



Stichting Health Action International

Financial statements for the year

2012

**Amsterdam
MARCH 2013**

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Financial Report

During the financial year 2012, Stichting Health Action International spent € 943.710 (2011: € 786.351) of which € 873.700 was spent (2011: € 715.331) on objectives and € 54.750 on Management and Administration (2011: € 51.340)

Of the total income of € 1.140.721, 77 % (2011: 85%) was spent directly on the objectives. It should however be noted that an amount of € 184,742 from income was added to the Programme Fund, so the real spending ratio is in fact 91%.

The breakdown of the reported income of € 1.140.721 is as follows:

Donor income	EURO	EURO	%	%
- EU (EAHC)		218.000		19,1
- DFID-MeTA		674.059		59,2
- Others		89.316		7,8
- Open Society Institute		50.140		4,4
- World Health Organisation		92.896		8,1
		<u>1.124.411</u>		<u>98,6</u>
Other Income				
- Membership contributions HAI Europe	5.100		0,4	
- Interest and miscellaneous	<u>11.210</u>		<u>1,0</u>	
		16.310		1,4
Total Income		<u><u>1.140.721</u></u>		<u><u>100,0</u></u>

Multi-annual overview

This overview shows the results of the past five years

INCOME	2012	2011	2010	2009	2008
Income from own fundraising	232.352	220.538	83.879	168.877	225.763
Other income	908.369	616.473	1.379.830	2.005.720	1.198.540
Transfers to other regions	-	-	(355.801)	(444.786)	(392.558)
Total income	<u><u>1.140.721</u></u>	<u><u>837.011</u></u>	<u><u>1.107.908</u></u>	<u><u>1.729.811</u></u>	<u><u>1.031.745</u></u>
EXPENDITURE					
Access to Essential Medicine	147.262	171.527	352.928	723.807	705.285
Rational Use of Medicine	398.213	158.278	332.807	374.848	193.267
Democratisation of Medicines' Policy	328.225	385.526	525.628	427.421	199.824
Total expenditure on objectives	<u>873.700</u>	<u>715.331</u>	<u>1.211.363</u>	<u>1.526.076</u>	<u>1.098.376</u>
Management and administrative costs	54.750	51.340	132.950	132.102	167.691
Total expenditure on income generation	<u>15.260</u>	<u>19.680</u>	<u>12.350</u>	<u>38.890</u>	<u>18.225</u>
Total expenditure	<u><u>943.710</u></u>	<u><u>786.351</u></u>	<u><u>1.356.663</u></u>	<u><u>1.697.068</u></u>	<u><u>1.284.292</u></u>
SURPLUS (SHORTFALL)	<u>197.011</u>	<u>50.660</u>	<u>(248.755)</u>	<u>32.743</u>	<u>(252.547)</u>

Members of the Board as at 31 December 2012:

Atze J Sybrandy - Chair
 Prem C John - Deputy chair
 Eva M Ombaka - member
 Christian Wagner-Ahlfs - member

HAI team:

Dr Tim Reed - Executive Director
 Margaret Ewen - Coordinator Global Projects (Pricing)
 Katrina Perehudoff - European Projects manager
 Philip Meerloo - Financial Director

CBF key figures

Health Action International reports in line with the requirements for the CBF-keur. The CBF-keur is awarded by the Dutch Bureau on Fundraising (CBF).

The CBF considers the costs of own fundraising expressed as a percentage of income from own fundraising one of the key indicators.

The maximum set by the CBF is 25 %. HAI remains below this limit. The reason for this relatively low percentage is the fact that fundraising has not been a specialised function within HAI. The fundraising activities are part of the global director's task.

	2012	2011	2010	2009	2008
Income from own fundraising	232.352	220.538	83.879	168.877	225.763
Costs of own fundraising	15.260	19.680	12.350	38.890	18.225
Costs as percentage of income from own fundraising	6,6%	8,9%	14,7%	23,0%	8,1%

Another key figure is the spending ratio on the objectives/aims. This percentage shows the proportion of total income that is spent directly on the objectives.

