04
FINANCIAL UPDATE

TREASURER'S REPORT

FOR THE YEAR ENDING 31 MARCH 2026

"An unqualified audit opinion, long considered obligatory, marks the point at which WESSA's financial recovery becomes a financial foundation."

The 2026 financial year was, in my view as Treasurer, the year in which the work of the preceding three years came together. The Group received an unqualified audit opinion, following a long history of qualified opinions due simply to the potential incompleteness of donations and cash collections. Due to the significant effort by both the corporate teams and the WESSA membership that single outcome tells our members, donors and funding partners that the financial information on which WESSA reports its impact can be relied upon.

The continued financial improvement, albeit remains less predictable than we would like, is also now visible in the results. The Group recorded an operational surplus of R3.3 million, compared with a deficit in the prior year, and a surplus for the year of R6.1 million against R2.5 million in FY2025. Including the fair value revaluation of investments of R11.6 million — a non-cash movement reflecting the market value of the Group's investment portfolio — total surplus and other comprehensive income amounted to R17.7 million. Total assets grew from R84.6 million to R102 million, and funds and reserves from R66.1 million to R83.8 million.

Key matters impacting the financial stability of the organisation during the year were:

STEWARDSHIP OF CASH AND THE STRENGTHENING OF THE INVESTMENT PORTFOLIO

Cash balances closed the year at R34,384,525, in line with the R34,432,594 held at the prior year end, with the composition shifting as project funding was applied to programme delivery.

For WESSA NPC Ring-fenced funds grew to R12,162,060 (2025: R9,637,787), unrestricted funds held at R9,269,152 (2025: R8,995,672), restricted funds reduced to R7,830,799 (2025: R11,269,785) and membership funds increased to R5,122,514 (2025: R4,529,350).

The four-bucket framework continues to give the Board a clear view of which rands are genuinely available to support strategy and which are committed to funders. Working capital and acid test ratios of 2:1 confirm that current assets comfortably cover current liabilities.

The investment portfolio grew to R56.9 million and contributed dividend income of R2.8 million and interest of R1.4 million — income that remains our most dependable source of unrestricted funding. The Revenue generation and Investments Committee, chaired by Augustine Morkel, completed its first full year of dedicated oversight of these assets.

INCOME GROWTH AND DIVERSIFICATION

Total income excluding revaluations rose to R38.8 million from R30 million.

Growth came from education centre income, as visitor numbers and funder-supported groups increased; from donations, with meaningful support from the Hans Hoheisen Charitable Trust, the Balderson Foundation, the Sue and Basil Robin Trust, Suntera Global and many others; and from certification programmes, with Green Key growing from three certified establishments to thirteen.

Project income declined as several large projects concluded in the prior year, which is the nature of restricted funding and a reminder of why unrestricted income matters. The drive to grow unrestricted income remains the single most important financial priority in front of this organisation.

MEMBERSHIP AND THE RICHRATH BEQUEST

WESSA received a bequest of R6.8 million from the Richrath Estate, designated for the KwaZulu-Natal Membership Region.

Membership funds grew to R5,1,22,514. A gift of this scale is both a vote of confidence and a responsibility, and the Board will look to see it applied in a way that builds lasting regional capability rather than a single year of activity.

Financial alignment and integration with membership continued to progress and remains a focus in the year ahead.

THE LEGACY FUND AND OUR CENTENARY

As we enter our centenary, establishing the WESSA Legacy Fund becomes a priority rather than an aspiration.

The Fund is designed to build a capital base of R100 million, preserved in perpetuity, from which WESSA would generate non-operational income to pursue its strategy.

A permanent source of unrestricted funding is what will allow this organisation to withstand the volatility of the donor environment and to act on opportunity rather than only on available funding.

RESOLUTION OF LONG-STANDING LEGACY OBLIGATIONS

During the year WESSA identified an historical Skills Development Levy liability and volunteered to go through the SARS Voluntary Disclosure Programme (VDP).

The settlement of approximately R4.5 million was provided for in the year under review and paid in FY2027, being funded from ring-fenced reserves so as not to affect the effectiveness of the WESSA's initiatives.

The ring fenced reserves will be replenished in the years ahead.

GROUP RESTRUCTURING

WESSA has begun a restructuring of its subsidiary entities, consolidating many of the assets and liabilities within the various legal entities into the main WESSA NPC. This will reduce complexity, costs and tax risks and improve visibility and control. The complex corporate structure I referred to in last year's report is being simplified.

But it is people that make WESSA work and a big thanks must go to Nana Mchunu, our Head of Finance, and her team. They carried the finance function through a year without a CFO, and delivered an unqualified audit while doing so. That is a considerable achievement, earned through sustained and unglamorous work on controls, reconciliations and reporting discipline.

WESSA has again established a Chief Financial Officer role in FY2027, having held the position open since August 2025 while we assessed the Group's needs. I would like to formally welcome the incoming CFO, Kabi Kolobe who joined us effective 1 August 2026. We are excited with the boost that this appointment will give us both internally and as we grow our place in the communities we serve.

Finally, I would also like to thank my fellow members of the Audit, Risk and Assurance Committee for their rigour and their time, and the Board for their continued support in understanding that the exciting and valuable work done by this organisation must be built on sound financial principles.

In conclusion, I am pleased to report that WESSA enters its centenary year financially stronger, structurally simpler and, for the first time in several years, with an unqualified set of accounts. There is more to do — particularly on unrestricted income and on rebuilding reserves — but the foundation is now sound.

Ms Deborah Millar

WESSA Treasurer

WESSA Annual Report 2025 - 2026