

afao

AUSTRALIAN FEDERATION
OF AIDS ORGANISATIONS

Annual Report 2020

afao

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PRESIDENT'S REPORT 2020



This is my final annual report as President of AFAO, a role that has been an incredible honour and pleasure.

In no small part this is due to an extremely high calibre Board and relationships with our members and across our sector. AFAO is close to its members, deeply engaged with our communities, and genuinely embraces diversity. Its Board is not afraid of frank conversations.

Our staff, led by Darryl O'Donnell and Heath Paynter work incredibly hard and are super talented. Our CEO's leadership through COVID was exceptional. We continue to kick goals and open up opportunities, such as the PBS listing of PrEP, approval of self-testing technology, refinancing of the Global Fund and more.

Our partners – our members, our communities, the clinicians and researchers we work with - are extraordinary people doing amazing work. AFAO deeply strengthened its sense of common endeavour. Our Collective Strength 2.0 project has bred deep collegiality and co-operation, garnering consistently positive feedback and deepening our range of partnerships.

I do, however, have some worries. The eighth *National HIV Strategy* was a great achievement for our collective efforts. Australia should be the focus of a well-organised and resourced push to be the first nation on Earth to achieve the virtual elimination of HIV transmission. This would include deepening focused work with Aboriginal and Torres Strait Islander people and overseas-born gay and bisexual men. Despite the eighth Strategy's clear commitments in all these directions we need to gain more traction to support our sector's role in all this.

Two decades ago, ACON broadened its mandate beyond HIV to become an LGBT health organisation, with continued foundational commitments to its other constituent communities. Other Councils are on this journey and increasingly we are clear that this is key to sector strength and viability going forward. I finish my term heartened at both the way our Councils are leaning into the work and the support AFAO is now positioned to offer. It is key to note that, in all our organisations, the commitment is clear. This will never be at the expense of our other communities of engagement.

I am particularly grateful for the Board members with international expertise, and the members of the International Advisory Committee. We have a good working relationship with the Global Fund, strengthened arrangements in Thailand, and a series of credible and productive partnerships, such as with UNAIDS. COVID-19 has, however, changed the landscape, adding layers of challenge. AFAO will continue to step up and broaden its engagement in the region.

Sex workers faced new headwinds through phases of the pandemic this year, even as they won progress on law reform in two jurisdictions. Parts of the press were also increasing hostile towards trans people, especially young trans people. Both are a direct threat and can cost lives. It is worth noting that populist politics against LGBT communities in general are playing out in a number of countries in our region. We must remember where we came from and what we stand for.

PRESIDENT'S REPORT (CONT.)

So, my governing thought is that we continue to kick goals and deliver extraordinary results – the sector and, proudly I say, AFAO as national peak. We have collectively created an amazing foundation for further achievement. I suspect I am not the first to observe that we have regularly had to rebuild and reposition our sector. We have substantially done this work. Now we will need to go to another level again.

I will wish you, AFAO's amazing Board, my successor, our sector and our movement all focus, strength and love to deliver this.

**National President
Robert Griew**



CEO'S REPORT



Much that was solid melted away this year. Lives were lost, businesses destroyed and all manner of social custom disrupted.

Yet the bonds of our HIV community response strengthened. For a movement forged in an earlier crisis, COVID-19 was a novel yet familiar threat. It demanded new tactics and strategy, but drew from the same community reservoir of solidarity, empathy and courage.

Indeed, the playbook we developed for HIV powerfully informed the early stages of the COVID-19 response. Policy makers and clinicians quickly relearned the importance of community norms, such as social distancing, mask usage and hand sanitising. This echoed the way gay men, sex workers and people who use drugs adopted safe sex and safer injecting in the 1980s.

Other important principles came to the fore: positive reinforcement is far more effective than shame when you are fighting a virus without a vaccine or cure. Trusted community leadership grounded in community consent is critical. And the importance of prioritising those most affected with specific, targeted prevention and treatment programs has been a core tenet of both HIV and COVID-19.

As COVID-19 took hold, we watched some of these learnings give way to older-style public health models of top-down decision-making, heavy-handed policing and an emphasis on technical strategies such as contact tracing. We forgot that the most valuable and protective factors of all are the choices people make in their homes, neighbourhoods and communities – to stay at home with a sore throat, to sneeze into an elbow and to forego simple pleasures of socialising with others.

We hope to have a vaccine for COVID-19 in the coming months but the optimism for this must be tempered by reality – it will be a long time before a vaccine is safe enough for wide deployment and before COVID-19's impacts ease. And as everyone familiar with HIV knows only too well, medicine is only part of the response to a novel disease. Humility, compassion and partnership – the essence of humanity – must remain central.

While the COVID-19 response was informed by HIV, it also disrupted HIV. We grappled with complex issues such as the closure of sex on premises venues, the rapid transition of HIV services to online delivery and the redeployment of staff in public clinics to COVID-19. In our communities, we saw changes in sexual activity greater even than those of the 1980's and a sharp decline in the use of PrEP. The pandemic has exacted a heavy toll on our communities, with 38 percent of LGBTIQ+ people reporting greater mental health concerns. AFAO and its members responded swiftly and effectively to these new challenges, advocating for telehealth, secure medicine supplies and targeted public health campaigns.

One of the privileges of our work at AFAO has been witnessing the best of our movement and its leaders. Both at home and internationally, we have watched our members and community-led partners respond quickly and grapple deeply with COVID-19's impacts. During the initial crisis period, AFAO met weekly with its peak members and Councils, hosted forums to understand what was happening and issued daily updates to share the

CEO'S REPORT (CONT.)

learnings of the sector as we adapted to the new environment. While many mainstream services closed down during the initial crisis our members stepped up, reminding us that at their heart, the DNA of our movement is our responsiveness and accountability to those we serve. We are very proud of how our members and partners have responded and to have supported this mobilisation.

Perennial threats such as criminalisation also loomed. Both NSW and WA proposed new mandatory HIV testing legislation for spitting and other offences, even though HIV is not transmitted through saliva. Despite a spirited campaign in WA, the revised laws eventually passed, while in NSW they are being examined by a parliamentary committee.

While this was disappointing, another relic of the past was significantly reformed. AFAO and its members convinced Lifeblood and the Therapeutic Goods Administration to reduce the blood donation deferral period for gay and bisexual men from 12 to three months. This reform is not perfect, but it is a significant stride forward.

