
***The Global Alliance for Improved
Nutrition, Geneva***

*Financial Statements for the
Year ended June 30, 2009
and Auditor's Report*

REPORT OF THE STATUTORY AUDITOR

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

Report on the financial statements

As statutory auditor, we have audited the accompanying financial statements of The Global Alliance for Improved Nutrition (the "Foundation") for the year ended June 30, 2009.

Board of the Foundation's' Responsibility

The Board of the Foundation is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Foundation's statutes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of 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 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 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 the internal control system relevant to the entity's preparation 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 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 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 for the year ended June 30, 2009 comply with Swiss law and the Foundation's statutes.

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 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 financial statements according to the instructions of the Board of the Foundation.

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

DELOITTE SA



Peter Quigley
Licensed audit expert
Auditor in charge



Elisabeth Vidal
Licensed audit expert

November 16, 2009

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

THE GLOBAL ALLIANCE FOR IMPROVED NUTRITION, GenevaBALANCE SHEET AS AT JUNE 30, 2009
(with 2008 comparative figures)

	Note	2009 USD	2008 USD
ASSETS			
CURRENT ASSETS			
Cash at bank and short term investments	3	72'942'007	36'804'815
Other receivables		432'038	576'965
Prepaid expenses		364'865	72'392
Deferred expenditure	7	1'406'136	-
Total current assets		<u>75'145'046</u>	<u>37'454'172</u>
FIXED ASSETS, net	4	687'582	386'069
TOTAL ASSETS		<u>75'832'628</u>	<u>37'840'241</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable		1'021'898	331'173
Other creditors	5	50'487	67'816
Accrued expenses		2'158'176	614'891
Grants payable	7	5'340'292	9'515'933
Project supervision fees		93'312	108'277
Deferred income	8	45'596'342	-
Total current liabilities		<u>54'260'507</u>	<u>10'638'090</u>
LONG TERM LIABILITIES			
Grants payable after one year	7	2'508'475	3'325'642
Total Long term liabilities		<u>2'508'475</u>	<u>3'325'642</u>
CAPITAL AND RESERVES			
Foundation capital	9	36'187	36'187
Surplus		19'027'459	23'840'322
Total capital and reserves		<u>19'063'646</u>	<u>23'876'509</u>
TOTAL LIABILITIES		<u>75'832'628</u>	<u>37'840'241</u>

THE GLOBAL ALLIANCE FOR IMPROVED NUTRITION, Geneva

INCOME STATEMENT AS AT JUNE 30, 2009
(with 2008 comparative figures)

		2009 USD	2008 USD
INCOME			
Donations received	8	12'934'488	12'601'071
Other income		130'725	105'000
Bank interest		1'032'399	1'700'752
TOTAL INCOME		<u>14'097'612</u>	<u>14'406'823</u>
EXPENDITURE			
Project related costs:			
Project grant expenditures	11	1'581'369	12'856'036
Project supervision fees		-	25'000
Professional and technical fees		3'030'331	1'915'273
Travel and meeting expenses		2'437'768	1'402'299
Allocated staff expenses		3'927'512	2'794'117
		<u>10'976'980</u>	<u>18'992'725</u>
General expenses:			
Staff related expenses		2'975'743	1'697'107
Professional & legal fees		1'389'284	488'920
Office rental		420'804	288'624
Secretariat operational expenses		1'121'507	801'822
Travel and meeting expenses		630'949	595'801
Depreciation		274'930	135'541
Other operating cost		240'736	14'204
Irrecoverable VAT		411'000	343'769
Bank charges		169'433	39'661
Exchange difference, net		299'108	(648'775)
		<u>7'933'494</u>	<u>3'756'674</u>
TOTAL EXPENDITURE		<u>18'910'474</u>	<u>22'749'399</u>
Surplus of expenditure		(4'812'863)	(8'342'576)
Surplus, beginning of the year		23'840'322	32'182'898
SURPLUS, END OF YEAR		<u>19'027'459</u>	<u>23'840'322</u>

THE GLOBAL ALLIANCE FOR IMPROVED NUTRITION, Geneva

Notes to the financial statements for the year ended 30 June 2009

1. GENERAL

The Global Alliance for Improved 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.

