



The 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 2019



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Report of the Statutory Auditor to the Board of the Foundation of
The 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, statement of operations, statement of changes in capital, cash flow statement and notes for the year ended 30 June 2019.

Board of the Foundation's Responsibility

The Board of the Foundation is responsible for the preparation of these consolidated financial statements in accordance with Swiss GAAP RPC and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of the Foundation 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 year ended 30 June 2019 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP RPC 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 the consolidated financial statements according to the instructions of the Board of the Foundation.

KPMG SA

Pierre Henri Pigeon
*Licensed Audit Expert
Auditor in Charge*

Cédric Rigoli
Licensed Audit Expert

Geneva, 6 December 2019

Enclosure:

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

GAIN ANNUAL FINANCIAL REPORT 2019

ABOUT GAIN

The Global Alliance for Improved Nutrition ("GAIN" or "the Foundation") is an independent non-profit Swiss Foundation, created under Article 80 of the Swiss Civil Code, and is registered with the Geneva Registry of Commerce under statutes dated 26th March 2003. GAIN is monitored by the Swiss Federal Supervisory Board for Foundations, and was granted special international status by the Swiss government.

GAIN was launched at the United Nations in 2002 to tackle the human suffering caused by malnutrition. Working with governments, businesses and civil society, we aim to transform food systems so that they deliver more nutritious foods for all people, especially the most vulnerable.

Headquartered in Geneva, Switzerland, GAIN has offices in countries with high levels of malnutrition: Bangladesh, Ethiopia, India, Indonesia, Kenya, Mozambique, Nigeria, Pakistan, Rwanda and Tanzania. To support work in those countries, we have representative offices in Denmark, the Netherlands, the United Kingdom, and the United States.

At GAIN, we believe that everyone in the world should have access to nutritious, safe, and affordable food. Today, one in three people - drawn from nearly every country on the planet - are unable to consume enough nutritious food. We work to develop and deliver solutions to this daily challenge.

By understanding that there is no "one-size-fits-all" way of dealing with this problem, we develop alliances and build tailored programmes using a variety of models and approaches. We work through national, regional, and global alliances that provide technical, financial and policy support to a wide range of public and private organisations, focusing attention on where people get their food from – markets. As a result, we give priority to finding ways to change and improve how businesses and governments shape food systems for improved nutrition.

What matters most for us is impact. Our purpose is to improve the consumption of nutritious and safe foods for all. We focus on children, adolescents, and women because we know that working with these groups is crucial to transforming attitudes about food and hence life chances and livelihoods. We work closely with international organisations and United Nations agencies.

GAIN receives funding from over 30 public and private sector donors including the Bill and Melinda Gates Foundation ("BMGF"), United States Agency for International Development ("USAID"), the Government of the Netherlands Ministry of Foreign Affairs ("Dutch MFA"), the Department for International Development ("UK DFID"), the Children's Investment Fund Foundation ("CIFF"), Global Affairs Canada and Irish Aid.

GAIN's worldwide presence includes offices in Abuja, Addis Ababa, Dhaka, Dar es Salaam, Hellerup, Islamabad, Jakarta, Kabul, Kigali, London, Lahore, Maputo, Nairobi, New Delhi, Utrecht and Washington D.C.

GAIN is governed by a Board comprised of individuals drawn from international agencies, development organisations, academe, business and civil society. Its work is carried out by a staff of professionals who manage the day-to-day operations of the foundation.

