



ACON Health Limited

ABN 38 136 883 915

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

These financial statements are the consolidated financial statements of the consolidated entity consisting of ACON Health Limited and its subsidiary, AIDS Council of New South Wales Incorporated. The financial statements are presented in the Australian currency.

ACON Health Limited is a public company limited by guarantee, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

414 Elizabeth Street
Surry Hills NSW 2010
Australia

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors report on pages 2 to 9 which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 14 September 2016. The directors have the power to amend and reissue the financial statement

ACON HEALTH LIMITED

The directors present their report on the consolidated entity (referred to hereafter as the group) consisting of ACON Health Limited and its controlled entity, the AIDS Council of New South Wales Incorporated, for the year ended 30 June 2016.

Directors

The following persons were directors of ACON Health Limited during the whole of the financial year and up to the date of this report:

Andrew Purchas
Benjamin Bavinton
Julie Mooney-Somers
Richard Lee
Robert Stirling
Steven Berveling

The following persons were directors from the beginning of the financial year until the date of their resignation:

Craig Gear resigned on 8 July 2015.
Tim West resigned on 8 July 2015
Darryl O'Donnell resigned on 11 August 2015.
Senthoran Raj resigned on 19 August 2015
Nicolas Parkhill resigned on 15 September 2015.
Mark Orr resigned on 5 November 2015.
John de Wit resigned 1 May 2016.
Joshua Hatten resigned on 14 May 2016.
Gina Wilson resigned on 14 June 2016.

The following persons were appointed as directors on the dates stated and continue in office at the date of this report:

Justin Koonin appointed on 9 September 2015
Louisa Degenhardt appointed on 9 September 2015

ACON BOARD



Justin Koonin, President, BSc (Hons), Ph.D.

Justin is a former convenor of the NSW Gay and Lesbian Rights Lobby, having worked within LGBTI community organisations for the past decade. He is trained as a mathematician, and currently works as an investment analyst. He has also worked as a postdoctoral research associate (at the University of Sydney), and as a consultant in the areas of predictive analytics and data science



Andrew Purchas, Vice President, BEc, LLB

Andrew has over 15 years of experience as a senior executive in the legal, financial services as a senior associate with Corrs Chambers Westgarth and Chief Security Officer for Westpac Banking Corporation. He has significant commercial experience in business process redesign, change management, risk management and business development. He is currently Project Director with National Information Communication Technology Australia. Andrew has had a long involvement with sports administration and is founder of the Sydney Convicts Rugby Club and was President of the Bingham Cup Sydney 2014.



Steven Berveling, SJD,BSc,LLB

Steven is a barrister specialising in town planning and environmental law. He has been HIV+ since May 1996, and lives life to the full. He is an avid competitive cyclist, and is training to become the 7th Australian and 1st HIV+ person to complete solo the Race Across America, to confirm that stigma and discrimination against HIV+ people is totally unwarranted. Steven speaks regularly to a range of groups about living with HIV.



Julie Mooney-Somers, BSc, GradCertEdStud, Ph.D.

Julie is a Senior Lecturer in the centre for Values, Ethics and the Law in Medicine at the University of Sydney, and Director of the Qualitative Health Research postgraduate coursework program. Her research focuses on sexual health, usually in marginalised communities. Julie has been the joint coordinator of the Sydney Women and Sexual Health (SWASH) survey since 2009.



Richard Lee, BCom, Major Marketing

Richard is the director of Brandview, a brand strategy and marketing consultancy that has shaped the positioning and stories of well-known brands in Australia and around the world. Core skills are research & analytics, brand positioning strategy, brand story frameworks, marketing and communication strategy, cultural change strategy and creative idea generation.



Louisa Degenhardt, BA (Hons), MPsychology (Clinical), Ph.D.

