



ACON Health Limited

ABN 38 136 883 915

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

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 9 September 2015. The directors have the power to amend and reissue the financial statements.

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 2015.

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:

Board Members

Andrew Purchas
Benjamin Bavinton
Craig Gear
Darryl O'Donnell
Helen Conway
Jason Bradshaw
Julie Mooney-Somers
John de Wit
Joshua Hatten
Leigh O'Dwyer
Mark Orr
Nicolas Parkhill
Richard Lee
Robert Stirling
Senthorun Raj
Steven Berveling

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

Jason Bradshaw – resigned 10 September 2014
Helen Conway – resigned 29 May 2015

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

Steven Berveling – appointed as Director under Clause 11.4 of the Constitution, on 12 October 2014

The following persons were appointed as ACON Health Board Associate Members on the dates stated and continue in office at the date of this report:

ACON BOARD



Mark Orr, President

BSc (Hons), MHSM, Grad Dip ACG, Grad Dip Spec Ed, Grad Cert App Fin and Inv, GAICD, AGIA

Mark is a senior manager in a mental health not-for-profit organisation. He is a registered psychologist and has a long history of working with people with disabilities in the government and community sectors. Mark is a past director and Co-chair of the Sydney Gay and Lesbian Mardi Gras Ltd.



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.



Joshua Hatten, Treasurer (Appointed Treasurer 12 November 2015)

B Eco.Soc.Sci, LLB (Hons), MSc, GAICD

Josh is currently serving as a senior policy advisor in the NSW Government overseeing the corporate services portfolio of one of the State's biggest Departments. He is a Director of Qantas Credit Union and serves on the Audit Committee. His experience spans law, communications, governance and politics.



Steven Baveling

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 President of the Sydney Cycling Club. He recently organised the first HIV+ team of racers to compete in the Race Across America. Steven speaks regularly to a range of groups about living with HIV.



Nicolas Parkhill, CEO

BAC, JP

Nicolas Parkhill has over 20 years' experience in the public and community health sectors. For the last five years, he has been the CEO of ACON, NSW's leading health promotion organisation specialising in HIV and LGBTI health. Prior to this role Nicholas headed up both the health promotion and operational divisions of ACON and worked in a variety of senior management and policy development roles for NSW Health and the NSW Cabinet Office, many with a specific focus on alcohol and other drugs. He also has a background in social marketing campaign management and public relations.



Julie Mooney-Somers

BSc, GradCertEdStud, PhD

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.

ACON HEALTH LIMITED



John de Wit

MSC, PhD

John de Wit is professor and director of the Centre for Social Research in Health at the University of New South Wales, and has been doing behavioural and social research on HIV, STI and sexual health for over 25 years. His research aims to uncover the factors that shape our behaviours and he is passionate about the translation of research findings into new policies, programs and services. As a citizen of The Netherlands, John has been able to happily 'live marriage equality' for over 10 years.



Senthorun Raj

BA (Hons), LLB (Hons)

Sen is an advocate and researcher with a passion for human rights, popular culture, and politics. Currently a Churchill Fellow he is completing his PhD at the Sydney Law School. Sen is also a writer for The Guardian and The Vine. He has published numerous articles on topics relating to refugees, sexuality, social justice, law reform, and public policy. In a governance capacity, Sen serves on the boards of Amnesty International Australia and ACON Health. He has previously worked as the Senior Policy Advisor for the NSW Gay and Lesbian Rights Lobby.



Richard Lee

BComm, 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.



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



Darryl O'Donnell

BA, GradCertPubSecMgmt, MPASR

Darryl has over 20 years' experience working in HIV community, research and public sector roles. During the 90s he worked with AIDS Councils in Queensland, Western Australia and Victoria and was later the National President of the Australia Federation of AIDS Organisations. From 1999 to 2013, he worked for the NSW Government where he was responsible for statewide HIV policy and program development. He has also led on many national HIV policy and program initiatives. Darryl is now the Executive Director of the NSW Mental Health Commission.



