

AIDS CONCERN FOUNDATION LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2016**

AIDS CONCERN FOUNDATION LIMITED

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FOR THE YEAR ENDED MARCH 31, 2016**

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AIDS CONCERN FOUNDATION LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report and the audited financial statements for the year ended March 31, 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Foundation are to deliver HIV education and prevention targeting the people at highest risk, to provide support for people living with HIV in Hong Kong, to build partnerships and capacity for an effective HIV response and to create public advocacy on HIV.

The services of the Foundation falls into four key programme areas: (1) Prevention and HIV education programme targeting communities vulnerable to HIV/AIDS, (2) HIV testing and support, (3) PLHIV support and care service and community empowerment, and (4) Anti-stigma and advocacy work targeting the general public. The prevention and HIV education programme focuses on the highest risk groups for transmission of HIV which includes men who have sex with men, heterosexual men with multiple sex partners and youth at risk for HIV infection. Services include outreach, workshops, peer-counselling and the testing service. The PLHIV support and care service includes counselling, home visits and "Ride Concern" transportation services for those people living with HIV. Anti-Stigma and advocacy targets the general public to create a supportive environment that reduces the risk of HIV infection and the stigma for people with HIV.

All services of the Foundation strive to build the capacity of other people and organisations to deliver HIV education, testing and support through collaborations and partnerships.

THE STATE OF THE FOUNDATION'S AFFAIRS AND APPROPRIATIONS

The state of the Foundation's affairs as at March 31, 2016 are set out in the financial statements on 4 to 10.

DIRECTORS

The directors of the Foundation during the year and up to the date of this report were:

HANSEN Tracy Anne	
LAM Kwong Shu	
LAU Tak Fai Joseph	
SARGANT Peter John	
SUEN Yiu Tung	
WELFORD Richard John	
TSANG Kay Yan	(Appointed on July 28, 2015)
YAU Jerome	(Appointed on July 28, 2015)
CHEN Zhiwei	(Resigned on June 9, 2015)
FUNG Ka Mee Catherine	(Resigned September 12, 2015)
MORLEY Christopher Neil	(Resigned September 12, 2015)

In accordance with Article 31 of the Foundation's article of association, all directors retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Foundation were entered into or existed during the year.

AUDITORS

The financial statements have been audited by Alfred Ho & Co. who retire and, being eligible, offer themselves for re-appointment.

For and on behalf of the Board



WELFORD Richard John
Chairman

Hong Kong, July 7, 2016



何祐康: 香港會計師公會及稅務學會資深會員
註冊稅務師 加拿大特許會計師

Alfred Ho: Fellow of HKICPA & TIHK
CTA, CPA (Canada), CA

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AIDS CONCERN FOUNDATION LIMITED**
(Incorporated in Hong Kong with liability limited by guarantee)

We have audited the financial statements of AIDS Concern Foundation Limited (the "Foundation") set out on pages 4 to 10, which comprise the statement of financial position as at March 31, 2016, and the statement of income and expenditures for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (the "SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. The report is made solely to you, as a body, in accordance with Section 405 of the Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements 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 entity'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 statements.

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

Opinion

In our opinion, the financial statements of the Foundation for the year ended March 31, 2016 are prepared, in all material respects, in accordance with the SME-FRS and have been properly prepared in compliance with the Companies Ordinance.

Alfred Ho & Co.
Certified Public Accountants

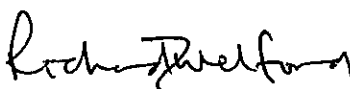
Hong Kong, July 7, 2016

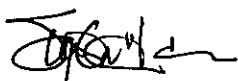
AIDS CONCERN FOUNDATION LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016**