Louisa joined the National Drug and Alcohol Research Centre (NDARC), Faculty of Medicine, UNSW in 1998 and has worked across a wide range of projects examining the epidemiology of illicit drug use, comorbid mental health problems, and illicit drug surveillance. From 2001 to 2008 she established and expanded national drug surveillance and strategic early warning systems across Australia. Louisa has been conducting increasingly diverse epidemiological studies and continues to work with WHO and UNAIDS examining epidemiology of illicit drug use and associated health risks across the globe.



Ben Bavinton, BA (Hons), MPH

Ben Bavinton currently works at the Kirby Institute at the University of New South Wales on the Opposites Attract Study, a cohort study of HIV treatment and its effect on HIV transmission in gay male serodiscordant relationships. Both in Australia and internationally, he has worked in HIV prevention for over ten years in the areas of community education, policy, capacity development, and research.. He worked at ACON in gay men's peer education from 2004 to 2010.



Robert Stirling, MPH

Robert Stirling is Deputy Chief Executive Officer for the Network of Alcohol and other Drugs Agencies (NADA), the peak body for the non-government alcohol and other drugs sector in NSW. He is responsible for areas such as sector reform and development, policy and planning, capacity building, and research. Robert has worked across the government, non-government and private sectors, and has qualifications in public health and community management. In addition, he is a registered Justice of the Peace in NSW.

Meetings of Directors

The number of meetings of the Company’s board of directors during the year, and the number of meetings attended by each director were:

ACON Health Ltd - Meetings of Directors		
From 1 July 2015 - 30 June 2016		
Board member	Meetings Eligible To Attend	Meetings Attended
Andrew Purchas	11	9
Benjamin Bavinton	11	11
Craig Gear	1	1
Darryl O’Donnell	1	1
John de Wit	9	5
Joshua Hatten	10	7
Julie Mooney-Somers (*)	11	6
Justin Koonin	9	9
Louisa Degenhardt	9	7
Mark Orr	4	4
Nicolas Parkhill	3	3
Richard Lee	11	10
Robert Stirling	11	10
Senthorun Raj	2	2
Steven Berveling	11	8
(*) Julie Mooney-Somers was granted Leave of Absence for February, March, April and May 2016.		

PRINCIPAL ACTIVITIES AND OBJECTIVES

Ending HIV transmission among gay men and other homosexually active men by:

- Increasing the knowledge of gay men and other men who have sex with men about when to seek a HIV and STI test.
- Using innovative, targeted engagement strategies to motivate gay men and other men who have sex with men to test more regularly.
- Increasing the number of HIV positive gay men who understand the benefits of accessing treatment earlier.
- Sustaining the safe sex knowledge of gay men and men who have sex with men utilising both condom and non-condom based risk reduction strategies.
- Advocating for better access to home-based or self-administered HIV testing and access to Pre Exposure Prophylaxis for those who would most benefit.
- Reducing psychosocial barriers to testing and treatment uptake for people who are newly diagnosed through education, counselling and peer support.
- Ensure the range of HIV Health Promotion programs continues to be relevant and useful for people with HIV.
- Developing a HIV Health Promotion Strategy focussing on post diagnosis support, living well with HIV and planning for healthy ageing.

Promoting the health throughout life of LGBTI people and people with HIV by:

- Providing HIV Care and Support services including:
 - Counselling
 - Enhanced Primary Care

Community Support Network
Newly Diagnosed Service

- Reviewing our current care and support programs to ensure they continue to meet the needs of people with HIV.
- Intensifying our focus on immediate post diagnosis care and support to prevent infection rates and improve the health outcomes for newly diagnosed
- Enhancing our intake and case management processes to ensure person centred, tailored responses.
- Enhancing our treatments advice and adherence support capacity to educate people with HIV about the benefits of earlier and increased treatment uptake.
- Developing programs to address the health areas that have the most negative health impact on people living with HIV, e.g Enhanced Primary Care.
- Addressing substance support use co-morbidities through counselling from the substance use service, Needle Syringe Programs, harm minimisation support and referrals to drug and alcohol treatment services.
- Addressing the health disparities experienced by the LGBTI community and to reduce the impacts of negative health determinants including:
 - Alcohol and Other Drugs
 - Mental Health and Wellbeing
 - Smoking
 - Homophobic and Transphobic Violence
 - Healthy Ageing and Aged Care
 - Domestic and Family Violence

