

“ the heartbeat of  
affordable housing  
in the city

“we change the way people live”



annual report  
2008



“ the heartbeat of  
affordable housing  
in the city ”

## vision

To be the heartbeat of affordable housing in Gauteng Province.

## mission

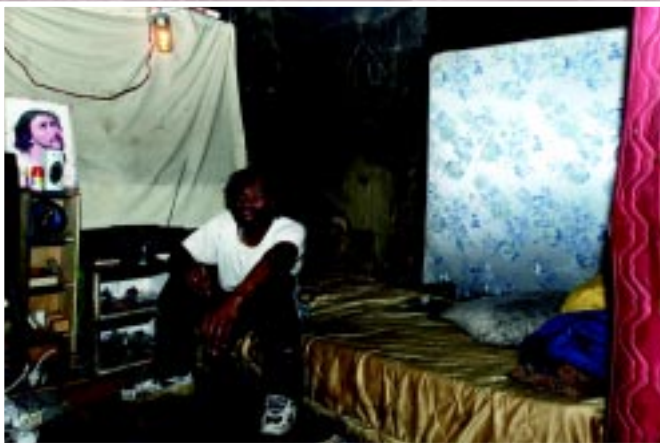
To provide clean, safe, affordable and sustainable housing units in partnership with all MES activities that will enhance a holistic service for the development of tenants to lead meaningful lives.

## core values

- Transparent Management
- Young and Vibrant
- Place for Learning
- Supportive environment for Development of People
- Value Diversity
- Place of Caring
- Innovative

Directors Name	Meetings attended	Status
Renier Erasmus	5	Active
Chris Lund	5	Active
Lone Poulson	3	Active
Laurence Ramashamole	2	Resigned Aug 07
Andrew Brown	3	Active
Jan Snyman Chairman	5	Active
Hein Kruger	3	Active
Tumo Jeremiah Lenong	0	Active

Advisory Members	Meetings attended	Status
Francois Pienaar	3	Active
Johan Krige	2	Active



Jan Snyman  
Chairperson

## chairperson's report

The mandate of Madulamoho is to create a housing environment where people with low income can access different housing products that match their income. Respect and self awareness can often be directly linked to the environment where people live. Providing safe, clean and sustainable accommodation for our tenants results in a visible change of self respect and creates a positive attitude to life. Through our partnership with MES our tenants are provided with life changing opportunities for self development and set them on a path where they can change the outcome of their future.

The need for the kind of accommodation and social services that Madulamoho renders is clearly seen through the phenomenal growth we experienced this financial year. This was made possible by the hard work of our staff, our working relationship with our various stakeholders and sound financial and operational control.

Our vision "to be the heartbeat of affordable housing" can only be realized if we can keep the momentum going and make sure that our internal processes grows with the organisation.

Our challenge for the new financial year is clearly to be innovative with building cost without compromising on quality, to grow our rental stock without losing site of the needs of our tenants and to find the right financing product to keep our rentals as low as possible.

I would like to thank MES for assisting us by providing social services to our tenants and their continued support. To all our partners, our sincere thanks and appreciation for the support in working towards our mutual goals. I congratulate our CEO and his staff for their excellent performance, commitment and dedication in achieving our targets. Finally I would like to express my gratitude to the Board of Directors for their support and input.



## ceo's report

Madulamoho's strategy for 2007/8 was to expand its operations in order to be fully sustainable and to refine its model in order to provide more types of housing for different income groups. Our dedication to excellence and passion for affordable housing resulted in a year of exceptional growth. **Madulamoho has grown from managing 149 units at the end of February 2007 to 602 units of affordable rental stock one year later. This is a growth of more than 300% over this period.**

Madulamoho has also learnt valuable lessons during this period and has had to redevelop, refine and change some of our systems and procedures in order to support the growth of the organization. Our personnel component also increased by more than 110%

Some of the highlights of this financial year have been **a visit by President Thabo Mbeki to Europa House.** Madulamoho also hosted the closure of the Support Programme for Social Housing sponsored by the European Union and the National Department of Housing. Madulamoho was also privileged to be invited to present its model on how to transform bad neighbourhoods into vibrant communities through the provision of housing and social development at the **World Habitat Conference in De Haag in Holland.**

Madulamoho has been nominated for an Impumelelo Award for innovative work in the field of poverty reduction and community development. Even though the awards ceremony was held in the new financial year it is note worthy to mention that **Madulamoho has received the Platinum Award** in its category. This award is dedicated to our passionate staff that makes Madulamoho the heartbeat of affordable housing.

