



**Stichting Health Action International**

**Annual Report**

**and**

**Financial Statements**

**2013**

**Amsterdam  
MARCH 2014**



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## **GENERAL**

Stichting Health Action International (HAI) is a foundation registered in The Netherlands with an independent, global network of over 200 consumer groups, public interest non-governmental organisations (NGOs), healthcare providers, academics and individuals. Together, we conduct research and advocacy to:

- increase access to essential medicines by ensuring they are available at affordable prices when treatment is needed;
- promote the rational use of medicines so patients are prescribed or take medicines entirely appropriate to their medical needs;
- ensure that all licensed medicines have therapeutic advantages, are acceptably safe, and offer value for money; and
- support the participation of patients and consumers in policy decisions that affect their health, and call for transparency, independence and accountability in all aspects of medicines policy.

Given our 'official relations' status with the World Health Organization (WHO), we are able to pursue the highest level of global medicines policy advocacy at the World Health Assembly and regional WHO meetings. In addition, we are a 'strategic partner' of the Dutch Ministry of Foreign Affairs (Development), a 'recognised partner' of the United Kingdom's Department for International Development (DFID), and an 'official member' of the Patients' and Consumers' Working Party of the European Medicines Agency.

We strongly value transparency and therefore operate in accordance with the criteria of the Dutch Central Bureau of Fundraising (CBF).

## **KEY ACTIVITIES 2013**

HAI conducted a wide array of research and advocacy work to increase access to essential medicines and improve their rational use in 2013. We also conducted a strategic review to assess our organisational, programmatic and fiscal effectiveness. A summary of these key activities is provided below. We acknowledge and strongly value the contribution and dedication of our staff, network members and partners toward this work. Each demonstrates a strong commitment to our vision and mission every day.

### ***Organisational Review***

The organisational review, which was initiated late last year, continued throughout 2013. The extensive review process, which involved stakeholder interviews, workshops and numerous other activities, provided a crucial opportunity for HAI to explore its key strengths and potential areas for improvement. HAI is currently consulting network members, donors and partners regarding the key recommendations—work that will continue well into 2014.

### ***European Advocacy Projects***

With the valued financial support of the Executive Agency for Health and Consumers (EAHC), the Open Societies Foundation (OSF), and our new funder, the Camino Foundation, HAI's European Union (EU) work continued with a focus on equitable access of medicines, essential biomedical innovation, trade and access to medicines, and good governance. Our diverse research and advocacy activities helped to reinforce our position as a pivotal player—and, in fact, the only independent NGO with niche expertise—in European pharmaceutical policy.

One of our biggest achievements came from our advocacy work to improve clinical trials data transparency in the EU. We published and widely circulated a peer-reviewed policy brief containing strong evidence to demonstrate the need for, and policy recommendations in support of, increased access to medicines safety and efficacy data. This research, along with other activities, including our proactive engagement with the European Parliament's Environment, Public Health and Food Safety (ENVI) Committee, successfully contributed to the European Commission's adoption of pro-transparency amendments within its proposed Clinical Trials Regulation. We also achieved success in ensuring that the EU's Framework Programme for Research and Innovation, Horizon2020, recognises the importance of exploring new biomedical research and development innovation models.

Our advocacy work also centred on improving EU trade policy, which, by increasingly pushing for stronger intellectual property rights to support the pharmaceutical industry, can impede generic competition and access to affordable medicines. In addition to monitoring EU trade negotiations with India and the MERCOSUR region, HAI actively engaged the European Parliament and Commission about its prospective deal with Thailand. To share intelligence about this secretive trade deal, we established a small, yet effective, coalition consisting of key NGOs from Thailand and Brussels and political advisors in the European Parliament. We also coordinated successful meetings between EU parliamentarians and Thai civil society delegates in Brussels to further highlight the potential ramifications of the EU-Thailand trade deal on access to medicines.

Further to these activities, HAI received an extension of its membership on the Patients' and Consumers' Working Party (PCWP) from the European Medicines Agency, a recognition of our active involvement and input.

