

TREATMENT ACTION CAMPAIGN
(ASSOCIATION INCORPORATED UNDER SECTION 21)
REGISTRATION NO.2000/029181/08

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28 FEBRUARY 2005

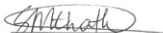
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FOR THE YEAR ENDED 28 FEBRUARY 2005

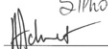
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APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 2 to 12 have been approved by the board of directors and are signed on its behalf by :-


M HEJWOOD, TREASURER


Siphokazi Mthathu, Deputy Chairperson


Zackie Achmat Chairperson

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS

**TREATMENT ACTION CAMPAIGN
(ASSOCIATION INCORPORATED UNDER SECTION 21)
REGISTRATION NO.2000/029181/08**

P O BOX 32707
BRAAMFONTEIN
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SOUTH AFRICA

TEL (011) 403 3835
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We have audited the financial statements of Treatment Action Campaign (Association incorporated under Section 21) set out on pages 2 to 10 for the year ended 28 February 2005. These financial statements are the responsibility of the directors, while our responsibility is to express an opinion on the financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards which 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. An audit also includes assessing the accounting principles used, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Qualification

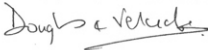
In common with similar organisations, it is not feasible for the organisation to institute accounting controls over collections of income other than interest prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Qualified audit opinion

In our opinion, except for the effects on the financial statements of matters discussed in the preceding paragraphs, these financial statements fairly present, in all material respects, the financial position of the company at 28 February 2005 and the results of its operations for the year then ended in accordance with generally accepted accounting practice and the manner required by the Companies Act in South Africa.

Supplementary information

The detailed expenditure schedule and donor schedule set out on pages 11 and 12 have been attached for information purposes only and are not covered by the audit opinion.



Douglas & Velcich
Chartered Accountants (S.A.)
Registered Accountants and Auditors

Johannesburg
13 July 2005

**REPORT OF THE DIRECTORS FOR THE
YEAR ENDED 28 FEBRUARY 2005**

Your board of directors presents its report, together with the audited financial statements of the company for the financial year ended 28 February 2005.

NATURE OF ACTIVITIES

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

STATEMENTS 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 systems of internal 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.

RESULTS

The results for the year are fully disclosed in the attached financial statements.

POST BALANCE SHEET EVENTS

No material fact or circumstance has occurred between the balance sheet date and the date of this report.

EQUIPMENT

During the year under review, the company acquired equipment costing R271,858 (2004 : R197,206).

DIRECTORS

The following directors held office at the date of this report :-

Z Achmat	Chairperson
S Mthathi	Deputy Chairperson
M Heywood	Treasurer/Secretary

The company secretary resigned in March 2004 and to date has not been replaced.

TREATMENT ACTION CAMPAIGN
 (ASSOCIATION INCORPORATED UNDER SECTION 21)
 REGISTRATION NO.2000/029181/08

BALANCE SHEET AT 28 FEBRUARY 2005

	Notes	2005 R	2004 R
ASSETS		6,227,091	3,182,868
Non-current assets		170	58
Equipment	3	170	58
Current assets		6,226,921	3,182,810
Accounts receivable	4	132,608	112,077
TAC Treatment Project CT Account		44,735	58,201
Cash at bank		6,049,578	3,012,532
Total assets		6,227,091	3,182,868
RESERVES AND LIABILITIES		6,227,091	3,182,868
Operating fund		5,405,212	2,623,059
Current liabilities		821,879	559,809
Accounts payable		611,853	425,575
Bank overdraft		46,671	134,234
Funds held on behalf of PATAM	5	163,355	-
Total reserves and liabilities		6,227,091	3,182,868