It is clear that people who earn their keep on a daily basis have little chance to make use of conventional affordable housing on a monthly rental agreement. Madulamoho has bought a **vacant stand in Hillbrow** and plan to develop a project that will provide accommodation on a daily basis. We also bought the **old boxing ring in Claim Street** that is providing training to more that 40 street youth. Together with E-TV, we hope to renovate this facility into a proper boxing academy for street youth and a training centre for our tenants in the area.

Our plans for the next financial year include the **renovation of 347 new units in 3 different buildings** and to **purchase two new buildings.** Madulamoho, together with MES has also started a strategy to implement our model of affordable housing backed by social support and development outside the boundaries of Johannesburg. Special thanks to **Wilsenach Van Wyk Inc.** our conveyance attorneys who are doing all our conveyance work for free.

Madulamoho success is best described by the feedback we get from our tenants. Some tenants have personally thanked us for providing them with an alternative to the accommodation they where used to by slumlords. They can not believe that for almost the same monthly rental we can provide them with clean secure tenure. Our reply is always the same. **"For this we must thank God, who give us the oppor-**



Renier Erasmus  
CEO

**" To acquire buildings that is close to employment opportunities thus adding to the peaceful living conditions which will encourage stability in a secure environment. "**



madulamoho  
staff





## projects

### New Europa House

The New Europa House was established in 2005 and is situated at the corner of Smit and Claim Street in Hillbrow. This is the first project of Madulamoho to provide a unique type of housing – 11 Transitional Housing Units, 43 Communal Housing Units, 14 Upper Communal Housing Units as well as a 100 bed 72 hour Emergency Shelter. The City of Johannesburg funded the bridging costs of R6,4m with the Gauteng Department of Housing contributing R3,4m.

### New Regent House

The New Regent building is situated at 15 Soper Road, Berea. The building consists of 58 units on three levels with communal facilities for males and females bathrooms per hallway, washing facilities and a kitchen area. The building is near all amenities such as schools, bus routes, shopping facilities and hospitals.

### New Elkerro House

The newly revamped building was opened in October 2007 and is situated just next to the Europa House, corner Claim and Peterson Street. It consists of 168 units divided into 141 communal housing units and 27 bachelor units. Communal ablutions and kitchen facilities are provided on each floor and a common laundry place on the 7<sup>th</sup> floor. This project also forms part of the Ekhaya Neighborhood precinct of which Madulamoho is a member.

### Cornelius House

The Cornelius House is situated at 28 Cornelius Street in Marshalltown and is a five storey building. It has been operational since July 1998 under the management of Johannesburg Trust for the Homeless and it consists of 67 transitional rooms and 14 communal housing units. It has been a pioneer project for both transitional and communal housing and is managed by Madulamoho Housing Association following the merger in December 2005.

### BG Alexander Estate

This project is a joint venture between Madulamoho and Johannesburg Social Housing Company (JOSHCO). It is situated at the corner of Smit and Claim Street opposite of Europa House. Phase I of the project was completed in February 2008 and 228 communal housing units were available for accommodation. The renovations of Phase II are progressing well and it is envisaged that it would be completed before the end of 2008. This phase will provide for 53 bachelor units, 21 one bed apartments and 8 two bed apartments and another 93 communal rooms.

### Boxing Ring

Madulamoho bought this sporting facility that is situated next to New Elkerro House. The facility is effectively used by both professional as well as up and coming boxers around Hillbrow and neighboring areas. In its effort to contribute positively to the community development of the city, Madulamoho

## projects in the pipeline

### Resdoc and Allenby

Madulamoho has acquired the above two buildings situated at Hillbrow. Registration of these properties will only take place in the next financial year. These projects will increase Madulamoho's stock with another 171 units. Renovations will commence as soon as all the requirements have been met.

### Project Management Overview for the financial year end February 2007

Vacancies	:	0%
Bad Debt	:	0.2%
Rental Collection Rate	:	96%



## cfo report

Madulamoho in its third year of operations, once again grew rapidly, finishing the year with a healthy surplus and an improved asset base.

