

annual report 2007

the numbers and stuff

Cotlands

Cotlands is not profit driven in the traditional sense.
Our profit is running around outside, playing and laughing
and carving out their own unique spot in this world.

So if you want to look at numbers feel free to read on,
but if you're interested in profit, flip this book over and see
how together we bring hope to life.

Cotlands

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introduction

cotlands so far

Cotlands has been actively involved in our communities since 1936. We started by caring for unwed mothers, but as time went by and circumstances changed, we also started to offer shelter to abused, abandoned, HIV-positive, orphaned and terminally ill children.

Today our community based services span across five provinces with our headquarters situated in Johannesburg. With great care and emphasis on child and family support, our operations focus on residential care programmes, outreach programmes, specialist awareness and focus through training and capacity building. We continually look at the changing needs of our communities and through this pro-active stance we've been able to establish not only the first paediatric Aids hospice, but we also offer 24-hour paediatric palliative care. This annual report focuses on the sustainable application of our donor funds, the inputs and efforts of our wonderful staff and the lives we touch.

what we do

it's all about care

Cotlands is essentially about care – for children, for their families and for their communities. Our aim is to extend that care to as many people as possible in a way that enables them to care for themselves.

At Cotlands, our mission is to provide exceptional models of care to children and their families by empowering them to improve their quality of life through specialised interventions and projects focused on sustainability.

To achieve this, we believe in open and honest communication in a supportive and positive climate of tolerance and mutual respect.

Our multi-pronged approach spans residential care and a range of educational facilities that address the particular needs of our children. Extending that into the communities, we aim to address causes through outreach programmes focused on physical and emotional wellbeing, generating sustainable incomes and building capacity to enable people to develop their full potential.

For 70 years, we have refined and expanded our scope of activities to embrace whole communities, knowing that every skill we develop in one person touches many more lives.

The challenges we face continue to grow, but the dedication and passion of our teams, volunteers and donor community reinforce our resolve to meet these challenges head on.

highlights of the year

for the year ending april 2007

It was a watershed year for Cotlands – and a fitting entry to our eighth decade – as we expanded into new territories and established a solid financial base for future growth.

Highlights of the year:

- Celebrating 70 years of service.
- Footprint expands to five of South Africa's nine provinces.
- Reserve fund created for sustainable operations.
- Our paediatric HIV clinic opens in Johannesburg.
- Educational component added to all our outreach projects across the country.
- Launch of Philagogo – our income-generating project for granny- and single mother-headed families.

These signal achievements reflect the dedication of the entire Cotlands team, the generous support of donors and the trust of communities that our commitment to their best interests is unwavering.

For Cotlands, geographic expansion and financial stability are long-standing ambitions. The former enables us to capitalise on economies of scale and extract potential synergy while the latter gives us a solid base for longer term planning.

The extent of our progress on both fronts during the review period is deeply gratifying and testimony to how far we've come in building a sustainable business based on care.

chairman's report

reaching out in love and service

"I come from a country that understands the need for hard work to overcome past destructiveness and to escape a threatened future. But, we have also learned that miracles happen with vision and spirit. The world needs that vision and spirit still, and all the more. We are all threatened by entrenched inequality and divisions. We all must prove ourselves equal to a better possibility." - Former President Nelson Mandela, May 2005

In the timeless quest for such a "better possibility", our founder Dorothy Reece believed in a simple philosophy which says we must reach out in love and service to every child in need that comes our way. We are proud to have kept her "vision and spirit" for over 70 years. The dynamic and creative projects which offer holistic services bear testimony to Cotlands' ongoing effort to create better possibilities for children under our care and those to come.

Cotlands is fortunate in many ways to have such a community of dedicated people:

- The management team and staff – thank you for the job well done.
- The tireless team of volunteers who support our staff.
- A body of financial supporters who enables Cotlands to keep its doors open to even more possibilities.
- The children of Cotlands across South Africa – their threatened future is secured under our responsibility.
- The devoted board members who continue to partner with Cotlands to keep the vision.

Our total commitment and love for the people and children we serve, will always make us a unique and well respected institution in society.

Let us continue to raise our children with love, dignity and respect to the level at which society honours Cotlands for having stepped into the gap of a threatened future. The "little voices" will hold in high esteem the hope we brought into their lives.



Dumisani Ncala
chairman

executive director's report

delivering critical services

The year under review has been an exciting one for Cotlands, with many factors contributing to consolidating our position as a national, sustainable and dynamic organisation – and as a service provider delivering critical services that assist thousands of vulnerable South African children and their families.

One of the highlights of the period was the celebration of Cotlands' 70th birthday. What greater proof of our resilience and sustainability is needed? Seven successful decades of service to the children of our nation prove that we are an organisation solidly rooted in the past, bearing good fruit in the present and constantly directing effort and energy into future growth.

Another highlight was opening our first project in the province of Mpumalanga. Cotlands now has an established presence in five of South Africa's provinces ... and counting. Other notable achievements include the creation of a contingency fund to ensure the financial sustainability of our organisation into the future, opening a paediatric HIV clinic in Johannesburg, adding an educational component to all our outreach projects across the country and the launch of Philagogo – our income-generating project for granny- and single mother-headed families.

All this has taken place in tandem with our day-to-day operations, which embrace the spectrum of care, from caring for vulnerable children in the community to end-stage hospice care for children suffering from a life-threatening illness. We focus on supporting the child and his or her family in the community through various outreach programmes, which include home-based care, orphan care, counselling services and nutrition. The residential component is only used in emergencies for acute, chronic and terminally ill children who cannot be cared for at home or when children have been orphaned or abandoned.

In reviewing each project at the beginning of the financial year, it has been tremendously encouraging to see how small initiatives have grown and evolved to meet our children's needs. All our projects now offer holistic services, which include physical, social and medical care, cognitive development and material aid, as well as poverty alleviation and self-sustainable elements. Each project is outlined in this annual report: take the time to read through them to understand more fully the true scope of our work.

I often wonder what our founder, Dorothy Reece, would have to say about Cotlands today – and how the work she began in such a small and humble way has thrived and grown. I believe we've remained true to Dorothy's founding philosophy of reaching out in love and service to every child in need who comes our way.

People sometimes comment that it must be very disheartening to work in an environment where we encounter so many children in tragic circumstances. On the contrary, our working environment is exciting, challenging – full of warmth and full of opportunities to meet wonderful people who, despite their dire circumstances, show resilience, courage and determination to improve their lives. While our focus historically was mainly on the child, our services now extend to the caregivers and all Cotlands has to do is create the vehicle for positive change to happen. By doing so, we're constantly realising our ultimate goal – bringing hope to life.

As special as the caregivers are, however, the children remain closest to our hearts and it is ultimately the opportunity to care for them, to boost their quality of life and set them on a positive path into the future that drives us to continually expand and improve our services.

It is not only the opportunity to work for our clients – the children and their families – that is so rewarding. Working with our loyal and generous supporters is both humbling and uplifting. We have had the opportunity to get to know so many donors who are as passionate about our cause as we are – who take the time not only to give us goods and finances, but to share their knowledge and expertise with us as well. Gone are the days when we waited for a cheque in the post.

How much more rewarding it is to actually meet and partner with our supporters in this age of heightened social awareness and responsibility. Our volunteers are similarly committed, giving freely of their time to enrich the lives of our children and their families and involving themselves in our home-based care projects – initiating exciting projects such as the Soweto makeover and Philagogo.

Cotlands is very fortunate to have such wonderful donors, clients and volunteers. I believe this culture of service has been nurtured by the fantastic attitude of the staff who make up the Cotlands family. I am constantly inspired by the initiative of our team members, their dedication and ingenuity, their willingness to go the extra mile and their ability to identify opportunities that will benefit our clients.

Although these special people often work in very challenging circumstances, their total commitment and love for the people we serve is what makes Cotlands the positive, energetic organisation it is today. In this, Cotlands' 70th year, I am very honoured to lead an organisation of this calibre. With this dedication from staff, volunteers and donors behind us, I have every confidence that we will grow from strength to strength and always be prepared to answer the call of a child in need.



