



**STOP HUNGER NOW**

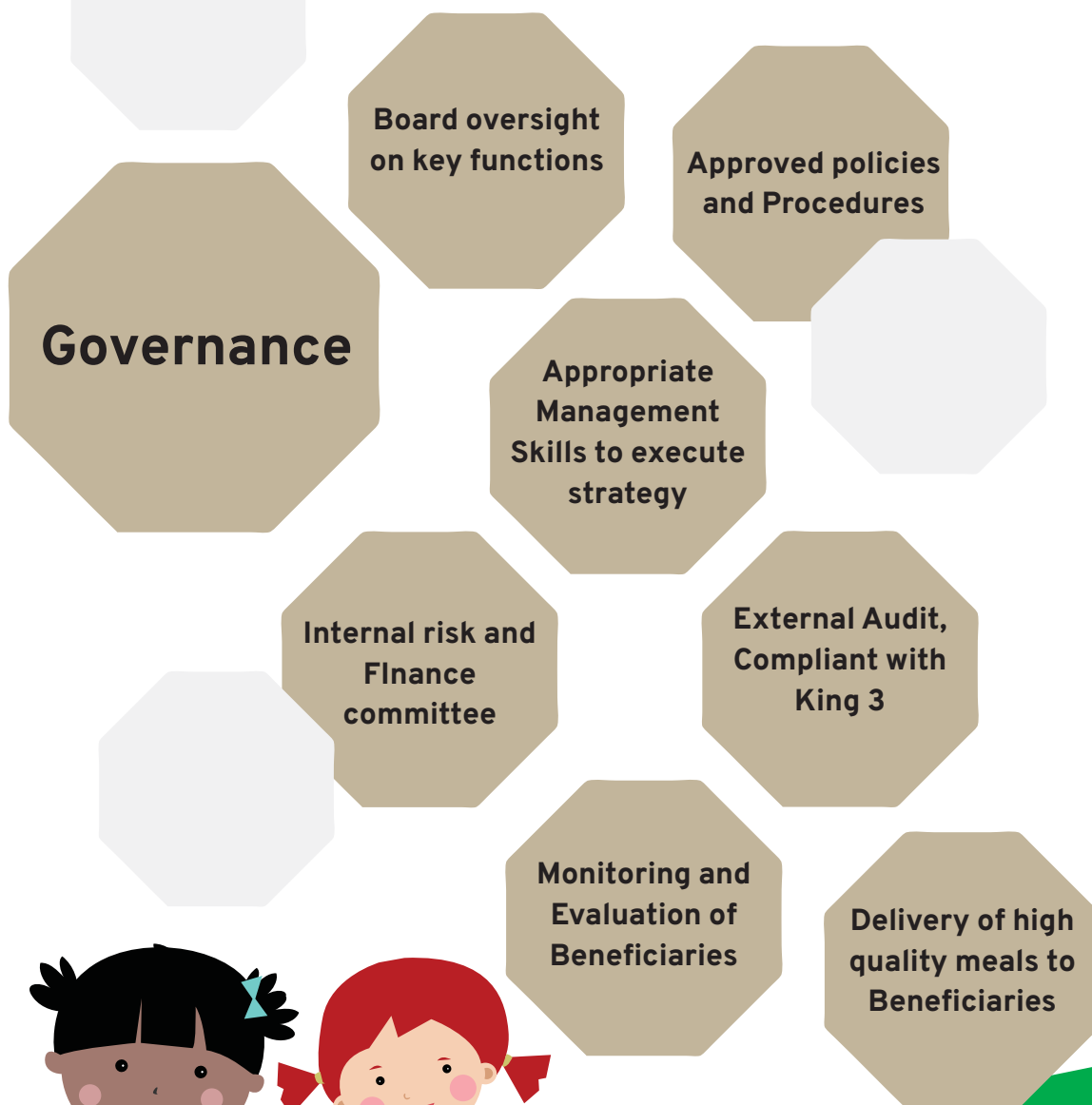


**Integrated Report  
Year ending 2016**



# Statement of Commitment

Stop Hunger Now SA's commitment to you, our stakeholders, partners and beneficiaries is to ensure that appropriate governance structures exist that support best practice when it comes to Nutrition and Hunger Eradication in South Africa. It is also to ensure that we engage our resources in a transparent and cost effective manner that ensures food sustainability and it utilized for the purpose it was intended for and in the best interest of our beneficiaries whom we support





## Vision

We are passionate about eradicating hunger amongst children in South Africa in order to ensure the optimal development and education of these children living in poverty.



## Mission

We provide nutritional support to Early Childhood Development Facilities and NGO partners as well as university students to ensure that they are able to focus on education and receive the necessary care required (as defined by the Children's Act) and where needed to identify partners who can provide holistic support so that they can function and become contributing members of society later in life.

## Values

We are first and foremost committed to humanity and ensuring that our activities uplift children and provide a platform from whence they can develop and become responsible future citizens. Our values are therefore:-

- a) Ensuring that the children we support are the most vulnerable so that they are included in the developmental framework of government;
- b) Working with integrity and pride with the belief that we can end hunger by 2030;
- c) Acknowledging the power of the human spirit and our own potential to make a difference;
- d) Providing our donors with a hands on experience that keeps them vested in ending hunger with us;
- e) Providing a platform to engage with one another to work together to end hunger amongst children;
- f) Effective communication and teamwork
- g) Transparency and consistency on quality services



## Board of Directors

Mr. Neville Martin	Chairman
Mr. Rod Brookes	President and CEO SHN International
Mr. Doug Bolt	Non - Executive Director
Mr. Allen Renquest	Non- Executive Director (International)
Ms. Jade Weiner	Non-Executive Director
Mr. Stefan Ras	Non-Executive Director
Mrs. Saira Khan	Chief Executive Officer SHNSA





# Chief Patron's Message

## Graça Machel

Approximately 870 million people go to bed at night hungry. In other words, 1 in 8 people go to bed each night without food. (Source FAO 2012).

Knowing this, I felt I needed to do something about it. I could no longer ignore the fact that so many people including children, go to bed at night plagued by chronic hunger.

Hunger is number one on the list of the world's top 10 health risks. It kills more people every year than AIDS, malaria and tuberculosis combined.

(Source UNAIDS, 2010, WHO, 2011).

Hunger is the single biggest solvable problem facing the world today.

My patronage of Stop Hunger Now Southern Africa, is in support of their initiatives in Southern Africa ensuring that children especially do not suffer from chronic hunger and malnutrition.

Further, their model of partnering with other NGO's and donors to find a holistic solution to hunger and education is sustainable and to be applauded. Stop Hunger Now Southern Africa plays a pivotal and vital role in ensuring that children obtain an education whilst being hunger free.

The Mandela Day Meal Packaging Event also gives recognition to the efforts of my late husband and the first democratically elected President of South Africa, Mr. Nelson Mandela. There can be no greater joy than acknowledging that each year, our efforts with Stop Hunger Now continue to nurture and feed hungry children whilst ensuring their education.

Their reach is throughout the African continent and is especially felt in disaster and emergency situations in Sub-Saharan Africa.



**Graça Machel**, née Graça Simbine (17 October 1945) is a Mozambican politician and humanitarian. She is the widow of former South African President Nelson MANDela and of Mozambican President Samora Machel.

She is an international advocate for women's and children's rights and in 1997 was made a British dame for her humanitarian work.

Graça Machel is the only woman in history to have been first lady of two separate republics, serving as the First Lady of Mozambique from 1975 to 1986 and the First lady of South Africa from 1998 to 1999.

Source Wikipedia 2015

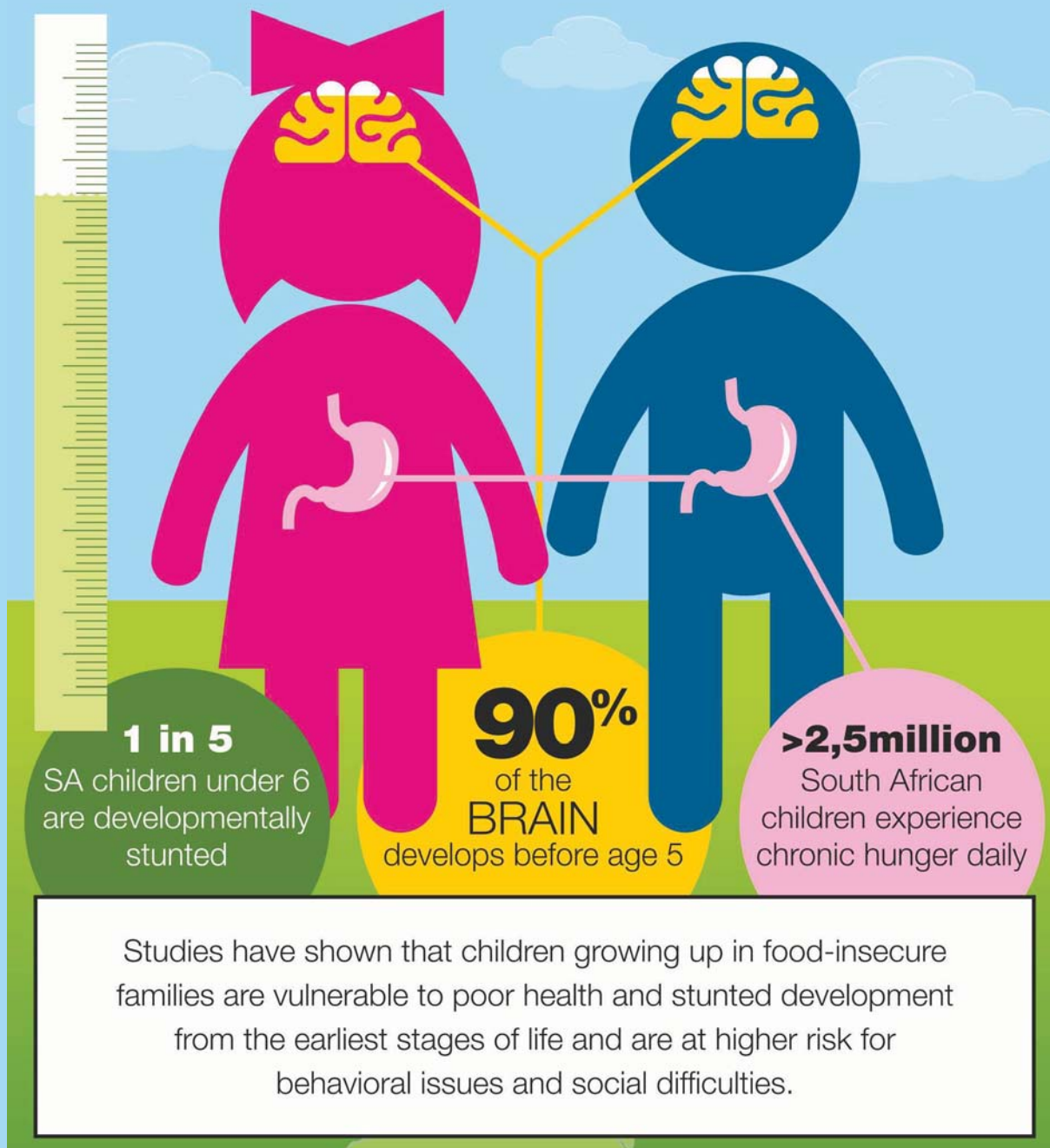
I encourage you to continue supporting this worthy organisation to continue helping hungry children grow up and be educated and to become responsible citizens of Southern Africa.



