



**ANNUAL
REPORT**

2020

**Black
Umbrellas***

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VISION

TO BE A

VALUED PARTNER

IN ENABLING EQUAL

AND SUSTAINABLE

ECONOMIC ACCESS

AND PARTICIPATION



**WE
INSPIRE
DEVELOP
MOBILISE
AND CONNECT**

entrepreneurial and innovative people,
solutions and resources to effect positive
economic and social change.

OUR MISSION

OUR VALUES

PROGRESSIVE

and pioneering in our approach to new economies and business of the future.

DYNAMIC

and agile in our approach allowing us to be responsive to shifting market dynamics.

TRANSPARENT

and ethical in the way we work with our funds and how we use the valuable data we capture.

COLLABORATIVE

in how we work with all our partners, consistently respectful of diversity and difference.

We have a proud track record in making a difference in the African economic landscape and are

COMMITTED

to embracing all opportunities to contribute to its consistent growth and inclusion.





MESSAGE FROM

PRESIDENT

CYRIL

RAMAPHOSA

PATRON OF
CYRIL RAMAPHOSA
FOUNDATION

This year has been a year like no other in our lifetime. In 2020, COVID-19 had a detrimental effect on our people, our economy and our nation as a whole.

A nationwide lockdown was implemented at the end of March to reduce infections and save lives. Many jobs were lost, businesses disrupted and livelihoods threatened. In the face of this crisis, government implemented a massive social and economic relief package that limited the damage to the economy and provided vital income to millions of people.

As a nation we have remained resilient and steadfast. As we work to further reduce infections, our main goal now is to get people back to work. We believe that small business development can play a vital role in rebuilding the economy. Small businesses are crucial for the growth of our economy as they create around 60% of jobs.

As exemplified by the pool of SMEs within Black Umbrellas, small businesses come with creative and diverse expertise. These determined individuals plough back into their communities to lessen the harsh effects of poverty and create a bustling economic environment.

Entrepreneurship is a dynamic and innovative field. It comprises some of the world's greatest changemakers. The Black Umbrellas' incubation programme equips and offers resources to these entrepreneurs so they may continue to impactfully benefit not only themselves, but communities at large.

Although we have all felt the brunt of the pandemic in 2020, we are hopeful about the future. We step into the future with the inspiration, drive and determination that our people have demonstrated throughout these challenging times. We have an opportunity to leverage technology and digital resources to usher in a new age of small business development.

This has been a milestone year, but it has proven the value of collaboration, partnership and teamwork. It has enabled us to maintain continuity and even achieve new heights. I salute the Black Umbrellas team, stakeholders, entrepreneurs and alumni. As we rebuild our economy, I see a bright and exciting future for entrepreneurship in South Africa.



CHAIRMAN

CHAIRMAN'S REPORT 2020

RAJESH SUKHA
BLACK UMBRELLAS
BOARD CHAIRPERSON

Change is inevitable, but growth is not

In 2019 Black Umbrellas reviewed its business model and made a bold decision to move away from a decade-long bricks-and-mortar model. Instead, Black Umbrellas chose to embrace the future through a digital business model. This allowed Black Umbrellas to scale without the previous model's associated costs and inefficiencies. Through the newly launched Virtual Incubation platform, Black Umbrellas now offers its services to any small to medium enterprise (SME). We also provide tailor-made online learning and mentoring support to SMEs with access to an internet connection.

CHAIRMAN'S REPORT

2020
CONTINUED

Under the new model, Black Umbrellas also expanded its services and support for SMEs. We have assisted businesses with funding and short term cashflow options. All these services are now also available to non-black owned businesses through Black Umbrellas Capital, a subsidiary that was developed to aid Black Umbrellas NPC with its sustainability.

These shifts turned out to be important. When the COVID-19 pandemic arrived, Black Umbrellas was ready to weather the storm and help SMEs to do the same. The COVID-19 pandemic has laid waste to economies across the globe, decimating the small business sector in particular. South Africa has not been exempted. Before the pandemic, the SME space in South Africa was estimated to be 2.4 million businesses strong, of which approximately 1.8 million were informal and by implication, mostly black-owned. The formal SME market was comprised of roughly 600 thousand businesses.

The protracted lockdown measures, imposed during 2020 to curb the COVID-19 infection rate, had the undesirable effect of throttling income streams and production capacity even as it saved lives. This terminally impacted many small businesses' ability to continue operating in the future. The resultant business closures have also led to increased retrenchments. It is widely estimated that the number of jobless people in South Africa now exceeds those with jobs.

The small business sector has typically lagged behind the corporate sector from an overall revenue perspective. This is true for most economies.

If South Africa is to revive its economy,
there must be a concerted focus on
reigniting the small business sector.

Yet, what is also true is the positive impact that the small business sector has traditionally had on employment. If South Africa is to revive its economy, there must be a concerted focus on reigniting the small business sector. Black Umbrellas is already positioned to light this spark.

The current economy may not have the strength to enable organic SME development, and we don't have the luxury of time on our side. However, we can accelerate economic recovery through the creation of procurement opportunities for the SME sector. The government and corporate sector have large supply chains and some diversification can unlock significant value for the SME sector. Credible incubators can play a crucial role in assisting the public or private supply chain in mitigating the associated risks of introducing new partners. Incubators provide appropriate business support, tools, and financial assistance to enable small businesses to meet the necessary standards and entry requirements.

Black Umbrellas is utilising its digital platform to develop sector-specific interventions. With our partners, we have programmes to assist the wide ranging needs of SMEs, from the small farmer to the employer that is considering industrial action.

In collaboration with our partner, the Cyril Ramaphosa Foundation, and under the leadership of Mark Frankel, our CEO, and Xolile Ndumndum, our COO, Black Umbrellas has never been more ready for the challenge that lays ahead of all of us. To quote Dr. Tshepo Motsepe, Chairperson of the Cyril Ramaphosa Foundation, "We are all in this together."

Let's get on with it, - we have a challenging journey ahead of us and much work to do.

MARK FRANKEL
BLACK UMBRELLAS
CHIEF EXECUTIVE OFFICER

The world has changed. We have always known that the only constant is change, but the global COVID-19 pandemic has brought with it intense and accelerated change. As we have progressed from level five to level one of lockdown restrictions, we have slowly begun to return to familiar places, but with a heightened awareness and a new perspective.



OUR OPERATIONAL STRATEGY

In many ways, my return to Black Umbrellas has been a similar journey. Having co-founded the organisation in 2006 and then serving as its first CEO from 2010 to 2015, life's constant changes have brought me back to the same place, but in an altered environment and with a different perspective.

Although Black Umbrellas has created and scaled numerous 100% black-owned businesses over the years, which in turn have made a significant economic impact, the model remained unchanged since the first incubators were opened. While it was successful and fulfilled its purpose, the model was becoming expensive to maintain with many of the overheads largely fixed, irrespective of the level of activity. In a rapidly changing and competitive environment, the model was also becoming increasingly disconnected from the needs of the market.

This led to a revision of the organisation's strategy at the start of the year and an increased focus on:

1. Sustainability, encompassing both a diversification of sources of funding and creation of for-profit revenue opportunities.
2. Digitisation of the business model, enabling Black Umbrellas to provide online support to businesses anywhere in South Africa, as well as establishing a single efficient platform for all programme activities.
3. A refresh of the Black Umbrellas brand and reinvigoration of its presence in the market.
4. Collaboration with partners in the enterprise and supplier development eco-system.
5. Developing and enabling our employees to provide optimal assistance to our clients.

CEO's REPORT CONTINUED

A key part of the sustainability journey for the year under review has been the partnership with the Jobs Fund. Black Umbrellas and the Jobs Fund have a long-standing working relationship with the first project, specific to the Durban incubator, commencing in 2012. The current project, which is our third collaboration, commenced in October 2019 and provides for funding over three years with the aim of creating 1,436 jobs by September 2022. An integral part of the Jobs Fund project is the development of Black Umbrella's virtual incubation platform.

Some time ago, Black Umbrellas identified that its reach and impact was limited by the geographic location of its physical incubators. We needed to consider how it could extend its reach virtually. The concept of the virtual incubation platform was developed and enabled through funding provided by the Jobs Fund, and work commenced on the development of the platform in October 2019. The platform launched on the 4th of November to great success.

The platform provides custom designed e-learning programmes to participating entrepreneurs together with on-line coaching and mentoring. Learning partnerships have been created with industry acknowledged subject matter experts to provide meaningful and relevant content. Our partners include SAICA ED, Webber Wentzel, Finfind and Discovery Vitality.

