



Stichting Health Action International Foundation

Financial statements for the year

2006

**May 2007
Amsterdam**

TABLE OF CONTENTS

Financial statements 2006	page
1 Balance sheet as at December 31, 2006	3
2 Statement of income and expenditure	5
3 Notes to the financial statements	6
Other information	
4 Auditor's report	13
Appendixes	
A Grants to be spend	14

1 BALANCE SHEET

ASSETS

	31/12/2006		31/12/2005	
	€	€	€	€
Fixed assets				
Tangible fixed assets		0		0
Current assets				
Debtors	1,370		216	
Prepaid expenses and other receivables	6,213		14,658	
Other assets	1,688		1,763	
Grants to be received	0		3,500	
		<u>9,270</u>		<u>20,137</u>
Bank balances		720,193		826,877
Total assets		<u><u>729,463</u></u>		<u><u>847,014</u></u>

LIABILITIES

	31/12/2006		31/12/2005	
	€	€	€	€
Retained earnings		131,096		120,697
Grants to be spent		264,143		655,358
Current liabilities				
Creditors		21,359		33,649
Taxes and social security premiums		11,719		11,815
Accounts payable		53,241		25,496
Grants received in advance		218,804		0
Transfers to other regions		29,101		0
		<u>334,224</u>		<u>70,960</u>
Total liabilities		<u><u>729,463</u></u>		<u><u>847,014</u></u>

2 STATEMENT OF INCOME AND EXPENDITURE

	2006		2005	
	€	€	€	€
Income				
Grants		1,173,276		1,086,990
Other income		26,054		22,022
		<u>1,199,330</u>		<u>1,109,012</u>
Transfers to other regions		-353,596		-384,037
		<u>845,734</u>		<u>724,975</u>
Expenses				
<i>Office costs</i>				
Staffing		318,624		182,261
Other office costs		80,049		44,721
		<u>398,673</u>		<u>226,982</u>
<i>Project expenses</i>		436,662		477,985
Result		<u>10,399</u>		<u>20,008</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	31/12/2006	2006 average
USD	1.31930	1.25622

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:

€ 121,462

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

	31/12/2006		31/12/2005	
	€	€	€	€
ASSETS				
Current assets				
<i>Prepaid expenses and other receivables</i>				
Prepaid expenses		3,123		10,531
Bank interest 4e quarter		3,090		4,127
		<u>6,213</u>		<u>14,658</u>
 <i>Other assets</i>				
Deposit		1,688		1,763
		<u>1,688</u>		<u>1,763</u>
 Bank balances				
ABN-AMRO current usd-account		139		9,757
ABN-AMRO current euro-account		315,408		25,191
ABN-AMRO saving euro-account		400,000		750,000
ABN-AMRO New York usd-account		233		40,762
Postbank current euro-account		4,307		1,167
Cash foreign currencies		105		0
Cheques		0		0
		<u>720,193</u>		<u>826,877</u>

	31/12/2006		31/12/2005	
	€	€	€	€
LIABILITIES				
Retained earnings				
Balance as at January 1st		120,697		100,689
Result financial year		10,399		20,008
		<u>131,096</u>		<u>120,697</u>
Grants to be spent (see Appendix A)				
Carry-over previous year		655,358		965,455
Received		782,061		776,893
		<u>1,437,419</u>		<u>1,742,348</u>
Spent		1,173,276		1,086,990
		<u>264,143</u>		<u>655,358</u>
Current liabilities				
<i>Taxes and social security premiums</i>				
Wage tax		11,719		-91
Social security premiums		0		566
Pension premiums		0		11,340
		<u>11,719</u>		<u>11,815</u>
<i>Accounts payable</i>				
Holiday money (X)		50,191		23,069
Net salary		0		-673
Costs to be paid		3,050		3,100
		<u>53,241</u>		<u>25,496</u>
<i>Grants received in advance</i>				
DGIS - Global Program 2007-2010		<u>218,804</u>		<u>0</u>
<i>Transfers to other regions</i>				
HAI Asia Pacific - 4th. quarter 2006		<u>29,101</u>		<u>0</u>

(X) This items consists of two items:

- 1 - a provision for holiday money related to the period of June to December 2006 that needs to be paid out with the salary of May 2007
- 2 - a provision for an accrued balance of holidays of the employees on the balance sheet date

STATEMENT OF INCOME AND EXPENDITURE

	2006		2005	
	€	€	€	€
INCOME				
Grants				
HAI Global Programme 2002-2006				
Ministry of Foreign Affairs, the Netherlands	668,964		483,093	
Ministry of Foreign Affairs of Finland	140,294		110,035	
Swedish International Development Cooperation Agency, Sida	125,469		113,360	
Drug Pricing Project				
Ministry of Foreign Affairs, the Netherlands	97,931		51,801	
Rockefeller Foundation	18,623		57,716	
World Health Organization	0		0	
Swedish International Development Cooperation Agency, Sida	36,564		87,415	
WHO	20,611		0	
Public Private Partnerships				
Danida	60,669		176,225	
Medico	0		0	
Save the children fund	0		0	
Other projects				
Essential innovations/Ford Foundation	0		0	
Essential innovations/Netherlands Ministry of Health, Welfare and Sport	0		0	
Drug Promotion Project/WHO	4,151		7,345	
NGO-officer/MSF	0		0	
NGO-officer/Oxfam	0		0	
	<u>1,173,276</u>		<u>1,086,990</u>	
Other income				
Membership HAI Europe	5,242		5,437	
Income publications	68		62	
Interest	12,323		14,661	
Miscellaneous income	8,421		1,862	
	<u>26,054</u>		<u>22,022</u>	
total income		1,199,330		1,109,012

