HERMANUS ANIMAL WELFARE SOCIETY – March 2026

Treasurer Report - Annual General Meeting 26 August 2026

1. Executive Summary

The financial year ended 31 March 2026 represents a **significant improvement in the financial position and performance of Hermanus Animal Welfare Society** compared with the previous year.

HAWS moved from a **deficit of R23,648 in 2025 to a surplus of R1,861,582 in 2026**, an improvement of approximately R1,885 million. This was supported by strong growth in total income, improved cash generation, a stronger asset base and the establishment of a significant investment portfolio.

Key movements were:

Financial measure	**2025**	**2026**	**Change**
Donations and legacies	R1,432 m	R3,224 m	+125%
Other income	R4,532 m	R5,184 m	+14%
Operating expenses	(R6,163 m)	(R6,784 m)	+9.8%
Investment income	R175,264	R221,481	+26%
Surplus/(deficit)	**(R23,648)**	**R1,845,082**	

The reported surplus must be considered in context. **R1,925 million of legacy income** was received during the year, compared with only R57,356 in the previous year. This represents approximately 60% of total donations and legacies for 2026 and is not a guaranteed income stream.

Excluding the legacy receipt, HAWS would have recorded an underlying deficit of approximately **R63,439**, before taking into account the R100,000 gain on disposal of a motor vehicle. The 2026 result is therefore a strong recovery, but it should not be interpreted as evidence that HAWS has yet to achieve a sustainable operating surplus.

---

2. Donations

- General donations declined by 5.5%, from R1,374 million to R1,299 million.

The decline in general donations is important because these represent a more recurring source of support. HAWS should therefore continue to prioritise donor retention & new donor opportunities.

Legacy income is regarded as **exceptional or strategic income rather than normal operating revenue**. Where possible, these legacies are directed towards reserves, investments, capital expenditure and other long-term sustainability initiatives rather than being used against operating expenses.

Other income

Other income increased by **14%, from R4,532 million to R5,184 million**.

The most significant movements were:

- **Fundraising :** 119,134 to 309,352 +160%
- **Clinic income:** R944,963 to R1,208 million +27.8%

There were also some declines:

- Shop income decreased by 2.5% to R2,097 million.
- Kennel income decreased by 5.6% to R827,460.
- Membership subscriptions declined by 43%, from R27,800 to R15,800.

The substantial growth in fundraising is testament to hard work and many hours the committee and staff have given to achieve this growth. There was a decline in membership income, although relatively small in rand terms.

---

3. Clinic and Veterinary Performance

The clinic remains an important part of HAWS activities and generated increased income during 2026. However, the cost of operating the clinic did increase at a faster rate.

Clinic	2025	2026
Clinic income	R944,963	R1,208,124
Veterinary supplies	(R1,060,249)	(R1,319,276)
External veterinary fees	(R41,012)	(R106,548) Dr Vicky joined us on 1st Aug 2025
Internal veterinary fees	(R750)	(R28,275)
Net clinic deficit	**(R157,048)**	**(R245,975)**

Although clinic income increased by 27.8%, the net clinic deficit increased by approximately **R88,927 (- 56.6%**.)

Veterinary expenditure overall increased from R1,102 million to R1,454 million, an increase of **31.9%**.

This increase should not necessarily be viewed negatively, as it reflects increased animal welfare activity, more animals treated and higher treatment requirements. Nevertheless, management should monitor veterinary expenditure against the number of animals treated, supplies used, external veterinary fees, cost recovery and the intended level of welfare subsidy.

---

4. Expenditure Performance

Operating expenses increased from **R6,163 million to R6,767 million**, an increase of 9.8%.

This represents a strong result because expenditure growth was substantially below income growth. HAWS therefore demonstrated improved financial leverage during the year.

Employee costs, HAWS's largest individual operating expense, increased by only 4.6%, from R2,900 million to R3,032 million. This represented approximately 44.8% of operating expenditure in 2026. Continued workforce planning, productivity monitoring and careful management of staffing costs should therefore remain priorities.