FINANCIAL STATEMENTS

Balance Sheet

Consolidated Balance Sheet 30 June 2019 in US\$ <i>(with comparative figures)</i>	Notes	30 June 2019	30 June 2018 Restated
ASSETS			
<u>Current Assets</u>			
Cash and cash equivalents	3	28,543,499	26,999,307
Deposits and Bonds	3	2,253,303	2,393,727
Accrued Income - Restricted		815,567	737,080
Other receivables	4	4,200,818	1,060,841
Premix Consignment stock	5	798,270	636,930
Prepaid expenses		467,599	656,966
Total Current Assets		37,079,057	32,484,851
<u>Non-Current Assets</u>			
Long term Bonds	3	-	2,000,000
Fixed Assets	6	511,435	514,055
Total Non-Current Assets		511,435	2,514,055
TOTAL ASSETS		37,590,491	34,998,906
LIABILITIES, FUNDS & CAPITAL			
<u>Current Liabilities</u>			
Accounts payable		5,687,016	2,029,488
Accrued expenses		2,021,190	1,733,664
Provision for Risks		55,995	104,766
Total Current Liabilities		7,764,201	3,867,918
<u>Restricted Funds</u>			
Restricted Income Funds	7	22,136,736	23,449,527
Premix Facility		2,753,572	2,753,572
Total Restricted Funds		24,890,308	26,203,099
<u>Capital of the Foundation</u>			
Paid-in Capital	13	36,187	36,187
Unrestricted Income Funds		4,899,795	4,891,701
Total Capital of the Foundation		4,935,982	4,927,888
TOTAL LIABILITIES, FUNDS & CAPITAL		37,590,491	34,998,906

Statement of Operations

Consolidated Statement of Operations 30 June 2019 in US\$ (with comparative figures)	Notes	30 June 2019	30 June 2018 Restated
<u>Income</u>			
Donors	7	38,376,205	44,104,013
Premix sales		4,772,114	4,961,880
Gifts in Kind income	10	1,566,990	1,045,324
Total income*		44,715,309	50,111,217
<u>Direct and administrative expenses</u>			
Personnel costs	8	15,126,059	14,040,353
Consultants costs and Contracted services		9,079,737	6,146,809
Sub-Awards	9	7,411,795	6,829,023
Travel costs		2,813,974	2,323,951
Operational costs		5,467,597	4,619,361
Depreciation	6	202,406	198,164
Premix purchases		4,693,275	4,800,522
Gift in Kind expenses	10	1,566,990	1,045,324
Total direct and administrative expenses		46,361,834	40,003,507
Operating result		(1,646,525)	10,107,710
Financial income		478,058	152,270
Financial cost		(33,444)	-
Foreign exchange differences		(102,785)	106,813
Net financial result		341,828	259,083
Net result before change in fund capital		(1,304,696)	10,366,793
Change in Restricted funds		1,312,791	(10,252,879)
Annual result before allocation to capital of the Foundation		8,095	113,914
<u>Allocations/appropriation</u>			
Allocation to Unrestricted funds		(8,095)	(113,914)
*of which is restricted		38,283,921	42,318,781

Statement of Changes in Capital

Consolidated Statement of Changes in Capital 30 June 2019 in US\$	Opening balance Restated	Prior year adjustments	Opening balance adj.	Allocation	Internal funds transfers	Use of funds	Closing balance
Restricted funds							
Restricted income funds	23,449,527	-	23,449,527	38,283,921	-	(39,596,712)	22,136,736
Premix facility	2,753,572	-	2,753,572	-	-	-	2,753,572
Total restricted funds	26,203,099	-	26,203,099	38,283,921	-	(39,596,712)	24,890,308
Unrestricted funds							
Paid-in capital	36,187	-	36,187	-	-	-	36,187
Unrestricted funds	4,891,701	-	4,891,701	83,259	(56,589)	(18,575)	4,899,795
(Deficit) surplus for the year	-	-	-	(56,589)	56,589	-	-
Capital of the foundation	4,927,888	-	4,927,888	26,670	-	(18,575)	4,935,982

Consolidated Statement of Changes in Capital 30 June 2018 in US\$	Opening balance	Prior year adjustments	Opening balance Restated	Allocation	Internal funds transfers *	Use of funds	Closing balance Restated
Restricted funds							
Restricted income funds	1,425	13,195,223	13,196,648	41,318,781	1,000,000	(32,065,902)	23,449,527
Premix facility	3,753,572	-	3,753,572	-	(1,000,000)	-	2,753,572
Total restricted funds	6,801,425	13,195,223	16,950,220	41,318,781	-	(32,065,902)	26,203,099
Unrestricted funds							
Paid-in capital	36,187	-	36,187	-	-	-	36,187
Unrestricted funds	4,607,467	170,323	4,777,790	161,357	16,537	(63,982)	4,891,701
(Deficit) Surplus for the year	-	-	-	16,537	(16,537)	-	-
Capital of the foundation	4,643,654	170,323	4,813,977	177,894	-	(63,982)	4,927,888

