



MEDIA RELEASE

THE SOLIDARITY FUND RELEASES AUDITED ANNUAL FINANCIAL STATEMENTS | 28 SEPTEMBER 2021

Johannesburg, 28 September 2021 – The Solidarity Fund is pleased to release its Annual Financial Statements covering the period from date of incorporation of 25 March 2020 through to its year-end of 28 February 2021. The audit was extensive and covered every detail of our operations. We are delighted that it shows the duty of care that we took with the funds entrusted to us, and benefits of our commitment to transparency, sound financial management and good corporate governance. The Fund is confident in the conclusions of the financial statements and has no doubt that the integrity of the audit and the process will stand up to global scrutiny at the highest level.

The integrity of the audit and the process is enhanced by the fact that the external auditors, PricewaterhouseCoopers (PwC), provided their services pro-bono and had no financial gain from the audit.

Given the Public Interest in the Fund, together with the fact that these are the Fund's first set of financial statements, PwC conducted a very thorough and robust year-end audit. The process began in March 2021 and the final audit report was signed on 16 September 2021.

The Audit was protracted due to:

- The Fund being a rapid start-up relying entirely on volunteers.
- The low materiality threshold was set due to the public interest nature of the Fund
- Therefore, a mainly substantive audit approach was taken and a high volume of transactions were audited.
- There was also a rigorous review of the financials with a special focus on accounting policies for revenue and operating expenditure. Please refer to the key audit matters in the auditor's report on page 19-25.

Results of Audit

The audited financial statements of the Fund are marred only by a minor technical qualification, common to non-profit organisations, for donations received that are collected by third party agents. These collections of R27 million represent 0,8% of the R3.2bn donations received by the Fund.

As documented in the Directors' Responsibilities and Approval report, on page 3 of the financials, there are no controls that could be implemented by the Fund to ensure completeness of donations received through these third-party agents, even though we are confident that we received all donations made through these third parties.

Donations received

At the time of year end, 28 February 2021, R3.2 billion in donations had been received. They were received as follows:

- 88% of donations received were sourced from corporates and trusts
- 6% from public sector; and
- 6% from individuals

In addition:

- 98% was domestically sourced, as opposed to
- 2% being received from foreign sources.

Aside from monetary donations, the Fund also received numerous "in-kind" donations. These came in the form of goods, such as sanitizer, jet fuel, etc. and services, such as audit, legal, administrative services, etc.

Due to the difficulty in measuring, reliably, the fair value of these in-kind donations, and to the fact that International Financial Reporting Standards (IFRS) do not deal with the receipt of donations that are not exchanged in return for any money, it was decided, after taking guidance from IAS 16, IAS 20 and IPSAS 23, to not recognise these in-kind donations received or, to put it another way, to recognise them at nil value.

Expenditure

Of the R3.2bn donations raised in the financial period, R1.9bn was spent.

The Covid-Response Fund operates under three pillars:

Health Response

This accounted for 80% of all expenditure – R1.528bn. The procurement of PPE to health care workers accounted for 41% of the health related spend; COVID test kits, testing and research accounted for 20% of spend; Vaccinations, such as the provision of the down payment for South Africa's entry into the COVAX programme, accounted for 18%; Critical care equipment and ventilators, which not only equipped hospitals for the immediate term but have contributed to the long-term ability of national and provincial health departments to better treat patients accounted for 15% of spend; and logistics was 6%.

Humanitarian Response

Our Humanitarian Response accounted for 14% of expenditure – R257m. This went towards two key areas; enabling access to food to overcome increased levels of hunger due to the pandemic and subsequent lockdowns (R106m), including farming input vouchers to aid subsistence-focused smallholders (R121m); intensifying protection of vulnerable women and children from increased levels of Gender-Based Violence (R21m).

Communication & Behavioural change

The Solidarity Fund campaigns accounted for 6% of expenditure – R119m The ***Citizens in Solidarity*** campaign was implemented from March to December 2020 and was a national, multi-pronged communications initiative that educated South Africans to come together and practice behaviours to help to manage the pandemic. It utilised all manner of media including radio, websites, billboards, posters and leaflets, to social media, social influencers, faith organisations, taxis and more.

Governance and accountability in all we do.

From Day-One, the Fund's management, the Audit and Risk Committee and the Board have focused relentlessly on transparency, sound financial management and good corporate governance in order to ensure robust systems of internal, financial and accounting control and risk management.

To this point, the Financial Statements report provides a detailed Audit and Risk Committee report, Corporate Governance Report and Director's report. These reports talk to the rapid start-up nature of the Fund, the complexity of the accounting and internal control environment, the reliance on the combined assurance of Sekela Xabiso Protiviti - our Internal Auditors, and PwC - our external auditors, and the somewhat unique 100% volunteer-based nature of this not-for-profit entity.

The faces behind the numbers.

When the Solidarity Fund was first established, all involved were acutely aware of the responsibility that the Fund had to, not only, donors but all people within our borders. The donations – whether from business, civil society or international parties - have been generous. Most of all, they have been filled with the hope that, together, we can prevail in the fight against the pandemic. The Fund has taken this responsibility very seriously. It has worked to ensure that the limited resources have been used to best effect where needed the most, with stringent levels of accountability, transparency and governance. The Fund has never forgotten the humanity behind the numbers and the lives that have been touched through the work done.

To access the Annual Financial Statements, Integrated Annual Report and media update scripts, visit <https://solidarityfund.co.za/integrated-annual-report/>

For detailed information and reporting about donations received, projects and approvals, as well as the impact the Fund is having, visit www.solidarityfund.co.za

//ENDS

FOR MEDIA QUERIES, PLEASE CONTACT:

Didi Masoetsa

Didi.Masoetsa@solidarityfund.co.za

Media@solidarityfund.co.za

081 828 7660