

## **AUDITOR'S REPORT**

**for the Fiscal Year 2014**  
**(Reporting Period 01.01. – 31.12.2014)**

**European AIDS Treatment Group e.V.**

**Copy-Nr. 6 (BOD)**

**KLAUS MALENKE**  
**WIRTSCHAFTSPRÜFER**

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

**KLAUS MALENKE**  
WIRTSCHAFTSPRÜFER

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## GENERAL PART

### 1. Assignment

The assignment for preparation of the statement 2014 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 2014 covers after this all activities which are required to prepare the engaged statement 2014 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 2014 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 2014 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 2014 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 2015 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 no. 8542. The first entry was August, 9<sup>th</sup> 1993.

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

**Office:** Düsseldorf

**Chair:** Mr. Brian West, Edinburgh/Scotland

**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 Istanbul/Turkey in September, 19<sup>th</sup> – 21<sup>th</sup> 2014.

The assembly's protocol was inspected. The size of the association membership increased to 134 members.

**b) Board of Directors:**

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

Chairperson:

Brian West  
Edinburgh/Scotland

Directors:

Luis Mendao  
Lisbon/Portugal  
Tomislav Vurusic,  
Vodnjan/Croatia  
Tamas Bereczky,  
Budapest/Hungary  
Olimbi Hoxhaj  
Tirana/Albania

**Internal-Auditor:**

For the position of internal auditors in 2014 were elected at the general assembly 13<sup>th</sup> – 15<sup>th</sup> September 2013:

Kimmo Karsikas, Helsinki, Finland  
Bojana Delibasic-Bjelic, Banja Luka  
Bosnia & Herzegovina

The internal audit took place in April + September 2014 and January 2015. 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 8<sup>th</sup> 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 2013**

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 114 to 134. The contribution takings have raised to € 2.250,00. Some members joined within the year 2014.

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 2014 are essentially the **liabilities** of the organization in the amount of € 278.238,15 (Vj.: 244.472,08). Furthermore there are tied donations as received deposit in the amount of € 236.288,57 (Vj.: 179.781,87) expelled here. Running time of the projects is up to 5 years.

The capital contribution amounts to € 271.635,95. The surplus of the cash over the expenses receipts is € 53.797,40 (Previous Year (PY ./ 29.185,88)).

The sum of all donations received in 2014 amounted to € 1.132.495,83 (PY 1.025.205,60).

The surplus of 2014 increases 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 expenses and office costs.

## 7. Result of Audit

Referring to the preparation works I am of the conviction that the statement 2014 includes all cash receipts and expenditures.

Therefore I have certified the account 2014 of the association with the following statement:

**"The account (cash based accounting) for 2014 was set up  
by obeying to the law and the statute referring to the  
principles of accounting."**

Düsseldorf, 19.03.2015



Klaus Malenke  
Wirtschaftsprüfer / Steuerberater



**Account**  
**for the Fiscal Year 2014**

	<b>2014</b>	<b>2013</b>
<b>Income</b>		
1. Donations	€ 1.132.495,83	€ 1.025.205,60
2. Membership fees	€ 2.250,00	€ 3.050,00
3. Interest	€ 936,86	€ 419,47
4. Recoverable costs	€ 7.363,06	€ 10.910,59
5. Other income	€ 43.498,53	€ 26.656,09
	<hr/> € 1.186.544,28	<hr/> € 1.066.241,75
<b>Expenses</b>		
1. Depreciation and amortisation of tangible and intangible assets	€ 5.223,71	€ 5.470,01
2. Outside services	€ 116.552,47	€ 112.398,64
3. Rent and associated costs	€ 63.860,80	€ 41.962,72
4. Personnel expenses	€ 303.946,49	€ 280.492,12
5. Event expenses	€ 223.430,06	€ 213.931,26
6. Insurances	€ 5.618,73	€ 5.264,69
7. Postage / courier service	€ 846,60	€ 1.737,46
8. Telephone / Internet / IT	€ 43.186,09	€ 38.172,18
9. Legal and professional fees	€ 73.612,44	€ 75.614,89
10. Product leasing	€ 2.982,16	€ 3.474,04
11. Audit fee	€ 8.925,00	€ 13.209,00
12. Additional costs for money transactions	€ 2.560,73	€ 2.404,98
13. Office expenses	€ 9.484,00	€ 14.353,99
14. Travelling expenses	€ 262.785,95	€ 266.056,76
15. Contributions	€ 4.063,00	€ 3.202,50
16. Maintenance and service of equipment	€ 0,00	€ 12.140,27
17. Other expenses	€ 755,39	€ 4.557,11
18. Tax on investment income	€ 126,66	€ 100,01
19. Difference in the exchange rates	€ 1.901,56	€ 103,93
20. Retirement of fixed assets	€ 2.533,50	€ 0,00
21. Default on receivables	€ 351,54	€ 781,07
	<hr/> € 1.132.746,88	<hr/> € 1.095.427,63
<b>Surplus of the expenses over the cash receipts</b> (previous year: deficit)	<b>€ 53.797,40</b>	<b>- € 29.185,88</b>

