TREATMENT ACTION CAMPAIGN AUDIT FOR THE YEAR ENDED 28 FEBRUARY 2000

TREATMENT ACTION CAMPAIGN (Association Incorporated Under Section 21)

28 FEBRUARY 2003

Company Information

Company registration number: 2001/029181/08

Physical Address

3rd Floor - West Wing Auckland House 185 Smit Street Braamfontein 2001

Postal Address

P.O. Box 31104 Braamfontein 2017

Auditors

N.A.Leibovitz and Company 3rd Floor Digital House Feds ure Close c/r 5th Street and Parklane Sandton 2146

Attorneys

Centre for Applied Legal Studies University of the Wit waters rand Private Bag 3 Wits 2050

Business Address

AIDS Law Project Centre for Applied Legal Studies University of the Witwatersrand 1st Floor -D.J. Du Plessis Buildin g West Campus

Postal Address

Private Bag 3 Wits 2050

(Association Incorporated Under Section 21)

28 FEBRUARY 2003

Registration No.: 2001/029181/08

ANNUAL FINANCIAL STATEMENTS

The reports and statements as indexed hereunder are presented in compliance with the requirements of the Companies Act.

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The annual financial statements which appear on pages 2 to 14 were approved by the board of directors and signed on their behalf.

Alch de Directors

JOHANNESBURG

N.A. LEIBOVITZ AND COMPANY

CHARTERED ACCOUNTANTS (S.A.) Tel: (011) 784-0030 Fax: (011) 884-0530 3rd Floor Digital House c/r Park Lane & 5th Str Sandton 2196 P.O.Box 51487 Raedene 2124 E-mail: nalmu@yebo.co.za

N.A.LEIBOVITZ B.COMM(WIT S) B.ACC (WITS) C.A. (S.A.)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

TREATMENT ACTION CAMPAIGN

(Association Incorporated Under Section 21)

We have audited the annual financial statements of Treatment Action Campaign set out on pages 2 to 10 for the year ended 28 February 2003. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Qualification

In common with similar organisations, it is not feasible for the company to institute accounting controls over cash collections from donations and fund raising activities prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Audit Opinion

Except for the effects of any adjustments which might have been necessary had it been possible for us to extend our examination of cash collections from donations and fund raising activities, in our opinion these financial statements fairly present the financial position of the company at 28 February 2003 and the results of its operations, changes in equity and cash flows for the period then ended in conformity with generally accepted accounting practice and in the manner required by the Companies Act, 1973.

REGISTERED ACCOUNTANTS AND AUDITORS

SANDTON

(Association Incorporated Under Section 21)

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2003

The directors present their annual report, which forms part of the audited financial statements of the company for the year ended 28 February 2003.

Nature of Business

Campaigning for affordable treatment and/or access to healthcare for all people living with HIV/AIDS Challenging all forms of discrimination relating to treatment of HIV/AIDS in the private and public sectors. Educating communities of developments in HIV/AIDS treatment and care.

General Financial Review and Performance

The financial results for the period ended 28 February 2003 are fully set out in the financials and do not, in our opinion, require any further comment.

Statement of Responsibility

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with generally accepted accounting practice and in the manner required by the Companies Act, 1973.

The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

Financial Results

The financial results of the company are set out in the attached financial statements.

Executive Committee and Directors

The members of the executive committee and directors are:

Z. Achmat Chairperson

S. Mthathi Acting Deputy Chairperson

M. Heywood Treasurer/Secretary

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DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2003 (continued)

Material Events after Year End

No matter which is material to the financial affairs of the company has occurred between the balance sheet date and the date of approval of the financialstatements.

Auditors

N.A. Leibovitz and Company will continue in office in accordance with Section 270(2) of the Companies Act.

TREATMENT ACTION CAMPAIGN (Association Incorporated Under Section 21) BALANCE SHEET AT 28 FEBRUARY 2003

ASSETS	NOTES	2003 R	2002 R
Non-Current Assets			
Fixed assets	4	22	20
Current Assets		1 915 360	3 440 664
Receivables and prepayments	5	23 042	6 898
Cash and cash equivalents	6	1 892 318	3 433 766
TOTAL ASSETS		1 915 382	3 440 684
EQUITY AND LIABILITIES			
Accumulated Funds		1 761 432	742 854
Grant received in advance - Bread for the World		-	2 435 646
Current Liabilities		153 950	262 184
Trade and other payables	7	153 950	262 184
TOTAL EQUITY AND LIABILITIES		1 915 382	3 440 684

(Association Incorporated Under Section 21)

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2003

	Not es	2003 R	2002 R
Revenue	1.1	9 143 386	6 404 107
Cost of Operations		10 662 465	3 604 738
Net Operating (Deficit) Surplus before Interest and Depreciation	ı	(1 519 079)	2 799 369
Interest Received		220 559	28 100
Depreciation		(118 548)	(100 475)
Net (Deficit) Surplus before Taxation	2	(1 417 068)	2 698 894
Taxation	3	-	-
Net (Deficit) Surplus after Taxation		(1 417 068)	2 698 894
Transfer of Grant Received in respect of Future Expenditure		2 435 646	(2 435 646)
Retained Income for the Year		1 018 578	263 248