	Notes	2016 HK\$	2015 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	3	<u>653,667</u>	<u>337,201</u>
CURRENT ASSETS			
Accounts receivable		492,445	2,471,742
Utility deposits & prepayments		507,138	331,546
Short-term investment (bank time deposit longer than 3 months)		3,200,000	3,200,000
Cash in banks and on hand		2,795,916	3,109,789
		<u>6,995,499</u>	<u>9,113,077</u>
CURRENT LIABILITIES			
Accrued expenses		1,032,823	1,161,193
Receipts in advance		124,606	-
		<u>1,157,429</u>	<u>1,161,193</u>
NET CURRENT ASSETS		<u>5,838,070</u>	<u>7,951,884</u>
NET ASSETS		<u>6,491,737</u>	<u>8,289,085</u>
REPRESENTING:			
ACCUMULATED SURPLUS	4	6,469,737	8,256,085
FIXED ASSET FUND	5	<u>22,000</u>	<u>33,000</u>
		<u>6,491,737</u>	<u>8,289,085</u>

Approved by the Board of Directors on July 7, 2016,


WELFORD Richard John
Director


LAM Kwong Shu
Director

The notes on pages 6 to 10 form an integral part of these financial statements.

AIDS CONCERN FOUNDATION LIMITED

**STATEMENT OF INCOME AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2016**

	Notes	2016 HK\$	2015 HK\$
INCOME			
Grant income		6,970,005	7,960,259
Fundraising events & activities		3,247,951	1,937,891
DDC income		7,987,326	7,880,154
Other income		86,633	136,056
Total Income		<u>18,291,915</u>	<u>17,914,360</u>
EXPENDITURES			
Operational Expenses			
Grant expenditures		6,970,005	7,960,259
Fundraising events & activities		1,329,883	292,901
DDC expenses		1,751,395	2,005,091
Other programme expenditures		4,960,685	2,825,435
Advertising, printing & stationeries		55,477	68,557
		<u>15,067,445</u>	<u>13,152,243</u>
Staff Costs			
Salaries & allowances - General administrative staff		3,978,573	3,626,041
MPF contributions - General administrative staff		158,685	135,799
		<u>4,137,258</u>	<u>3,761,840</u>
Overhead Expenses		<u>873,560</u>	<u>826,465</u>
Total Expenditures		<u>20,078,263</u>	<u>17,740,548</u>
Net (deficit) / surplus for the year	6	<u>(1,786,348)</u>	<u>173,812</u>

The notes on pages 6 to 10 form an integral part of these financial statements.

AIDS CONCERN FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

REPORTING ENTITY

AIDS Concern Foundation Limited (the "Foundation"), a company limited by guarantee, is a registered charitable institution engaged in activities to prevent the further spread of HIV/AIDS in Hong Kong, and to provide emotional and practical support to persons living with HIV/AIDS. The income and property of the Foundation, wheresoever derived, is applied solely towards the promotion of the objects set out in the Foundation's memorandum of association. The Foundation's funds are not distributable to its members. Every member of the Foundation undertakes to contribute, if required, an amount not exceeding ten dollars to the assets of the Foundation in the event of its being wound up.

The registered office of the Foundation is located at 17B, Block F, Doctor Residence, Eastern Hospital, 3 Lok Man Road, Chai Wan, Hong Kong.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Foundation qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (the "SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Foundation is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the reducing balance method. The principal annual rates used for depreciation are as follows:

Office equipment	25%
Furniture & fixtures	20%
Motor car	30%

(b) Impairment of assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the statement of income and expenditures. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognized for the asset in prior years.

AIDS CONCERN FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(c) Account receivables

Account receivables are recognized initially at the transaction amount. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of account receivables is made when the receivables have been outstanding for more than 6 months.

(d) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Foundation and when the revenue can be measured reliably, on the following bases:

- i) Donations for financing of specific activities are recognized when they are spent, with the unspent balances recognized upon the completion of these activities. The above unspent balances are recorded as receipts in advance on the statement of financial position.
- ii) Donation for fixed asset fund is recognized over 10 years on a straight line method.
- iii) Other donations are recognized on a cash basis.
- iv) Interest income is recognized on a time proportionate basis, taking into account the principle amounts outstanding and the interest rates applicable.
- v) Other income is recognized mainly on a cash basis.

(e) Foreign exchange

The reporting currency of the Foundation is Hong Kong Dollars, which is the currency of the primary economic environment in which the Foundation operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognized in the statement of income and expenditures.