# The Anatomy of Child Hunger

Good nutrition, particularly in the first three years of life, is important in establishing a good foundation that has implications for a child's future physical and mental health, academic achievement, and economic productivity.

**Food insecurity is an obstacle that threatens that critical foundation.**





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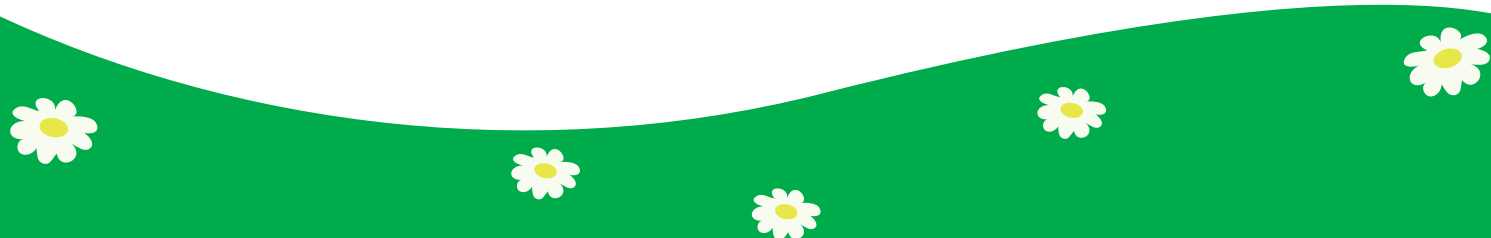
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# About this report



## **Integrated Reporting Approach:**

This integrated report for the year ending 28 February 2016 is the first such report compiled by Stop Hunger Now SA. Last year, 2015 was the first time that an Annual Report was produced and we are committed to developing this report to represent an integrated reporting standard that which will link into the requirements of the Integrated Reporting Framework.

The objective of this report is to communicate to our stakeholders the material issues driving our business strategy. In setting this strategy, Stop Hunger Now SA considered the material focus areas it responded to and received feedback from donors and beneficiaries as well as conducting a comprehensive risk analysis across all aspects of the organisation's business, identified by both our Risk Management and Human Capital Management systems.

The elements and principles of the International Integrated Reporting Council's (IIRC) Consultation Draft framework was utilized to compile this Integrated Report as we believe it enables us to optimize the appropriateness of the report for use by external stakeholders in the regulatory donor environment. The Financial Statements have been compiled in accordance with King 111 and the abridged financial statements included in this Integrated Report are compiled in accordance with IAS 34 (Act 127), interim financial reporting.

## **Assurance, Comparability and restatements:**

Independent assurance was obtained from our external auditors PwC (Price Waterhouse Cooper) Inc. in respect of financial statements from where the financial information of this report is extracted.

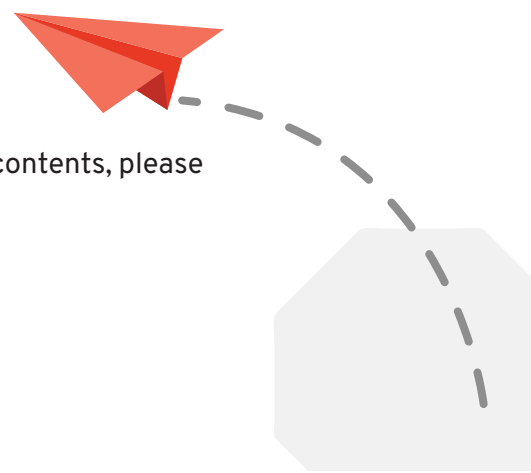
Non-financial information such as key performance information and statistics in respect of our beneficiaries is not verified independently but extracted from the Stop Hunger Now SA beneficiary database as well as our donor partner beneficiary database via reports. Stop Hunger Now SA will work towards obtaining a combined assurance approach in terms of beneficiaries moving forward.

Key performance indicators can be compared with corresponding 2015 indicators that serve as the base year information, however, targets associated with strategic focus areas are not comparable to previous periods.

There are no restatements in the current financial period.

## **Contact Point for the Report:**

For any questions or feedback regarding this Integrated Report or its contents, please find our information on our contact page.



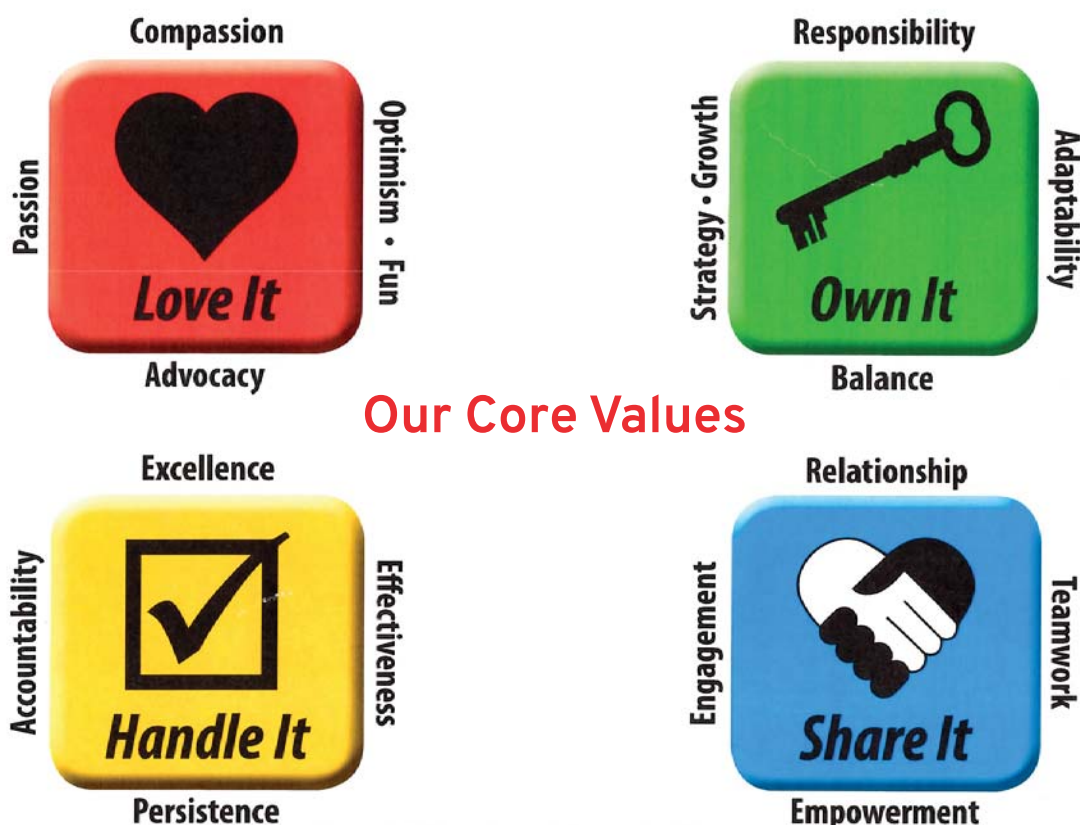
## Forward Looking Statements:

Some statements in this report are interpretations about the future of Stop Hunger Now SA that we believe are reasonable expectations based on information currently available to us at the date of the report. Outcomes could vary and differ materially as a result of factors such as economics and market conditions as well as the regulatory environment regarding nutrition. These statements are therefore not guarantees for future performance.

## Approval of the Integrated Report:

The SHNSA board together with the Audit Committee is ultimately responsible for the overseeing of the integrity of the Integrated Report. The Executive Director confirms that they have collectively reviewed the content of the Integrated Report and believe that it addresses the material issues and is a fair representation of the integrated performance of SHNSA. The board approved this Integrated Report on 4 December 2016.

# TOGETHER WE CAN END HUNGER





## The International Context of our work:

On our continent, Africa, one sees the dire situation of hunger in so many of the countries. The figures for South Africa are not entirely accurate because South Africa produces enough food to feed 53 million people annually yet 26% of our population regularly go hungry and 28% are regularly at risk. Stop Hunger Now (SHN) is mainly focusing on children who fall into the risk category.

What impact is SHN making on hunger globally? The organisation packed circa 68 000 000 meals during 2015 and many of these meals are sent to areas to assist in disaster relief.





