

AUDITOR'S REPORT

for the Fiscal Year 2010
(Reporting Period 01.01. – 31.12.2010)

European AIDS Treatment Group e.V.

Copy-Nr. (BOD)

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GENERAL PART

1. Assignment

The assignment for preparation of the statement 2010 and for auditing the bookkeeping was given by the chairman of the association „European AIDS Treatment Group e.V. (EATG), Miss Anna Maria Zakowicz. The assignment is based on the "General Terms of Engagement" of the „Wirtschaftsprüferinstitut“ in the version from January, 1st 2002. The amount of our liability is provided by § 323 Abs. 2 HGB. In relation to third parties Nr. 1 Abs. 2 and Nr. 9 of the "General Terms of Engagement" are authoritative.

My order for the preparation of the statement 2010 covers after this all activities which are required to prepare the engaged statement 2010 due to the books presented to me and stock proofs as well as the information sought to the accounting methods to be used under making of the closing entries.

Furthermore I also had to judge the bookkeeping underlying the statement 2010 and the inventory by suitable measures on her order moderation. The bookkeeping is the responsibility of the company's management.

Object of my order was neither the uncovering and clearing up of criminal facts of the matter, order adversities done such as acts of perfidy or embezzlements and offences made outside the accounting, nor the judgement of the effectiveness and efficiency of the organization leadership. I have laid out planning and execution, however, so that those irregularities which are essential for the accounting are uncovered with an adequate safety. The responsibility for the avoidance and the uncovering of irregularities lies with the legal representatives of the organization.

The professional general representation letter was handed over to me without any limitation or supplement and was taken to the records.

2. Execution of Assignment

The finance accounting, led by the organization by means of personal computer with the help of the program "Kanzlei-REWE" of the DATEV e.G., was starting point of the work. For the construction the organization presented the bookkeeping 2010 with pieces of evidence and supplementary documents from which I have derived the annual invoice (according to annex 1).

The preparation of the annual invoice was carried out considering the accounting regulations applying to it including the supplementary principles of order-like bookkeeping.

All information, asked for clearings up and proofs have been furnished by the organization leadership and the employees named for the information willingly. As informers the organization leadership named Mrs Marie McLeod.

Type, size and result of the construction actions carried out by me are held tight in our working papers as far as not documented in this construction report.

The local auditing works have been done in March and April 2011 by Mr. Michael Pusnik, tax accountant, and Mr. Carsten Köhring, lawyer.

All effort and revenue accounts got a critical examination, subjected to piece of evidence-like samples connectedly.

The transfers required by the preparations works were included in a list and submitted to the organization for the one booking.

3. Lawful Standards

– Generals

Association:	European AIDS Treatment Group e.V.
Legal Form:	Registered association
Association Register:	The association is registered in the association register at the official court Düsseldorf under the Nr. 8542. The first entry was August, 9 th 1993.
Association Constitution:	The constitution was adopted February, 23 rd 1992 and last changed on June 13 th and 14 th 1998.
Office:	Düsseldorf
General Manager:	Ms. Anna Maria Zakowicz Vilnius, Lithuania
Tax Office:	Düsseldorf-Mitte Tax-Nr. 133/5906/0955

Association Bodies:

Association bodies are according to § 3 of the association constitution the assembly of members and the directors.

a) Assembly of Members:

The last ordinary General Assembly took place in Frankfurt a.M./Germany in May, 29nd and 30th 2010.

The assembly's protocol was inspected. The association has 96 members.

b) Board of Directors:

Referring to § 7 association constitution, the directors are to be association members.

Chairperson:

Ms. Anna Maria Zakowicz Vilnius/Lithuania

Directors:

Luis Mendao, vice-Chair,
Sesimbra/Portugal
Stefan Stojanovik, treasurer,
Skopje/Macedonia
David Haerry, secretary
Bern/Switzerland
Alain Volny-Anne, secretary
Paris/France
Ferenc Bagyinsky, secretary
Budapest/Hungary

Internal-Auditor:

For the position of internal auditors in 2010 were elected at the general assembly in May, 29nd and 30th 2010:

Tomislav Vurusic
Samobor/Croatia
Christiaan Cziria
Budapest/Hungary

The internal cash audit on took place on November 14th and 20th 2010. Audit period was only the period February 2010 to November 2010, so different from the reporting year. The report on the findings of internal audit was made available to the external auditors before the work started.

