



Stichting Health Action International Foundation

Financial statements for the year

2005

**April 2006
Amsterdam**

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LIABILITIES

	<u>31/12/2005</u>		<u>31/12/2004</u>	
	€	€	€	€
Retained earnings		120,697		100,689
Grants to be spent		655,358		965,455
Current liabilities				
Creditors	33,649		11,019	
Taxes and social security premiums	11,815		9,816	
Accounts payable	25,496		26,948	
		<u>70,960</u>		<u>47,784</u>
Total liabilities		<u><u>847,014</u></u>		<u><u>1,113,928</u></u>

2 STATEMENT OF INCOME AND EXPENDITURE

	2005		2004	
	€	€	€	€
Income				
Grants		1,086,990		994,706
Other income		22,022		27,463
		<u>1,109,012</u>		<u>1,022,169</u>
Transfers to other regions		-384,037		-283,537
		<u>724,975</u>		<u>738,632</u>
Expenses				
<i>Office costs</i>				
Staffing		182,261		163,300
Other office costs		44,721		63,263
		<u>226,982</u>		<u>226,563</u>
<i>Project expenses</i>		477,985		506,557
Result		<u>20,008</u>		<u>5,512</u>

3 NOTES TO THE FINANCIAL STATEMENTS

PRINCIPLES OF VALUATION AND DETERMINING OF RESULT

Accrual basis of accounting The financial statements of the Foundation have been prepared using the accrual basis of accounting

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.

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 have been used:

Currency per € 1	31/12/2005	2005 average
USD	1.18426	1.24539

Income The grants HAI receives belong to a certain financial year, although it is allowed to have a left-over at the end of the year: carry-over.

The income of a financial year exists of the carry-over from last year plus the receivings of the current year minus the carry-over to the next year.

Tangible fixed assets Tangible fixed assets are recognized as costs in the year of purchase.

Carry-over Part of the Global Program funding is transferred to one or more of our Regional Offices. Carry-overs of these transfers do not appear in this financial report. The Regional Offices have their own audited financial reports in which carry-over is separately disclosed.

Project expenses Some of the time HAI staff spends on specific projects are directly allocated to these projects (see the reduction of Staffing costs at page 11).

Time spend on project items of the Global Program could also be accounted for in the item 'Projects'. Staffing costs which can be allocated to project items of the Global Project amounts:

€ 70,470

Board This report has been drafted by order of the Foundation Board of Stichting Health Action International Foundation, hereby represented by it's chairman mrs. A. Hardon.

BALANCE SHEET

	31/12/2005		31/12/2004	
	€	€	€	€
ASSETS				
Current assets				
<i>Prepaid expenses and other receivables</i>				
Prepaid expenses		10,531		7,629
Bank interest 4e quarter		4,127		4,120
		<u>14,658</u>		<u>11,749</u>
 <i>Other assets</i>				
Deposit		1,763		1,723
		<u>1,763</u>		<u>1,723</u>
 Bank balances				
ABN-AMRO current usd-account		9,757		26,242
ABN-AMRO current euro-account		25,191		34,478
ABN-AMRO saving euro-account		750,000		950,000
ABN-AMRO New York usd-account		40,762		80,323
Postbank current euro-account		1,167		1,254
Cheques		0		0
		<u>826,877</u>		<u>1,092,297</u>

	31/12/2005		31/12/2004	
	€	€	€	€
LIABILITIES				
Retained earnings				
Balance as at January 1st		100,689		95,177
Result financial year		20,008		5,512
		<u>120,697</u>		<u>100,689</u>
Grants to be spent (see Appendix A)				
Carry-over previous year		965,455		805,425
Received		776,893		1,154,737
		<u>1,742,348</u>		<u>1,960,162</u>
Spent		1,086,990		994,706
		<u>655,358</u>		<u>965,455</u>
Current liabilities				
<i>Taxes and social security premiums</i>				
Wage tax		-91		6,840
Social security premiums		566		1,514
Pension premiums		11,340		1,462
		<u>11,815</u>		<u>9,816</u>
<i>Accounts payable</i>				
Holiday money (X)		23,069		24,117
Net salary		-673		101
Costs to be paid		3,100		2,730
		<u>25,496</u>		<u>26,948</u>

(X) This items consists of two items:

- 1 - a provision for holiday money related to the period of June to December 2005 that needs to be paid out with the salary of May 2006
- 2 - a provision for an accrued balance of holidays of the employees on the balance sheet date

