

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

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
28 FEBRUARY 2006**

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

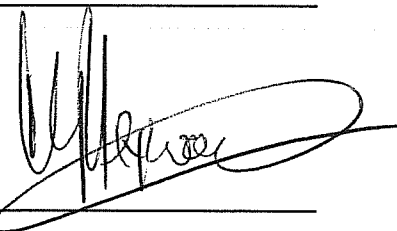
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FOR THE YEAR ENDED 28 FEBRUARY 2006

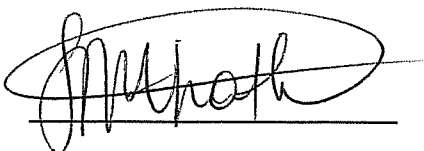
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APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 2 to 14 have been approved by the board of directors and are signed on its behalf by :-

  
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**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  
2017  
SOUTH AFRICA

TEL (011) 403 3835  
FAX (011) 339 7762

We have audited the financial statements of Treatment Action Campaign (Association incorporated under Section 21) set out on pages 2 to 12 for the year ended 28 February 2006. 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 International Standards on Auditing 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**

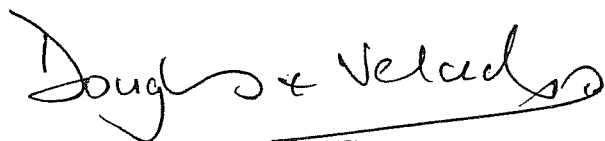
In common with similar organisations, it is not feasible for the organisation to institute accounting controls over collections of income other than interest prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond 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 2006 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 13 and 14 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  
31 August 2006**

**REPORT OF THE DIRECTORS FOR THE  
YEAR ENDED 28 FEBRUARY 2006**

Your board of directors presents its report, together with the audited financial statements of the company for the financial year ended 28 February 2006.

**NATURE OF ACTIVITIES**

Campaign for equitable access to affordable treatment for all people with HIV/AIDS; Campaign for and support the prevention and elimination of all new HIV infections; Promote and sponsor legislation to ensure equal access to social services for and equal treatment of all people with HIV/AIDS; Challenge by means of litigation, lobbying, advocacy and all forms of legitimate social mobilisation, any barrier or obstacle, including unfair discrimination, that limits access to treatment for HIV/AIDS in the private and public sector; Educate, promote and develop an understanding and commitment within all communities for developments in HIV/AIDS treatment; Campaign for access to affordable and quality health care for all people in South Africa; Train and develop a representative and effective leadership of people living with HIV/AIDS on the basis of equality and non-discrimination irrespective of race, gender, sexual orientation, disability, religion, sex, socio-economic status, nationality, marital status or any other ground. Campaign for an effective regional and global network comprising of organisations with similar aims and objectives.

**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 R254,113 (2005 : R271,858).

**DIRECTORS**

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

A Achmat	Chairperson	S Mthathi	General secretary
N Mavasa	Deputy Chairperson	M Heywood	Treasurer

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

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

**BALANCE SHEET AT 28 FEBRUARY 2006**

	Note	2006 R	2005 R
<b>ASSETS</b>		<b>3,634,054</b>	<b>6,227,091</b>
<b>Non-current assets</b>		<b>379</b>	<b>170</b>
Equipment	5	379	170
<b>Current assets</b>		<b>3,633,675</b>	<b>6,226,921</b>
Accounts receivable	3	106,404	132,608
TAC Treatment Project CT Account		43,625	44,735
Cash and cash equivalents	4	3,483,646	6,049,578
<b>Total assets</b>		<b>3,634,054</b>	<b>6,227,091</b>
<b>RESERVES AND LIABILITIES</b>		<b>3,634,054</b>	<b>6,227,091</b>
<b>Operating fund</b>		<b>2,884,152</b>	<b>5,405,212</b>
<b>Current liabilities</b>		<b>749,902</b>	<b>821,879</b>
Accounts payable		639,461	611,853
Bank overdraft	4	39,377	46,671
Funds held on behalf of PATAM	6	71,064	163,355
<b>Total reserves and liabilities</b>		<b>3,634,054</b>	<b>6,227,091</b>