The impact of the COVID-19 pandemic, and the resultant shift to digital strategies, reiterated that Black Umbrellas was on the

right path. It also emphasised the need and urgency of this new strategy. The pandemic and resulting lockdown also provided a period of introspection for both individuals and organisations. We re-examined Black Umbrellas as an organisation, and what our true purpose is.

The outcome of this organisational soul-searching was the realisation that while providing development assistance to 100% black-owned businesses will always be the fundamental purpose of Black Umbrellas NPC, we can play a much broader role. It has been fulfilling to help these businesses reach a level where they can obtain meaningful access to markets, finance and networks. Yet in the process, Black Umbrellas has also developed our own resources networks and knowledge that we can utilise to play a wider role in enabling equal and sustainable economic access and participation.

And so, we have amended our vision, mission and values to reflect this evolution. Moving forward, there are only two questions we need to ask ourselves in making a decision:

1. Are we being a valued partner?
2. Are we enabling equal and sustainable economic access and participation?

If the answer to both questions is "yes," then we are making the right decision.

As we embrace this new change, I would like to express my sincere thanks and gratitude to our Chairperson and Board; the Black Umbrellas Exco, management and employees; our funders; our mentors, partners and all our stakeholders for your support and understanding in what has been a very challenging year. Change always bring opportunities and we look forward to growing Black Umbrellas and making a meaningful impact together.





XOLILE NDUMNDUM
BLACK UMBRELLAS
CHIEF OPERATIONS
OFFICER

THE COO's **REPORT**

New way of living:
Welcome to a digital world of
entrepreneurship

When I took on the role as Chief Operations Officer of Black Umbrellas, I knew I was being called to something greater in an organisation that could play an impactful role in the community at large.

COO'S REPORT

THE COO's REPORT CONTINUED

Strategic Operating Growth

We started out 2020 with gusto, energy and optimism, which permeated through the first quarter. Our mandate was very clear: assist and develop small to medium enterprises (SMEs) around South Africa, who in turn contribute to the economic growth of our country. We exemplified this through our nationwide incubation programme. By the second quarter all of this changed irrevocably.

This particular year will be ingrained in history forever thanks to the global COVID-19 pandemic. Our world was altered when we were placed under lockdown like so many citizens across the globe. Consequently, our incubators had to close, leading to a halt of economic activities.

Still, as agents of active change we went back to our drawing boards and devised new ways of working. Relying on our core pillars - people, processes and technology - we evolved our programmes. We integrated these three integral pieces together for optimal functioning for the remainder of 2020.

Infrastructure

Technology has proven to be an enabling tool for our operational team and SME beneficiaries, particularly during this unprecedented time. As a result, we have leveraged technology to magnify our impact. We are continuously striving to ensure that our employees feel safe and are productive by offering them the requisite tools, resources and support. We know that people are our greatest asset at Black Umbrellas.

For instance, we have implemented Voice over Internet Protocol (VoIP), technology that allows staff to make voice calls using a broadband internet connection instead of a regular, or analogue, phone line. We've further invested in better internet connectivity for our team.

Ours is an enabling, empowering culture, our values bolster and amplify this belief.

**“Ours is an
enabling,
empowering
culture.”**

New operational initiatives

We've embarked on developing a virtual incubation programme in order to ensure that our strategic business objectives are met within the digital environment. Furthermore, we are moving toward data-driven decision making.

Outlook

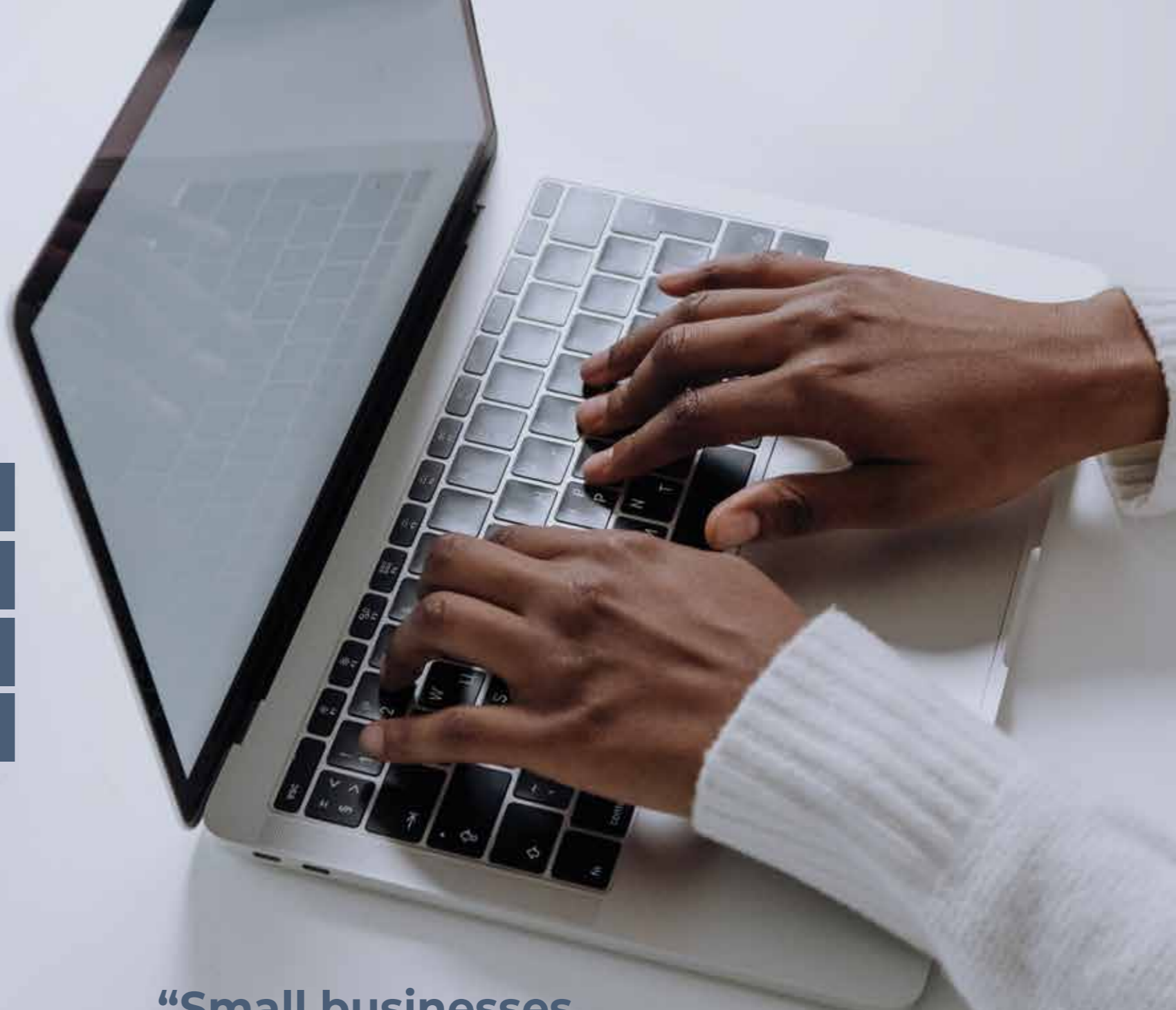
At Black Umbrellas, we envision the greatest level of success for our beneficiaries, starting with our burning primary objective: rebuilding the economy through SME development. We believe that small businesses are the greatest growth opportunity for our economy and a major source of job creation.

We are convinced that we must continually exceed our limits, actively support our SME beneficiaries and engage with the entire industry and our stakeholders in pursuance of this objective. In so doing, we will also help out beneficiaries to become global digital citizens who already to business in an increasingly globalised market.

**“Small businesses
are the
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a major source of
job creation.”**

I write this as President Cyril Ramaphosa has eased lockdown restrictions. Economic activity is steadily resuming and there is a bustle and urgency in the atmosphere. Here at Black Umbrellas, it is felt in our brick-and-mortar offices and our digital workspaces. Webinars are being hosted, campaigns flighted, and orientation sessions conducted virtually. While this year has been a trying and challenging one, we remain hard at work at Black Umbrellas, moving toward the digital future.

We are entering the era of digital entrepreneurship—the future has never been so invigorating.