## Stop Hunger Now Southern Africa

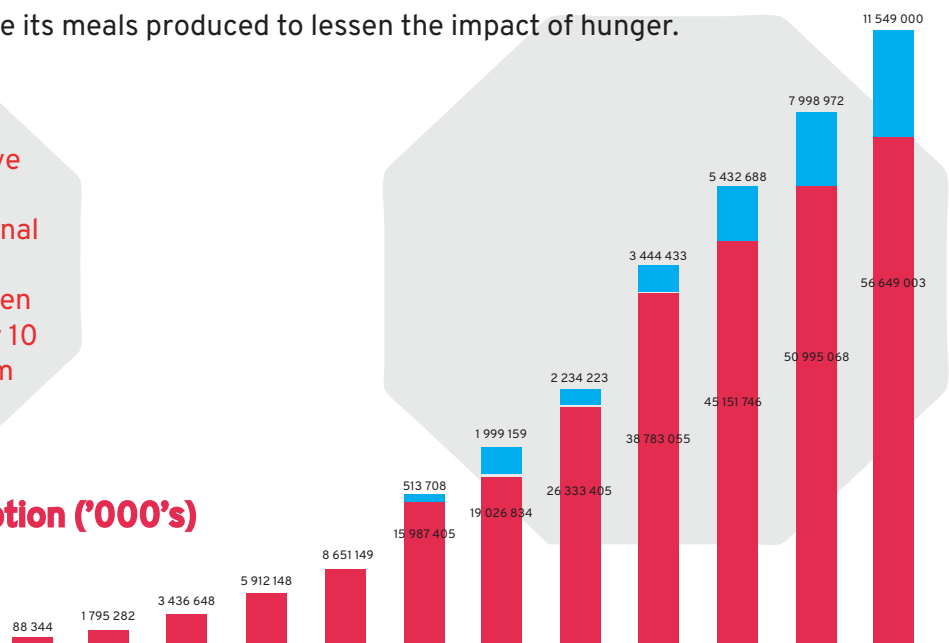
The table below gives a breakdown, by province, of children less than 6 year's old living in South Africa. It is clear from this that there is a huge need **for feeding children with nutritious meals** because of poverty. 4 million children live in the poorest 40% of households

South Africa is a developing economy and the major challenge in the country is unemployment. Because of this hunger is a major issue in the country. Those who do eat often have a diet that lacks essential vitamins and minerals so body and brain development is compromised. SHNSA targets Early Childhood Development Centres providing a substantial meal and there is clear evidence that because of the good nutrition of the meals provided these children demonstrate improved physical growth and concentration.

SHNSA has been striving to increase its meals produced to lessen the impact of hunger.

As at 2016 a total of 306 082 270 meals have been packed by the organisation. A phenomenal achievement for an organisation that has been operating for a little over 10 years. One man's dream becoming reality.

### Meals packed by SHN since inception ('000's)



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
USA	88.3	1795.3	3436.6	5912.2	8651.3	15987.4	19028.8	23336.4	38783.1	45151.7	50995.1	56649.0
Affiliates	0	0	0	0	0	613.7	2234.2	1999.1	3444.4	5432.7	7998.9	11549.0
Total	88.3	1795.3	3436.6	5912.2	8651.3	16601.1	21261.0	28332.5	42227.5	50585.4	58994.0	68198.0





Saira Khan our CEO issued a challenge for SHN SA to pack 1 million meals on Mandela Day. This was achieved with packing taking place in Johannesburg, Durban and Cape Town. A total of 1.2 million meals were packed on one day!!! Well done to all the volunteers and staff who participated in these events. Our thanks also go to the Convention Centres in Johannesburg and Durban for providing these superb venues free of charge.

During 2016 SHNSA  
reached out to  
55,737 beneficiaries

SHNSA has partnered with City of Johannesburg to provide meals for needy families. This commenced during the financial year. A total of 808,080 meals have been packed for COJ. The city of Tshwane has also indicated their interest in following a similar programme.

I am encouraged by the growth that we at stop Hunger Now Southern Africa have been able to achieve because of the commitment of our amazing sponsors and donors. Many have supported SHNSA through their CSI programmes but there are those that see this support as part of their business strategy and their commitment is obvious. I thank each and every sponsor and donor for their continued support of SHNSA. Money received

from sponsors and donors is largely spent on meals. Our staff is supported by volunteer ambassadors who give generously of their time in support of SHNSA.

Growthpoint have extended their generous support to upgrading the crèches of our beneficiaries. Several informal crèches (Early childhood Development centres or ECDs) have been upgraded with better facilities like wash basins, toilets, learning equipment, fire extinguishers and sometimes complete buildings to ensure holistic support and development.

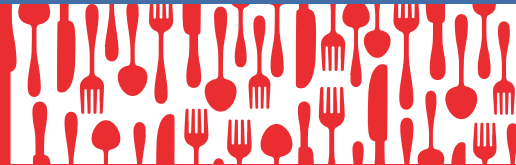
Without partnerships SHN would not be able to cost effectively reach out to our many beneficiaries.

I pay tribute to The Mormon Church - Church of Jesus Christ of Latter Day Saints. Members of the church, "Helping Hands", have supported meal packing events on first Saturdays of each month throughout the year. In addition to this, the Mormon Church provided a facility and church members to assist in SHNSA's first meal packing event outside our borders and this was to facilitate the packing of 70 000 meals as a celebration of Graca Machel's 70th birthday. Our grateful thanks go to the Mormon Church leadership and its members.

Distribution has been greatly improved by our partnership with several NGOs like Cotlands, Afrika Tikkun and now Community Chest in KZN. We are able to reach many more beneficiaries and in 2015 our beneficiary base grew from 9,917 to 55,737. Some of this growth can be attributed to our Pilot Partnership with the City of Joburg.

Helen Keller said "Alone we can do so little; together we can do so much"

I am humbled by the generosity of people and words cannot express fully my gratitude to those people that willingly donate money and time to relieve the plight of those in need. Thanks to each executive and stakeholder that contributes to this worthy cause. I am also pleased that for the first time we have put together an integrated report to demonstrate our transparency as an organisation.



#### DEHYDRATED VEGETABLE MIX

Cabbage, carrots, celery, red onion and bell peppers

#### WHITE RICE

Fortified with vitamins, provides essential carbohydrates

#### SOY FLOUR

Rich source of protein



**"THE HEART  
OF THE  
MEAL"**

#### MICRONUTRIENT PACKET

INCLUDES  
23 ESSENTIAL VITAMINS  
AND MINERALS

This special formula bolsters the immune system, allowing people to fight off infections and can help reverse symptoms of acute malnutrition in a few weeks.



# Performance Features

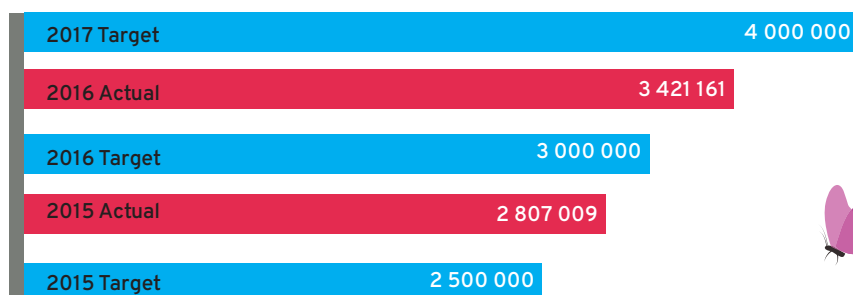
## Beneficiaries, ECD's and Partners:

 **268**  
Total  
ECD Centres

 **55 737**  
Total  
Beneficiaries fed

 **2 845 800**  
Total  
Meals Delivered

## Meals Packed

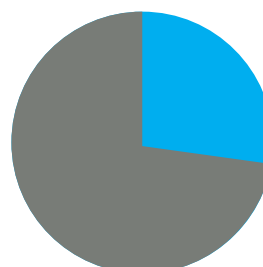


## MEALS PACKED



The 2016 financial year saw an increase of 21.8 % in the number of meals packed. This was boosted by the Million Meal Challenge held on Mandela Day in Sandton, Cape Town and Durban.



KEY PERFORMANCE INDICATOR	TARGET 2017	ACTUAL 2016	TARGET 2016	BASE 2015
Number of ECD Facilities in ECD Connect Programme	350	254	250	231
Number of beneficiaries in ECD Connect Programme	15 500	11 234	10,000	9 917
Number of Partner NGO Organizations in ECD	20	14	10	-
Number of beneficiaries served via partner NGOs	58 000	43 986	30,000	-
Number of University Students receiving meals	1 500	517	500	-
Total Number of Beneficiaries receiving SHNSA Meals	75 000	55 737	35,000	9 917
Total Number of Meals distributed	3 825 000	2 845 800	2,000,000	1 149 503
Total Number of Meals Packed	4,000,000	3 421 161	3 000 000	2 500 000



Distributed Meals

 1 149 503 (2015)  
 2 845 800 (2016)



### Volunteers:

The Stop Hunger Now SA model is volunteer driven. We engage corporates, schools, churches and various other organizations to assist in the packing of meals.

- A total of 29 490 volunteers participated in Meal Packing Events during the 2015/2016 year!
- With the City of Joburg pilot partnership, that required more than 160 000 meals per month, Stop Hunger Now SA was able to involve more volunteers than ever before.
- The Mormon Helping Hands came on board and offered their support to help pack meals as well as many schools in the Gauteng area participated.
- We also received support from Vodacom Graduates who participated in our Second Saturday Events.