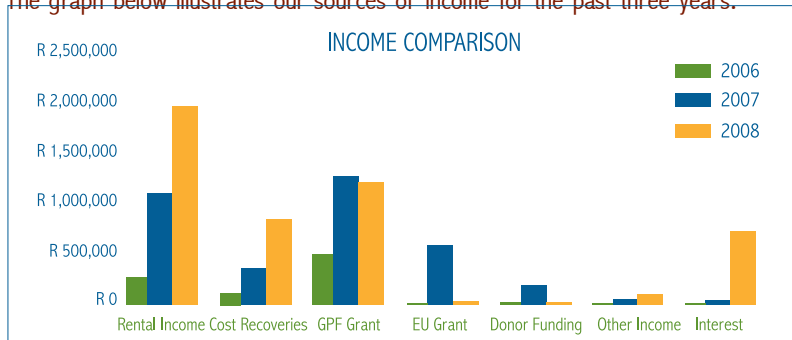
### Analysis of Financial Year

The value of our Fixed Assets increased from R2.2M to R10.9M. At year end Madulamoho was sitting with cash in bank and on hand of R15.2M in the form of subsidies received and soft loans. The majority of this money is earmarked for projects in the new financial year.

Madulamoho's revenue in its third year has had an increase of 20 % from R2.9M in 2007 to R3.7M in 2008. On the expense side likewise expenditure climbed from R2.35M in 2007 to R2.93M, an increase of 20%. Importantly a surplus of R888k, (which included the provision long-term maintenance and provision for interest on our loans), was recorded which was double the surplus in 2007.

Income was obtained from both rental and grant funding as discussed below. For the second year running, our primary form of income was rental. The opening of two new projects during the year has significantly boosted our revenue streams. The second stream of funding is grant income. During the year funding was received from both the EU-SPSH programme as well as the Gauteng Partnership Fund. The GPF funding has enabled MHA to bolster its head office staff component as well as secure operational funding until December 2009.

The graph below illustrates our sources of income for the past three years.



### Policies and Procedures

The results of our EU Audit last year provide evidence that Madulamoho has sound financial management controls. It is our systems that enable Madulamoho to grow rapidly. As the CEO has already mentioned, our financial systems are constantly evolving to keep pace with the growth.