AFAO's political advocacy and engagement remained robust. With the commencement of the new Parliament in 2019 we supported the reformation of the Parliamentary Friends for Action on HIV/AIDS, BBVs and STIs, a group that has operated continuously since the beginning of the HIV epidemic. Hand in glove with NAPWHA we increased pressure through the parliamentary group to provide access to HIV treatment for all people living with HIV, regardless of Medicare eligibility.

We have also lobbied for the rollout of the \$45 million we secured for BBVs and STIs through the *HIV Blueprint* in the 2019/20 Federal Budget. These efforts had practical expression at our annual World AIDS Day reception at Parliament House in Canberra, attended by thirty parliamentarians from across the political divide. We also marked World AIDS Day by authoring a joint op-ed with Sir Elton John, on the challenge of stigma, which was syndicated across The Age, Sydney Morning Herald and Canberra Times.

Our thought leadership stepped up a gear with the publication of two occasional papers on the funding challenges faced by community-led organisations in the Asia Pacific HIV response. This was a substantial new element of our international work. It added further ballast to the important program of work being delivered by our international team as they implement the Global Fund-supported, eight country *Sustainability of HIV Services for Key Populations in Asia* (SKPA) program.

Our international efforts were also bolstered by the establishment of an International Advisory Group reporting to the AFAO Board. Chaired by the highly experienced and insightful Felicity Young, this group is building a strategy to diversify funding streams and build sustainability into our overseas work.

At the very beginning of the financial year we saw further evidence of Australia's complicated path to ending HIV transmission. Overall transmission has declined 30 per cent over five years, to 835 new transmissions. However there was no improvement among Aboriginal and Torres Strait Islander people.

To that end, AFAO has strengthened its support for the Anwernekenhe National HIV Alliance providing governance and operational support.

No year is ever dull or straightforward in our community-led response, but this one was especially unpredictable. I thank all AFAO staff for their determination, professionalism and focus and Robert Griew and our Board for their steadfast leadership.

CEO
Adj Prof Darryl O'Donnell

INTERNATIONAL PROGRAM



AFAO's *Sustainability of HIV Services for Key Populations in Asia* (SKPA) program is funded by the Global Fund and operates in Bhutan, Lao PDR, Malaysia, Mongolia, Papua New Guinea, Philippines, Sri Lanka and Timor-Leste. SKPA promotes sustainable services for key populations to stop HIV transmission and AIDS-related deaths by 2030. AFAO implements this program from its Bangkok office with support from a range of in-country sub-recipients.

AFAO began the year with a dynamic new team and held a staff planning retreat in July at Hua Hin, in Thailand. This was followed by a grant kick-off and management meeting at the end of July, involving sub-recipients from seven countries to review Global Fund compliance requirements and milestone measures. In 2019, the program focused on reviews and planning for program delivery (for example, by developing implementation plans for the rollout of PrEP and HIV community-based testing).

AFAO visited Geneva in October 2019 for a series of intensive grant planning activities with the Global Fund team, including the fund portfolio manager and several technical advisors. Upon return to Bangkok, the team focused on a year two reprogramming exercise to arrive at a clear budget and workplan for 2020, together with the sub-recipients and with regional networks. This intensive process continued through the end of the calendar year 2019, which ended with our second regional advisory group meeting, chaired by UNAIDS in December.

After receiving Global Fund approval for the Year two budget on 4 February 2020, the program continued at full speed. As principal recipient for the SKPA grant, AFAO issued and executed the official sub-agreements with civil society organisations in eight countries and disbursed funding to them. Similarly, four regional networks (all based in Bangkok, Thailand) were engaged and funded to lead activities across the eight countries.

In 2020, COVID-19 brought new challenges that will continue for the life of the program. In the best spirit of community, we have watched our sub-recipients adapt and respond in unique ways and as best they can to travel and movement restrictions, local public health arrangements and the challenges COVID-19 presents for key populations.

AFAO moved quickly to work from home arrangements for our international staff and five of our eight international staff in Bangkok relocated to their home countries. We began online engagement with our sub-recipients at an early stage, finding new ways of working together and supporting program implementation in difficult local contexts.

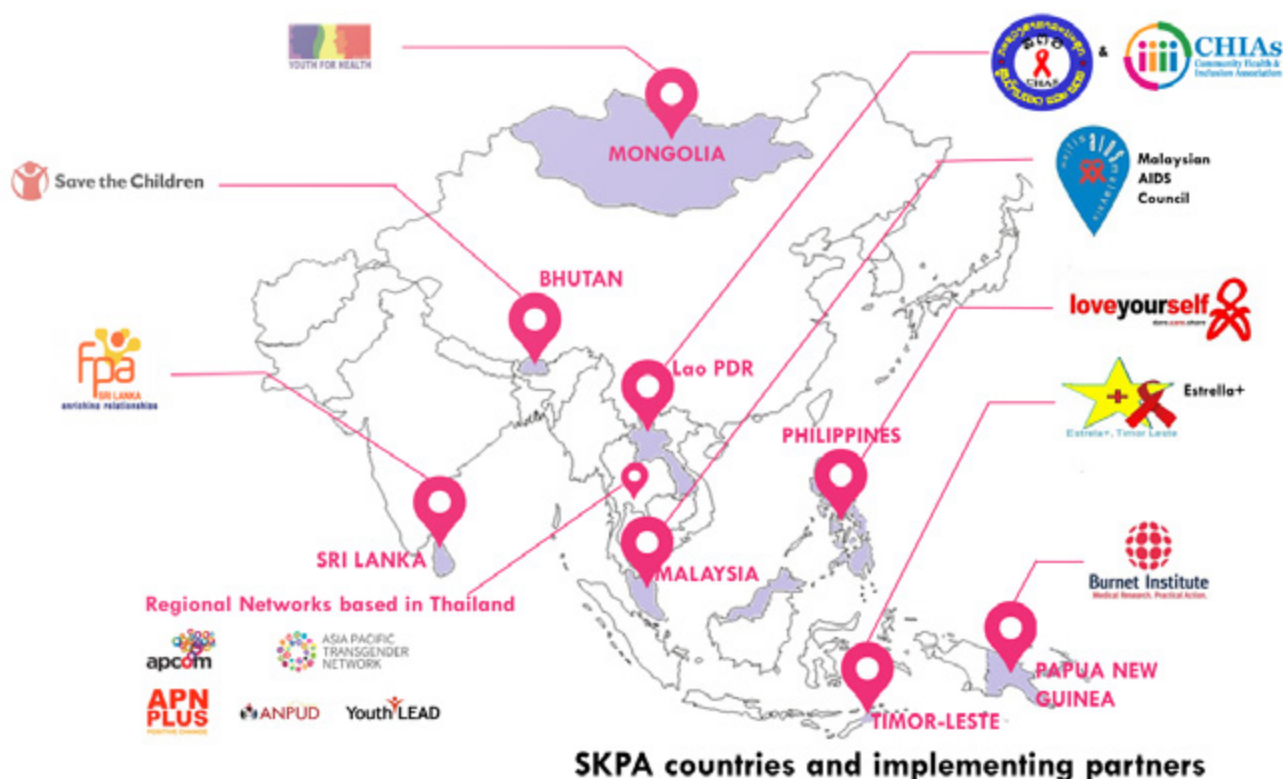
As COVID-19 travel restrictions tightened, key population programming was affected. To assess its impacts, AFAO surveyed sub-recipients on the ways COVID-19 was affecting them and changes they had made. This was one of the first such surveys conducted by a Global Fund grant. The impacts of COVID-19 vary markedly across SKPA countries, with some countries, such as the Philippines being profoundly affected over a sustained period. We have also observed differences in the capacity of sub-recipients to respond to its challenges, however all have demonstrated resilience and adaptability. This has been most effective in countries with strong information technology infrastructure.

