

AUDITOR'S REPORT

for the Fiscal Year 2012
(Reporting Period 01.01. – 31.12.2012)

European AIDS Treatment Group e.V.

Copy-Nr. (BOD)

KLAUS MALENKE
WIRTSCHAFTSPRÜFER

Mettmanner Str. 24 - 26 • 40233 Düsseldorf
Telefon (0211) 68 04 70 • Telefax (0211) 67 13 44

**KLAUS MALENKE
WIRTSCHAFTSPRÜFER**

INDEX

	Page
GENERAL PART	
1. Assignment	1
2. Execution of Assignment	1 - 2
3. Lawful Standards	2 - 3
4. Economical Basic	4
5. Bookkeeping and Records System	4
6. Explanations to positions of the inventory of property and the account for 2012	4 - 5
7. Result of Audit	5

ANNEXES

Statement 2012	annex 1
Transition Statement 2012	annex 2
State and Utilisation of Funds 2012	annex 3
Register of Assets and Depreciation 2012	annex 4
Inventory of Properties 2012	annex 5
Reserves/Budget 2013	annex 6
Volunteer time Recap 2012	annex 7
General Terms of Engagement for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (January, 1 st 2002)	annex 8

GENERAL PART

1. Assignment

The assignment for preparation of the statement 2012 and for auditing the bookkeeping was given by the chairman of the association „European AIDS Treatment Group e.V. (EATG), Mr. Brian West. 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 2012 covers after this all activities which are required to prepare the engaged statement 2012 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. The bookkeeping is the responsibility of the company's management.

Furthermore I also had to judge the bookkeeping underlying the statement 2012 and the inventory by suitable measures on her order moderation.

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 organisation's 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.

The leadership of the organisation confirms that the bookkeeping and the statement 2012 contains each assets, liabilities and delimitation such as all expenditure and profits and necessary informations have been given.

2. Execution of Assignment

The finance accounting, led by the organization by means of personal computer with the help of the program "Kanzlei-Rechnungswesen" of the DATEV e.G., was starting point of the work. For the construction the organization presented the bookkeeping 2012 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 with interruptions in March 2013 by Mr. Hans-Joachim Wuttke, Dipl.-Bw., and Mr. Carsten Köhring, lawyer, Specialist of Tax Law, at the office of the association at Place Raymond Blyckaerts 13 in Brussels, as well in my office in Düsseldorf.

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

The transfers posting 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, 9th 1993.

Association Constitution: The constitution was adopted February, 23rd 1992, changed on June 13th and 14th 1998 and last changed on September 22nd 2012.

Office: Düsseldorf

Chair: Mr. Brian West, Edinburgh/Schottland

Tax Office: Düsseldorf-Mitte
Tax-Nr. 133/5906/3920

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 Berlin/Germany in September, 21st – 23rd 2012.

The assembly's protocol was inspected. The size of the association membership increased to 112 members.

b) Board of Directors:

Chairperson:

Brian West
Edinburgh/Schottland

Directors:

Ferenc Bagyinski,
Budapest/Ungarn
Tomislav Vurusic,
Vodnjan/Kroatien
Tamas Bereczky,
Budapest/Ungarn
Anna Zakowicz,
Wilna/Litauen

Internal-Auditor:

For the position of internal auditors in 2012 were elected at the general assembly 21th – 23th September 2012:

Kimmo Karsikas, Helsinki, Finnland
Brian Teixeira, London, Großbritannien

The internal audit took place in Dezember 2012. The report on the findings of the internal audit was given to the external auditors before completion of this report.

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 May 29th 2012, 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 2012

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 102 to 112. The contribution takings have raised to € 2.850,00. Some members joined within the year 2012.

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 at 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 2012 are essentially the **liabilities** of the organization in the amount of € 263.096,07. Furthermore there are tied donations as received deposit in the amount of € 158.410,35 expelled here. Running time of the projects is up to 5 years.

The capital contribution amounts to € 265.790,53. The surplus of the expenses over the cash receipts is – € 41.902,04 (Previous Year (PY) + € 28.603,75).

The sum of all donations received in 2012 amounted to € 1.001.319,54.

The deficit of 2012 reduces 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 allocated 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 2012 includes all cash receipts and expenditures.