GAIN's mission is to reduce malnutrition through food fortification and other strategies aimed at improving the health and nutrition of population at risk.

The Bill and Melinda Gates Foundation, and other contributors, notably USAID and CIFF Children's Fund, have made resources available to fund the projects and programs supported by GAIN.

When GAIN was founded in 2002, funds provided by donors to GAIN were managed by the International Bank for Reconstruction and Development (World Bank) through Trust Funds administered by the World Bank as trustee on behalf of GAIN. Following the restructuring of GAIN in 2006, it was agreed that GAIN would receive and manage funds from donors directly and the World Bank would no longer act as trustee. The relationship will be ended by the end of 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation -GAIN financial statements have been prepared in accordance with its articles of association and the provisions of the Swiss Code of Obligations

b) Donations received - In previous years, donations have been recognized on a cash basis. The Finance and Audit Committee (FAC), at the Board meeting, held in May 2009, approved a change in the accounting policy for the recognition of grants and contributions. This policy requires that all grants contributions and donations received are recognized in accordance with the principle of matching related revenues and expenses, thus enabling a more accurate recording and reporting of the utilization of funds over time. Donor grants are recognized as income to the extent of actual expenses incurred during each financial year. Grants received, including interest and other revenues, are initially recorded as deferred income; on fulfillment of the conditions and obligations governing each grant, they are recognized as income to the extent and amount of actual expense incurred during each financial year. This change of policy is effective as of 1 July 2008 and the financial statements for the year ended 30 June 2009 are presented under this new policy. No prior year adjustments have been made in the financial statements but additional information is presented in the notes.

c) Grants payable for projects- All grants made are governed by a written grant agreement. In previous year, all grant expenses were recognized in the income statement at the time of the signing of the grant agreement, regardless of when the liability became due. Grants or portions of grants that had not been disbursed at the balance sheet date were recorded as either short or long-term liabilities. With the adoption of change in the accounting policy for grants and contributions, grants payable for projects are recognized as an expense only when all conditions governing the grant are satisfied and the contribution payable is recognized to the extent of the actual expenditure reported by the recipients of the grants.

THE GLOBAL ALLIANCE FOR IMPROVED NUTRITION, Geneva

Notes to the financial statements for the year ended 30 June 2009

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These grant payments are initially treated as advances and are then recognized as expenses on the submission of utilization reports or on the basis of reasonable estimates based on the percentage of completion of the project. The unpaid balance of the grant agreement is monitored for full compliance with the conditions governing the grant and accounted as an expense when the conditions have been met. This amount is disclosed as a note to the accounts. No prior year adjustments have been made in the financial statements but additional information is presented in the notes.

d) 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 transactions. Foreign currency assets and liabilities are translated into US dollars at rates of exchange prevailing at balance sheet date. Exchange gains and losses are included in the income statement.

e) 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.

3. CASH AT BANK AND SHORT TERM INVESTMENTS

Approved instruments for short term investments are: time deposits, certificates of deposits, treasury bills and call accounts. All funds not required for within a term of six months are held in a portfolio of bonds/time deposits/ fiduciary deposits.

	2009	2008
	USD	USD
Cash at bank	553'740	108'816
Deposits *	37'949'000	36'695'999
Treasury bills	34'439'267	-
Total cash at bank and short term investments	<u>72'942'007</u>	<u>36'804'815</u>

* Deposits include \$ 1,500,000 held by Crown Agents in order to facilitate procurement of premix mix

Cash at bank includes a blocked amount of USD 4,470 equivalent to CHF 4,852 for a rent guarantee (2008: USD 4,735 – CHF 4,820).

THE GLOBAL ALLIANCE FOR IMPROVED NUTRITION, Geneva

Notes to the financial statements for the year ended 30 June 2009

4. FIXED ASSETS, net

	Office Equipment	Computer Equipment	Total
Cost			
At 1 July 2008	408'713	362'953	771'666
Additions	166'611	409'833	576'444
As at 30 June 2009	<u>575'324</u>	<u>772'786</u>	<u>1'348'110</u>
Accumulated depreciation			
At 1 July 2008	207'563	178'034	385'597
Charge for the year	76'271	198'660	274'931
At 30 June 2009	<u>283'834</u>	<u>376'694</u>	<u>660'528</u>
Net book value			
As at 30 June 2009	<u>291'490</u>	<u>396'092</u>	<u>687'582</u>
At 30 June 2008	201'150	184'919	386'069

The fire insurance cover amounts to USD 461,254 – CHF 500,000 (2008 - USD 491,150 - CHF 500,000).

