

AUDITOR'S REPORT

for the Fiscal Year 2016
(Reporting Period 01.01. – 31.12.2016)

European AIDS Treatment Group e.V.

Copy-Nr. BOD

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GENERAL PART

1. Assignment

The assignment for preparation of the statement 2016 and for auditing the bookkeeping was given by the chairman of the association „European AIDS Treatment Group e.V. (EATG), Mrs Jackie Morton. The assignment is based on the "General Terms of Engagement" of the „Wirtschaftsprüferinstitut“ in the version from January, 1st 2017. 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 2016 covers after this all activities which are required to prepare the engaged statement 2016 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 2016 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 2016 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 2016 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 organisation leadership and the employees named for the information willingly. As informers the organisation 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 2017 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, 9th 1993.

Association Constitution: The constitution was adopted February, 23rd 1992, changed on June 13th, 14th 1998 and last changed on September 20th 2014.

Office: Düsseldorf

Chair: Until September 25th 2016
Luis Mendao, Lisbon / Portugal
Since September 25th 2016
Jackie Morton, Scarborough / United Kingdom

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 Sofia/Bulgaria in September, 23rd – 25th 2016.

The assembly's protocol was inspected. The size of the association membership increased to 168 members.

b) Board of Directors:

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

Chairperson:

Jackie Morton
Scarborough/United Kingdom

Directors:

Nikos Dedes, Director
Athen / Greece
Brian West, Treasurer
Edinburgh / UK
Sanja Belak Skugor, Secretary
Samobor / Croatia
Luis Mendoa, Director
Lisbon / Portugal

Internal-Auditor:

For the position of internal auditors in 2016 were elected at the general assembly 23rd – 25th September 2016:

Fatih Egelioglu, Istanbul / Turkey
Jens Wilhelmsberg / Copenhagen

The internal audit took place in December 2015, March and June 2016, also January and April 2016 and January 2017. The reports on the findings of the internal audit were given to the external auditors before completion of this report.

4. Economical Basics

The European AIDS Treatment Group is a network of nationally-based volunteer activists from different countries in Europe. This non-profit association is only carrying out charity work, regarding the prevention and combatting of the communicable disease aids.

There is confirmation given to the association by the tax office Düsseldorf-Mitte, dated February 17th 2017, 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 in combination with different positions or an explanation is required are explained in the following.

The **member stock** of the organization has raised from 154 to 168. The contribution was € 4.400,00.

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 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 2016 are essentially the **liabilities** of the organization in the amount of € 226.572,80 (PY: € 327.302,32). Furthermore there are tied donations as received deposit in the amount of € 158.777,34 (PY: € 238.288,57) expelled here. Running time of the projects is up to 5 years.

The capital contribution amounts to € 182.358,60. The surplus of the expenses over the cash receipts is € ./. 85.914,77 (Previous Year € ./. 22.128,68).

The sum of all donations received in 2016 amounted to € 1.488.489,63 (PY 1.147.599,61), included €160.000,00 from CAF Charities Aid Foundation.

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 2016 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 2016 includes all cash receipts and expenditures.

Therefore I have certified the account 2016 of the association with the following statement:

**"The account (cash based accounting) for 2016 was set up
by obeying to the law and the statute referring to the
principles of accounting."**