### **Pricing, Availability and Affordability Projects**

Regular access to medicines remains a luxury for millions of people throughout the world. HAI helped bridge that gap this year through its continued research contributions into medicines pricing, availability and affordability.

An increasing number of low- and middle-income countries have started manufacturing medicines; however, a shortage of evidence into the potential benefits of local production exists. To help fill this void, HAI, commissioned by the WHO, developed a new methodology to measure and compare the price, availability and affordability of locally-produced versus imported medicines. Pilot testing occurred in Ethiopia and Tanzania this year, and data analysis will continue into next year. Once completed in May 2014, it is expected that numerous national governments will be highly interested in conducting their own surveys with the methodology to determine if local production is resulting in lower-priced medicines.

HAI also began a long-term research project, funded by DFID, to map the use of external reference pricing (ERP) across countries. (ERP is the practice of using the price of a product in one or more countries to derive a reference price to set or negotiate the price of the product in a country.) Mapping exercises will continue into 2014 and, once complete, will help determine if ERP impedes the pharmaceutical industry from offering lower medicines prices to lower-income countries that are referencing wealthier nations.

In addition to this work, we also conducted two national surveys to measure medicines price, availability and affordability using our highly successful methodology, which we developed with the WHO in 2003. These surveys provided the governments with much-needed reliable data to explore policy options that could reduce medicines prices.

We also drafted a new briefing note this year on developing medicine pricing policies in resource-constrained pharmaceutical settings.

### **Rational Use of Medicines Projects**

Research continues to demonstrate that pharmaceutical promotion influences how doctors and pharmacists choose to prescribe and dispense medicines. These decisions may lead to sub-optimal treatment choices that damage public health and escalate health care costs. To address this problem, HAI continued to extend the reach of its manual, *Understanding and Responding to Pharmaceutical Promotion*, which we published with the WHO in 2010. This educational tool teaches healthcare students and professionals to critically analyse pharmaceutical promotion and access higher-quality, unbiased and independent information about medicines.

In 2013, we distributed 480 electronic copies and 140 printed copies of the manual around the world. We also promoted it at events, conferences and lectures in Europe and the United States. The greatest success of the year, however, was the completion of the French translation and contextualisation of the manual, which was done in collaboration with La Haute Autorité de Santé, one of France's regulatory authorities. The new French edition was widely promoted in French-speaking universities. It also won the prestigious Prix Prescrire in October. These activities garnered significant interest in the manual within French academic circles.

### **The Medicines Transparency Alliance**

The Medicines Transparency Alliance (MeTA), initiated in 2008 by DFID, is a unique approach to improving transparency in medicines policy. HAI, along with the WHO, act as the secretariat to the project, which involves seven participating countries (Ghana, Jordan, Kyrgyzstan, Peru, The Philippines, Uganda and Zambia). Each country has formed multi-stakeholder groups of representatives from the public and private sectors and, very importantly, civil society to drive medicines policy transparency and reform within their countries. In addition, HAI has specific responsibility for the capacity building and funding of civil society engagement in each MeTA country.

As co-secretariat, HAI was pleased to offer administrative and technical support to all MeTA countries in 2013. Some of the countries' achievements included:

- the successful implementation by MeTA Jordan of a two-day steering committee meeting to discuss drafts of national medicines policies and the inclusion of civil society in all Drug Regulatory Agency working groups;
- driving the development of the 2014–2020 State Drug Policy by MeTA Kyrgyz Republic;
- the inclusion of civil society in important multi-stakeholder discussions and programs due, in part, to advocacy efforts by MeTA Philippines; and
- community empowerment activities in social accountability by MeTA Uganda.

### **FINANCE**

During the year under review, the total expenditure amounted to € 1.212.550, of which € 1.117.460 was spent on the objectives and € 58.080 on Management and Administration. Of the total income of € 1.072.937, 104% was spent directly on the objectives. The result for 2013 shows a shortfall of € 139.613, that has been compensated for € 103.913 from the Programme Fund; while the operating shortfall of € 35.700 has been charged to the Continuity reserve and Fixed Asset reserve.

