

# HERE FOR HEALTH

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## The Annual Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017



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ABN 38 136 883 915

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 3 to 8 which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 20 September 2017. 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 2017.*

### 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
- Christian Dunk
- Julie Mooney-Somers
- Justin Koonin
- Louisa Degenhardt
- Manda Hatter
- Richard Lee
- Steven Berveling
- Robert Stirling was director from the beginning of the financial year until resignation on 3rd November 2016
- Atari Metcalf was appointed as director on 31st January 2017

## DIRECTOR'S REPORT

### ACON BOARD



**Justin Koonin, President, BSc (Hons), PhD, GAICD**

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 OAM, Vice President, BEc, LLB**

Andrew has over 20 years of experience as a senior executive in legal and financial services including roles 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 currently holds a number of senior roles in technology start ups. Andrew has had a long involvement with sports administration and is founder of the Sydney Convicts Rugby Club, Chairman of International Gay Rugby and Co-Founder of the Pride in Sport Index.



**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, PhD**

Julie is a Senior Lecturer in Qualitative Research in Health at Sydney Health Ethics at the University of Sydney where she teaches on the Master of Public Health. Her research examines equity in health and health services in relation to sexuality, gender, indigenous status, and youth. She has been the joint coordinator of SWASH, the longest running regular survey of lesbian, bisexual and queer women's health, since 2009.



**Christian Dunk, BA (IR) Hons**

Christian is a mentor with the ANU Alumni Mentoring Program and has previously been a member of the Postgraduate Coursework Committee of the University of Sydney where he completed a Masters program.

## DIRECTOR'S REPORT

### ACON BOARD



#### **Louisa Degenhardt, BA (Hons), MPsychology (CLINICAL), PhD**

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.

#### **Richard Lee, BCom, Major Marketing UNSW**

Richard is the founder and 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, Go To Market strategy, cultural change strategy and creative idea generation.



#### **Benjamin Bavinton, BA (Hons), MPH, PhD**

Benjamin has worked at the Kirby Institute, Faculty of Medicine, UNSW Sydney since 2010 and is currently a postdoctoral research fellow. His research focuses on the behavioural, biomedical and epidemiological aspects of HIV prevention among gay and bisexual men in Australia and the Asia-Pacific region. Both in Australia and internationally, he has worked in HIV prevention for over a decade 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.

#### **Atari Metcalf, BSc (Health Promotion)**

Atari brings over a decade of experience in health promotion research, policy and strategy, specialising in e-health services, youth health and suicide prevention. He is a former board director of Suicide Prevention Australia and has worked in senior research roles for ReachOut Australia and as an analyst on national inquiries into asylum seeker, transgender and intersex health and human rights for the Australian Human Rights Commission. Atari also helped establish WA's first transgender youth peer support and advocacy groups between 2002-2006, and later served as co-chair of Twenty10 incorporating NSW Gay and Lesbian Counselling Services, where he remains a board director. Atari is currently studying graduate medicine with the goal of continuing to promote human rights and health as a future medical doctor.



#### **Manda Hatter**

Manda is a passionate television industry professional who started 30 years ago as one of the first female camera operators in NSW and since then has worked across all facets of TV, including project managing morning TV, general broadcasting, production and the past 15 years spent in senior leadership roles. Outside of her leadership roles in the television industry, Manda has been involved in the LGBTIQ community for almost two decades. Since 1997, Manda has held the roles of Secretary, Ride Leader and President (2014 to 2016) of Dykes on Bikes, championing its focus on diversity and inclusiveness. She has worked with various organisations to help grow Dykes on Bikes through her connections within the community. In recent years, Dykes on Bikes has expanded its membership, supporters, allies, friends and impact.

# DIRECTOR'S REPORT

## 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 2016 - 30 JUNE 2017**

<b>BOARD MEMBER</b>	<b>MEETINGS ELIGIBLE TO ATTEND</b>	<b>MEETINGS ATTENDED</b>
Atari Metcalf	5	5
Andrew Purchas	11	8
Benjamin Bavinton	11	9
Christian Dunk	11	10
Julie Mooney-Somers	11	10
Justin Koonin	11	11
Louisa Degenhardt	11	7
Manda Hatter	11	10
Richard Lee	11	9
Robert Stirling	4	3
Steven Berveling	11	10

# DIRECTOR'S REPORT

## PRINCIPLE 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 noncondom 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 treatment 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.