In May 2020, SKPA welcomed an external technical advice provider through WHO/UNAIDS, with expertise in self-testing, community-based testing and PrEP in Asia. This rapidly proved to be an invaluable resource for the SKPA team in several countries.

INTERNATIONAL PROGRAM (CONT.)

Despite a challenging operating environment, the SKPA program has made significant progress in several countries, including the Philippines, Mongolia and Malaysia. In the Philippines our sub-recipient LoveYourself has galvanised a strong following of its key population community members to join online platforms, effectively moving many outreach activities to that medium. Demand was impressive and LoveYourself stepped up to the occasion to innovate and expand a range of services to its constituents. In Mongolia, our sub-recipient has advanced preparations for the PrEP demonstration project and self-testing activities.

The intensive implementation of SKPA is now built on strong foundations. In most countries, AFAO and our sub-recipients have reviewed the range of HIV services that should be available to key populations to identify gaps and develop plans for scale-up. Reviews of gender-related barriers to HIV service uptake have also been completed, with action plans developed and incorporated into sub-recipient plans for year two or year three.



AUSTRALIA PROGRAM

POLICY ACHIEVEMENTS

In 2019/20, AFAO consolidated and built upon the policy success of recent years. An enduring area of focus was closing the gap between the number of gay men on PrEP, and the estimated number of gay men eligible for it in Australia. We advanced this aspiration through our national PrEP health promotion program, Get PrEP'D and through our capacity building and coordination role as a national HIV peak organisation.

One of the challenges to emerge was the underwhelming uptake of HIV self testing. Onerous market restrictions accompanying approval of the device have created a barrier to this technology reaching those who need it. Another challenge is the well-intentioned, though restrictive Therapeutic Goods Administration advertising code, which has held back efforts to publicise this technology. AFAO is continuing to work with industry and the regulator to resolve this issue and make self testing more available for people who can benefit from this technology.

AFAO's long term work over many decades to reduce the blood donation deferral period for gay and bisexual men and others continued through this reporting period, with the TGA announcing a reduction to three months from 12. This reform is not perfect but represents an important stride forward.

POLITICAL ENGAGEMENT

AFAO organised a very successful meeting of the Parliamentary Friends for Action on HIV, BBVs and STIs in late 2019. The meeting was chaired by Tim Wilson MP and focussed on primary healthcare. Arising from this meeting, Mr Tim Wilson MP and Senator Louise Pratt committed to convene a meeting with the Minister for Health to troubleshoot responses to the issue of treatment access for people ineligible for Medicare.

AFAO also organised another very successful, World AIDS Day Parliamentary Breakfast. Once again, the Minister for Foreign Affairs and the Minister for Health, and their shadow counterparts attended the event. Approximately thirty other politicians from across Australia's parliament attended the Breakfast.

MEMBER ENGAGEMENT

AFAO continued to respond to the policy and organisational needs of its members in 2019/20. AFAO led advocacy against a TGA proposal to prohibit Alkyl Nitrites (poppers) due to concerns this proposal would have a negative effect on the health of gay men. AFAO also raised serious concerns about the federal government's planned Religious Discrimination Bill (RDB). We profiled the impact the Bill would have on the service delivery provided by AFAO members, especially on reducing HIV transmission.

A significant highlight this year was supporting the Scarlet Alliance, which achieved the decriminalisation of sex work in the Northern Territory, making it only the second jurisdiction in Australia to decriminalise sex work.

AFAO also provided considerable support to our WA member organisation WAAC in opposition to the WA government's mandatory testing laws. We also supported ACON in opposition to similar laws proposed in NSW.

AFAO was active in consulting with members and affiliate members (Scarlet Alliance, NAPWHA and BGF) to support a substantial submission to the Royal Commission into Aged Care Quality and Safety. AFAO's submission was heavily informed by anecdotes and testimony from community members interviewed during the consultation phase.