Jackie Schoeman
executive director

national footprint

reaching out to where it's needed most

Every year our national footprint expands, not only geographically, but on a personal level through the lives and families we reach.

cotlands residential care programmes

- Sanctuary (Gauteng)
- Place of safety (Western Cape)
- Hospices (Gauteng, Western Cape)
- Residential orphan care (Gauteng)
- Educare (Gauteng)
- Remedial aid class (Gauteng)

cotlands outreach programmes

- Home-based care (Gauteng, KwaZulu-Natal)
- Chris Hani Baragwanath Hospital counselling project (Gauteng)
- Nutrition project (Eastern Cape)
- Orphan care (KwaZulu-Natal)
- Educare (Mpumalanga)
- HIV/AIDS outreach clinic (Gauteng)
- Food gardens (Gauteng, Eastern Cape, Western Cape)
- Support group programmes (Gauteng, KwaZulu-Natal, Western Cape) and income generating project (Gauteng)

cotlands training and capacity building programmes

- HIV/AIDS training (National)
- Capacity building (Gauteng, Eastern Cape) Maths, science, literacy and life skills training (National)

operational services

community outreach programmes

- An average of 218 children were cared for monthly in Gauteng.
- An average of 317 children were cared for monthly in Kwazulu-Natal.
- 2570 clients were counselled during the year in the Cotlands/Chris Hani Baragwanath HIV/Aids project.

home-based care

Our home-based care services began as a research project initiated by Cotlands on behalf of the National Department of Health in 1999, to develop palliative care guidelines for children living with HIV/Aids. Home-based care was a component of this exercise, using Soweto, Alexandra and Thembisa as our urban sites and Hlabisa, a remote district in KwaZulu-Natal, as our rural site. After the research was completed, Cotlands decided to continue with home-based care as a long-term organisational project.

Home-based care aims to meet the needs of children impacted by HIV/Aids living in communities and families where resources are limited. It bridges the gap between community and residential care to improve quality of life. As a result, children receive dignified and quality service in a familiar and supportive home environment. It also benefits the community in general as it generates awareness about HIV/Aids, prevention and the use of Anti-Retroviral Therapy (ART). It helps the community to understand the disease, dispel common myths and reduce the stigma associated with HIV.

Trained home-based care workers, supervised by a professional nurse and supported by a social worker, assist families to care for HIV-infected children at home through a full spectrum of services.

In terms of resources, the rural location of our KwaZulu-Natal home-based care project and its urban setting in Gauteng offer their own unique challenges. While lack of a suitable venue has limited the potential of our Gauteng services, Hlabisa's rural setting makes it more difficult to secure the goods and services we need. Despite this, our remarkable teams continue to take each day in their stride and deliver their best within these limitations.

main objectives

The guiding philosophy behind the project in both provinces is to help families care for their HIV-positive children at home and to support these families with appropriate home care for minor medical problems, assisting with hygiene needs such as bathing and

household chores. When necessary, children are referred to a clinic or hospital for more advanced treatment.

The home-based care team's activities include monitoring compliance to ART regimes, helping families access resources such as social grants, counselling families, as well as helping families to prepare for the imminent death of a family member with Aids and identifying caregivers who will take responsibility for the children after the death of their parents. The project provides material relief such as milk formula for babies where families are impoverished and identifies orphans, establishing what assistance each child requires before taking practical steps to meet these needs.

gauteng

outstanding achievements

- Securing a more suitable venue for the support group and income-generating projects for mothers and grandmothers, currently only a short-term lease is in place. Encouragingly, a donor has expressed interest in buying a property to house the project in Soweto.
- Support of Cotlands volunteers, particularly the Soweto makeover project, which has made a meaningful socio-economic contribution to the area.
- Extremely generous financial support from international donors, used for stationery, groceries and school uniforms for children living in granny-headed households. We believe our income-generating projects will in time allow them to become self-supporting.

challenges

- Transport logistics, with only one vehicle. Nurses and social workers need transport five days a week for home visits. Families also often need transport to attend support groups and Cotlands HIV clinics. Supplies are also delivered to clients using the project's vehicle.
- Limited number of suitable adoptive families, the tedious process of accessing social grants which has increased dependency on Cotlands and the lack of a homework assistance programme for school-going children of families being supported by the home-based care project.

kwazulu-natal

outstanding achievements

- To ensure adequate cover across rural Hlabisa, we employed three additional home caregivers and plan to employ another three.
- Given the number of orphans and vulnerable children identified in a survey of local schools, we appointed an orphan care co-ordinator to assist the social worker by pre-screening families and co-ordinating child care teams.
- As the provision of ART is rolled out in the district, and children get stronger, we can focus on their development and prepare them for formal schooling. Three of our home caregivers have undergone training in maths, science, literacy and life skills programmes and will in turn train primary caregivers to implement a home stimulation programme to help children to acquire the basic skills needed to succeed at school.
- Fourteen child care teams meet with our social worker once a month. These teams cover a large area and the local Department of Health has allocated 12 of its own trained home caregivers to serve on our teams.
- The teachers in these teams advocate for children's rights in schools. Children with emotional problems are referred to the Cotlands social worker, while our workers continue to negotiate with school principals to exempt orphans from paying school fees. Our teams have also played an important role in a school – lunch initiative for primary school orphans.

challenges

- Extremely high HIV prevalence rate – estimated at over 40% – the scale of such suffering can be daunting and demoralising for our people.
- Scale and lack of infrastructure (roads, public transport) limit the number of families our teams visit each day. One vehicle is used to deliver supplies, collect orphans from school, transport staff and see clients etc. Poor road conditions also cause undue wear and tear on the vehicle.

- Although only 16 children were part of an ART programme this year, we refer more children to the hospital each month. As these numbers increase, Cotlands will need to assist their families, particularly granny- and child-headed households, with treatment compliance.
- Choice of service providers (builders, security, food suppliers) is very limited and quality of products and services is an issue.
- Additional social worker required, while teachers need training to identify children with emotional needs and counsel bereaved children. Time and resources remain the limiting factors here.

cotlands chris hani baragwanath counselling project

This four-year-old project provides ongoing support to families by counselling caregivers during clinic visits and hospitalisation periods. Clinic defaulters and families are followed-up telephonically and through house visits. Material relief such as milk formula and clothing is provided where possible to these families, since most are impoverished.

Our counselling initiative has relieved the burden on hospital nursing staff significantly, in terms of pre- and post-HIV test counselling, and improved the support available to mothers of terminally ill children. Hospital management has requested that we provide additional counsellors, and indicated that they will allocate an empty ward to this project to allow families more privacy during counselling sessions.

main objectives

This project is dedicated to ensuring that HIV-positive babies and children referred to the hospital's paediatric HIV clinic and wards receive holistic care. The team endeavours to empower the primary caregivers of HIV-infected children by training them to care for their children at home. The project is also intended to create a "safety net" for children living with HIV/Aids and children affected by the epidemic through early identification of vulnerable children and by implementing intervention programmes. The team educates and supports primary caregivers to ensure children comply with the demands of an ART regime and to provide them with emotional support.

outstanding achievements

- Some 2 570 caregivers were counselled during the year, and we were asked by the hospital to extend our services to the children's outpatient HIV clinic, and use Cotlands' home-based care workers to help trace children who have defaulted on clinic follow-ups.
- All counsellors have undergone Cotlands' family maths, science, literacy and life skills training courses and are now able to equip caregivers with stimulating activities for their children.

challenges

- The difficulty in persuading male members of families being counselled through the project to come forward for HIV counselling and testing. Clients who relocate without leaving forwarding addresses hamper follow-up procedures, while those who live outside Soweto cannot be followed up after discharge, because of limited resources.

eastern cape nutrition project

This project was established in 2004 to provide nutrition to children in one of the most impoverished regions of South Africa. During the needs assessment phase, Cotlands consulted various community and local government agencies to establish priority needs in the Buffalo City municipal area, home to 880 000 people, within the Amathole district of the province.

At that time, more than 70% of Buffalo City's population earned less than the household subsistence level and unemployment was consistently cited as the major problem in most communities.

main objectives

Our nutrition project targets children between birth and five years of age living in Buffalo City and educates local communities about proper nutrition. The project team is also working to improve the quality of care offered to children by facilitating stimulation programmes to enhance development, providing additional support services to their families, such as assistance to join training programmes delivering income-generating skills, and establishing and maintaining food gardens.

outstanding achievements

- Two large community food gardens are producing a variety of vegetables, and encouraging community members to establish food gardens at home.
- Monthly workshops are educating community members about child nutrition and development. Ten lay teachers from early childhood development centres have been trained in child stimulation. These lay teachers are currently receiving supervision and material assistance from fieldworkers and will receive more equipment as transport logistics and budget allow.

challenges

- Water is scarce in some areas of Buffalo City and needs to be collected by vehicle and stored in drums. The lack of a proper venue means some workshops have been held in the open.

operational services

residential care programmes

- 21 New children were admitted to the hospice in Gauteng during the year.
- 20 New children were admitted to the sanctuary during the year.
- 57 New children were admitted to the hospice in the Western Cape during the year.

gauteng

Cotlands is committed to the physical and emotional restoration of the children accommodated in our various residential projects. These include residential care for up to 42 abandoned, orphaned and/or HIV-positive children – from birth to eight years old – and palliative care for 18 residential children from birth to ten years who have been diagnosed with a terminal illness and who cannot be cared for in the community. At present, more than 60% of our residential children are HIV-positive.

We're also extremely excited about the recent opening of Cotlands House, our family-style residential facility for HIV-positive children aged eight and over who attend formal schooling.

In all our residential care projects, Cotlands provides holistic care that incorporates physical, emotional, spiritual, cognitive and social development. We ensure that children on ART comply with the strict regime and we identify and address any developmental and educational delays caused by the periods of extreme poor health often associated with HIV infection.