### Profiling our Beneficiaries:

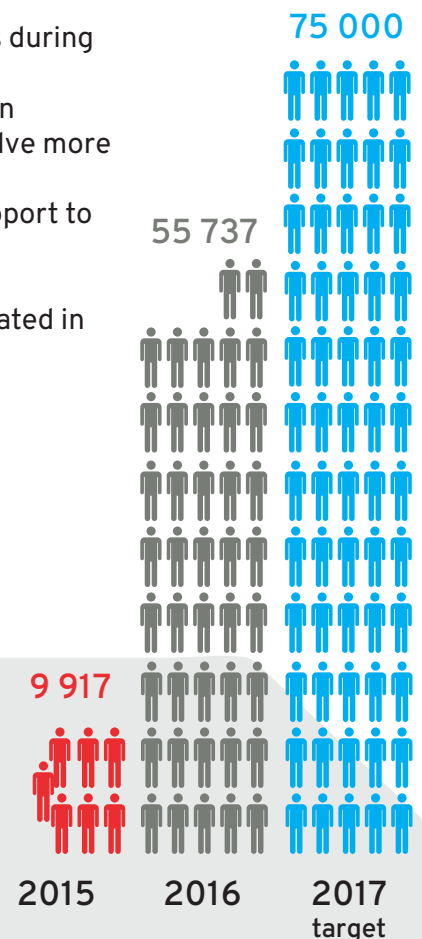
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### Discretionary & Disaster Relief Stock Distribution:

During this period, Stop Hunger Now SA has distributed a total of 1 491 boxes (322 056 meals) to our "discretionary beneficiaries". These include:

- Gauteng Mental Health
- ELRU Nutrition Support - Western Cape
- Siyongoba Care Centre for the Disabled
- Various Soup Kitchens and after care centers.

SHN SA also delivered over 10 800 meals from its disaster relief stock. These predominantly went towards meal support for the victims of the xenophobic attacks which occurred in the Gauteng and KwaZulu Natal.



Beneficiary Analysis



# Organisational Overview and Business Model

## Our History:

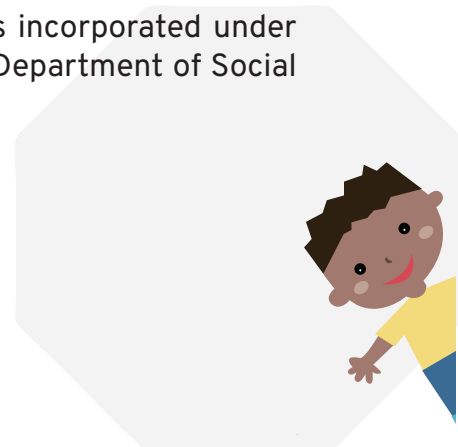
Stop Hunger Now was founded in 1996 in the USA by Dr. Ray Buchanan driven by a vision of a world without hunger and a mission to end hunger in our lifetime by providing food and life-saving aid to the world's most vulnerable, and by creating a global commitment to mobilise the necessary resources.

Stop Hunger Now's meal packaging programme provides volunteers the opportunity to package dehydrated, high protein, and highly nutritious meals for use in crisis situations and to support feeding programmes in schools and orphanages around the world.

Following the Xenophobia unrest throughout South Africa in 2008, and a fact finding visit to South Africa by a United Methodist Committee on Relief (UMCOR) missionary, the Methodist Church of Southern (MCSA) Africa decided to adopt the Stop Hunger Now meal packaging programme and introduce it into South Africa. Consequently, Stop Hunger Now Southern Africa (SHN SA) was born in September 2009.

Although initially a MCSA project, and with the same vision and mission to end hunger in Southern Africa it was quickly identified that there was a need to bring on board additional resources to achieve its objectives, which it could not realise within the confines of the MCSA. Consequently, with the blessing of the MCSA the organisation embarked on a programme of attracting sponsors/donors from the corporate world as well as all walks of society.

Subsequently, Stop Hunger Now Southern Africa NPC (SHN SA) was incorporated under Section 21 of the Companies Act and registered as an NPO with the Department of Social Development on the 28th June 2010.





## What we do:

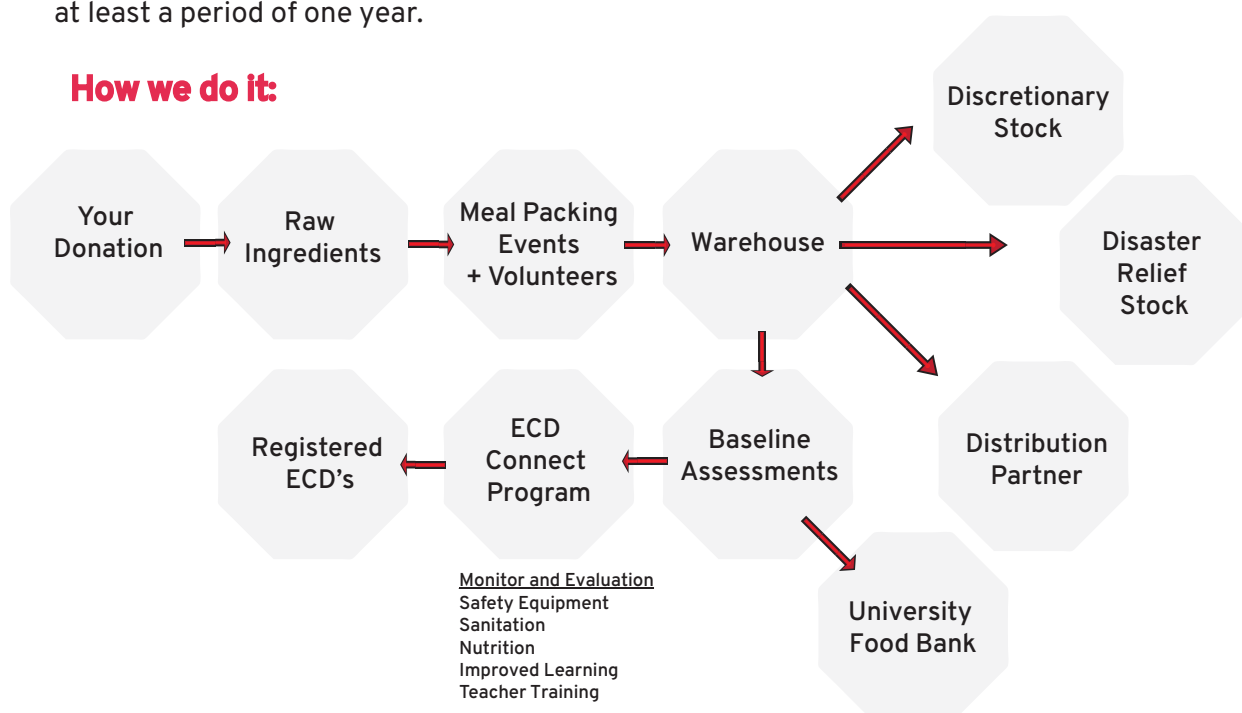
Stop Hunger Now SA NPC, also known as SHNSA is a non-profit company and a registered Public Benefit Organisation. The organisation operates under and is registered with the Department of Social Development as a NPO. Stop Hunger Now SA has its headquarters in City Deep, Prolecon Johannesburg in the Gauteng Province and branches in Dieprivier (Cape Town) in the Western Cape. SHNSA is currently providing nutritious meals five times a week to over 55,000 children throughout South Africa via its ECD-Connect Programme and its NGO partnerships with Cotlands, Afrika Tikkun, Ikamva Labantu, Peninsula Feeding Scheme and Refilwe. These children are predominantly in ECD (Early Childhood Development Centers) that do not attract government funding due to them being unregistered making them the most vulnerable children in the country.

Our approach to providing nutritional and developmental support to these vulnerable children is by enabling facilities to make an application, then undertaking a baseline survey of the facility, analyzing the need and once approved determining the number of meals to be provided to each facility every 6 weeks. The principles/owners commit to disclosing their bank statements to SHNSA on a 6 weekly basis and to utilize the savings to improve 5 core areas Health, safety, sanitation, teacher training and learning materials.

Stop Hunger Now SA conducts 6 weekly monitoring and evaluation at each of the facilities to ensure that agreed upon outcomes are being met and where possible works with major donors to improve teacher training and to upgrade facilities.

The need for an organisation like Stop Hunger Now SA continues to grow with a current estimate of almost 3.1 million children being chronically hungry each day. The greatest need is between children aged 2 to 8 and university Students. The province most affected by hunger is KZN that has approximately 1 million children under the age of 5 facing food poverty. Stop Hunger Now SA is therefore considering opening a branch in KZN and has begun discussions with the PMB & District Community Chest to realize this. The Community Chest, an organisation with a 65 year history of service excellence will be the beneficiary partner for distribution of the meals in the KZN province for at least a period of one year.

## How we do it:





## Wishlist:

Stop Hunger Now SA has continued its business with the support predominantly of Corporate South Africa. One of its core concerns is to build sustainability for the organisation and in so doing ensure that hunger is eradicated globally by the year 2030.

