

---

**GLOBAL ALLIANCE FOR IMPROVED  
NUTRITION**, Geneva

*Financial Statements for the  
Year ended June 30, 2007  
and Auditors' Report*

---

## REPORT OF THE STATUTORY AUDITORS

To the Board of  
**Global Alliance for Improved Nutrition, Geneva**

As auditors, we have audited the accounting records and the financial statements of the Global Alliance for Improved Nutrition for the year ended June 30, 2007.

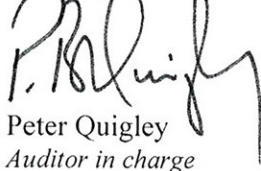
These financial statements are the responsibility of the Board of the Foundation. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards as well as with International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements comply with Swiss law and the statutes of the foundation.

We recommend that the financial statements submitted to you be approved.

DELOITTE SA

  
Peter Quigley  
*Auditor in charge*

  
Myriam Meissner

November 15, 2007

Attached: Financial statements (balance sheet, income statement and notes)

**GLOBAL ALLIANCE FOR IMPROVED NUTRITION, Geneva**

BALANCE SHEET AS AT JUNE 30, 2007  
(with 2006 comparative figures)

<b>ASSETS</b>	Notes	Expressed in USD	
		2007	2006
<b>CURRENT ASSETS</b>			
Cash at bank	3	41'230'415	10,580,590
Advances to UNDP and UNOPS		111'223	311,223
Other receivables		791'071	236,108
Prepaid expenses		147'553	62,626
<b>Total current assets</b>		<b>42'280'262</b>	<b>11,190,547</b>
FIXED ASSETS, net	4	211'836	189,131
<b>TOTAL ASSETS</b>		<b>42'492'098</b>	<b>11,379,678</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdraft		1'349'818	47,859
Accounts payable		313'124	240,120
Other creditors		35'997	21,150
Accrued expenses		426'140	608,802
Grants payable	5	3'541'144	6,797,524
Project supervision fees		228'896	328,793
<b>Total current liabilities</b>		<b>5'895'119</b>	<b>8,044,248</b>
<b>LONG TERM LIABILITIES</b>			
Grants payable after one year	5	4'377'894	2,344,997
<b>CAPITAL AND RESERVES</b>			
Foundation capital	6	36'187	36,187
Surplus		32'182'898	954,246
<b>Total capital and reserves</b>		<b>32'219'085</b>	<b>990,433</b>
<b>TOTAL LIABILITIES</b>		<b>42'492'098</b>	<b>11,379,678</b>

**GLOBAL ALLIANCE FOR IMPROVED NUTRITION**, Geneva

INCOME STATEMENT AS AT JUNE 30, 2007  
(with 2006 comparative figures)

Expressed in USD

	<b>2007</b>	<b>2006</b>
<b>INCOME:</b>		
Donations received	42'781'128	7,053,713
Bank interest	1'828'900	554,490
Sundry income		77
<b>TOTAL INCOME</b>	<b>44'610'028</b>	<b>7,608,280</b>
<b>EXPENDITURE:</b>		
<b>Project related costs:</b>		
Project grant expenditures	5'232'368	6,148,260
Project supervision fees	25'000	25,000
	<b>5'257'368</b>	<b>6,173,260</b>
<b>General administration expenses:</b>		
Staff related expenses	3'662'221	3,994,828
Office rental	199'741	177,367
Secretariat operational expenses	641'267	390,502
Professional, technical and legal fees	2'101'949	1,699,343
Travel and meeting expenses	1'318'577	953,540
Depreciation	100'568	72,938
Other miscellaneous	17'658	42,465
Bank charges	40'087	35,936
Exchange difference, net	41'939	29,054
	<b>8'124'008</b>	<b>7395973</b>
<b>TOTAL EXPENDITURE</b>	<b>13'381'376</b>	<b>13,569,233</b>
Surplus of income over expenditure	31'228'652	(5,960,953)
Surplus, beginning of year	954'246	6,915,199
<b>SURPLUS, END YEAR</b>	<b>32'182'898</b>	<b>954,246</b>

1. GENERAL

The Global Alliance for Improve Nutrition (GAIN) is an independent non-profit Foundation created under Article 80 of the Swiss Civil Code, and is registered with the Geneva register of Commerce under statutes dated March 26, 2003.

The Foundation has been established to support food fortification and other sustainable nutrition strategies in order to save and improve health, productivity and cognitive function. In pursuing this objective, the Foundation intends to improve the micronutrient status of individuals living in developing countries, contributing to the following goals:

- Reduce child and maternal morbidity and mortality ;
- Improve productivity ;
- Promote the ability of populations to achieve their physical and intellectual potential ;
- Reduce healthcare costs.

In order to attain these goals, the Foundation shall support developing countries in food fortification efforts, undertaken in the context of broader micronutrient strategies that will reduce micronutrient malnutrition in developing countries, particularly through increased consumption of micronutrient-rich foods.