### Current year

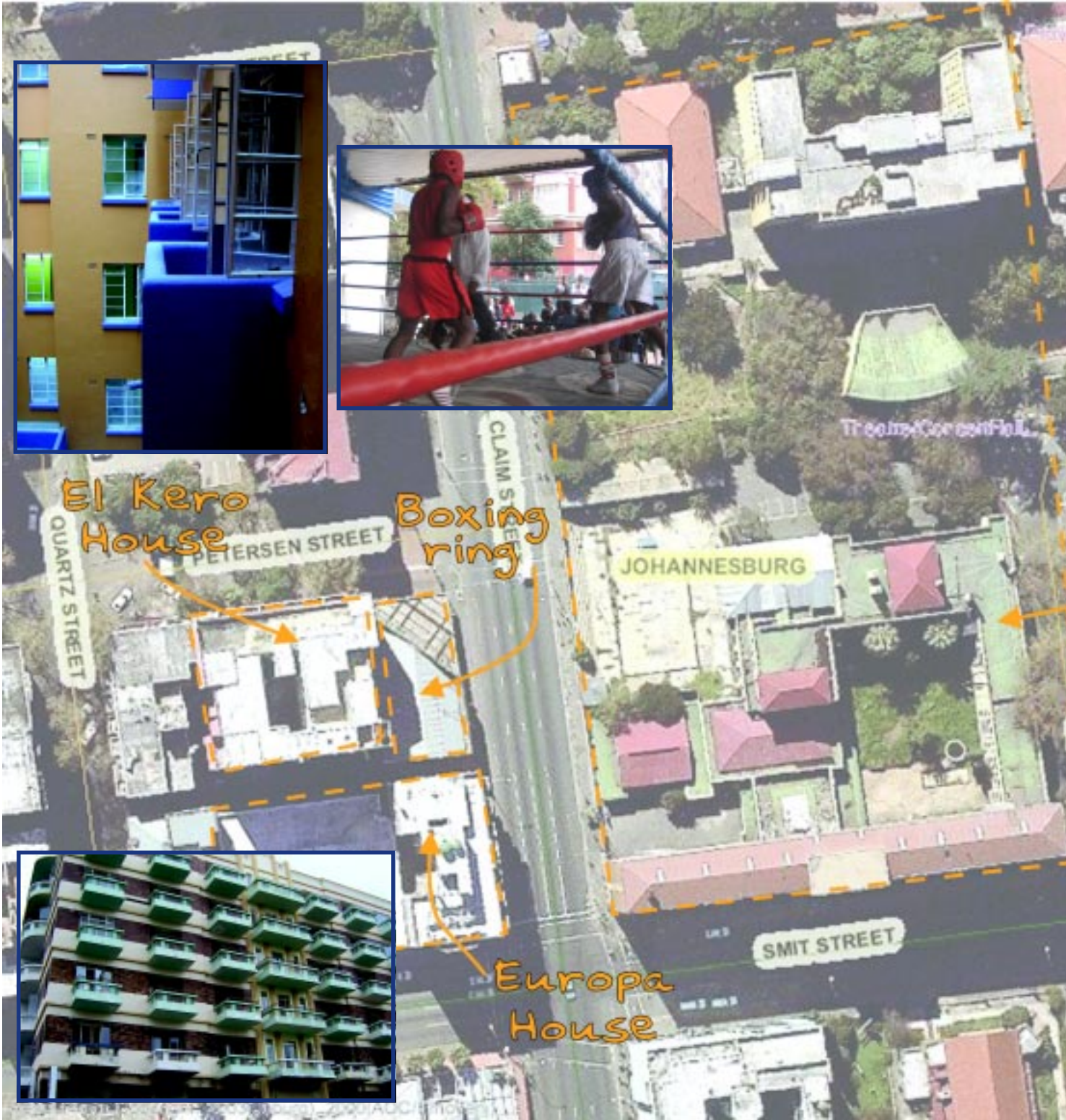
The 2008/9 financial year has again started positively and we are within budget. Should we be able to maintain our projected rental revenues and subsidies, we anticipate running a sustainable organisation before the year-end.



Chris Lund  
CFO

“ Community development is a core value of Madulamoho and is the reason we have a Social Development Contract with MES who provides a full range of social services.”



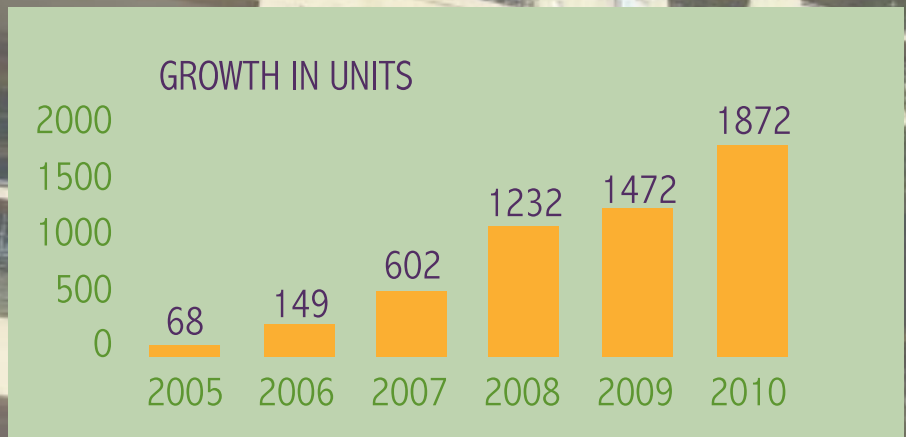




BG Alexander Estate

BANKET STREET

“ Madulamoho was invited by the World Habitat Society to present its model on affordable housing and neighbourhood development in October of 2007.”



The basis of this model is the development services that enable people to move through the ladder to better housing.



## report of the independent auditors

To the members of Madulamoho Housing Association (Incorporated Association not for gain)

We have audited the annual financial statements of Madulamoho Housing Association for the year ended 29 February 2008. These annual financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these annual financial statements based on our audit.

### Scope

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company at 29 February 2008 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa.