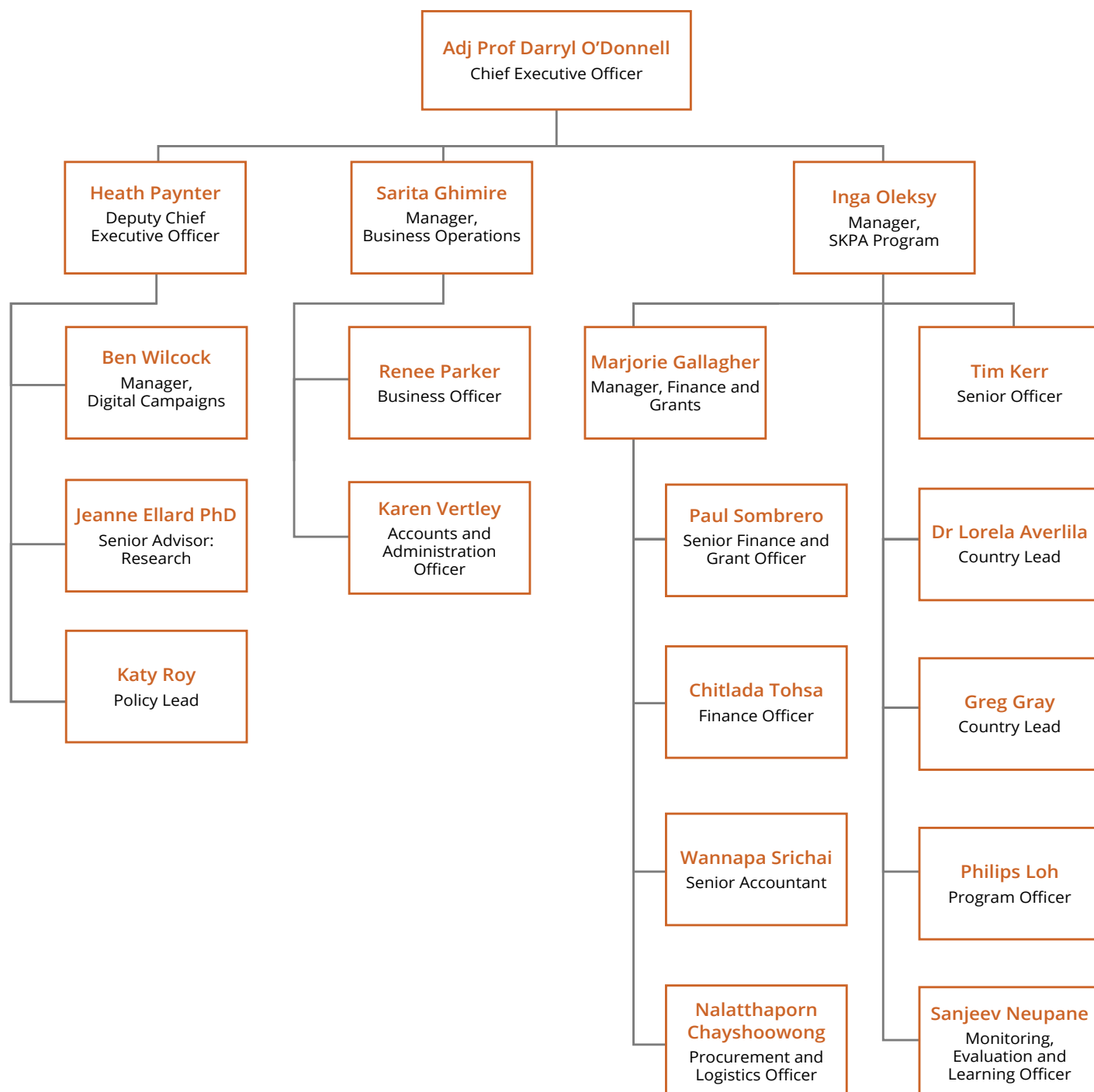
HIV Australia remained an important focus of communications activity, regularly posting podcasts, blogs and essays about the community-led response. This content [can be accessed at this link](#).

In 2019/20, AFAO sadly farewelled Angus Molyneux, Min Fuh Teh and Daniel Storer, staff members who all made a substantial contribution to the AFAO mission.



AFAO ORGANISATIONAL CHART

AT 30 JUNE 2020





AFAO MEMBER ORGANISATIONS



AFAO AFFILIATE ORGANISATIONS



FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

AUSTRALIAN FEDERATION OF AIDS ORGANISATIONS LIMITED

ABN 91 708 310 631, ACN 619 928 460

THE BOARD OF DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report, together with the financial statements, on the Federation for the year ended 30 June 2020.

The following persons were directors of the Australian Federation of AIDS Organisations Limited during the financial year or since the end of the year:

Robert Griew – National President	David Menadue
Mark Orr - Vice President	Joanne Leamy
Michael Doyle	Michelle Tobin
Mish Pony	Peter Grogan
Lauren Bradley	Susan Chong
Peter William Rowe	

DIRECTORS' REGISTER OF ATTENDANCE

	Board Meetings	
	Number Eligible To Attend	Number Attended
Bradley, Lauren	10	10
Chong, Susan	10	10
Doyle, Michael	10	8
Griew, Robert	10	9
Grogan, Peter	10	9
Leamy, Joanne	10	10
Menadue, David	10	7
Orr, Mark	10	10
Pony, Mish	10	10
Rowe, Peter William	10	10
Tobin, Michelle	10	8

AFAO BOARD AS AT 30 JUNE 2020

Robert Griew, National President: Robert has a long history in health and social policy. He has run the NT Department of Health and Community Services and, prior to that the AIDS Council of NSW (now ACON). He has also worked at senior levels in higher education and research policy, aged care, early childhood and in Aboriginal and Torres Strait Islander advancement. He has previously served on AFAO's Board, along with a number of others, mostly in the social justice not-for-profit sector.

Robert brings to AFAO a long association with the sector, a passion for advancing social justice for communities affected by disadvantage and marginalisation and a commitment to good policy. He believes in building strong coalitions both across the sector and with others.

He currently works as a consultant across public policy, administration and the not-for-profit sector. He has postgraduate training in public health and economics.

Mark Orr, Vice President: Mark is the Chief Executive of a large mental health organisation in the not-for-profit sector and is a Board Director of the organisation's NSW state peak, the Mental Health Co-ordinating Council. He is the immediate past President of ACON, one of AFAO's members, and a previous Director and Co-Chair of Sydney Gay and Lesbian Mardi Gras.

Mark holds Masters degrees in Health Services Management and e-Health (Health Informatics), as well as postgraduate qualifications in applied corporate governance, applied finance and investments and special education. He is a Graduate member of the Australian Institute of Company Directors and Fellow of the Governance Institute of Australia. Mark was appointed a Member of the Order Australia in 2019 for services to community health.

Susan Chong: Susan is a lecturer in the undergraduate Department of Public Health at La Trobe University, which offers the Bachelor of Health Sciences degree. The subjects she teaches focus on program planning and evaluation, community health promotion, field placement, public health practice and global health. Her current research interests are in community systems strengthening, HIV and AIDS policy and advocacy, the HIV treatment cascade, and treatment-seeking behaviour of people living with HIV.

Susan has worked in the field of HIV and AIDS for over 25 years in Asia and the Pacific. Her work has included coordinating an Asia Pacific network of non-government organisations, facilitating civil society participation in international development programs, strategic planning, resource mobilisation, program planning, policy analysis, research, and monitoring and evaluation.