Other significant expenditure movements included:

- Veterinary expenses: **+31.9%**
- Depreciation: **+66.9%**
- Consulting fees: **+103.9%**

These increases were partly offset by reductions in:

- Repairs and maintenance: **-18.5%**
- Municipal expenses: **-12.1%**
- Petrol and diesel: **-29.1%**
- Cleaning: **-20.7%**

---

5. Cash Flow and Financial Position

The increase in net operating cash flow from R220,276 to **R2,088 million** is one of the strongest indicators of the HAWS improved underlying financial performance.

The financial year ended:

- **Cash and cash equivalents:** R1,908 million
- **Other financial assets:** R2,558 million
- **Current assets:** R4,587 million
- **Current liabilities:** R287,837
- **Total assets:** R7,937 million
- **Equity:** R7,649 million

HAWS therefore remains in a **strong liquidity and solvency position**, with no long-term debt reflected in the financial statements.

---

6. Investment

A major development during 2026 was the establishment of an investment portfolio of **R2,549 million with STANLIB investment**.

This is an important step towards strengthening HAWS long-term financial resilience. The investment is monitored regularly in terms of market value, investment performance, costs, risk and accessibility.

HAWS also made substantial capital investments during the year. Capital expenditure increased from R9,500 in 2025 to approximately **R908,944 in 2026**, including:

- Motor vehicles: R394,000 (donation, but must capitalise the asset)
- Clinic equipment: R481,637 (X-ray machine, L2L fundraiser, must capitalise the asset)
- Computer equipment: R15,371
- Kennel equipment: R17,938

As a result, property, plant and equipment increased to **R3,350 million**.

The significant investment in clinic equipment should be considered together with the increase in clinic activity and veterinary expenditure.

---

7. Overall Financial Strengths

The 2026 financial statements demonstrate several important strengths:

1. **Strong financial turnaround:** HAWS moved from a R23,648 deficit to a R1,845 million surplus.
2. **Improved operating cash generation:** net operating cash flow increased to R2,088 million.
3. **Strong balance sheet:** total assets increased by approximately R2,005 million to R7,937 million.
4. **Significant investment portfolio:** R2,558 million is now held in financial investments.
5. **Strong solvency:** equity of R7,649 million represents approximately 96% of total assets.
6. **Controlled general expenditure:** operating expenses increased by only 9.8%.
7. **Growth in important income streams:** Fundraising increased by 160%, clinic income by 27.8% and street collections by 34.2%.
8. **Meaningful capital investment:** approximately R909,000 was invested in property, vehicles and equipment.

---

8. Conclusion and AGM Message

The 2026 financial year can appropriately be described as a **strong financial recovery year for Hermanus Animal Welfare Society**.

The principal caution is that the reported surplus was materially assisted by **R1,925 million in legacy income**, while ordinary donations declined and veterinary and clinic costs increased. HAWS should therefore not regard the full 2026 surplus as recurring operating norm.

Hermanus Animal Welfare Society has materially strengthened its financial position during 2026 and is entering the new financial year from a position of considerable financial strength. The priority now is to convert this improved balance sheet into sustainable recurring operating performance, while protecting HAWS's reserves and ensuring that exceptional income is used strategically for the long-term benefit of animal welfare.

Finally, after my 1st full year as treasurer, I would like to express my sincere gratitude to the entire committee and staff for your hard work, dedication, and commitment to the organisation. The time, effort, and personal sacrifices made by each member are truly appreciated and does not go unnoticed. Thank you to Mellissa for all the assistance in preparing all reports required by me on a monthly basis, with my relocation to Gauteng, this has made it even more challenging.

As Treasurer, I am especially grateful for the contribution each of you have made towards strengthening our financial well-being and ensuring that we have a sustainable future, which is such a critical organisation for the animals in our community. Your dedication and collective efforts have played an invaluable role in supporting our mission, and I am deeply thankful for everything you have done.

Anthony Olivier
Treasurer Hermanus Animal Welfare Society