Robert Stirling, MPH

Robert Stirling is the 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 registered Justice of Peace in NSW.



Craig Gear

BNurs, MNurs (Critical Care) Resigned as Director

Craig has extensive experience in health service management and health consulting. He is now the principal director of a health consulting firm focusing on primary care NGOs, mental health, eHealth and Aboriginal health. Flowing from his background in nursing he is passionate about connecting and improving the health system for all Australians.



Helen Conway(Resigned as Staff Appointed Director 29 May 2015)

MBA

Helen was the Monitoring and Evaluation Officer at ACON, and the staff appointed Director on the Board. Helen's focus in evaluation is ensuring that organisations operate as effectively and efficiently as possible. She has experience across a range of industries, including the Arts, tourism, ecommerce and agriculture, and recently obtained her MBA from Macquarie University. She has a strong interest in the mental health of young people and has raised over \$27,000 for the Inspire Foundation through her hobby of marathon swimming.



Jason Bradshaw, Treasurer (Resigned 10 September 2014)

BA, Dip Bus(Frontline Mgt), Cert IV Proj Mgt, AIMM

Jason has over 16 years' experience in the banking, finance, retail, telecommunication, media and government sectors and currently is Head of Customer Experience with a major Australian retailer. Twice nominated as Young Queenslander and Young Queensland Manger of the Year, Jason has a solid track record of community involvement ranging from mentoring university students through to volunteering with ACON and other not-for-profit organisations.



Leigh O'Dwyer

BBus(Org Comm)

Leigh works in the construction industry providing corporate communication services including media relations management. In previous roles across the mining and infrastructure sectors, Leigh has led social impact assessments and community consultation programs in urban, regional and remote areas. She has a background in education and training and has previously volunteered on the Twenty10 management committee.

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:

From 1 July 2014 - 30 June 2015		
Board member	Meetings Held	Meetings Attended
Andrew Purchas	12	10
Benjamin Bavinton	12	8
Craig Gear	12	10
Darryl O'Donnell	12	12
Helen Conway	11	9
Jason Bradshaw	4	2
Julie Mooney-Somers	12	8
John de Wit	12	9
Joshua Hatten	12	10
Leigh O'Dwyer	12	9
Mark Orr	12	11
Nicolas Parkhill	12	10
Richard Lee	12	6
Robert Stirling	8	6
Senthorun Raj	12	12
Steven Baveling	12	10

Notes:

- The Treasurer, Jason Bradshaw, resigned from the board on 10 September 2014.
- Nicolas Parkhill was on approved Leave of Absence for the September and October board meetings
- Karen Price was Acting CEO (from 18 August 2014 to 13 October 2014) for the September and October board meetings
- Helen Conway, the Staff appointed director, resigned from the board on 29 May 2015

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.

ACON HEALTH LIMITED

- 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 the 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 increasing our reach and impact.

Advocating and Promoting Social Inclusion by:

- Providing LGBT 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,

ACON HEALTH LIMITED

- 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
- An increase ACON's involvement with GLBT 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 2015 resulted in a net surplus of **\$457,284** (30 June 2014: surplus of **\$212,467**). The current year result includes grants received in advance of **\$1,474,376**, recognised as income (30 June 2014: **\$1,259,108**) which is committed to projects in the 2015/16 financial year. Therefore, the operating surplus for the year is **\$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 2015 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 9th September 2015



MARK ORR
President



Joshua Hatten
Treasurer

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration To the Directors of ACON Health Limited

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of ACON Health Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A G Rigele
Partner - Audit & Assurance

