenue</strong></td>
<td>26,903,052</td>
<td>27,042,173</td>
</tr>
<tr>
<td>Donations – local</td>
<td>16,028,083</td>
<td>12,697,398</td>
</tr>
<tr>
<td>Donations – local government</td>
<td>4,968,128</td>
<td>3,693,046</td>
</tr>
<tr>
<td>Donations – foreign</td>
<td>3,528,520</td>
<td>3,456,482</td>
</tr>
<tr>
<td>Donations – foreign government</td>
<td>2,210</td>
<td>92,545</td>
</tr>
<tr>
<td>Projects and functions</td>
<td>125,799</td>
<td>480,354</td>
</tr>
<tr>
<td>Maintenance grants</td>
<td>101,357</td>
<td>82,168</td>
</tr>
<tr>
<td>Sale of goods</td>
<td>-</td>
<td>4,102,000</td>
</tr>
<tr>
<td>Transfer from/(to) designated fund liability</td>
<td>(974,932)</td>
<td>(439,160)</td>
</tr>
<tr>
<td><strong>Cost of sales/direct expenses</strong></td>
<td>(775,985)</td>
<td>(683,634)</td>
</tr>
<tr>
<td><strong>Gross surplus</strong></td>
<td>26,127,067</td>
<td>26,358,539</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>1,081,233</td>
<td>616,076</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>27,208,300</td>
<td>26,994,615</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>27,625,765</td>
<td>27,507,020</td>
</tr>
<tr>
<td>Employee costs</td>
<td>21,647,334</td>
<td>20,622,175</td>
</tr>
<tr>
<td>Depreciation on property, plant and equipment</td>
<td>222,278</td>
<td>257,986</td>
</tr>
<tr>
<td>Operating lease charges</td>
<td>217,280</td>
<td>316,121</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>5,529,025</td>
<td>6,122,738</td>
</tr>
<tr>
<td><strong>Operating deficit</strong></td>
<td>(417,465)</td>
<td>(512,405)</td>
</tr>
<tr>
<td>Investment revenue</td>
<td>418,219</td>
<td>524,525</td>
</tr>
<tr>
<td><strong>Total comprehensive surplus for the year</strong></td>
<td>754</td>
<td>12,120</td>
</tr>
</tbody>
</table>
Statement of changes in equity
For the year ended 31 March 2015

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 01 April 2015</td>
<td>5 849 314</td>
</tr>
<tr>
<td>Total comprehensive surplus for the year</td>
<td>12 120</td>
</tr>
<tr>
<td>Balance at 01 April 2014</td>
<td>5 861 434</td>
</tr>
<tr>
<td>Total comprehensive surplus for the year</td>
<td>754</td>
</tr>
<tr>
<td>Balance at 31 March 2015</td>
<td>5 862 188</td>
</tr>
</tbody>
</table>

Statement of cash flows
For the year ended 31 March 2015

<table>
<thead>
<tr>
<th>Cash flows from operating activities</th>
<th>2015 R</th>
<th>2014 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from/(used in) operations</td>
<td>(253 462)</td>
<td>146 433</td>
</tr>
<tr>
<td>Cash generated from/(used in) operations</td>
<td>418 219</td>
<td>524 525</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(875 415)</td>
<td>1 489 659</td>
</tr>
<tr>
<td>Sale of property, plant and equipment</td>
<td>56</td>
<td>2 138 270</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>(3 825 069)</td>
<td>939 161</td>
</tr>
<tr>
<td>Movement in designated fund liability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cash movement for the year</td>
<td>(4 953 946)</td>
<td>2 575 253</td>
</tr>
<tr>
<td>Cash at the beginning of the year</td>
<td>11 704 772</td>
<td>9 129 519</td>
</tr>
<tr>
<td>Cash at the end of the year</td>
<td>6 750 826</td>
<td>11 704 772</td>
</tr>
</tbody>
</table>

Accounting policies
For the year ended 31 March 2015

1. Presentation of annual financial statements

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

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

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

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

1.2 Revenue

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

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

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

Interest is recognised, in profit or loss, using the effective interest rate method.
Notes to the annual financial statements
for the year ended 31 March 2015

2. Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated depreciation</td>
<td>Carrying value</td>
<td>Cost</td>
</tr>
<tr>
<td></td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Land and buildings</td>
<td>2 177 643</td>
<td>–</td>
<td>2 177 643</td>
<td>2 177 643</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>892 440</td>
<td>(649 040)</td>
<td>243 400</td>
<td>942 382</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>2 352 296</td>
<td>(977 956)</td>
<td>1 374 340</td>
<td>1 824 959</td>
</tr>
<tr>
<td>Office equipment</td>
<td>487 469</td>
<td>(483 668)</td>
<td>3 801</td>
<td>591 082</td>
</tr>
<tr>
<td>Equipment Other</td>
<td>361 896</td>
<td>(260 300)</td>
<td>101 596</td>
<td>446 659</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6 271 744</td>
<td>(2 370 964)</td>
<td>3 900 780</td>
<td>6 145 442</td>
</tr>
</tbody>
</table>

3. Designated fund liability

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated depreciation</td>
</tr>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>3 617 335</td>
<td>–</td>
<td>–</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</th>
<th>Carrying amount at beginning of the year</th>
<th>Additional provisions</th>
<th>Used during the year</th>
<th>Carrying amount at end of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrade of IT systems</td>
<td>353 096</td>
<td>–</td>
<td>–</td>
<td>353 096</td>
</tr>
<tr>
<td>Leave pay</td>
<td>773 780</td>
<td>(243 947)</td>
<td>529 833</td>
<td></td>
</tr>
<tr>
<td>Building maintenance</td>
<td>294 560</td>
<td>(91 289)</td>
<td>203 271</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1 421 436</td>
<td>–</td>
<td>(335 236)</td>
<td>1 086 200</td>
</tr>
</tbody>
</table>

5. Taxation

No provision has been made for taxation as the organisation is exempt from taxation by virtue of section 10(1)(c)(N) of the Income Tax Act No.58 of 1962, as amended.
Five year review
for the years ended 31 March


<table>
<thead>
<tr>
<th>STATEMENT OF COMPREHENSIVE INCOME</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income</td>
<td>27 208 300</td>
<td>26 994 615</td>
<td>25 946 956</td>
<td>28 315 264</td>
</tr>
<tr>
<td>Donations and projects</td>
<td>26 127 067</td>
<td>26 358 539</td>
<td>25 255 329</td>
<td>28 252 746</td>
</tr>
<tr>
<td>Other income</td>
<td>1 081 233</td>
<td>636 076</td>
<td>628 025</td>
<td>62 518</td>
</tr>
<tr>
<td>Dissolution distribution – ALL-SA</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating expenditure</td>
<td>27 625 765</td>
<td>27 507 020</td>
<td>26 220 951</td>
<td>28 620 085</td>
</tr>
<tr>
<td>Employee costs</td>
<td>21 647 334</td>
<td>20 820 175</td>
<td>18 695 868</td>
<td>21 180 015</td>
</tr>
<tr>
<td>Depreciation on property, plant and equipment</td>
<td>222 278</td>
<td>257 986</td>
<td>339 112</td>
<td>469 267</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>5 756 153</td>
<td>6 428 859</td>
<td>7 185 971</td>
<td>6 970 803</td>
</tr>
<tr>
<td>Operating surplus/(deficit)</td>
<td>(417 465)</td>
<td>(312 405)</td>
<td>(273 995)</td>
<td>(304 831)</td>
</tr>
<tr>
<td>Investment revenue</td>
<td>418 219</td>
<td>524 535</td>
<td>464 533</td>
<td>522 325</td>
</tr>
<tr>
<td>Finance costs</td>
<td>-</td>
<td>(4 270)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive surplus/(deficit) for the year</td>
<td>754</td>
<td>12 120</td>
<td>186 268</td>
<td>217 504</td>
</tr>
</tbody>
</table>

Staff members (include casuals & tin reps) | 148 | 202 | 193 | 203 | 250 |
Average cost per employee | 146 266 | 105 070 | 96 870 | 104 335 | 90 492 |

STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets | 3 900 780 | 3 341 310 | 4 803 364 | 5 539 116 | 5 819 200 |
Property, plant and equipment | - | - | - | - | - |
Current assets | 7 173 534 | 11 917 915 | 9 441 469 | 11 559 328 | 12 507 072 |

Inventories | 2 874 | 2 607 973 | 5 539 116 | 5 819 200 |
Other financial assets | - | - | - | - | - |
Trade and other receivables | 2 320 154 | 208 502 | 356 456 | 237 537 |
Cash and cash equivalents | - | - | - | - | - |

Total assets | 11 074 714 | 15 253 225 | 14 244 833 | 17 099 444 | 18 126 272 |

EQUITY AND LIABILITIES

Equity | 5 862 188 | 5 861 434 | 5 849 314 | 5 663 046 | 5 445 542 |

Finance costs | - | - | - | - | - |

Total equity and liabilities | 11 074 714 | 15 253 225 | 14 244 833 | 17 099 444 | 18 126 272 |

STATEMENT OF CASH FLOWS

Cash flows from operating activities | (4 496 750) | 561 069 | (2 516 024) | (1 174 277) | 1 418 866 |
Donations generated from/(used in) operations | - | - | (4 270) | - | - |

Income from investments | (263 287) | (263 287) | (263 287) | (263 287) | (263 287) |

Cash flows from operating activities | (4 953 946) | 2 575 253 | (2 073 293) | (866 723) | 1 459 370 |

Cash at the beginning of the year | 11 704 772 | 9 129 519 | 11 202 812 | 12 069 535 | 12 069 535 |

