

SUNNYSIDE LODGE
Affiliated to ADRA, Western Cape
(Registration No. NPO 002/738)

ANNUAL FINANCIAL STATEMENTS 2 0 0 8

G.E. Wolfe-Coote
Chartered Accountant (SA)
Registered Auditor

SUNNYSIDE LODGE
Affiliated to ADRA, Western Cape
(Registration No. NPO 002/738)

ANNUAL FINANCIAL STATEMENTS year ended 29 February 2008

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APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The financial statements which appear on pages 3 to 8 have been approved and authorised for issue by the managing committee on 17 June 2007 and are signed on its behalf by:


COMMITTEE MEMBER



**REPORT OF THE INDEPENDENT AUDITOR
TO THE AREA MANAGEMENT COMMITTEE OF SUNNYSIDE LODGE**
Affiliated to Adventist Development and Relief Agency (ADRA), Western Cape

We have audited the annual financial statements of Sunnyside Lodge, which comprise the balance sheet as at 29 February 2008, the income statement, the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 8.

Management Committee's Responsibility for the Financial Statements

The committee is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualification

In common with similar organisations, formal accounting controls have not been instituted over various fund-raising and other activities and functions. We consider it impractical to audit these activities beyond those amounts recorded and accordingly express no opinion on these amounts.

During the year various corrections were effected in respect of prior years. These changes appear in the statement of changes in reserves and are referred to in note 9 of the financial statements. We have not sighted the documentary background to the changes and offer no opinion on the quantum of the changes.

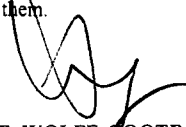
Payments in respect of value added taxation do not always appear to be paid timeously and the Revenue Authorities are claiming penalties, interest and unpaid amounts. The liability in respect of these items, which not finite, but would appear to be some R 25,000, have not been raised in the financial statements.

Qualified audit opinion

In our opinion, except for any possible effect resulting from the matters to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of the organisation at 29 February 2008 and the results of its operations for the year then ended in accordance with Generally Accepted Accounting Practice, and in the manner required by the Fund-raising Act 107 of 1978.

Other matters

The supplementary schedules, Annexure A and Annexure B do not form part of the annual financial statements and are presented as additional information. We have audited these schedules and accordingly we do not express an opinion on them.


G.E. WOLFE-COOTE
Chartered Accountant (SA)
Registered Auditor

17 JUNE 2008

SUNNYSIDE LODGE
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BALANCE SHEET at 29 February 2008

	Note	2008	2007 (restated)
ASSETS			
NON-CURRENT ASSETS			
		<u>1,743,671</u>	<u>1,409,126</u>
Property, plant and equipment	2	138,269	97,188
Investments	3	363,943	135,341
Loan	4	<u>1,241,459</u>	<u>1,176,597</u>
CURRENT ASSETS			
		<u>489,525</u>	<u>170,939</u>
Receivables	5	354,614	114,185
Cash and bank balances	6	<u>134,911</u>	<u>56,754</u>
TOTAL ASSETS		<u>R2,233,196</u>	<u>R1,580,065</u>
RESERVES AND LIABILITIES			
RESERVES			
		<u>2,171,786</u>	<u>1,410,227</u>
Reserves	7	1,656,298	1,045,793
Accumulated surplus		<u>515,488</u>	<u>364,434</u>
CURRENT LIABILITIES			
	8	61,410	169,838
Payables			
TOTAL RESERVES AND LIABILITIES		<u>R2,233,196</u>	<u>R1,580,065</u>

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INCOME STATEMENT year ended 29 February 2008

	Note	2008	+	2007 (restated)
Revenue	1.2	2,197,710	+	2,097,286
Administration and operating costs	11 <i>EN</i>	2,885,282	-	2,878,466
Operating deficit		(687,572)		(781,180)
Other income		1,449,131	+	904,900
Net surplus for the year under review		R761,559		R123,720

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STATEMENT OF CHANGES IN RESERVES year ended 29 February 2008

	Reserves	Accumulated surplus	Total
Balance at 28 February 2006	959,070	169,879	1,128,949
Surplus for the year (restated)	0	123,720	123,720
Transfer to reserves (DJ Murry Trust)	86,723	(86,723)	0
Adjustment in respect of the amount due by ADRA Western Cape	0	157,558	157,558
Balance at 28 February 2007	1,045,793	364,434	1,410,227
Surplus for the year	0	761,559	761,559
Transfer to reserves (Hillhaven Trust)	612,825	(612,825)	0
Transfer ex resources (DJ Murry Trust)	(2,320)	2,320	0
Balance at 29 February 2008	R1,656,298	R515,488	R2,171,786

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
year ended 29 February 2008

1. ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies:

1.1 NON-CURRENT ASSETS

Non-current assets, are stated at cost and depreciated, at rates calculated to write off each asset over its estimated commercial life.

Depreciation rates are:	Computer equipment	4 years	Straight line method
	Furniture and equipment	10%	Reducing balance method
	Motor vehicles	20%	Reducing balance method
	Office equipment	10%	Reducing balance method

1.2 REVENUE

Revenue comprises of project income, membership fees and interest received and excludes donations and subsidies which are reflected as non-operating income.

