

AUDITOR'S REPORT

for the Fiscal Year 2015
(Reporting Period 01.01. – 31.12.2015)

European AIDS Treatment Group e.V.

Copy-Nr. 8 (BOD)

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GENERAL PART

1. Assignment

The assignment for preparation of the statement 2015 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 2015 covers after this all activities which are required to prepare the engaged statement 2015 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 2015 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 2015 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 2015 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 2016 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 as 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 own 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 no. 8542. The first entry was August, 9 th 1993.
Association Constitution:	The constitution was adopted February, 23 rd 1992, changed on June 13 th , 14 th 1998 and last changed on September 20 th 2014.
Office:	Düsseldorf
Chair:	Until September 26 th 2015 Brian West, Edinburgh/Scotland Since September 26 th 2015 Luis Mendao, Lisbon/Portugal
Tax Office:	Düsseldorf-Mitte Tax. no. 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 Sesimbra/Portugal in September, 24th – 26th 2015.

The assembly's protocol was inspected. The size of the association membership increased to 154 members.

b) Board of Directors:

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

Chairperson:

Luis Mendao
Lisbon/Portugal

Directors:

Nikos Dedes, Vice Clairman
Athen/Greece
Tomislav Vurusic, Treasurer
Vodnjan/Croatia
Sanja Belak Kovacevic, Secretary
Samobor/Croatia
Jackie Morton, Secretary
Scarborough / United Kingdom

Internal-Auditor:

For the position of internal auditors in 2015 were elected at the general assembly 24th – 26th September 2015:

Kimmo Karsikas, Helsinki, Finland
Fatih Egelioglu, Istanbul/Turkey

The internal audit took place in January, July + Dezember 2015 and January 2016. 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 April 8th 2014, 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 2015

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 134 to 154. The contribution takings have raised to € 4.975,00. Some members joined within the year 2015.

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 2015 are essentially the **liabilities** of the organization in the amount of € 327.302,32 (Vj.: 278.238,15). Furthermore there are tied donations as received deposit in the amount of € 238.288,57 (Vj.: 236.288,57) expelled here. Running time of the projects is up to 5 years.

The capital contribution amounts to € 268.273,37. The surplus of the expenses over the cash receipts is € ./ 22.128,68 (Previous Year (PY + 53.797,40)).

The sum of all donations received in 2015 amounted to € 1.147.599,61 (PY 1.132.495,83).

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 expenses and office costs.

The loss of 2015 reduces the reserve. A proposal of the Board will be presented to the general assembly.

7. Result of Audit

Referring to the preparation works I am of the conviction that the statement 2015 includes all cash receipts and expenditures.

Therefore I have certified the account 2015 of the association with the following statement:

**"The account (cash based accounting) for 2015 was set up
by obeying to the law and the statute referring to the
principles of accounting."**

