

**THE SOUTH AFRICAN INSTITUTE FOR ADVANCEMENT TRUST
(Masters reference IT 2285/2002)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
General Information

Country of incorporation and domicile	South Africa
Trustees	Dr. R Ally (Chairperson) N Dlamini I Noko (Treasurer) M Abrahams (Secretary) V Manuel T Winslow
Registered office	Mazars House Rialto Road Grand Moorings Precinct Century City 7441
Bankers	Nedbank, a division of Nedcor Bank Limited
Auditor	Mazars Registered Auditor
Masters reference number	IT 2285/2002

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Index

The reports and statements set out below comprise the annual financial statements presented to the trustees:

Index	Page
Trustees' Responsibilities and Approval	3
Independent Auditor's Report	4 - 6
Trustees' Report	7 - 8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13 - 14
Notes to the Annual Financial Statements	15 - 18
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	19

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the trust as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the trust's accounting policies. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the trust's accounting policies and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The trustees have reviewed the trust's cash flow forecast for the year to 28 February 2021 and, in the light of this review and the current financial position, They are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 9 to 18, which have been prepared on the going concern basis, were approved by the trustees on 04 June 2020 and were signed on its behalf by:

DocuSigned by:

Russel Ally

8C8B7145A8D8482

Dr. R Ally (Chairperson)



I Noko (Treasurer)

Independent Auditor's Report

To the trustees of The South African Institute for Advancement Trust

Opinion

We have audited the annual financial statements of The South African Institute for Advancement Trust (the trust) set out on pages 9 to 18, which comprise the statement of financial position as at 29 February 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of The South African Institute for Advancement Trust as at 29 February 2020, and its financial performance and cash flows for the year then ended in accordance with the trust's accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the trust in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Impact of the outbreak of COVID-19 on the annual financial statements and Basis of Accounting

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the trust's own accounting policies to satisfy the financial information needs of the trust's trustees. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

In forming our conclusion on the annual financial statements, which is not modified, we draw attention to the trustees' view on the impact of the COVID-19 as disclosed in the trustees report, and the application of the going concern basis of preparation in note 15 to the annual financial statements and the non-adjusting subsequent event note 16 to the annual financial statements. Although the company cannot estimate the future length or gravity of the impact of COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the company's results of future operations, financial position and liquidity during the next financial period.

Management will continue to assess the financial impact of COVID-19 and its impact on the company's financial condition and liquidity.

Independent Auditor's Report

Other information

The trustees are responsible for the other information. The other information comprises the information included in the document titled "The South African Institute for Advancement Trust annual financial statements for the year ended 29 February 2020", which includes the Trustees' Report and the supplementary information presented on page 19. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the trustees for the Annual Financial Statements

The trustees are responsible for the preparation and fair presentation of the annual financial statements in accordance with the basis of accounting described in note 1 for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal control.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relating disclosures made by the trustees.

Independent Auditor's Report

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



Mazars
Theeban Gangen
Registered Auditor
04 June 2020
Cape Town

The South African Institute for Advancement Trust

Annual Financial Statements for the year ended 29 February 2020

Trustees' Report

The trustees submit their report for the year ended 29 February 2020.

1. Review of activities

The operating result and state of affairs of the trust are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The trust carries on the business of developing and training similar organisations to obtain funding.

2. Trustees

The trustees of the trust during the year and to the date of this report are as follows:

Trustees	Changes
Dr. R Ally (Chairperson)	
Z Barends	Resigned 30 July 2019
N Dlamini	
I Noko (Treasurer)	
M Abrahams (Secretary)	Appointed 05 December 2019
V Manuel	Appointed 05 December 2019
T Winslow	Appointed 05 December 2019

3. Events after the reporting period

The trustees are not aware of any material event which occurred after the reporting date and up to the date of this report affecting these financial statements other than Covid19 pandemic which is discussed below.