	2006		2005	
	€	€	€	€
Transfers				
HAI Global Programme 2002-2006				
Transferred to Latin America		-146,966		-159,612
Transferred to Asia/Pacific		-181,876		-197,555
Transferred to Africa		-24,754		-26,870
		<hr/>		<hr/>
		-353,596		-384,037
total transfers			-353,596	-384,037
			<hr/>	<hr/>
			845,734	724,975
			<hr/>	<hr/>

	2006		2005	
	€	€	€	€
EXPENSES				
Staffing (X) (XX)				
Gross salaries		271,029		226,515
Social security premiums		50,433		42,510
Temporary staff		0		0
Miscellaneous costs		39,162		25,236
Allocated to projects (not Global Program)		-42,000		-112,000
		<u>318,624</u>		<u>182,261</u>
Other office costs				
Rent		19,033		19,503
Maintenance etc.		1,130		1,065
Stationery		4,795		1,601
Postage		2,071		1,556
Telecommunication		9,234		8,161
Photocopying		5,014		5,791
Computers		28,719		6,445
Auditor/accounting		4,785		4,973
Insurance		3,015		1,798
Donor liaison		203		31
Currency differences		2,720		-7,752
Miscellaneous expenses		-670		1,549
Depreciation		0		0
		<u>80,049</u>		<u>44,721</u>
(X) HAI Europe had an average number of FTE's of:		5.0		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)		318,624		182,261
Re-allocation		-121,462		-70,470
Staffing expenses (after re-allocation)		<u>197,162</u>		<u>111,791</u>

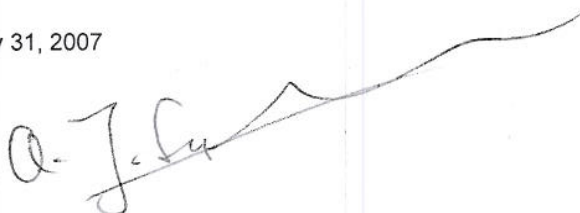
PROJECTS	2006		2005	
	€	€	€	€
Global Program (X)				
Increase participation		76,305		39,962
Increase capacity		92,194		20,959
Providing information		1,282		4,532
Network maintenance		<u>27,912</u>		<u>31,012</u>
		197,693		96,465
Drug Pricing Project (incl. 2nd phase)		174,149		197,950
Public Private Partnerships		60,669		176,225
Essential innovation for health		0		0
NGO liaison officer		0		0
Drug Promotion Project		4,151		7345
		<u>436,662</u>		<u>477,985</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	128,475		79,554	
Increase capacity	116,127		27,589	
Providing information	6,989		8,470	
Network maintenance	<u>67,564</u>		<u>51,322</u>	
		319,155		166,935
Re-allocation	<u>-121,462</u>		<u>-70,470</u>	
Expenses before re-allocation		<u>197,693</u>		<u>96,465</u>

Amsterdam, May 31, 2007

A. J. Sybrandy





To: The Board of Stichting Health Action International Foundation

4 AUDITOR'S REPORT

Report on the financial statements

We have audited the financial statements of Stichting Health Action International Foundation, Amsterdam, for the year 2006 (as set out on pages 3 to 12), which comprise the balance sheet as at December 31, 2006, the statement of income and expenditure for the year then ended and the notes.

Management's responsibility

Management of the foundation is responsible for the preparation and fair presentation of the financial statements, in accordance with accounting principles generally accepted in the Netherlands. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 Foundation as at December 31, 2006, and of its result for the year then ended in accordance with accounting principles generally accepted in the Netherlands.

Amsterdam, May 31, 2007

Bruines & Erkamp



R.P.J. Erkamp RA

GRANTS TO BE SPENT 2006

	Carry-over 2005	Received 2006	Allocated 2006	Carry-over 2007
	€	€	€	€
Global Program 2002-2006				
Dgis	265,764	403,200	668,964	0
Finland	79,096	120,000	140,294	58,802
Sida	71,319	106,181	125,469	52,031
Drug Pricing Project phase II				
Dgis	20,431	77,500	97,931	0
Rockefeller Foundation	18,623	0	18,623	0
DFID	0	0	0	0
Sida	111,230	0	36,564	74,666
WHO	0	62,700	20,611	42,089
Public private partnerships				
Danida	84,104	0	60,669	23,435
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	4,791	12,480	4,151	13,120
Total	655,358	782,061	1,173,276	264,143