

Global Alliance for Improved Nutrition, Geneva

Report of the Statutory Auditor
on the Consolidated Financial Statements
to the Board of the Foundation
Consolidated Financial Statements 2013

Report of the Statutory Auditor to the Board of the Foundation of

Global Alliance for Improved Nutrition, Geneva

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Global Alliance for Improved Nutrition, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes for the years ended 30 June 2013 and 30 June 2012.

Board of Directors' Responsibility

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for 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 these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements for the years ended 30 June 2013 and 30 June 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

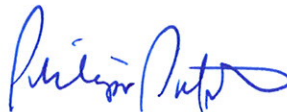
In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

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

KPMG SA



Pierre Henri Pigeon
*Licensed Audit Expert
Auditor in Charge*



Philippe Delparte

Geneva, 6 December 2013


Enclosure:

- Consolidated financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity and notes)

As restated

Consolidated Balance sheet as at 30 June 2013 <i>(with restated 2012 comparative figures)</i>	Notes	2013 US\$	2012 US\$
ASSETS			
Current Assets			
Cash and cash equivalents	3	29,191,218	15,445,760
Deposits	3	24,011,533	31,425,916
Accrued Income - Restricted	6	120,680	333,009
Other receivables	5	5,275,203	1,781,967
Prepaid expenses		340,962	453,811
Deferred expenditure		<u>6,376,571</u>	<u>10,066,973</u>
Total Current Assets		<u>65,316,167</u>	<u>59,507,436</u>
Non-Current Assets			
Bonds	3	2,000,000	-
Fixed Assets	4	<u>410,668</u>	<u>602,712</u>
Total Non-Current Assets		<u>2,410,668</u>	<u>602,712</u>
TOTAL ASSETS		<u>67,726,835</u>	<u>60,110,148</u>
LIABILITIES, FUNDS & CAPITAL			
Current Liabilities			
Accounts payable		4,143,107	1,599,984
Other creditors		101,647	57,350
Accrued expenses		2,557,760	1,699,192
Grants payable		-	370,849
Deferred Restricted Donor Income	6	<u>47,836,093</u>	<u>40,536,101</u>
Total Current Liabilities		<u>54,638,607</u>	<u>44,263,476</u>
Long-term Liabilities			
Grants payable after one year		-	<u>320,365</u>
Total Long-term Liabilities		-	<u>320,365</u>
Restricted Funds			
Restricted Income Funds		6,181,618	8,826,710
Premix Facility	5	<u>6,500,000</u>	<u>6,500,000</u>
Total Restricted Funds		<u>12,681,618</u>	<u>15,326,710</u>
Capital of the Foundation			
Paid-in Capital	10	36,187	36,187
Unrestricted surplus brought forward		163,410	410,640
Unrestricted surplus (deficit) for the year		<u>207,013</u>	<u>(247,230)</u>
Total Capital of the Foundation		<u>406,610</u>	<u>199,597</u>
TOTAL LIABILITIES, FUNDS & CAPITAL		<u>67,726,835</u>	<u>60,110,148</u>

These financial statements were approved by the Board on [5/12 / 2013]



Marc Van Ameringen
Executive Director



Jay Naidoo
Chairman

Consolidated Statement of Operations for the year ended 30 June 2013 <i>(with restated 2012 comparative figures)</i>	Notes	2013		2013		<i>As restated</i>	
		US\$ Unrestricted	US\$ Restricted	US\$ Total	2012 US\$ Total		
Income							
Donors	6	6,254,331	36,503,694	42,758,025		45,193,772	
Total income		<u>6,254,331</u>	<u>36,503,694</u>	<u>42,758,025</u>		<u>45,193,772</u>	
Direct and administrative expenses							
Personnel costs		2,076,257	15,162,779	17,239,036		14,738,808	
Consultants' costs		523,119	8,347,409	8,870,528		8,664,765	
Sub-Awards	7	34,500	10,270,697	10,305,197		9,505,573	
Travel costs		290,870	2,695,129	2,985,999		3,331,444	
Operational costs		3,224,148	3,035,813	6,259,961		3,520,211	
Foreign exchange differences		154,357	(401,343)	(246,986)		720,798	
Depreciation	4	-	308,930	308,930		442,134	
		<u>6,303,251</u>	<u>39,419,414</u>	<u>45,722,665</u>		<u>40,923,733</u>	
Intermediate net (deficit)		<u>(48,920)</u>	<u>(2,915,720)</u>	<u>(2,964,640)</u>		<u>4,270,039</u>	
Net financial income							
Financial income		-	270,628	270,628		305,306	
Net financial income		-	<u>270,628</u>	<u>270,628</u>		<u>305,306</u>	
Other income							
Business Alliance contributions		255,933	-	255,933		231,667	
Net other income		<u>255,933</u>	-	<u>255,933</u>		<u>231,667</u>	
Net Operating (deficit)		<u>207,013</u>	<u>(2,645,092)</u>	<u>(2,438,079)</u>		<u>4,807,012</u>	
Changes in restricted funds		-	2,500,000	2,500,000		-	
Net Surplus for the year prior to allocations		207,013	(145,092)	61,921		4,807,012	
Allocations to restricted and unrestricted funds		<u>(207,013)</u>	<u>145,092</u>	<u>(61,921)</u>		<u>(4,807,012)</u>	
Net Surplus for the year after allocation		=	=	=		=	