Continuing to strengthen organisational capacity and sustainability by:

- Ensuring our infrastructure and systems enable staff to effectively deliver programs and services to rural and remote NSW.
- Investigating and implementing new partnerships, fee for service models and social enterprise approaches to diversify our funding base.
- Exploring opportunities to grow discretionary revenue through fundraising, new grants and fee for service.
- Continuing to invest in building our data collection, analysis evaluation and knowledge management capacity.
- Building the research capacity of our staff through seeding grants and partnerships with academic institutions.
- Continuing to build our presence, capacity and effectiveness in the digital space to increase reach and impact.

Advocating and Promoting Social Inclusion by:

- Providing LGBTI employees within Australian workplaces targeted initiatives via education and benchmarking and through the Pride in Diversity Program.
- Establishing Partnerships with government, other NGO's, health care providers, researchers and affected communities
- Ensuring all direct LGBTI services are sensitive to the needs of and available to all of our communities,
- Ensuring all of our training packages for service providers are inclusive of our populations,
- Ensuring our advocacy work in the areas of discrimination and human rights are inclusive of the needs and views of all our communities and is conducted in consultation with relevant stakeholders,
- Developing strategies, in collaboration with key partners to maximise inclusiveness and reach of health promotion strategies.
- Developing 'population specific' communication strategies to ensure our programs are visible to all of the communities they are intended to reach,

Performance measures (key performance indicators)

- A decrease in HIV infections among gay men and other MSM in NSW
- An increase in reported levels of health and wellbeing by people with HIV
- A reduction in the number of people in our communities who experience negative health and other outcomes as a result drug and alcohol use
- An increase in reported levels of health and wellbeing by women in our communities
- An increase in reported levels of health and wellbeing by older people in our communities

ACON HEALTH LIMITED

- An increase in ACON's involvement with LGBTI health and HIV/AIDS policy and programs delivery at the local, national and international levels.
- Increase the capacity of ACON to effectively use and manage its resources

REVIEW OF OPERATIONS

Operations for the year ended 30 June 2016 resulted in a net deficit of **\$79,276** (30 June 2015: surplus of **\$457,284**). Set out below is an analysis of the result for the year adjusted for the effects of the Accounting Standard which recognises government grants on receipt rather than on a performance basis. The Directors believe this methodology is a fairer reflection of the result for the year and track this amount for their own reporting purposes.

	2016	2015
	\$	\$
Operating result	(79,276)	457,284
Adjustment of grant receipts on a performance basis	348,495	(215,268)
Adjusted result	269,219	242,016

Application of funds

The net surplus obtained from fundraising activities was applied to the purposes of ACON Health Limited as described under 'principal activities' above.

Winding Up

Each Member undertakes to contribute to the assets of ACON Health, if it is wound up while they are a Member, or within one year afterwards, an amount of money not exceeding the limit of liability of \$2 at the time of winding up the debts and liabilities of ACON Health exceed its assets.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect:

- 1) the Group's operations in future financial years, or
- 2) the results of those operations in future financial years, or
- 3) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this Directors' Report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Signed in accordance with a resolution of the Board.