By order of the Executive Management Committee

DE Ncala
Chairperson
Turffontein
04 August 2015

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

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

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

100 Abclers Loans
ABSA Home Loans
Achievement Awards Group
Accolade Wines
Acrow Limited
Added Value Engineering Consultants
Adreach
AEC
AEOCT SA
AEL Mining Services
AfriSam South Africa
AHT South Africa
Aishia Management and Consulting
Alan Cavend
Alert Engine Parts
Alloy Magnetic Cores
Altech Nelsat
Analytical & Diagnostic Products
Anglo American Chairman’s Fund
Antalis SA
Antonio Biaz Trust
Apehrs Charitable Trust
Aqua Gaming
Arcay Burson-Marsteller
Altico Systems
Azniel & Moyra Fine Foundation
Balwin Properties
BCE Foodservice Equipment
Beautiful Earth
Benett Brothers
Benvenuto
Biophoto
Bob Tucker
Buckle Packaging
C & K Monoyuke
Caleb Tucker
Cantano Risk Management
Cash Focus
Caston
Charles Webster
Chariza Thiron Africa
Outreach Project
Church Alive
Copa Medpro SA
Craws
Claraia Nathorn
Deanata
Comap Aquatouch
Connet Systems
Consol Glass
Cooper College
Crossberth Cold Stores
D Micklewood
DAL Agency
Dan Saltzman
Dash of Lime
DDS SA
Del Quantity Surveyors
Department of Social Development (Gauteng)
Department of Social Development (Mpuumlanga)
Department of Social Development (Western Cape)
Dhiren Mansingham
Diplomat Group
Dis-Chem Foundation
Discovery Foundation
Dorothy Vaande
DSTV Media
Edcon
Editing Ink
Embassy of the United States
Emerging Markets Benefit Limited
Empowered Spaces
Envisage Investor and Corporate Relations
Exact Mobile
Exaro Resources
FCB
First African Signs
Frank and Louise Von Glahn
Frieze Films
G4S Cash Solutions
Genesis Steel
Green Power
Greener Pastures
H.V. Test
HCFI Foundation
HLM
Holy Family Sisters
Holy Rosary School
Howden Africa
Hudaco Trading
Ina Prins
Information Security Architects
Inge Zuschke
Investec
Ipsos
Isaac South Africa
Italette Limited
JAM
Jan Pezie
Janine Harris
JM Foure
Jouburg Theatre
John Zaat
Jone Stffen
Jones Lang Lasalle
JR King Cuba
JT Ross Charitable Trust
Kaelo Engagement
Kango National
KBC Health and Safety
KC Van Swartlen
Koltes Gearbox & Diffs
KPMG Services Proprietary Limited
Landrox
Law Print
Leeo Xaba
Lexmark International SA
Life Trust
LXDA Strategic Creative Advertising
Loll’s Functions
Lomax Medical
Marion on Nicol
Mark Read Crisp
Market SA
MDSOL Galactic
Melco Conveyor Equipment
Michael Coward
Mico SA
Mike Glover
M-Net Cars
Momentum Fund
Mostert Opperman
Incorporated
Mpsisi Trading
MSAT (City of Cape Town)
Mtuba Power Spar
MySchoolMyVillageMyPlanet
National Gaskets
National Department of Health
Netlistor
Newsclip
NGK Hottentots Holland
Nochumsoin & Taper Attorneys
One Angel Foundation
Overend
Palermo Plant SA
Pan African Asset Management
Pat Wiltshire Sports
Paul Lutz
Philip Morris South Africa
Phoenix Business Advisors
Pontex Trading
Pradip (Ross)
Pricewaterhouse Cooper
Premedia Broadcasting
Promtart Manufacturing
Prota Hotels
Rand Water Foundation
Ravi Singh
Relode Cricket Club
Revive Electrical Transformers
RM Vla
Rosor
Roses & Rosemary
RTR Travel
RWK Engineering
SA Canopy Germiston
Salcarb
Sanil and Han Janse van Rensburg
Savannah Environmental
SLR Consulting
Solo Rail & Mining
Spaace Station
Solar South Rand
Spanrow Task Force Engineering
Specialised Exhibitions
Spectrum Sales and Marketing
Spectrum Services
Stanley Brodkin Makiti
Attorneys
Stichting Muntu Crudino
Melior
Stop Hunger Now
Strada Proprietary Limited
Sue Koch
Sunny Packs Manufacturing
Susan Shames
Swift Stikker
Taback & Associates
Talooma
Tea @ Ten
Terre des Hommes
The Adele Drechmeier Trust
The Cecil Jowell Family Charitable Trust
The DG Murray Trust
The Doreen Muller Charitable Trust
The Hermes Foundation
The Len Smith Foundation Trust
The Lunchbox Fund
The Mentes Foundation
The Wilf and illustrus Foundation
Tiger Brands Limited
Tim Fry
Tony Dos Santos
Vitabiotics
Vidacash Foundation
Watson-Marlow Bredel SA
Witca Holdings
Williams Hurt
Woolworths The Glen
Yaskawa Southern Africa