INCOME STATEMENT FOR THE
 YEAR ENDED 28 FEBRUARY 2005

	Note	2005 R	2004 R
INCOME		22,122,678	14,429,363
Grants	6	21,575,041	13,698,429
Interest received		124,137	222,498
Donations		423,500	478,195
Sundry income	7	-	30,241
EXPENDITURE		19,340,525	13,567,776
Core operating expenses		7,268,834	6,636,257
International Solidarity Campaign		619,758	-
Advocacy			533,586
TAC Leadership schools		129,056	-
Treatment literacy		5,261,255	3,248,697
Building Health Care Service		4,668,013	1,981,314
Equal treatment newsletter		97,615	86,130
Congresses		1,295,994	971,991
SURPLUS FOR THE YEAR		2,782,153	861,587

TREATMENT ACTION CAMPAIGN
(ASSOCIATION INCORPORATED UNDER SECTION 21)
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2005

	Retained earnings R	Total R
Balance at 1 March 2003	1,761,472	1,761,472
Surplus for the year	<u>861,587</u>	<u>861,587</u>
Balance at 29 February 2004	2,623,059	2,623,059
Surplus for the year	<u>2,782,153</u>	<u>2,782,153</u>
Balance at 28 February 2005	<u>5,405,212</u>	<u>5,405,212</u>

TREATMENT ACTION CAMPAIGN
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CASH FLOW STATEMENT FOR THE
 YEAR ENDED 28 FEBRUARY 2005

	2005 R	2004 R
Cash flows from operating activities		
Net surplus for the year	2,782,153	861,587
Adjusted for :		
Interest received	(124,137)	(222,498)
Depreciation	271,746	197,170
Operating surplus before working capital changes	2,929,762	836,259
Working capital changes	342,568	124,429
Increase in accounts receivable	(7,065)	(147,196)
Increase in accounts payable	349,633	271,625
Cash generated by operations	3,272,330	960,688
Interest received	124,137	222,498
Net cash inflow from operating activities	3,396,467	1,183,186
Cash flows utilised by investing activities	(271,858)	(197,206)
Acquisition of equipment	(271,858)	(197,206)
Net increase in cash and cash equivalents	3,124,609	985,980
Cash and cash equivalents at beginning of year	2,878,298	1,892,318
Cash and cash equivalents at end of year	6,002,907	2,878,298

**TREATMENT ACTION CAMPAIGN
(ASSOCIATION INCORPORATED UNDER SECTION 21)
REGISTRATION NO.2000/029181/08**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2005**

The financial statements have been prepared on the historical cost basis and incorporate the following principal accounting policies which are consistent, in all material respects, with those of the previous year.

1.1 Accounting convention

The Association is registered under the Companies Act, 1973, as an association not for gain and as such no part of its income or property shall be transferred to members, directly or indirectly. All reserves of the Association are consequently non-distributable.

1.2 Equipment

Equipment is stated at cost less depreciation. Depreciation is recorded by a charge to income, so as to write equipment down to R1 in the year of purchase.

1.3 Income recognition

Income from grants and interest are generally brought to account in the period to which they relate. All other income is brought to account as and when received.

Deferred grant income comprises grants received in advance of the period to which they relate, is excluded from income, and is accounted for as a current liability.

Accrued grant income comprises grants receivable designated for the current year, and which are outstanding at year end.

2. MEMBERS' GUARANTEE

In terms of the Memorandum of Association, members guarantee to each contribute R1,00 in the event of the company being wound up. At the balance sheet date, the guarantee value amounted to R3,00.