The Bill and Melinda Gates Foundation and certain governments and other contributors have made available initial resources to support the projects and programs to be supported by GAIN.

These resources are managed by the International Bank for Reconstruction and Development (World Bank) via a Trust Fund administered by the World Bank as trustee on behalf of GAIN.

The initial projects satisfactorily appraised by the World Bank and approved by the GAIN board of Directors shall be administered and supervised directly by the World Bank in accordance with the written agreement between the World Bank and GAIN. With respect to each such project, the World Bank shall, as administrator on behalf of GAIN, enter into a grant agreement with the recipient of such grant. The World Bank shall solely be responsible for the supervision of the project activities under the Grant Agreement. Any other projects approved by the GAIN Board of Directors shall be administered and supervised by the GAIN.

Certain personnel and related coast are provided and managed by the World Bank, and are paid directly from the Trust Fund and are not charged to GAIN.

Donations have also been received directly by GAIN.

NOTES TO FINANCIAL STATEMENTS  
(continued)

(expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The accounting policies comply with the Swiss Code of Obligations.

Donations received - The donations received are recorded on a cash basis.

Foreign currency - Accounting records are maintained in US dollars. Income and expenditures in the other currencies are recorded at the rates ruling at the date of the transactions. Period-end balances for assets and liabilities in other currencies are translated into US dollars at rates of exchange prevailing at balance sheet date. Exchange gains and losses are included in the determination of the net income.

Fixed assets - Fixed assets are stated at cost less accumulated depreciation. The Foundation applies the straight-line method for the depreciation of these assets using a rate of 20% per year for office equipment and 50% per year for computer equipment.

Grants committed for projects - All grants are governed by a written grant agreement. All expenses are accounted for at the moment of the signature of the agreement. Grants or portions of grants that have not been disbursed at the balance sheet date are recorded as short and long-term liabilities. Certain agreements provide that the payments of part of the grants occur when defined milestones have been met.

3. CASH AT BANK

Cash at bank includes a blocked amount of 8,587 USD, equivalent to 10,500 CHF, for a rent guarantee.

4. FIXED ASSETS, net

Fixed assets held at June 30, 2007, are as follows :

	Office Equipment	Computer Equipment	Total
Cost b/fwd as at 30.06.06	227,982	110,637	338,619
Additions	70,192	53,081	123,273
Cost c/fwd as at 30.6.2007	298,174	163,719	461,893
Depreciation b/fwd as at 30.6.06	89,205	60,283	149,488
Additions	52,722	47,847	100,568
Depreciation c/fwd as at 30.6.2007	141,926	108,130	250,056
NBV as at 30.6.2006	<b>138,777</b>	<b>50,354</b>	<b>189,131</b>
NBV as at 30.06.2007	<b>156,248</b>	<b>55,589</b>	<b>211,836</b>

The fire insurance cover amounts to : USD 407,000 - 500,000 CHF (2006 - USD 160,400 - CHF 200,000).

NOTES TO FINANCIAL STATEMENTS  
(continued)

(expressed in US dollars)

5. GRANTS AND PROJECT SUPERVISION FEES PAYABLE

	Cumulative total Grant expenditure	Short term	Long term (> one year)	Total undisbursed
China Wheat	3,006,253	599,851	530,024	1,129,875
China Policy	601,482	-	184,625	184,625
South Africa	2,800,000	100,000	150,000	250,000
Cote d'Ivoire	3,190,000	300,000	1,071,470	1,371,470
Mali cooking oil project	1,060,000	154,061	68,005	222,066
Zambia	2,400,000	635,030	321,299	956,329
Pakistan	2,998,000	500,000	1,235,775	1,735,775
Morocco Project	257,690	12,253	-	12,253
Ghana Wheat Flour, Veg. Oil	1,808,028	317,889	435,600	753,489
Georgia Wheat	1,199,000	500,000	199,000	699,000
Other small grants	1,559,280	422,060	182,096	604,156
Other fully disbursed projects	4,206,675		-	-
<b>Total grants</b>	<b>25,086,408</b>	<b>3,541,144</b>	<b>4,377,894</b>	<b>7,919,038</b>
<b>Project supervision fees</b>	<b>985,248</b>	<b>228,896</b>	<b>-</b>	<b>228,896</b>

6. FOUNDATION CAPITAL

The Foundation capital amounts to CHF 50,000 (equivalent at USD 36,187 at the March 26, 2003 exchange rate).

7. RENT AND LEASING COMMITMENTS

At June 30, 2007, the foundation had future minimum office rental commitments amounting to USD 679,594 (2006 - USD 821,295), corresponding to expected rental fees until the end of the lease (April 30, 2011).

The Foundation has no leasing contract for computer equipment or any other equipment. Therefore the remaining commitments as at June 30, 2007 amount to USD 0 (2006 - USD 22,510).