Düsseldorf, April 15th 2016



Klaus Malenke
Wirtschaftsprüfer / Steuerberater



Account
for the Fiscal Year 2015

	2015	2014
Income		
1. Donations	€ 1.147.599,61	€ 1.132.495,83
2. Membership fees	€ 4.975,00	€ 2.250,00
3. Interest	€ 1.326,58	€ 936,86
4. Recoverable costs	€ 10.976,03	€ 7.363,06
5. Other income	€ 20.806,19	€ 43.498,53
	<u>€ 1.185.683,41</u>	<u>€ 1.186.544,28</u>
Expenses		
1. Depreciation and amortisation of tangible and intangible assets	€ 5.353,34	€ 5.223,71
2. Outside services	€ 135.937,58	€ 116.552,47
3. Rent and associated costs	€ 56.709,57	€ 63.860,80
4. Personnel expenses	€ 363.018,18	€ 303.946,49
5. Event expenses	€ 188.026,16	€ 223.430,06
6. Insurances	€ 5.651,41	€ 5.618,73
7. Postage / courier service	€ 904,88	€ 846,60
8. Telephone / Internet / IT	€ 57.132,09	€ 43.186,09
9. Legal and professional fees	€ 80.068,46	€ 73.612,44
10. Product leasing	€ 3.468,49	€ 2.982,16
11. Audit fee	€ 8.925,00	€ 8.925,00
12. Additional costs for money transactions	€ 3.005,66	€ 2.560,73
13. Office expenses	€ 5.579,60	€ 9.484,00
14. Travelling expenses	€ 288.850,02	€ 262.785,95
15. Contributions	€ 4.076,58	€ 4.063,00
16. Other expenses	€ 561,74	€ 755,39
17. Tax on investment income	€ 198,99	€ 126,66
18. Difference in the exchange rates	€ 93,34	€ 1.901,56
19. Retirement of fixed assets	€ 251,00	€ 2.533,50
20. Default on receivables	€ 0,00	€ 351,54
	<u>€ 1.207.812,09</u>	<u>€ 1.132.746,88</u>
Surplus of income over expenses	– € 22.128,68	– € 53.797,40

Transition Statement 2015
from the profit and loss statement to the receipts and expenditures statement
referring § 4 (3) EStG

	€	€
loss by account for the fiscal year 2015		– 22.128,88
+ receivable debts correction 2014		+ 58.890,71
		+ 36.761,83
– receivable debts correction 2015		
- by trade accounts	977,99	
- by advance payments and other receivables	25.488,32	
- by other income	6.337,97	
	<hr/>	– 32.804,28
		+ 3.957,55
		- - - - -
– liabilities correction 2014		– 284.926,03
– liabilities correction 2015		
- by payable trade accounts	73.535,62	
- by member expenses	6.572,42	
- by other liabilities	8.785,20	
- by received advance payment	238.409,08	
	<hr/>	+ 327.302,32
Surplus in the legal sense of § 4 Abs. 3 EStG		+ 46.333,84
		<hr/>

State and Utilisation of Funds 2015

	<u>€</u>	<u>€</u>
State January, 1st 2015		+ 499.869,33
+ Cash Receipts	+ 1.182.617,74	
– Expenses	– <u>1.204.746,42</u>	– 22.128,68
+ depreciation 2015		+ 5.352,34
– retirement of asset additions		– 6.546,68
+ retirement of asset disposals		+ 252,00
+ debts as per January 1 st 2015	+ 58.890,71	
– debts as per December 31 st 2015	– <u>59.868,88</u>	– 978,17
– liabilities as per January 1 st 2015	– 278.238,15	
+ liabilities as per December 31 st 2015	+ <u>327.302,32</u>	+ 49.064,17
Utilisation of Funds December, 31st 2015		<u>524.884,31</u>
Balance other deposit, December, 31st 2015		
ING Bank deposit		+ 521.771,55
APO Bank e.G. deposit		+ 1.890,17
petty cash		+ <u>1.222,59</u>
		<u>524.884,31</u>

Inventory of Property 2015

	End of year 31.12.2015	End of year 31.12.2014
	€	€
A. Property		
1. Intangible assets	1,00	292,00
2. Fixed assets	10.821,50	9.588,16
3. Demand of contribution, offsettings, other deposit	26.466,31	698,89
4. Security deposit for office rooms	6.337,97	6.324,11
5. Liquidity	524.884,31	499.869,33
6. Other Claim	27.064,60	51.867,71
December 31st 2015	595.575,69	568.640,20
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B. Liabilities		
1. Amounts due to suppliers	73.535,62	30.835,21
2. Liabilities of expense accounts	6.572,42	1.235,48
3. Other liabilities	8.785,20	9.878,89
4. Prepaid donations	238.409,08	236.288,57
December 31st 2015	327.302,32	278.238,15
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C. One's own funds (A – B)		
1. Association's assets	18.766,10	18.766,10
2. Reserves before use	271.635,95	217.838,55
3. Deficit (previous year: Surplus)	– 22.128,68	53.797,40
	268.273,37	290.402,05
	=====	=====
Total amount of capital assets	595.575,69	568.640,20
	=====	=====
Development of Reserves		
Deficit (previous year: Surplus)	– 22.128,68	+ 53.797,40
Initial reserves	+ 271.635,95	+ 217.838,55
Remaining reserves	+ 249.507,27	+ 271.635,95
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Budget 2016

The net loss the year 2015 should be fully deducted from reserve. Ensuing the budget 2016 created and submitted by the Association is presented.

