

THE LESBIAN AND GAY EQUALITY PROJECT

registration number: 013-838 NPO

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2002



The Lesbian and Gay **EQUALITY** Project

THE LESBIAN AND GAY EQUALITY PROJECT

Registration No. 013-838 NPO

Registered office

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Yeoville
2198

Business address

38 Grafton Road
Yeoville
Johannesburg

Annual Financial Statements

Year ended 31 December 2002

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The following schedules do not form part of the financial statements and are unaudited

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The business of the annual general meeting will be dealt with by a resolution of members.

The financial statements that appear on pages 3 to 11 were approved by the members on 16 July 2003 and signed on their behalf by


Member


Member



AUD-e-PRAC

Ingelyf / Incorporated

Reg number 2002/004985/21

GEOKTROOIEERDE REKENMEESTERS/CHARTERED ACCOUNTANTS SA

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Our Ref:

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE LESBIAN AND GAY EQUALITY PROJECT

We have audited the annual financial statements of The Lesbian and Gay Equality Project as set out on pages 3 to 11 for the financial year ended 31 December 2002. These financial statements are the responsibility of the members. 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 principals 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 organisation to institute accounting controls over cash collections from donations prior to initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examinations beyond the receipts actually recorded.

Qualified audit opinion

In our opinion, except for the effect on the annual financial statements of the matter referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of the organisation at 31 December 2002 and the results of its operations and cash flows for the financial year ended in accordance with generally accepted accounting practice.

Supplementary information

The supplementary schedule set out on page 12 do not form part of the annual financial statements and are presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on it.


Aud-e-Prac Incorporated
Chartered Accountants (S.A.)
Registered Accountants and Auditors
16 July 2003

THE LESBIAN AND GAY EQUALITY PROJECT

REPORT OF THE MEMBERS

YEAR ENDED 31 DECEMBER 2002

General

The organisation is registered in terms of the Non-Profit Organisations Act. Its main objective is in achieving full social and legal equality for lesbian and gay people in the Republic of South Africa through public interest litigation, the provision of access to justice for the poor and the education of public officials and decision makers.

Incorporation

The organisation commenced business on 1 November 2000. The organisation was registered in terms of the Non-Profit Organisation Act on 7 March 2002. The organisation received the assets and liabilities from the National Coalition for Gay and Lesbian Equality, which was disbanded on 31 October 2000.

Results of activities for the period

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

Events subsequent to the financial year end

The members are not aware of any matter or circumstances arising since the the end of the financial year that would affect the operations of the organisation.

Statements of responsibility

The members 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.

The members are also responsible for the organisation'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 members 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 members have every reason to believe that the organisation has adequate resources in place to continue in operation for the foreseeable future.

Members of the Board

The following people held office as members of the board at the balance sheet date:

Nicole Morris (Chairperson)
Vasu Reddy (Deputy Chairperson)
Avanda Mgadi
Jonathan Berger
Mazibuko K Jara
Sheila Lapinsky
Ncumisa Ngogo

THE LESBIAN AND GAY EQUALITY PROJECT

BALANCE SHEET

YEAR ENDED 31 DECEMBER 2002

	Notes	2002 R	2001 R
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	2	221,140	156,200
<i>Current assets</i>			
Accounts receivable and prepayments		44,162	-
Bank and cash		592,043	145,450
Total assets		857,345	301,650
Equity and liabilities			
<i>Capital and reserves</i>			
Non-distributable reserve	3	52,511	52,511
Retained earnings		516,928	43,473
<i>Non-current liabilities</i>			
Long term liabilities	4	141,403	141,393
<i>Current liabilities</i>			
Accounts payable		146,503	64,050
Bank overdraft		-	223
		857,345	301,650

THE LESBIAN AND GAY EQUALITY PROJECT

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 R	2001 14 Months R
Revenue		1,923,927	719,066
Other operating income		-	22,286
Administrative expenses		1,221,000	603,919
Other operating expenses		<u>246,704</u>	<u>68,653</u>
Surplus from operations	5	456,223	68,780
Investment income	6	39,800	203
Finance costs	7	<u>22,568</u>	<u>25,510</u>
Net surplus for the year		<u><u>473,455</u></u>	<u><u>43,473</u></u>