4. Economical Basics

The purpose of the association is the support of the medical sector by informing and consulting on AIDS and the resulting problems and questions. This non-profit association is only carrying out charity work. There is confirmation given to the association by the tax office Düsseldorf-Mitte, dated February 13th 2009, to be free of corporate tax and trade tax and to take donations for charity work and to certify it to the donors.

5. Bookkeeping and Records System

The bookkeeping system is the „Kanzlei-Rechnungswesen“ and the „Kostenrechnungsprogramm“ by the DATEV e.G. The records system was controlled by samples for their formal and material regularity. Bookkeeping and records system are in the right business form.

6. Explanations to positions of the inventory of property and the account for 2010

The schemes are sufficiently jointed so that further-reaching explanations can be renounced. Only the positions with whom it is combinations of different positions or an explanation is required are explained in the following.

The **member stock** of the organization has raised from 90 to 96. The contribution takings have raised from € 2,675.00.

The **demands** are expelled to nominal values concerning membership subscriptions as well as advances on travelling expenses, salary payments and designed costs on projects.

The **credits for credit institutions** proved by bank statements are judged to the nominal value.

Costs for event rooms as well as travelling expenses invoices from the year 2010 are essentially the **liabilities** of the organization in the amount of € 118.895,82. Furthermore there are tied donations as received deposit in the amount of € 71.910,35 expelled here. The running time of the projects is eighteen to twenty-four month.

The capital contribution amounts to € 279.088,82. The surplus of the cash receipts over the expenses will be integrated into the reserves before use.

The sum of all donations received in 2010 amounted to € 1,123,366.60 and continues the positive trend of the previous year.

The surplus of 2010 is fully integrated into the reserve. A proposal of the Board will be presented to the general assembly.

The **accounting** is made by the organization itself since the year 2006. The costs being allotted to it of one's own are contained in the areas of personnel expenditures and office costs.

7. Result of Audit

Referring to the preparation works I am of the conviction that the statement 2010 includes all cash receipts and expenditures.

Therefore I have certified the account 2010 of the association with the following statement:

**"The account (cash based accounting) for 2010 was set up
by obeying to the law and the statute referring to the
principles of accounting."**

Düsseldorf, April, 28th 2011

KLAUS MALENKE
WIRTSCHAFTSPRÜFER



Account
for the Fiscal Year 2010

	2010	2009
Income		
1. Donations	€ 1.123.366,60	€ 1.068.216,09
2. Membership fees	€ 2.675,00	€ 2.325,00
3. Interest	€ 824,08	€ 844,41
4. Recoverable costs	€ 5.477,74	€ 7.367,21
5. Other income	€ 56,31	€ 791,96
	<u>€ 1.132.399,73</u>	<u>€ 1.079.544,67</u>
Expenses		
1. Depreciation and amortization of tangible and intangible assets	€ 6.459,26	€ 9.659,31
2. Outside services	€ 47.307,60	€ 56.350,89
3. Rent and associated costs	€ 51.657,29	€ 59.608,33
4. Personnel expenses	€ 302.595,03	€ 300.502,97
5. Event expenses	€ 19.189,91	€ 17.942,60
6. Insurances	€ 5.271,74	€ 5.006,27
7. Postage / courier service	€ 1.562,40	€ 1.834,19
8. Telephone / Internet	€ 31.000,97	€ 33.568,49
9. Legal and professional fees	€ 70.036,01	€ 69.320,81
10. Product leasing	€ 2.839,13	€ 2.224,20
11. Audit fee	€ 8.925,00	€ 8.925,00
12. Additional costs for money transactions	€ 1.887,08	€ 1.457,49
13. Office expenses	€ 13.587,40	€ 7.799,25
14. Travelling expenses	€ 368.747,81	€ 373.652,09
15. Contributions	€ 18.093,27	€ 13.257,22
16. Maintenance and service of equipment	€ 10.971,26	€ 6.131,63
17. Other expenses	€ 8.257,28	€ 6.512,00
18. Tax on investment income	€ 123,74	€ 127,40
19. Difference in the exchange rates	€ 1,68	€ 49,08
20. Retirement of fixed assets	€ 953,50	€ 970,89
21. default on receivables	€ 175,00	€ 375,00
	<u>€ 969.642,36</u>	<u>€ 975.275,11</u>
Surplus of the cash receipts over the expenses	+ € 162.757,37	+ € 104.269,56