We strive to return abandoned and orphaned children to the community within one year, either through adoption or foster care, or reunification with extended family members. Where HIV-positive children are clinically well, we attempt to reunite them with their families or find alternative community placements.

Counselling and support services go far beyond the walls of Cotlands, to caregivers and extended families. We also take responsibility for arranging funerals for orphans and children whose families do not have financial resources to bury them.

outstanding achievements

Overall, our residential programme met its objectives during the year, and recorded some outstanding achievements:

- The implementation of additional cognitive programmes to improve development and school performance.

- A significant decline in the number of Aids-related deaths.
- Commitment from donors to purchase a block of flats close to Cotlands' Johannesburg headquarters to accommodate our HIV-positive school-going children in a long awaited family-style model of care.

challenges

As we move into the next financial year, we face a major and ongoing challenge in residential care – a serious lack of suitable foster parents willing to care for HIV-positive children. As a result, there has been a marked increase in the number of HIV-positive children cared for by Cotlands.

This challenge has two major consequences. HIV-positive children become long-term residents and reduce the facilities available for other children needing our services. And secondly, the cost of caring for these children has soared, because HIV-positive children require additional care in the form of increased hospital visits, transport, professional staff to ensure ART compliance, stimulation programmes, etc. However, in keeping with the spirit of our founder, we are determined to face down these and any other challenges that seek to prevent us from providing an oasis of love, safety and restoration for the children who need us so desperately.

western cape

In 2003, Cotlands established a specialist paediatric HIV/Aids hospice and residential care facility for children in the Helderberg district of the Western Cape, in response to the soaring number of HIV-positive babies being born in the area and critical lack of regional resources.

Cotlands had been involved in the Western Cape since 2001, delivering mass training to health workers, schools, communities and organisations. By 2002, the HIV infection rate in this area had increased to almost 20%, while the area was so under-resourced that the provincial Department of Health identified it as a priority area.

Today our Western Cape facility offers holistic care for 26 residential children from birth to nine years who have been diagnosed with a terminal illness and who cannot be cared for in the community. We provide palliative and respite care to children in the acute phase of their illness and strive to return clinically well children to the community through reunification or alternative community placements. Cotlands Western Cape also operates as an emergency place of safety for children who have been abandoned, orphaned or abused.

Implementation of ART to HIV-positive children is part of our spectrum of care and we are committed to supporting and monitoring this treatment after children have been discharged, via our home-based care programme. We also arrange funerals for orphans and children whose families do not have the financial resources to bury them. Trained key staff members provide counselling and support services for caregivers and extended families of more vulnerable children.

In December 2005 Cotlands expanded its residential services in the Western Cape by taking over Macassar Haven, which provides shelter to 12 children at any time for six months, after which they are either reunited with their families or placed in foster care. Children are cared for by a social worker, two qualified child care workers and two assistants and children of school-going age attend the local school. All children receive therapy from the in-house social worker and outside professionals.

Current projects include implementing a workplace skills development plan to supplement the skills of Cotlands staff members, improve their quality of life, work prospects and labour mobility. We're actively recruiting volunteers for Macassar Haven from its local community and planning an open day/information session to introduce the project to community leaders, teachers, church leaders and the community of Macassar.

In August 2006 Cotlands Western Cape became a member of the HPCA of South Africa (Hospice Palliative Care Association).

Our team is now preparing for this association's basic internal survey, involving finalising, reviewing and implementing new policies and procedures in line with HPCA and COHSASA standards – to provide excellent palliative care at all levels of our service.

outstanding achievements

- Being recognised as an integral part of the support network for health services to communities in the Western Cape in just four years.
- Developing a track record for successfully restoring children to their communities, either with their own families or through adoption or fostering, through the efforts of our dedicated staff.
- Providing superior emotional and psychological care is reflected in the improved behaviour of children who, on admission, were withdrawn or depressed. These children have responded superbly to the routine of life at Cotlands, as well as the love, stimulation and individual attention they receive.

challenges

- Addressing the poverty, malnutrition, homelessness and denial of human rights that are the root causes of the disease.
- Instilling the importance of adhering to the ART regime in parents or carers who have not been trained properly, are illiterate or do not attend scheduled clinic appointments. This places the children at great risk.
- Expediting official approval to be registered as a children's home which will allow us to accept more children who need a place of safety.
- Creating an interdisciplinary team to determine the best specific medical treatment in each case of palliative care in the best interest of the child. End-of-life decision making should involve the child (if possible), the family and all health professionals involved in providing care to the child.
- Raising funds for new premises, as our current leased site in Somerset West has been earmarked for development.

operational services

training and building capacity

- 27 Children between the ages of 2 and 5 attend the Everest early childhood development centre.

education and training

Our early childhood development (ECD) programmes provide essential life experiences by creating learning opportunities and other experiences which encourage continued growth and development. We ensure that HIV-positive and other special-needs children are given equal opportunities and encouraged to develop at a comfortable pace. All the children in our care are prepared for mainstream formal education.

Research has shown that children from disadvantaged backgrounds, children who experience early institutionalisation and chronically or acutely ill children are likely to experience developmental delays. Since children from these categories form the core group cared for by Cotlands' facilities or through our various programmes and projects, it has been essential to implement effective ECD programmes to help them overcome these delays.

At the Cotlands education department in Gauteng, we address developmental delays through:

- Our educare centre at our Johannesburg headquarters provides a stimulating informal daily programme for our pre-schoolers, based on play. We have introduced a grade R class (reception year) that focuses on implementing the national curriculum to make the transition to grade one less daunting. The centre's development programmes have helped many children overcome some of their delays, with the best school results ever recorded in the review period.
- Our stimulation programme assumes the role of parent in our residential facilities. It is designed to encourage babies and toddlers to develop good posture, muscle tone, balance and flexibility, as well as relate to their environment and recognise familiar sounds and voices.
- Once the children enter primary school, we continue to support them by offering supervised homework and remedial therapy.
- The children are given the opportunity to participate either as individuals or in groups in a range of extracurricular activities including different forms of remedial therapy.

- Outreach ECD projects:
 - Mpumalanga: In partnership with a platinum mine, Cotlands opened the Everest ECD Centre outside Lydenberg. As part of a community project, the mine erected a two-class school for 60 children.
 - Eastern Cape: As an extension of the nutrition project, Cotlands has helped establish 10 educare centres serving 279 children.
 - KwaZulu-Natal: Providing additional support for orphaned primary school children, Cotlands offers an aftercare educational and homework programme as part of our home-based care project in the Hlabisa district.

achievements

- Cotlands recently opened a dedicated remedial classroom project at our local feeder school, Park Senior Primary School, in Turffontein. This project, made possible by R80 000 in donations, is a good example of how NGOs such as Cotlands, state facilities such as schools and the private sector can work together to solve the social challenges facing South African communities today.
- All educare teaching staff in Gauteng obtained their ECD practitioner level four certificates.
- The Family Maths, Science, Literacy and Life Skills Programme was presented to 52 national employees over two weeks, and will be implemented as part of the educational programme in all projects.
- Teaching and care staff were trained in assertive discipline to give them the skills to manage the behaviour of children, from toddlers to teens.

challenges

- During the year, we needed to accommodate an ever-increasing influx of older children.
- A lack of consistency of helpers in implementing the homework routine in Gauteng.
- Transport in Lydenburg to get the children to and from school daily, so that the school can run at full capacity.
- Limited education and literacy levels among KwaZulu-Natal and Eastern Cape volunteers and field workers, who need training to implement basic educational programmes.
- Forming and maintaining the link between informal and formal education.
- Co-ordinating the educational programme in all projects.

training department

Given the cumbersome process of maintaining SETA accreditation, the management board has put the external training function on hold for now, as continuous programme development and maintenance was in danger of draining valuable Cottlands resources. However, the following programmes are currently available:

- HIV and Aids awareness, including the ECD activity workbook.
- Helping the bereaved child, including the "What is death?" storybook and "Learning about Life, Death and my Feelings" activity workbook.
- Basic counselling including the practical guide "When a loved one dies".

Interested parties can buy these programmes, training manuals and workbooks for in-service skills development from Cottlands.

monitoring and evaluation

A robust system monitors and evaluates all services including:

- Monthly statistics reflecting the number of children cared for during the month.
- Monthly progress reports highlighting results against project objectives.
- Quarterly performance reviews of team members.
- Supervision reports from teachers and managers, individual assessments to determine the child's level of competency and developmental delays.
- Performance-to-budget management reports and quarterly or six-monthly progress reports to donors.

sustainability report

meeting present and future needs

As a growing organisation whose services are reaching an increasing number of beneficiaries, sustainability has become an important issue for Cotlands. To ensure the needs of the present generation are met, without compromising our ability to do the same for future generations, last year we reviewed our policies and procedures to ensure all projects were aligned with this principle.