STATEMENT OF INCOME AND EXPENDITURE

	2005		2004	
	€	€	€	€
INCOME				
Grants				
HAI Global Programme 2002-2006				
Ministry of Foreign Affairs, the Netherlands		483,093		429,466
Ministry of Foreign Affairs of Finland		110,035		30,869
Swedish International Development Cooperation Agency, Sida		113,360		88,506
Drug Pricing Project				
Ministry of Foreign Affairs, the Netherlands		51,801		128,138
Rockefeller Foundation		57,716		43,915
World Health Organization		0		127,820
Swedish International Development Cooperation Agency, Sida		87,415		0
Public Private Partnerships				
Danida		176,225		75,059
Medico		0		5,482
Save the children fund		0		0
Other projects				
Essential innovations/Ford Foundation		0		24,496
Essential innovations/Netherlands Ministry of Health, Welfare and Sport		0		9,933
Drug Promotion Project/WHO		7,345		3,964
NGO-officer/MSF		0		16,684
NGO-officer/Oxfam		0		10,374
		<u>1,086,990</u>		<u>994,706</u>
Other income				
Membership HAI Europe		5,437		5,398
Income publications		62		333
Interest		14,661		14,552
Miscellaneous income		1,862		7,180
		<u>22,022</u>		<u>27,463</u>
total income		1,109,012		1,022,169

	2005		2004	
	€	€	€	€
Transfers				
HAI Global Programme 2002-2006				
Transferred to Latin America		-159,612		-125,098
Transferred to Asia/Pacific		-197,555		-155,024
Transferred to Africa		-26,870		-3,415
		<u>-384,037</u>		<u>-283,537</u>
total transfers		-384,037		-283,537
		<u>724,975</u>		<u>738,632</u>

	2005		2004	
	€	€	€	€
EXPENSES				
Staffing (X) (XX)				
Gross salaries		226,515		184,296
Social security premiums		42,510		32,038
Temporary staff		0		20,900
Miscellaneous costs		25,236		22,616
Allocated to projects (not Global Program)		-112,000		-96,550
		<u>182,261</u>		<u>163,300</u>
Other office costs				
Rent		19,503		18,169
Maintenance etc.		1,065		936
Stationery		1,601		1,453
Postage		1,556		1,215
Telecommunication		8,161		6,447
Photocopying		5,791		6,036
Computers		6,445		11,640
Auditor/accounting		4,973		3,618
Insurance		1,798		1,283
Donor liaison		31		0
Currency differences		-7,752		12,039
Miscellaneous expenses		1,549		427
Depreciation		0		0
		<u>44,721</u>		<u>63,263</u>
(X) HAI Europe had an average number of FTE's of:		4.5		4.5
(XX) In chapter 3 we mentioned the effect of accounting for hours spent by HAI-office staff on project-items of the Global Program. The results on the figures of the general expenses mentioned above would be:				
Staffing expenses (before re-allocation)		182,261		163,300
Re-allocation		-70,470		-46,188
Staffing expenses (after re-allocation)		<u>111,791</u>		<u>117,112</u>

PROJECTS	2005		2004	
	€	€	€	€
Global Program (X)				
Increase participation		39,962		17,451
Increase capacity		20,959		16,927
Providing information		4,532		7,334
Network maintenance		<u>31,012</u>		<u>18,382</u>
		96,465		60,094
Drug Pricing Project (incl. 2nd phase)		197,950		300,104
Public Private Partnerships		176,225		80,541
Essential innovation for health		0		34,428
NGO liaison officer		0		27,426
Drug Promotion Project		7,345		3964
		<u>477,985</u>		<u>506,557</u>

(X) In chapter 3 we mentioned the effect of accounting for hours spent by HAI-office staff on project-items of the Global Program.
The results on the figures of the Global Programs mentioned above would be:

Increase participation	79,554		34,663	
Increase capacity	27,589		19,740	
Providing information	8,470		9,247	
Network maintenance	<u>51,322</u>		<u>42,632</u>	
		166,935		106,282
Re-allocation	<u>-70,470</u>		<u>-46,188</u>	
Expenses before re-allocation		<u>96,465</u>		<u>60,094</u>

Amsterdam, April 18, 2006

A. Hardof



4. Auditors' report

Introduction

We have audited the financial statements of Stichting Health Action International Foundation, Amsterdam, for the year 2005 (as set out on pages 3 to 12). These financial statements are the responsibility of the board of the foundation. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the foundation as at December 31, 2005 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands.

Amsterdam, April 18, 2006

Bruines & Erkamp



R.P.J. Erkamp RA

GRANTS TO BE SPENT 2005

	Carry-over 2004	Received 2005	Allocated 2005	Carry-over 2005
	€	€	€	€
Global Program 2002-2006				
Dgis	345,657	403,200	483,093	265,764
Finland	69,131	120,000	110,035	79,096
Sida	76,478	108,201	113,360	71,319
Drug Pricing Project phase II				
Dgis	-27,768	100,000	51,801	20,431
Rockefeller Foundation	40,647	35,692	57,716	18,623
DFID	0	0	0	0
Sida	198,645	0	87,415	111,230
Public private partnerships				
Danida	260,329	0	176,225	84,104
Medico	0	0	0	0
Save the children fund	0	0	0	0
Other funds				
VWS/Essential innovations	0	0	0	0
Ford/Essential innovations	0	0	0	0
MSF/NGO officer	0	0	0	0
Oxfam/NGO officer	0	0	0	0
WHO/Drug promotion project	2,336	9,800	7,345	4,791
Total	965,455	776,893	1,086,990	655,358