	Opening balance	Net income	Allocation	Internal Funds Transfers	Closing balance
	US\$	US\$	US\$	US\$	US\$
Consolidated Statement of changes in capital for the year ended 30 June 2013					
Restricted funds					
Restricted income funds	\$ 8,826,710	\$ -	\$ (145,092)	\$ (2,500,000)	\$ 6,181,618
Premix facility	\$ 6,500,000	\$ -	\$ -	\$ -	\$ 6,500,000
Total restricted funds	\$ 15,326,710	\$ -	\$ (145,092)	\$ (2,500,000)	\$ 12,681,618
Internally generated funds					
Paid-in capital	\$ 36,187	\$ -	\$ -	\$ -	\$ 36,187
Unrestricted surplus brought forward	\$ 163,410	\$ -	\$ 207,013	\$ -	\$ 370,423
Surplus/(deficit) for the year	\$ -	\$ 61,921	\$ (61,921)	\$ -	\$ -
Capital of the foundation	\$ 199,597	\$ 61,921	\$ 145,092	\$ -	\$ 406,610

	<i>As restated</i>	<i>As restated</i>	<i>As restated</i>	<i>As restated</i>	<i>As restated</i>
	Opening balance	Net income	Allocation	Internal Funds Transfers	Closing balance
	US\$	US\$	US\$	US\$	US\$
Consolidated Statement of changes in capital for the year ended 30 June 2012					
Restricted funds					
Restricted income funds	\$ 3,772,468	\$ -	\$ 5,054,242	\$ -	\$ 8,826,710
Premix facility	\$ 6,500,000	\$ -	\$ -	\$ -	\$ 6,500,000
Total restricted funds	\$ 10,272,468	\$ -	\$ 5,054,242	\$ -	\$ 15,326,710
Internally generated funds					
Paid-in capital	\$ 36,187	\$ -	\$ -	\$ -	\$ 36,187
Unrestricted surplus brought forward	\$ 410,640	\$ -	\$ (247,230)	\$ -	\$ 163,410
Surplus/(deficit) for the year	\$ -	\$ 4,807,012	\$ (4,807,012)	\$ -	\$ -
Capital of the foundation	\$ 446,827	\$ 4,807,012	\$ (5,054,242)	\$ -	\$ 199,597

Financial statements 2012-2013

Consolidated Cash Flow Statement for the year ended 30 June 2013
(with restated 2012 comparative figures)

	Note	2013 US\$	As restated 2012 US\$
Cash flow from operations			
Net Operating surplus (deficit)		(2,438,079)	4,807,012
Depreciation of fixed assets	4	308,930	442,134
(Increase) decrease in unrestricted current assets		310,015	(701,908)
Decrease in restricted current assets		212,329	214,957
Increase (decrease) in creditors		3,075,139	(2,150,185)
(Decrease) in grants payable after one year		(320,365)	(974,200)
Increase (decrease) in deferred donor income		<u>7,299,992</u>	<u>(13,410,155)</u>
Cash flow from operations		<u>8,447,961</u>	<u>(11,772,345)</u>
Cash flow from investing activities			
(Increase) of investments in fixed assets	4	(116,886)	(309,399)
(Increase) in purchase of bonds		<u>(2,000,000)</u>	=
Cash flow from investing activities		<u>(2,116,886)</u>	<u>(309,399)</u>
Cash flow from financing activities			
Increase (decrease) in Cash and Deposits		6,331,075	(12,081,744)
Cash and deposits at 30 June 2012 (2011)	3	<u>46,871,676</u>	<u>58,953,420</u>
Cash and Deposits at 30 June 2013 (2012)	3	<u>53,202,751</u>	<u>46,871,676</u>

Notes to the consolidated financial statements for the year ended 30 June 2013

1 GENERAL

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

Federal Registration Number CH-660-0653003-4.