Düsseldorf, April 13rd 2017



Klaus Malenke
Wirtschaftsprüfer / Steuerberater



Account
for the Fiscal Year 2016

	2016	2015
Income		
1. Donations, differnt	€ 1.328.489,63	€ 1.147.599,61
2. CAF Charities Aid Foundation	€ 160.000,00	€ 0,00
3. Membership fees	€ 4.400,00	€ 4.975,00
4. Interest	€ 490,97	€ 1.326,58
5. Recoverable costs	€ 11.087,20	€ 10.976,03
6. Other income	€ 32.491,80	€ 20.806,19
	<hr/> € 1.536.959,60	<hr/> € 1.185.683,41
Expenses		
1. Depreciation and amortisation of tangible and intangible assets	€ 5.054,60	€ 5.353,34
2. Outside services	€ 224.165,88	€ 135.937,58
3. Rent and associated costs	€ 97.941,19	€ 56.709,57
4. Personnel expenses	€ 305.186,04	€ 363.018,18
5. Event expenses	€ 501.702,84	€ 188.026,16
6. Insurances	€ 2.557,58	€ 5.651,41
7. Postage / courier service	€ 604,59	€ 904,88
8. Telephone / Internet / IT	€ 61.813,35	€ 57.132,09
9. Legal and professional fees	€ 120.378,39	€ 80.068,46
10. Product leasing	€ 3.202,64	€ 3.468,49
11. Audit fee	€ 8.925,00	€ 8.925,00
12. Additional costs for money transactions	€ 4.216,20	€ 3.005,66
13. Office expenses	€ 6.066,63	€ 5.579,60
14. Travelling expenses	€ 266.745,93	€ 288.850,02
15. Contributions	€ 9.118,00	€ 4.076,58
16. Other expenses	€ 3.575,21	€ 561,74
17. Tax on investment income	€ 72,95	€ 198,99
18. Difference in the exchange rates	€ 99,35	€ 93,34
19. Retirement of fixed assets	€ 1.448,00	€ 251,00
	<hr/> € 1.622.874,37	<hr/> € 1.207.812,09
Surplus of the expenses over the cash receipts	- € 85.914,77	- € 22.128,68

Transition Statement 2016
from the profit and loss statement to the receipts and expenditures statement
referring § 4 (3) EStG

	€	€
loss by account for the fiscal year 2016		– 85.914,77
+ receivable debts correction 2015		+ 32.804,28
		<hr/> – 53.110,49
– receivable debts correction 2016		
- by trade accounts	– 8.052,97	
- by advance payments and other receivables	– 21.546,61	
- by other income	– 6.342,21	<hr/> – 35.941,79
		<hr/> – 89.052,28
– liabilities correction 2015		– 327.302,32
– liabilities correction 2016		
- by payable trade accounts	53.923,99	
- by member expenses	7.441,78	
- by other liabilities	6.429,69	
- by received advance payment	158.777,34	<hr/> + 226.572,80
Deficit in the legal sense of § 4 Abs. 3 EStG		<hr/> – 189.781,90

State and Utilisation of Funds 2016

	€	€
State January, 1st 2016		+ 524.884,31
+ Cash Receipts	+ 1.536.959,60	
- Expenses	- 1.622.874,37	- 85.914,77
+ depreciation 2016		+ 5.054,60
- retirement of asset additions		- 7.361,60
+ retirement of asset disposals		+ 1.448,00
+ debts as per January 1 st 2016	+ 59.868,88	
- debts as per December 31 st 2016	- 63.068,22	- 3.199,34
- liabilities as per January 1 st 2016	- 327.302,32	
+ liabilities as per December 31 st 2016	+ 226.572,80	+ 100.729,52
Utilisation of Funds December, 31st 2016		<u>334.181,68</u>
Balance other deposit, December, 31st 2016		
ING Bank deposit	+ 325.818,78	
APO Bank e.G. deposit	+ 1.876,22	
petty cash	+ 6.486,68	
		<u>334.181,68</u>