Therefore I have certified the account 2012 of the association with the following statement:

**"The account (cash based accounting) for 2012 was set up
by obeying to the law and the statute referring to the
principles of accounting."**

Düsseldorf, April 19th 2013

**KLAUS MALENKE
WIRTSCHAFTSPRÜFER**



Account
for the Fiscal Year 2012

	2012	2011
Income		
1. Donations	€ 1.001.319,54	€ 1.070.330,49
2. Membership fees	€ 2.850,00	€ 2.725,00
3. Interest	€ 852,28	€ 2.173,68
4. Recoverable costs	€ 17.195,84	€ 18.043,89
5. Other income	€ 12.262,34	€ 1.029,33
	<hr/> € 1.034.480,00	<hr/> € 1.094.302,39
Expenses		
1. Depreciation and amortization of tangible and intangible assets	€ 4.419,40	€ 6.572,89
2. Outside services	€ 88.564,72	€ 78.635,00
3. Rent and associated costs	€ 44.810,04	€ 51.842,21
4. Personnel expenses	€ 271.901,56	€ 326.783,85
5. Event expenses	€ 117.296,74	€ 19.682,79
6. Insurances	€ 5.663,94	€ 4.807,35
7. Postage / courier service	€ 2.819,45	€ 1.113,36
8. Telephone / Internet	€ 36.754,87	€ 29.170,33
9. Legal and professional fees	€ 69.117,74	€ 67.595,82
10. Product leasing	€ 3.334,80	€ 3.698,93
11. Audit fee	€ 17.493,00	€ 8.925,00
12. Additional costs for money transactions	€ 2.314,40	€ 1.538,07
13. Office expenses	€ 12.092,24	€ 11.418,64
14. Travelling expenses	€ 364.013,91	€ 417.744,26
15. Contributions	€ 17.309,24	€ 13.267,46
16. Maintenance and service of equipment	€ 11.901,42	€ 16.529,81
17. Other expenses	€ 5.337,96	€ 5.638,07
18. Tax on investment income	€ 174,61	€ 328,51
19. Difference in the exchange rates	€	€ 0,00
20. Retirement of fixed assets	€ 1.012,00	€ 1,50
21. default on receivables	€ 50,00	€ 404,79
	<hr/> € 1.076.382,04	<hr/> € 1.065.698,64
Surplus of the expenses over the cash receipts	- € 41.902,04	€ 28.603,75

Transition Statement 2012
from the profit and loss statement to the receipts and expenditures statement
referring § 4 (3) EStG

	€	€
profit by account for the fiscal year 2012		– 41.902,04
+ receivable debts correction 2011		+ 77.759,62
		<u>+ 35.857,58</u>
– receivable debts correction 2012		
- by trade accounts	671,48	
- by advance payments and other receireables	51.411,27	
- by other income	<u>6.351,40</u>	– 58.434,15
		<u>– 22.576,57</u>
– liabilities correction 2011		– 200.245,50
– liabilities correction 2012		
- by payable trade accounts	59.555,45	
- by member expenses	16.288,17	
- by other liabilities	10.693,90	
- by received advance payment	158.410,35	
- by payments 2011 in advance	<u>18.148,20</u>	+ 263.096,07
surplus after transition		<u>+ 40.274,00</u>

State and Utilisation of Funds 2012

	€	€
State January, 1st 2012		+ 417.512,35
+ Cash Receipts	+ 1.034.480,00	
- Expenses	- 1.076.382,04	- 41.902,04
+ depreciation		+ 4.419,40
- retirement of asset additions		- 4.949,99
+ retirement of asset disposals		+ 1.012,00
+ debts as per January 1 st	+ 77.759,62	
- debts as per December 31 st	- 58.434,15	+ 19.325,47
- liabilities as per January 1 st	- 200.245,50	
+ liabilities as per December 31 st	+ 263.096,07	+ 62.850,57
Utilisation of Funds December, 31st 2012		<u>458.267,76</u>
Balance other deposit		
ING Bank deposit	+ 235.738,32	
APO Bank e.G. deposit	+ 231.929,55	
petty cash	+ 599,89	
		<u>458.267,76</u>