Dated at Sydney this 14th September 2016



Justin Koonin
President



Andrew Purchas
Vice President

ACON HEALTH LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	<i>Notes</i>	2016	2015
Income		\$	\$
Grants:			
NSW Department of Health		10,444,301	9,895,800
NSW Department of Community Services		-	26,579
Local Health Districts		391,870	313,205
Other grants		714,189	1,334,856
Fundraising	15(a)	1,228,415	797,602
Interest received/receivable		170,434	234,381
Membership		2,969	5,084
Fee for service		451,689	429,602
Rent received		249,237	281,395
Sale of vitamins		14,014	14,799
Sale of materials		38,801	38,043
Other Income		508,510	426,426
Total revenue from operations		14,214,429	13,797,772
Expenditure			
Salaries & associated costs		8,012,766	7,296,832
Program materials and services		608,179	704,443
Rent and rates		1,695,758	1,542,105
Depreciation – plant & equipment		497,280	437,194
Amortisation – lease incentive		150,500	150,500
Building maintenance		261,112	270,164
Communications		183,544	241,530
Travel and representation		355,382	323,963
Donations given		51,009	57,257
Advertising costs		1,054,940	998,009
Events and activities		392,355	300,541
Administrative costs		1,001,794	937,249
Cost of goods sold		29,086	22,701
Fair value loss on financial assets		-	58,000
Total expenditure		14,293,705	13,340,488
Net Surplus/Deficit for the year (before tax)		(79,276)	457,284
Total comprehensive income for the year		-	-
Operating surplus of ACON Health Limited		(79,276)	457,284

The above Consolidated Statement of profit and loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	<i>Notes</i>	2016 \$	2015 \$
Current Assets			
Cash and cash equivalents	4	5,261,260	4,427,368
Receivables	5	589,978	256,615
Inventories	6	3,696	6,790
Prepayments		94,305	56,616
Total Current Assets		<u>5,949,239</u>	<u>4,747,389</u>
Non-Current Assets			
Financial assets at fair value through profit or loss	7	-	942,000
Other Financial Assets		22,000	22,000
Plant & equipment and lease incentive	8	1,714,075	2,106,191
Total Non-Current Assets		<u>1,736,075</u>	<u>3,070,191</u>
Total Assets		<u>7,685,314</u>	<u>7,817,580</u>
Current Liabilities			
Trade and other payables	9	953,651	822,268
Employee entitlements	10	1,228,966	1,262,810
Total Current Liabilities		<u>2,182,617</u>	<u>2,085,078</u>
Non-current Liabilities			
Deferred lease liability	11	689,763	840,292
Total Non-current Liabilities		<u>689,763</u>	<u>840,292</u>
Total Liabilities		<u>2,872,380</u>	<u>2,925,370</u>
Net Assets		<u>4,812,934</u>	<u>4,892,210</u>
Accumulated Funds			
Retained surplus at the end of the year	17	4,029,879	4,378,374
Funds Reserve		751,235	482,016
Revaluation reserve		31,820	31,820
Total Accumulated Funds		<u>4,812,934</u>	<u>4,892,210</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN STAKEHOLDERS' FUNDS FOR THE YEAR ENDED 30 JUNE 2016

	<i>Retained surplus</i>	<i>Revaluation reserve</i>	<i>Funds Reserve</i>	<i>Total</i>
Year ended 30 June 2016				
Total stakeholder funds at the beginning of the financial year	4,378,374	31,820	482,016	4,892,210
Transfer to funds reserve	(269,219)	-	269,219	-
Total comprehensive income for the year	(79,276)	-	-	(79,276)
Total stakeholder funds at the end of the financial year	4,029,879	31,820	751,235	4,812,934
Year ended 30 June 2015				
Total stakeholder funds at the beginning of the financial year	4,271,404	31,820	240,000	4,543,225
Transfer to funds reserve	(242,016)	-	242,016	-
Total comprehensive income for the year	457,284	-	-	457,284
Total transfer to Sex Workers Outreach Inc	(108,299)	-	-	(108,299)
Total stakeholder funds at the end of the financial year	4,378,373	31,820	482,016	4,892,210

The above Consolidated Statement of Changes in Stakeholders' Funds should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
30 JUNE 2016**