TREATMENT ACTION CAMPAIGN
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2005 (Continued)

3. EQUIPMENT

	Furniture and fittings R	Computer equipment R	Office equipment R	Total R
28/2/2005				
Net book value - 1 March 2004	26	26	6	58
At cost	106,428	339,669	14,310	460,407
Accumulated depreciation	(106,402)	(339,643)	(14,304)	(460,349)
Additions during the year	61,395	165,069	45,394	271,858
Depreciation for the year	(61,346)	(165,032)	(45,368)	(271,746)
Net book value - 28 February 2005	75	63	32	170
At cost	167,823	504,738	59,704	732,265
Accumulated depreciation	(167,748)	(504,675)	(59,672)	(732,095)
29/2/2004				
Net book value - 1 March 2003	12	10	-	22
At cost	63,516	199,685	-	263,201
Accumulated depreciation	(63,504)	(199,675)	-	(263,179)
Additions during the year	42,912	139,984	14,310	197,206
Depreciation for the year	(42,898)	(139,968)	(14,304)	(197,170)
Net book value - 29 February 2004	26	26	6	58
At cost	106,428	339,669	14,310	460,407
Accumulated depreciation	(106,402)	(339,643)	(14,304)	(460,349)

4. ACCOUNTS RECEIVABLE

	2005 R	2004 R
Deposit	10,823	10,823
Sundry debtors	72,644	55,186
Staff loans	49,141	46,068
	132,608	112,077

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 28 FEBRUARY 2005 (Continued)

	2005 R	2004 R
5. FUNDS HELD ON BEHALF OF PATAM		
Grants received	842,878	-
AIDS Fonds Netherlands	82,245	-
UNAIDS	94,953	-
OXFAM - America	88,050	-
Open Society Initiative for Southern Africa	135,532	-
The Tides Foundation	160,585	-
Gay Mens Health Crisis	153,293	-
Department for International Development (DFID)	128,220	-
Expenditure	679,522	-
Bank Charges	1,427	-
Transferred to SAFAIDS	426,029	-
Transferred to UNAIDS	124,376	-
PATAM Planning Meeting	127,690	-
Surplus for the year	163,356	-

Note: The Treatment Action Campaign has received and held funds for the Pan African Treatment Access Movement pending the establishment of its own independent financial management system. The schedule above reflects both grants received and payments made via TAC for PATAM events.

6. GRANTS

Brot fur die Welt	3,159,625	4,000,000
AIDS Foundation of South Africa	202,222	195,778
AIDS Law Project	52,562	-
Atlantic Philanthropies	3,500,000	4,220,819
Belgium Development Cooperation	650,392	-
Public Welfare Foundation	320,000	356,825
Medecins Sans Frontieres - Project Ulwazi	382,613	450,000
Canada Fund	100,000	150,000
The Ford Foundation	995,437	-
The AIDS Consortium	26,500	-
American Jewish World Service	-	102,800
Medicins Sans Frontieres - Lusikisiki	300,000	359,700
Artists for a New South Africa	1,209,541	631,680
South Africa Development Fund	186,122	621,627
Swedish International Development Agency (SIDA)	3,652,174	-
John M. Lloyd Foundation	90,000	-
OXFAM - Great Britain	90,720	90,720
OXFAM - Australia	160,000	-
Open Society Foundation for South Africa	1,130,000	-
Open Society Institute	-	1,400,000
HIVOS	1,900,838	846,785
The Community Foundation	-	193,591
The Henry J. Kaiser Family Foundation	-	78,104
Royal Netherlands Embassy	3,300,000	-
UNAIDS	166,295	-
	21,575,041	13,698,429

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2005 (Continued)

	2005 R	2004 R
7. SUNDRY INCOME		
Sundry income consists of revenue received from the sale of t-shirts and CDs.		
8. SURPLUS FOR THE YEAR		
Surplus for the year has been determined after taking into account the following:-		
8.1 Auditors' remuneration		
Audit fees - current period	35,000	30,000
8.2 Depreciation	271,746	197,170
Computer equipment	165,032	139,968
Furniture and fittings	61,346	42,898
Office equipment	45,368	14,304
8.3 Directors' emoluments		
Services as employee	219,206	175,965

9. TAXATION

No provision has been made for taxation as it is considered that the company will qualify for exemption from income tax as a public benefit organisation under section 10(1) (cN) as read with section 30 of the Income Tax Act.

10. COMPARATIVES

Comparative figures have been restated to facilitate improved disclosure.