Sustainability however is an ongoing process and, as such, this report mirrors many of the elements of previous years. During the year, several improvements were implemented:

social factors

In partnership with other NGOs, local government and the private sector, we remain committed to filling the medico-socio-economic gaps in communities by providing a range of services to ensure food security, reverse the spread of HIV/Aids, create jobs and foster self-sustainability. To achieve this, we have ensured that all our outreach projects include food garden initiatives, income-generating projects and educational components.

economic factors

Our expanded scope of services has increased the financial demands on the organisation and we are sensitive to the need for good stewardship in managing these challenges. Since we cannot enter a community to offer essential services, only to withdraw a few months later because of insufficient funding, we have a number of sustainability processes in place.

First, our financial planning includes budgeting and forecasting. In recent years, Cotlands has recorded less than a 5% variation from our expense budgets by ensuring tight controls are in place, expenditure is closely monitored and all unusual expenses are checked and approved by the finance committee.

The second process was to budget for a surplus, knowing we ran the risk of donors believing Cotlands receives too much funding. The surplus exists to ensure the sustainability of our services, which is essential for good governance. A reserve fund has been created with a target established by actuarial valuation to determine our current liability for the future costs of caring for our children.

The third sustainability initiative has involved broadening our donor base instead of relying on one sector for funding. Cotlands draws its income from a sound spread of resources – government funding, corporate funding, local and international trusts, bequests and individual giving.

With these processes in place, we are moving towards attaining financial sustainability for Cotlands and we are very grateful to the many donors who have contributed so generously to our organisation over past years. Together, we can work towards providing a more secure future for the children entrusted to our care.

As part of our commitment to good governance, Cotlands has established a track record of economic and efficient use of resources, service excellence and measurable achievements. To reassure donors, audited financial statements – as well as non-financial assurance reports – are available, outlining our scope of work.

environmental factors

As Cotlands operates across a spectrum of communities – from urban to deep rural – we often operate in districts with limited infrastructure and access to basic services such as water, electricity, and waste removal. In areas where the provision of basic human needs is the main concern, environmental sustainability is not seen as a priority. To address this, Cotlands has concentrated on linking up with other organisations that provide training in environmental conservation and the effective use of natural resources, as well as waste products (ie recycling). Our aim is to ensure that depletion of natural resources doesn't become an added burden for these communities. The eco-food gardens at our rural sites have been one vehicle through which we have been able to respond to environmental factors.

In urban areas, our organisation faces different challenges. Here, with relatively sound infrastructure and service delivery, the challenge is to ensure that these services are used economically and that recycling is actively pursued.

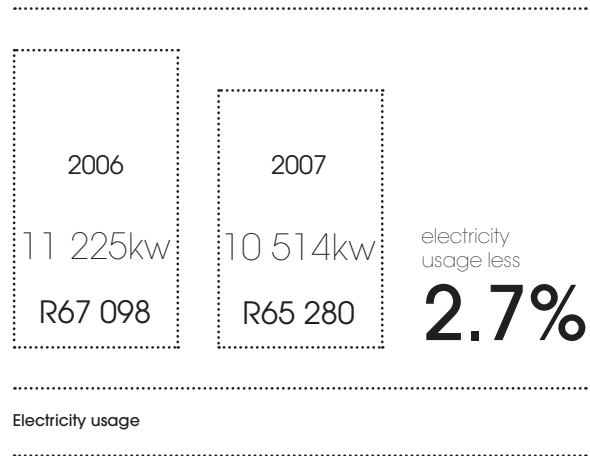
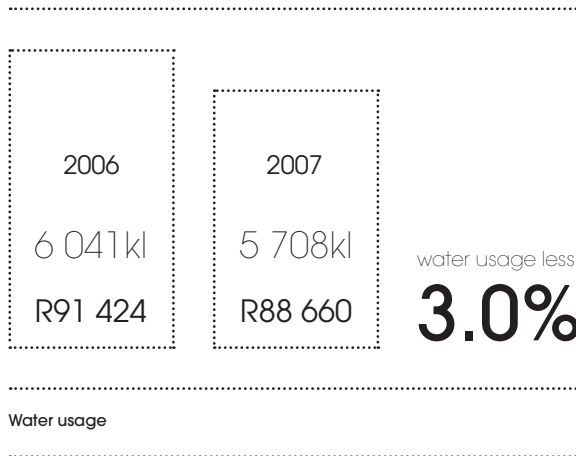
primary environment impacts

- Water: Johannesburg Water
 - Year 2006 – Consumption 6 041kl. Annual expense: R91 424.
 - Year 2007 – Consumption 5 708kl. Annual expense: R88 660.

The benefit of a water-monitoring programme designed to ensure early detection of any water leaks was again evident in the review period. Water consumption decreased by 3,0%, with a corresponding saving of R2 764.

- Electricity: City Power
 - Year 2006 (364 days) – Consumption 11 225kW. Annual expense: R67 098.
 - Year 2007 (365 days) – Consumption 10 514kW. Annual expense: R65 280.

Our electricity consumption rate has remained constant over the past year despite the steadily increasing staff complement at Cotlands headquarters. To ensure electricity is used conservatively, our consumption is monitored monthly, taking into account seasonal variations.



secondary environmental impacts

- Lexmark's recycling initiative: Lexmark SA, in conjunction with its distributors, encourages dealers and the public to collect empty printer cartridges for recycling. In turn, this company donates funds generated from this exercise in the novel currency of "Baby Days", the per-day cost of caring for one child.
- Tin recycling: All tins used in our small change collection project are recycled.
- Waste paper: Paper is, as far as possible, used twice before going into the Mondi bin for recycling.
- Fuel costs: Cotlands' petrol consumption nationally has increased from 23 814 litres to 31 987 litres in the past year. This is a 34% increase, which can partially be attributed to the rise in the number of vehicles, from eight to 11, but is an area of concern which needs to be monitored more closely in the new financial year.
- Food redistribution: Any donated food items we are unable to use to feed the children in our care (for instance, hot curried meals) are redistributed to other charities that can use them, such as soup kitchens.
- Medical waste: The accumulation of all hazardous or medical waste materials, including used syringes, is kept to a minimum. A safe-storage facility is closely monitored in our sanctuary and hospice and all medical waste is collected by our medical practitioners for proper disposal.

There are still many issues to tackle, but our hope is that Cotlands will ultimately be able to exert some positive influence on the environment in the areas in which we operate. The real challenge lies in influencing community members to embrace the concept of sustainable development and to work towards preserving the country and its resources for future generations.

Cotlands has also ensured that its strategic plan reflects the sustainable objectives noted in this section.

Our strategic plan therefore identifies the following desired outcomes for the next five-year period:

- To make a significant impact in ensuring the basic human rights of vulnerable children are upheld and realised.
- To be recognised as the leader in childcare, pioneering and providing excellent service in terms of current medico-socio-economic challenges facing our country.
- To ensure financial sustainability to conduct and expand the organisation's reach well into the future.
- To be seen as a value-adding NGO operated by committed and compassionate staff.
- To develop and maintain a national footprint by offering established services in at least five of South Africa's provinces.
- To be donors' preferred charity.
- To ensure skills are transferred comprehensively and wherever appropriate within the organisation.
- To make every Cotlands employee aware of the importance of his or her role in the greater organisation and in achieving our corporate goals, through regular communication.
- To create a comprehensively documented knowledge base that can be accessed by all departments.
- To expand and adapt our educare programme to address circumstantial delays in preschool children to prepare them for mainstream education.
- To extend the lifespan of children in our care, so that they can reach adulthood in good health.

black economic empowerment

enhance your empowerment scorecard with cotlands

It is wonderful to finally have a real vehicle that allows Cotlands to reward our loyal and generous corporate supporters for their contributions.

With the codes of good practice on black economic empowerment now in place, Cotlands can issue donor companies a certificate that can be submitted to the empowerment verification agency for points on corporate scorecards. The benefits associated with each contribution are outlined below:

| qualifying contribution type | contribution amount | benefit factor |
|--|--|----------------|
| grant and related contributions | | |
| Grant contributions | Full grant amount | 100% |
| Direct costs incurred in supporting socio-economic development, sector-specific initiatives or approved socio-economic development contributions | Discount amount (in addition to normal business discount) | 100% |
| Discounts in addition to normal business practices supporting socio-economic development, sector-specific initiatives or approved socio-economic development contributions | Verifiable cost (including monetary and non-monetary) | 100% |
| Overhead costs incurred in supporting socio-economic development, sector-specific initiatives or approved socio-economic development contributions | Verifiable costs (including both monetary and non-monetary) | 80% |

contributions made in the form of human resource capacity

| | | |
|---|---|-----|
| Professional services rendered at no cost supporting socio-economic development, sector-specific initiatives or approved socio-economic development contributions | Commercial hourly rate of professional | 80% |
| Professional services rendered at a discount supporting socio-economic development, sector-specific initiatives or approved socio-economic development contributions | Value of discount based on commercial hourly rate of professional | 80% |
| Time of employees of measured entity productively deployed in assisting beneficiaries and supporting socio-economic development, sector-specific initiatives or approved socio-economic development contributions | Monthly salary divided by 160 | 80% |

If business enterprises with an annual turnover between R5 million and R35 million donate 1% of net profit after tax, they will receive 25 points towards their empowerment scorecard. Enterprises with an annual turnover of over R35 million would need to contribute 3% of net profit after tax to obtain 15 points.