GAIN is an alliance driven by the vision of a world without malnutrition. Created in 2002 at a Special Session of the UN General Assembly on Children, GAIN supports public-private partnerships to increase access to missing nutrients in diets necessary for people, communities and economies to be stronger and healthier. In less than a decade, GAIN has been able to scale up its operations by working in partnership with governments and international agencies, and through projects involving more than 600 companies and civil society organisations in over 30 countries.

Half of the beneficiaries are women and children. GAIN's goal is to reach 1 billion people with fortified foods that have sustainable nutritional impact. GAIN is a Swiss foundation headquartered in Geneva with a special international status granted by the Swiss government.

GAIN has received funding from a number of public and private sector donors including the Bill and Melinda Gates Foundation ("BMGF"), United States Agency for International Development ("USAID"), Khalifa Bin Zayed Al Nahyan Foundation ("KBZF"), The Government of the Netherlands Ministry of Foreign Affairs ("Dutch MFA"), United Kingdom Aid Department for International Development ("UK DFID"), Irish Aid, Dubai Cares and The Children's Investment Fund Foundation ("CIFF").

The consolidated financial statements include GAIN offices and those entities over which GAIN has the power to govern the financial and operating policies so as to obtain benefits from their activities. The consolidated entities comprise GAIN and GAIN NoSCA LLC. GAIN's worldwide presence includes an office in Washington D.C., as well as regional country representatives in New Delhi, Johannesburg, Nairobi, Kabul, Shanghai, Abuja, Dhaka and Amsterdam. GAIN is composed of a Board and a Secretariat. The Board is comprised of leaders from the donors, UN, development, research, business and civil communities. The Secretariat is a team of professionals and support staff who manage the day-to-day operations of the foundation. GAIN NoSCA LLC's objective is to provide global program support and raise GAIN's profile in North America.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation: The consolidated financial statements have been prepared in accordance with its articles of association and the applicable provisions of the Swiss GAAP FER Framework and Recommendations and specifically Swiss GAAP FER 21 (Accounting for charitable, social non-profit organisations).

These consolidated financial statements are the first that the foundation has prepared since adopting Swiss GAAP FER.

Statement of compliance

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER, in particular Swiss GAAP FER 21. These include:

- i) Balance Sheet;
- ii) Statement of Operations (Period Based);
- iii) Cash flow statement;
- iv) Statement of Changes in capital;
- v) Notes;
- vi) Performance Report.

These consolidated financial statements present all activities by the Foundation. The consolidated financial statements have been prepared on a historical cost basis. The principal accounting policies are set forth below.

b) Income recognition: Grants, contributions and donations received are recorded in accordance with the principle of matching related revenues and expenses, enabling an accurate recording and reporting of utilization of funds over time. Grants received are initially treated as deferred income and shown as a liability on the balance sheet. On fulfillment of the conditions and obligations governing each individual grant, the funds are released to income statement in the period to which they relate and are recognized as income to the extent and amount of actual expenses incurred during each financial year. Income is accrued where expenses incurred during the financial year exceed grant receipts and there is a contractual obligation to receive donor funds. Interest income and membership income are recognized on an accruals basis.

c) Sub-Awards: Sub-Awards consist of sub-grants and sub-contracts. Sub-contracts are recognized as a current period expense upon disbursement. Sub-grants are governed by a written agreement and disbursements are generally phased over the lifetime of the project. Each disbursement is initially treated as an advance and subsequently recognized as an expense upon the submission of utilization reports by sub-grantees or on the basis of reasonable estimates based on the percentage of completion of the project. The disbursements paid over but not utilized by sub-grantees are included in current assets as deferred expenditure.

