



SAAFoST

SOUTH AFRICAN ASSOCIATION for
FOOD SCIENCE & TECHNOLOGY

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Treasurer's Report – 2023 **Lucia Anelich (PhD)**

SAAFoST has not recovered from the Covid-19 pandemic and from the loss made at Congress 2021 of R657 000.00. This loss is in effect greater, considering that SAAFoST relies on a surplus made at Congress every 2 years of approximately R1.5 million. In real terms, therefore, Congress 2021 resulted in a loss of R2.1 million, which was felt into 2022 and 2023. This has caused SAAFoST to dip below the “safe” investment threshold determined at a Council meeting in 2019 of R4 million, due to two significant disinvestments of R1 250 000 and R1 100 000 made in 2021 and 2022 respectively.

Consequently, pre-existing delays in payments and non-payment of membership fees affected the organization more significantly than usual. This concern is further exacerbated by significant costs incurred by the Cape Congress this year, which may not return a surplus or indeed, if so, then is expected to be minor. This will result in continued financial pressure on the organization, resulting in a further disinvestment in 2023 to cover expenses. A third large disinvestment for the third year running will result in a balance of approximately R2 million in the investment accounts at end December 2023, from R4.75 million at end 2019. SAAFoST is therefore in a very precarious financial position.

Our investments continue to be managed by Nedbank Private Wealth with our monthly running expenses reserves being held in an ABSA current account and FNB Moneymarket account, which attracts more interest than the ABSA account. Any cash reserves are transferred to the Moneymarket account to allow for some growth, albeit it small.

Williams IDM is the current auditing company that SAAFoST has engaged to conduct annual audits. The organization has a SARS Tax Clearance Certificate and a Letter of Good Standing to 2024.

SAAFoST transferred R500 000 to the Foundation in 2022 and R300 000 in 2023. This was only possible due to R300 000 received in 2022 and a further R300 000 received in 2023 from an anonymous donor. These donations have greatly assisted the organization to continue fulfilling its obligation to the Foundation and SAAFoST is exceedingly grateful for this significant contribution.

Fixed expenses remain significant, with the highest costs being 3 employees, secretarial costs, the Food Advisory Consultancy Services (FACS) and FST running costs. These expenses will continue to grow

between 5-7 % per annum and whilst they should be funded by cash reserves, this is not possible at this time, thereby necessitating disinvestments.

The organization developed a Financial Policy, which was ratified by Council in 2022. It includes requirements for various signatories for pre-approved amounts less than and over R5000.00. Council approval for any non-approved expenditure higher than R10 000, for example, a loan to the Local Organizing Committee for any SAAFoST event, is required before any contract with a supplier for any event is signed. If there is no such approval, then any agreement to pay any monies to a supplier or any other related expenditure may not take place.

The SAAFoST magazine FST, published 3 issues per year, funded by the organization, and it remains an important scientific communication platform, albeit a costly one.

The extent of outstanding membership fees remains a concern. Several visits and greater interaction have occurred in 2023 with members and particularly Custodian members in an attempt to gather outstanding fees. Some Custodian members had not paid their dues for several years – this enhanced interaction this year has resulted in payments made for outstanding years as well. Besides constraints such as mergers occurring between Custodian members, load shedding has had a significant impact on Custodian members, resulting in inability to pay their fees and requests for extensions to 2024. In some cases, Custodians moved over to the Institutional member category at a lower fee and some new company members have joined as Institutional members as well. This increased and personal interaction has proven very useful not only to gather membership fees, but to better understand the predicaments that company members are facing.

Considering the financial strain on the organization and the challenges to obtain appropriate support for Congresses, it is recommended that SAAFoST undergoes an urgent and significant review of itself if it wishes to remain a vibrant, viable and significant organization for the Food Science and Technology fraternity. This should include significant novel strategies to support and strengthen the value proposition of the organization for its current and future members.

August 2023