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

**INCOME STATEMENT FOR THE  
YEAR ENDED 28 FEBRUARY 2006**

	Note	2006 R	2005 R
<b>INCOME</b>		<b>27,303,419</b>	<b>22,122,678</b>
Grants	7	26,946,491	21,575,041
Interest received		157,583	124,137
Donations		199,345	423,500
<b>EXPENDITURE</b>		<b>29,824,479</b>	<b>19,340,525</b>
Core operating expenses		9,366,900	7,268,834
International Solidarity Campaign		575,659	619,758
Litigation		687,825	-
TAC Learnership programmes		2,063,000	-
TAC Leadership schools		170,393	129,056
TAC Treatment project		625,888	-
Treatment literacy		5,815,804	5,261,255
Building Health Care Service		5,570,417	4,668,013
Research and communication desk		2,349,341	97,615
Congresses		2,429,261	1,295,994
TAC evaluation		169,991	-
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>		<b>(2,521,060)</b>	<b>2,782,153</b>

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**TREATMENT ACTION CAMPAIGN  
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 28 FEBRUARY 2006**

	<b>Operating fund R</b>	<b>Total R</b>
Balance at 1 March 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	5,405,212	5,405,212
Deficit for the year	(2,521,060)	(2,521,060)
<b>Balance at 28 February 2006</b>	<b><u>2,884,152</u></b>	<b><u>2,884,152</u></b>

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**TREATMENT ACTION CAMPAIGN  
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**CASH FLOW STATEMENT FOR THE  
YEAR ENDED 28 FEBRUARY 2006**

	Note	2006 R	2005 R
<b>Cash flows from operating activities</b>			
Net (deficit)/surplus for the year		(2,521,060)	2,782,153
Adjusted for :			
Interest received		(157,583)	(124,137)
Depreciation		253,904	271,746
<b>Operating (deficit)/surplus before working capital changes</b>		<b>(2,424,739)</b>	<b>2,929,762</b>
Working capital changes		(37,369)	342,568
Decrease/(increase) in accounts receivable		27,314	(7,065)
(Decrease)/increase in accounts payable		(64,683)	349,633
<b>Cash (utilised)/generated by operations</b>		<b>(2,462,108)</b>	<b>3,272,330</b>
Interest received		157,583	124,137
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(2,304,525)</b>	<b>3,396,467</b>
<b>Cash flows utilised by investing activities</b>		<b>(254,113)</b>	<b>(271,858)</b>
Acquisition of equipment		(254,113)	(271,858)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,558,638)</b>	<b>3,124,609</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>6,002,907</b>	<b>2,878,298</b>
<b>Cash and cash equivalents at end of year</b>	4	<b>3,444,269</b>	<b>6,002,907</b>



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2006**

**1. ACCOUNTING POLICIES**

The financial statements are prepared on the historical cost basis, except for financial instruments as indicated below. The financial statements incorporate the following principal accounting policies which are consistent, in all material respects, with those applied in 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, donations and interest is brought to account as and when received.

**1.4 Financial instruments**

**Measurement**

Financial instruments carried on the balance sheet include bank balances, accounts receivables and accounts payable. Financial instruments are initially measured at cost as at trade date, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below :-

**Cash and cash equivalents**

Cash and cash equivalents are measured at fair value.

**Trade and other receivables**

Trade and other receivables are stated at cost less provision for impairment losses.

**TREATMENT ACTION CAMPAIGN  
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REGISTRATION NO.2000/029181/08**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2006 (Continued)**

**1. ACCOUNTING POLICIES (Continued)**

**1.4 Financial instruments (Continued)**

**Accounts payable**

Accounts payable are stated at their nominal value.

**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.

	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
<b>3. ACCOUNTS RECEIVABLE</b>		
Deposit	11,573	10,823
Sundry debtors	27,000	72,644
Staff loans	67,831	49,141
	<b>106,404</b>	<b>132,608</b>
<b>4. CASH AND CASH EQUIVALENTS</b>		
Favourable balances	<b>3,483,646</b>	<b>6,049,578</b>
Nedbank - current accounts	1,971,617	1,413,979
Nedbank - money market accounts	1,203,551	4,635,599
Nedbank - 90 day investment account	308,478	-
Unfavourable balances	<b>39,377</b>	<b>46,671</b>
Nedbank - current accounts	39,377	46,671
<b>Total</b>	<b>3,444,269</b>	<b>6,002,907</b>