d) Direct and Support Costs: Expenditure is recorded in the consolidated financial statements in the period in which it is incurred and is inclusive of any VAT which cannot be reclaimed. Direct costs are those expenses that directly relate to GAIN's mission of reducing malnutrition through sustainable strategies aimed at improving the health and nutrition of populations at risk. Support costs include costs such as facilities, governance, depreciation and administration. Support costs that are fully attributable to activities are recorded as direct costs. Support costs deemed indirect are apportioned to activities based on staff time.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) **Foreign currencies:** Accounting records are maintained in US Dollars. Monetary assets and liabilities denominated in other currencies are recorded at the rates ruling at the date of the transaction. Foreign currency assets and liabilities are translated into US dollars at rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in the income statement.

f) **Fixed assets:** Fixed assets are stated at cost less accumulated depreciation. GAIN applies the straight-line method for the depreciation of these assets using a rate of 20% per annum for furniture and fixtures and 50% per annum for office equipment.

g) **Credit risk and cash-flow management:** GAIN's liquid assets are maintained in cash, low-risk short-term deposits, or capital guaranteed investments. At the balance sheet dates, there are no significant concentrations of credit risk. The maximum exposure is primarily represented by the carrying amounts of the financial assets in the balance sheet, including accounts receivable and cash.

h) **Bank guarantee deposits:** Guarantees are included within current assets. Currently GAIN has three guarantees representing deposits related to premises in Geneva. These are recoverable, subject to prevailing contract terms, upon vacating the premises.

i) **Provisions:** A provision is recognized on the balance sheet when the organization has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the management's best estimates of the expenditure required to settle that obligation at the balance sheet date.

j) **Restricted and unrestricted reserves:** Restricted and unrestricted reserves represent the excess of income over expenditure since GAIN's inception. Restricted reserves are available to GAIN for future operations and project funding costs as its evolving project pipeline dictates.

k) **Consolidated entities:** The following entities' results have been included in the consolidated financial statements:

GAIN NoSCA LLC Headquarters Washington DC, USA, 100% owned.

The foundation's financial statements are consolidated according to the full consolidation method. All inter-company investments, balances and transactions have been eliminated.

Financial statements 2012-2013

3 CASH, DEPOSITS & BONDS

Amounts held by GAIN but not required for immediate use are invested in instruments approved by the Board of the Foundation.

	2013 US\$	<i>As restated</i> 2012 US\$
Cash and cash equivalents	28,217,394	15,354,796
Cash held by local offices	<u>973,824</u>	<u>90,964</u>
Total Cash and cash equivalents	<u>29,191,218</u>	<u>15,445,760</u>
Time Deposits*	24,000,000	31,400,000
Rent Guarantee	<u>11,533</u>	<u>25,916</u>
Total Deposits	<u>24,011,533</u>	<u>31,425,916</u>
Total Cash and Deposits	<u>53,202,751</u>	<u>46,871,676</u>

*These time deposits are deposits of short term maturity ranging up to one year. These can be liquidated immediately with a loss of interest. They are considered as cash for that reason.

	2013 US\$	2012 US\$
Bonds	2,000,000	-

GAIN has purchased US\$ 2M Capital Guaranteed Bond with BNP Suisse. The coupon rate is between a floor of 1.5% and a maximum of 4%. The bond date is from 17 May 2013 with maturity on 16 May 2016 GAIN's Investment Policy allows the use of such products over a 3 year time line. GAIN invested this out of surplus working capital requirements.

4 FIXED ASSETS

	<u>Furniture & Fixtures</u>	<u>Office Equipment</u>	<u>Total</u>
Gross values of cost			
At 1 July 2012	1,012,225	1,533,722	2,545,947
Additions	31,992	84,894	116,886
Disposals/Transfers	-	-	-
Cost 30 June 2013	<u>1,044,217</u>	<u>1,618,616</u>	<u>2,662,833</u>
Accumulated Depreciation			
At 1 July 2012	597,033	1,346,202	1,943,235
Depreciation	142,407	166,523	308,930
Disposals/Transfers	-	-	-
At 30 June 2013	<u>739,440</u>	<u>1,512,725</u>	<u>2,252,165</u>
Net book value at 30 June 2013	<u>304,777</u>	<u>105,891</u>	<u>410,668</u>
Gross values of cost			
At 1 July 2011	947,331	1,351,162	2,298,493
Additions	146,976	182,560	329,536
Disposals/Transfers	(82,082)	-	(82,082)
Cost 30 June 2012	<u>1,012,225</u>	<u>1,533,722</u>	<u>2,545,947</u>
Accumulated Depreciation			
At 1 July 2011	514,734	1,048,312	1,563,046
Depreciation	144,244	297,890	442,134
Disposals/Transfers	<u>(61,945)</u>	-	(61,945)
At 30 June 2012	<u>597,033</u>	<u>1,346,202</u>	<u>1,943,235</u>
Net book value at 30 June 2012	<u>415,192</u>	<u>187,520</u>	<u>602,712</u>

GAIN maintains fire insurance on furniture and equipment in the amount of US\$ 3,279,153 (2012 - US\$ 3,279,153).