*Transfers between Funds

Since 2009, GAIN has successfully run a Premix credit facility which included a contribution from the Bill & Melinda Gates Foundation (BMGF) and which was classed as Restricted funds in the Balance Sheet. In 2018, BMGF agreed to repurpose US\$ 1 million of their Premix credit facility contribution to a new project. The impact in the accounts was a reduction of the Premix Restricted Fund by US\$ 1 million and an increase of Other Restricted Funds by US\$ 1 M.

Cash Flow Statement

Consolidated Cash Flow Statement	Note	2019	2018
30 June 2019 in US\$			Restated
<i>(with 2018 comparative figures)</i>			
<u>Cash flow from operating activities</u>			
Annual result before allocation to capital of the Foundation		8,095	113,914
Depreciation of fixed assets	6	202,406	198,163
Non cash charge on foreign exchange differences		116,892	(35,110)
Increase (decrease) in provisions		(48,771)	37,778
(Increase) decrease in restricted accrued income		(78,487)	809,830
(Increase) decrease in receivables		(3,139,977)	1,426,525
(Increase) decrease in Premix Consignment stock		(161,340)	33,627
(Increase) decrease in prepaid expenses		189,365	(130,896)
(Increase) decrease in rent guarantee		140,424	(120,752)
Increase (decrease) in creditors		3,945,054	(2,908,010)
Increase (decrease) in restricted donor income		(1,312,791)	9,252,880
Cash flow from operating activities		(139,131)	8,677,948
<u>Cash flow from investing activities</u>			
Purchase of fixed assets	6	(210,138)	(305,389)
Disposal of fixed assets	6	10,353	418
Funds flow from investing activities		2,000,000	6,000,000
Cash flow from investing activities		1,800,215	5,695,029
Increase (Decrease) in Cash and Cash equivalents		1,661,084	14,372,977
Effect of exchange rate differences on cash		(116,892)	35,110
Cash and Cash equivalents - beginning of year	3	26,999,307	12,591,220
Cash and Cash equivalents - end of year	3	28,543,500	26,999,307
Changes in Cash and Cash equivalents		1,544,192	14,408,087

NOTES TO THE ACCOUNTS

1. Significant Accounting Policies

BASIS OF PREPARATION

The consolidated Financial Statements have been prepared in accordance with GAIN's Articles of Association and the applicable provisions of the Swiss GAAP FER Framework and Recommendations, including Swiss GAAP FER 21 (Accounting for charitable, social and non-profit organisations). Swiss GAAP FER are accounting standards geared to entities that operate primarily in Switzerland. The recommendations have been established for entities seeking to present their financial statements to reflect a true and fair view of their financial results and position.

The Financial Statements are presented in US dollars. They have been prepared in accordance with the historic cost convention and according to the principles of accruals, matching, going concern, consistency and prudence.

Figures are rounded to the nearest dollar and therefore may vary slightly from the amounts presented in other documents. Rounding differences may exist within summations.

These consolidated financial statements present all activities by the Foundation, including 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 the Foundation, GAIN NoSCA LLC, GAIN Canada, GAIN UK, GAIN Netherlands, GAIN Nigeria and GAIN Tanzania.

The principle accounting policies are set out below.

FUND ACCOUNTING

GAIN distinguishes between restricted and unrestricted funds. Income that the organisation receives for its charitable purposes generally and which it has discretion over which activities to allocate to, is treated as unrestricted funds. Income granted to the organisation that is limited to use for a specific purpose or project is treated as Restricted Funds.