Michael Doyle: Michael is Wingara Mura Research Fellow at the University of Sydney. He is an early career Aboriginal researcher in the alcohol and drug field with a particular interest in prisoner health. He has worked in Aboriginal health service provision, policy and research for over 18 years.

Michael was the first Aboriginal person to graduate with a Master of Public Health from the University of Western Australia and was recently awarded his PhD at UNSW.

Joanne Leamy: Joanne served on the Board of Queensland AIDS Council from 2008 until 2016, including as President from late 2012. Joanne is a Registered Nurse with over 20 years nursing and research experience in the fields of sexual health, HIV and hepatitis C. She holds an MA (Nursing) and has held sessional teaching positions at James Cook University, Griffith University and taught at University of Queensland HIV courses. She is also a Graduate member of the Australian Institute of Company Directors.

Joanne has a teenage son and has undertaken various volunteering activities in her LGBTI community.

David Menadue: David has served in range of governance roles with HIV organisations in Victoria and nationally. These include being Vice-President and a Board Member of the Victorian AIDS Council for numerous terms since 1989, a former President and Board Member of People living with HIV/AIDS Victoria (now Living Positive Victoria), a Board member of AFAO and a former President and Board Member of NAPWHA. David represents NAPWHA on the AFAO Board.

David is a former school teacher, retired since the 1990's after several AIDS-defining illnesses. He has a particular interest in the service and policy needs of people living with HIV as they age.

He was awarded an Order of Australia in 1995 and is the author of an autobiography *Positive*.

Mish Pony: Mish (they/them) has been working and volunteering in the LGBTIQ, HIV and sex worker community sector for over 10 years.

They are the Trans and Gender Diverse Sex Worker Representative for Scarlet Alliance, Australian Sex Workers Association, a founding member of Camp Out Inc, an annual camp in NSW for LGBTIQ+ teens and currently work at Twenty10 in Sydney, a NSW-wide LGBTIQ+ support and youth specialist homelessness service.

Mish has run numerous workshops and presented nationally and internationally on sex worker and trans rights and health.

Peter William Rowe (Willie): Willie has a long history of working with the HIV sector as a member and Chair of the WA AIDS Council's (WAAC) Board of Management and as President of AFAO. He has most recently been the interim CEO of WAAC, and prior to that was Chief of Staff to former Western Australian Premier Colin Barnett.

Willie brings a background of corporate communications, government engagement and issues management to the AFAO Board.

Michelle Tobin: Michelle is an Aboriginal woman of the Yorta Yorta Nation; she is also a descendant of the Stolen Generation. Michelle has lived with HIV for over 27 years, lost her husband to HIV and has experienced many levels of stigma and discrimination. None of this has stopped her. Instead, it has driven Michelle to become a very passionate and vocal advocate for HIV issues. Michelle is supported by her partner, two daughters (aged 23 and 27) and 5 beautiful grandchildren, living on the Central Coast, NSW.

Since her diagnosis in 1990, Michelle has spent many years working with the HIV Speakers Bureau nationally. She has served on several HIV Boards and committees, at a state and national level. She currently sits on the Board of the Anwernekenhe National HIV Alliance (ANA) as the HIV-positive representative and Chair and is a community member and the convener of the Positive Aboriginal Torres Strait Islander Network (PAT SIN). She is also a member of the National Association of People With HIV Australia's (NAPWHA) Femme Fatales network. At present, she is one of two women across Australia who advocate for Aboriginal and Torres Strait Islander people living with HIV. She also represents the positive voice of Aboriginal and Torres Strait Islander peoples, especially for women, on a number of advisory committees.

Lauren Bradley: Lauren works at the Australian Injecting and Illicit Drug Users League (AIVL) as the Senior Project Coordinator. Her policy, advocacy and project work focuses on the themes of harm reduction, stigma and discrimination and the public health rights of illicit drug users. Lauren is also Vice-President of Hepatitis ACT and a former board member of Hepatitis Australia.

Previously she has worked in the community and international development sectors both in Australia and South America, with a focus on grassroots work with marginalised and vulnerable groups. Lauren has a Bachelors of International Development and a Masters of Project Management.

Peter Grogan: Peter works in a senior commercial role and has extensive experience as a provider of professional services with expertise in law and corporate finance. Peter has made a substantial contribution to Australia's HIV response as a former President of AFAO and our largest member organisation, ACON.

PRINCIPAL ACTIVITIES AND OBJECTIVES

AFAO's Objects are to:

- end the transmission of HIV;
- maximise the health and wellbeing of AFAO's communities;
- oppose discrimination and violence and reduce stigma associated with HIV;
- foster and advocate for strengthened community responses to HIV in Australia, Asia and the Pacific;
- contribute to the global effort to end HIV and AIDS and respond to issues affecting the Members and communities abroad;
- recognise and respond to issues that intersect with HIV and that hinder the achievement of these objects, including sexually transmissible infections, drug and alcohol issues, viral hepatitis, and mental health;
- promote sexual health and the enjoyment of sexual and reproductive health rights for all regardless of HIV status;
- adopt a social view of health that recognises the social, economic and structural determinants of good health and that responds to these directly and through the promotion of human rights, social justice and equity of access;
- advocate for, be informed by and remain embedded within communities living with and affected by HIV and the Members who represent them; and
- encourage, facilitate and maximise the participation of people with HIV in all activities of AFAO, whether as office bearers, delegates, representatives, employees, or in any other capacity.

We do this by:

- leading national conversations on these issues and contributing to regional and global dialogue;
- building political support through non-partisan engagement;
- educating decision-makers and the public;
- supporting community engagement and participation in national, regional and international advocacy with decision-makers and stakeholders;
- providing a public voice for these issues in the media and community;
- coordinating issues and responses across the Members, Affiliate Members and other organisations;
- bringing together community representatives to share, plan and respond to issues;
- developing and implementing programs and responding to gaps;
- promoting discussion among the Members and Affiliate Members on policy issues;
- formulating and documenting policy positions and supporting their implementation;
- developing tools, materials and strategic information to support community advocacy and knowledge sharing;
- influencing the planning and reporting of research and supporting its translation;
- strengthening the enabling environment including through systemic advocacy for the elimination of laws that impede the response and the promotion of enablers;

- developing workforce capability and sector capacity and supporting the Members and Affiliate Members;
- promoting the success of AFAO and its Members and Affiliate Members and building awareness of successful community-based responses in Australia, regionally and internationally;
- fostering financial security and sustainability in the community-based responses of AFAO and its Members, Affiliate Members and partners.