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5 OTHER RECEIVABLES

	2013 US\$	2012 US\$ <i>As restated</i>
Other Receivables	2,069,517	238,643
Premix Facility Receivables	<u>3,205,686</u>	<u>1,543,324</u>
	<u>5,275,203</u>	<u>1,781,967</u>

The GAIN Premix Facility Receivable is part of the revolving fund of US\$6.5M held within Restricted Funds, at the Crown Agents Bank in the name of GAIN to make premix procurement more effective for organisations fortifying food. It provides guarantee payments to premix suppliers and offers extended credit terms to customers purchasing through the GAIN Premix Facility.

6 DONOR INCOME - RECOGNIZED, DEFERRED, ACCRUED AND RECEIVED

During the current financial year total receipts from donors amounted to US\$ 50,255,934 (2012 - US\$ 33,259,879)

	2013 US\$	2013 US\$ <u>Deferred</u> <u>Restricted</u> <u>Donor</u> <u>Income</u>	2013 US\$ <u>Accrued</u> <u>Income</u> <u>Restricted</u>	2013 US\$ <u>Funds</u> <u>Received</u>
DONOR				
Bill and Melinda Gates Foundation	24,007,463	35,280,768	-	28,705,699
UK Government DFID	6,254,331	-	-	6,254,331
Government of The Netherlands	2,978,823	1,674,597	95,804	4,813,271
Khalifa Bin Zayed Al Nahyan Foundation	2,030,349	600,205	-	-
US Government USAID	3,860,267	6,018,737	-	7,369,000
Dubai Cares	1,042,998	184,246	-	369,340
World Food Programme	258,179	303,774	-	-
Irish Aid	960,227	3,125,811	-	974,723
Others	1,365,388	647,955	24,876	1,769,570
Total	42,758,025	47,836,093	120,680	50,255,934

	<i>As restated</i> 2012 US\$	<i>As restated</i> 2012 US\$ <u>Deferred</u> <u>Restricted</u> <u>Donor</u> <u>Income</u>	<i>As restated</i> 2012 US\$ <u>Accrued</u> <u>Income</u> <u>Restricted</u>	<i>As restated</i> 2012 US\$ <u>Funds</u> <u>Received</u>
DONOR				
Bill and Melinda Gates Foundation	31,902,184	30,423,328	-	17,610,175
UK Government DFID	5,060,921	-	-	6,322,225
Government of The Netherlands	3,264,512	-	255,655	1,820,929
Khalifa Bin Zayed Al Nahyan Foundation	1,332,069	2,630,554	-	-
US Government USAID	1,264,929	2,510,005	-	3,000,000
Dubai Cares	511,562	857,904	-	-
World Food Programme	438,121	561,952	-	1,000,000
Irish Aid	286,556	3,111,320	-	2,009,951
Others	1,132,918	441,038	77,354	1,496,599
Total	45,193,772	40,536,101	333,009	33,259,879

7 SUB-AWARDS: EXPENDITURE RECOGNIZED

Sub-Awards spent by initiatives were as follows:

	2013 US\$	2012 US\$
INITIATIVES		
Large-scale Food fortification	8,066,447	5,873,232
Multinutrient Supplements	1,321,155	961,941
Nutritious Foods for Children and Mothers	1,812,736	1,319,864
Agriculture & Nutrition	129,231	94,094
Investment, Partnerships and Advocacy	79,141	57,623
Monitoring, Learning and Research	<u>1,646,488</u>	<u>1,198,818</u>
Total	<u>13,055,197</u>	<u>9,505,573</u>
Sub-grant reimbursed	<u>(2,750,000)</u>	=
Total	<u>10,305,197</u>	<u>9,505,573</u>

An amount of US\$ 2.75M has been reimbursed in 2012-2013 by a Sub-grantee which represents the unused balance of a project launched in 2007-2008.