Restricted funds that have not been used at the end of the year are shown as carried forward in a separate section of the balance sheet.

INCOME

GAIN's income comprises donor income, gifts in kind and revenues from other activities. Donor income is provided through donations or grants received from private organisations (companies, trusts and foundations), or received from or pledged directly by public institutional bodies, such as governments or multilateral agencies. Income is also generated from the sale of premix commodities and from interest on cash deposits. Income is recognised as follows:

- Donations are recognised as income upon receipt.
- Grants based on annual or multi-year agreements are recorded as income when receipt is due as set out in the contractual agreement, unless there are contractual conditions that stipulate that repayment can occur, and the donor has the means to obtain the return of the

funds. In these cases, grants received and not expended are carried forward as deferred income on the balance sheet.

- Premix income is recognised at the point of sale.
- Income from interest is recognised upon receipt.

IN-KIND DONATIONS

GAIN also receives donations in kind, primarily in the form of the free use of goods and services. In-kind donations are disclosed in the Financial Statements equally as both income and expenditure. Under Swiss GAAP FER, in-kind donations of goods and services are valued at their fair market value on the date of receipt. Only donations estimated at a value of US\$ 5,000 and above are taken into account.

In-kind donations are recognised if the goods or services transferred or rendered to GAIN are free, excluding any type of payment from GAIN. In addition, they must be:

- Clearly identifiable and part of GAIN projects and activities as defined by GAIN's action plans and budgets;
- Recognisable as a visible contribution to GAIN's projects and activities and in line with GAIN's mission and objectives.

SUB-AWARDS

GAIN incurs costs to provide sub-awards to partner organisations and subcontractors. Sub-grants to partners are governed by a written agreement and disbursements are generally phased over the lifetime of the project. Each disbursement is recognised as an expense upon payment. Sub-contracts to vendors for expenditures incurred on behalf of a project or for any activity of GAIN are recorded on an accruals basis.

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 expenditure in relation to facilities, technology and systems, 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 donor agreements or staff time.

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 Statement of Operations.

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, 20% for technology assets and 50% per annum for office equipment.

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 were 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.

BANK GUARANTEE DEPOSITS

Guarantees are included within current assets. At the balance sheet date, GAIN held guarantee deposits related to premises in Geneva and country offices. These are recoverable, subject to prevailing contract terms, upon vacating the premises.

PROVISIONS

A provision is recognised in the balance sheet when the organisation 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 management's best estimate of the expenditure required to settle that obligation at the balance sheet date.

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. However, should these funds not be expensed in line with donor requirements any underspend would be returned to the donor or allocated to other activities as the donor directed, and would not be available to support general organisational activity.

CLASSIFICATION OF INCOME AND EXPENSES

Income and expenses which are subject to donor-imposed stipulations are reported as restricted. All other income and expenses not subject to restrictions are reported as unrestricted.

CONSOLIDATED ENTITIES

The following entities' results have been included in the consolidated financial statements:

- GAIN NoSCA LLC, USA, 100% owned.
- The Global Alliance for Improved Nutrition, UK, 100% owned
- The Global Alliance for Improved Nutrition Ltd, Nigeria, 100% owned
- The Global Alliance for Improved Nutrition, Canada, 100% dissolved in August 2019)
- The Global Alliance for Improved Nutrition Ltd, Tanzania, 100% owned
- Stichting The Global Alliance for Improved Nutrition (GAIN Netherlands), Netherlands, 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.

BONDS

Bonds are recorded at nominal value at the date of acquisition and are held until their maturity date. At year end, bonds in foreign currency are revaluated in accordance with our policy for foreign currencies as set out above. Transaction costs are recognised in the Financial Statements as incurred.

2. Change in accounting policies- Restatement of prior year's accounts

During the year, the management of GAIN carried out a review of some of the organisation's accounting policies and their implementation. This took account of changes to the Swiss GAAP FER that had recently come into effect, developments in good practice with regard to financial reporting within the Swiss not-for-profit sector, and a recognition of changes in how some of GAIN's activities were implemented.