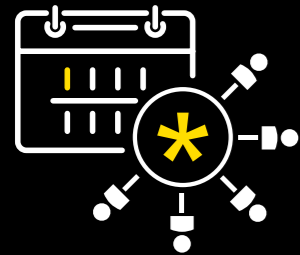
POWER

MILESTONES

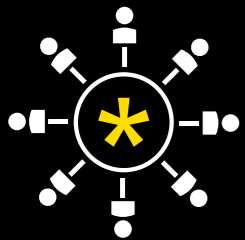
FOR THE PERIOD
JUNE 2020 SINCE
INCEPTION



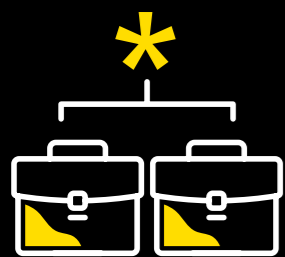
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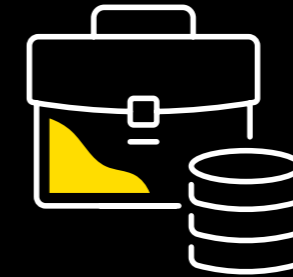
1 904
TOTAL NUMBER OF SMEs
INCUBATED SINCE INCEPTION



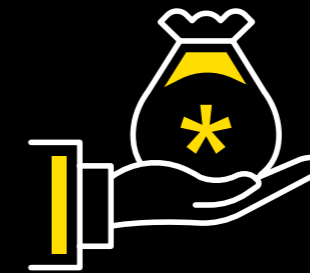
218
TOTAL NUMBER OF SMEs CURRENTLY
IN INCUBATION



11 989
TOTAL JOBS CREATED AND
PRESERVED BY SMEs



R63 914
AVERAGE COST PER JOB



R829m
SALARIES PAID



R206m
TAX GENERATED BY SMEs



R1.24bn
NET ASSET VALUE

SMES POWER STORE

THE 8th ANNUAL NATIONAL ENTERPRISE DEVELOPMENT AWARDS

A VIRTUAL NIGHT OF WINNERS

For the first time, Black Umbrellas' signature celebration, the National Enterprise Development Awards (NEDAs) went virtual. Held on 15 October 2020, guests logged on to a streamed event that captured all of the real-world celebration.

The NEDAs were established to recognise the achievements of the entrepreneurs and small to medium enterprise (SME) changemakers in the Black Umbrellas business incubation programme. These awards highlight the hard work and dedication required to establish and sustain a successful business that creates jobs and contributes to the economy.



“The NEDAs were established to recognise the achievements of the entrepreneurs and SME changemakers in the Black Umbrellas business incubation programme.”

Renowned speaker and cultural innovator Busi Mkhumbuzi-Pooe hosted the awards, while Black Umbrellas COO Xolile Ndumndum and General Manager Zanele Gallacher elegantly co-hosted the winner segments. The attendees were also treated to a comedic segment by acclaimed comedian Jason Goliath.

There was also a robust panel discussion with industry leaders. Brandon Roberts, CEO of Nybble Technologies, Mmathebe Zvobwo, Executive Enterprise and Supplier Development of Telkom FutureMakers, and Phuthi Mahanyele-Dabengwa, CEO of Naspers South Africa all shared their insights on the importance of digitising businesses in a COVID-19 impacted economy.

The overall winners for the eighth edition of the NEDAs were:

MOST JOBS CREATED:
GMSQ & MA Holdings (Pty) Ltd

This award is given to an SME that has created the most permanent jobs in a calendar year.

BEST PERFORMING COMPANY:
Africa Maintenance Equipment (AME) - Rustenburg

This award is given to the best performing SME in the programme. It is measured based on the final performance of the business in terms of turnover, net profit, net asset value and cash on hand. These variables together ensure sustainable business performance and growth.

BEST BLACK UMBRELLAS AMBASSADOR:
ZHAC Construction (Pty) Ltd

This award is given to an SME that best represents Black Umbrellas. This is measured by the SMEs promotion of BU and understanding of our values and compliance with all the programme’s requirements while also positively contributing to their communities.

PEOPLE’S CHOICE AWARD WINNER:
Wela Boerdery

This is awarded to the SME that has been chosen by the public as the best and well-deserving business from a list of six. The voting is tracked through an online process where the public can cast their vote using our website and social media platforms, this is then vetted through an internal process.



Africa Maintenance Equipment (AME)

OVERALL NATIONAL WINNER:
Africa Maintenance Equipment (AME)

This award is given to the SME that encompasses the best practices of a business within the incubation programme. This encompasses compliance with the programme’s requirements, growth as a business and creation of opportunities and valuable partnerships. This award is for the business that performed the best on the aggregation of all three categories, namely jobs, performance and ambassadorship.

INCUBATOR OF THE YEAR:
Johannesburg incubator

This award is given to the best performing Black Umbrellas incubator. The criteria for this award are based on the extent to which each incubator met their own recruitment, retention and business development targets.

The awards ceremony was sponsored by Huawei, Telkom and Ubank

OUR CLIENT

The NEDAs Overall National winner shares how Black Umbrellas restored his faith in his business.

Kagiso Mamogopodi joined (AME) six years after a stint as a technician in China, joining the existing the directors. The company, which supplies and maintains engineering equipment for companies, had been in existence for over 30 years.

“Two years ago I wanted to quit.”

The journey was hard, but I remained focused and determined.”



AFRICA MAINTENANCE EQUIPMENT (AME)

Mamogopodi joined the Black Umbrellas' Mooinooi incubator in 2016 after friends who were entrepreneurs recommended the programme. At first, his intention was to upskill through Black Umbrellas' training and mentorship offerings, but he also picked up a host of new soft skills and support. He worked with several business coaches during his time at the incubator, most notably Wendy Ngobeni. She was a pillar of support as he navigated the evolving world of business.

“The results say it all,” says the entrepreneur, who graduated from the programme in 2020.

Thanks to lessons in the Black

Umbrellas incubator, the company

has changed how it handles its

financials and management.

“Two years ago I wanted to quit,” he recalls. “Things were hard, but I was surrounded with strong people who wanted to see me do well, for me, winning the Overall National NEDA award means a lot. The journey was hard, but I remained focused and determined.”

At the eighth annual NEDA awards, held virtually on 15 October 2020, Mamogopodi won the biggest award of the night. The Overall National Winner award is given to the Small to Medium Enterprise (SME) that encompasses the best practices of a business within the incubation programme. The chosen SME also demonstrates compliance with the programme's requirements, growth as a business and creation of opportunities and valuable partnerships.

This award is given to a business that performed the best on the aggregation of all

three categories, namely jobs, performance and ambassadorship.

Mamogopodi's company, AME Rustenburg, was also awarded the Best Performing Company as the best performing SME in the Black Umbrellas programme.

AME is a tool supplying company offering services to various companies to improve their work output with a wide range of offerings. The AME group was established with an objective to meet the customers' needs with regards to local tier one supply chain, as well as create a transfer of skills to the local communities.

Now Mamogopodi hopes that other SMEs on the continent could access the same skills that have helped him build a successful business.



THE IMPACT OF COVID-19

ONLINE EDUCATION

Black Umbrellas initiated a number of interventions during the COVID-19 pandemic. Black Umbrellas hosted free relief fund workshops with stakeholders from various sectors. These included the Small Enterprise Finance Energy (SEFA); the Small Enterprise Development Agency (SEDA); the National Youth Development Agency (NYDA); the Department of Agriculture, Forestry and Fisheries as well the Department of Tourism; and in the private sector Spartan, Schoeman Law Inc. and major national banks.

The objective of this initial intervention was to provide entrepreneurs with valuable insights on the available support from government initiatives as well as those offered by the private sector.

Through these webinars, we also walked participants through the compliance requirements of these initiatives for relief during the pandemic.

Additionally, Black Umbrellas introduced a COVID-19 Portal, a source of news and information to support small businesses. This also included various funding schemes available to SMMEs from the public and private sector.

THE IMPACT OF COVID-19 CONTINUED

BLACK UMBRELLAS

SME

SUSTAINABILITY PROGRAMME

According to the COVID-19 National Small Business Survey, 94% of Small to Medium Enterprises (SMEs) do not have sufficient cash flow to survive more than 30 days. A further 79% of SMEs do not expect to survive the current crisis or are unsure whether they will be able to do so.

In response to the impact of the COVID-19 pandemic on SMEs, Black Umbrellas has developed a re-pivoting playbook as a framework to guide SMEs to adapt their business models to the changed economic environment. As part of the initiative, Black Umbrellas conducted a survey among its SME clients. While their financial position was not dissimilar from the national survey, 98% of the businesses surveyed believe they have the ability to re-pivot their business models.

The Black Umbrellas SME Sustainability Programme is an integrated solution designed to resuscitate, stabilise and sustain SMEs during, and after the pandemic. The programme focuses on assessing the financial and operational position of the assisted SME relative to the market in which they participate. The programme then

recommends a proposed strategy depending on their assessed situation.