SIGNIFICANT CHANGES

No significant changes in the nature of these activities occurred during the year.

OPERATING RESULT

For the year to 30 June 2020 AFAO's total income was \$5,736,505 and its total expenditure was \$5,640,370, resulting in an operating surplus of \$96,135 (2019 surplus of \$10,447).

AFAO's end of year position was in line with board approvals and the estimated projection for the year.

As at 30 June 2020 AFAO has total assets of \$5,652,949 and total liabilities of \$4,994,069 with a net asset position of \$658,880 (2019: \$562,745).

AFAO's financial position remains strong and we retain substantial net assets, predominantly represented by cash.

AFAO's Board has resolved that AFAO will budget larger surpluses in forward years in recognition of income growth and continue to build its equity to meet future challenges.

AFAO's *Sustainability of Services for Key Populations in South East Asia* (SKPA) program, funded by the Global Fund to Fight HIV, Tuberculosis and Malaria, was intensively implemented during the reporting year. The program is being implemented in eight countries in the period to 31 December 2021.

SKPA funds are disbursed from Australia to overseas Sub-Recipients for program implementation. AFAO monitors SKPA program activities and expenditures prudently. SKPA expenditures are subject to several external and independent reviews and audits, as required by the Global Fund to Fight HIV Tuberculosis and Malaria, in addition to AFAO's Australian statutory audit.

COVID-19 has substantially affected Australian and global communities, health and economies during 2020. Early planning and risk management has helped mitigate the impacts of COVID-19 on AFAO's operations, including its end of year position. AFAO has worked closely with its members in Australia and Sub-Recipients internationally to support their work with communities and help limit COVID-19's operational impacts.

Signed in accordance with a resolution of the Board of Directors by:



Robert Griew

President

Dated: 29th September 2020



Peter Grogan

Chair, Finance and Audit Committee

Dated: 29th September 2020

**LBW & Partners**

Chartered Accountants & Business Advisers
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Australian Federation of AIDS Organisations Limited

ABN: 91 708 310 631

Auditor's Independence Declaration to the Directors of Australian Federation of AIDS Organisations Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012*, as auditor of Australian Federation of AIDS Organisations Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Rupaninga Dharmasiri
Partner
LBW & Partners
Chartered Accountants
Level 3, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated: 28th September 2020



5
CHARTERED ACCOUNTANTS

Liability limited by a scheme approved
under Professional Standards Legislation

Analysis
Interpretation
Planning

AUSTRALIAN FEDERATION OF AIDS ORGANISATIONS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	3,792,112	1,540,606
Financial assets – term deposits		133,706	132,674
Trade and other receivables	7	1,665,113	119,989
Security deposits and prepayments		44,747	25,235
TOTAL CURRENT ASSETS		5,635,678	1,821,504
NON-CURRENT ASSETS			
Right-of-use-asset	8	17,271	–
Property, plant and equipment	9	–	28,418
TOTAL NON-CURRENT ASSETS		17,271	28,418
TOTAL ASSETS		5,652,949	1,849,922
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	129,825	90,884
Lease liability	11	7,382	–
Current tax liabilities		17,796	16,106
Contract liabilities	12	4,648,157	–
Grants and income in advance	13	–	986,566
Employee benefits		166,270	181,277
TOTAL CURRENT LIABILITIES		4,969,430	1,274,833
NON-CURRENT LIABILITIES			
Lease liability	11	10,373	–
Employee benefits		14,266	12,344
TOTAL NON-CURRENT LIABILITIES		24,639	12,344
TOTAL LIABILITIES		4,994,069	1,287,177
NET ASSETS		658,880	562,745

The accompanying notes form part of these financial statements

AUSTRALIAN FEDERATION OF AIDS ORGANISATIONS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2020 \$	2019 \$
EQUITY			
Reserves	14	175,000	175,000
Retained earnings		483,880	387,745
TOTAL EQUITY		658,880	562,745

The accompanying notes form part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
REVENUE			
Donation and Gifts - Monetary		175,026	258,175
Grants			
Department of Health	3	1,315,892	1,307,663
The Global Fund	3	3,897,762	1,826,005
Interest income		11,705	14,244
Other income – Australian		336,120	278,572
Other income – Overseas		–	11,843
TOTAL REVENUE	4	5,736,505	3,696,502
EXPENDITURE			
International Aid and Development Programs Expenditure			
Funds to International program		3,787,940	1,938,475
Program support costs		170,436	37,329
Community Education		12,470	8,000
Fundraising costs		–	–
Accountability and Administration		14,349	40,311
Domestic Programs			
Domestic programs expenditure		1,330,167	1,301,038
Accountability and Administration		325,008	360,902
TOTAL EXPENDITURE		5,640,370	3,686,055
SURPLUS (DEFICIT) FOR THE YEAR		96,135	10,447
OTHER COMPREHENSIVE INCOME		–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		96,135	10,447

AUSTRALIAN FEDERATION OF AIDS ORGANISATIONS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Retained Earnings \$	Reserves \$	Total \$
Balance at 30 June 2018	377,298	175,000	552,298
Surplus for the year	10,447	-	10,447
Balance at 30 June 2019	387,745	175,000	562,745
Surplus for the year	96,135	-	96,135
Balance at 30 June 2020	483,880	175,000	658,880

The accompanying notes form part of these financial statements

AUSTRALIAN FEDERATION OF AIDS ORGANISATIONS LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Australian Government Grants received		1,419,967	1,325,150
Interest Received		11,705	14,244
Other Grants/Income		6,440,286	2,240,802
Project Grant Costs		(3,760,450)	(2,306,159)
Payments to Employees		(1,853,926)	(1,498,208)
Interest expense on lease		(593)	–
Net cash from (used in) operating activities		2,256,989	(224,171)
Cash flow from investing activities			
Payments for property, plant and equipment		–	(34,102)
(Increase) in term deposits		(1,032)	(1,221)
Net cash used in investing activities		(1,032)	(35,323)
Cash flow from financing activities			
Repayment of lease liability		(4,451)	–
Net cash used in financing activities		(4,451)	–
Net increase/(decrease) in cash held		2,251,506	(259,494)
Cash at beginning of year		1,540,606	1,800,100
Cash at end of year	4	3,792,112	1,540,606

The accompanying notes form part of these financial statements

The financial statements cover the Australian Federation of AIDS Organisations Limited (the Federation/AFAO) as an individual entity. The financial statements are presented in Australian Dollars, which is AFAO's functional and presentation currency.