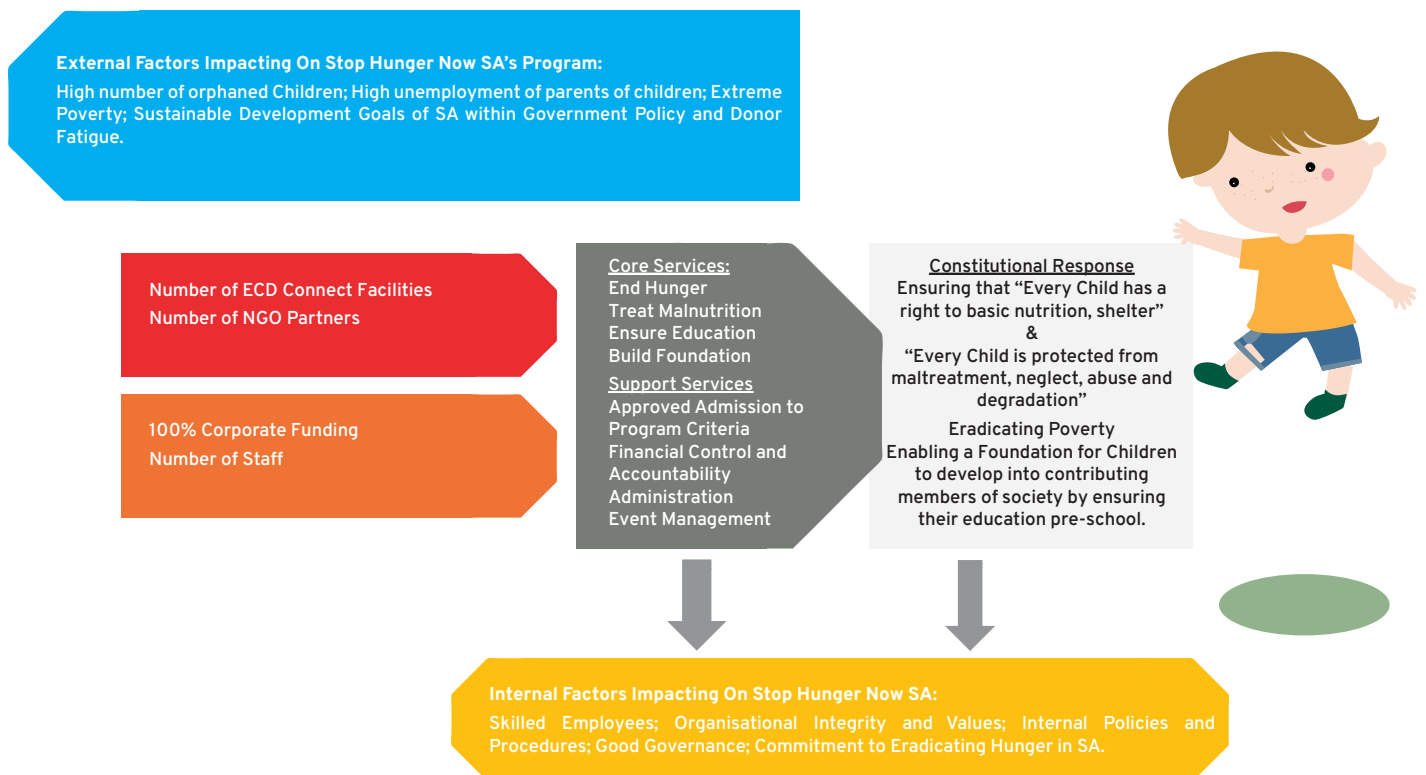
Our Wish List is not extensive but enables us to reinvent and create opportunities to build that sustainability. Crucial to this are the following:-

- a) BBBEE Transactions – the acquisition of equity enables us to build sustainability and utilize funding towards eradicating hunger and improving the quality of life of children living in abject poverty
- b) Government Funding – sufficient funds could also create job opportunities thereby not only providing social support but also improving the economy and removing people from hand out situations. Corporates could also be involved
- c) Staffing – The growth of an organisation is successful if the organisation is well capacitated to undertake this growth and we believe we provide an opportunity for corporates to send their interns/graduates to us for training in logistics, procurement, warehousing, monitoring and evaluation, events management and administration so that they acquire staff who not only understand the job and now has work experience but is also socially conscious.
- d) Challenge South Africa – If every citizen in this country contributed just R10 a month, we would eradicate hunger in this country. We just have to figure out a campaign that could raise such funds for Stop Hunger Now



# Stop Hunger Now SA in Context

## Factors influencing SHNSA:



## The External Environment

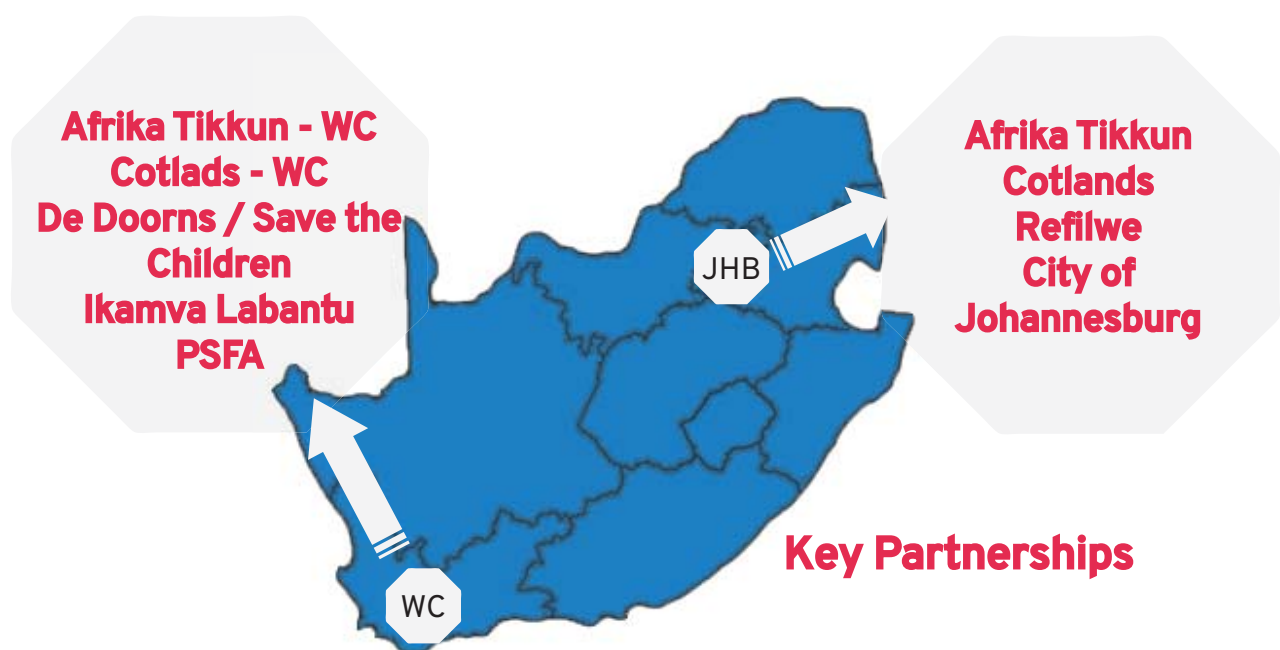
The South African environment is influenced adversely by high unemployment, the impact of HIV/AIDS on children especially and extreme poverty pockets countrywide. This has resulted in the family fabric being largely dysfunctional requiring intense support at foundation level i.e. 2 – 6 year age group specifically but also as we have learned via a pilot program with the University of Witwatersrand and University of Johannesburg also students funded at tertiary institutions by donors. This very high number of vulnerable children has therefore added to the pressure on organisations like Stop Hunger Now SA to step in and provide nutritious meals thereby preventing starvation, malnutrition and death. Instead of institutionalizing children which goes against research into the effects of institutionalization, Stop Hunger Now SA has responded to this crisis by developing the ECD Connect Program that deals directly with identified ECD facilities caring for vulnerable children as well as NGO partners who already provide support to such facilities and beneficiaries within this age group. A new partner in this strategy is the Universities and Technicon's in South Africa that attribute 40% of student failure to hunger.



## Key Partnerships:

Forming good working partnerships with other established NGO's is critical to maximizing the impact of any organization in the non-profit sector. In order for SHN SA to reach and supply more ECD's in the most economical and efficient way, combining our efforts with other reputable organizations such as Afrika Tikkun, Cotlands, the Peninsular School Feeding Association in the Western Cape, etc. enables us to reach out to more children and thereby increase our beneficiaries whilst maintaining reliable monitoring and evaluation feedback.

During this year, nearly 44 000 beneficiaries received our nutritious meals via our Partnership Programs. All our partners provide us with regular feedback outlining the number of children receiving support as well as the impact the meals are having in the ECD sector.



## Our Key Stakeholders:

Critical to the survival and sustainability for any NGO in this tough economic environment is the relationship with all role-players. Stop Hunger Now SA is very fortunate to have several major donors actively involved in assisting with the day to day activities of the organization and a staff compliment who are supportive and creative in terms of how the organisation moves forward. Our volunteers also provide tremendous support in not only packaging meals, but also to distribute and monitor and evaluate impact in certain provinces.



## Key Stakeholder Report - Growth Point:

The transformative impact of Stop Hunger Now goes beyond providing nourishment for the hungry today, it also teaches people to feed themselves tomorrow, and gives communities the tools to develop sustainable initiatives to feed the bodies, minds and dreams of the young children who are our future.

Growthpoint believes in creating space to thrive through its Corporate Social Investment. As education remains a priority in South Africa's development journey, we aim to provide access to quality education. We work closely with NGOs, like Stop Hunger Now, that have the expertise in the targeted area of development within the education value chain. By forming long lasting relationships for greater community impact and community reach, our long-term objective is to improve educational outcomes and create a more inclusive society.



The focus of Stop Hunger Now is on reaching the most vulnerable hungry: children, specifically those who attend pre-schools or early childhood development (ECD) centers. Similarly, Growthpoint's focus involves the readiness of ECD centers to become sustainable by providing resources and practitioner training. With our goals aligned for effective collaboration, through our rental subsidy initiative for beneficiaries that unlock access to education, Growthpoint has been able to partner with Stop Hunger Now for seven years.

"Wherever there is human need, there is an opportunity for kindness and to make a difference" – Kevin Heath

Key Stakeholder	Area of assistance	Impact for SHN SA
Growth Point	Warehousing	Growth Point has assisted immensely during this financial year by not only finding a larger, more suitable facility for our operations, but they have also sponsored the rental of the new premises for a 3 year period resulting in reduced administration costs and more children that could be supported.
Super Group	Transport and Logistics	Super Group have also extended their support by providing us with 2 brand new 4 ton trucks and a double-cab bakkie to assist with the delivery of meals to all our ECD beneficiaries. They also take care of the maintenance of these vehicles again resulting in reduced administration costs for the organisation.
Various Corporate Donors	Funding for Meals	We are also very grateful to our ongoing "regular" stakeholders who hold annual nationwide events and regular events during the year. These corporates enable us to provide the daily meals to our beneficiaries and include, but are not limited to companies like <b>FNB, RMB, TFG, NEDBANK, SABMILLER, CHEVRON, BATSA and BARLOWORLD.</b>
Volunteers	Meal Packing & Distribution	Stop Hunger Now SA is a volunteer driven organization. Without the thousands of wonderful and enthusiastic volunteers we have, we would not have been able to achieve what we do. This year, in addition to our corporate volunteers, we were able to engage with many school students to assist us meal packaging due to the pilot partnership with the City of Joburg.