This may involve exploring adjacency strategies, doubling up on their core business or starting a new business. The Black Umbrellas programme provides further development assistance with each of these strategies, should this be required.

There has never been a more pertinent time for enterprise and supplier development to ensure the sustainability of existing businesses within corporate and government supply chains and the development of new businesses for these supply chains. The localisation of supply chains and development of South Africa's manufacturing and industrial capabilities are essential to the future economic recover of the country.

"Using the SME re-pivoting playbook gave us more focus. It enabled us to think about what can be done, where and how to invest our marketing efforts, for instance, as a tourism business we started looking into domestic travel more. Overall, it was a valuable tool for us." – Lizelle Bailey, Bailey ZA Transport

BU SMES RECEIVE COVID-19 RELIEF FUND

In partnership with the Jobs Fund, Black Umbrellas disbursed R2.5 million COVID-19 relief funding to seventy small and medium enterprises (SMEs) across the country. The funds were aimed at aiding SMEs selected through a criteria-based process.

Here is feedback from some of our SME recipients:

"The business has managed to maintain consistent revenues for the last quarter generating 33% of total turnover." – Happy Mamogale, Kgwana Noku

"The funding was helpful as it allowed the business to pay for outstanding practice certification and accreditation. The payment of the practice certification and accreditation has allowed the business to offer additional services to existing clients and acquire new clients." – Tshiamo Mnguni, Essential Joyend

"There is certainly an upturn in our business. After receiving this financial assistance, not only were we able to keep our full-time employees but we also had to employ a further eight temps." – Bafana Maseko, Founder of Ndubukhweba Construction and Projects

"Funds received helped unlock stagnant sales due to the high cost of outsourcing printing orders. A more improved financial position is expected in the coming months as marketing efforts gain momentum." – Pheladi Malatji, Nano Holdings

"The funding was used for the development of an online store and marketing material. The funding was very helpful as the marketing material has shown results in improving sales compared to the previous year." – Tshogofatso Moloka, founder of BTM EDU Pty (Ltd)



BLACK UMBRELLAS FINANCE AND RISK REPORT

FINANCE AND RISK



The Black Umbrellas Finance and Risk Committee conducts its functions under the ambit of the organisation's governance framework. The centrality of risk management as an assurance role for the organisation was an integral thread that informed the committee's function during the reporting year.

**MMABATHO MABOYA
ON BEHALF OF THE
BLACK UMBRELLAS
FINANCE AND RISK
COMMITTEE**

The organisation embarked on a process to review and re-energise its operations. The well-established risk management philosophy is entrenched in the organisation's performance management processes, which has ensured that strategic and operational risks are managed effectively. During the reporting year, however, the organisation had to elevate its focus on the following key strategic risk areas:

- business continuity following the changes in the senior leadership team;
- financial sustainability during a constrained economic environment;
- maintaining relevance of programme implementation and embarking on a rigorous turnaround strategy;
- supporting its clients, employees, and stakeholders as they navigated programme implementation in the COVID-19 environment.

Black Umbrellas was engaged in managing the inherent risks that come with senior leadership changes. The new leadership team was orientated to the organisation's risk management philosophy, and this process ensured that the human resource planning and business continuity aspects were synchronised. The smooth transition of the new Chief Executive Officer and Chief Operating Officer into their roles has provided the necessary assurance of the organisation's resilience.

Coupled with the business continuity related risks, we were faced with the reality of a changing economic landscape and competitive environment. This necessitated the revision of our financial sustainability strategy. This included the review and confirmation of the relevance of core programmes. The changing entrepreneurial landscape required an evolution of Black Umbrellas' operations to reflect the growing technological advancements emerging in the sector both locally and internationally. This also effectively equipped Black Umbrellas to meet the unexpected impacts from the COVID-19 pandemic.



BLACK UMBRELLAS FINANCE AND RISK REPORT CONTINUED

The pandemic presented an opportunity to fast-track our thinking in addressing the relevance and sustainability risks we were already dealing with. As such, Black Umbrellas has established new partners in delivering its services, and many are in the pipeline for implementation in the new financial year. The opportunities that arose in response to the COVID-19 pandemic in the last quarter of 2020 also tested our ability to collaborate with innovative external partners, which in turn enhanced the entrepreneurial character of Black Umbrellas. The board was required to fast-track its decision-making processes to remain agile to the changing environment around it.

We are pleased with the financial outcomes of the reporting year and appreciate our ability to pivot in order to remain a relevant partner to our clients and funders. We are looking forward to the exciting re-positioning of Black Umbrellas as it establishes its space in the digital economy. We believe the lessons learnt from the fast-paced entrepreneurial environment is visible in our positioning.

As we continue to gain traction in our risk management maturity pathway, the alignment in managing operational and strategic risks remains integral to our approach to performance management. Resilience and continuity remain central to our risk management philosophy, and we believe that our success is visible in the overall organisational results. We will also enhance our risk framework to focus sufficiently on Information Technology governance and the associated risks over the coming year.

As the Finance and Risk Committee, we are indebted to the quality of leadership we have on the board of directors and executive management. The hard work that went into holding the organisation together through a turbulent and uncertain financial year is commendable.

Thank you.



Rajesh Sukha
Board Chairperson



Mmabatho Maboya
Director



Charles Maisel
Director



Duma Mxenge
Director



Donné Nicol
Director

BOARD MEMBERS



Mark Frankel
Chief Executive Officer

SENIOR MANAGEMENT



Xolile Ndumndum
Chief Operating Officer



Thina Hlophe
Stakeholder Engagement Manager



Zanele Gallacher
General Manager
Business Development and
Entrepreneur Support



Ratidzo Nyamuzihwa
Finance Manager



Jerome Eckles
General Manager
Entrepreneur Development

FINANCIAL HIGHLIGHTS

As it has with much of the financial landscape, the COVID-19 pandemic created turbulence in Black Umbrella's donor landscape. The last year has seen both highs and lows, and, thankfully, also much stability.

One of our most notable highs was the Jobs Fund funding of approximately R54 million over three years. This will fund the development of 100% black-owned Small to Medium Enterprises within the Black Umbrellas resident, remote and virtual incubation programmes. This is the third Black Umbrellas project that the Jobs Fund has backed and we are very grateful for their continued trust in our ability to deliver, as well as their partnership in making a positive economic impact.

We are also buoyed by the continued support of JP Morgan, Reutech Radar Systems and Global Payment Technologies. We're very grateful for the ongoing support of Rand Mutual Assurance, Allan Gray Orbis Foundation Endowment, Macsteel and all our other funding partners who ensure that we are able to continue supporting emerging black owned businesses in these difficult times.

Black Umbrellas is also grateful to have the continued financial and non-financial support of the Cyril Ramaphosa Foundation Trust and Mabindu Development Trust. Both make a significant contribution to the work of Black Umbrellas in myriad ways.

Unsurprisingly, the lows for this last year were brought on by the existing economic challenges in South Africa, which were then exacerbated by the effects of the COVID-19 pandemic. Both large and small businesses did not emerge unscathed. However, despite this, we're very pleased to note that year-on-year the number of funders has remained consistent and the quantum of funds raised has increased.

Other income includes a distribution of R7.2 million received from the Shanduka Black Umbrellas B-BBEE Trust for the sale of its shares in Shanduka Black Umbrellas Energy (Pty) Ltd. Income received from fees charged to clients in incubation and the rental of co-working space decreased by 24% when compared to the prior year. This was largely due to the closure of the incubators with the COVID-19 pandemic lockdown as well as the generous decision by Black Umbrellas to forego charging clients during this difficult period.

Total expenses for the year were well controlled, with a year-on-year increase of only 5.6%, which included the opening of Black Umbrellas' ninth incubator in Soweto in November 2019. In addition, there was a 56% increase in expenditure on training interventions during the year.

For the June 2020 financial year, Black Umbrellas recognised unspent donations received for a specific incubator as deferred income. This created a liability of R11.3 million and a resultant deficit for the year of R1.8 million. These funds will be reallocated to donations received as and when they are spent in the coming year.

Non-Current Assets increased by R9 million when compared to the prior year, following the establishment of the Soweto incubator, a refresh of the digital infrastructure as well as the development of a virtual incubation platform. Cash and cash-equivalents remain relatively consistent with those of the prior year.