	2012	2011	2010	2009	2008
Amount spent directly on the objectives	873.700	715.331	1.211.363	1.526.076	1.098.376
Total income	1.140.721	837.011	1.107.908	1.729.811	1.031.745
Spending ratio	76,6%	85,5%	109,3%	88,2%	106,5%

Budget 2013

The budget for 2013 was approved by the Board on 23rd November 2012

INCOME	2013 budget	2012 budget
Income from institutional donors and member contributions	113.150	100.000
Government subsidies	1.053.120	809.030
Income from investments	730	970
Total income	1.167.000	910.000

EXPENDITURE

Expenditure on objectives

Information/awareness-raising	5.000	5.000
Program costs	1.073.000	829.000
	<u>1.078.000</u>	<u>834.000</u>

Costs of income generation

Costs of own fundraising	22.000	15.000
Costs of activities by third parties	-	-
Costs of acquiring government subsidies	5.000	5.000
	<u>27.000</u>	<u>20.000</u>

Management and administrative costs

Total Expenditure	<u>1.165.000</u>	<u>904.000</u>
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From reserves

Result	<u>2.000</u>	<u>6.000</u>
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1 BALANCE SHEET AS AT 31ST DECEMBER 2012

(in euro's after allocation of result)

ASSETS	31-12-2012	31-12-2011
Fixed assets		
Tangible fixed assets	3.560	9.448
Current assets		
Debtors	185	13.386
Prepaid expenses and other receivables	27.390	12.812
Grants to be received	232.700	165.700
	<u>260.275</u>	<u>191.898</u>
Cash and cash equivalents	499.002	377.686
Total assets	<u><u>762.837</u></u>	<u><u>579.032</u></u>

LIABILITIES	31-12-2012	31-12-2011
Continuity Reserve	63.341	45.184
Fixed assets Reserve	<u>3.560</u>	<u>9.448</u>
	66.901	54.632
Programme fund	430.382	245.640
Short term liabilities		
Creditors	2.040	44.477
Taxes and social security premiums	14.522	11.579
Accounts payable	90.142	50.654
Other debts	-	-
Grants received in advance	<u>158.850</u>	<u>172.050</u>
	265.554	278.760
Total liabilities	<u><u>762.837</u></u>	<u><u>579.032</u></u>

2 STATEMENT OF INCOME AND EXPENDITURE IN 2012

(in euro's)

	Actual 2012	Budget 2012	Actual 2011
INCOME			
Income from own fundraising	232.352	95.000	220.538
Government subsidies	892.059	809.030	565.529
Income from investment	5.705	970	4.663
Other income	10.605	5.000	46.281
Total gross income	<u>1.140.721</u>	<u>910.000</u>	<u>837.011</u>
Total income	<u>1.140.721</u>	<u>910.000</u>	<u>837.011</u>
EXPENDITURE			
<i>Expenditure on objectives</i>			
Information/awareness-raising	25.000	45.000	2.156
Program costs	<u>848.700</u>	<u>789.000</u>	<u>713.175</u>
	873.700	834.000	715.331
<i>Income generation</i>			
Costs of own fundraising	9.920	15.000	6.890
Costs of acquiring government subsidies	<u>5.340</u>	<u>5.000</u>	<u>12.790</u>
	15.260	20.000	19.680
<i>Management and administration</i>			
Management and administrative costs	54.750	50.000	51.340
Total expenditure	<u>943.710</u>	<u>904.000</u>	<u>786.351</u>
Result	<u>197.011</u>	<u>6.000</u>	<u>50.660</u>
APPROPRIATION OF RESULT IN 2012			2011
<i>Additions to / deductions from:</i>			
Continuity reserve	18.157	18.100	(182.880)
Fixed assets reserve	(5.888)	(12.100)	(12.100)
Programme Fund	<u>184.742</u>	-	<u>245.640</u>
Total	<u>197.011</u>	<u>6.000</u>	<u>50.660</u>

3 OVERVIEW OF CASH FLOW IN 2012

(in euro's)

	2012	2011
Cash flow from operational activities		
Result from the statement of income and expenditure	197.011	50.660
Depreciation	9.680	12.100
Changes in working capital:		
- short-term receivables	(68.377)	(23.862)
- short-term debts	(13.206)	(137.776)
	<u>125.108</u>	<u>(98.878)</u>
Cash flow from investment activities		
Investments in tangible fixed assets	(3.792)	-
Cash flow from financing activities		
Changes in funds	-	-
	<u>121.316</u>	<u>(98.878)</u>
Cash at banks		
Balance on 1 January	377.686	476.564
Balance on 31 December	<u>499.002</u>	<u>377.686</u>
	<u>121.316</u>	<u>(98.878)</u>

4 NOTES TO THE FINANCIAL STATEMENTS

PRINCIPLES OF VALUATION AND DETERMINING OF RESULT

Historical cost The financial statements are prepared on the basis of the historical cost concept. Unless indicated otherwise, assets and liabilities are stated at nominal value less necessary provisions.

Guidelines for Annual Reporting

The financial statements have been drawn up in accordance with the Reporting Guidelines Fundraising Institutions (Guideline 650). Guideline 650 is part of the Annual Reporting Guidelines of the Netherlands Accounting Standard Board.

Foreign currencies Payables and receivables in foreign currencies are translated into Euros at the exchange rates of the balance sheet date. Transactions and cash flows in foreign currencies are converted at rates from the date the transaction was performed.