Sydney, 9 September 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	<i>Notes</i>	2015	2014
		\$	\$
Income			
Grants:			
NSW Department of Health		9,895,800	10,655,100
NSW Department of Community Services		26,579	180,659
Local Health Districts		313,205	315,459
Other grants		1,334,856	1,016,331
Fundraising	15(a)	797,602	699,790
Interest received/receivable		234,381	190,489
Membership		5,084	1,951
Fee for service		429,602	370,224
Rent received		281,395	335,013
Sale of vitamins		14,799	17,123
Sale of materials		38,043	51,540
Other Income		426,426	185,490
Total revenue from operations		13,797,772	14,019,169
Expenditure			
Salaries & associated costs		7,296,832	8,001,487
Program materials and services		704,443	702,878
Rent and rates		1,542,105	1,539,893
Depreciation – plant & equipment		437,194	400,330
Amortisation – lease incentive		150,500	150,500
Building maintenance		270,164	321,695
Communications		241,530	170,693
Travel and representation		323,963	354,999
Donations given		57,257	57,790
Advertising costs		998,009	757,152
Events and activities		300,541	284,569
Administrative costs		937,249	1,040,236
Cost of goods sold		22,701	24,482
Fair value loss on financial assets		58,000	-
Total expenditure		13,340,488	13,806,704
Net Surplus/Deficit for the year		457,284	212,465
Total comprehensive income for the year		-	-
Operating surplus of ACON Health Limited		457,284	212,465

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	<i>Notes</i>	2015 \$	2014 \$
Current Assets			
Cash and cash equivalents	4	4,427,368	4,075,963
Receivables	5	256,615	52,556
Inventories	6	6,790	7,536
Prepayments		56,616	52,304
Total Current Assets		4,747,389	4,188,359
Non-Current Assets			
Financial assets at fair value through profit or loss	7	942,000	1,000,000
Other Financial Assets		22,000	
Plant & equipment and lease incentive	8	2,106,191	2,342,429
Total Non-Current Assets		3,070,191	3,342,429
Total Assets		7,817,580	7,530,788
Current Liabilities			
Trade and other payables	9	822,268	760,276
Employee entitlements	10	1,262,810	1,236,496
Total Current Liabilities		2,085,078	1,996,772
Non-current Liabilities			
Deferred lease liability	11	840,292	990,792
Total Non-current Liabilities		840,292	990,792
Total Liabilities		2,925,370	2,987,563
Net Assets		4,892,210	4,543,224
Stakeholders' Funds			
Retained surplus at the end of the year	17	4,378,374	4,271,404
Funds Reserve		482,016	240,000
Revaluation reserve		31,820	31,820
Total Accumulated Funds		4,892,210	4,543,224

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 2015

	<i>Retained surplus</i>	<i>Revaluation reserve</i>	<i>Funds Reserve</i>	<i>Total</i>
Year ended 30 June 2014				
Total stakeholder funds at the beginning of the financial year	4,298,939	31,820	-	4,330,759
Transfer to funds reserve	(240,000)	-	240,000	-
Total comprehensive income for the year	212,465	-	-	212,465
Total stakeholder funds at the end of the financial year	4,271,404	31,820	240,000	4,543,224
Year ended 30 June 2015				
Total stakeholder funds at the beginning of the financial year	4,271,404	31,820	240,000	4,543,224
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	4,892,209

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 2015**

	<i>Notes</i>	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers, granting bodies & fundraising (inclusive of goods & services tax)		13,563,391	13,828,680
Payments to suppliers and employees (inclusive of goods & services tax)		(13,094,940)	(13,010,680)
Interest received		234,381	190,489
NET CASH INFLOW FROM OPERATING ACTIVITIES		702,832	1,008,489
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(351,427)	(136,607)
Payments for UBS Investment			(1,000,000)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(351,427)	(1,136,607)
NET (DECREASE)/INCREASE IN CASH HELD		351,405	(128,118)
CASH AT THE BEGINNING OF THE YEAR		4,075,963	4,204,081
CASH AT THE END OF THE YEAR	4	4,427,368	4,075,963

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 2014 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 2014.