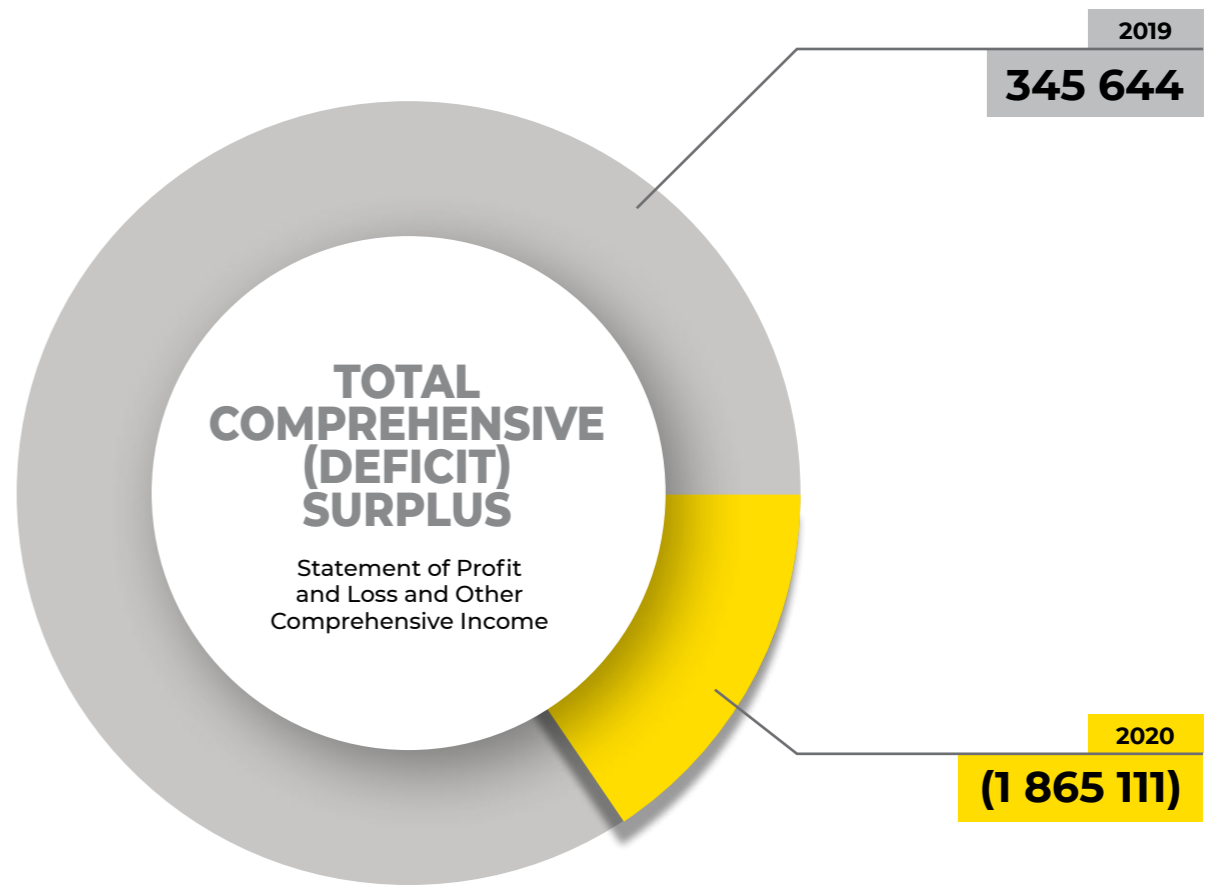
All in all, Black Umbrellas is well placed to continue delivering on its mandate to be a valued partner enabling equal and sustainable economic access and participation.

STATEMENT OF FINANCIAL POSITION

Figures in Rand	2020	2019
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5 891 528	939 750
Intangible assets	4 015 250	-
	9 906 778	939 750
CURRENT ASSETS		
Trade and other receivables	1 228 913	995 496
Loans to related parties	1 235 618	1 161 715
Cash and cash equivalents	23 472 929	25 550 801
	25 973 460	27 708 012
Total Assets	35 844 238	28 647 762
FUNDS AND LIABILITIES		
FUNDS		
Retained income	9 405 743	11 270 854
LIABILITIES		
NON-CURRENT LIABILITIES		
Loans from related parties	5 000 000	-
CURRENT LIABILITIES		
Deferred income	11 361 850	-
Trade and other payables	10 076 645	17 376 908
Total Funds and Liabilities	35 844 238	28 647 762

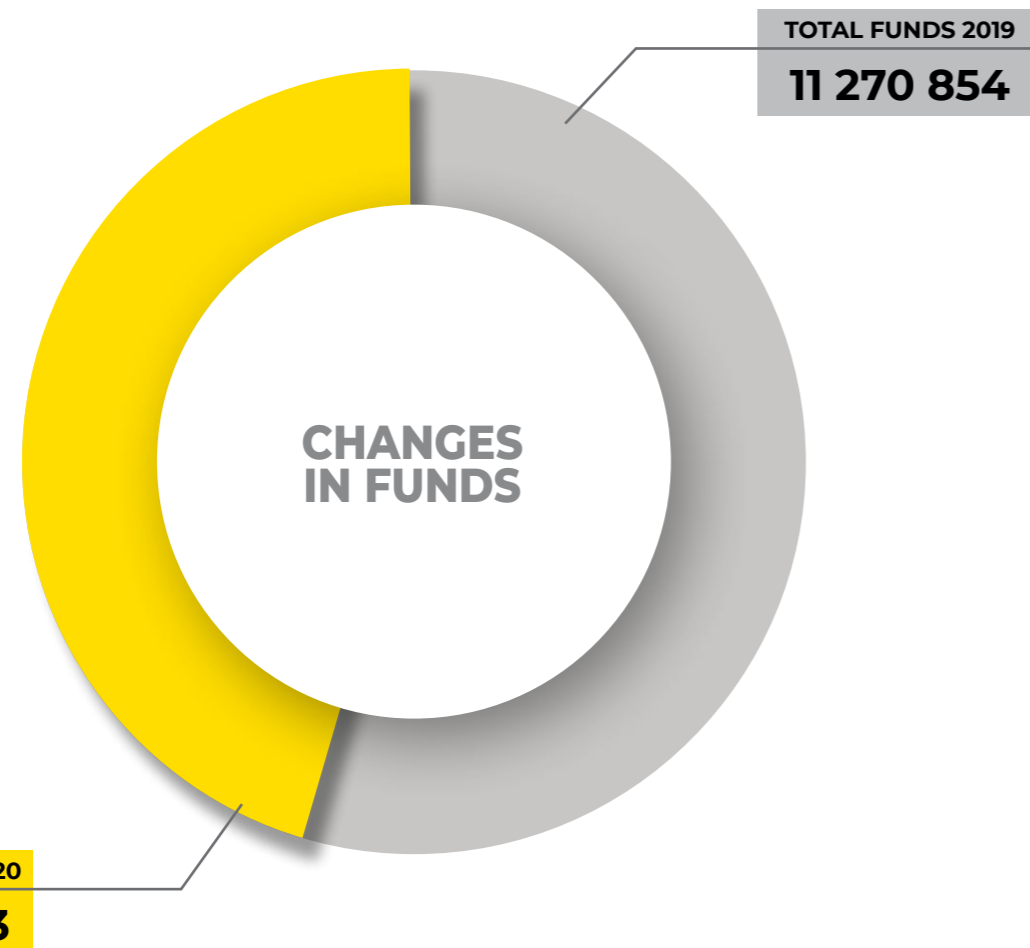
STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

Figures in Rand	2020	2019
Funding	39 411 836	45 938 600
Other income	7 921 143	891 318
Operating expenses	(50 887 264)	(48 191 422)
Operating (deficit)	(3 554 285)	(1 361 504)
Investment revenue	1 689 174	1 707 148
(Deficit) surplus	(1 865 111)	345 644
Other comprehensive income	-	-
Total comprehensive (deficit) surplus	(1 865 111)	345 644