The major contributing factor of the operating shortfall was the 2012 year-end bonus, which was paid early in 2013 and charged to the year under review.

## **OUTLOOK**

Looking ahead to 2014 and beyond, HAI will continue its efforts to create positive change in the pharmaceutical sector by focusing on two key priorities.

First, we will build upon our existing work to increase access to medicines and improve their rational use. In Europe, we will, amongst other things, continue our focus on improving the regulation of clinical trials data transparency, the implementation of ethical free trade policies, and gathering evidence regarding some reported rising inequalities in access to medicines amongst citizens. Globally, we will contribute to improving transparency in the medicines supply chain through our work on MeTA, and to improving the rational use of medicines by promoting our pharmaceutical promotion manual. We will also complete work in various areas of pricing, availability and affordability, including the mapping of external reference pricing across countries and the publishing of the new methodology to measure and compare the price, availability and affordability of locally-produced versus imported medicines. As ever, HAI will also continue its vital role as a watchdog against the worst excesses of the global pharmaceutical market.

Further to this, we will continue with the implementation of our strategic review. This will involve conducting further consultations with stakeholders to discuss how the key recommendations may impact the structure of the organisation. We will also roll out some of the key recommendations, such as positioning our work within common global health thematic priorities (e.g., non-communicable diseases, infectious diseases) and enhancing the communication and marketing of our work, skills and capacities.

Amsterdam, 31st March 2014

A handwritten signature in blue ink, which appears to read 'A.J. Sybrandy', is written over a horizontal line.

A.J. Sybrandy  
Chairman of the Board

### **Members of the Board as at 31 December 2013:**

Atze J Sybrandy - Chair  
Prem C John - Deputy chair  
Paul Th Lindgreen - Treasurer  
Eva M Ombaka - member  
Christian Wagner-Ahlf - member  
Lander van Ommen - member

### **HAI Directors:**

Dr Tim Reed - Executive Director  
Philip Meerloo - Financial Director

## Financial Report

During the financial year 2013, Stichting Health Action International spent € 1.212.550 (2012: € 943.710), of which € 1.117.460 was spent (2012: € 873.700) on objectives and € 58.080 on Management and Administration (2012: € 54.750).

Of the total income of € 1.072.937, 104 % (2012: 77%) was spent directly on the objectives. It should however be noted that an amount of € 103.913 stems from the Programme Fund, so the real spending ratio is in fact 95%.

The result for 2013 shows a shortfall of € 139.613, which consists of an operating shortage of € 35.700. € 6.354 added to the Fixed Asset Reserve and € 103.913 was transferred from the Programme Fund and added to income.

The breakdown of the reported income of € 1.072.937 is as follows:

<b>Donor income</b>	EURO	EURO	%	%
- EU (EAHC)		221.200		20,6
- DFID-MeTA		653.511		60,9
- Others		18.050		1,7
- Open Society Foundation		70.965		6,6
- World Health Organisation		112.811		10,5
		<u>1.076.537</u>		<u>100,3</u>
<b>Other Income</b>				
- Membership contributions HAI Europe	6.210		0,6	
- Interest and miscellaneous	<u>(9.810)</u>		<u>(0,9)</u>	
		(3.600)		(0,3)
<b>Total Income</b>		<u>1.072.937</u>		<u>100,0</u>