Please note that points can only be received for company contributions, so donations from staff members (either monetary or volunteering outside normal working hours) are not eligible.

Should you have any queries relating to this information, please contact Roger Latchman of PKF BEE Solutions (PTY) Ltd at roger.latchman@pkf.co.za. PKF BEE Solutions is a leading empowerment verification agency and a division of PKF accountants and business advisers, a prominent international business advisory organisation that has been assisting cotlands with empowerment-related issues.

As always, our heartfelt thanks for your generous support and I hope that the above information will be of value to your company.

fundraising and marketing

sustainability through dynamic relationships

The fundraising department aims to build dynamic relationships with stakeholders through professional and ethical funding efforts, to ensure sustainability of all Cotlands projects and services.

During the year, many new relationships were forged, prior partnerships strengthened and set income targets achieved in most areas. Unfortunately, a crime syndicate targeted our collection tins and was only apprehended after several months, which had a huge impact on this revenue source. Apart from the loss of income, this particular mindset which perpetuates crimes against already abused children is a new and most unwelcome reminder of the challenges facing organisations such as Cotlands.

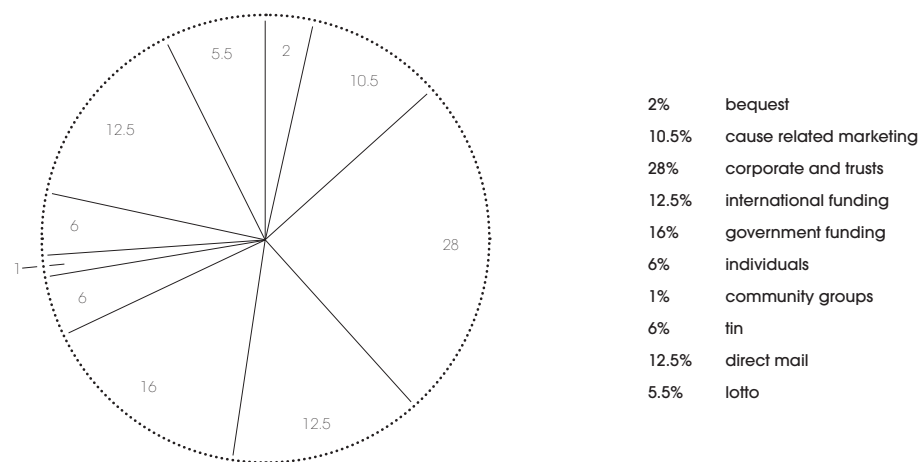
Thanks to the ongoing support of our valued donors and the dedication of our team, particularly our marketing committee, we recorded several important milestones during the year, including:

- A four-day long celebration to commemorate Cotlands' 70th birthday.
- A trip to Canada accompanied by the Soweto Marimba Band to raise awareness, thank current donors and raise funds.

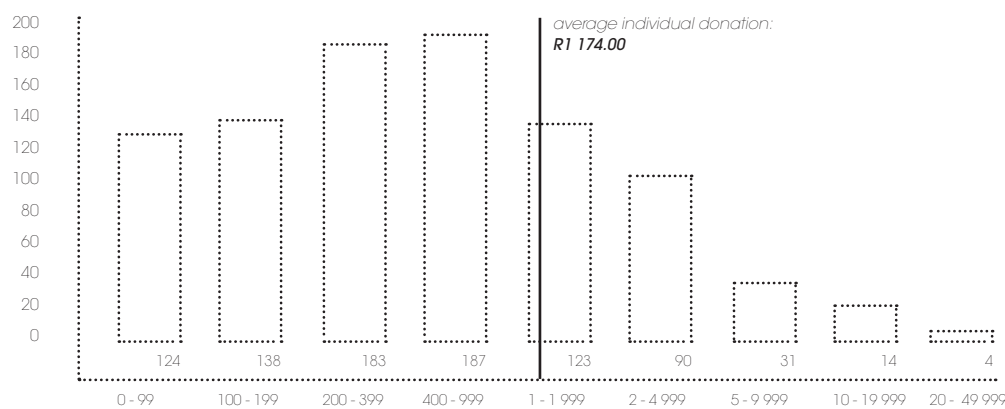
- The acquisition of a new residential building to accommodate our older children in a homely environment.
- The purchase and erection of a prefabricated classroom at our local school to meet the remedial needs of some of our children.

Through stakeholder engagement, we have addressed the needs of corporate donors to encourage socio-economic development. We guarantee good governance, transparency and build donor confidence through regular interaction and progress reports. Donors qualify for section 18A tax exemption.

With the finalisation of the codes of good practice on broad-based black economic empowerment, Cotlands can now issue a certificate for submission to an empowerment verification agency for points on the related scorecard.

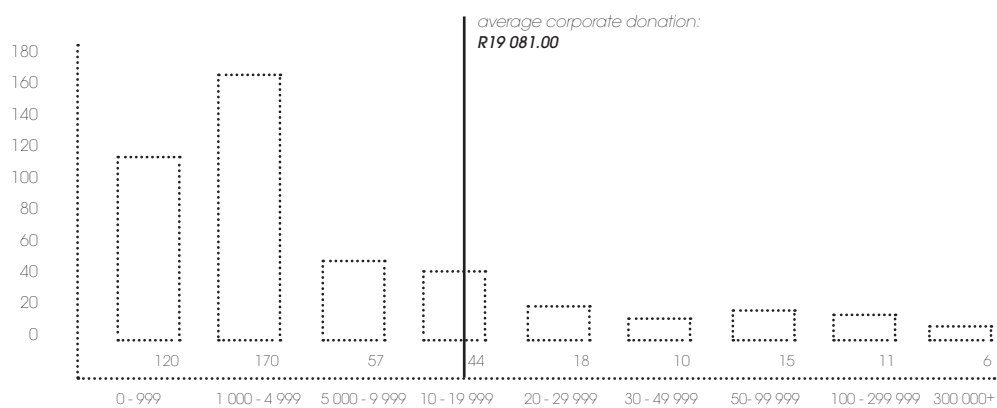


income percentage split



- 894: Total number of donations from individuals/ families in 2006. Down from 1034 in 2005.
- R1 174: Average individual donation. Up from R955 in 2005.
- 700: Number of donations with a value less than the average.
- 78%: Percentage of donations with a value less than average. Up from 73% in 2005.

gifts to cotlands from individuals



- 445: Total number of corporate partners in 2006. Down from 450 in 2005.
- R19 081: Average corporate donation. Up from R12 977 in 2005.
- 60: Number of donations with a value above the average.
- 86%: Percentage of donations with a value less than the average. Up from 84% in 2005.

gifts to cotlands from corporate companies

operational support

behind the cotlands team

- We have a staff compliment of 96 people in our residential care programmes, and 59 in community outreach.
- During the year 179 staff members attended skills development training.
- A total of 28 fundraising and administrative staff supports the outreach, residential care and capacity building programmes.

human resources

We recognise the long-term value of retaining staff with critical knowledge, skills and abilities and that a stable workforce ensures the continuum of care. We are however committed to containing the costs of recruitment, training and development.

In the last half of the year, there was a dramatic increase in our staff turnover to 18%, from under 2% including retirees. Contributing factors spanned retirement, dismissals, incapacity, employment conditions, personal and further studies; the highest percentage of employees resigned to accept positions offering more competitive salaries and benefits in the private sector.

To address these issues, the Cotlands team is implementing a human resources strategy that includes an established performance management system. This is monitored, evaluated and amended annually to keep it relevant.

NEHAWU (National Education, Health and Allied Workers Union) is currently the union represented at Cotlands and we have enjoyed a healthy working relationship for the past ten years.

achievements

- A dedicated, representative forum has been established and tasked with developing and implementing an employment equity constitution and plan.
- With a full-time skills development facilitator in place, Cotlands is submitting annual workplace skills plans and receiving the rebate from the national skills development fund.
- The human resources committee has implemented an updated competency-based salary grading scale.
- An employee wellness programme has been successfully implemented.
- The international volunteer programme is growing strongly. Cotlands is recognised as one of the preferred charities in South Africa for international volunteers of all ages – from gap-year students to retired professionals. They enjoy spending anything from a few weeks to a year, assisting or performing duties that enhance, improve or develop a particular area or project.

challenges

- As often the case in the NPO sector, primary challenges in human resources revolve around financial constraints.
- Staff retention when employees who have been developed, coached and trained by Cotlands are approached by the corporate sector with highly competitive salaries and benefits. Replacing employees with the required skills and qualifications at salaries allowed by our budget is an ongoing challenge; developing and maintaining a succession plan has therefore proved difficult.
- In response to these challenges, we are investigating alternatives to present Cotlands as a preferred employer, eg a work-life balance programme with the offer of working from home or on a flexi-time basis.

human resource strategy

1) new activities

Succession plan.
Work-life balance programmes.
Employment equity forum.