As a result of the review, changes have been made in relation to these accounting policies. The changes are as follows:

Previous policy

Income Recognition

Grant instalments related to the fiscal year were initially treated as deferred income and shown as a liability on the balance sheet. The funds were released to the income statement in the period to which they related and were recognised as income to the extent and amount of actual expenses incurred during each financial year.

Sub-Awards Expenditure

Each disbursement was initially treated as an advance and subsequently recognised as an expense upon the submission of utilisation reports by sub-grantees or on the basis of reasonable estimates. The disbursements paid over but not utilised by sub-grantees were included in current assets as deferred expenditure.

Premix Income and Expenditure

Income and expenditure generated by the GAIN Premix Facility was routed through the balance sheet as debtors and creditors and was not recognised in the Statement of Operations.

New policy

Grants are recorded as income when receipt is due as set out in the contractual agreement, unless there are contractual conditions that stipulate that repayment can occur, and the donor has the means to obtain the return of the funds. In these cases, grants received and not expended are carried forward as deferred income on the balance sheet.

Each disbursement is recognised as an expense upon payment. Disbursements are not carried forward as deferred expenditure.

Premix income is recognised at the point of sale and expenditure is recognised on an accruals basis. The distinction between these and other types of income and expenditure is made clear by appropriate categorisation within the Statement of Operations.

These changes in accounting policies have been implemented for the first time in the Financial Statements for 2018/19. In order to ensure that the information is presented consistently, it has been necessary to restate the relevant values previously reported in the Financial Statements for 2017/18. The key impacts on the prior year's accounts are as follows:

BALANCE SHEET:

- Reduction in current assets from US\$ 34.4M to US\$ 32.5M due to:
 - Reduction to zero of deferred expenditure.
 - Recognition of Premix consignment stock.
- Reduction in current liabilities from US\$ 29.5M to US\$ 3.9M, increase of restricted funds from US\$ 2.8M to US\$ 26.2M and of the capital of the Foundation from US\$ 4.7M to US\$ 4.9M due to:
 - Reclassification of deferred unrestricted income to restricted income funds and designated funds.
 - Reclassification of deferred unrestricted income to designated funds.

Consolidated Balance Sheet 30 June 2018 in US\$	June 2018 as previously reported	Restatements (see Note 3)	June 2018 as Restated
ASSETS			
<u>Current Assets</u>			
Cash and cash equivalents	27,058,652		27,058,652
Deposits and bonds	2,393,727		2,393,727
Accrued Income - Restricted	737,080		737,080
Other receivables	940,577	60,919	1,001,496
Premix Consignment stock		636,930	636,930
Prepaid expenses	656,966		656,966
Deferred expenditure	2,578,104	(2,578,104)	-
Total Current Assets	34,365,106		32,484,851
<u>Non-Current Assets</u>			
Bonds and Term deposits	2,000,000		2,000,000
Fixed Assets	514,055		514,055
Total Non-Current Assets	2,514,055		2,514,055
TOTAL ASSETS	36,879,161	(1,880,255)	34,998,906
LIABILITIES, FUNDS & CAPITAL			
<u>Current Liabilities</u>			
Accounts payable	2,029,488		2,029,488
Accrued expenses	1,140,581	697,849	1,838,430
Deferred Restricted Income	26,293,903	(26,293,903)	-
Total Current Liabilities	29,463,972		3,867,918
<u>Restricted Funds</u>			
Restricted Income Funds	1,425	23,448,102	23,449,527
Premix Facility	2,753,572		2,753,572
Total Restricted Funds	2,754,997		26,203,099
<u>Capital of the Foundation</u>			
Paid-in Capital	36,187		36,187
Unrestricted Income Funds	4,624,004	267,697	4,891,701
Total Capital of the Foundation	4,660,191		4,927,888
TOTAL LIABILITIES, FUNDS & CAPITAL	36,879,161	(1,880,255)	34,998,906

STATEMENT OF OPERATIONS:

- Increase of income from US\$ 35M to US\$ 50.1M due to recognition of all income received during the year and Premix sales.
- Increase of direct and administrative expenses from US\$ 35.2M to 40M due to Premix purchases.
- Balance of restricted income funds received during the year and not spent now shown as a change in restricted funds.