# DIRECTOR'S REPORT

## PRINCIPAL ACTIVITIES AND OBJECTIVES

### 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.
- 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 2017 resulted in an operating surplus of \$645,880 (30 June 2016: operating deficit of \$79,276). 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.

	2017 \$	2016 \$
Operating result	645,880	(79,276)
Adjustment of grant receipts on a performance basis	(430,279)	348,495
Adjusted result	215,601	269,219

### 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 2017 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 year
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 20th September 2017



Justin Koonin  
President



Andrew Purchas  
Vice President

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

INCOME	NOTES	2017	2016
GRANTS: NSW Department of Health NSW Department of Community Services Local Health Districts Other grants		10,637,700 435,149 2,367,147	10,444,301 391,870 714,189
Conferences		546,680	740,987
Fundraising	14(a)	1,279,812	487,428
Interest received/receivable		189,519	170,434
Membership		3,188	2,969
Fee for service		1,075,199	451,689
Rent received		251,933	249,237
Sale of vitamins		10,087	14,014
Sale of materials		33,003	38,801
Other Income		447,163	508,510
<b>TOTAL REVENUE FROM OPERATIONS</b>		<b>17,276,580</b>	<b>14,214,429</b>
<b>EXPENDITURE</b>			
Salaries & associated costs		8,614,895	8,012,766
Campaigns & Education		2,780,816	1,663,119
Rent and rates		1,754,656	1,695,758
Depreciation – plant & equipment		337,672	497,280
Amortisation – lease incentive		150,500	150,500
Building maintenance		247,868	261,112
Communications		204,774	183,544
Travel and representation		391,273	355,382
Donations given		57,659	51,009
Events and activities		485,064	392,355
Administrative costs		1,565,846	1,001,794
Cost of goods sold		39,676	29,086
<b>TOTAL EXPENDITURE</b>		<b>16,630,700</b>	<b>14,293,705</b>
<b>NET SURPLUS/DEFICIT FOR THE YEAR (BEFORE TAX)</b>		<b>645,880</b>	<b>(79,276)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> Operating surplus of ACON Health Limited		<b>645,880</b>	<b>(79,276)</b>

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 2017

CURRENT ASSETS	NOTES	2017	2016
Cash and cash equivalents	4	6,731,808	5,261,260
Receivables	5	380,882	589,978
Inventories	6	4,101	3,696
Prepayments		83,898	94,305
<b>TOTAL CURRENT ASSETS</b>		<b>7,200,689</b>	<b>5,949,239</b>
NON-CURRENT ASSETS	NOTES	2017	2016
Other Financial Assets		25,300	22,000
Plant & equipment and lease incentive	7	1,320,770	1,714,075
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,346,070</b>	<b>1,736,075</b>
<b>TOTAL ASSETS</b>		<b>8,546,759</b>	<b>7,685,314</b>
CURRENT LIABILITIES	NOTES	2017	2016
Trade and other payables	8	1,346,351	953,651
Employee entitlements	9	1,354,226	1,228,966
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,700,577</b>	<b>2,182,617</b>
NON-CURRENT LIABILITIES	NOTES	2017	2016
Deferred lease liability	10	388,792	689,763
<b>Total Non-current Liabilities</b>		<b>388,792</b>	<b>689,763</b>
<b>TOTAL LIABILITIES</b>		<b>3,089,369</b>	<b>2,872,380</b>
<b>NET ASSETS</b>		<b>5,457,390</b>	<b>4,812,934</b>
ACCUMULATED FUNDS	NOTES	2017	2016
Retained surplus at the end of the year	16	4,458,746	4,028,455
Funds Reserve		966,824	751,235
Revaluation reserve		31,820	31,820
<b>Total accumulated funds</b>		<b>5,457,390</b>	<b>4,811,510</b>

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 2017

YEAR ENDED 30 JUNE 2017	RETAINED SURPLUS	REVALUATION RESERVE	FUNDS RESERVE	TOTAL
Total stakeholder funds - beginning of financial year	4,028,455	31,820	751,235	4,811,510
Transfer to funds reserve	(215,589)	-	215,589	-
Total comprehensive income for the year	645,880	-	-	645,880
Total stakeholder funds - end of financial year	4,458,746	31,820	966,824	5,457,390