8 REMUNERATION AND EXPENSES PAID TO BOARD MEMBERS

Remuneration is not provided to Foundation Board Members. It is a voluntary appointment and costs relating to attending meetings are covered by the Foundation.

9 SERVICES RECEIVED AND RENDERED FREE OF CHARGE

GAIN received no services free of charge other than those of the Board members. GAIN did not provide any services free of charge.

There are no other volunteers except Board Members.

Financial statements 2012-2013

10 FOUNDATION CAPITAL

The Foundation capital amounts to CHF 50,000.

This is equivalent to US\$ 36,187 at the rate of exchange on the date of inception of the Foundation, 26 March 2003.

11 RENT AND LEASING COMMITMENTS

At 30 June 2013, the Foundation has future minimum office rental commitments amounting to US\$ 4,281,544 (2012 - US\$ 4,535,366) corresponding to expected rental fees until the end of lease contracts expiring from July 2013 through June 2020.

The Foundation has three leasing contracts for office equipment amounting to US\$ 90,157 (2012 - US\$ 134,406) expiring from June 2014 through December 2015.

12 RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

13 PENSION PLAN OBLIGATION

GAIN headquarters' employees benefit from a pension scheme covering retirement, invalidity and death according to the provisions of the Federal Law for occupational retirement (LOB).

The occupational benefits are provided by a collective foundation, Patrimonia, according to a defined-contribution benefit plan. The plan is funded by the contributions of GAIN and the employees.

	2013	2012
	US\$	US\$
Premiums paid	1,189,136	1,097,670
Occupational benefits expenses in Personnel costs	1,137,279	978,853
Capital ratio	104.3%	99.8%

Due to the coverage ratio, no liabilities were recognized in the Balance Sheet.

14 TRANSITION FROM SWISS CODE OF OBLIGATIONS TO SWISS GAAP

GAIN adopted a new accounting framework to improve the transparency of its financial statements. GAIN selected Swiss GAAP FER, and specifically Swiss GAAP FER 21 (Accounting for charitable, social non-profit organisations), as the most appropriate for a growing non-profit to implement and corresponded to the charitable status of the organization. Use of Swiss GAAP FER improves the transparency of the allocation of the resources that GAIN spends on behalf of donors. The transition guidelines for Swiss GAAP FER only require restatement of the consolidated balance sheet, however, GAIN has restated its full 2011-2012 consolidated financial statements in order to disclose comparatives with the 2012-2013 accounts under Swiss GAAP FER where possible. For certain footnotes, particularly related to Statement of Operations accounts, it was not feasible to disclose comparative information.

The significant impacts on GAIN's accounts are the recognition and presentation of restricted funds. Any surpluses are clearly distinguished between restricted and unrestricted.

The other impact for GAIN is the change in the grant revenue and expense recognition policy. This change more closely aligns the revenue recognition with planned expenditure.

The key impacts are:

- the increase in the current liabilities from US\$ 37.6M to US\$ 44.3 - this is reclassification from unrestricted funds.
- the reduction in the capital of the Foundation from US\$ 24.2M to US\$ 0.20M - this is a reclassification to restricted funds.
- the net impact on the results for 2012 was an increase of US\$1.9M due to the restatement of Restricted Accrued Income on the Statement of Operations.

Financial statements 2012-2013

The 2012 Balance Sheet figures are:

	Code of Obligations US\$	Swiss GAAP US\$
Assets		
Current Assets	59,181,490	59,174,427
Restricted Accrued Income	2,332,354	333,009
Fixed Assets	602,712	602,712
Total Assets	62,116,556	60,110,148
Liabilities, Funds & Capital		
Current Liabilities	37,597,787	44,263,476
Long term Liabilities	320,365	320,365
Restricted Funds	-	15,326,710
Capital of the foundation		
Capital	36,187	36,187
Unrestricted surplus brought forward	21,336,147	410,640
Unrestricted surplus for the year	2,826,070	(247,230)
Total Capital of the foundation	24,198,404	199,597
Total Liabilities, Funds & Capital	62,116,556	60,110,148
The 2012 Statement of Operations figures are:		
Income	43,749,803	45,193,772
Direct Expenses	40,923,733	40,923,733
Net Position	2,826,070	4,270,039
Financial Income		305,306
Business Alliance contributions		231,667