The Australian Federation of AIDS Organisations is a not-for-profit unlisted public company limited by guarantee. The Federation is registered with the Australian Charities and Not-for-profits Commission as a charity.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 September 2020.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Federation has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following new or amended Accounting Standards and Interpretations are most relevant to the Federation:

AASB 15 Revenue from Contracts with Customers

The Federation has adopted AASB 15 from 1 July 2019 using the cumulative effect method. The comparative information has not been restated and continues to be reported under AASB 111, AASB 118 and AASB 1004.

AASB 15 provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Financial statement impact of adoption of AASB 15:

The table below shows for comparability purposes the balances under AASB 15 and the previous accounting standards, as if AASB 15 had not been adopted. There were no changes to income, expenses, surplus or opening retained earnings as a result of the adoption of AASB 15.

Contract liabilities represent cash received in advance prior to delivery of services on various grants and other activities.

AUSTRALIAN FEDERATION OF AIDS ORGANISATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	AASB 15 Carrying amount \$	Reclassifications \$	Carrying amount prior to adoption of AASB 15 \$
Current liabilities:			
Contract liabilities	4,648,157	4,648,157	-
Grants in advance	-	(4,648,157)	4,648,157
TOTAL	4,648,157	-	4,648,157

AASB 16 Leases

The Federation has adopted AASB 16 using the modified retrospective (cumulative catch-up) method from 1 July, 2019. The comparative information for the year ended 30 June 2020 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

AASB 16 replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments is separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of this standard did not have a material impact on the Federation as the Federation does not have leases in place for its office premises or other equipment. The Federation has recognised a right-of-use asset and lease liability of \$22,206 for a vehicle lease that started in November 2019.

AASB 1058 Income of Not-for-Profit Entities

The Federation has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance

with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

The adoption of AASB 1058 did not have a significant impact on the Federation's financial statements.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations, as appropriate for not-for-profit oriented entities. The Federation is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

a. Historical cost convention

The financial statements have been prepared under the historical cost convention.

b. Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Federation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

c. Revenue recognition

The Federation recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Federation is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Federation: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Grant revenue

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied. The performance obligations are varied based on the agreement.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Revenue recognition policy for contracts which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Income from donations, grants and bequests generally that do not have sufficiently specific performance obligations are recognised at the fair value of the asset when such asset is received. The Federation considers whether there are any related liabilities or equity items associated with the asset – these are recognised in accordance with the relevant accounting standard and once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Interest revenue

Interest revenue is recognised using the effective interest method.

Services income

Revenue from the rendering of a service is recognised upon the delivery of the services to the customers.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

d. Income Tax

As a charity for the purposes of Subdivision 50-5 of the Income Tax Assessment Act 1997, the Federation is exempt from income tax.

e. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Federation's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Federation's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

f. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

g. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Federation has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

h. Financial assets

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Federation has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

The Federation's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

Trade receivables

Impairment of trade receivables has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Federation has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default. The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance. Where the Federation renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost is determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

i. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation benefits

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

j. Property, plant and equipment

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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 Federation and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial year in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use.

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

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they occur.

k. Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Federation expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Federation has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

l. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Federation's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

m. Financial liabilities

The Federation measures all financial liabilities initially at fair value less transaction costs. Subsequently financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the Federation comprise trade payables.

n. Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

o. Trade and other payables

Accounts payable and other payables represent the liabilities outstanding at the end of the reporting period for goods and services received by the Federation during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

p. Foreign currency transactions and balances

Foreign currency transactions during the year are converted to Australian dollars at the rates of exchange applicable at the dates of the transactions. Assets and liabilities in foreign currencies at balance date are converted at the rates of exchange ruling at that date. Exchange difference arising on transactions of foreign currencies and translating or converting assets and liabilities at the balance date are recognised in profit and loss.

NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to respective notes) within the next financial year are discussed below.

Key judgments - grant income

For many of the grants received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with a number of parties at the Federation, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions of the agreements.

Grants received can be accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made. All grants received by the Federation have been accounted for under AASB 15 as the agreements contain sufficiently specific performance obligations.

If this determination was changed then the revenue recognition pattern would be different from that recognised in these financial statements.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Federation based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Federation operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Federation unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Employee benefits

The liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

NOTE 3: GRANTS

	2020 \$	2019 \$
Grants – Department of Health:		
Health Peak and Advisory Bodies Program	375,000	375,000
Communicable Disease Prevention and Service Improvement Program	568,182	568,182
World AIDS Day Parliamentary Breakfast Sponsorship	30,000	29,000
PrEP Health Promotion Digital Campaign	226,904	335,481
Strengthening the National Response to BBV and STI	115,806	-
	<u>1,315,892</u>	<u>1,307,663</u>
Grants – The Global Fund:		
Asia Multicountry HIV Grant – Support for Regional and In-Country Consultations	-	54,775
Sustainable HIV Financing in Transition (SHIFT)	-	1,232,821
Technical Assistance Projects	69,239	16,747
Sustainability of Services for Key Populations in South East Asia Region (SKPA)	3,828,523	521,662
	<u>3,897,762</u>	<u>1,826,005</u>

NOTE 4: REVENUE ADDITIONAL DISCLOSURES

	2020 \$	2019 \$
<i>Revenue from contract with customers:</i>		
Grants – Department of health	1,315,892	1,307,663
Grants – Global Fund	3,897,762	1,826,005
Grants – Others	139,500	189,226
Membership fees	73,952	63,242
	<u>5,427,106</u>	<u>3,386,136</u>
<i>Other revenue:</i>		
Donations and contributions	191,026	278,175
Interest	11,705	14,797
COVID 19 – Australian Government support	95,000	-
Other income	11,668	17,394
	<u>309,399</u>	<u>310,366</u>
Revenue and other income	<u>5,736,505</u>	<u>3,696,502</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers for the year is as follows:

	2020 \$
<i>Timing of revenue recognition:</i>	
Services transferred over time	5,427,106
At a point in time	-
	<u>5,427,106</u>
<i>Source of funding:</i>	
Australia	1,529,344
International	3,897,762
	<u>5,427,106</u>