YEAR ENDED 30 JUNE 2016	RETAINED SURPLUS	REVALUATION RESERVE	FUNDS RESERVE	TOTAL
Total stakeholder funds - beginning of financial year	4,376,949	31,820	482,016	4,890,786
Transfer to funds reserve	(269,219)	-	269,219	-
Total comprehensive income for the year	(79,276)	-	-	(79,276)
Total transfer to Sex Workers Outreach Inc	-	-	-	-
Total stakeholder funds end of the financial year	4,028,455	31,820	751,235	4,811,510

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 2017

CASH FLOWS FROM OPERATING ACTIVITIES	NOTES	2017	2016
Receipts: customers, granting bodies & fundraising (inclusive of goods & services tax)		17,087,061	14,035,994
Payments to suppliers and employees (inclusive of goods & services tax)		(15,529,238)	(13,148,272)
Interest received		189,519	170,434
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>1,747,342</b>	<b>1,058,156</b>
CASH FLOWS FROM INVESTING ACTIVITIES	NOTES	2017	2016
Payments for property, plant & equipment		(276,794)	(224,264)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(276,794)</b>	<b>(224,264)</b>
<b>NET (DECREASE)/INCREASE IN CASH HELD</b>		<b>1,470,548</b>	<b>833,892</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>		<b>5,261,260</b>	<b>4,427,368</b>
<b>CASH AT THE END OF THE YEAR</b>	<b>4</b>	<b>6,731,808</b>	<b>5,261,260</b>

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

## 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 2017 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 2017.

#### 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 2017 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.

### 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

### 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.

## 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.

## 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 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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

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.

## 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	2017	2016
Cash on hand	3,520	4,620
Cash at bank: Cheque account – operations	168,729	165,053
Cash at bank: Deposits	6,559,559	5,091,587
<b>TOTAL</b>	<b>6,731,808</b>	<b>5,261,260</b>

5. CURRENT ASSETS – RECEIVABLES	2017	2016
Trade receivables	335,614	331,176
Accrued income	45,268	258,802
<b>Total</b>	<b>380,882</b>	<b>589,978</b>

As at 30 June 2017, no receivables were considered impaired (30 June 2017: \$nil). The amount of the provision for doubtful debts was \$nil (30 June 2017: \$nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. CURRENT ASSETS - INVENTORIES	2017	2016
Finished goods (vitamins) at cost	4,101	3,696

7. NON-CURRENT ASSETS- PLANT & EQUIPMENT AND LEASE INCENTIVE	FURNITURE & FITTINGS	OFFICE & IT EQUIPMENT	LIBRARY OF ART	LEASEHOLD IMPROVEMENTS	LEASE INCENTIVE	TOTALS
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### At 30 June 2016

Cost or fair value	877,237	1,265,559	146,650	1,336,584	1,505,000	5,131,029
Accumulated depreciation	(874,112)	(1,076,939)	-	(678,473)	(815,209)	(3,444,733)
NET BOOK VALUE	3,125	188,620	146,650	658,111	689,791	1,686,296

### Year ended 30 June

Opening net book value	3,125	188,620	146,650	658,111	689,791	1,686,296
Additions	10,549	210,516	-	55,729	-	276,794
Depreciation / amortisation charge	(1,544)	(128,481)	-	(207,467)	(150,500)	(488,172)
CLOSING NET BOOK VALUE	12,130	270,655	146,650	506,193	539,291	1,474,918

### AT 30 June 2017

Cost or fair value	887,786	1,476,075	146,650	1,392,313	1,505,000	5,407,823
Accumulated depreciation	(875,656)	(1,205,420)	-	(886,120)	(965,709)	(3,932,905)
NET BOOK VALUE	12,130	270,655	146,650	506,193	539,291	1,474,918

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<b>8. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES</b>	<b>2017</b>	<b>2016</b>
Goods & Services Tax net payable	174,704	187,164
Trade creditors	270,735	117,810
Accrued expenses	319,549	222,619
Deferred/(Unearned) Revenue	581,363	426,058
<b>TOTAL</b>	<b>1,346,351</b>	<b>953,651</b>

<b>9. CURRENT LIABILITIES – EMPLOYEE ENTITLEMENTS</b>	<b>2017</b>	<b>2016</b>
EMPLOYEE ENTITLEMENTS - ANNUAL LEAVE	1,354,226	1,228,966
NUMBER OF EMPLOYEES AT REPORTING DATE (FULL TIME EQUIVALENT)	108	108