De Villiers Myburgh Incorporated  
Chartered Accountants (S.A.)  
Registered Accountants And Auditors  
Per: Prof JJ de Villiers  
Meyersdal  
26 May 2008

## balance sheet

	2008 R	2007 R
<b>Assets</b>		
Non-Current Assets		
Property, plant and equipment	10,748,663	2,402,043
<b>Current Assets</b>		
Inventories	18,154	6,157
Trade and other receivables	642,113	259,171
Cash and cash equivalents	15,261,668	9,548,092
	<b>15,921,935</b>	<b>9,813,420</b>
<b>Total Assets</b>	<b>26,670,598</b>	<b>12,215,463</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Maintenance reserve	600,000	-
General Reserve	731,839	443,651
	<b>1,331,839</b>	<b>443,651</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Other financial liabilities	12,637,108	11,060,638
Conditional government grant	11,974,047	-
	<b>24,611,155</b>	<b>11,060,638</b>
<b>Current Liabilities</b>		
Trade and other payables	682,962	666,532
Provisions	44,642	44,642
	<b>727,604</b>	<b>711,174</b>
<b>Total Liabilities</b>	<b>25,338,759</b>	<b>11,771,812</b>
<b>Total Equity and Liabilities</b>	<b>26,670,598</b>	<b>12,215,463</b>