The following exchange rates against the euro has been used:

Currency per € 1	31-12-2012	2012 average
USD	1,3218	1,2845

Income Donations and grants are recognised in the year in which they are received. Provided grants and subsidies are recognised in the year they relate to.

Tangible fixed assets Tangible are stated at purchase price less accumulated depreciation based on economic lifetime of the respective asset.

Costs and Expenses Costs and expenses are included in the year in which they are incurred and will be accrued if foreseeable.

Contingent Liability

HAI has provided a bank guarantee amounting to € 11.442 to the landlord of the rented offices in Amsterdam. The expiration period is 5 years from March 2008.

This guarantee has been given by the ASN Bank and as long as the guarantee is in force the amount of the guarantee will be blocked of the balance of the ASN saving account.

BALANCE SHEET AS AT 31ST DECEMBER 2011

31-12-2012

31-12-2011

ASSETS

Current assets

Prepaid expenses and other receivables

Prepaid expenses and receivables	24.891		8.511	
Bank interest 4st quarter	2.499		4.301	
Deposits	-		-	
Subsidies	232.700		165.700	
		<u>260.090</u>		<u>178.512</u>

Cash and cash equivalents

ABN-AMRO current gbp-account	86.336		-	
ABN-AMRO current usd-account	14.733		20.451	
ABN-AMRO current euro-account	2.241		9.478	
ABN-AMRO saving euro-account	325.000		280.000	
ABN-AMRO New York usd-account	2		2	
ASN saving euro-account	70.000		65.000	
ING current euro-account	604		2.241	
Cash foreign currencies	86		514	
		<u>499.002</u>		<u>377.686</u>

LIABILITIES**Continuity Reserve**

Balance as at January 1st	45.184	228.064
Appropriation of result	18.157	(182.880)
Balance as at December 31st	<u>63.341</u>	<u>45.184</u>

Programme Fund

Balance as at January 1st	245.640	-
Allocation of result	<u>184.742</u>	<u>245.640</u>
Balance as at December 31st	<u>430.382</u>	<u>245.640</u>

Current liabilities***Taxes and social security premiums***

Wage tax	10.723	11.579
Social security premiums	3.799	-
Pension premiums	-	-
Grants received in advance	<u>158.850</u>	<u>172.050</u>
	<u>173.372</u>	<u>183.629</u>

Accounts payable

Holiday money (i)	34.978	27.890
Net salary	(23)	(166)
Costs to be paid	55.187	22.930
	<u>90.142</u>	<u>50.654</u>

(i) This account consists of two items:

- 1 - a provision for holiday money related to the period of June to December 2012 that needs to be paid out with the salary of May 2013.
- 2 - a provision for an accrued balance of holidays not taken of the employees on the balance sheet date.

STATEMENT OF INCOME AND EXPENDITURE

	2012	2011
INCOME		
<i>Income from own fundraising</i>		
WHO	92.896	155.430
OSI	50.140	46.358
Medico	25.000	18.750
Other	64.316	-
	<hr/>	<hr/>
	232.352	220.538
<i>Government subsidies</i>		
Department for International Development - UK	674.059	347.529
EU (EAHC)	218.000	218.000
	<hr/>	<hr/>
	892.059	565.529
<i>Income from investments</i>		
Interest	5.705	4.663
<i>Other income</i>		
Membership HAI Europe	5.100	5.230
Income publications	-	-
Miscellaneous income	5.505	41.051
	<hr/>	<hr/>
	10.605	46.281
Total income	<hr/> <u>1.140.721</u>	<hr/> <u>837.011</u>

DISTRIBUTION OF EXPENDITURE 2012

<i>Allocation</i>	Projects			Fundraising	Management and Administration	Total 2012	Budget 2012	Total 2011
<i>Expenditure</i>	EAHC - EU	MeTA-DFID	Global (Pricing)					
Outsourcing/direct project expenditure	115.827	154.277	42.321	3.384		315.809	367.142	224.569
Publicity and communication	837	814	230			1.881	2.000	1.445
Staff cost	176.395	201.588	92.102	10.500	50.230	530.815	473.486	461.208
Occupancy cost	22.275	25.975	6.600	840	3.014	58.704	69.509	62.033
Office cost and general	8.583	11.368	4.828	536	1.506	26.821	22.343	24.997
Depreciation	4.308	4.191	1.181	-	-	9.680	9.520	12.100
Total	328.225	398.213	147.262	15.260	54.750	943.710	944.000	786.352

Classification of costs

The costs are allocated to the various cost categories. As calculation method is used the percentage of project expenses by objective of HAI.