<b>10. NON-CURRENT LIABILITIES – DEFERRED LEASE LIABILITY</b>	<b>2017</b>	<b>2016</b>
414 ELIZABETH STREET, SURRY HILLS	388,792	689,793

### 11. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12. RELATED PARTY TRANSACTIONS

2017

2016

The following transactions occurred with related parties:

INCOME FROM SEX WORKERS OUTREACH PROJECT INC (SWOP) FOR OVERHEAD ALLOCATIONS

138,460

182,496

During the year ACON Health Limited provided IT and HR support to Sex Workers Outreach Project Inc. The payments were made on normal commercial terms and conditions. From October 2016, ACON Health Limited no longer provided payroll and administration support to Sex Workers Outreach Project Inc.

### 13. 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 2017/2018 financial year.

### 14. 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 2017 to 3 May 2022.

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:

### GROSS INCOME AND TOTAL EXPENSES

2017

2016

Gross proceeds from fundraising:

Donations, Events & Sponsorship

1,279,812

487,428

TOTAL GROSS INCOME FROM FUNDRAISING

1,279,812

487,428

less total costs of fundraising:

Fundraising Costs

299,445

290,838

TOTAL COSTS OF FUNDRAISING

299,445

290,838

NET SURPLUS OBTAINED FROM FUNDRAISING APPEALS

980,367

195,590

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2017	2016
Ratio of costs to gross proceeds	23%	60%
Ratio of net surplus to gross proceeds	77%	40%
Ratio of total cost of fundraising services to total Organisation income	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.

### 15. COMMITMENTS FOR EXPENDITURE LEASE COMMITMENTS

The group leases the head office building under a non-cancellable operating lease expiring within 5 years. Excess building space is sub-let to third parties under operating leases.

NON-CANCELLABLE OPERATING LEASES	2017	2016
Within one year	1,725,762	1,788,232
Later than one year but not later than 5 years	4,624,454	5,712,464
Later than 5 years	-	-
<b>TOTAL</b>	<b>6,350,216</b>	<b>7,500,696</b>

### NON-CANCELLABLE OPERATING LEASES

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<b>16. RETAINED SURPLUS</b>	<b>2017</b>	<b>2016</b>
Retained surplus at the beginning of the year	4,028,455	4,376,950
Transfer to funds reserve	(215,589)	(269,219)
Current year surplus	645,880	(79,276)
Retained surplus at the end of the year	4,458,746	4,028,455

The retained surplus represents accumulated funds of \$4,458,746 and includes provision for Employee entitlements, grant income received in advance, and provision for depreciation.

### 17. 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:

<b>BALANCE SHEET</b>	<b>2017</b>	<b>2016</b>
Current assets	7,191,423	5,939,973
Total assets	8,537,492	7,676,048
Current liabilities	2,700,583	2,184,007
Total liabilities	3,089,375	2,873,799
Net Assets	5,448,117	4,802,249
Total Stakeholders' Funds	5,448,117	4,802,249

  

<b>PROFIT &amp; LOSS</b>	<b>2017</b>	<b>2016</b>
Current assets	645,868	(79,852)

#### (B) CONTINGENT LIABILITIES OF THE PARENT ENTITY

The parent entity did not have any contingent liabilities as at 30 June 2017 (30 June 2016: \$nil).

ACON HEALTH LIMITED

## DIRECTOR'S DECLARATION

In the directors' opinion:

- 1) The consolidated financial statements and notes set out on pages 7 to 22 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 2017 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 2012; 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 20th Day of September 2017.



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## 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 2017, 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.

A stylized blue ink signature of A G Rigele, written over the "Grant Thornton" logo.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A blue ink signature of A G Rigele, written over the "Grant Thornton" logo.

A G Rigele  
Partner - Audit & Assurance

Sydney, 20 September 2017

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## Independent Auditor's Report To the members of ACON Health Limited

### Auditor's opinion

We have audited the accompanying financial report of ACON Health Limited (the "Registered Entity") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the financial report of ACON Health Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a giving a true and fair view of the Registered Entity's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### Basis for Auditor's Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

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## **Information Other than the Financial Report and Auditor's Report Thereon**

Those charged with governance are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Directors for the Financial Report**

The Directors of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Registered Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Registered Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our auditor's report.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'A G Rigele', written over a faint circular stamp.

A G Rigele  
Partner - Audit & Assurance

Sydney, 20 September 2017