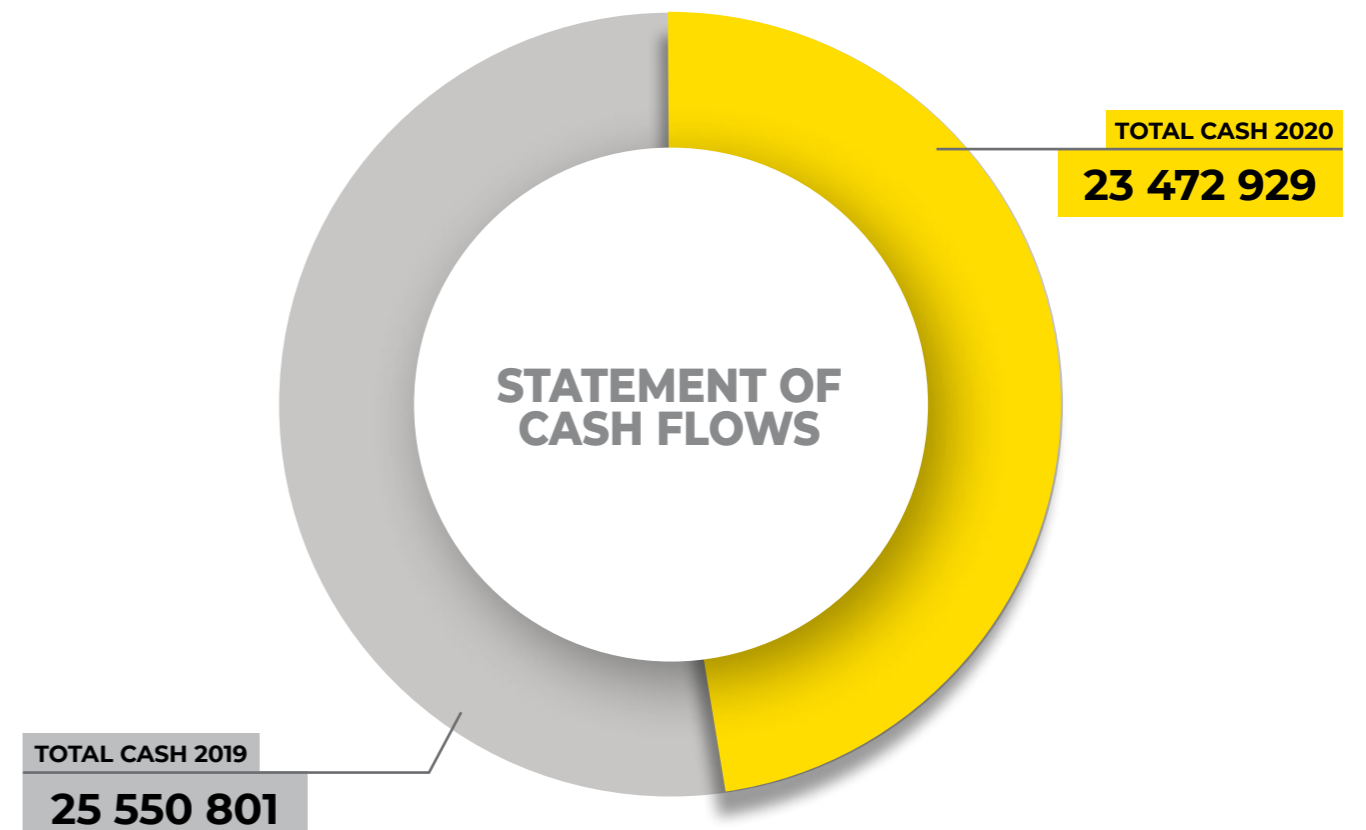
STATEMENT OF CHANGES IN FUNDS

Figures in Rand	Retained income	Total funds
Balances at 30 June 2018	10 925 210	10 925 210
Changes in funds		
Total comprehensive surplus for the year	345 644	345 644
Total changes	345 644	345 644
Balances at 30 June 2019	11 270 854	11 270 854
Changes in funds		
Total comprehensive deficit for the year	(1 865 111)	(1 865 111)
Total changes	(1 865 111)	(1 865 111)
Balances at 30 June 2020	9 405 743	9 405 743



STATEMENT OF CASH FLOWS

Figures in Rand	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	1 619 735	2 499 246
Interest income	1 689 1730	1 707 148
Net cash from operating activities	3 308 908	4 206 394
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6 301 857)	(85 510)
Purchase of intangible assets	(4 015 250)	-
Proceeds from the sale of assets	4 230	379 633
Funds advanced to related parties	(73 903)	(630 181)
Net cash from investing activities	(10 386 760)	(336 058)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from related party loans	5 000 000	-
Net cash from financing activities	5 000 000	-
Total cash movement for the year	(2 077 872)	3 870 336
Cash at the beginning of the year	25 550 801	21 680 465
Total cash at end of the year	23 472 929	25 550 801



KELEBOGILE MOOKETSI

**OUR
ALUMNI**

In 2009, I realised that I needed to do more than pursue a career in meteorology, my trained field. I wanted to be driven by passion and my own experiences helped me discover my new purpose: financial education and wellbeing.

My first steps were informed by own experiences with financial trouble. The pain and frustration of having money problems made me want to share those lessons with others. I started my financial coaching business part time, but by 2011 I resigned from my job as a meteorological technician and focused on my business, Good Life Debt Counsellors, full-time. That's when I joined Black Umbrellas.

When I joined Black Umbrellas, I knew nothing about managing a business except helping people with their debt problems. Black Umbrellas invested in me a lifetime of business skills: mentoring, marketing, and an increased profile. They also donated money to fund a community engagement initiative in my hometown of Taung in the North West. I received Black Umbrellas Awards and the Ambassador Recognition. I was also the

first woman to graduate from the three year incubation programme in Pretoria.

In the past decade, I rebranded and expanded the business into financial wellbeing training for individuals from students to professionals, as well as programmes for corporates and enterprise development. I have also established an online education platform, the Good Life Money-Mastery Academy. My business focuses on personal finance books; online financial courses; financial therapy and coaching; debt management and credit repair; financial wellbeing programmes for employees, entrepreneurs or couples; and wealth creation programmes. I have also tapped into public speaking engagements.

Along with financial educator, coach and speaker I am now also an author. In 2020 I published a book Money-Bucket Holes Explained, available on Amazon. It is the first in a ten book series Money-Bucket Holes: Money Can Say 'Goodbye.' This personal transformation and self-help book series is the culmination of eleven years of an interconnected journey of real-life issues, debt management, financial wellbeing and disrupting yourself as you transition from the old to the new economy beyond COVID-19.

Before joining BU, I had a struggling business with trials, successes, failures, and stagnation on my own journey. COVID-19 has again disrupted businesses, including ours. The business is on a slower up-slope growth since the opening of our economy from lockdown, but we aim to use the unique opportunities presented by the pandemic.

**ALUMNI
WISDOM**



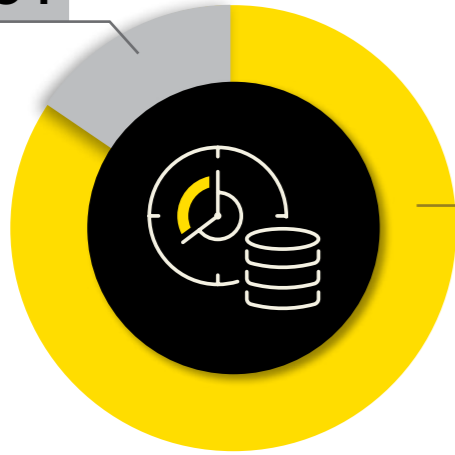
Business finance training alone does not empower business owners to be better money managers. During the pandemic, we wish to partner with enterprise development organisations and business funding companies across the globe to incorporate personal finance for entrepreneurs. This comes in the form of mentoring, coaching, training and debt management together with business financial management, to create a stronger foundation for any investment put into businesses and their owners.

Our aim is also to penetrate the corporate market as a recognised and independent 100% woman-owned organisation that specialises in unique, unbiased and effective employees financial wellness.

I also wish to see my books entering one million households. South Africa and the continent at large need financially sound leaders, starting with learners and students.