ANALYSIS OF ASSETS FOR THE FISCAL YEAR 2012

	historical costs	d dispositions a additions	End of year 2012	End of year 2011	depreciation fiscal year
year					
I. Immaterial assets					
Windows 2003 incl Server	01/07	993,81 €	d 1,00 €	0,00 €	1,00 €
Windows 2007 incl Server	03.12.2012	1.167,52 €	a 1.167,52 €	1.070,00 €	0,00 €
		<u>2.161,33 €</u>	<u>d 1,00 €</u>	<u>1.070,00 €</u>	<u>1,00 €</u>
					<u>-97,52 €</u>
II. Fixtures furniture an office equipment					
1 1/11 JW HP ENVY 14-1190	1/11	1.630,00 €		545,98 €	1.088,00 €
2 1/11 PC & MS Home Office LS	1/11	978,95 €		327,05 €	653,00 €
3 3/11 PC Intel Core & MS MM	3/11	1.128,90 €		502,40 €	815,65 €
4 5/11 Office Phone System	5/11	3.005,64 €		2.604,92 €	2.805,28 €
5 5/11 BW VAIO Laptop SB Series	5/11	1.000,00 €		556,00 €	778,00 €
6 10.11 APPLE Laptop 11AIR	10/11	1.299,00 €		1.083,34 €	1.191,17 €
7 17.04.2012 NoteB+PC+Zubehör	3/12	1.644,91 €	a 999,00 €	1.279,00 €	0,00 €
8 05.10.2012 Laptop Asus	10/12	999,00 €	a 999,00 €	916,00 €	0,00 €
9 07.12.2012 Ultrabook	12/12	999,00 €	a 999,00 €	972,00 €	0,00 €
		<u>12.685,40 €</u>	<u>a 3.642,91 €</u>	<u>8.786,69 €</u>	<u>7.331,10 €</u>
					<u>-2.187,32 €</u>

ANALYSIS OF ASSETS FOR THE FISCAL YEAR 2012

	historical year	d dispositions a additions	End of year 2012	End of year 2011	depreciation fiscal year
10 Tresor	05/02	810,84 €	0,50 €	0,50 €	0,00 €
11 COMPUTER Acer Aspire T 120E	10/05	725,01 €	d	0,00 €	0,00 €
12 COMPUTER Acer Aspire T 136	10/06	775,00 €		0,50 €	0,00 €
13 Notebook HP Pavilion	01/07	1.260,00 €		0,50 €	0,00 €
14 COMPUTER Acer Aspire T 660	01/07	675,00 €	d	0,00 €	0,00 €
15 Server IBM X226	01/07	1.893,67 €		0,50 €	0,00 €
16 Desktop PC HP M8080	08/07	1.397,60 €		1,00 €	0,00 €
17 DELL Laptop L Kalovymas	02/08	1.654,00 €		1,00 €	0,00 €
18 MacBook S. Stojanovik	08/08	1.629,00 €		1,00 €	0,00 €
19 Laptop T Haruperi	09/09	1.008,72 €	d	0,00 €	0,00 €
20 Beliechtung Büro	10/08	4.436,47 €		1.746,00 €	2.379,00 €
21 iMac N. Dedes	12/08	2.003,57 €	d	1,00 €	0,00 €
22 MacBook 13,3, A. Zakovicz	03/09	1.647,94 €	d	92,00 €	0,00 €
23 Mac Book 13,3, L. Mendao	96/09	1.258,95 €		1,00 €	-175,00 €
24 MacBook Air Ferenc Bagynsky	09/19	1.112,28 €		126,00 €	-493,00 €
25 MacBook Pro Wim Vandevelde	11/10	1.159,00 €	d	0,00 €	0,00 €
26 iMac David Haerry	05/10	1.000,00 €	d	208,00 €	0,00 €
		d 1.011,00 €			
		a 3.642,91 €		10.664,69 €	
				11.521,10 €	
					-3.488,32 €
III. Low value assets					
		1,00 €	a 139,56 €	1,00 €	1,00 €
					-139,56 €
IV. Low value assets pool					
1 Pool 2008		1.866,60 €		0,00 €	374,00 €
2 Pool 2009		968,99 €		196,00 €	389,00 €
3 Pool 2010		633,98 €		253,00 €	380,00 €
4 Pool 2011		0,00 €		0,00 €	0,00 €
		3.469,57		449,00 €	1.143,00 €
					-694,00 €
Total Amount		42.764,35 €	d 1.012,00 €	a 4.949,99 €	12.184,69 €
					12.666,10 €
					-4.419,40 €