## Multi-annual overview

*This overview shows the results of the past five years*

<b>INCOME</b>	2013	2012	2011	2010	2009
Other income	198.226	232.352	220.538	83.879	168.877
Government subsidies	874.711	908.369	616.473	1.379.830	2.005.720
Transfers to other regions	-	-	-	(355.801)	(444.786)
<b>Total income</b>	<u>1.072.937</u>	<u>1.140.721</u>	<u>837.011</u>	<u>1.107.908</u>	<u>1.729.811</u>
<b>EXPENDITURE 1)</b>					
Pricing Project	180.348	147.262	171.527	253.309	511.460
MeTA-DFID project (2009 - 2010 RUM)	646.508	398.213	158.278	602.672	590.059
EAHC - EC Project	290.604	328.225	385.526	355.382	424.557
<b>Total expenditure on objectives</b>	<u>1.117.460</u>	<u>873.700</u>	<u>715.331</u>	<u>1.211.363</u>	<u>1.526.076</u>
Management and administrative costs	58.080	54.750	51.340	132.950	132.102
Total expenditure on income generation	<u>37.010</u>	<u>15.260</u>	<u>19.680</u>	<u>12.350</u>	<u>38.890</u>
<b>Total expenditure</b>	<u>1.212.550</u>	<u>943.710</u>	<u>786.351</u>	<u>1.356.663</u>	<u>1.697.068</u>
<b>SURPLUS (SHORTFALL)</b>	<u>(139.613)</u>	<u>197.011</u>	<u>50.660</u>	<u>(248.755)</u>	<u>32.743</u>

1) The years 2009 - 2010 are restated for comparison purposes.

## Central Bureau of Fundraising 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 our own fundraising (expressed as a percentage of income from our own fundraising) as one of the key indicators.

HAI does not have income from own fundraising in the sense of the CBF definition. Therefore, no figures are to be reported.

During 2013, HAI spent an amount of € 29,270 on consultancy services in order to develop a new fundraising strategy.

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.

	2013	2012	2011	2010	2009
Amount spent directly on the objectives	1.117.460	873.700	715.331	1.211.363	1.526.076
Total income	1.072.937	1.140.721	837.011	1.107.908	1.729.811
Spending ratio	104,1%	76,6%	85,5%	109,3%	88,2%

## Budget 2014

The preliminary budget for 2014 was approved by the Foundation Board on 22nd November 2013.

INCOME	2014 budget	2013 budget 1)
Income from institutional donors and member contributions	211.080	99.400
Government subsidies	867.920	886.870
Income from investments	5.000	730
<b>Total income</b>	<b>1.084.000</b>	<b>987.000</b>
EXPENDITURE		
<b>Expenditure on objectives</b>		
Information/awareness-raising	5.000	5.000
Program costs	1.080.500	1.033.000
	<u>1.085.500</u>	<u>1.038.000</u>
<b>Costs of income generation</b>		
Costs of own fundraising	-	-
Costs of activities by third parties	-	-
Costs of acquiring government subsidies	32.500	27.000
	<u>32.500</u>	<u>27.000</u>
<b>Management and administrative costs</b>		
Total Expenditure	60.000	55.000
	<u>1.178.000</u>	<u>1.120.000</u>
From Programme Fund	100.000	160.000
<b>Result</b>	<b>6.000</b>	<b>27.000</b>

1) restated for comparison purposes

# Financial Statements 2013



## 1 BALANCE SHEET AS AT 31ST DECEMBER 2013

(in EUROS and after allocation of result)

ASSETS	31-12-2013	31-12-2012
<b>Fixed assets</b>		
Tangible fixed assets	9.914	3.560
<b>Current assets</b>		
Debtors	-	185
Prepaid expenses and other receivables	33.241	27.390
Grants to be received	189.767	232.700
	223.008	260.275
<b>Cash and cash equivalents</b>	498.191	499.002
<b>Total assets</b>	731.113	762.837
LIABILITIES	31-12-2013	31-12-2012
<b>Continuity Reserve</b>	21.287	63.341
<b>Fixed assets Reserve</b>	9.914	3.560
	31.201	66.901
<b>Programme fund</b>	326.469	430.382
<b>Short term liabilities</b>		
Creditors	22.304	2.040
Taxes and social security premiums	28.750	14.522
Accounts payable	54.181	90.142
Other debts	-	-
Grants received in advance	268.208	158.850
	373.443	265.554
<b>Total liabilities</b>	731.113	762.837