TURNOVER AT INCEPTION

R7 116 794



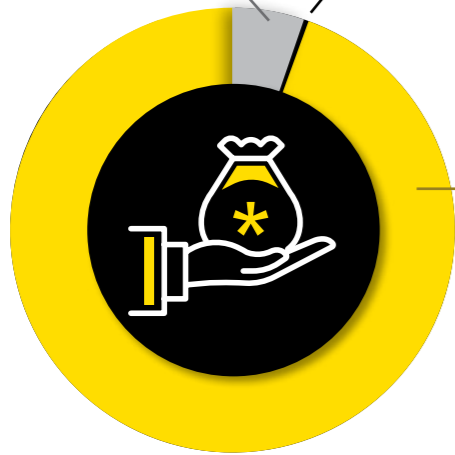
TURNOVER FY2020*

R28 658 958

300%
GROWTH

NET PROFIT*

R54 868



NET ASSET VALUE AT INCEPTION

R3 500

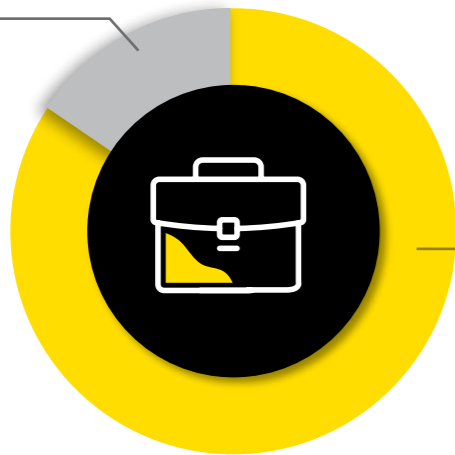
NET ASSET VALUE*

R976 352

27796%
GROWTH

JOBS AT INCEPTION

40



JOBS CREATED AND PRESERVED*

56

40%
GROWTH

*as at 30 June 2020

IMPACT

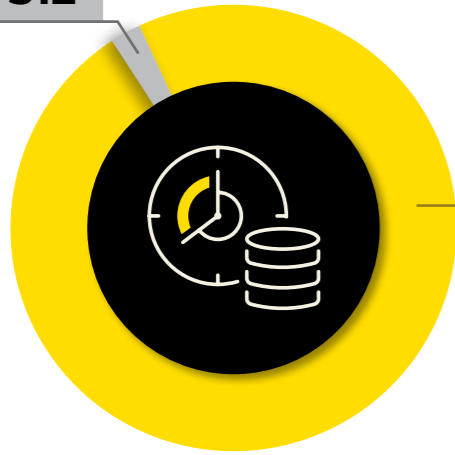


BEST
PERFORMING
COMPANIES

MABE TINYI BUSINESS ENTERPRISE

TURNOVER AT INCEPTION

R10 620 312



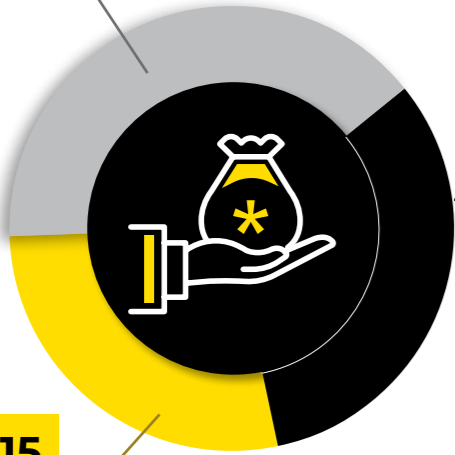
TURNOVER FY2020*

R41 897 614

295%
GROWTH

NET PROFIT*

R3 093 538



NET ASSET VALUE
AT INCEPTION

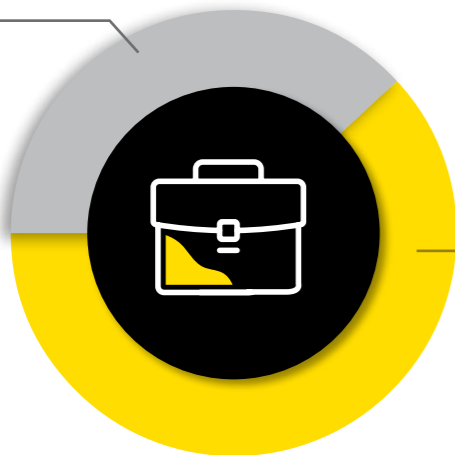
R2 531 164

NET ASSET VALUE*

R2 144 115

JOBS AT INCEPTION

447



JOBS CREATED AND PRESERVED*

727

63%
GROWTH

*as at 30 June 2020

IMPACT

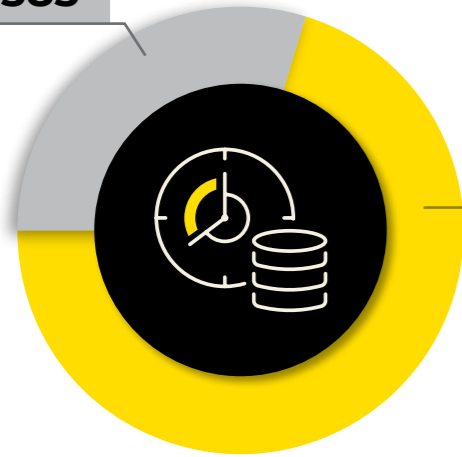
**BEST
PERFORMING
COMPANIES**

GMSQ



TURNOVER AT INCEPTION

R4 467 585



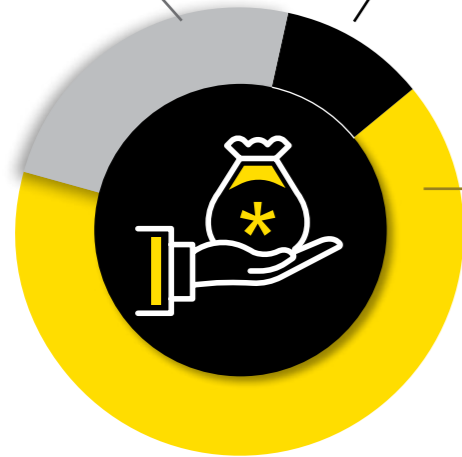
TURNOVER FY2020*

R10 555 488

136%
GROWTH

NET PROFIT*

R2 289 644



NET ASSET VALUE
AT INCEPTION

R997 522

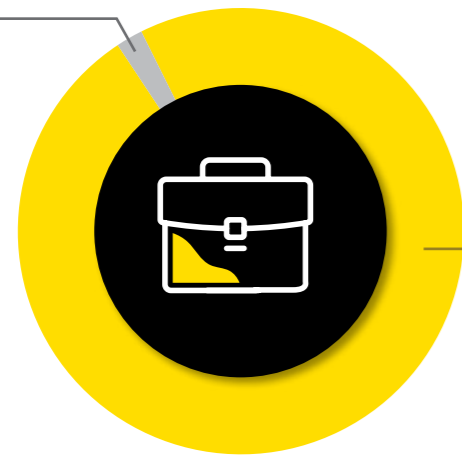
NET ASSET VALUE*

R6 169 453

518%
GROWTH

JOBS AT INCEPTION

1



JOBS CREATED AND PRESERVED*

45

4400%
GROWTH

*as at 30 June 2020

IMPACT



BEST PERFORMING COMPANIES

AVENIR HOLDINGS



The Jobs Fund

The Jobs Fund (JF) offers a targeted programme of support for effective labour market interventions that support job creation in the short to medium term, and which has potential for market uptake in the long term. Barriers to job creation are tackled through the provision of public funding, on a matched funding basis. Applicants access grant funding through four Funding Windows: enterprise development, infrastructure development, support for work seekers and institutional capacity building.



JOBS FUND

CONTRIBUTION FROM THE

Impactful Partnerships

Fundamental to the JF model is fostering partnerships with private, non-governmental and public sector intermediaries to crowd in further funding and expertise to achieve greater social impact. Partners share risk and create ecosystems of support for end beneficiaries. Leveraging off the expertise of intermediary partners enables the Fund to ensure that the most appropriate package of support reaches the targeted beneficiaries. One of these established JF partnerships is with Black Umbrellas.

Objectives of the Black Umbrellas and Jobs Fund Partnership

Addressing the barriers to enterprise development is a strong focus of the JF. Black Umbrellas has been a critical player in this space for over a decade, supporting and growing black-owned emerging businesses. The partnership with Black Umbrellas aligns with the Fund's intent to provide targeted support to emerging business, providing them with a package of support that ranges from technical business skills, infrastructure, access to finance and post-incubation mentorship. It is not a one size fits all approach but rather one that is tailor-made to the needs of the business while at the same time setting clear performance targets. The JF and Black Umbrellas have partnered on three business incubation projects to date, with the first commencing in 2012.

Impact Achieved thus far

This long-standing partnership has resulted in the completion of two successful incubation projects, with the remaining one scheduled for completion in 2022. To date, these projects have resulted in the training of over 600 entrepreneurs and the creation of 1,465 jobs. The catalytic effects of small, medium and micro enterprise growth are a significant contributor to wealth creation and inclusive economic growth in South Africa. The Jobs Fund applauds Black Umbrellas for their continued commitment in this regard.

NAJWAH ALLIE-EDRIES



BlackPages is a powerful, national online directory that connects corporate buyers to small enterprises, transforming procurement in South Africa.

BLACKPAGES

BlackPages is a powerful, national online directory that connects corporate buyers to small enterprises, transforming procurement in South Africa.

An initiative of Black Umbrellas, BlackPages is the tool for transformation for black entrepreneurs in South Africa.

The platform links corporate buyers to small black enterprises. Procurement professionals now have an easy-to-navigate directory to quickly search, filter and locate approved suppliers listed on the BlackPages database.