Consolidated Statement of Operations 30 June 2018 in US\$	June 2018 as previously reported	Restatements (see Note 3)	June 2018 as Restated
<u>Income</u>			
Donors	33,915,116	10,188,897	44,104,013
Premix sales	-	4,961,880	4,961,880
Gifts in Kind income	1,045,324		1,045,324
Total income	34,960,440		50,111,217
<u>Direct and administrative expenses</u>			
Personnel costs	14,040,353		14,040,353
Consultants costs and Contracted services	6,146,809		6,146,809
Sub-Awards	6,829,023		6,829,023
Travel costs	2,323,951		2,323,952
Operational costs	4,619,361		4,619,362
Depreciation	198,164		198,163
Premix purchases		4,800,522	4,800,522
Gift in Kind expenses	1,045,324		1,045,324
Total direct and administrative expenses	35,202,985		40,003,508
Intermediate Operating (deficit) surplus	(242,546)		10,107,709
<u>Net financial result</u>			
Financial income	152,270		152,270
Foreign exchange differences	106,813		106,813
Net financial result	259,083		259,083
Net Operating (deficit) surplus prior to allocations	16,537		10,366,792
Change in Restricted funds	-	(10,252,879)	(10,252,879)
Net Operating (deficit) surplus prior allocation to Capital of the Foundation	16,537		113,913
Allocation/appropriation of Unrestricted funds	(16,537)		(113,913)

3. Cash, Deposits, Bonds and Hedging activities

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

Cash and Deposits in US\$	2019	2018
Cash and cash equivalents	27,311,048	24,875,421
Cash held by local offices	1,232,451	2,123,886
Total Cash and cash equivalents	28,543,499	26,999,307
Bonds*	2,000,000	2,000,000
Rent Guarantee	253,303	393,727
Total Bonds and Deposits	2,253,303	2,393,727
Total Cash and Deposits	30,796,803	29,393,034

*These bonds have a short term duration to maturity and are considered as current assets

LONG-TERM BONDS IN US\$

Issue Date	Maturity Date	Coupon Interest Rate	Nominal Amount	Book Value as of 30 June 2019	Book Value as of 30 June 2018
15 March 2017	15 March 2020**	2.1% - 4%	1,000,000	-	1,000,000
6 April 2017	6 April 2020**	2.1% - 4%	1,000,000	-	1,000,000
Total Bonds				-	2,000,000

** These 2 bonds are reclassified as they have a short duration to maturity

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.

HEDGING ACTIVITIES

In February 2018 GAIN decided to put in place a hedging strategy in order to mitigate the risk of adverse currency fluctuations. The hedging strategy focuses on existing Balance sheet positions and future transaction risks over US\$ 50k.

GAIN entered into forward contracts for GBP and CHF with fixed maturity rates and execution dates as follows:

Currency	Amount	Maturity date	@rate	Amount US\$
GBP	250,000	09/07/2018	1.3917	347,925
GBP	250,000	20/08/2018	1.3943	348,575
GBP	250,000	17/09/2018	1.3959	348,975
CHF	500,000	09/07/2018	1.0715	535,750
CHF	500,000	20/08/2018	1.0785	539,250
CHF	500,000	17/09/2018	1.0817	540,850

There were no open forward contracts at the end of June 2019.

4. Other Receivables

Other Receivables in US\$	2019	2018
Other Receivables	164,577	105,930
Grant Receivables	2,906,087	322,155
Premix Facility Receivables	1,130,154	632,756
Total Receivables	4,200,818	1,060,841

The GAIN Premix Facility Receivable represents part of the revolving fund of US\$ 2.8 million (2018: US\$ 2.8 million) held within Restricted Funds 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.