Inventory of Property 2012

	End of year 31.12.2012 €	End of year 31.12.2011 €
A. Property		
1. Intangible assets	1.070,00	1,00
2. Fixed assets	11.114,69	12.665,10
3. Demand of trade debtors	671,48	667,72
4. Claim against members	6.351,40	5.390,20
5. Security deposit for office rooms	458.267,76	417.512,35
6. Liquidity	51.411,27	71.701,70
7. other claim		
December 31st 2012	528.886,60	507.938,07
B. Liabilities		
1. Amounts due to suppliers	59.555,45	57.839,50
2. Liabilities of expense accounts	16.288,17	6.073,86
3. Other liabilities	10.693,90	13.494,22
4. Prepaid membership fees	18.148,20	0,00
5. Prepaid donations	158.410,35	122.837,92
December 31st 2012	263.096,07	200.245,50
C. One's own funds (A – B)	265.790,53	307.692,57
1. association's assets	18.766,10	18.766,10
2. Reserves before use	288.926,47	260.322,72
3. deficit/profit	– 41.902,04	28.603,75
	265.790,53	307.692,57
Total amount of capital assets	528.886,00	507.938,07
Development of Reserves		
deficit / profit	– 41.902,04	+ 28.603,75
Initial reserves	288.926,47	260.322,72
Remaining reserves	+ 247.024,43	+ 288.926,47

Budget 2013

The net loss for the year 2012 should be fully integrated into the reserve. Ensuing the budget 2013 created and submitted by the Association is presented.

Income	€
- core funding by expected donations (estimated)	<u>1.000.000,00</u>
Total:	<u>1.000.000,00</u>
Expenses and Administration	€
- Governance and Stakeholders Meeting	26.270,00
- Personnel costs	126.889,00
- Board of Directors	71.000,00
- Development and Membership Advisory Group (DMAG)	17.040,00
- legal advice	4.260,00
- Internal auditors	5.680,00
- External auditors	17.040,00
- Ombudsperson	1.420,00
- Protocol Review Projekt	20.235,00
- General Assembly	99.400,00
- Fundraising	21.300,00
<i>Subtotal</i>	<u>410.534,00</u>
Communication:	
- Overall budget communications	<u>40.895,00</u>
<i>Subtotal</i>	<u>40.895,00</u>
Scientific and Research	
- Training, Training-Conferences and Support	43.310,00
- Technical Publications (COPE)	17.040,00
- ECAB Project	232.304,00
- CHAARM Project	19.893,00
- EUPATI Project	55.712,00
- NEAT Project	28.592,00
- ECRAN Project	14.946,00
- Training „Treatment of HIV and related co-infections“	61.059,00
- Training „HIV/AIDS-Treatment, Care and Prevention“	42.600,00
<i>Subtotal</i>	<u>515.456,00</u>
Policy and Other Projects	
- HIV in Europe	9.520,00
- HCV (Hepatitis C-Virus) Treatment und Initiative	152.402,00
- Treatment as Prevention	7.100,00
- MSM African diaspora und HIV	8.956,00
- Policy-Workinggroup meetings and external representation	78.100,00
<i>Subtotal</i>	<u>256.078,00</u>
Total:	<u>1.222.963,00</u>
Deficit surplus 2013 (provisionally)	<u>- 222.963,00</u>

Volunteer time Recap 2012

Referring to the annual general meeting of the year 2012 we subsequently describe the voluntary service in EATG 2012. The service was generated by the members of the Board of directors, the internal auditors and different members of the Association, about overall 31 persons.

The volunteer hours executed were listed in timesheets. The hours which were fulfilled had been listed in a time table.

Clue of the hourly rate was to compare with the price, external employees would have been paid for their activities. The hourly rate we calculated is based on the salaries of the full time employees of the association in 2012 and their specific qualifications.

The price of this voluntary work has to be regarded as a illustrative figure as, and this is the idea of voluntary service, it has no market price, no official wage.

In order to get an idea of the real value of the performance, we have to compare the price of achievement with the real costs, which were paid for the meetings, the travel, communication etc.. They are part of the expences presented in our "Account for the fiscal year 2012" – Annex 1. Presentations and Meetings are sometimes sponsored by companies, therefore these costs neither appear in the accounts nor in the price of achievement.