The new novel corona virus has had a severe impact on the economy and subsequently on the trust. The trust generates income through donations, grants, leasing of the building to tenants and conferencing, consulting and interest and dividends through their investments. The board of trustees are working on a plan of action and Covid 19 strategy in order to ensure that they operate efficiently during the lockdown period and subsequent transition from it. This strategy falls within the trust's budgeted forecasts.

Employees continue to work full time from home, making use of various technologies. Daily meetings are scheduled between the Executive management team, along with administrative daily check-ins. The Board of Trustees meet weekly with senior management and various meetings are scheduled with stakeholders throughout the week.

The market value of the trusts investments have decreased from R30,751,222 at 29 February 2020 to R30,421,867 at 30 April 2020. In addition, R19,519,084 remains in the dedicated cash reserve account.

One of the trust's major donors, The Kresge Foundation has expressed that any current funding can be redirected to core costs if need be.

The impact of Covid19 on the financial statements is seen as a non-adjusting event and subsequently no adjustment will be made to the trust's financial statements as at 29 February 2020.

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Trustees' Report

4. Going concern

The trustees believe that the trust has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The trustees have satisfied themselves that the trust is in a sound financial position to meet its foreseeable cash requirements.

Due to the impact of Covid19 on the economy, the trust has also been severely impacted. The annual cost obligation of the trust is R8,612,724 based on prepared budget forecasts to date. Based on this, the shortfall is estimated to be R6,158,488. This presents the worst case scenario should no new donor grants be received during the 2020-21 financial year. The trustees can cover this shortfall through interest and cost recoveries and could make withdrawal from reserves which at most would represent 12%, however there is an aggressive resource mobilization plan currently underway to raise funds to help diminish this shortfall. Through this it could be seen that the trust will be able to cover their necessary expenses in the foreseeable future.

The intention is not to put programming on hold, but as the trust is a non-profit servicing the civil society sector in South Africa, to assist with sustainability, the need to continue to support this activity is vital. The trustees and senior management are therefore in the midst of scenario planning and implementing short term plans and proposals to obtain the support needed to structure the level of support the trust can provide to civil society. This could impact positively on the shortfall given that the shortfall calculation is not based on any pending grant funding.

Based on the above and the reserves that the trust has access to, the trustees believe the trust not to have any going concern issues and will continue to be able to operate in the foreseeable future.

5. Auditors

Mazars will continue in office for the next financial year.

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Statement of Financial Position as at 29 February 2020

Figures in Rand	Notes	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	2	-	-
Investments	3	30,751,222	30,468,680
		<u>30,751,222</u>	<u>30,468,680</u>
Current Assets			
Trade and other receivables	4	194,146	324,751
Cash and cash equivalents	5	22,678,870	27,981,876
		<u>22,873,016</u>	<u>28,306,627</u>
Total Assets		<u>53,624,238</u>	<u>58,775,307</u>
Equity and Liabilities			
Equity			
Trust capital	6	100	100
General reserve	7	52,601,688	55,480,341
Distributable reserve (Designated funds)		787,784	3,114,118
		<u>53,389,572</u>	<u>58,594,559</u>
Liabilities			
Current Liabilities			
Trade and other payables	8	234,666	180,748
Total Equity and Liabilities		<u>53,624,238</u>	<u>58,775,307</u>

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Statement of Comprehensive Income

Figures in Rand	Notes	2020	2019
Revenue	9	-	5,566,792
Other income	10	4,476,610	4,426,164
Operating expenses		(8,168,222)	(9,397,654)
Operating (deficit) surplus		(3,691,612)	595,302
Fair value adjustments	11	(1,895,022)	(1,356,940)
Profit (loss) on disposal of investments		381,647	(6,830)
Deficit for the year		(5,204,987)	(768,468)
Other comprehensive income		-	-
Total comprehensive deficit for the year		(5,204,987)	(768,468)

Note 1: The deficit for 2020 and 2019 was impacted by a downward fair value adjustment of equity assets. In addition, grant funding received in previous financial years but for programme work carried out in the 2019-20 financial year, also assisted in funding this deficit.

Note 2: No new grant funding was received during the 2020 year.