**TREATMENT ACTION CAMPAIGN
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**DETAILED EXPENDITURE SCHEDULE
FOR THE YEAR ENDED 28 FEBRUARY 2005**

	2005 R	2004 R
Organisational Development and Management	7,268,834	6,636,267
<i>National and Provincial Management/Administrative Staff</i>	2,785,039	3,373,208
Operating Expenses		
Administration Fees	230,196	77,886
Audit Fees	71,480	30,000
Bad debts written off	25,872	65,310
Bank charges	55,812	51,127
Depreciation	284,144	197,170
Directors' emoluments	219,206	175,965
Equipment/IT maintenance	194,367	85,002
Donations	-	119,725
Internet Fees	-	64,631
Insurance	(8,755)	14,385
Postage/Courier	101,523	276,847
Photocopy charges	278,705	-
Stationery/Printing	160,310	359,516
Rent & services	425,703	214,926
Office Refreshments	55,101	43,131
Security	19,940	13,542
Subscriptions	4,482	4,208
Sundry Office expenses	90,889	22,218
Telephone/Fax/Email	931,953	707,268
Travel - Local	995,175	334,258
Volunteers Expenses	96,157	115,109
NEC/PEC meetings	251,535	290,825
International Solidarity Campaign	619,768	109,801
Equal Treatment - TAC Newsletter	97,615	96,130
TAC Leadership Schools	129,056	
Advocacy	-	633,686
Medicine Purchases	-	474,895
Litigation	-	11,936
Research/Consulting	-	2,660
IT Advocacy	-	44,095
Treatment Literacy	6,261,256	3,248,697
Treatment Literacy Staff	963,947	-
Consultant Fees	380,389	-
Media Campaigns	268,076	441,061
Books and Posters	480,353	432,807
Workshops & Training	3,168,490	2,374,829
Building the Health Care Service		
Provincial/Sector Campaigns	4,668,013	1,981,314
Infrastructure for Supporting Branches		
National and Provincial Staff Costs	1,500,012	-
PEC/District Meetings	294,331	247,348
Branch Driven Community Events	970,383	-
Demonstrations	1,913,287	1,733,966
Congresses	1,296,994	971,991
TOTAL	19,340,626	13,667,776

Note:

Due to the major growth and change in budgeting, it has been difficult to compare expenses with previous audits. In 2005 the budget has changed to allocate staff costs under specific programmes. A general line item covering advocacy has been replaced with several more specific categories listed under Building the Health Care Service. This reflects the shift of TAC's advocacy primarily to district and branch campaigns for treatment access and improved health services.

TREATMENT ACTION CAMPAIGN
(ASSOCIATION INCORPORATED UNDER SECTION 21)
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SCHEDULE OF INDIVIDUAL AND MISCELLANEOUS DONORS
FOR THE YEAR ENDED 28 FEBRUARY 2005

The Treatment Action Campaign has received many donations from individuals and organisations. The schedule of donors is taken directly from the bank statements and it is sometimes difficult to identify the individual donors. The Treatment Action Campaign would like to thank all individuals and organisations for their contribution to the Treatment Action Campaign.

Nadine Gordimer/TAC Telling Tales

Knowledge Link

PB Hiersh

R Neil

Mr Van Vuuren

Cape Town Community Chest

Cash Focus -City of Cape town

Mamelani Projects

D De Grooth

Naldoo & Christian

Khulisa - Rosebank Mall

C Poole

Reizen/Dutch Group

D Chalef

N Roderick

Levin

Alice L Brown

University of Cape Town

C Kotze

Y Hasson

Sayaa Claremont

S Didier

Tafelsig Unit

Isaac

ARK South Africa

AJ Fraser

PT Hen

G Aberystwyth

Anglican Methodisa

University of New York

University of Chicago

R Bray

Peter Gaylard

Small Projects Vincent

J Maphumulo

N Gumede

Thembaletu Community