2) work-in-progress

Succession plan.
Recognition and reward system.
Competency-based salary grading scale.
Broad-based black economic empowerment.
Employee wellness programme.
International professional volunteer programme.

3) completed programmes

360° performance management system.
Human resources manual.
Healthy working relationship with union.
Transformation communication.
Workplace skills development programme.

operational support

volunteer programmes

- Adopt a Soweto Granny and Philagogo projects were launched in Gauteng.
- A volunteer programme at Macassar Haven was launched.

gauteng

Cotlands volunteers realised there were many families in our home based care (HBC) programme that were desperately in need of help. In addition to support provided to residential services, a HBC committee was created to support families with material aid. The Adopt a Soweto Granny project was also launched. One of the first projects was profiling the grannies and outlining their basic needs. Volunteers then distributed the profiles to colleagues and friends with an overwhelming response.

outstanding achievements

Between January 2006 and March 2007, the volunteers secured the following donations:

- Groceries and vegetables are now being supplied twice a month to 90 mothers and grandmothers – providing for some 250 children.
- Fridges to store antiretroviral medication have been provided to 15 families.
- Stoves have been donated to 14 families.
- Eight families received 13 couches.
- Other furniture has been given to 14 families.
- Bedding has been provided to 18 families.
- R20 000 worth of toys and clothes has been distributed to 60 families.
- Three new shacks have been purchased for granny-headed families.
- 14 grannies have been "adopted" and receive food from their sponsors monthly. The estimated value of this donation is R25 000 to date.
- Four children's crèche fees are sponsored monthly.
- Two teenagers' university fees are being sponsored to the value of R8 000.

For the project to be sustainable, the grannies needed a project that not only supplemented their meagre pensions, but uplifted their spirits. Against this background, the Philagogo (which means "live granny") clothing label was born. Volunteers and Cotlands staff helped the grannies to launch a range of children's pyjamas. Products are currently sold by the volunteers. Ultimately we hope to expand the Philagogo brand to a variety of products.

The volunteers also launched the skills development and job creation programme. Many young mothers and orphans have passed their matric examinations, but lack funds to study further and experience to apply for jobs. This programme encourages youngsters to study further and helps them develop their potential. To date, six people have been sent on a basic computer course.

future challenges

For the Philagogo project to be sustainable, it will require a marketing plan so that our products can be distributed on a wider scale. Secondly, it needs a reliable and long-term source of income.

western cape

The work of Cotlands' Western Cape hospice is supporting 60 trained local volunteers, including professional volunteers in the form of two occupational therapists, two reflexologists, a speech therapist, a dietician and six volunteer doctors. A programme for local volunteers was initiated at Macassar Haven in March 2007, with three volunteers trained and now actively involved.

outstanding achievements

After identifying a need to visit Cotlands children admitted to hospital, a policy was created and approved by the local hospital staff where trained volunteers visit our children and ensure they feel loved and cared for.

From January 2006 to March 2007, Cotlands hospice and Macassar Haven hosted 58 international volunteers. We are in partnership with the University of Stellenbosch and host students from their international student programme, as well as individual volunteers and volunteers from agencies.

future challenges

The biggest challenge will be to streamline the volunteer programme, policies and procedures according to the standards for palliative care compiled by the HPCA for accreditation as a palliative care centre by COHSASA.

member's report

management board, consultants and honorary members

The Cotlands management board is responsible for ensuring good internal governance within the organisation. The management board sets policy direction, is the final decision maker and the legal link between the organisation and society.

The following areas illustrate the corporate governance of the management board:

- Ultimate accountability and responsibility for organisational performance.
- Strategic direction.
- Succession planning.
- Assertive control and monitoring of management.
- Ensuring compliance with relevant regulations.
- Ensuring procedures for appointments are formal and transparent.
- Ensuring there is an appropriate balance of power.
- Managing remuneration.
- Reporting annually on social, transformation, ethical, safety, health and environmental management policies.

The Cotlands management board comprises the following sub-committees:

- Executive committee.
- Child development and research committee.
- Finance committee.
- Human resources committee.
- Marketing committee.

board members

chairperson: Dumisani Ncala

vice-chairperson: Peter Moloney

- Ariane T'Joens
- Cathryn Steyn
- Di Levine
- George T'Joens
- Greg Morris
- Irene Hatting
- John Eckstein
- Jos Polatinsky
- Kerry Guebert
- Kieron McRae
- Lara Guignet
- Merven Rajah
- Michal Bolonowski
- Michelle Meiring
- Nimee Dhuloo

- Rudi van der Merwe
- Sakina Mohamed
- Sheena McGeogh
- Solwin Elephant

ad-hoc members

- Anton Du Toit
- Riana Sinden

consultants

- Anton Du Toit
- Dr Cathy O'Reilly
- Gillian Shead
- Marilyn Boyd
- Robert Booysen

honorary members

- Amy Rode
- Chris Hani Baragwanath Hospital
- Dr Coombie
- Dr Dyssel
- Dr Urbach
- Dr Wade
- Dr White
- HKLM - Harwood Kirsten Lee and McCoy
- Hottentots Holland Hospital
- JD Consulting
- KPMG Services (Pty) Limited, Johannesburg
- P and P Communications
- Patricia Dunn

Our heartfelt thanks to all who have given so generously of their time and expertise.

assurance report

KPMG independent assurance report

Independent assurance report to the Directors of Cotlands with respect to statistical data on selected sustainability, operational services and fundraising and marketing aspects as reported in the 2007 Cotlands Annual Report.

introduction

We have performed our independent assurance engagement with respect to selected operational services, sustainability, fundraising and marketing statistical data for the year ended 31 March 2007, as reported in the 2007 Cotlands Annual Report (the Report).

The statistical data selected by KPMG, in consultation with Cotlands, to be the subject of our assurance engagement were:

Operational services, community outreach programmes:

- The average number of children cared for monthly in Gauteng (page 8);
- The average number of children cared for monthly in KwaZulu-Natal (pages 8);
- The number of clients counselled during the year in the Cotlands/Chris Hani Baragwanath HIV/Aids project (page 8);

Operational services, residential care programmes:

- The number of new children admitted to the sanctuary during the year (page 11);
- The number of new children admitted to the hospice in Gauteng during the year (page 11);

Sustainability report, environmental factors:

- Water usage (page 16);
- Electricity usage (page 16);

Fundraising and marketing:

- Income percentage split (page 20);
- Gifts to Cotlands from individuals (page 21) and;
- Gifts to Cotlands from corporate companies (page 21).

These parameters are collectively referred to as the "selected 2007 operational services, sustainability, fundraising and marketing statistical data".

This assurance report is made solely to Cotlands in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Cotlands

those matters we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Cotlands, for our work, for this report, or for the conclusions we have reached.

responsibilities of directors

The directors of Cotlands are responsible for the preparation of the Report and the information contained within it, including operational services, sustainability, fundraising and marketing statistical data, and for establishing and maintaining appropriate internal control systems from which the reported information is derived.

responsibility of the assurance provider

Our responsibility is to express our conclusions to Cotlands, based on our independent assurance engagement, performed in accordance with the International Standard on Assurance Engagements (ISAE 3000): "Assurance engagements other than audits or reviews of historical financial information". This standard requires us to comply with ethical requirements and to plan and perform our assurance engagement to obtain reasonable or limited assurance, expressed below, regarding the subject matter of the engagement. Our engagement was carried out by a multi-disciplinary team of assurance specialists. This team undertakes similar engagements with other South African and international companies and is led by a director who has 10 years of related experience in sustainability reporting and assurance.

work performed

Our work consisted of:

- Obtaining an understanding of the systems used to generate, aggregate and report the selected 2007 operational services, sustainability, fundraising and marketing statistical data at Head Office in Johannesburg;
- Conducting interviews with management, and staff at Head Office to obtain explanations for the selected 2007 operational services, sustainability, fundraising and marketing statistical performance data trends and understand the consistency of the reporting processes compared with prior years;

- Testing the accuracy of the aggregation process for the consolidated selected 2007 operational services, sustainability, fundraising and marketing statistical performance indicators at Head Office; and
- Assessing the reasonableness of assertions made in the Report associated with the selected 2007 operational services, sustainability, fundraising and marketing statistical performance indicators in light of our findings.

We believe that our work performed as set out above provides an appropriate basis for our conclusion. No assurance is expressed in relation to aspects of the Report, not covered by our work performed.

Conclusion

Based on our work performed nothing has come to our attention that causes us to believe that the "selected 2007 operational services, sustainability, fundraising and marketing statistical data", for the year ended 31st March 2007, are not properly presented in all material respects.