1.3 FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include bank balances, receivables, payables and deposits. These instruments are generally carried at their estimated fair value.

1.4 CREDIT RISK MANAGEMENT

The association only deposits cash surpluses with major banks of high quality credit standing.

1.5 FAIR VALUE

The executive committee is of the opinion that the book value of financial instruments approximates fair value.

2. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Furniture and equipment	Motor vehicles	Office equipment	Total
Carrying value at 29 February 2008	R21	R127,592	R7,834	R2,822	R138,269
Cost	15,003	327,072	84,152	8,139	434,366
Accumulated depreciation	14,982	199,480	76,318	5,317	296,097
Additions	0	61,281	0	0	61,281
Depreciation for the year	3,751	14,177	1,959	313	20,200
Carrying value at 28 February 2007	3,772	80,488	9,793	3,135	97,188
Cost	15,003	265,791	84,152	8,139	373,085
Accumulated depreciation	11,231	185,303	74,359	5,004	275,897
Depreciation for the year	1,885	8,943	1,088	348	12,264
Carrying value at 28 February 2006	5,657	89,431	10,881	3,483	109,452
Cost	15,003	265,791	84,152	8,139	373,085
Accumulated depreciation	9,346	176,360	73,271	4,656	263,633

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NOTES TO THE FINANCIAL STATEMENTS (continued)
year ended 29 February 2008

	2008	2007 (restated)
3. INVESTMENTS	<u>R363,943</u>	<u>R135,341</u>
ABSA Bank Limited (2007 : Nedbank Ltd)		
4. LOAN	<u>R1,241,459</u>	<u>R1,019,039</u>
ADRA Western Cape Special Account		
The loans is of an indefinite nature and does not currently bear interest.		
5. RECEIVABLES	<u>R354,614</u>	<u>R114,185</u>
ADRA - Western Cape	65367	0
Board and lodging	273,943	112,312
Deposits	600	600
Sundry receivables	14,704	1,273
6. CASH AND BANK BALANCES	<u>R134,911</u>	<u>R56,754</u>
Current bank accounts	133,411	55,254
Petty cash	1,500	1,500
7. RESERVES	<u>R1,656,298</u>	<u>R1,045,793</u>
Building development	60,505	60,505
Capital development	72,000	72,000
E and T Elfers Trust	25,071	25,071
Equipment and furniture replacement	50,250	50,250
Hillhaven Trust	1,241,459	628,634
HR Hill Estate	78,908	78,908
Special Needs Trust	25,302	25,302
Vehicle replacement	18,400	18,400
DJ Murry Trust	84,403	86,723
8. PAYABLES	<u>R61,410</u>	<u>R169,838</u>
Accrued expenses	28,200	51,624
ADRA - Western Cape	0	5,626
ADRA - Western Cape Development Trust	0	75,000
Board and lodging	14,054	14,960
Municipal loans	5,953	8,567
Other creditors	10,853	743
SARS - PAYE	2,330	2,396
SARS - VAT	0	8,141
Unemployment Insurance Fund	20	2,781

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NOTES TO THE FINANCIAL STATEMENTS (continued)
year ended 29 February 2008

9. PRIOR YEAR ERROR

In 2007 an amount of R 180,000 was received for specific purposes. This amount less direct costs, was reflected in 2007 as a current liability.

The donation has now been recognised as income and transferred to a designated reserve. Project expenses have been offset against the reserve.

Comparative figures have been re-stated as follows:

	Previously reported	Restated
Sundry expenses	R16,310	R109,587
Donations	R120,105	R411,292
Surplus for the year	R36,997	R123,720
Reserves	R959,070	R1,045,793
Transfer to reserves	R NIL	R86,723
Current liabilities - DJ Murray Trust Project	R86,723	R NIL
Accumulated surplus	R206,876	R364,434
Loan - ADRA Western Cape	R1,019,039	R1,176,597

In addition the loan due by the ADRA Western Cape has been adjusted. The net effect of this adjustment is to increase the accumulated surplus R 157,558.

This amount has been recognised in the statement of changes in reserves.

2008	2007 (restated)
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10. TAXATION

The service centre is exempt from taxation in terms of Section 18A and Section 10(1)CN.

11. ADMINISTRATION AND OPERATING COST

Administration and operating costs are arrived at after taking into account the following:

Auditor's remuneration - fees current year	R5,500	R5,000
Depreciation	R20,200	R12,264

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DETAILED INCOME STATEMENT (unaudited)
year ended 29 February 2008

		2008	2007 (restated)
Revenue		2,197,710	2,097,286
Project income	a	2,181,345	2,081,434
Sundry income	b	16,365	15,852
Administration and operating costs		2,885,282	2,878,466
Domestic expenditure	c	492,328	496,714
Land and buildings	d	185,269	182,323
Professional and special services	e	30,825	26,771
Staff expenses	f	1,993,310	1,950,010
Sundry expenses	g	43,415	109,587
Transport and office expenses	h	140,135	113,061
Operating deficit		(687,572)	(781,180)
Other income		1,449,131	904,900
Donations	i	766,474	411,292
Subsidies	j	682,657	493,608
Net surplus for the year under review		R761,559	R123,720

This statement, although unaudited as to detail, has been reviewed and is presented as additional information.