5. Premix consignment stock

During the fiscal year, GAIN entered into consignments stock contracts with some customers. At the end of June 2019, remaining consignments stock worth an estimated value of US\$ 798'270 (June 2018: US\$ 636'930) were stored at the customer premises.

6. Fixed Assets

Fixed Assets in US\$	Furniture & Fixtures	Office Equipment	Total
<u>Gross values of cost</u>			
At 1 July 2018	1,009,369	1,260,744	2,270,113
Additions	109,345	100,793	210,138
Disposals/Transfers	(2,365)	-	(2,365)
Cost 30 June 2019	1,116,349	1,361,537	2,477,886
<u>Accumulated Depreciation</u>			
At 1 July 2018	601,327	1,154,731	1,756,058
Depreciation	138,791	63,614	202,405
Disposals/Transfers	(1,819)	9,807	7,988
At 30 June 2019	738,299	1,228,152	1,966,452
Net book value at 30 June 2019	378,050	133,385	511,434

Fixed Assets in US\$	Furniture & Fixtures	Office Equipment	Total
<u>Gross values of cost</u>			
At 1 July 2017	1,513,518	2,312,980	3,826,498
Additions	286,801	18,588	305,389
Disposals/Transfers	(790,950)	(1,070,824)	(1,861,774)
Cost 30 June 2018	1,009,369	1,260,744	2,270,113
<u>Accumulated Depreciation</u>			
At 1 July 2017	1,285,396	2,133,855	3,419,251
Depreciation	106,463	91,700	198,163
Disposals/Transfers	(790,532)	(1,070,824)	(1,861,356)
At 30 June 2018	601,327	1,154,731	1,756,058
Net book value at 30 June 2018	408,042	106,014	514,055

7. Restricted Income Funds

During the current financial year total receipts from donors amounted to US\$ 35'686'393 (2018 – US\$ 44'699'936).

DONOR in US\$	2019 Funds Invoiced	2019 Restricted Income	2018 Funds Invoiced	2018 Restricted Income Restated
Bill and Melinda Gates Foundation	5,443,091	(4,202,923)	5,811,986	(5,159,167)
UK Government DFID Mozambique ⁽¹⁾	2,448,154	(135,161)	1,116,066	-
Government of the Netherland ⁽²⁾	17,937,151	(11,031,884)	26,401,505	(14,283,778)
US Government USAID	-	-	3,446,160	-
Children's Investment Fund Foundation CIFF	230,257	(77,902)	2,761,896	(802,440)
World Food Programme	775,451	(31,658)	211,698	(55,078)
NL EVD International ⁽⁴⁾	1,749,479	(624,973)	-	(36,601)
Government of Canada	-	(40,351)	-	(1,475,328)
Bestseller A/S	-	-	-	(104,596)
Government of the Federal Republic of Germany	3,663,114	(2,949,060)	666,350	(328,049)
Danida Market Development Partnership	404,642	-	170,845	-
Irish Aid ⁽³⁾	677,838	-	596,335	(268,750)
Others	5,054,440	(3,042,824)	3,619,156	(935,740)
Total	38,383,618	(22,136,736)	44,801,997	(23,449,527)

⁽¹⁾ DFID Mozambique - Funds invoiced in 2018/2019: GBP 1'872'878 (2017/2018: GBP 818'254)

⁽²⁾ Government of the Netherland - Funds invoiced in 2018/2019: EUR 15'849'740 (2017/2018: EUR 22'046'008)

⁽³⁾ Irish Aid MN4 Project - Funds invoiced in 2018/2019: EUR 600'000 (2017/2018: EUR 500'000)

⁽⁴⁾ Detail by Workstream for NL EVD Int. funding	2019 Funds received	2019 Expenditure	2018 Funds received	2018 Expenditure
Workstream B1: Vegetables for All	-	281,110	-	492,527
Workstream B3: Micronutrient Powders	32,297	-	-	-
Workstream B4: Fortified Dairy	20,344	-	-	-
Workstream B5: Rural Retail Hubs	-	445,387	-	538,112
Workstream BX: Home fortification	777,192	(766)	-	47,570
Workstream E1: Quality Improvement Network (QIN)	-	-	-	-
Workstream E2: Access to Finance	267,470	-	-	329,697
Workstream S: Support workstream	652,176	24,536	-	36
Total	1,749,479	750,267	-	1,407,942

8. Personnel costs

The personnel costs represent payroll and social benefits for employees in representative and country offices.