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TREATMENT ACTION CAMPAIGN  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2006 (Continued)

5. EQUIPMENT

	Furniture and fittings R	Computer equipment R	Office equipment R	Total R
<b>28/2/2006</b>	<b>75</b>	<b>63</b>	<b>32</b>	<b>170</b>
Net book value - 1 March 2005	167,823	504,738	59,704	732,265
At cost	(167,748)	(504,675)	(59,672)	(732,095)
Accumulated depreciation	70,553	160,699	22,861	254,113
Additions during the year	(70,406)	(160,655)	(22,843)	(253,904)
Depreciation for the year	<b>222</b>	<b>107</b>	<b>50</b>	<b>379</b>
Net book value - 28 February 2006	238,376	665,437	82,565	986,378
At cost	(238,154)	(665,330)	(82,515)	(985,999)
Accumulated depreciation				
<b>28/2/2005</b>	<b>26</b>	<b>26</b>	<b>6</b>	<b>58</b>
Net book value - 1 March 2004	106,428	339,669	14,310	460,407
At cost	(106,402)	(339,643)	(14,304)	(460,349)
Accumulated depreciation	61,395	165,069	45,394	271,858
Additions during the year	(61,346)	(165,032)	(45,368)	(271,746)
Depreciation for the year	<b>75</b>	<b>63</b>	<b>32</b>	<b>170</b>
Net book value - 28 February 2005	167,823	504,738	59,704	732,265
At cost	(167,748)	(504,675)	(59,672)	(732,095)
Accumulated depreciation				

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2006 (Continued)**

	2006 R	2005 R
<b>6. FUNDS HELD ON BEHALF OF PATAM</b>		
<b>Balance brought forward</b>	<b>163,356</b>	-
<b>Grants received</b>	-	<b>842,878</b>
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
<b>Expenditure</b>	<b>92,292</b>	<b>679,522</b>
Bank Charges	409	1,427
Transferred to SAFAIDS	-	426,029
Transferred to UNAIDS	-	124,376
Transferred to PATAM	66,685	-
PATAM Workshop/Planning Meeting	25,198	127,690
<b>Unexpended surplus for the year</b>	<b>71,064</b>	<b>163,356</b>

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.

**7. GRANTS**

Brot fur die Welt	3,584,835	3,159,625
AIDS Foundation of South Africa	-	202,222
AIDS Law Project	-	52,562
Atlantic Philanthropies	3,000,000	3,500,000
Belgium Development Cooperation	1,303,236	650,392
Public Welfare Foundation	479,865	320,000
Medecins Sans Frontieres - Project Ulwazi	388,414	382,613
Canada Fund	-	100,000
The Ford Foundation	947,682	995,437
The AIDS Consortium	-	26,500
Australian High Commission	98,388	-
Medicins Sans Frontieres - Lusikisiki	200,000	300,000
Artists for a New South Africa	6,210	1,209,541
South Africa Development Fund	888,046	186,122
Swedish International Development Agency (SIDA)	3,494,899	3,652,174
John M. Lloyd Foundation	133,100	90,000
OXFAM - Great Britain	-	90,720
OXFAM - Australia	-	160,000
Open Society Foundation for South Africa	800,000	1,130,000
HIVOS	1,962,338	1,900,838
TAC Telling Tales	1,487,478	-
Royal Netherlands Embassy	8,172,000	3,300,000
UNAIDS	-	166,295
	<b>26,946,491</b>	<b>21,575,041</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2006 (Continued)**

	2006 R	2005 R
<b>8. (DEFICIT)/SURPLUS FOR THE YEAR</b>		
(Deficit)/surplus for the year has been determined after taking into account the following:-		
<b>8.1 Auditors' remuneration</b>	-	71,480
Audit fees - current period	-	35,000
Audit fees - underprovision in prior years	-	29,597
Audit fees - project audit	-	2,000
Audit fees - other services	-	4,883
<b>8.2 Depreciation</b>	253,904	271,746
Computer equipment	160,655	165,032
Furniture and fittings	70,406	61,346
Office equipment	22,843	45,368
<b>8.3 Directors' emoluments</b>		
Services as employee	<u>228,093</u>	<u>219,206</u>

**9. TAXATION**

No provision has been made for taxation as the company has qualified 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. GOING CONCERN**

The existence of the company is dependent on the continued support of its Grantors.