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Statement of Changes in Equity

	Trust capital	General reserves	Distributable reserve (Designated funds)	Total equity
Figures in Rand				
Balance at 01 March 2018	100	53,647,168	5,715,759	59,363,027
Deficit for the year	-	-	(768,468)	(768,468)
Transfer to general reserve	-	1,833,173	(1,833,173)	-
Balance at 01 March 2019	100	55,480,341	3,114,118	58,594,559
Deficit for the year	-	-	(5,204,987)	(5,204,987)
Transfer from general reserve	-	(2,878,653)	2,878,653	-
Balance at 29 February 2020	100	52,601,688	787,784	53,389,572
Notes	6	7		

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Statement of Cash Flows

Figures in Rand	Notes	2020	2019
Cash flows from operating activities			
Cash used in operations	12	(6,660,923)	(2,920,652)
Interest income		2,406,542	2,529,772
Dividends received		826,089	774,840
Net cash from operating activities		(3,428,292)	383,960
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(78,797)	(1,200)
Proceeds on disposal of investments		2,656,821	2,413,440
Purchase of investments		(4,452,738)	(7,383,217)
Net cash from investing activities		(1,874,714)	(4,970,977)
Total cash movement for the year		(5,303,006)	(4,587,017)
Cash at the beginning of the year		27,981,876	32,568,893
Total cash at end of the year	5	22,678,870	27,981,876

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the trust's accounting policies as described below. The annual financial statements have been prepared using a combination of the historical cost basis and fair value basis of accounting. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

All property, plant and equipment are initially recognised at cost and subsequently written off in full in the year in which it is brought into use.

All property, plant and equipment are initially recorded at cost and subsequently written off in full in the year of purchase except for land and buildings which is not depreciated in the year of purchase.

1.2 Investments

Investments are recognised and derecognised on a trade date basis when investments are acquired and disposed of.

Investments are measured initially at cost and subsequently at fair value through surplus or deficit for the year.

Gains and losses arising from changes in the fair value of investments are included in surplus or deficits for the year.

1.3 Trade and other receivables

Trade and other receivables are recognised and carried at the original invoice amount.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense as it is due.

1.5 Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method.

1.6 Revenue

Revenue is recognised once donations and grants have been received.

Interest is recognised, in surplus or deficit, using the effective interest method.

Dividends are recognised, in surplus or deficit, when the trust's right to receive payment has been established.

1.7 Other income

Other income is derived from facilitation fees, consulting work, income from workshops, cost recoveries, funding finder database and hub conferencing and rental activities. This is recognised in surplus or deficit to the extent that the trust has transferred the significant risk and rewards of ownership of goods to the buyer or provided the services under an agreement.

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Accounting Policies

1.8 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term deposits. These are initially and subsequently recorded on the historical cost basis.

1.9 General reserve

The distributable reserve represents funds that are restricted and allocated for programme use. The general reserve comprises of the investment portfolio and cash reserves in the investment portfolio and includes a portion of cash and cash equivalents.

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Notes to the Annual Financial Statements

Figures in Rand **2020** **2019**

2. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation/ Land and buildings write-off	Carrying value	Cost or revaluation	Accumulated depreciation/ Land and buildings write-off	Carrying value
Buildings	16,160,830	(16,160,830)	-	16,160,830	(16,160,830)	-
Audiovisual equipment	221,002	(221,002)	-	221,002	(221,002)	-
Furniture and fittings	1,918,175	(1,918,175)	-	1,915,132	(1,915,132)	-
Office equipment	239,819	(239,819)	-	172,585	(172,585)	-
Computer equipment	1,015,723	(1,015,723)	-	1,007,203	(1,007,203)	-
Telephone equipment	214,709	(214,709)	-	214,709	(214,709)	-
Total	19,770,258	(19,770,258)	-	19,691,461	(19,691,461)	-

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fittings	-	3,043	(3,043)	-
Office equipment	-	67,234	(67,234)	-
Computer equipment	-	8,520	(8,520)	-
	-	78,797	(78,797)	-

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fittings	-	1,200	(1,200)	-

3. Investments

At fair value through surplus or deficit for the year

Listed shares at market value	30,751,222	30,468,680
-------------------------------	------------	------------

Inyathelo operates a balanced portfolio strategy which looks to achieve total returns of inflation plus 3-5% over a rolling 5 year period. This strategy seeks to balance income and real capital growth objectives. The trustees believe that the strategy is appropriate for investors who want to see reasonable capital growth over the medium to long term, as well as earn reasonable income from their investment. Inyathelo also manages savings in cash reserves (governed by a Board reserve policy) in addition to the investment portfolio, to mitigate risk.