## 2 STATEMENT OF INCOME AND EXPENDITURE IN 2013

(in EUROS)

	<u>Actual 2013</u>	<u>Budget 2013 1)</u>	<u>Actual 2012 1)</u>
<b>INCOME</b>			
Government subsidies	874.711	886.870	892.059
Income from investment	3.935	730	5.705
Other income	210.969	99.400	242.957
Income adjustments ex 2012	(16.678)	-	-
<b>Total income</b>	<b><u>1.072.937</u></b>	<b><u>987.000</u></b>	<b><u>1.140.721</u></b>
<b>EXPENDITURE</b>			
<i><b>Expenditure on objectives</b></i>			
Information/awareness-raising	1.397	5.000	5.000
Program costs	<u>1.116.063</u>	<u>1.033.000</u>	<u>868.700</u>
	1.117.460	1.038.000	873.700
<i><b>Income generation</b></i>			
Costs of acquiring government subsidies	37.010	27.000	15.260
<i><b>Management and administration</b></i>			
Management and administrative costs	58.080	55.000	54.750
<b>Total expenditure</b>	<b><u>1.212.550</u></b>	<b><u>1.120.000</u></b>	<b><u>943.710</u></b>
<b>Result</b>	<b><u>(139.613)</u></b>	<b><u>(133.000)</u></b>	<b><u>197.011</u></b>
<b>APPROPRIATION OF RESULT IN 2013</b>			<b>2012</b>
<i><b>Additions to / (deductions from):</b></i>			
Continuity reserve	(42.054)	27.000	18.157
Fixed assets reserve	6.354	-	(5.888)
Programme Fund	<u>(103.913)</u>	<u>(160.000)</u>	<u>184.742</u>
<b>Total</b>	<b><u>(139.613)</u></b>	<b><u>(133.000)</u></b>	<b><u>197.011</u></b>

1) restated for comparison purposes

### 3 OVERVIEW OF CASH FLOW IN 2013

(in EUROS)

	2013	2012
<b>Cash flow from operational activities</b>		
Result from the statement of income and expenditure	(139.613)	197.011
Depreciation	6.651	9.680
Changes in working capital:		
- short-term receivables	37.267	(68.377)
- short-term debts	107.889	(13.206)
	<u>12.194</u>	<u>125.108</u>
<b>Cash flow from investment activities</b>		
Investments in tangible fixed assets	(13.005)	(3.792)
<b>Cash flow from financing activities</b>		
Changes in funds		-
	<u>(811)</u>	<u>121.316</u>
<b>Cash at banks</b>		
Balance on 1 January	499.002	377.686
Balance on 31 December	<u>498.191</u>	<u>499.002</u>
	<u>(811)</u>	<u>121.316</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 have been used:

Currency per € 1	31-12-2013	2013 average
USD	1,3768	1,3275
GBP	0,835	0,8496

**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. The lease contract has been extended with 30 months (until 1st August 2015).

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.

NOTES TO THE FINANCIAL STATEMENTS  
BALANCE SHEET AS AT 31ST DECEMBER 2013

	31-12-2013	31-12-2012
<b>ASSETS</b>		
<b>Current assets</b>		
<i>Prepaid expenses and other receivables</i>		
Prepaid expenses and receivables	28.168	24.891
Bank interest 4th quarter	1.713	2.499
Deposits	3.360	-
Subsidies	189.767	232.700
	<u>223.008</u>	<u>260.090</u>
<b>Cash and cash equivalents</b>		
ABN-AMRO current gbp-account	25.923	86.336
ABN-AMRO current usd-account	150.101	14.733
ABN-AMRO current euro-account	5.818	2.241
ABN-AMRO saving euro-account	245.000	325.000
ABN-AMRO New York usd-account	1	2
ASN saving euro-account	70.000	70.000
ING current euro-account	877	604
Cash foreign currencies	368	86
PayPal account	103	-
	<u>498.191</u>	<u>499.002</u>