**Transition Statement 2014**  
**from the profit and loss statement to the receipts and expenditures statement**  
**referring § 4 (3) EStG**

	€	€
profit by account for the fiscal year 2014		+ 53.797,40
+ receivable debts correction 2013		+ 50.363,63
		<u>+ 104.161,03</u>
- receivable debts correction 2014		
- by trade accounts	- 698,89	
- by advance payments and other receivables	- 51.867,71	
- by other income	- 6.324,11	- 58.890,71
		<u>+ 45.270,32</u>
- liabilities correction 2013		- 253.987,80
- liabilities correction 2014		
- by payable trade accounts	30.835,21	
- by member expenses	1.235,48	
- by other liabilities	9.878,89	
- by received advance payment	236.288,57	
- by payments 2013 in advance	<u>0,00</u>	+ 278.238,15
Surplus in the legal sense of § 4 Abs. 3 EStG		<u>+ 69.520,67</u>

**State and Utilisation of Funds 2014**

	€	€
<b>State January, 1<sup>st</sup> 2014</b>		<b>418.153,10</b>
+ Cash Receipts	+ 1.186.544,28	
- Expenses	- 1.132.746,88	+ 53.797,40
+ depreciation 2014		+ 5.223,71
- retirement of asset additions		- 5.077,37
+ retirement of asset disposals		+ 2.533,50
+ debts as per January 1 <sup>st</sup>	+ 50.363,63	
- debts as per December 31 <sup>st</sup>	- 58.890,71	- 8.527,08
- liabilities as per January 1 <sup>st</sup>	- 244.472,08	
+ liabilities as per December 31 <sup>st</sup>	+ 278.238,15	+ 33.766,07
<b>Utilisation of Funds December, 31<sup>st</sup> 2014</b>		<b>499.869,33</b>
Balance other deposit, December, 31 <sup>st</sup> 2014		
ING Bank deposit	+ 496.954,18	
APO Bank e.G. deposit	+ 1.896,17	
petty cash	+ 1.018,98	
		<b>499.869,33</b>

**Inventory of Property 2014**

	<b>End of year 31.12.2014</b>	<b>End of year 31.12.2013</b>
	€	€
<b>A. Property</b>		
1. Intangible assets	292,00	681,00
2. Fixed assets	9.588,16	11.879,00
3. Demand of trade debtors	698,89	186,43
4. Security deposit for office rooms	6.324,11	6.290,12
5. Liquidity	499.869,33	418.153,10
6. Other Claim	51.867,71	43.887,08
<b>December 31<sup>st</sup> 2014</b>	<b>568.640,20</b>	<b>481.076,73</b>
<b>B. Liabilities</b>		
1. Amounts due to suppliers	30.835,21	51.532,62
2. Liabilities of expense accounts	1.235,48	13.133,65
3. Other liabilities	9.878,89	23,94
4. Prepaid membership fees	0,00	0,00
5. Prepaid donations	236.288,57	179.781,87
<b>December 31<sup>st</sup> 2014</b>	<b>278.238,15</b>	<b>244.472,08</b>
<b>C. One's own funds (A - B)</b>	<b>290.402,05</b>	<b>236.604,65</b>
1. Association's assets	18.766,10	18.766,10
2. Reserves before use	217.838,55	247.024,43
3. Surplus (previous year: Deficit)	53.797,40	- 29.185,88
	<b>290.402,05</b>	<b>236.604,65</b>
<b>Total amount of capital assets</b>	<b>568.640,20</b>	<b>481.076,73</b>
<b>Development of Reserves</b>		
Surplus (previous year: Deficit)	+ 53.797,40	- 29.185,88
Initial reserves	+ 217.838,55	+ 247.024,43
Remaining reserves	+ 271.635,95	+ 217.838,55

**Budget 2015**

The net profit of the year 2014 should be fully integrated into the reserve. Ensuing the budget 2015 created and submitted by the Association is presented.