54
INDEPENDENT ASSURANCE REPORT ON SELECTED SUSTAINABILITY INFORMATION

To the directors of Cotlands

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

Subject matter

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Value and unit</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resources indicators</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total workforce, permanent employees and non-permanent employees</td>
<td>Number of permanent employees: 90</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>Number of non-permanent employees: 58</td>
<td></td>
</tr>
<tr>
<td>Gender: males and females</td>
<td>Number of female employees: 123</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>Number of male employees: 25</td>
<td></td>
</tr>
<tr>
<td>Staff turnover: number of employees who have left Cotlands during the year</td>
<td>Number of employees: 94</td>
<td>34</td>
</tr>
<tr>
<td>Fund development indicators</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total donations received</td>
<td>R22 187 643</td>
<td>39</td>
</tr>
<tr>
<td>Funding sources as a % of donations received</td>
<td>Bequests (0.12%), collection tins (0.78%), community groups (1.21%), corporates and trusts (42.64%), individuals (6.09%), government (22.39%), direct mail (12.23%), foreign income (14.09%) and other (0.46%)</td>
<td>39</td>
</tr>
<tr>
<td>Community capacity building training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health sessions</td>
<td>Cumulative Number of sessions: 176</td>
<td>31</td>
</tr>
<tr>
<td>Psychosocial sessions</td>
<td>Cumulative Number of sessions: 104</td>
<td>31</td>
</tr>
<tr>
<td>Education sessions</td>
<td>Cumulative Number of sessions: 326</td>
<td>31</td>
</tr>
<tr>
<td>Awareness campaigns</td>
<td>Cumulative Number of sessions: 35</td>
<td>31</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Value and unit</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early learning playgroups</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of ELFs (early learning facilitators)</td>
<td>Number at year-end: 30</td>
<td>30</td>
</tr>
<tr>
<td>Number of early learning groups</td>
<td>Number at year-end: 97</td>
<td>30</td>
</tr>
<tr>
<td>Number of children enrolled</td>
<td>Number at year-end: 1 441</td>
<td>30</td>
</tr>
<tr>
<td>Number of play sessions</td>
<td>Cumulative Number of sessions: 6 350</td>
<td>30</td>
</tr>
<tr>
<td>Total number of boys and girls</td>
<td>Boys: 694</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Girls: 747</td>
<td></td>
</tr>
<tr>
<td>Number of home visits by nurse and social worker</td>
<td>Cumulative Number of home visits: 438</td>
<td>30</td>
</tr>
<tr>
<td>Number of meals served</td>
<td>Cumulative Number of meals: 55 177</td>
<td>30</td>
</tr>
<tr>
<td>Number of referrals</td>
<td>Cumulative Number of referrals: 207</td>
<td>30</td>
</tr>
<tr>
<td>Toy libraries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of members</td>
<td>Number at year-end: 214</td>
<td>30</td>
</tr>
<tr>
<td>Number of play sessions</td>
<td>Cumulative Number of play sessions: 1 433</td>
<td>30</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Value and unit</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>88.67%</td>
<td>35</td>
</tr>
</tbody>
</table>

Directors’ responsibilities

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

Our independence and quality control

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

In accordance with International Standard on Quality Control 1, KPMG Services Proprietary Limited maintains a comprehensive system of quality assurance on the engagement, from which results in the assurance report.
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 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 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 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.

Financial data generated and reported through the sustainability management and performance processes is consistent with our understanding of the internal control environment, risk assessment process, and information systems relevant to the sustainability reporting process. Our work was substantially less in scope than a reasonable assurance engagement. A limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on the matters identified in 1 and 2 above.

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

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

• 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, 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.

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

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

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

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

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

KPMG Services Proprietary Limited
Per PD Naidoo
Director
28 August 2015
1 Albany Road
Parktown
South Africa
2193

DID YOU KNOW?

When children play with blocks...

They learn to use their imagination by creating a structure. They learn about balance, size, shapes, weight, height, depth and textures. They develop their hand-eye coordination. They learn to play with others.
Cotlands has used the Global Reporting Initiative (GRI) G4 guidelines in accordance with the core option, as well as the NGO sector supplement, to guide the contents of this annual report for the period 1 April 2014 to 31 March 2015. We have attempted to report on all our programmes around the country, although there are instances where the information provided only applies to certain regions. This is indicated in the report.

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

<table>
<thead>
<tr>
<th>GRI INDEX</th>
<th>GLOBAL REPORTING INITIATIVE (GRI) G4 CONTENT INDEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL STANDARD DISCLOSURES</td>
<td>Strategy and analysis</td>
</tr>
<tr>
<td></td>
<td>Organisational profile</td>
</tr>
<tr>
<td></td>
<td>Identified material aspects and boundaries</td>
</tr>
<tr>
<td></td>
<td>Stakeholder engagement</td>
</tr>
<tr>
<td></td>
<td>Report profile</td>
</tr>
<tr>
<td></td>
<td>Governance</td>
</tr>
<tr>
<td>Key:</td>
<td>Included</td>
</tr>
<tr>
<td></td>
<td>Included, additional information on GRI content index on Cotlands website</td>
</tr>
<tr>
<td></td>
<td>Information provided on GRI content index on Cotlands website</td>
</tr>
</tbody>
</table>

### Cotlands has used

- The Global Reporting Initiative (GRI) G4 guidelines in accordance with the core option, as well as the NGO sector supplement, to guide the contents of this annual report for the period 1 April 2014 to 31 March 2015.

### Cotlands has attempted

- To report on all their 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

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