NOTES TO THE FINANCIAL STATEMENTS

	31-12-2013	31-12-2012
<b>LIABILITIES</b>		
<b>Continuity Reserve</b>		
Balance as at January 1st	63.341	45.184
Appropriation of result	(42.054)	18.157
Balance as at December 31st	21.287	63.341
<b>Programme Fund</b>		
Balance as at January 1st	430.382	245.640
Allocation of result	(103.913)	184.742
Balance as at December 31st	326.469	430.382
<b>Current Liabilities</b>		
<b><i>Taxes and social security premiums</i></b>		
Wage tax	28.750	10.723
Social security premiums	-	3.799
Pension premiums	-	-
Grants received in advance	268.208	158.850
	296.958	173.372
<b><i>Accounts Payable</i></b>		
Holiday money (i)	33.267	34.978
Net salary	-	(23)
Costs to be paid	20.914	55.187
	54.181	90.142

(i) This account consists of two items:

1 - a provision for holiday money related to the period of June to December 2013 that needs to be paid out with the salary of May 2014.

2 - a provision for an accrued balance of holidays not taken by the employees on the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS  
**STATEMENT OF INCOME AND EXPENDITURE**

	2013	2012
<b>INCOME</b>		
<b>Government subsidies</b>		
Department for International Development - UI	653.511	674.059
EC (EAHC)	<u>221.200</u>	<u>218.000</u>
	874.711	892.059
<b>Income from investments</b>		
Interest	3.935	5.705
<b>Other income</b>		
Membership HAI Europe	6.210	5.100
WHO	112.811	92.896
OSF	70.965	50.140
Medico	6.250	25.000
Other	11.800	64.316
Miscellaneous income	2.933	5.505
Income adjustments ex 2012	(16.678)	-
	<u>194.291</u>	<u>242.957</u>
Total income	<u><u>1.072.937</u></u>	<u><u>1.140.721</u></u>

## DISTRIBUTION OF EXPENDITURE 2013

Allocation	Projects			Fundraising	Management and Administration	Total 2013	Budget 2013	Total 2012
	EAHC - EU	MeTA-DFID	Pricing					
Outsourcing/direct project expenditure	81.160	338.207	73.594	29.269		522.230	364.000	315.809
Publicity and communication	1.345	1.173	343			2.861	3.000	1.881
Staff cost	162.678	254.120	95.857	5.650	54.800	573.105	591.640	530.815
Occupancy cost	19.439	24.460	6.574	1.150	1.804	53.427	61.930	58.704
Office cost and general	22.856	25.821	3.182	941	1.476	54.277	93.930	26.821
Depreciation	3.126	2.727	798	-	-	6.651	5.500	9.680
<b>Total</b>	<b>290.604</b>	<b>646.508</b>	<b>180.348</b>	<b>37.010</b>	<b>58.080</b>	<b>1.212.551</b>	<b>1.120.000</b>	<b>943.710</b>

## Classification of costs

The costs are allocated to the various cost categories, calculated as the percentage of project expenses by objective of HAI.

The following staff costs have been allocated to the management and administrative costs: the executive director for 0.15 FTE, the financial director for 0,60 FTE (including HRM and internal affairs for both directors).

	2013	Budget 2013	2012 (iii)
<b>PROJECT EXPENSES</b>			
<b>HAI Europe</b>			
EU (EAHC)	259.328	237.430	287.117
Drug promotion manual	1.397	-	25.000
Democratisation (MATH-OSF)	25.494	25.000	12.321
Overhead (i)	4.385	4.500	3.787
	<u>290.604</u>	<u>266.930</u>	328.225
<b>HAI Global</b>			
<b>Access to essential medicines</b>			
Drug Pricing Project	158.724	110.159	127.651
Contracts (Global)	6.196	-	-
Overhead (i)	15.428	15.000	19.611
	<u>180.348</u>	<u>125.159</u>	147.262
<b>Rational use of medicines</b>			
International MeTA Secretariat (IMS)	604.794	605.911	378.602
Overhead (i)	41.714	40.000	19.611
	<u>646.508</u>	<u>645.911</u>	398.213
Project Expenses including direct staff expenses and overhead	<u>1.117.460</u>	<u>1.038.000</u>	<u>873.700</u>
Total expenditure on income generation	37.010	27.000	15.260
Management and Administration	58.080	55.000	54.750
Total Expenditure	<u>1.212.550</u>	<u>1.120.000</u> (ii)	<u>943.710</u> (ii)