Transition Statement 2010
from the profit and loss statement to the receipts and expenditures statement
referring § 4 (3) EStG

	€	€
profit by account for the fiscal year 2010		+ 162.757,37
– receivable debts correction 2009		+ <u>102.066,09</u>
		+ 264.823,46
– receivable debts correction 2010		
- by membership fees	505,00	
- by other income	6.372,53	
- by advance payments and other receivables	<u>105.064,55</u>	- 111.942,08
		+ <u>152.881,38</u>
+ liabilities correction 2009		- 182.167,69
– liabilities correction 2010		
- by payable trade accounts	32.613,64	
- by member expenses	12.243,01	
- by other liabilities	2.128,82	
- by received advance payment	<u>71.910,35</u>	+ <u>118.895,82</u>
surplus after transition		+ <u><u>89.609,51</u></u>

State and Utilisation of Funds 2010

	<u>€</u>	<u>€</u>
State January, 1st 2010		182.727,55
+ Cash Receipts	+ 1.132.399,73	
– Expenses	– <u>969.642,36</u>	+ 162.757,37
+ depreciation		+ 6.459,26
– retirement of asset additions		- 3.905,26
+ retirement of asset disposals		+ 953,50
+ debts as per January 1 st	+ 102.066,09	
– debts as per December 31 st	– <u>111.942,08</u>	– 9.875,99
– liabilities as per January 1 st	– 182.167,69	
+ liabilities as per December 31 st	+ <u>118.895,82</u>	– 63.271,87
Utilisation of Funds December, 31st 2010		<u>275.844,56</u>
Balance other deposit		
ING Bank deposit		+ 274.424,61
APO Bank e.G. deposit		+ 980,54
petty cash		+ <u>439,41</u>
		<u>275.844,56</u>

Inventory of Property 2010

	End of year 31.12.2010	End of year 31.12.2009
	€	€
A. Property		
1. Intangible assets	201,00	399,00
2. Fixed assets	9.997,00	13.306,50
3. Claim against members	505,00	475,00
4. Claim reimbursements	1.048,61	278,22
5. Security deposit for office rooms	5.323,92	5.373,07
6. Liquidity	275.844,56	182.727,55
7. other claim	105.064,55	95.939,80
December 31st 2010	397.984,64	298.499,14
B. Liabilities		
1. Amounts due to supplies	32.613,64	76.810,64
2. Reimbursements	12.243,01	18.112,23
3. Other liabilities	2.103,82	8.219,67
4. Prepaid membership fees	25,00	50,00
5. Prepaid donations	71.910,35	78.975,15
December 31st 2010	118.895,82	182.167,69
C. One's own funds (A – B)	279.088,82	116.331,45
1. association's assets	18.766,10	18.766,10
2. Reserves before use	97.565,35	-6.704,21
3. deficit / profit	162.757,37	104.269,56
	397.984,64	298.499,14
Development of Reserves		
deficit / profit	+ 162.757,37	+ 104.269,56
Initial reserves	+ 97.565,3	– 6.704,21
	5	
Remaining reserves	+ 260.322,72	+ 97.565,35

Budget 2011

The net profit for the year 2010 should be fully integrated into the reserve. Ensuing the budget 2011 created and submitted by the Association is presented.

Income

	€
- core funding	658.520,51
- reimbursements by project	474.569,56
Total:	1.133.090,07

Expenses

	€
Governance and administration:	
- Office	7.000,00
- Personnel costs	183.954,00
- Board of Directors	67.611,00
- Development + Membership Working Group (DMWG)	7.593,00
- legal advice	3.000,00
- Internal auditors	6.686,00
- External auditors	13.893,00
- Ombudsperson	1.000,00
- General Assembly	67.870,00
- Fundraising	18.302,00
<i>Subtotal</i>	376.909,00

Communication:

- Overall budget communications	28.866,00
<i>Subtotal</i>	28.866,00

Special Fund and Capacity Building

- Training, Training Support and conferences	5.000,00
- Technical Publications (COPE)	15.000,00
- NEAT	47.905,00
- Europrise	49.742,00
- Correlation Network	33.311,00
- AIDS & Mobility	24.408,00
<i>Subtotal</i>	175.366,00

Policy and Advice:

- ECAB	195.995,00
- Policy and external representation	113.079,00
<i>Subtotal</i>	309.074,00

Total:	890.215,00
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Income Surplus 2011 (provisionally)	231.984,00
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