Powered by the Supply Chain Network and Absa, BlackPages is the most efficient procurement interface on the market. BlackPages allows corporates to deliver supplier development and enables emerging companies to access procurement within corporate supply chains.

As the largest online enterprise and supplier development portal connecting small to medium enterprises (SMEs) to opportunities within large corporates, BlackPages is a viable platform for every procurement professional seeking to incorporate black-owned SMEs

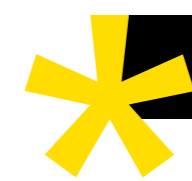
within their supply chains. Procurement professionals can be assured that SMEs on the BlackPages database can deliver the goods and services as promised.

Our online procurement portal not only exposes SMEs to corporate procurement opportunities—it also grants access to live tender bulletins, financing opportunities and a range of discounted products and services.

Small enterprises are also given access to learning and mentoring channels through Black Umbrellas' partnership and mentoring programmes. In this way, SMEs also have access to a network of resources linked to business skills and knowledge to assist them in their business journey. is

This all important online supplier and procurement directory is a must-have for every South African business. To date, the portal has attracted over 200,000 hits.

Become part of this network today to access more than 14,000 black-owned businesses for inclusion in supply chains of large enterprises. Visit BlackPages today!



www.blackpages.africa

KEY SUPPLIER AND BUYER TRENDS REGISTERED ON THE BLACKPAGES ONLINE DIRECTORY OVER THE LAST FOUR YEARS

Year	Supplier profiles validated	Supplier registrations	Buyer registrations	Premium supplier membership
2017	9 741	1 559	933	1 233
2018	11 708	2 302	977	1 143
2019	13 951	4 191	1 851	2 174
2020	14 018	4 332	1 886	2 265



OWNERSHIP

Our programme focuses on connecting Measured Entities with Enterprise and Supplier Development (ESD) Beneficiaries. We help enterprises meet and exceed the ESD objectives set out in the B-BBEE Codes of Good Practice.

ESD is a priority pillar, just like the ownership and skills development pillar on the B-BBEE scorecard, accounting for 40 points out of a possible 109. In order to achieve any level of credibility on the scorecard, that is above level four, points must be earned in the ESD pillar.

Black Umbrellas (BU) is an ESD incubation organisation that partners with entrepreneurs, enterprises, investors, and communities, creating dynamic models to catalyse unique developmental and organisational solutions in order to drive an inclusive and sustainable economic future.

The model is aimed at supporting emerging and existing 51% or more Black owned businesses through a holistic incubation programme so that they are able to become sustainable and scalable businesses with meaningful access to procurement, funding and networking opportunities.

GET INVOLVED

By providing a structured and highly subsidised programme, using a blend of physical infrastructure and virtual support, entrepreneurs within the Black Umbrellas' development programmes are afforded the expertise, infrastructure, and resources to make a meaningful contribution to the growth of the South African economy.

In order to ensure sustainability, these businesses need the support and guidance of a knowledgeable, established and well-connected ESD organisation that will create meaningful access to procurement opportunities. This is the role of Black Umbrellas.

ESD is an international best practice philosophy premised on the inclusion of Small to Medium Enterprises (SMEs) in the supply chains of large enterprises to drive economic growth. ESD positively impacts the triple bottom line and fosters sustainable businesses.

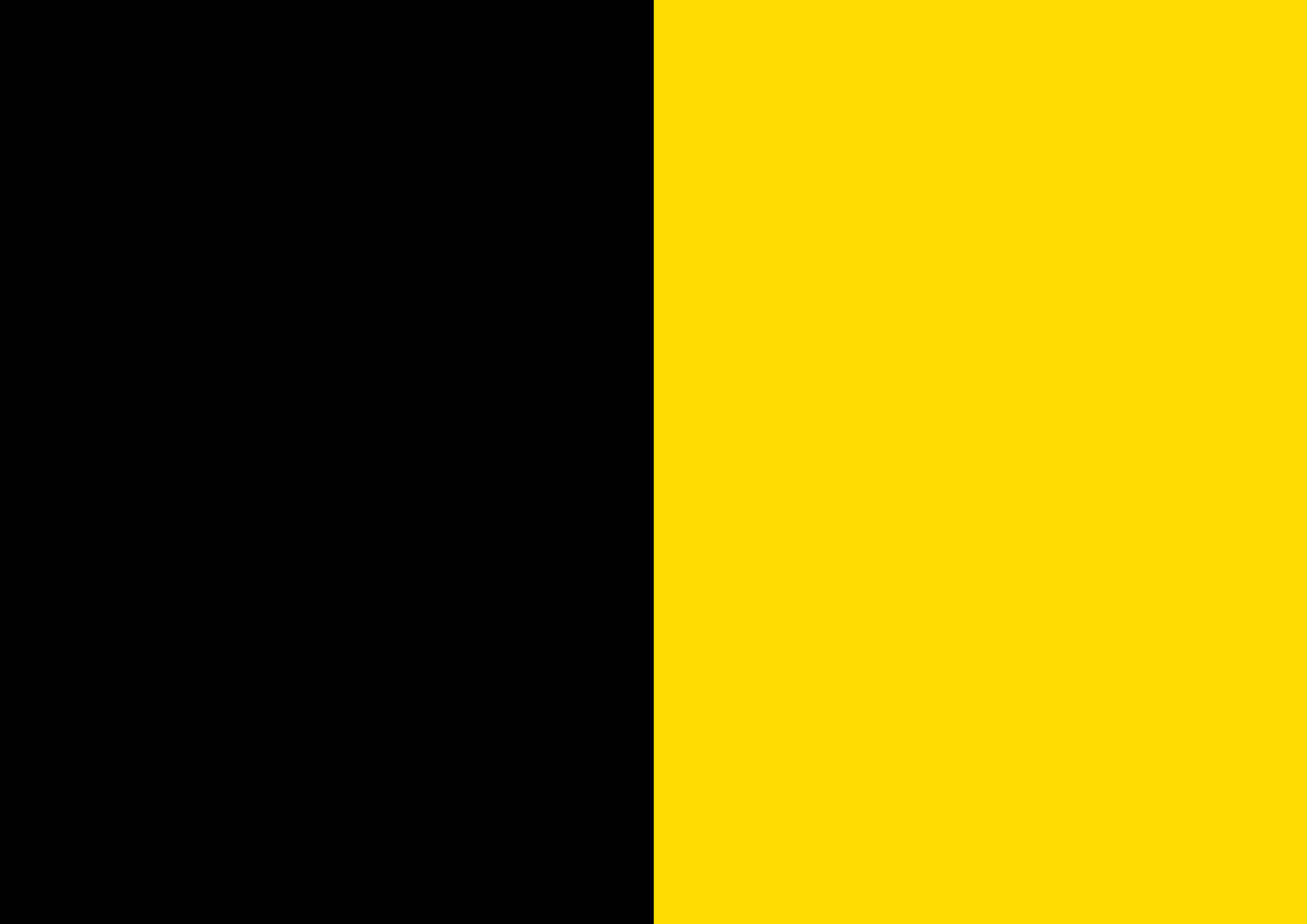
The ESD element of the B-BBEE codes has real potential to create economic growth and jobs, by building sustainable businesses and linking them to procurement opportunities within supply chains. Enterprise development is recognised as the key to poverty alleviation through the development of sustainable businesses and ultimately a vehicle of job creation.

Our programme focuses on connecting Measured Entities with Enterprise and Supplier Development (ESD) Beneficiaries. We help enterprises meet and exceed the ESD objectives set out in the B-BBEE Codes of Good Practice. For instance, to exceed the ESD scorecard, an entity can earn five points for enterprise development when spending 1% Net Profit After Tax (NPAT). An entity can earn up to 10 points for spending 2% NPAT for supplier development. Black Umbrellas also helps measured enterprises procure from emerging micro enterprises, black women-owned businesses and black-owned designated group suppliers.

Unlike a number of the other pillars on the scorecard, particularly those related to human resources, it is possible to rapidly improve your ESD score while still generating meaningful impact. In comparison to other pillars, the cost per ESD point is significantly lower. The B-BBEE Codes of Good Practice have been structured to create a multiplier effect. When suppliers appropriately undertake ESD, its efforts are multiplied. All five pillars of the B-BBEE scorecard are now compulsory for businesses with a turnover in excess of R10 million.

PARTNER WITH BLACK UMBRELLAS TODAY FOR AN IMPACTFUL ESD SOLUTION THAT EMPOWERS SMES TO BECOME SUSTAINABLE BUSINESSES.

Visit www.blackumbrellas.co.za for more information.



ANNUAL

REPORT

2020

**Black
Umbrellas***

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