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

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

(iii) Restated for comparison purposes.

## NOTES TO THE FINANCIAL STATEMENTS

	2013		2012	
<b>EXPENSES</b>				
<b>Staffing</b>				
Gross salaries (i)	422.442		357.070	
Social security premiums	101.023		90.303	
Temporary staff	47.306		43.100	
Travel	5.133		6.140	
Recruitment	539		-	
Sundry staff cost	(1.627)		(13.064)	
Provision for holidays not taken	(1.711)		47.266	
		<u>573.105</u>		<u>530.815</u>
<b>Other office costs</b>				
<b>Occupancy cost</b>				
Rent	50.689		58.494	
Maintenance etc.	2.737	53.427	210	58.704
<b>Office cost and general</b>				
Stationery	1.521		891	
Postage	107		103	
Telecommunication (ii)	7.073		3.580	
Photocopying (iii)	6.667		2.080	
Computers - ICT (iv)	20.685		9.205	
Auditor/accounting	13.269		7.087	
Insurance	1.226		2.176	
Miscellaneous expenses	3.729		1.699	
		54.276		26.821
<b>Depreciation</b>		<u>6.651</u>		<u>9.680</u>
		<u>114.354</u>		<u>95.205</u>
HAI Europe had an average number of FTE's of:		3,8		3,8
HAI Global had an average number of FTE's of:		<u>4,9</u>		<u>4,8</u>
		<u>8,7</u>		<u>8,6</u>

(i) includes 13th month from 2012 paid in February 2013 and 13th month 2013 paid in December 2013

(ii) includes the costs for switching to a new telephone system (Hosted IP communications)

(iii) includes the costs of new printing equipment and the costs of buying off the old contract

(iv) includes the additional installation costs of a new server (€ 6.000)





## NOTES TO THE FINANCIAL STATEMENTS

### Director's remuneration

The executive director, who carries overall responsibility for the entire network organisation, receives a gross salary of € 97.401 in 2013 (€ 91.210 in 2012).

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, 8th September 2011). 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 executive director.

<b>Name</b>	<b>T.W.J. Reed</b>
<b>Function</b>	<b>Executive Director</b>

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

### Remuneration (EUR)

<b>Income</b>	
<b>Gross salary</b>	<b>77.412</b>
<b>Holiday pay</b>	<b>6.193</b>
<b>Year-end allowance 2012</b>	<b>6.857</b>
<b>Year-end allowance 2013</b>	<b>6.939</b>
<b>Remuneration for the year</b>	<b>97.401</b>
<b>Holidays not taken</b>	
<b>Total paid during 2013</b>	<b>97.401</b>

Social security contribution (Employer share)	8.957
Taxable allocations	-
Pension cost (employer share)	7.892
Other remuneration at term	-
Benefit on termination of employment	-

<b>Total remuneration 2013</b>	<b>114.250</b>
<b>Total remuneration 2012 1)</b>	<b>104.984</b>

1) the difference between 2012 and 2013 is due to the fact that the year-end bonus 2012 has been paid in 2013.

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 2013 (as set out on pages 8 to 17), which comprise the balance sheet as at December 31, 2013, the statement of income and expenditure in 2013, the overview of cash flow in 2013 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, 2013, 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 31, 2014

Bruines & Erkamp

Signed by: R.P.J. Erkamp RA