(Association Incorporated Under Section 21)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2003

	2003 R	2002 R
Accumulated Funds	1 761 432	742 854
At beginning of year Net surplus for the year	742 854 1 018 578	479 606 263 248
	1 761 432	742 854

(Association Incorporated Under Section 21)

NOTES TO THE FINANCIAL STATEMENTS AT 28 FEBRUARY 2003

2003 2001 R R

1. Accounting Policies

The annual financial statements are prepared on the historical cost basis. The following are the principal accounting policies used by the company.

1.1 Revenue Recognition

Grants are brought into account in the period in which they are received, and the Rand value of foreign amounts received are brought into account at the actual amount realised when the foreign grant is received. Grants received in the current year that are in respect of expenditure to be incurred are transferred to a reserve for future expenditure.

Interest received is recognised at the date of receipt thereof.

1.2 Fixed Assets

All fixed assets are included at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use.

Depreciation is recorded by a charge to income, so as to write fixed assets down to Rl in the year of purchase.

2. Going concern

The annual financial statements have been prepared on the going concern basis. As with similar organisations this presumes the continuation of the organisation's funding from donors, to maintain operations.

3. Taxation

No taxation has been provided for as the Association is an Association incorporated under Section 21 and as such is exempt from taxation in terms of Section 10(l)(cl) of the Income Tax Act No. 58 of 1962 (as amended).

TREATMENT ACTION CAMPAIGN (Association Incorporated Under Section 21)

NOTES TO THE FINANCIAL STATEMENTS AT 28 FEBRUARY 2003 (continued)

4. Fixed Assets	Furniture and Fittings R	Computer Equipment R	Total R
28 February 20003			
Cost	63 516	199 685	263 201
Balance at beginning of the period	36 287	108 364	144 651
Additions		91 321	118 550
	63 504	199 675	263 179
Accumulated Depreciation			
Balance at beginning of the period	36 278	108 353	144 631
Charge for the period	27 226	91 322	118 548
Net Book Value at End of the Period	12	10	22
28 February 2002			
Cost	36 287	108 364	144 651
Balance at beginning of the period	13 757	30 414	44 171
Additions	22 530	77 950	100 480
Accumulated Depreciation	36 278	108 353	144 631
Balance at beginning of the period	13 750	30 406	44 156
Charge for the period		77 947	100 475
Net Book Value at End of the Period	9	11	20

(Association Incorporated Under Section 21)

NOTES TO THE FINANCIAL STATEMENTS AT 28 FEBRUARY 2003 (continued)

		2003 R	2002 R
5.	Receivables and Prepayments		
	Deposits	10 823	3 578
	Staff loans	12 219	3 320
		23 042	6 898
6.	Cash and Cash Equivalents		
	Cash and cash equivalent comprise cash in hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in short-term borrowings.		
	Bank balances	1 892 318	3 432 848
	Cash on hand	-	918
		1 892 318	3 433 766
7.	Accounts payables		
	Sundry creditors and accruals	153 950	262 184

8. **Contingency**

The Treatment Action Campaign (TAC) is involved in litigation against the Government to demand the implementation of a proper programme to prevent mother to child HIV transmission. The Pretoria High Court and the Constitutional Court found in favour of the TAC and in July 2002 ordered the Government to pay organisations legal costs. An amount of over R200.000 will be recovered from the Government once a bill of costs is submitted and finalised. When recovery eventuates it will be accounted for on the receipts basis.

(Association Incorporated Under Section 21)

CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2003

Cook Flows from Onevetions	Notes	2003 R (1 643 457)	2002 R 3 081 040
Cash Flows from Operations	1	(1 043 437)	3 081 040
Cash receipts from donors		9 143 386	6 404 107
Cash paid to suppliers and employees		10 786 843	3 323 067
Cash Flows from Investing Activities		102 009	(72 380)
Acquisition of fixed assets		(118 550)	(100 480)
Interest received		220 559	28 100
	L		
Net (Decrease) Increase in Cash and Cash Equivalents	_	(1 541 448)	3 008 660
Cash and Cash Equivalents at Beginning of Period		3 433 766	425 106
Cash and Cash Equivalents at End of Period	2 -	1 892 318	3 433 766

(Association Incorporated Under Section 21)

NOTES TO CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2003

1.	Cash Generated from Operating Activities	2003 R	2002 R
	Net (Deficit) Surplus	(1 417 068)	2 698 894
	Adjusted for:		
	- Interest received	(220 559)	(28 100)
	- Depreciation	118 548	100 475
	Operating (Deficit) Surplus before working capital changes	(1 519 079)	2 771 269
	Movements in current assets and liabilities		
	- (Decrease) Increase in accounts payable	(108 234)	238 244
	- (Increase) Decrease in accounts receivable	(16 144)	71 527
		(1 643 457)	3 081 040
2.	Cash and Cash Equivalents For the purpose of the cash flow statement, the year end cash and cash equivalents comprise the following:		
	Bank balances	1 892 318	3 432 848
	Cash on hand	-	918
		1 892 318	3 433 766