## Our Focus Areas:

### Risk Management:

#### QUALITY CONTROL

Ensuring food quality and packing procedure is of the highest standards  
Compliance with health and safety regulations has been adhered

#### IMPACT ASSESSMENT

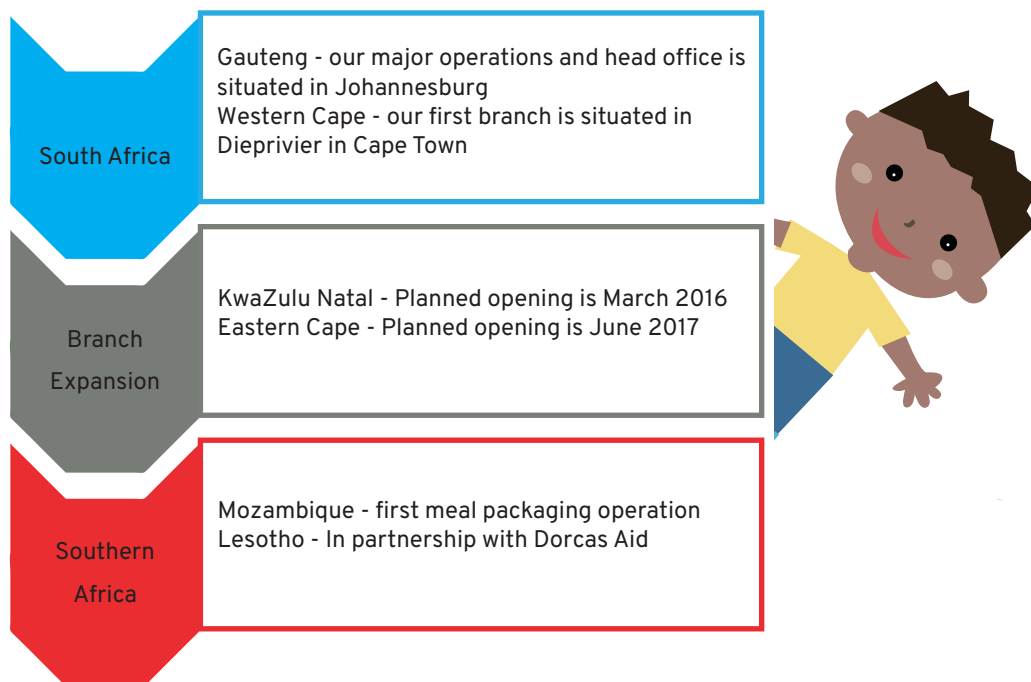
Ensuring proper M&E is conducted making sure the desired outcomes are achieved.  
Focussing on holistic support so as to exit beneficiaries in a sustainable manner

#### POLICY & PROCEDURE

Adhering to all correct procedures and maintaining best practise in all areas of operations.



## Strategic Dashboard:



## Explaining the Strategic Dashboard:

Stop Hunger Now Southern Africa is currently predominantly focused on its South African operations and expansion into more provinces due to the great need in this country. With over 3.1 million children facing chronic hunger, it is our strategy to open 2 new branches by 2017 with the first branch planned to open in Pietermaritzburg, KwaZulu Natal in March 2016 and the 2nd branch to open in East London, Eastern Cape in June 2017.

Having said that, we also understand that neighboring countries face the same if not worse problem that we do. One of them, Mozambique faced a huge drought season initially and then a torrential rainy season that rendered crops useless and left children destitute. Our Chief Patron, Mrs. Graca Machel, urged us to celebrate her birthday by packaging meals in Maputo to support these children. In honor of her 70th birthday and with support from Barloworld, SHNSA was able to package 70,000 meals for the children of Maputo. This was also supported by the Helping Hands of the Mormon Church in Maputo who provided the venue and the additional volunteers. Barloworld also provided logistical support for this undertaking.

A long standing NGO partnership with Dorcas Aid saw us reaching out to the children of Lesotho and packaging 179,712 meals for them. This was then distributed to them by SHNSA.



# Performance Review

**Report by the Chief Executive Officer:  
Saira Khan**

The UN Sustainable Development goals have prioritized HUNGER and Early Childhood Development (ECD) moving forward. With NO HUNGER being Number 2 on this agenda and QUALITY EDUCATION being Number 4, it is clear that Stop Hunger Now Southern Africa is on the correct pathway being directly involved in eliminating hunger with a focus on Early Childhood Development specifically and more recently University Students.



Since 2015, our focus has been evolving in terms of ECD as we continue to invest in quality education and providing a more holistic solution to ending hunger. Whilst we currently do not receive government funding support, we believe that opportunities abound for collaboration in ensuring that the National Development Plan (NDP) 30 and its medium strategic framework (2014 -2019) on ECD that focuses on phasing in a comprehensive package of services well-coordinated between government, private sector and non-governmental sector is the basis on how we undertake our services to our beneficiaries.

Of concern to us is the large number of ECD facilities that are unregistered and literally off Social Developments radar. For this reason, SHNSA invests in these facilities to bring them up to standard and thus get them accredited and exiting the system. This is a clear focus for 2016 as an exit strategy is vital to show impact and to also show sustainability. The significant growth from approximately 19,000 beneficiaries in 2015 to close to 56,000 beneficiaries as at February 2016, is a clear indication of the great need that exists for support of ECD facilities battling to survive and cope with the huge number of orphans. The minimal savings achieved by SHNSA providing meals to them was also of concern and for this reason, a decision was taken that more holistic support would be needed in order to effectively support ZERO HUNGER and QUALITY EDUCATION initiatives.



We thank our donors for committing to intervening on a medium term basis to enable them to exit the charity system. We hope that in the near future, this will be a reality for 10 of those facilities that we have identified for intervention.

A shocking report released by the National Early Childhood Development Alliance shows the grim reality of children facing hunger, poverty and disease. What was more disturbing was the high number of children under the age of 5 facing Food Poverty in Kwa Zulu Natal. Whilst the assumptions are that the Eastern Cape is the hardest hit province in terms of poverty, the reality is that it is in fact Kwa Zulu Natal that is facing the biggest challenge in terms of pre-school children facing Food Poverty. With these statistics, it is imperative that SHNSA increases its national presence and opens a branch in KZN and also the Eastern Cape within the next 3 years. See Diagram 1.

The high number of university students facing hunger also took us by surprise following a pilot done with 2 of them i.e. UJ and WITS University. This pilot and subsequent findings revealed that almost 40% of students who had failed could be attributed directly to hunger. For this reason, Stop Hunger Now SA engaged and partnered with UJ and Wits to provide meal support.

The role of our NGO partners cannot be underplayed and we are grateful and proud of our association with several major NGOs who are our distribution partners. These collaborations have led to more children being fed more regularly utilizing minimal resources and obtaining more of an impact. The dual benefit is that SHNSA increases its beneficiary support without increasing its costs and for the NGO we partner with, substantial savings in their operational costs.

Supergroup provides logistic support daily enabling us to deliver meals countrywide and Growthpoint providing us with warehousing space at no cost make a huge contribution to our service delivery and success. Corporates like TFG, Barloworld, FNB & RMB and many others continue to inspire us to change and show the power of collectively working together to end hunger like we did on Mandela Day in 2015. One million meals was the target and corporate South Africa made it a walk in the park by packaging over 1.2 million meals countrywide on the day. Our sincerest thanks to TSOGO SUN for providing us with the space at the SANDTON CONVENTION CENTER in order to undertake our Mandela Day and also our Festive season meal packaging activities.

### **My key focus in the coming 3 years will largely be:-**



- a) Building sustainability for SHNSA so that it moves away from donor reliance;
- b) Exiting as many ECDs as possible from the system so that they become self-sufficient and accredited facilities;
- c) Increasing NGO collaborations into neighboring countries;
- d) Increasing the number of beneficiaries we serve;
- e) Bring on board Brand Ambassadors/Celebrities who can support our efforts



I take this opportunity of thanking every one of you for continuing to make our work relevant and for committing to ending hunger in children. To our volunteers, your commitment is simply amazing and we will continue innovating and making an impact on ending hunger.

On behalf of the board and staff of SHNSA, I take this opportunity to thank all of you for your support. Your efforts and ours have definitely had an impact and we continue to strive towards a world without hunger. It would be remiss of me not to mention those unknown individuals who every month without fail, generously donate to our cause anonymously. We don't know who you are but know that we appreciate your support and that it is making a difference in the lives of so many children facing FOOD POVERTY in South Africa. Thank you.



**Diagram 1**

TABLE 1: THE STATUS OF CHILDREN UNDER 6 LIVING IN SOUTH AFRICA, BY PROVINCE												
	Indicator	SA	EC	FS	GT	KZN	LP	MP	NW	NC	WC	source
Population	<b>Number of children under 6 years</b>	6 311 000	881 000	297 000	1 245 000	1 321 000	784 000	529 000	445 000	141 000	668 000	a
	<b>Households with children under 6</b>	4 870 000	581 000	284 000	1 277 000	842 000	581 000	405 000	352 000	97 000	453 000	a
		31%	34%	32%	28%	32%	39%	35%	30%	31%	26%	
Area type	<b>Urban</b> Children < 6 in urban areas (formal/informal)	3 592 000	347 000	245 000	1 225 000	523 000	108 000	203 000	184 000	109 000	648 000	a
		57%	39%	83%	98%	40%	14%	38%	41%	77%	97%	
	<b>Rural traditional</b> Children < 6 in rural former homeland areas	2 502 000	523 000	31 000	14 000	747 000	655 000	278 000	230 000	24 000	-	a
		40%	59%	11%	1%	57%	84%	52%	52%	17%	0%	
	<b>Rural farms</b> Children < 6 in commercial farming areas (old RSA)	217 000	11 000	20 000	7 000	51 000	21 000	48 000	30 000	8 000	20 000	a
		3%	1%	7%	1%	4%	3%	9%	7%	6%	3%	
Services	<b>Inadequate water</b> Children < 6 without piped water on site	1 946 000	559 000	21 000	98 000	533 000	334 000	155 000	161 000	30 000	55 000	a
		31%	63%	7%	8%	41%	44%	30%	36%	21%	8%	
	<b>Poor sanitation</b> Children < 6 without a toilet or VPL on site	1 651 000	225 000	54 000	107 000	420 000	368 000	221 000	165 000	27 000	65 000	a
		26%	26%	18%	9%	32%	47%	42%	37%	19%	10%	
Poverty	<b>Child poverty</b> Children < 6 living in poor households (< R923 in 2014)	3 969 000	691 000	196 000	483 000	992 000	583 000	341 000	314 000	89 000	80 000	a
		63%	78%	66%	39%	75%	74%	64%	71%	63%	42%	
	<b>Food poverty</b> Children < 6 living in food poor households (< R397 in 2014)	1 926 000	401 000	92 000	168 000	492 000	329 000	176 000	147 000	44 000	77 000	a
		31%	46%	31%	14%	37%	42%	33%	33%	31%	11%	
	<b>Workless households</b> Children < 6 living in households with no employed adults	1 743 000	383 000	89 000	128 000	461 000	308 000	136 000	132 000	44 000	62 000	a
		28%	43%	30%	10%	35%	39%	26%	30%	31%	9%	