The value of performance in the schedule are the product of the costs according to the activity of the voluntary hours.

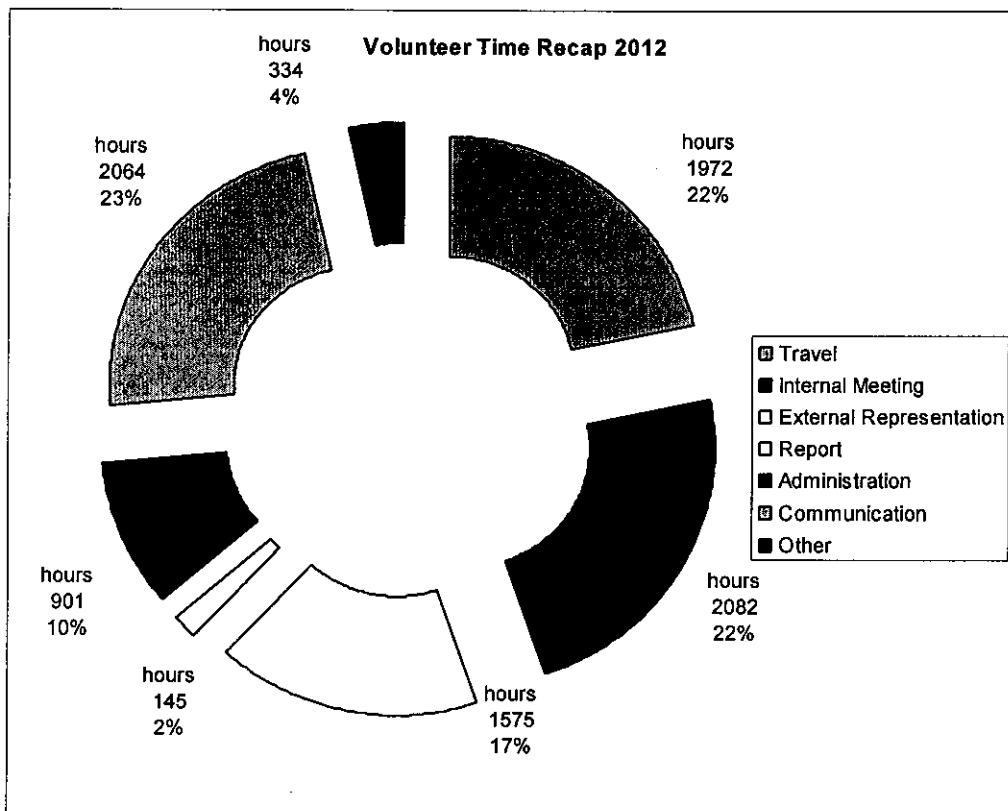
The summary dates were created by EATG.

Kind of activity	hours listed	price of one hour	value of performance
Travel	1.972	35,25 €/h	69.518,00
Internal Meeting	2.082	35,26 €/h	73.414,00
External Representation	1.575	35,25 €/h	55.519,00
Report	145	35,14 €/h	5.095,00
Administration	901	25,22 €/h	22.726,00
Communication	2.064	35,26 €/h	72.773,00
Other	332	25,39 €/h	8.428,00
	<u>9.071</u>		<u>307.473,00</u>

We have to remark, that not all the members of EATG took part in this action.

31 volunteers (in the year before 29) that registered their time spent 9071 hours volunteering for the EATG, the average hours spent in one year per person came to 292 h/p.a. medial, with a monetary value of € 9.918,00, whereas the lowest was 11 h/p.q., and the highest 300 h/p.q..

Compared with the Volunteer Time Recap of the year 2011 the hours reduced from 11.158 around 2.087 to 9.071.



If we calculate the volunteer time with the price per hour (see previous page) and integrate this in our „accounts for the fiscal year 2012, and adding the common costs, of depreciation, personnel, expenditure of material and claiming of services - which amounted to € 1.076.382,04, then the notional value of the voluntary work is approximately € 307.472,00, which currently comes to 22,2 % of the total expenses.

The result then for the EATG would be a loss, since the surplus of the expenses are higher than the cash receipts.

The idea of voluntary service is that it is done without any expectation of payment.