4. Trade and other receivables

VAT	16,154	87,064
Accrued income on investments	177,992	237,687
	194,146	324,751

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Notes to the Annual Financial Statements

Figures in Rand	2020	2019
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	4,052	5,047
Bank balances	22,674,818	27,976,829
	<u>22,678,870</u>	<u>27,981,876</u>
6. Trust capital		
Capital account		
Initial donation	100	100
	<u>100</u>	<u>100</u>
7. General reserve		
Balance at the beginning of the year	55,480,341	53,647,168
Movement during the year	(2,878,653)	1,833,173
	<u>52,601,688</u>	<u>55,480,341</u>
Comprising:		
General reserve	<u>52,601,688</u>	<u>55,480,341</u>
8. Trade and other payables		
Accrued leave pay	169,195	124,185
Other accrued expenses	26,341	33,128
Deposits received	39,130	23,435
	<u>234,666</u>	<u>180,748</u>
9. Revenue		
Grants received	-	5,566,792
	<u>-</u>	<u>5,566,792</u>
10. Other income		
Dividends received	826,089	774,840
Interest received	2,406,542	2,529,772
Other income	1,243,979	1,121,552
	<u>4,476,610</u>	<u>4,426,164</u>
11. Fair value adjustments		
Investments	<u>(1,895,022)</u>	<u>(1,356,940)</u>

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Notes to the Annual Financial Statements

Figures in Rand	2020	2019
12. Cash used in operations		
Deficit before taxation	(5,204,987)	(768,468)
Adjustments for:		
Depreciation and amortisation	78,797	1,200
(Surplus) deficit on sale of assets	(381,647)	6,830
Dividends received	(826,089)	(774,840)
Interest received	(2,406,542)	(2,529,772)
Fair value adjustments	1,895,022	1,356,940
Changes in working capital:		
Trade and other receivables	130,604	23,944
Trade and other payables	53,919	(236,486)
	<u>(6,660,923)</u>	<u>(2,920,652)</u>

13. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due

- within one year	82,701	52,436
- in second to fifth year inclusive	-	41,498
	<u>82,701</u>	<u>93,934</u>

Operating lease payments represent rentals payable by the trust for equipment. The lease escalates at 7.5% per annum and is negotiated for a period of 36 months.

Consulting contracts

Minimum lease payments due

- within one year	<u>325,296</u>	<u>325,296</u>
-------------------	----------------	----------------

Consulting contracts represent consulting fees payable by the trust for consulting services. The contracts are renewed on an annual basis at rates agreed upon between the trust and the service provider.

Rentals to be received

- within one year	<u>69,289</u>	<u>-</u>
-------------------	---------------	----------

14. Tax

The trust has been approved as a public benefit organisation in terms of Section 30 of the Income Tax Act. The receipts and accruals of the trust are exempt from tax in terms of Section 10(1)(cN) of the Income Tax Act. No provision has been made for taxation as the trust has no taxable income for the year.

The trust has also been approved as a public benefit organisation for purposes of Section 18A(1)(a) of the Income Tax Act.

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Notes to the Annual Financial Statements

15. Going concern

The trustees believe that the trust has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The trustees have satisfied themselves that the trust is in a sound financial position to meet its foreseeable cash requirements.