	<i>Notes</i>	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers, granting bodies & fundraising (inclusive of goods & services tax)		13,085,994	13,563,391
Payments to suppliers and employees (inclusive of goods & services tax)		(13,148,272)	(13,094,940)
Interest received		170,434	234,381
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u>108,156</u>	<u>702,832</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(224,264)	(351,427)
Payments for UBS Investment		950,000	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>725,736</u>	<u>(351,427)</u>
NET (DECREASE)/INCREASE IN CASH HELD		<u>833,892</u>	<u>351,405</u>
CASH AT THE BEGINNING OF THE YEAR		4,427,368	4,075,963
CASH AT THE END OF THE YEAR	4	<u>5,261,260</u>	<u>4,427,368</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of ACON Health Limited and its subsidiary, AIDS Council of New South Wales Incorporated.

A. BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Australian Charities and Not-For-Profits Commission Act 2012. ACON Health Limited is a not-for-profit entity for the purpose of preparing the financial statements.

i) Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The consolidated financial statements of the ACON Health Limited group comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

ii) New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

iii) Early adoption of standards

The group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of art works.

v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

B. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of ACON Health Limited ("company" or "parent entity") as at 30 June 2016 and the results of the subsidiary for the year then ended. ACON Health Limited and its subsidiary together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

C. REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of any rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met.

D. GOVERNMENT GRANTS

Revenue from non-reciprocal grants is recognised when the company obtains control of the funds.

E. LEASES

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 17). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Incentives received on entering into operating leases are recognised as liabilities (note 12).

F. IMPAIRMENT OF ASSETS

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

G. CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

H. TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. INVENTORIES

Inventories are represented by vitamin stock and are stated at the lower of cost or net realisable value on the basis of first in first out.

J. INVESTMENTS AND OTHER FINANCIAL ASSETS

Classification

The group classifies its financial assets in the following categories: loans and receivables, held-to-maturity investments, financial assets at fair value through profit or loss and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

K. PLANT & EQUIPMENT

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The Group is gifted works of art from time to time. Works gifted are valued at the time of the gift and are capitalised at that amount. Works of Art are valued at regular intervals at the Directors' discretion. Revaluations reflect independent assessments of the fair market value of works of art.

Depreciation is calculated using the straight-line method to allocate cost, net of residual values, over the estimated useful lives of assets as follows:

Furniture & Fittings:	2-5 years,
Office & IT Equipment:	2-5 years,
Leasehold improvements	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

LEASEHOLD IMPROVEMENTS

The cost of fit out of ACON's head office leased at 414 Elizabeth St, Surry Hills, has been capitalised to leasehold improvement and is being amortised over the lease term of 10 years.

The cost of extensions to the Hunter branch on premises leased at 129 Maitland Road, Islington has been capitalised to Leasehold Improvements and is being amortised over the lease term of 10 years.

L. TRADE AND OTHER CREDITORS

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Included is the Pride in Diversity program includes annual membership paid by participating organisations. The revenue is recognised over the membership period and hence the deferred/(unearned) revenue represents that which is yet to meet the performance criteria.

M. EMPLOYEE ENTITLEMENTS

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Long Service Leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with the policy above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Superannuation

Contributions are made by the group to several employee superannuation funds of choice and are recognised as expenses as they become payable.

N. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

O. PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, ACON Health Limited, disclosed in note 18 has been prepared on the same basis as the consolidated financial statements.

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of financial assets at fair value through profit or loss

The fair value of financial assets at fair value through profit or loss is referenced to quoted market prices and assessed for changes in value at the end of each reporting period. Refer to note 7 for further information over the financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. INCOME TAX

ACON Health Limited is a Health Promotion Charity and the AIDS Council of New South Wales Incorporated is a Public Benevolent Institution. As such, both are exempt from paying income tax.

4. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash on hand	4,620	5,020
Cash at bank:		
Cheque account – operations	5,091,587	4,261,102
Deposits	165,053	161,246
	<u>5,261,260</u>	<u>4,427,368</u>

5. CURRENT ASSETS – RECEIVABLES

Trade receivables	331,176	251,960
Accrued income	258,802	4,655
	<u>589,978</u>	<u>256,615</u>

As at 30 June 2016, no receivables were considered impaired (30 June 2016: \$nil). The amount of the provision for doubtful debts was \$nil (30 June 2016: \$nil).