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 2015 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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2015	2014
	\$	\$
Cash on hand	5,020	5,020
Cash at bank:		
Cheque account – operations	4,261,102	3,913,741
Deposits	161,246	157,202
	<u>4,427,368</u>	<u>4,075,963</u>

5. CURRENT ASSETS – RECEIVABLES

Trade receivables	251,960	52,556
Accrued income	4,655	-
	<u>256,615</u>	<u>52,556</u>

As at 30 June 2015, no receivables were considered impaired (30 June 2014: \$nil). The amount of the provision for doubtful debts was \$nil (30 June 2014: \$nil).

6. CURRENT ASSETS - INVENTORIES

Finished goods (vitamins) at cost	<u>6,790</u>	<u>7,536</u>
-----------------------------------	--------------	---------------------

7. NON-CURRENT ASSETS - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

UBS Investment	<u>942,000</u>	<u>1,000,000</u>
----------------	----------------	-------------------------

In May 2014, the Group invested \$1,000,000 in “UBS Callable Goals – Series 25 AUD” which is an investment linked to a basket of Australian Bank Shares (ANZ, CBA, NAB and WBC). The investment pays 8% interest per annum on a quarterly basis and has a maximum term of 3 years. A call feature is available quarterly one year after the initial investment date.

The Group will not receive any capital gain should the share prices increase but will bear the risk of capital loss if any of the banks’ share price drops by more than 30% on the maturity date.

The market value as of 30 June is \$942,000.

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 2014						
Cost or fair value	874,808	1,051,263	146,650	977,619	1,505,000	4,555,340
Accumulated depreciation	(541,631)	(828,240)	-	(328,831)	(514,209)	(2,212,911)
Net book value	333,177	223,023	146,650	648,788	990,791	2,342,429
Year ended 30 June 2015						
Opening net book value	333,177	223,023	146,650	648,788	990,791	2,342,429
Additions	-	92,184	-	259,243	-	351,427
Depreciation/amortisation charge	(173,357)	(127,982)	-	(135,855)	(150,500)	(587,694)
Closing net book value	159,820	187,225	146,650	772,176	840,291	2,106,162
At 30 June 2015						
Cost or fair value	874,808	1,143,447	146,650	1,236,862	1,505,000	4,906,767
Accumulated depreciation	(714,988)	(956,222)	-	(464,686)	(664,709)	(2,800,605)
Net book value	159,820	187,225	146,650	772,176	840,291	2,106,162

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

	2015	2014
	\$	\$
Goods & Services Tax net payable	177,198	188,303
Trade creditors	469,777	264,166
Accrued expenses	175,293	307,807
Total	822,268	760,276

10. CURRENT LIABILITIES – EMPLOYEE ENTITLEMENTS

Employee entitlements - annual leave	1,262,810	1,236,496
Number of employees at reporting date (full time equivalent)	98	95

11. NON-CURRENT LIABILITIES – DEFERRED LEASE LIABILITY

414 Elizabeth Street, Surry Hills	840,291	990,791
-----------------------------------	----------------	---------

12. REMUNERATION OF MEMBERS OF THE BOARD

Members of the Board, including the CEO and staff representatives, serve on the Board of the group in a voluntary capacity and receive no remuneration for this service to the group. An employee of the group serving on the board receives normal salary and employment benefits commensurate with their position as an employee.

13. RELATED PARTY TRANSACTIONS

The following transactions occurred with related parties:

Income from Sex Workers Outreach Project Inc (SWOP) for overhead allocations	182,496
--	----------------

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.

Transfer of accumulated stakeholder funds to SWOP	108,299
---	----------------

Prior to 1 July 2014, SWOP was a project within ACON Health Limited. The transfer was for the accumulation of previous year surpluses from projects specific to SWOP.