THE LESBIAN AND GAY EQUALITY PROJECT

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2002

	Non- distributable reserve R	Retained earnings R	Total R
Net donations received to non-distributable reserve	16,253		16,253
Net surplus for the year		43,473	43,473
Movements in non-distributable reserve	<u>36,258</u>		<u>36,258</u>
Balance at 31 December 2001	52,511	43,473	95,984
Net surplus for the year		<u>473,455</u>	<u>473,455</u>
Balance at 31 December 2002	<u>52,511</u>	<u>516,928</u>	<u>569,439</u>

THE LESBIAN AND GAY EQUALITY PROJECT

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2002

	Notes	2002 R	2001 R
Cash flows from operating activities		520,907	109,053
Cash receipts from grants and donors		1,879,765	741,352
Cash paid to suppliers and employees		(1,376,090)	(606,992)
Cash generated from operations	8	503,675	134,360
Investment income		39,800	203
Finance charges		(22,568)	(25,510)
Cash flows from investing activities		(74,101)	2,215
Acquisition of property, plant and equipment		(89,401)	(12,730)
Assets and liabilities donated	9		14,945
Proceeds from disposal of assets		15,300	
Cash flows from financing activities		10	33,959
Increase in non-distributable reserve		-	36,258
Payment of long term liabilities		10	(2,299)
Cash and cash equivalents for the period		446,816	145,227
Cash and cash equivalents at the beginning of the year	10	145,227	-
Cash and cash equivalents at the end of the year	10	592,043	145,227

THE LESBIAN AND GAY EQUALITY PROJECT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

The financial statements are prepared in accordance with the historical cost convention. The financial statements incorporate the following principal accounting policies which conform to generally accepted accounting practice. These policies are consistent in all material respects with those applied in the previous year, unless otherwise indicated.

1.1 Revenue recognition

Income is received from grants donated by various donors.

1.2 Property, plant and equipment

Property, plant and equipment are recorded at historical cost and depreciated on a straight line basis over their estimated useful lives, except for land and buildings which is shown at cost.

The periods of depreciation are as follows:

Computer equipment	3 years
Office equipment	3 years
Furniture and fittings	10 years

2 Property, plant and equipment

2002	Total Assets	Land and buildings	Computer equipment	Office equipment	Furniture & Fittings
Carrying amount at beginning of year	156,200	145,000	9,214	1,986	-
Gross carrying amount	157,730	145,000	10,530	2,200	-
Accumulated depreciation	1,530	-	1,316	214	-
Depreciation for the year	7,461	-	5,009	2,049	403
Additions	89,401	-	43,430	31,578	14,393
Disposals	17,000	-	17,000	-	-
Carrying amount at end of year	221,140	145,000	30,635	31,515	13,990
Gross carrying amount	230,131	145,000	36,060	33,778	14,393
Accumulated depreciation	8,991	-	6,325	2,263	403
2001	Total Assets	Land and buildings	Computer equipment	Office equipment	Furniture & Fittings
Carrying amount at beginning of year	-	-	-	-	-
Gross carrying amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Depreciation for the year	1,530	-	1,316	214	-
Additions	157,730	145,000	10,530	2,200	-
Disposals	-	-	-	-	-
Carrying amount at end of year	156,200	145,000	9,214	1,986	-
Gross carrying amount	157,730	145,000	10,530	2,200	-
Accumulated depreciation	1,530	-	1,316	214	-