6. CURRENT ASSETS - INVENTORIES

Finished goods (vitamins) at cost	<u>3,696</u>	<u>6,790</u>
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7. NON-CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

UBS Investment	<u>-</u>	<u>942,000</u>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. NON-CURRENT ASSETS- PLANT & EQUIPMENT AND LEASE INCENTIVE

Reconciliations of the carrying amounts of each class of plant and equipment and lease incentives at the beginning and end of the current financial year are set out below:

	Furniture & fittings \$	Office & IT equipment \$	Library Works of Art \$	Leasehold improvements \$	Lease Incentive \$	Totals \$
At 30 June 2015						
Cost or fair value	874,806	1,170,225	146,650	1,237,861	1,505,000	4,934,542
Accumulated depreciation	(714,988)	(956,222)	-	(464,686)	(664,709)	(2,800,605)
Net book value	159,818	214,003	146,650	773,175	840,291	2,133,937
Year ended 30 June 2016						
Opening net book value	159,818	214,003	146,650	773,175	840,291	2,133,937
Additions	2,431	122,112	-	99,722	-	224,264
Depreciation/amortisation charge	(159,123)	(124,397)	-	(213,759)	(150,500)	(647,780)
Closing net book value	3,125	211,718	146,650	659,138	689,791	1,710,422
At 30 June 2016						
Cost or fair value	877,237	1,288,713	146,650	1,337,555	1,505,000	5,162,459
Accumulated depreciation	(874,112)	(1,076,939)	-	(678,473)	(815,209)	(3,444,733)
Net book value	3,125	211,718	146,650	659,138	689,791	1,710,422

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**9. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES**

	2016	2015
	\$	\$
Goods & Services Tax net payable	187,164	177,198
Trade creditors	117,810	469,777
Accrued expenses	222,619	175,293
Deferred/(Unearned) Revenue	426,058	0
Total	<u>953,651</u>	<u>822,268</u>

10. CURRENT LIABILITIES – EMPLOYEE ENTITLEMENTS

Employee entitlements - annual leave	<u>1,228,966</u>	<u>1,262,810</u>
Number of employees at reporting date (full time equivalent)	<u>108</u>	<u>98</u>

11. NON-CURRENT LIABILITIES – DEFERRED LEASE LIABILITY

414 Elizabeth Street, Surry Hills	<u>689,793</u>	<u>840,291</u>
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12. REMUNERATION OF MEMBERS OF THE BOARD

Members of the Board, serve on the Board of the group in a voluntary capacity and receive no remuneration for this service to the group.

13. RELATED PARTY TRANSACTIONS

The following transactions occurred with related parties:

Income from Sex Workers Outreach Project Inc (SWOP) for overhead allocations	<u>182,500</u>	<u>182,496</u>
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During the year ACON Health Limited provided administration and back office support to Sex Workers Outreach Project Inc. The payments were made on normal commercial terms and conditions.

14. ECONOMIC DEPENDENCY

The major source of funding for the group is an annual grant from the NSW Ministry of Health. The NSW Ministry of Health has agreed to maintain current funding levels in the 2016/2017 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**15. CHARITABLE FUNDRAISING ACT 1991**

ACON Health Limited was issued with an authority to fundraise by the Office of Charities to fundraise for the period 4 May 2012 to 3 May 2017.

Information and declarations to be furnished under the Charitable Fundraising Act 1991.

The information disclosed below is in relation to fundraising activities undertaken by ACON Health Limited.