The following staff costs have been allocated to the management and administrative costs: the global director for 0,15 FTE, the financial director for 0,60 FTE (including HRM and internal affairs).

	2012		2011	
EXPENSES				
Staffing				
Gross salaries	357.070		365.861	
Social security premiums	90.303		77.000	
Temporary staff	43.100		28.860	
Travel	6.140		9.927	
Recruitment	-		281	
Sundry staff cost	(13.064)		(3.423)	
Provision for holidays not taken	47.266		(17.298)	
		<u>530.815</u>		<u>461.208</u>
Other office costs				
Occupancy cost				
Rent	58.494		54.177	
Maintenance etc.	210	58.704	7.857	62.034
Office cost and general				
Stationery	891		813	
Postage	103		388	
Telecommunication	3.580		7.009	
Photocopying	2.080		1.472	
Computers - ICT	9.205		4.048	
Auditor/accounting	7.087		11.852	
Insurance	2.176		655	
Miscellaneous expenses	1.699		205	
		26.821		26.442
Depreciation		<u>9.680</u>		<u>12.100</u>
		<u>95.205</u>		<u>100.576</u>
HAI Europe had an average number of FTE's of:		3,8		4,1
HAI Global had an average number of FTE's of:		<u>4,8</u>		<u>3,5</u>
		<u>8,6</u>		<u>7,6</u>

Director's remuneration

The global director, who carries overall responsibility for the entire network organisation, receives a gross salary of € 91,210 in 2012 (€ 86.090 in 2011).

The gross annual salary is established in accordance with the job and salary structure of the CAO welzijn en maatschappelijke dienstverlening and checked against the Advisory Regulations on the remuneration of directors of charities (VFI, 7th December 2005). The system is based on BSD points (basis score for director-level jobs).

The criteria determining the weight of the position are (i) size of the organisation in FTE, (ii) complexity and (iii) organisational context. HAI's score based on these criteria is level G. The maximum salary of this level is € 109.164 for workweek of 36 hours. The salary level has been adapted to reflect a workweek of 40 hours.

No loans, advances or guaranties have been granted to the director.

Name	T.W.J. Reed
Function	Director

Employment		
Term		indefinite
	hours	36
	part-time percentage	100
	period	1/1-31/12

Remuneration (EUR)

Income		
	Gross salary	76.496
	Holiday pay	5.991
	Year-end allowance	-
	Remuneration for the year	82.487
	Holidays not taken	8.723
Total paid during 2012		91.210
Social security contribution (Employer share)		7.241
Taxable allocations		-
Pension cost (employer share)		6.533
Other remuneration at term		-
Benefit on termination of employment		-

Total remuneration 2012	104.984
<i>Total remuneration 2011</i>	<i>96.404</i>

PROJECT EXPENSES

HAI Europe

EU (EAHC)	287.117		314.390	
Drug promotion manual	25.000		21.537	
Democratisation (MATH-OSI)	12.321		46.220	
Overhead (i)	3.787		3.380	
		328.225		385.527

HAI Global

Access to essential medicines

Drug Pricing Project	127.651		166.014	
Education & Development (Democratisation)	-		2.156	
Overhead (i)	19.611		3.357	
		147.262		171.527

Rational use of medicines

International MeTA Secretariat (IMS)	378.602		154.921	
Overhead (i)	19.611		3.357	
		398.213		158.278

Project Expenses including direct staff expenses and overhead		873.700		715.332
Total expenditure on income generation		15.260		19.680
Management and Administration		54.750		51.340
Total Expenditure		943.710 (ii)		786.352 (ii)

(i) This includes cost incurred for proposal exploration, global administration, association board, Annual General Meeting and webhosting.

(ii) This includes direct project expenses and allocated direct staff expenses and overhead.

(iii) Restated for comparison purposes.

Amsterdam, 27 March 2013

A.J. Sybrandy
Chairman of the Board

To the Board and Management of Stichting Health Action International

To the Board and Management of Stichting Health Action International

5 INDEPENDENT AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Stichting Health Action International, Amsterdam, for the year 2012 (as set out on pages 5 to 15), which comprise the balance sheet as at December 31, 2012, the statement of income and expenditure for 2012 and the notes comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements, in accordance with the Fundraising Institutions Accounting Guideline (RJ650). Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the 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. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires 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 and fair presentation of the 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 management, 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 give a true and fair view of the financial position of Stichting Health Action International as at December 31, 2012, and its result for the year then ended in accordance with the Fundraising Institutions Accounting Guideline (RJ 650).

Report on other legal and regulatory requirements

We report that, as far as we could determine, the financial report is consistent with the financial statements.

Amsterdam, March 27, 2013

Bruines & Erkamp

Signed by: R.P.J. Erkamp RA