ANALYSIS OF ASSETS FOR THE FISCAL YEAR 2016

		2016	historical year	historical costs	asset disposals	asset additions	end of 2016	end of 2015	depreciation fiscal year
I Immaterial assets									
1	03.12.2012	Windows 2007 incl. Server	Dez. 12	1.167,52 €			1,00 €	1,00 €	0,00 €
		subtotal		1.167,52 €	0,00 €	0,00 €	1,00 €	1,00 €	0,00 €
II Fixtures furniture and office equipment									
2	01.05.2002	Safe	Mai. 02	810,84 €			0,50 €	0,50 €	0,00 €
3	01.10.2008	Lightening office	Okt. 08	4.436,47 €			1,00 €	1,00 €	0,00 €
4	01.03.2011	PC ntel Core & MS MM	Mrz. 11	1.128,90 €			1,00 €	1,00 €	0,00 €
5	01.10.2011	Apple Laptop 11 AIR	Okt. 11	1.299,00 €	-1,00 €		0,00 €	1,00 €	0,00 €
6	17.04.2012	NoteB+PC+Zubehör Thinkcentre	Apr. 12	792,88 €			1,00 €	1,00 €	0,00 €
7	07.12.2012	Ultrabook	Dez. 12	999,00 €			1,00 €	1,00 €	0,00 €
8	16.04.2013	Sonic WALL	Apr. 13	600,10 €			1,00 €	67,00 €	-66,00
9	30.04.2013	AZUS Laptop x202E	Apr. 13	596,00 €	-68,00 €		0,00 €	68,00 €	0,00
10	31.05.2013	8 office chairs	Mai. 13	2.797,52 €			2.045,00 €	2.260,00 €	-215,00
11	04.07.2013	PC ACER DT.SLJEH	Jul. 13	499,00 €			1,00 €	84,00 €	-83,00
12	16.12.2013	Apple MacBook Pro Retina 13.3.	Dez. 13	1.352,70 €			1,00 €	434,00 €	-433,00
13	30.01.2014	SAM.NP 905 S3G (AIVL)	Jan. 14	699,00 €			19,00 €	252,00 €	-233,00
14	30.01.2014	ACE DT SR 3 EH (GB)	Jan. 14	499,00 €			15,00 €	181,00 €	-166,00
15	31.01.2014	Applw Mc Pro 13" (DMAG)	Jan. 14	1.329,00 €			37,00 €	480,00 €	-443,00
16	09.04.2014	Packard Bell DT U81 (PC-Office)	Apr. 14	399,00 €			33,00 €	166,00 €	-133,00
17	09.04.2014	Packard Bell DT U81 (PC-Office)	Apr. 14	399,00 €			33,00 €	166,00 €	-133,00
18	23.09.2014	Apple MD 60 B/B	Sep. 14	953,37 €	-556,00 €		0,00 €	556,00 €	0,00
19	01.12.2014	Lenovo U330 Touch	Dez. 14	799,00 €	-511,00 €		0,00 €	511,00 €	0,00
20	07.02.2015	Laptop HP-11 NOB x360 office	Feb. 15	449,00 €	-312,00 €		0,00 €	312,00 €	0,00
21	02.03.2015	MAC Apple MD7608 B Laptop	Mrz 15	1.000,00 €			389,00 €	722,00 €	-333,00
22	07.07.2015	DELL InspironLaptop 7000 S 2 in 1	Jul 15	1.049,01 €			524,00 €	874,00 €	-350,00
23	26.08.2015	5 Samsung S 22C 22Zoll	Aug 15	813,16 €			452,00 €	723,00 €	-271,00
24	26.08.2015	lenovo think centre E 73 PC	Aug 15	1.109,44 €			616,00 €	986,00 €	-370,00
25	26.08.2015	lenovo think pad E550 Laptop	Aug 15	1.127,07 €			626,00 €	1.002,00 €	-376,00
26	07.12.2015	Macbook air 11,6 Zoll	Dez 15	999,00 €			638,00 €	971,00 €	-333,00
27	09.01.2016	Ipad pro 12	Jan 16	1.000,00 €		1.000,00 €	667,00 €		-333,00 €
28	15.03.2016	Lenovo thinkpad e550	Mrz 16	1.477,43 €		1.477,43 €	1.108,00 €		-369,43 €
29	07.06.2016	ASUS UX 303 + 2y maintenance	Jun 16	1.026,90 €		1.026,90 €	826,00 €		-200,90 €
30	24.08.2016	DELL inspiron 13"	Aug 16	923,23 €		923,23 €	820,00 €		-103,23 €
31	08.11.2016	Apple ipad pro	Nov 16	1.000,00 €		1.000,00 €	944,00 €		-56,00 €
32	01.12.2016	NTB Apple Air 13" CTO	Dez 16	1.000,00 €		1.000,00 €	972,00 €		-28,00 €
33	12.12.2016	Apple Ipad Pro 9.7	Dez 16	934,04 €		934,04 €	908,00 €		-26,04 €
		Subtotal		34.298,06 €	-1.448,00 €	7.361,60 €	11.679,50 €	10.820,50 €	-5.054,60 €
		Total		35.466,58 €	-1.448,00 €	7.361,60 €	11.680,50 €	10.821,50 €	-5.054,60 €
III	GWG	Low value assts		1,00 €	0,00 €	0,00 €	1,00 €	1,00 €	0,00 €
		Total amount		35.466,58 €	-1.448,00 €	7.361,60 €	11.681,50 €	10.822,50 €	-5.054,60 €