## Operations Overview:

### Financial Stability

It must be noted that currently Stop Hunger Now SA received 98% of its funding from corporate South Africa. SHNSA does not receive government funding at all but has made an application to the National Lotteries Commission (Lotto) for funding to support services provided. Further, SHNSA embarked on a 10 month pilot program with the City of Joburg and hopes that this will lead to a larger partnership that will not only feed families but also create employment at no additional cost.

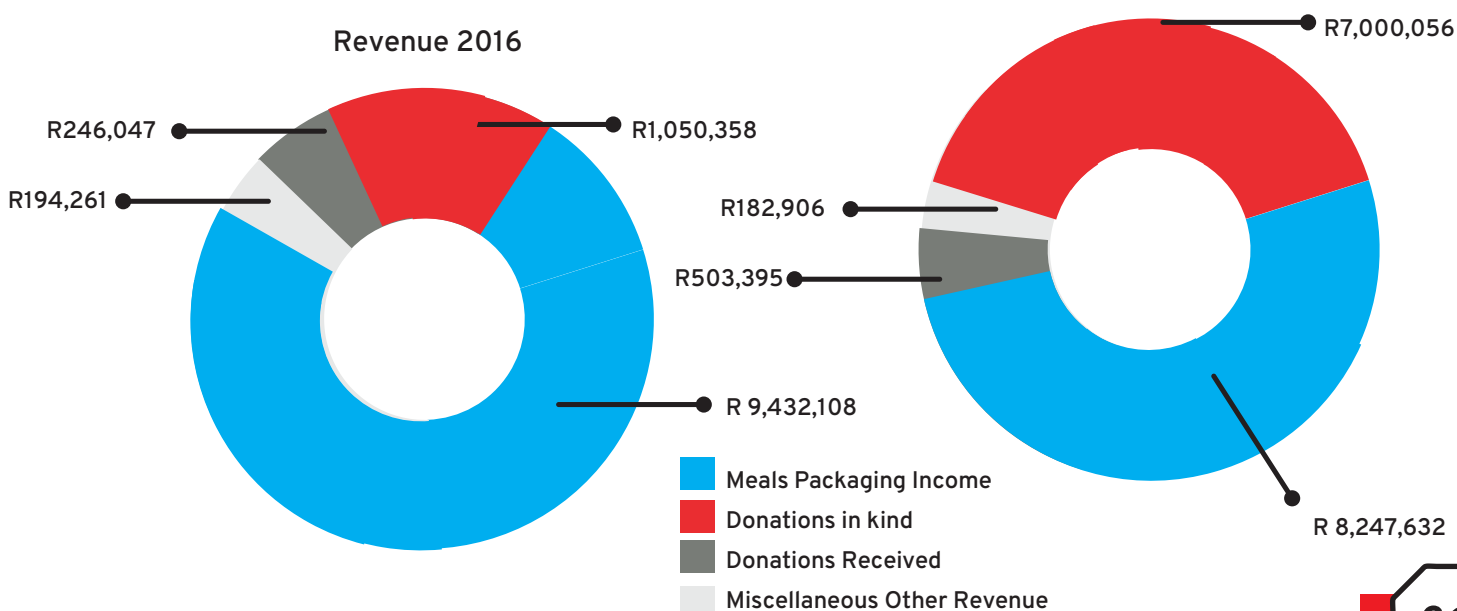
The Mandela Day Activity of 2015, saw SHNSA undertaking the Million Meal challenge to ensure that it received ongoing revenue from this event to funds its work. This was a highly successful event that saw over 8500 corporate volunteers get together to package meals for children and university students as identified by SHNSA.

SHNSA is also looking at engaging SHN worldwide for the next Mandela Day Activities in 2016 that will see the first ever Global Event in support of International Mandela Day undertaken. The only means of income for Stop Hunger Now SA is the hosting of meal packaging events to corporate volunteers as a team building exercise. The uniqueness of this approach enables us to tap into funding from Marketing and Communications as well as Human Resource budgets rather than CSI budgets providing a niche area for us in terms of funding. SHNSA will focus on obtaining more government support in 2016, to ensure adequate streams of income.

#### Contributions in Kind:

Major savings have been achieved by SHNSA in terms of the Rental of its Head Office premises and the use of vehicles sponsored by Growthpoint Properties and Supergroup Respectively. These savings enable SHNSA to channel its income into providing more children with meals and to keep its administrative and operational costs below 10% of income.

### Diagrams of Income streams for 2015/2016





## Revenue:

Revenue			
	2016	2015	
	R	R	Movement %
Meals Packaging Income	9,432,108	8,247,632	14.36%
Donations In Kind	1,050,358	7,000,056	-85.00%
Donations Received	246,047	503,395	-51.12%
Miscellaneous Other Revenue	194,261	182,906	6.21%
<b>Total</b>	<b>10,922,774</b>	<b>15,933,989</b>	<b>-31.45%</b>

## Critical Skills

With the high number of beneficiaries supported and the reputation it enjoys amongst Peers and Donors as well as beneficiaries, Stop Hunger Now is reliant on a skilled compassionate and committed workforce. The organisation is also committed to its volunteer base that provide much needed skills during meal packaging events. The organisation has a small staff compliment of just 14 people that include the CEO, The National Operations Manager who also has oversight on the Gauteng Branch and then support staff providing Financial, Fundraising, Administration, Logistical, M&E, Warehousing, Event Management and Cleaning services to the organisation.

The organisation has over 500 skilled and trained volunteers who not only package meals regularly with the organisation but also undertake meal packaging events on behalf of SHNSA at corporate venues especially during busy periods like July (Mandela Day) and October (World Hunger Action Month)

## Brand Awareness

The MILLION MEAL challenge created much hype on Mandela Day for Stop Hunger Now SA and over 27 television interviews from across Africa was scheduled and occurred on the day. The hashtag #MILLIONMEAL trended on Twitter for 48 hours generating a lot of publicity for Stop Hunger Now SA. Media has been kind and supportive of our efforts and despite not pursuing a PR/Marketing strategy, provided much needed branding on the day. Further, the banners and T-shirts continue to provide brand awareness for Stop Hunger Now SA.



# Corporate Governance and Remuneration

## Financial Statements:

### Condensed Statement of Financial Position as at 29 February 2016

	2016 R	2015 R
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	667,440	641,170
<b>Current Assets</b>		
Inventory	352,317	134,901
Trade and other receivables	926,584	328,848
Cash and cash equivalents	4,016,699	2,834,834
<b>Total Assets</b>	<b>5,963,040</b>	<b>3,939,753</b>
<b>Equity &amp; Liabilities</b>		
Accumulated Surplus	3,948,577	3,125,714
<b>Current Liabilities</b>		
Trade and other payables	2,014,463	814,039
<b>Total Equity and Liabilities</b>	<b>5,963,040</b>	<b>3,939,753</b>

### Condensed Statement of Profit or Loss and Other Comprehensive Income

	2016 R	2015 R
Revenue	10,922,774	15,933,989
Direct Program Costs	(7,895,109)	(12,681,802)
Gross Surplus	3,027,665	3,252,187
Other Income	11,471	35,758
Indirect Program Costs	(2,363,497)	(1,754,444)
<b>Operating Surplus</b>	<b>675,639</b>	<b>1,533,501</b>
Investment revenue	147,853	67,805
Finance costs	(629)	(3,702)
Surplus Before Taxation	822,863	1,597,604
Taxation	-	-
<b>Surplus For The Year</b>	<b>822,863</b>	<b>1,597,604</b>

### Condensed Statement of Change In Equity

	Surplus R	Total Equity R
Balance at 01 March 2014	1,528,110	1,528,110
Total comprehensive surplus for the year	1,597,604	1,597,604
Balance at 01 March 2015	3,125,714	3,125,714
Total comprehensive surplus for the year	822,863	822,863
Balance at 29 February 2016	3,948,577	3,948,577



### Condensed Statement of Cash Flows

	2016 R	2015 R
<b>Cash Generated From Operations</b>	1,244,486	2,440,212
Interest income	147,853	67,805
Finance costs	(629)	(3,702)
<b>Net cash from operating activities</b>	1,391,710	2,504,315
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(209,845)	(591,651)
<b>Total cash movement for the year</b>	1,181,865	1,912,664
Cash at the beginning of the year	2,834,834	922,170
<b>Total cash at the end of the year</b>	<b>4,016,699</b>	<b>2,834,834</b>

### Financial Analysis:

Comparison	2016 R	2015 R	2014 R	2013 R
Surplus/Profit	822,863	1,597,604	961,857	(502,958)
Cash & Cash Equivalents	4,016,699	2,834,834	922,170	462,043
Direct Programme Cost	7,895,109	12,681,802	8,645,579	3,978,732
Indirect Programme Cost	2,363,497	1,754,444	1,281,201	1,806,135
<b>Total Costs (Direct plus Indirect Cost)</b>	<b>10,258,606</b>	<b>14,436,246</b>	<b>9,926,780</b>	<b>5,784,867</b>
 Direct Programme Cost Per Meal	 2.30	 4.47	 4.41	 1.91
<b>Total Costs Per Meal</b>	<b>2.99</b>	<b>5.09</b>	<b>5.06</b>	<b>2.78</b>
 Current Assets	 5,295,600	 3,298,583	 1,516,936	 731,020
Current Liabilities	2,014,463	814,039	334,744	668,163
 Current Ratio	 2.63	 4.05	 4.53	 1.09

### Basis of preparation

The condensed financial statements should be read in conjunction with the full set of audited financial statements which are available at the Company's registered office. These summarised financial statements comprise a summary of the audited annual financial statements of Stop Hunger Now Southern Africa NPC for the year ended 29 February 2016

### Accounting Policies

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis and are presented in South African rands. These accounting policies are consistent with the previous period.