(a) Details of aggregate gross income and total expenses of fundraising activities:

	2016	2015
	\$	\$
Gross proceeds from fundraising:		
<i>Red Ribbon World AIDS Day Appeal</i>	101,680	118,967
Other including Donations, Events & Sponsorship	733,747	678,635
Total gross income from fundraising	<u>835,427</u>	<u>797,602</u>
less total costs of fundraising:		
<i>Red Ribbon World AIDS Day Appeal</i>	40,745	66,978
Other	270,079	223,860
Total costs of fundraising	<u>310,824</u>	<u>290,838</u>
Net surplus obtained from fundraising appeals	<u>524,602</u>	<u>506,764</u>

(b) Forms of fundraising activities conducted during the year covered by these financial statements were: Concerts, Appeals, Bingo, Dinners and Special Nights at Venues.

(c) Comparative Ratios

Ratio of costs to gross proceeds	37%	36%
Ratio of net surplus to gross proceeds	63%	64%
Ratio of total cost of fundraising services to total Organisation expenditure	2%	2%
Ratio of total cost of fundraising services to total Organisation income	2%	2%

This ratio includes all fundraising activities – appeals and events.

In the view of the Board, all expenses incurred by the ACON Health Limited contribute to the delivery of its programs and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**16. COMMITMENTS FOR EXPENDITURE**

LEASE COMMITMENTS

The group leases the head office building under a non-cancellable operating lease expiring within 7 years. Excess building space is sub-let to third parties under operating leases.

Non-cancellable Operating Leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2016	2015
	\$	\$
Within one year	1,788,232	1,765,918
Later than one year but not later than 5 years	5,712,464	6,450,904
Later than 5 years	-	919,879
	<u>7,500,696</u>	<u>9,136,701</u>

17. RETAINED SURPLUS

Retained surplus at the beginning of the year	4,378,374	4,271,405
Transfer to funds reserve	<u>(269,219)</u>	<u>(242,016)</u>
Transfer to SWOP	-	(108,299)
Current year surplus	<u>(79,276)</u>	457,284
Retained surplus at the end of the year	<u>4,029,879</u>	<u>4,378,374</u>

The retained surplus represents accumulated funds of **\$4,029,879** and includes provision for Employee entitlements, grant income received in advance, and provision for depreciation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**18. PARENT ENTITY FINANCIAL INFORMATION (ACON HEALTH LIMITED EXCLUDING AIDS COUNCIL OF NSW Inc)****(A) SUMMARY FINANCIAL INFORMATION**

The individual financial statements for the parent entity show the following aggregate amounts:

<i>Balance sheet</i>	2016	2015
	\$	\$
Current assets	5,939,973	4,738,699
Total assets	7,676,048	7,808,890
Current liabilities	2,184,007	2,086,469
Total liabilities	2,873,799	2,926,760
 <i>Stakeholders' Funds</i>		
Retained surplus	4,802,249	4,882,130
 Operating surplus/(deficit) for the year	 (79,852)	 455,491

(B) CONTINGENT LIABILITIES OF THE PARENT ENTITY

The parent entity did not have any contingent liabilities as at 30 June 2016 (30 June 2015: \$nil).

INDEPENDENT AUDIT REPORT

In the directors' opinion:

- 1) The consolidated financial statements and notes set out on pages 10 to 24 are in accordance with the Australian Charities and Not-For-Profits Commission Act 2012, including:
 - a) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
 - b) comply with Australian Accounting Standards (including Australian Accounting Interpretations) and the Australian Charities and Not-for-profit Commission Regulation 2013; and
 - c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

- 2)
 - a) the financial statements and notes are in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulations 1993 (NSW)*;
 - b) the provisions of the *Charitable Fundraising Act 1991 (NSW)* and the regulations under this Act and the conditions attached to the authority to fundraise have been complied with; and
 - c) the internal controls exercised by the group are appropriate and effective in accounting for all income received.

This declaration is made in accordance with a resolution of the board, and is signed for and on behalf of the board by:



Justin Koonin
President



Andrew Purchas
Vice President

Dated at Sydney this 14th Day of September 2016.