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STATEMENT OF WORKING CAPITAL AND LIQUIDITY (unaudited)
year ended 29 February 2008

	2008	2007
WORKING CAPITAL		
ACTUAL WORKING CAPITAL		
Total current assets	489,525	170,939
Less: Total current liabilities	<u>61,410</u>	<u>169,838</u>
Total working capital	<u>R428,115</u>	<u>R1,101</u>
RECOMMENDED WORKING CAPITAL		
20% of operating expenditure (last 12 months)	<u>R577,056</u>	<u>R557,038</u>
DEFICIT IN RECOMMENDED WORKING CAPITAL	<u>(R148,941)</u>	<u>(R555,937)</u>
Percentage in hand of recommended working capital	74%	0,2%
LIQUID ASSETS		
ACTUAL LIQUID ASSETS		
Cash and bank balances	<u>R134,911</u>	<u>R56,754</u>
COMMITMENTS		
Current liabilities	<u>R61,410</u>	<u>R169,838</u>
NET LIQUID DEFICIT	<u>R73,501</u>	<u>R113,084</u>
Liquid assets as a percentage of commitment	220%	33%

This statement is included at the request of the management committee.
No audit opinion is expressed on this statement.

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NOTES TO THE DETAILED INCOME STATEMENT
year ended 29 February 2008

	2008	2007
a. PROJECT INCOME	R2,181,345	R2,081,434
Board and lodging	2,152,221	2,064,434
Christmas dinners	6,396	2,100
Fund-raising	22,425	14,900
Tuck shop	303	0
b. SUNDRY INCOME	R16,365	R15,852
Interest received	16,365	13,465
Membership fees	0	2,387
c. DOMESTIC EXPENDITURE	R492,328	R496,714
Gas, coal and wood	19,686	18,097
Groceries	368,928	361,737
Kitchenware and crockery	865	0
Laundry and cleaning	34,484	40,621
Linenware	3,707	20,654
Medical	62,018	55,605
Pest control	2,640	0
d. LAND AND BUILDINGS	R185,269	R182,323
Maintenance	33,970	73,618
Buildings	33,270	72,838
Gardens	700	780
Municipal services	151,299	108,705
e. PROFESSIONAL AND SPECIAL SERVICES	R30,826	R26,771
Auditor's remuneration - fees current year	5,500	5,000
Bank charges	14,505	16,741
Computer charges	0	3,080
Labour consultant	10,821	1,950

This statement, although unaudited as to detail, has been reviewed and is presented as additional information.

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NOTES TO THE DETAILED INCOME STATEMENT
year ended 29 February 2008

	2008	2007 (Restated)
f. STAFF EXPENSES	R1,993,310	R1,950,010
Casual labour	84,759	0
Pension fund	12,642	86,892
Retirement benefits	(16,400)	8,595
Retirement annuities	73,362	37,499
Retrenchment	20,000	16,400
Risk and benefit cover	0	10,944
Salaries administration staff	169,727	151,000
Salaries medical staff	1,153,329	1,068,644
Stated benefits insurance	9,072	12,521
Unemployment Insurance Fund	14,050	12,869
Uniforms allowance	5,472	0
Wages domestic and staff	453,260	542,146
Weekend duty	4,630	0
Workmen's compensation	9,407	2,500
g. SUNDRY EXPENSES	R43,415	R109,587
DJ Murray Trust - Project expenses	2,320	93,277
Depreciation	20,200	12,264
Donations	2,901	1,082
Gifts and flowers	98	150
Staff training and development	15,236	1,460
Sundry	2,660	517
Television licenses	0	837

This statement, although unaudited as to detail, has been reviewed and is presented as additional information.

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NOTES TO THE DETAILED INCOME STATEMENT
year ended 29 February 2008

	2008	2007
h. TRANSPORT AND OFFICE EXPENSES	R140,135	R113,061
Affiliation fees	1,181	280
Books and periodicals	2,814	2,007
Entertainment	1,155	3,377
Equipment maintenance	7,334	15,001
Insurance	31,388	27,652
Buildings and equipment	27,023	24,605
Hospital liability	4,365	3,047
Motor vehicles	25,020	12,146
Fuel and parking	7,467	7,945
Insurance	13,869	4,201
Repairs and maintenance	3,684	0
Office expenses	469	2,008
Printing and stationery	13,723	5,458
Telephone, postage and box rental	57,051	45,132
i. DONATIONS	R766,474	R411,292
Public	38,693	300,105
Bequest income	79,956	111,187
ADRA	35,000	0
Hillhaven Trust transfer ex ADRA Western Cape	612,825	0
j. SUBSIDIES	R682,657	R493,608
Government	511,045	424,429
Harvest Ingathering Appeal	64,872	31,248
Resource commission	106,740	37,931

This statement, although unaudited as to detail, has been reviewed and is presented as additional information.