(Association Incorporated Under Section 21)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2003

	2003	2002
	R	R
Income	9 397 845	6 433 603
Donations	105 853	314 556
Grant-in-aid	9 037 534	6 089 551
Interest received	220 559	28 100
Sundry income	33 900	1 396
Expenditure (Per Schedule)	10 814 913	3 734 709
Net (Deficit) Surplus for the Year	(1 417 068)	2 698 894

(Association Incorporated Under Section 21)

SCHEDULE OF EXPENDITURE FOR THE YEAR ENDED 28 FEBRUARY 2003

	2003	2002
	R	R
Core Operating Expenses	3 996 537	1 698 951
Advocacy	3 927 917	1 882 458
Treatment Literacy	1 030 411	233 833
Equal Treatment - Newsletter	58 908	123 904
Congresses	1 801 140	-
Resource Centre	-	29 396
	10 814 913	3 734 709

TREATMENT ACTION CAMPAIGN (Association Incorporated Under Section 21)

SCHEDULE OF CORE OPERATING EXPENSES FOR THE YEAR ENDED 28 FEBRUARY 2003

	2003	2002
	R	R
Staff costs	2 013 704	792 995
Accounting fees	24 179	40 970
Audit fees	30 000	20 000
Bank charges	31 166	17 214
Depreciation	118 548	100 475
Equipment maintenance	94 599	32 931
Donations	13 436	3 040
Insurance	6 020	-
Internet	22 544	4128
Postage and courier	124 821	47 900
Stationery and printing	337 636	82 785
Rent	130 335	48 133
Office refreshments	25 793	3 511
Security	38 773	-
Subscriptions	20 266	363
Sundry office expenses	47 398	12 807
Telephone, fax and e-mail	321 818	114 904
Travel - local	231 771	-
Volunteers	78 526	58 574
National and Provincial Executive Meetings	285 203	320 221
	3 996 537	1 698 951

(Association Incorporated Under Section 21)

SCHEDULE OF ADVOCACY EXPENSES FOR THE YEAR ENDED 28 FEBRUARY 2003

Medicines purchased	2003 R 65 943	2002 R 9 510
Campaigns	3 815 843	1 639 115
- T-Shirts	495 439	110 033
- Public Events	1 628 689	270 183
- Posters and pamphlets	765 148	161 838
-Materials	60 764	122 460
- Local meetings	209 773	297 524
- International meetings ,	77 772	-
- IT Advocacy	29 338	-
- Media Advertising	384 033	275 937
- Media production	131 207	-
- Litigation	-	342 000
- Research and consulting	33 680	52 304
Sundry	46 131	7 036
	3 927 917	1 882 458

(Association Incorporated Under Section 21)

SCHEDULE OF TREATMENT LITERACY EXPENSES FOR THE YEAR ENDED 28 FEBRUARY 2003

	2003 R	2002 R
Workshops and training	265 149	161 987
Documents and materials	397 154	5 872
Volunteer Trainer Expenses	359 034	59 868
Sundry	9 074	6 106
	1 030 411	233 833

(Association Incorporated Under Section 21)

SCHEDULE OF GRANTS FOR THE YEAR ENDED 28 FEBRUARY 2003

	R
AIDS Foundation of South Africa	177 000
Anonymous - International pop star	239 534
Atlantic Philanthropies	2 990 376
Bread for the World	3 000 000
Kaiser Foundation	257 183
Medicins Sans Frontieres	1 136 125
OXFAM	106 800
South African Development Fund	398 142
Rockefeller Foundation	482 684
UNAIDS	249 690
	9 037 534

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SCHEDULE OF DONORS FOR THE YEAR ENDED 28 FEBRUARY 2003

Achmat, Z

American University West

Anonymous

Barloworld

Beaton

Beinart, W.J.

Bray, R.N.

Esack, Dr F

EVKGDEhoer

GMB Democracy Institute

Gordimer, N

Grassroots Educare Trust

Greater Soweto Imprest B - MM

Grofe, Jan

Gunkel, H.

Herzlia

Independent Records

Jacobs, S.H.

Kaiser Foundation

Mckenzie, M.

Miami Fellows C

Miller, Dr AJ

Morris, H.

Neil, Mr Roderick

Poole Gakui

Princeton University

Reality Tours SA

Santana Creations

Sherbornes

Sieff, Michelle

Social Change Assistance Trust

SPWSA Cape Town

St Cyprians School

Stevecash

Suberg, J.

Thembalindon Louis Trichardt

UCT Medical Cape Town

University of Western Cape

Weiss, AM

Woolf, R - Azazel Institute

Zackies - Patricia K