Per PD Naidoo
director
KPMG Services (Pty) Limited
Johannesburg
31st August 2007

annual financial statements

for the year ended 31 march 2007

| Balance sheet as at 31 March 2007 | 2007 R | 2006 R |
|--|-------------------|-------------------|
| Assets | | |
| Non-current assets | - | 1 |
| Property, plant and equipment | | |
| Current assets | 11 217 286 | 10 919 028 |
| Inventories | 26 441 | 14 925 |
| Trade and other receivables | 375 977 | 243 388 |
| Term deposit | 1 258 375 | 602 753 |
| Special purpose obligations and provisions funding | 9 417 173 | 9 745 147 |
| Cash and cash equivalents | 139 320 | 312 815 |
| Total assets | 11 217 286 | 10 919 029 |
| Capital and liabilities | | |
| Capital | 1 241 406 | 743 523 |
| Accumulated funds | | |
| Current liabilities | 9 975 880 | 10 175 506 |
| Trade and other payables | 558 707 | 421 194 |
| Special purpose obligations | 7 624 880 | 8 311 043 |
| Provisions | 1 792 293 | 1 443 269 |
| Total liabilities | 11 217 286 | 10 919 029 |

Income statement

for the year ended 31 March 2007

| | | |
|---|-------------------|-------------------|
| Gross revenue | 20 192 783 | 15 047 121 |
| Donations and projects | 17 140 166 | 11 897 346 |
| National Lotteries funding | 920 431 | 1 000 000 |
| Maintenance grants | 1 221 925 | 861 742 |
| Sales, training and creche fees | 910 261 | 1 288 033 |
| Direct expenses | (970 974) | (1 197 012) |
| Gross surplus | 19 221 809 | 13 850 109 |
| Transfer from Public Benefit Organisation | - | 1 414 143 |
| Other income | 51 756 | 117 386 |
| Total income | 19 273 565 | 15 381 638 |
| Operating costs | 19 328 430 | 15 478 159 |
| Staff costs | 12 552 360 | 10 427 854 |
| Plant and equipment written off | 1 768 075 | 806 680 |
| Other operating expenses | 5 007 995 | 4 243 625 |
| Operating deficit | (54 865) | (96 521) |
| Investment income | 552 748 | 365 576 |
| Surplus for the year | 497 883 | 269 055 |

Statement of changes in equity

for the year ended 31 March 2007

| | 2007 R |
|---------------------------------|------------------|
| Balance at 01 April 2005 | 474 468 |
| Net surplus for the year | 269 055 |
| Balance at 01 April 2006 | 743 523 |
| Net surplus for the year | 497 883 |
| Balance at 31 March 2007 | 1 241 406 |

Cash flow statement

for the year ended 31 March 2007

| | 2007 R | 2006 R |
|---|--------------------|-------------------|
| Cash flows from operating activities | 1 902 877 | 5 407 280 |
| Cash generated by operating activities | 1 350 129 | 5 041 704 |
| Interest received | 552 748 | 365,576 |
| Cash flows from investing activities | (1 748 724) | (728 825) |
| Expenditure to maintain operating capacity | (655 400) | (278 825) |
| Expenditure for expansion | (1 112 674) | (450 000) |
| Sale of property, plant and equipment | 19 350 | 77 855 |
| Increase in cash and cash equivalents | 154 153 | 4 678 455 |
| Cash and cash equivalents at beginning of year | 10 660 715 | 5 982 260 |
| Cash and cash equivalents at end of year | 10 814 868 | 10 660 715 |

notes to the annual financial statements

for the year ended 31 march 2007

basis of preparation

The annual financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate. Unless otherwise stated, this basis is consistent with that of the previous year.

revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the organisation and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Revenue from donors is recognised at the date of receipt of donations. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer.

property, plant and equipment

All property, plant and equipment are recorded at cost. Cost includes all costs directly attributable to bringing the assets to a working condition for their intended use. Property, plant and equipment are written off in full in the year of purchase.

| | 2007 R | | | 2006 R | | |
|------------------------|------------------|--------------------------|-------------------|------------------|--------------------------|-------------------|
| | Cost | Accumulated write off | Carrying Value | Cost | Accumulated write off | Carrying Value |
| Land and buildings | 2 590 472 | 2 590 472 | - | 1 477 798 | 1 477 797 | 1 |
| Leasehold improvements | 265 409 | 265 409 | - | 197 204 | 197 204 | - |
| Motor vehicles | 1 113 467 | 1 113 467 | - | 880 370 | 880 370 | - |
| Furniture and fittings | 766 955 | 766 955 | - | 759 577 | 759 577 | - |
| Office equipment | 793 353 | 793 353 | - | 645 762 | 645 762 | - |
| Other equipment | 421 353 | 421 353 | - | 241 100 | 241 100 | - |
| | 5 951 009 | 5 951 009 | - | 4 201 811 | 4 201 810 | 1 |

provisions

Provisions are recognised when the organisation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

| | Carrying amount at beginning of the year | Additional provisions | Used during the year | Unused amounts reversed during the year | Carrying amount at end of year |
|------------------------------|--|-----------------------|----------------------|---|--------------------------------|
| | R | R | R | R | R |
| Bonuses | 188 190 | 717 131 | (685 187) | - | 220 134 |
| Leave pay | 366 270 | 800 804 | (713 740) | - | 453 334 |
| Building maintenance - major | 647 600 | 80 160 | - | - | 727 760 |
| Upgrade of IT systems | 241 209 | 149 856 | - | - | 391 065 |
| | 1 443 269 | 1 747 951 | (1 398 927) | - | 1 792 293 |

special purpose obligations

These obligations arise from donations received from donors that are earmarked for special projects.

When the actual expenditure is incurred for the special project, a corresponding amount of the obligation is reversed to the income statement. The remainder of the unutilised funds are shown as special purpose obligations.

taxation

No provision has been made for taxation as the organisation is exempt from taxation by virtue of section 10(1)(cN) of the Income Tax Act No.58 of 1962, as amended.

transfer from public benefit organisation (Macassar Haven)

On the 27th of January 2006, the assets and management of Macassar Haven (NPO 013-429), a non-profit organisation which maintains a safe house for neglected, abused, abandoned or orphaned children, were transferred to Cotlands in terms of a transfer agreement dated the 07th of October 2005. On the 07th of October 2005, an agreement of sale was entered into between Cotlands and Mrs A Becker (owner) for the purchase of the property which Macassar Haven was operating from for an amount of R450 000. Transfer of the property to Cotlands was effected at the office of the Registrar of Deeds at Cape Town on the 27th of January 2006.

five year review

for the years ended 31 march

| Income statement | 2007 R | 2006 R | 2005 R | 2004 R | 2003 R |
|--|-------------------|-------------------|-------------------|-------------------|------------------|
| Total income | 19 273 565 | 15 381 638 | 14 084 556 | 10 728 875 | 7 647 220 |
| Donations and projects | 17 141 379 | 12 897 346 | 11 540 350 | 8 889 404 | 6 320 279 |
| Other | 2 132 186 | 2 484 292 | 2 544 206 | 1 839 471 | 1 326 941 |
| Expenditure | 19 328 430 | 15 478 159 | 13 879 100 | 10 771 270 | 7 070 244 |
| Employee costs | 12 552 360 | 10 427 854 | 8 768 275 | 6 985 151 | 4 718 947 |
| Plant and equipment written off | 1 768 075 | 806 680 | 1 052 319 | 410 660 | 208 173 |
| Other operating expenses | 5 007 995 | 4 243 625 | 4 058 506 | 3 375 459 | 2 143 124 |
| Operating surplus/(deficit) | (54 865) | (96 521) | 205 456 | (42 395) | 576 976 |
| Investment income | 552 748 | 365 576 | 206 816 | 263 147 | 127 382 |
| Net surplus/(deficit) for the year | 497 883 | 269 055 | 412 272 | 220 752 | 704 358 |
| Staff members (includes casuals & tin reps) | 247 | 198 | 169 | 147 | 128 |
| Average cost per employee | 50 819 | 52 666 | 51 883 | 47 518 | 36 867 |