Due to the impact of Covid19 on the economy, the trust has also been severely impacted. The annual cost obligation of the trust is R8,612,724 based on prepared budget forecasts to date. Based on this, the shortfall is estimated to be R6,158,488. This presents the worst case scenario should no new donor grants be received during the 2020-21 financial year. The trustees can cover this shortfall through interest and cost recoveries and could make withdrawal from reserves which at most would represent 12%, however there is an aggressive resource mobilization plan currently underway to raise funds to help diminish this shortfall. Through this it could be seen that the trust will be able to cover their necessary expenses in the foreseeable future.

The intention is not to put programming on hold, but as the trust is a non-profit servicing the civil society sector in South Africa, to assist with sustainability, the need to continue to support this activity is vital. The trustees and senior management are therefore in the midst of scenario planning and implementing short term plans and proposals to obtain the support needed to structure the level of support the trust can provide to civil society. This could impact positively on the shortfall given that the shortfall calculation is not based on any pending grant funding.

Based on the above and the reserves that the trust has access to, the trustees believe the trust not to have any going concern issues and will continue to be able to operate in the foreseeable future.

16. Events after the reporting period

The trustees are not aware of any material event which occurred after the reporting date and up to the date of this report affecting these financial statements other than Covid19 pandemic which is discussed below.

The new novel corona virus has had a severe impact on the economy and subsequently on the trust. The trust generates income through donations, grants, leasing of the building to tenants and conferencing, consulting and interest and dividends through their investments. The board of trustees are working on a plan of action and Covid 19 strategy in order to ensure that they operate efficiently during the lockdown period and subsequent transition from it. This strategy falls within the trust's budgeted forecasts.

Employees continue to work full time from home, making use of various technologies. Daily meetings are scheduled between the Executive management team, along with administrative daily check-ins. The Board of Trustees meet weekly with senior management and various meetings are scheduled with stakeholders throughout the week.

The market value of the trusts investments have decreased from R30,751,222 at 29 February 2020 to R30,421,867 at 30 April 2020. In addition, R19,519,084 remains in the dedicated cash reserve account.

One of the trust's major donors, The Kresge Foundation has expressed that any current funding can be redirected to core costs if need be.

The impact of Covid19 on the financial statements is seen as a non-adjusting event and subsequently no adjustment will be made to the trust's financial statements as at 29 February 2020.

The South African Institute for Advancement Trust
Annual Financial Statements for the year ended 29 February 2020
Detailed Income Statement

Figures in Rand	Notes	2020	2019
Revenue			
Grants received		-	5,566,792
Other income			
Cost recovery fees		1,243,979	1,121,552
Interest received		2,406,542	2,529,772
Dividends received		826,089	774,840
		4,476,610	4,426,164
Operating expenses			
Advertising, promotions, marketing and publications		389,983	338,777
Audit and accounting fees		212,043	184,397
Bank and portfolio management charges		299,476	294,278
Cleaning		184,986	164,692
Database		136,275	122,631
Depreciation		78,797	1,200
Dissemination and exchange of learning		226,690	261,990
General expenses		12,044	15,062
Hire of equipment		80,829	62,517
Insurance		35,436	68,025
Lease rentals, rates and levies		406,406	268,908
Printing, stationery, postage and office supplies		164,181	139,058
Professional and legal fees		71,047	560,248
Programmes and projects		577,145	1,389,355
Repairs and maintenance		109,844	140,613
Resource centre and material		12,934	2,150
Salaries		4,551,742	4,766,927
Service providers and consultants		73,972	330,468
Staff and organisational development		206,168	58,006
Telecommunication		50,486	47,905
Travel - international and local		216,473	108,268
Website development and internet		71,265	72,179
		8,168,222	9,397,654
Operating (deficit) surplus		(3,691,612)	595,302
Investment income			
Fair value adjustments	11	(1,895,022)	(1,356,940)
Profit (loss) on disposal of investments		381,647	(6,830)
		(1,513,375)	(1,363,770)
Deficit for the year		(5,204,987)	(768,468)

Note 1: The deficit for 2020 and 2019 was impacted by a downward fair value adjustment of equity assets. In addition, grant funding received in previous financial years but for programme work carried out in the 2019-20 financial year, also assisted in funding this deficit.

Note 2: No new grant funding was received during the 2020 year.