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 2015/2016 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:

	2015 \$	2014 \$
Gross proceeds from fundraising:		
<i>Red Ribbon World AIDS Day Appeal</i>	118,967	106,119
Other including Donations, Events & Sponsorship	678,635	593,645
Total gross income from fundraising	797,602	699,764
less total costs of fundraising:		
<i>Red Ribbon World AIDS Day Appeal</i>	66,978	64,492
Other	223,860	192,813
Total costs of fundraising	290,838	257,305
Net surplus obtained from fundraising appeals	506,764	442,459

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

(c) Comparative Ratios

Ratio of costs to gross proceeds	36%	37%
Ratio of net surplus to gross proceeds	64%	63%
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:

	2015	2014
	\$	\$
Within one year	1,765,918	1,671,576
Later than one year but not later than 5 years	6,450,904	6,106,961
Later than 5 years	919,879	2,349,396
	9,136,701	10,127,933

17. RETAINED SURPLUS

Retained surplus at the beginning of the year	4,271,404	4,298,939
Transfer to funds reserve	(242,016)	(240,000)
Transfer to SWOP	(108,299)	-
Current year surplus	457,284	212,465
Retained surplus at the end of the year	4,968,688	4,271,404

Included in the retained surplus at 30 June 2015 is an amount of \$1,474,376 (2014: \$1,259,108), which is restricted in its use. This relates to grants received not yet expended for the purpose for which they were intended.

18. PARENT ENTITY FINANCIAL INFORMATION**(A) SUMMARY FINANCIAL INFORMATION**

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

<i>Balance sheet</i>	2015	2014
	\$	\$
Current assets	4,738,699	4,181,427
Total assets	7,808,890	7,523,856
Current liabilities	2,086,469	1,996,772
Total liabilities	2,926,760	2,987,564
<i>Stakeholders' Funds</i>		
Retained surplus	4,882,130	4,534,908
Operating surplus for the year	455,491	211,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(B) CONTINGENT LIABILITIES OF THE PARENT ENTITY

The parent entity did not have any contingent liabilities as at 30 June 2015 (30 June 2014: \$nil).

In the directors' opinion:

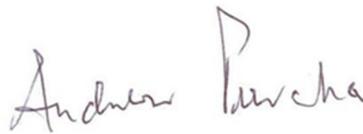
- 1) The consolidated financial statements and notes set out on pages 10 to 24 are in accordance with the Australian Charities and Not-For-Profits Commission Act 2012, including:
 - a) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial 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:



Mark Orr
President



Andrew Purchas
Vice President

Dated at Sydney this 9th Day of September 2015.

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report To the Members of ACON Health Limited

We have audited the accompanying financial report of ACON Health Limited (the “Company”), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in stakeholder’s funds and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors’ declaration of the Company.

Directors’ responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. The Directors’ responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

‘Grant Thornton’ refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another’s acts or omissions. In the Australian context only, the use of the term ‘Grant Thornton’ may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Electronic presentation of audited financial report

This auditor's report relates to the financial report of ACON Health Limited and controlled entities for the year ended 30 June 2015 included on ACON Health Limited's web site. The Company's Directors are responsible for the integrity of ACON Health Limited's web site. We have not been engaged to report on the integrity of ACON Health Limited's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

Auditor's opinion

In our opinion the financial report of ACON Health Limited is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

- a giving a true and fair view of the financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standard – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.

The financial report and associated records have been properly kept in accordance with:

- a Sections 20(1), 22(1-2) of the NSW Charitable Fundraising Act 1991 (“the Act”);
and
- b Section 10 of the NSW Charitable Fundraising Regulation 2008 (“the Regulations”) and Section 7 of Schedule 1 of the Regulations for the year ended 30 June 2015; and
- c the funds received as a result of fundraising appeals conducted for the year ended 30 June 2015 have been properly accounted for in accordance with the above mentioned sections of the Act and the Regulations.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A G Rigele
Partner - Audit & Assurance

Sydney, 9 September 2015