Balance sheet

| | | | | | |
|--|-------------------|-------------------|------------------|------------------|------------------|
| Assets | | | | | |
| Non-current assets | - | 1 | 1 | 1 | 1 |
| Property, plant and equipment | | | | | |
| Current assets | 11 217 286 | 10 919 028 | 6 313 164 | 4 169 114 | 2 570 193 |
| Inventories | 26 441 | 14 925 | 166 409 | 172 309 | 151 988 |
| Trade and other receivables | 375 977 | 243 388 | 164 496 | 115 063 | 84 444 |
| Term deposits | 1 258 375 | 602 753 | 135 440 | 213 382 | 2 266 266 |
| Special purpose obligations and provisions funding | 9 417 173 | 9 745 147 | 5 313 841 | 3 594 082 | - |
| Cash and cash equivalents | 139 320 | 312 815 | 532 978 | 74 278 | 67 495 |
| Total assets | 11 217 286 | 10 919 029 | 6 313 165 | 4 169 115 | 2 570 194 |
| Capital and liabilities | | | | | |
| Capital | 1 241 406 | 743 523 | 474 468 | 62 193 | 1 703 210 |
| Accumulated funds | | | | | |
| Current liabilities | 9 975 880 | 10 175 506 | 5 838 697 | 4 106 922 | 866 984 |
| Trade and other payables | 588 707 | 421 194 | 524 856 | 512 840 | 264 405 |
| Special purpose obligations | 7 624 880 | 8 311 043 | 3 711 796 | 2 352 080 | - |
| Provisions | 1 792 293 | 1 443 269 | 1 602 045 | 1 242 002 | 602 579 |
| Total capital and liabilities | 11 217 286 | 10 919 029 | 6 313 165 | 4 169 115 | 2 570 194 |

| Cash flow statement | 2007 R | 2006 R | 2005 R | 2004 R | 2003 R |
|---|--------------------|-------------------|------------------|------------------|------------------|
| Cash flows from operating activities | | | | | |
| Cash generated by operating activities | 1 350 129 | 5 041 704 | 2 827 280 | 1 695 494 | 1 682 680 |
| Interest income | 552 748 | 365 576 | 206 816 | 263 147 | 127 382 |
| | 1 902 877 | 5 407 281 | 3 034 096 | 1 958 641 | 1 810 062 |
| Cash flows from investing activities | | | | | |
| Expenditure to maintain operating capacity | (655 400) | (278 825) | (933 578) | (410 660) | (208 173) |
| Expenditure for expansion | (1 112 674) | (450 000) | - | - | - |
| Sale of property, plant and equipment | 19 350 | 77 855 | - | - | - |
| | (1 748 724) | (728 825) | (933 578) | (410 660) | (208 173) |
| Cash flows from financing activities | | | | | |
| Loans raised | - | - | - | - | 508 123 |
| Loans repaid | - | - | - | - | - |
| | | | | | 508 123 |
| Increase in cash and cash equivalents | 154 153 | 4 678 455 | 2 100 518 | 1 547 981 | 2 110 012 |
| Cash and cash equivalents at beginning of year | 10 660 715 | 5 982 560 | 3 881 741 | 2 333 761 | 223 749 |
| Cash and cash equivalents at end of year | 10 814 868 | 10 660 715 | 5 982 259 | 3 881 742 | 2 333 761 |

By order of the board

DE Ncala
Chairperson
Turfontein
11 September 2007

Members of the board

DE Ncala (Chairperson), PG Maloney (Vice-chairperson) (Convenor - Marketing),
JR Polatinsky (Convenor - Finance), K McRae (Convenor - Human Resource),
K van Zyl (Convenor - Child Development and Research),
J Schoeman (Executive Director), B Haack (Director).

These results have been audited by the independent auditors,
Barrus and Associates. The audited annual financial statements
are available for inspection at the organisation's registered office.

acknowledgement and thanks

- Thank you to all the community groups, old aged homes and individuals who donated clothes and so lovingly knitted garments and toys, as well as all the other goods donated over the year.
- Thank you to all the individuals that supported Cotlands each month via credit card and monthly debit order.
- Thank you to all the individuals and corporate companies who made financial donations and donations in kind to Cotlands during the year.
- Thank you to all the Cotlands volunteers for their time and dedication.
- 3dP New Media Cc
- 702
- Acta (Pty) Ltd
- African Defense Systems
- African Oxygen
- African Travel Concepts
- AIB Bakery
- AIE
- Akani Egoli
- Altrisk (Pty) Ltd
- Antalis (Pty) Ltd
- Anthony Shapiro
- Antony Lang
- Aqua Gaming
- Aquarius Platinum SA
- Ashley Hayden
- Ashley Taylor
- Avon Justine
- B & I Watercare
- Barbie
- Bateleur Capital
- Beaphar B V
- Brescia House School
- Busby Retails
- Busse Blue Route
- Cadbury's
- Cedar Creek Community Church
- Chapmar Industries cc
- Charlotte Ward
- Chefs In Action
- Chris Bonell & Siwan Lloyed Hayward
- CIDA
- Cinemark (Pty) Ltd
- City of Cape Town Department of Health(MSAT)
- CMR
- Cobra Beer
- Cobra Club of South Africa
- Cold Chain
- Colin John Preston
- Coral Warner
- Creditinform (Credcan)
- D G Murray Trust
- Dare To Dream
- Data World
- David and Rose Griffiths
- De Beers
- De Beers Fund
- Department of Social Development (Cape Town)
- Department of Social Development (Gauteng)
- Digicor Fleet Management
- Dine-a-Bite
- Dominique Erlank
- Edcon
- Editing Ink
- Emerging Markets Benefits Ball (International)
- Endress Hauser (Pty) Limited
- Erica Gibbons and Family
- Espadon Marine Pty Ltd
- Ettiene Smit – SA Strong Man
- Famsystems
- Fernando Dos Ramos
- First African Signs
- FirstRand Foundation (The Momentum Fund)
- FNB Fund (First Rand Foundation)
- Faschini Group
- Full Volume Promotions
- Gail Solomon
- Gauteng Health Department
- Gauteng off-course Bookmakers Association
- Gold Reef City – Akani Egoli
- Gr8 Gifts
- Green hat Designs
- H C I Foundation
- Hellbronn Rotary
- Helen Calvery Trust
- Helen Desbois
- Hennie Le Roux – Rugby Tickets
- Hiprom
- HKLM - Harwood Kirsten Lee and McCoy
- Howden Africa Holdings Limited
- HPCA
- Hudaco Industries Limited
- Impala Platinum
- Imperial Logistics
- Imran Garda
- Industrial Development Corporation
- Innomed
- International Flavors & Fragrances (SA) Pty Ltd
- International SOS Assistance
- Investec Private Bank - Dividends
- Johan Strauss
- John Viismas
- Jan Panos Tours
- Joshua Doore Group
- Just Sets
- Kargo National
- Khaul
- Khubonet
- KPMG (Pty) Ltd
- Lafarge Cement
- Leanne Manas
- Lexmark International South Africa
- Liqui Fruit
- Local Freight
- Loud Marketing
- Lydia De Waal
- Macmillan SA
- Malcolm Young
- Margaret Gottfried Rutte & the parish of St. Josef ob der Laimgrube (Austria)
- Market SA
- McDonalds South Africa
- MGM Brand Construction & Advertising
- Michael Rea
- Mico Spec
- Micronized products
- Mikropul
- Mind Power
- Mondipak Kulis River
- Motorola
- Mutual and Federal
- National Department of Health
- National Lottery Distribution Trust Fund
- Natures Health Products
- Nedbank – Transactional Banking
- Netflorist
- P and P Communications
- Parmalat
- Party Design
- Party Solutions
- Peach Productions
- PEPFAR
- Peter Turchetti
- Phumelela Gaming (Charity Mile)
- Power Group
- RB Solutions
- Redhill Steel Management
- Rennis Bank
- Ronald McDonald
- SA Eagle Insurance Company
- SA Strong Men
- SAFDICO RSA (Pty)
- Samantha Vallet
- Samcar
- Sarah Andre
- SASBO
- Sasol Oil Fuels
- SAVCIO Holdings
- SEFAC
- Smile Education Systems (Pty) Ltd
- South African Children's Charity Trust
- Southgate Plumbing
- Spar South Rand
- Specialised Doors and Windows
- Specialised Exhibitions
- St Johns College School (UK)
- Standard Bank (The Glen)
- Standard Bank Foundation
- Stephen Lewis Foundation (International)
- Stichting Mundo Crastina Meliori
- SuperSport 'Lets Play'
- Tastic Rice Corporation
- Teamworx Shopfitters
- Terripak
- The Adele Dreichmeier Trust
- The Bidvest Group
- The Borsook Family Charitable Trust
- The Bright Water Commons
- The Carl & Emily Fuchs Foundation
- The Charitable Trusts
- The Curiosity Collectors Market
- The Davies Foundation
- The G.S Elkin Residuary Trusts
- The George Elkin Charitable Trust
- The Len Smith Foundation
- The Lotus Club
- The Lotus Register
- The Power Group
- The Recyclers
- Tiger Brands
- Tové Kane
- Toyota Fury
- Tracey Rose – Weir
- Truworths (Pretoria)
- Tshikululu Social Investments: (De Beers Fund, Anglo American Chairman's Fund and Momentum Fund)
- UCT Graduate School of Business
- Ultra Litho (Pty) Ltd
- United International Pictures
- Vodacom
- Vodacom Foundation
- Vodacom Group (Pty) Ltd
- Vodacom Mo
- Vodacom Yebo Heroes – IT Ess
- Waverley College (Australia)
- Weber
- Wendy House
- Wesbank V8 Club
- Wilde at Heart Interiors
- Wilduso Three
- Woolworths (Meyersdal)
- Woolworths (The Glen)
- Woolworths(Somerset West)
- Zinfo Marketing

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