(f) Employee benefits

Retirement benefit costs

The Foundation operates a defined contribution Mandatory Provident Fund retirement benefits scheme in Hong Kong (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of income and expenditures as they become payable in accordance with the rules of the MPF Scheme. The Foundation's employer contributions vest fully with the employees when contributed into the MPF Scheme.

AIDS CONCERN FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(g) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Foundation are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of income and expenditures.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the statement of income and expenditures on a straight-line basis over the lease term.

2. TRANSITION TO THE SME-FRS

The Foundation's financial statements for the year ended March 31, 2016, are its first annual financial statements prepared under accounting policies that comply with the Small and Medium-Sized Entity Financial Reporting Framework and the SME-FRS. The Foundation applied the Hong Kong Financial Reporting Standards for Private Entities (the "HKFRS for PE") to prepare its financial statements prior to the application of the SME-FRS.

There is no difference for the net assets from using the HKFRS for PE to the SME-FRS at April 1, 2014, and March 31, 2015, and the Foundation's accumulated surplus for the year ended March 31, 2015.

3. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK\$	Furniture & fixtures HK\$	Motor car HK\$	Total HK\$
<u>Cost</u>				
At March 31, 2015	392,334	281,059	129,800	803,193
Additions	104,195	421,945	-	526,140
Disposal	(2,561)	(81,551)	-	(84,112)
At March 31, 2016	<u>493,968</u>	<u>621,453</u>	<u>129,800</u>	<u>1,245,221</u>
<u>Accumulated depreciation</u>				
At March 31, 2015	229,314	117,568	119,110	465,992
Charge for the year	66,713	111,481	3,207	181,401
Written back on disposal	(2,317)	(53,522)	-	(55,839)
At March 31, 2016	<u>293,710</u>	<u>175,527</u>	<u>122,317</u>	<u>591,554</u>
<u>Net carrying amount</u>				
At March 31, 2016	<u>200,258</u>	<u>445,926</u>	<u>7,483</u>	<u>653,667</u>
At March 31, 2015	<u>163,020</u>	<u>163,491</u>	<u>10,690</u>	<u>337,201</u>

AIDS CONCERN FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

4. CHANGES IN ACCUMULATED SURPLUS

	Accumulated Surplus HK\$
Balance at March 31, 2015	8,256,085
Net deficit for the year	(1,786,348)
Balance at March 31, 2016	<u>6,469,737</u>

5. FIXED ASSET FUND

	2016 HK\$	2015 HK\$
Balance b/f	33,000	44,000
Donation received	-	-
Recognition as income	(11,000)	(11,000)
Balance c/f	<u>22,000</u>	<u>33,000</u>

6. NET (DEFICIT) / SURPLUS FOR THE YEAR

Net (deficit) / surplus for the year is arrived at:

	2016 HK\$	2015 HK\$
<u>After crediting the following items:</u>		
Interest income	<u>39,250</u>	<u>68,211</u>
<u>After charging the following items:</u>		
Depreciation & amortisation	181,401	99,847
Exchange loss, net	-	638
Loss on disposal of property, plant and equipment	28,273	2,592
Operating lease - Property rental	608,000	298,500
Other staff costs	<u>12,303,538</u>	<u>11,379,967</u>

7. DIRECTORS' REMUNERATIONS

None of the directors received or will receive any fees or emoluments in respect of their services rendered to the Foundation during the year (2015: Nil).

AIDS CONCERN FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

8. TAXATION

The Foundation being a registered charitable institution is exempted from Hong Kong profits tax by virtue of Section 88 of the Hong Kong Inland Revenue Ordinance.

9. COMMITMENTS UNDER OPERATING LEASES

The Foundation had the following total future minimum lease payments payable under non-cancelable operating leases:

	2016 HK\$	2015 HK\$
Not later than one year	672,000	78,000
Later than one year	756,000	-
	<u>1,428,000</u>	<u>78,000</u>

10. COMPARATIVE FIGURES

As a result of the initial application of Part 9 of the Companies Ordinance (Cap. 622) on the financial statements for the year ended March 31, 2016, certain comparative figures have been reclassified to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2016.