<b>Income</b>	<b>€</b>
- core funding by expected donations (estimated)	1.300.000,00
<b>Total:</b>	<b>1.300.000,00</b>
<b>Scientific and Research</b>	<b>€</b>
- ECAB project	244.400,00
- STEPS project	6.272,00
- TB portfolio	13.942,00
- CHAARM project	12.128,00
- EUPATI project	104.777,00
<i>Subtotal</i>	381.519,00
<b>Policy and Advocacy</b>	<b>€</b>
- Policy working and external representation	55.357,00
- OPtest project	36.789,00
- aMASE project	8.741,00
- Civil Society Forum	13.294,00
- HIV in Europe project	12.209,00
<i>Subtotal</i>	126.390,00
<b>HCV Hepatitis C-Virus</b>	<b>€</b>
- core activity budget and Sitges conference	93.558,00
<i>Subtotal</i>	93.558,00
<b>Other Projects</b>	<b>€</b>
- Eurocoord	1.419,00
- Lifecycle Approach, HIV	25.916,00
- EMERGE project	117.226,00
<i>Subtotal</i>	144.561,00
<b>Capacity Building</b>	<b>€</b>
- Working Group Meetings and Training	24.194,00
- ASK co-infections and drugs	43.035,00
- Step up Training Academy	10.000,00
- Training Staff	4.758,00
- Technical Publications (COPE)	49.153,00
- Conference support for staff	20.194,00
- Membership Development	10.000,00
- External Representation and conference attendance	20.194,00
<i>Subtotal</i>	181.528,00
<b>Communication</b>	<b>€</b>
- website, Publications, TB online, IT support	52.922,00
<i>Subtotal</i>	52.922,00

**Governance**

- Ombudspersons	1.419,00
- GA General Assembly	77.973,00
- BOD Board of Directors	66.778,00
- DMAG	15.195,00
- internal auditors	5.678,00
- Governance meeting	10.097,00
- Long Term Strategy Development	32.011,00
- Stakeholders meeting	10.646,00
- External Advisory Board	3.549,00
- Fundraising	<u>73.235,00</u>
<i>Subtotal</i>	<u>296.581,00</u>

**Administration**

- Staff salaries and office costs	57.440,00
- Recruitment Costs	7.097,00
- Legal Advice	4.258,00
- External Auditors	<u>17.033,00</u>
<i>Subtotal</i>	<u>85.828,00</u>

**Total:**

1.362.887,00

**Deficit surplus 2015 (provisionally)**

– 62.887,00

## Volunteer time Recap 2014

Referring to the annual general meeting (GA) we subsequently describe the voluntary service in EATG 2014. The service was generated by the members of the Board of Directors (BOD), the internal auditors and different members of the Association, overall 17 (in the year before 24) participants.

The volunteer hours executed were listed in timesheets by the members. The hours which were fulfilled had been listed in a timesheet.

The hourly rate is set equal to the rate external employees would have been paid. The hourly rate, we calculated, is based on salaries of full time employees of the association in 2014 and their specific qualifications. The rate per hour is fixed on 31,65 €/h, on "Travel", "Meeting", "Representation", "Communication" and "Report", 26,19 €/h on "Administration" and 25,23 €/h on "Other" activities.

The price of this voluntary work has to be regarded as a fictitious number, as the idea of EATG support and service is voluntary. 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 it with the real costs which were paid for meetings, travel, communication etc.. They are part of the expences presented in our "Account for the fiscal year 2014" – Annex 1. Sometimes presentations and meetings are sponsored by companies, in this case these costs don't appear in the accounts. The summary data were created by EATG.