NOTE 5: EXPENSES

Surplus before income tax includes the following specific expenses:

	2020 \$	2019 \$
Rental expenses relating to operating lease for AFAO Offices	128,865	133,170
Depreciation – Right of use assets	4,935	–
Interest charge on lease liabilities	593	–
Employee benefits excluding superannuation expenses	1,672,164	1,403,725
Defined contribution superannuation expenses	91,838	81,590

NOTE 6: CASH AND CASH EQUIVALENTS

	2020 \$	2019 \$
Cash at bank (AUD Bank Accounts)	414,340	197,054
Cash at bank (USD Bank Accounts)	2,876,566	849,979
Short-term bank deposits (up to 3 months)	500,906	492,573
Cash on hand	300	1,000
	<u>3,792,112</u>	<u>1,540,606</u>

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	3,792,112	1,540,606
	<u>3,792,112</u>	<u>1,540,606</u>

NOTE 7: TRADE AND OTHER RECEIVABLES

	2020 \$	2019 \$
Member Organisations	49,886	74,794
Other – International	–	48,207
Global Fund Grant Sub-Recipients – program advances	1,615,227	(3,012)
	<u>1,665,113</u>	<u>119,989</u>

NOTE 8: RIGHT-OF-USE ASSET

	2020 \$	2019 \$
Vehicle lease – right-of use	22,206	–
Less: Accumulated depreciation	(4,935)	–
	17,271	–

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2020 \$	2019 \$
Office furniture and equipment at cost	38,598	38,598
Less: Accumulated depreciation	(38,598)	(10,180)
Total office furniture and equipment	–	28,418
Leasehold improvements at cost	113,714	113,714
Less: Accumulated depreciation	(113,714)	(113,714)
Total Leasehold Improvements	–	–
Total Property, Plant and Equipment	–	28,418

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold Improvements \$	Office Furniture & Equipment \$	Total \$
Balance at the beginning of the year	–	28,418	28,418
Write off of assets	–	(17,052)	(17,052)
Depreciation expense	–	(11,366)	(11,366)
Carrying amount at the end of year	–	–	–

AUSTRALIAN FEDERATION OF AIDS ORGANISATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 10: TRADE AND OTHER PAYABLES

	2020 \$	2019 \$
CURRENT		
Trade Payables	85,562	49,926
Superannuation and Employee Benefits	10,907	7,602
Unspent Grant Repayable	33,356	33,356
	<u>129,825</u>	<u>90,884</u>

NOTE 11: LEASE LIABILITY

	2020 \$	2019 \$
CURRENT		
Lease liability – Motor vehicle lease	7,382	–
	<u>7,382</u>	<u>–</u>

	2020 \$	2019 \$
NON-CURRENT		
Lease liability – Motor vehicle lease	10,373	–
	<u>10,373</u>	<u>–</u>

NOTE 12: CONTRACT LIABILITIES

	2020 \$	2019 \$
International Program Grants	4,499,563	–
Other Grants	148,594	–
Membership Fee received in advance	–	–
	<u>4,648,157</u>	<u>–</u>

NOTE 13: GRANTS AND INCOME IN ADVANCE

	2020 \$	2019 \$
International Program Grants	–	774,095
Other Grants	–	137,019
Membership Fee received in advance	–	75,452
	<u>–</u>	<u>986,566</u>

NOTE 14: RESERVES

	2020 \$	2019 \$
Opening balance	175,000	175,000
Transfer (to) from retained earnings	-	-
Balance at end of the year	175,000	175,000

Reserves represent funds set aside by the Board of Directors for any possible redundancy in future

NOTE 15: ECONOMIC DEPENDENCY

The Federation is reliant on continuing government and major donor funding to operate as a going concern. At the date of this report the directors have no reason to believe that government grants and donor funding will not continue to be available.

NOTE 16: KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to the members of key management personnel of the Federation is set out below:

	2020 \$	2019 \$
Key management personnel compensation	636,546	572,982
	636,546	572,982

NOTE 17: CONTINGENT LIABILITIES

The Federation had no contingent liabilities as at 30 June 2020 (2019: None).

NOTE 18: COMPLIANCE WITH ACFID CODE OF CONDUCT

AFAO was awarded Interim Full Membership status by the Australian Council for International Development (ACFID) in June 2020 and anticipates becoming a full Member of the Council in October 2020. ACFID is the peak council for Australian not-for-profit aid and development organisations. AFAO is a signatory to the ACFID Code of Conduct, which is a voluntary, self-regulatory sector code of good practice. As a signatory AFAO is committed to and fully adheres to the ACFID Code of Conduct, conducting our work with transparency, accountability and integrity.

The financial statements comply with the requirements set out in the ACFID Code of Conduct. For further information on the Code, refer to the ACFID website: <http://acfid.asn.au/>

NOTE 19: EVENTS AFTER THE REPORTING PERIOD

No material events that affect the Federation or these financial statements have occurred since balance date requiring disclosure.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Australian Charities and Not-for-profits Commission Act 2012, the Australian Accounting Standards - Reduced Disclosure Requirements and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Federation's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Federation will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

On behalf of the directors



Robert Griew

President

Dated: 29th September 2020



Peter Grogan

Chair, Finance and Audit Committee

Dated: 29th September 2020

**LBW & Partners**

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Australian Federation of AIDS Organisations Limited

ABN: 91 708 310 631

Independent Auditor's Report to the members of Australian Federation of AIDS Organisations Limited**Opinion**

We have audited the accompanying financial report of Australian Federation of AIDS Organisations Limited (the company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 accompanying financial report of Australian Federation of AIDS Organisations Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) Giving true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(b) Complying with *Australian accounting standards – Reduced Disclosure Requirements*, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for 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 are independent of the company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (the Code)* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Directors 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* and for 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.

In preparing the financial report, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.



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CHARTERED ACCOUNTANTS

Liability limited by a scheme approved
under Professional Standards Legislation

Analysis
Interpretation
Planning



Australian Federation of AIDS Organisations Limited
ABN: 91 708 310 631

Independent Auditor's Report to the members of Australian Federation of AIDS Organisations Limited

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 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located in the auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Rupaninga Dharmasiri
Partner
LBW & Partners
Chartered Accountants
Level 3, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated: 29th September 2020

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AUSTRALIAN FEDERATION
OF AIDS ORGANISATIONS

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