THE LESBIAN AND GAY EQUALITY PROJECT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 R	2001 R
3 Non-distributable reserve		
Balance at the beginning of the year	52,511	-
Movement during the year:		
Contribution of surplus funds from the National Trust for Les and Lesbian Equality	-	52,511
Balance at the end of the year	<u>52,511</u>	<u>52,511</u>
Comprising of:		
Contribution of surplus funds from other non-profit organisations	<u>52,511</u>	<u>52,511</u>
4 Long term liabilities		
Mortgage loan on land and buildings	<u>141,403</u>	<u>141,593</u>
The loan is repaid by monthly instalments at the prime interest rate. The loan is secured by a mortgage over land and buildings with a book value of R 47500.		
5 Profit from operations		
The following items appear in profit from operations:		
Expenses:		
Accounting fees	42,955	17,256
Administer remuneration	15,000	15,000
Depreciation	7,461	1,530
Lease rentals	52,102	50,074
Loss on disposal of assets	1,700	-
Repairs and wages	330,078	317,047
6 Non-current income		
Interest received	39,890	203
	<u>39,890</u>	<u>203</u>
7 Finance costs		
Interest paid from overdraft	941	132
Interest paid from long term liabilities	21,627	25,378
	<u>22,568</u>	<u>25,510</u>

THE LESBIAN AND GAY EQUALITY PROJECT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 R	2001 R
8 Reconciliation of net profit to cash generated from operations		
Net surplus	473,455	43,473
Adjusted for:		
Depreciation	7,461	1,530
Loss on disposal of assets	1,700	-
Investment income	(39,800)	(203)
Finance costs	22,568	25,510
Operating profit before working capital changes	465,384	70,310
Changes in working capital:	38,293	64,050
Increase in accounts receivable	(44,162)	-
Increase in accounts payable	82,453	64,050
Cash generated from operations	<u>501,675</u>	<u>134,360</u>

9 Assets and liabilities donated

At the beginning of the 2001 financial year, the organisation obtained the assets and liabilities of the National Coalition for Gay and Lesbian Equality. The fair value of the assets acquired and the liabilities assumed were as follows:

Land and buildings	145,000
Non-distributable reserve	(16,253)
Long-term liabilities	(143,692)
Net cash donated	<u>(14,945)</u>

10 Cash and cash equivalents

Bank and cash	592,043	145,450
Bank overdraft	-	(223)
	<u>592,043</u>	<u>145,227</u>

11 Commitments

	Total	1 year	2-3 years
Loan for equipment	<u>274,582</u>	<u>92,053</u>	<u>182,529</u>

The loan is for equipment purchased. The loan started on 1 January 2003. The interest rate is at prime rate and is for a period of 36 months. The loan secured by the equipment that was bought. The monthly repayments are R7,605 per month.

	2002	2001
12 Number of staff		
Number of staff as at 31 December	3 employees	5 employees

THE LESBIAN AND GAY EQUALITY PROJECT

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 R	2001 14 months R
Revenue		1,923,927	719,066
Other operating income		-	22,286
Sundry income		-	22,286
Expenses		1,467,704	672,572
Accounting fees		42,955	17,256
Advertising		80,935	-
Affiliation fees		350	-
Auditors' remuneration		15,000	15,000
Bank charges		7,746	8,088
Board meetings		16,862	4,496
Campaign fees - general		117,358	1,870
Campaign fees - legal fees		354,851	46,128
Cleaning		679	757
Computer expenses		39,245	19,844
Consulting fees		26,391	250
Depreciation		7,461	1,530
Donations		-	1,350
Electricity and water		24,692	7,000
Gifts		2,430	-
Insurance		13,045	4,991
Lease rentals		52,102	50,074
Loss on disposal of assets		1,700	-
Postage		352	759
Printing and stationery		61,143	16,864
Repairs and maintenance		55,124	9,799
RSC levies		-	1,222
Salaries and wages		330,078	317,947
Security		3,953	4,173
Staff welfare		5,925	1,000
Subscriptions		5,921	707
Telephone and fax		101,185	102,001
Training		2,100	2,900
Travel - local		79,400	1,912
Unallocated expenses		-	20,382
Workshops and conferences		18,721	14,272
Surplus from operations		456,223	68,780
Investment income		39,800	203
Finance costs		22,568	25,510
Net surplus for the year		473,455	43,473