### Revenue:

	2016 R	2015 R	2014 R	2013 R
Meals Packaging Income	9,432,108	8,247,632	5,367,747	4,427,908
Donations In Kind	1,050,358	7,000,056	4,711,402	-
Donations Received	246,047	503,395	44,445	107,366
Miscellaneous Other Revenue	194,261	182,906	766,216	732,475
<b>Total Revenue</b>	<b>10,922,774</b>	<b>15,933,989</b>	<b>10,889,810</b>	<b>5,267,749</b>



## Direct Costs:

	2016 R	2015 R
Affiliation Fee	465,026	460,884
Car Hire	-	7,742
Cleaning Costs	24,938	16,462
Computer Maintenance	52,657	5,661
Depreciation	128,084	152,942
Employee Costs	2,200,675	1,663,549
Event Costs	23,705	43,981
Freight Costs	78,799	124,689
Ingredients Costs	2,812,059	2,416,647
Lease Rentals - Operating Lease	166,381	312,292
Lease Rentals - Donations In Kind	550,492	120,658
Packaging Costs	24,962	8,758
Printing and Stationery Costs	64,615	33,764
Protective Clothing Costs	1,645	1,374
Refreshments	75,576	47,318
Equipment Maint and Replacement	118,964	33,673
Cost of T-Shirts	668	2,483
Telephone and Fax	129,924	135,057
Travel	321,498	44,120
Truck Hire - Donation In Kind	438,700	6,865,992
Warehouse Utilities	7,235	4,009
Vehicle expenses	208,506	179,747
<b>Total Direct Expenses</b>	<b>7,895,109</b>	<b>12,681,802</b>

## Indirect Costs:

	2016 R	2015 R
Accounting Fees	133,729	145,108
Auditors Remuneration	-	-
Bank Charge	16,273	12,702
Car Hire	-	1,936
Computer Maintenance	53,919	5,661
Conferences	48,850	22,019
Consulting & Professional Fees	5,988	7,409
Depreciation	55,488	32,375
Employee Costs	1,488,290	1,083,869
ISO 9001 Audit	-	3,190
Insurance	59,095	54,930
Lease Rentals - Operating Lease	110,921	55,532
Lease Rentals - Donations In Kind	61,166	13,406
Loss on Sale of Assets	-	111,082
Placement Fees	-	3,600
Postage	2,459	920
Printing and Stationery	16,154	8,441
Marketing & Promotion	63,386	50,408
Refreshments	8,397	5,258
Small Assets	-	37,425
Subscriptions	24,751	21,268
Telephone and Fax	32,481	33,764
Training	77,804	12,694
Travel	80,374	11,030
Warehouse Utilities	804	445
Vehicle Expenses	23,168	19,972
<b>Total Indirect Expense</b>	<b>2,363,497</b>	<b>1,754,444</b>



## Cash generated from operations:

	2016 R	2015 R
<b>Cash Generated From Operations</b>		
Surplus Before Taxation	822,863	1,597,604
Adjustments For:		
Depreciation	183,575	185,317
Loss On Sale Of Assets	-	111,082
Interest Received	(147,853)	(67,805)
Finance Costs	629	3,702
Changes In Working Capital:		
Inventories	(217,416)	24,342
Trade And Other Receivables	(597,736)	106,675
Trade And Other Payables	1,200,424	479,295
<b>Net Cash From Operating Activities</b>	<b>1,244,486</b>	<b>2,440,212</b>

## Taxation

The company is not liable for tax as it is an exempt organisation for tax purposes in terms of section 10(1)(c) of the income tax act.

## Remuneration:

Stop Hunger Now SA has appointed a Remuneration & Human Capital Committee, comprising three Non-Executive Directors and by invitation the Chief Executive Officer.

The role of this committee is to assist the board to ensure that the organisation has a clearly articulated remuneration philosophy and to ensure that the design and implementation of remuneration structures, for all levels in the organisation are consistent, fair, legally compliant and equitable, in keeping with the King III Code of Governance.

Stop Hunger Now SA is keenly aware, in order to achieve its mission of eliminating hunger, it is totally dependent on its supporters i.e. donors and sponsors. In order to satisfy and retain these supporters it is essential for the organisation to meet their expectations. Supporters expect SHN SA to operate efficiently, with integrity and in a transparent manner, so that the support provided, translates into maximising the number of meals supplied to beneficiaries.

In order to achieve a high level of efficiency, the organisation relies on the expertise and skills, as well as the passion and dedication of its staff. Consequently, SHN SA believes, in order to retain these assets, its remuneration philosophy should be in keeping with providing salaries it can afford, but nevertheless, wherever possible, be competitive with salaries offered in the Non-Profit Sector on a national level. To this end, bench-marking of salaries is conducted on a continual basis.

SHN SA has in place a comprehensive performance management program with detailed job descriptions, key performance areas and key performance indicators for each position in the organisation from Chief Executive Officer down. Each position is graded according to the Paterson Job Evaluation grading system, and for each Paterson grade, there is a salary scale approved by the Board.

Salaries are reviewed annually and when granting increases the CPI is taken into account. Increases in excess of CPI may be awarded for meritorious performance during the year.

**DJ BOLT - Chair: Human Capital & Remuneration Committee**



### **Intellectual Capital:**

Stop Hunger Now SA is in the fortunate position of being highly respected and a market leader in terms of providing good nutrition to children living in abject poverty as well as an organisation able to provide meaningful team building and employee volunteering opportunities country wide. Stop Hunger Now SA has a strong reputation of being an organisation with high integrity and able to deliver on its promises and is one of the few organisations that is able to bring together thousands of corporate volunteers to participate side by side on Mandela Day with a singular focus of packaging as many meals as possible for vulnerable children.

SHNSA also has its own training material for event management as well as distribution and Monitoring and Evaluation and is one of a handful of organisations that can engage funders from the beginning (packaging of meals) all the way through to the distribution and consumption of these meals by beneficiaries.

The organisation has also developed a highly visible social network profile that has seen the number of Facebook followers grown from around 1500 follows to over 3500 followers currently. Stop Hunger Now SA is committed to utilizing technology that keeps it abreast of developments and is now focused on other revenue streams that could include the creation of employment and also build sustainability for the organisation via BBBEE deals. This will be fully investigated in the 2017/2018 financial years.



# **STOP HUNGER NOW**





# Report by Audit Committee

## Audit Report:

The Audit Committee comprises two non-Executive Directors of SHN SA, S Ras, CA (SA) Chair and DJ Bolt (AMCST, AIMMM, CE). The third member of the Committee is R Brooks (CEO and President of SHN Worldwide).

The Chair was transferred to the USA at the end of December 2015 and DJ Bolt assumed the position of interim Chair until a new member could be co-opted onto the Committee.

Audit Committee Terms of Reference

The Committee has the following roles and responsibilities:

### Roles

It has an independent role with accountability to the board, donors and beneficiaries.

Its overall function is to assist the Directors in discharging their governance oversight responsibilities relating to the safeguarding of the organisation's assets, the operation of adequate and effective systems and control processes and the preparation of the integrated report and fairly presented financial statements.

### Responsibilities

- i. To oversee the integrity of the Integrated reporting, recommend the annual financial statements for approval by the Board, review any financial information released prior to submission and approval by the Board, review a documented assessment prepared by management of the going concern status of the company and to be informed when there is a disagreement on auditing or accounting matters between management and the external auditors.
- ii. To ensure that the combined assurance received is appropriate to address all significant risks, review arrangements made by the company to enable whistle-blowers report their concerns in confidence and review the company's code of ethics as it applies to integrated reporting and management's monitoring of compliance with the code.
- iii. To annually review the expertise, resources and experience of the organisation's financial function and disclose the results in the integrated report.
- iv. To consider the legal and regulatory requirements to the extent that they may have an impact of the financial statements (include tax compliance, litigation, disputes and claims)
- v. To annually conclude and report yearly to stakeholders and the Board on the effectiveness of the organisation's internal financial controls.
- vi. To report to stakeholders at the AGM on how the Committee has carried out its functions, whether the external auditor was independent and comment on the financial statements, accounting practices and internal financial controls.
- vii. To receive and resolve appropriately any complaints relating to the accounting practices, the content/assurance of its financial statements, internal controls and any related matters.



## Financial Controls

The Committee has reviewed the financial audit report prepared by its external auditors, Price Waterhouse Coopers, and based on the content of this report, together with the financial controls in place, the Committee is satisfied that the organisation's internal financial controls are efficient.

## Annual Financial Statements

Based on processes and assurances obtained, and having scrutinised the Annual Financial Statements, the Committee has recommended the Annual Financial Statements to the Board for approval. In addition, after assessing the requirements set out in sections 94(7)(a–e) of the Companies Act, the Committee is satisfied with the independence and objectivity of the external auditors, and recommends the re-appointment of the external auditors at the next Annual General Meeting.

**DJ BOLT: INTERIM CHAIR**

# Contact Details

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**STOP HUNGER NOW**