Inventory of Property 2016

	End of year 31.12.2016 €	End of year 31.12.2015 €
A. Property		
1. Intangible assets	1,00	1,00
2. Fixed assets	11.680,50	10.821,50
3. Demand of contribution, offsettings, other deposit	29.599,58	26.466,31
4. Security deposit for office rooms	6.342,21	6.337,97
5. Liquidity	334.181,68	524.884,31
6. Other Claim	27.126,43	27.064,60
December 31st 2016	408.931,40	595.575,69
B. Liabilities		
1. Amounts due to suppliers	53.923,99	73.535,62
2. Liabilities of expense accounts	7.441,78	6.572,42
3. Other liabilities	6.429,69	8.785,20
4. Prepaid donations	158.777,34	238.409,08
December 31st 2016	226.572,80	327.302,32
C. One's own funds (A – B)		
1. Association's assets	18.766,10	18.766,10
2. Reserves before use	249.507,27	271.635,95
3. Deficit (previous year: Surplus)	– 85.914,77	– 22.128,68
	182.358,60	268.273,37
Total amount of capital assets	408.931,40	595.575,69
Development of Reserves		
Deficit (previous year: Deficit)	– 85.914,77	+ 22.128,68
Initial reserves	+ 249.507,27	+ 271.635,95
Remaining reserves	+ 163.592,50	+ 249.507,27

Budget 2017

The net loss the year 2016 should be fully deducted from reserve. Ensuing the budget 2017 created and submitted by the Association is presented.

Income	€
- core funding by expected donations (estimated)	<u>1.430.000,00</u>
Total:	<u>1.430.000,00</u>
	€
Scientific and Research	
- ECAB meetings, Protocol Reviews & Representation	162.120,00
- New Developments in HIV Prevention	4.255,00
- TB portfolio	5.641,00
- EHVA project	13.300,00
- EUPATI project	<u>12.875,00</u>
<i>Subtotal</i>	<u>198.191,00</u>
Policy and Advocacy	
- Policy working and external representation	35.689,00
- Access Portfolio	2.364,00
- OPtest project	26.970,00
- HIV in Europe project	<u>10.000,00</u>
<i>Subtotal</i>	<u>75.023,00</u>
HCV Hepatitis C-Virus	
- core activity budget and Sitges conference	<u>25.953,00</u>
<i>Subtotal</i>	<u>25.953,00</u>
Other Projects	
- Living Positively with HIV	126.560,00
- Woman'x project	2.363,00
- EMERGE project	29.650,00
- CHAFEA	<u>86.744,00</u>
<i>Subtotal</i>	<u>245.317,00</u>
Capacity Building	
- Training & Capacity Working Group Meetings & other costs	17.020,00
- ATT – Access to Treatment Care and Support in Central and South East Europe (Step up 2017: SkillsTraining to Empower Patients)	<u>270.021,00</u>
- Training Staff	4.553,00
- Continuous Patient Education (COPE)	14.998,00
- Conference support for staff	8.510,00
- Membership Development	8.510,00
- External Representation and conference attendance	<u>8.510,00</u>
<i>Subtotal</i>	<u>332.122,00</u>

€

Communication

- website, Publications, TB online, IT support	24.198,00
<i>Subtotal</i>	<u>24.198,00</u>
	<hr/>

Governance

- Ombudspersons	1.351,00
- GA General Assembly	78.060,00
- BOD Board of Directors	49.295,00
- DMAG	11.561,00
- internal auditors	5.404,00
- Governance meeting	6.755,00
- Stakeholders meeting	10.133,00
- External Advisory Board	1.878,00
- External Auditors	<u>16.212,00</u>
<i>Subtotal</i>	<u>180.649,00</u>

Administration

- Staff salaries and office costs	275.966,00
- Recruitment costs	1.351,00
- Fundraising and coordination	60.428,00
- Legal Advice	<u>2.053,00</u>
<i>Subtotal</i>	<u>339.798,00</u>

Total: 1.421.251,00

Surplus 2017 (provisionally) + 8.749,00

Volunteer time Recap 2016

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 and 2016 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.

Therefore, in order to get an idea of the quantity of time spent, EATG made an estimation for 2016, taking all unpaid activities into consideration.

Conclusion: The volunteer time of EATG members for 2016 is estimated to be at least 15.000 hours.