Income	€
- core funding by expected donations (estimated)	1.300.000,00
Total:	1.300.000,00
	€
Scientific and Research	
- ECAB meetings, Protocol Reviews & Representation	163.680,00
- New Developments in HIV Prevention	6.815,00
- TB portfolio	15.402,00
- EHVA project	12.313,00
- EUPATI project	103.504,00
<i>Subtotal</i>	301.714,00
Policy and Advocacy	
- Policy working and external representation	53.157,00
- OPtest project	51.147,00
- HIV in Europe project	9.955,00
<i>Subtotal</i>	114.259,00
HCV Hepatitis C-Virus	
- core activity budget and Sitges conference	80.509,00
<i>Subtotal</i>	80.509,00
Other Projects	
- Eurocoord	1.363,00
- EMERGE project	147.403,00
<i>Subtotal</i>	148.766,00
Capacity Building	
- Training & Capacity Working Group Meetings & other costs	27.260,00
- ATT – Access to Treatment Care and Support in Central and South East Europe	55.522,00
- Training Staff	4.089,00
- Continuous Patient Education (COPE)	16.356,00
- Conference support for staff	13.630,00
- Membership Development	13.630,00
- External Representation and conference attendance	13.630,00
<i>Subtotal</i>	144.117,00
Communication	
- website, Publications, TB online, IT support	30.668,00
<i>Subtotal</i>	30.668,00

Governance

- Ombudspersons	1.363,00
- GA General Assembly	78.780,00
- BOD Board of Directors	59.835,00
- DMAG	14.693,00
- internal auditors	5.452,00
- Governance meeting	6.815,00
- Stakeholders meeting	10.223,00
- External Advisory Board	3.407,00
- Fundraising and Fundraising Coordinator	83.557,00
<i>Subtotal</i>	<u>264.125,00</u>

Administration

- Staff salaries and office costs	186.378,00
- Legal Advice	4.089,00
- External Auditors	16.356,00
<i>Subtotal</i>	<u>206.823,00</u>

Total: 1.290.981,00

Surplus 2016 (provisionally) + 9.019,00

Volunteer time Recap 2015

Referring to the general meeting (GA) in previous year, we subsequently describe the voluntary service in EATG. The service was generated by the members of the Board of Directors (BOD), the internal auditors (IA), the Working Groups and different members of the association.

The volunteer hours executed were listed in timesheets and then comprehended in a time table. Note, not all members of the EATG listed their voluntary hours.

In order to get an idea of the real value of the performance, we have to compare it with the expenses presented in our "Account for the fiscal year" – Annex 1, whereas the price of the voluntary engagement has to be regarded as a fictitious number, as the idea of voluntary service is. It has no market price, no official wage.

In 2015 volunteer time was no longer regularly registered by EATG members. One of the reasons for this was that meetings, projects and administration already took up lots of time.

In order to get an idea of the quantity of time spent, previous years are listed below in the table. The figures of 2015 are estimated at the same or even higher level.

The summaries were created by EATG.

Kind of activity	Hours listed 2012	Hours listed 2013	Hours listed 2014
Travel	1.972	2.237	1.996
Internal Meeting	2.082	2.151	1.572
External Representation	1.575	1.902	1.909
Report	145	121	75
Administration	901	699	358
Communication	2.064	1.439	1.369
Other	332	450	475
Total:	<u>9.071</u>	<u>8.999</u>	<u>7.754</u>