## detailed income statement

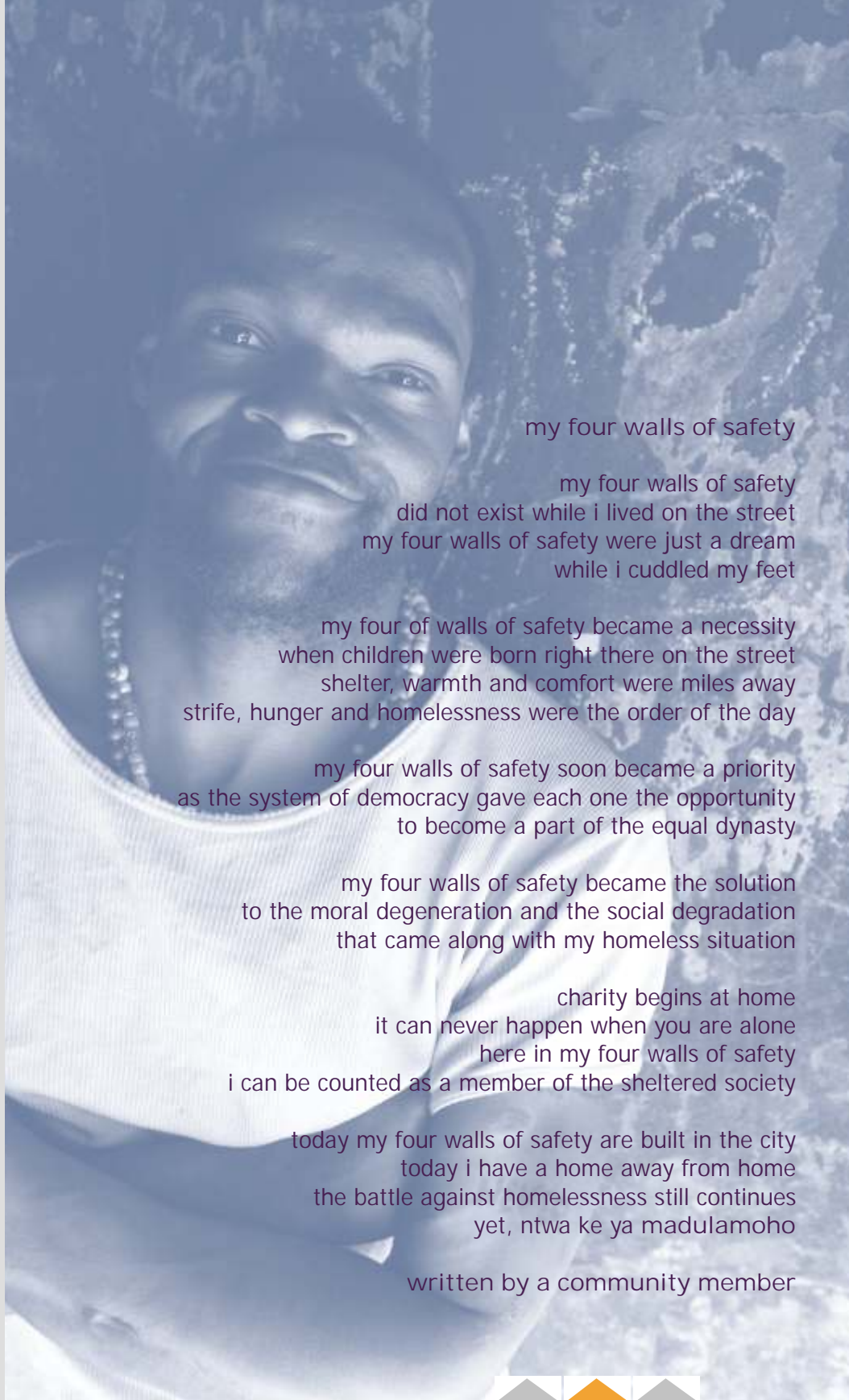
	2008	2007
	R	R
<b>Revenue</b>		
Rendering of services	40,165	18,203
Cost Recoveries	742,032	685,655
Rental Income	2,047,682	1,378,638
Donor funding and Subsidies	837,127	821,076
	<u>3,667,006</u>	<u>2,903,572</u>
<b>Other income</b>		
Interest received	424,567	20,093
Other income	120,000	18,048
	<u>544,567</u>	<u>38,141</u>
<b>Total income</b>	<u>4,211,573</u>	<u>2,941,713</u>
<b>Operating expenses</b>		
Advertising	(1,320)	-
Auditors remuneration	(10,236)	(4,392)
Bad debts	(431)	(3,000)
Bank charges	(64,818)	(26,305)
Cleaning	(119,708)	(39,907)
Commission paid	(1,472)	-
Computer expenses	(16,215)	(19,553)
Construction	(117,795)	(45,919)
Contractual Services	(15,381)	-
Coupon expense	(8,999)	(7,704)
Depreciation, amortisation and impairments	(74,445)	(66,197)
Donations	(1,500)	-
Employee costs	(1,119,621)	(1,054,951)
Insurance	(21,022)	(6,666)
Lease rentals on operating lease	(42,460)	(37,250)
Legal expenses	(13,910)	(14,892)
Motor vehicle expenses	(7,165)	-
Other expenses	(18,631)	(15,282)
Penalties and interest	-	(2,760)
Permit	-	(1,296)
Pest control	(10,750)	(1,976)
Printing and stationery	(35,740)	(29,227)
Professional fees	(66,328)	-
Rent expense	(57,887)	-
Repairs and maintenance	(219,245)	(80,882)
Security	(213,050)	(103,941)
Subscriptions	(40,217)	(33,775)
Telephone and fax	(68,007)	(51,186)
Training	(14,518)	(47,276)
Travel - local	(23,836)	(3,715)
Utilities	(527,927)	(651,802)
<b>Total Expenses</b>	<u>(2,932,634)</u>	<u>(2,349,854)</u>
<b>Operating surplus</b>	<b>1,278,939</b>	<b>591,859</b>
Finance costs	(390,754)	(166,358)
<b>Surplus for the period</b>	<u><b>888,185</b></u>	<u><b>425,501</b></u>
Transfer to Maintenance Reserve	(600,000)	-
<b>Surplus transferred to General Reserve</b>	<b>288,185</b>	<b>425,501</b>



A full set of audited financial statements is available on request.

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- www.mh.org.za
- company reg no: 2004/012568/08
- pbo no. 930019716

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082 566 0574



my four walls of safety

my four walls of safety  
did not exist while i lived on the street  
my four walls of safety were just a dream  
while i cuddled my feet

my four of walls of safety became a necessity  
when children were born right there on the street  
shelter, warmth and comfort were miles away  
strife, hunger and homelessness were the order of the day

my four walls of safety soon became a priority  
as the system of democracy gave each one the opportunity  
to become a part of the equal dynasty

my four walls of safety became the solution  
to the moral degeneration and the social degradation  
that came along with my homeless situation

charity begins at home  
it can never happen when you are alone  
here in my four walls of safety  
i can be counted as a member of the sheltered society

today my four walls of safety are built in the city  
today i have a home away from home  
the battle against homelessness still continues  
yet, ntwake ya madulamoho

written by a community member