Personnel Costs in US\$	2019	2018
Wages, Salaries and Social benefits	14,723,911	13,678,377
Other personnel costs	402,148	361,976
Total	15,126,059	14,040,353

The remuneration of key management (including salaries, all benefits and all social charges), comprising the Executive Director and members of the Senior Management Team, amounted to USD 1'451'221 (2018: USD 1'422'030).

9. Sub-Awards Expenditure

Sub-Awards spent by clusters were as follows:

Clusters in US\$	2019	2018
Enabling Environment	449,816	103,563
Supply Chains for Nutritional Foods	1,304,733	351,156
Amsterdam Initiative against Malnutrition	596,089	1,263,949
Food Policy and Finance	2,146,490	1,686,614
Targeted Dietary Improvement Programmes	1,241,089	3,082,499
Knowledge Leadership	1,673,578	341,242
Total	7,411,795	6,829,023

10. Donations in Kind income / expenses

GAIN implements a programme on behalf of NL EVD. This programme requires in kind contribution from the partners in this programme totaling 50.4% of the total programme. The balance of the programme is met by 49.6% contribution in cash from the Netherlands Agency EVD International FDOV programme.

11. Remuneration and Indemnities 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.

12. 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.

13. 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.

14. Rent and Leasing Commitments

As of 30 June 2019, the Foundation had future office rental commitments and leasing contracts up to the end of their contract period totalling USD 2'184'385 (2018: USD 2'323'531).

15. Related Party Transactions

There were no related party transactions during the year.

16. Pension Plan Obligations

GAIN sponsors different pension plans. The main retirement plans are the following:

Employees based in Geneva, Switzerland: 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. As of June 30 2019, 32 employees were enrolled in the plan (2018: 29 employees). The total amount expensed for GAIN's contributions was US\$ 279'890 (2018: US\$ 286'965). As of June 30 2019, the capital ratio is at 106.9% (2018: 104.4%). Due to the coverage ratio, no liabilities were recognised in the Balance Sheet and no outstanding amount was due at closing date.

Employees Based in Washington, DC: GAIN NoSCA, LLC sponsors a 401(k) defined contribution plan (the "Plan") which is a US retirement savings plan under the US Internal Revenue Code, for all eligible employees. Employees become eligible upon being hired and may participate immediately upon employment (Interns are excluded from the Plan). The plan is funded by the contributions of GAIN and the employees. As of June 30 2019, 12 employees were enrolled in the plan (2018: 13 employees). The amount expensed for GAIN's contributions was US\$ 106'833 (2018: US\$ 93'987).

Employees based in London, UK: On 1st May 2014 GAIN UK entered into a defined contribution pension scheme with Scottish Life for all eligible employees. The plan is funded by the contributions of GAIN and the employees. As of June 30 2019, 35 employees were enrolled in the plan (2018: 28 employees). The amount expensed for GAIN's contributions was US\$ 276'002 (2018: US\$ 217'365).

17. Assets pledged as guarantee for commitments

At the balance sheet date, a bank of the Foundation had provided a rental letter of guarantee totalling CHF 10'500 (US\$ 10'643) (2018: CHF 10'500 - US\$ 10'604) in favour of a third party. Cash for an equivalent amount is pledged at the corresponding bank.

18. Risk management

The Board has identified the major risks to the organisation and a comprehensive risk register is maintained. The risk register is reviewed by the Finance & Audit Committee quarterly and risks are regularly reassessed throughout the year. The Board is satisfied that systems are in place to monitor and manage risk.

19. Subsequent events

There were no significant subsequent events to report.