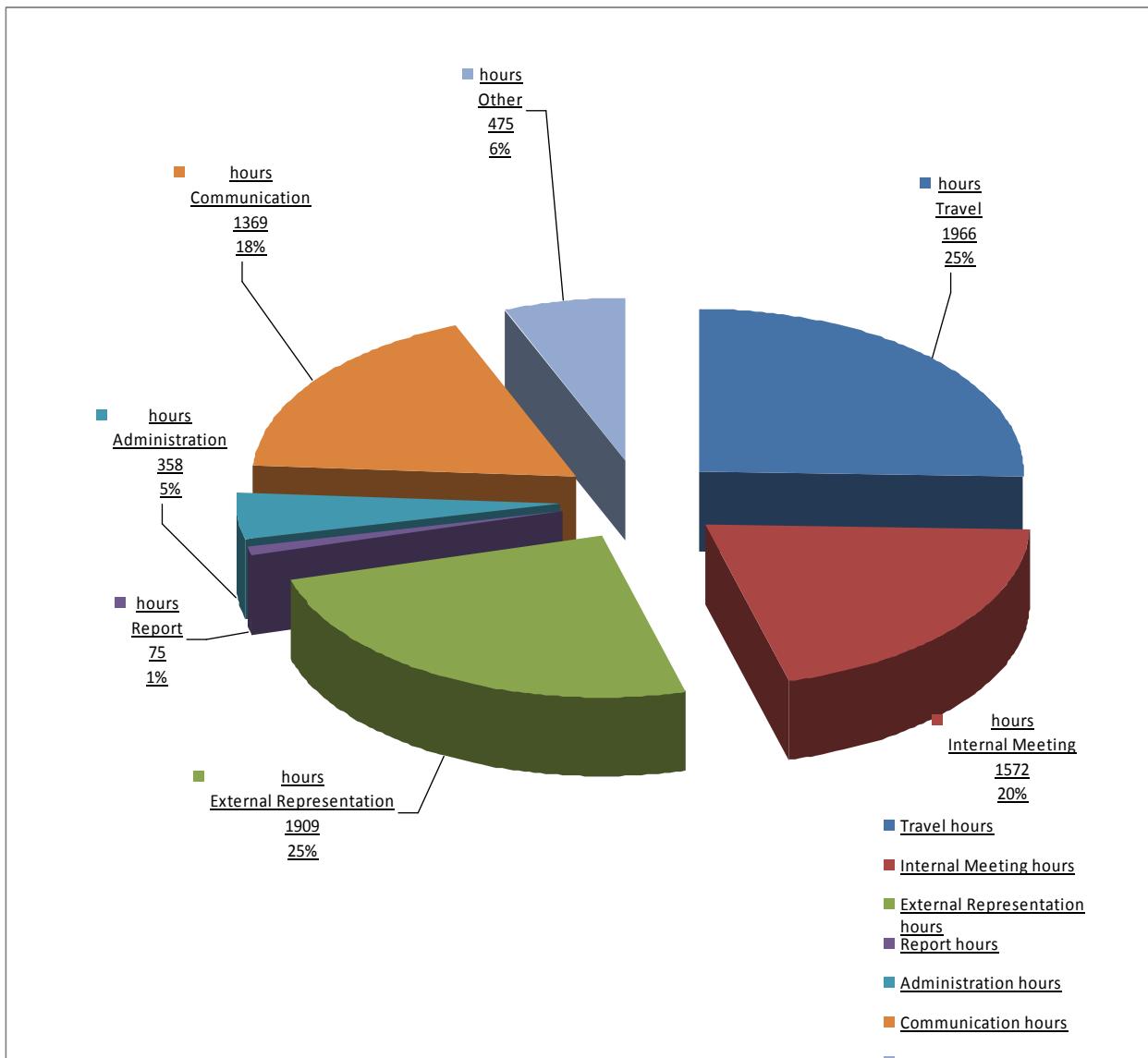
Kind of activity	hours listed	price of one hour	estimated value of performance
Travel	1.966	31,65 €/h	62.217,00
Internal Meeting	1.572	31,65 €/h	49.748,00
External Representation	1.909	31,65 €/h	60.397,00
Report	75	31,65 €/h	2.373,00
Administration	358	26,19 €/h	9.378,00
Communication	1.369	31,65 €/h	43.332,00
Other	475	25,23 €/h	11.985,00
<b>Total:</b>	<b>7.724</b>		<b>239.430,00</b>

17 EATG volunteer members participated. These members worked 7.724 hours volunteering for the EATG. The average amount of voluntary work in one year per person was 454 hours, whereas the minimum was 47 hours (equals € 1.473,00) and the maximum 925 hours (equals € 29.040,00).

As regards the comparison between the years before the amount of voluntary assistance is equally high.

<u>Year</u>	<u>Voluntary hours by members</u>
2011	11.158 hours
2012	9.071 hours
2013	8.999 hours
2014	7.724 hours

Note, not all members of EATG listed their voluntary hours.



The result of a common non-profit-organisation in a very large degree depends on the voluntary service of its members and the professional activities of management and staff. The fortunes shown in the balance and the result of the profit and loss calculation doesn't represent the whole engagement of the European AIDS Treatment Group. Whereas simply cost reimbursements take place in accountancy, the revenues are the result of the for years continuous success and fortune in support, advice, counselling – responding on the constitution of EATG – to HIV – infected persons all over the world. The only part of this engagement of voluntary members and their kind of activities are visually represented in the above charts.