**11. CURRENCY RISK**

The company is exposed to currency risk to the extent that grants are received from foreign grantors.

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**TREATMENT ACTION CAMPAIGN  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2006 (Continued)**

**12. INTEREST RATE RISK**

The company is exposed to interest rate risk, as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rates and placings within market expectations.

**13. CREDIT RISK**

The company's credit risk is attributable to accounts receivable and liquid funds. The credit risk on liquid funds is limited because the counter party is a bank with credit rating assigned by international credit-rating agencies. The company has no significant concentration of credit risk.

**14. LIQUIDITY RISK**

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate reserves are maintained.

**15. COMPARATIVES**

Comparative figures have been restated to facilitate improved disclosure.

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

**DETAILED EXPENDITURE SCHEDULE  
FOR THE YEAR ENDED 28 FEBRUARY 2006**

	Note	2006 R	2005 R
<b>Organisational Development and Management</b>		<b>9,366,900</b>	<b>7,268,834</b>
<i>National and Provincial Management/Administrative Staff</i>		4,025,281	2,785,039
<i>Operating Expenses</i>			
Administration Fees		260,564	230,196
Audit Fees	8	-	71,480
Bad debts written off		39,786	25,872
Bank charges		82,891	55,812
Depreciation	8	253,904	271,746
Directors' emoluments	8	228,093	219,206
Equipment/IT maintenance		161,266	194,367
Internet Fees		94,307	-
Insurance		41,722	(8,755)
Postage/Courier		45,714	101,523
Photocopy charges		483,385	291,103
Stationery/Printing		266,336	160,310
Rent & services		759,347	425,703
Office Refreshments		87,081	55,101
Security		62,865	19,940
Subscriptions		16,849	4,482
Sundry Office expenses		93,078	90,889
Telephone/Fax/Email		1,235,915	931,953
Travel - Local		746,614	995,175
Volunteers Expenses		75,106	96,157
NEC/PEC meetings		306,796	251,535
<b>International Solidarity Campaign</b>		<b>575,659</b>	<b>619,758</b>
<b>Research and communication desk</b>		<b>2,349,341</b>	<b>97,615</b>
<b>TAC Leadership Schools</b>		<b>170,393</b>	<b>129,056</b>
<b>Litigation and Legal Mobilisation</b>		<b>687,825</b>	-
<b>TAC Learnership programmes</b>		<b>2,063,000</b>	-
<b>Treatment project</b>		<b>625,888</b>	-
<b>Treatment Literacy</b>		<b>5,815,804</b>	<b>5,261,255</b>
Treatment Literacy Staff		1,220,322	963,947
Consultant Fees		-	380,389
Media Campaigns		-	268,076
Books and Posters		803,129	480,353
Workshops & Training		3,792,353	3,168,490
<b>Building the Health Care Service Provincial/Sector Campaigns</b>		<b>5,570,417</b>	<b>4,668,013</b>
<b>Infrastructure for Supporting Branches</b>			
National and Provincial Staff Costs		1,403,686	1,500,012
PEC/District Meetings		1,622,373	284,331
Branch Driven Community Events		1,800,637	970,383
Demonstrations		743,721	1,913,287
<b>Congresses</b>		<b>2,429,261</b>	<b>1,295,994</b>
<b>TAC Evaluation</b>		<b>169,991</b>	-
<b>TOTAL</b>		<b>29,824,479</b>	<b>19,340,525</b>

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

**SCHEDULE OF INDIVIDUAL AND MISCELLANEOUS DONORS  
FOR THE YEAR ENDED 28 FEBRUARY 2006**

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

D De Grooth

PB Hiersh Idesis

Hook with War

Marquette University

PB D Chalef

RN Bray/Mr Roderick Neil

Gavin Silber

D Chalef

VSO Rosebank

Aids Law Project

Miss Valerie

The School For INTLTRA

Matchbox Creative

SACBC Aids Office

Pamela K Daniels

Cindi - Networks

Simphiwe Ngongoshe

Andrew Gray - Westville

Mark Tigran Ter Harut

HIV Management Services

Global Exchange Women

Ermien Van Pletzen

Tonys Bakery

ALLIANCE FAlliance

The KIDZPOKhaya/Zipzap

Julie Suberg

*Don.*