5. OTHER CREDITORS

Other creditors include an amount of USD 21,658 due to Foundation Patrimonia for LLP at 30 June 2009 (2008- USD 32,865)

6. RELATED PARTIES

GAIN's Chairman, Jay Naidoo, is also a Chairman of Development bank of Southern Africa (DBSA) and Director of J&J Group both of which had commercial dealings with GAIN during the current financial year. At the year end, GAIN had a positive bank balance of ZAR 301,814 with DBSA.

THE GLOBAL ALLIANCE FOR IMPROVED NUTRITION, Geneva

Notes to the financial statements for the year ended 30 June 2009

7. GRANTS PAYABLE

	Short term	Long term	Total payable
A Call To Serve (ACTS) Georgia	9'000	1'000	10'000
United Nations Children's Fund, Kazakhstan	105'597	114'065	219'662
Ministry of Health, Nutrition Wing, Pakistan	195'775	-	195'775
United Nations Children's Fund, Bangladesh (UNICEF), USA	669'588	296'913	966'501
Naandi Foundation, Hyderabad-500034	-	59'580	59'580
World Food Programme, India	9'465	1'052	10'517
Government of Uganda, Wheat , Maize , Oil	9'004	1'000	10'004
The United Nations World Food Programme, Egypt	798'333	593'487	1'391'820
West African Health Organization, Burkina Faso	331'573	86'842	418'415
Helen Keller International Côte d'Ivoire	-	5'000	5'000
Helen Keller International, Mali.	9'000	79'878	88'878
National Food and Nutrition of Zambia	-	31'438	31'438
Food and Drugs Board of Ghana	-	956'329	956'329
Helen Keller International, New York, NY 10010	71'190	199'010	270'200
Academy for Educational Development "A2Z Project", USA	54'556	-	54'556
Helen Keller International, Senegal	25'009	-	25'009
Johns Hopkins University, USA	19'800	2'354	22'154
Social Marketing Company, Bangladesh	216'000	76'575	292'575
Chinese Center for Disease Control and Prevention, China.	17'570	1'952	19'522
Marie Konate	18'000	2'000	20'000
World Food Programme, Egypt	770'000	-	770'000
Syed Kaiser Kabir	636'236	-	636'236
Adhra Pradesh Foods (FCRA)	772'596	-	772'596
	602'000	-	602'000
	<u>5'340'292</u>	<u>2'508'475</u>	<u>7'848'767</u>

New grant contracts signed in the year total \$ 10,883,634, out of which \$ 5,577,105 was paid during the year and the balance of \$ 5,306,529 is undisbursed as at 30 June 2009 and is not included in the grants payable following the change of accounting for grants policy.

	Short term	Long term (> one year)	Total payable
YCN GLO Bangladesh Renata Brac	450'000	673'578	1'123'578
YCN GLO Cote d'Ivoire PKL HKI	630'000	620'000	1'250'000
YCN GLO India AP Foods	360'000	866'360	1'226'360
FF EGY Egypt Vegetable Oil Fortification	675'000	488'728	1'163'728
Ashoka Change Makers	246'321	-	246'321
Others	136'700	159'842	296'542
	<u>2'498'021</u>	<u>2'808'508</u>	<u>5'306'529</u>

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Notes to the financial statements for the year ended 30 June 2009

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The funds paid over but not utilized by sub-grantees as at 30 June 2009 are recorded as a deferred expenditure in the assets section.

Deferred Expenditure

	2009 USD
Iron Fish sauce fortification (Vietnam)	154'900
National Agency for Food EIDH	500'000
Food Tech. Research Inst.	40'000
Ministry of Jordan	75'000
World Food Egypt	636'236
	<u>1'406'136</u>

8. DEFERRED INCOME

Under the new accounting for grants policy all income received from donors is treated as deferred income. It is recognized as income during the financial year only to the extent of sub-grantees fulfillment of conditions and obligations under the project grant and all the relevant disbursements.

During the current financial year total receipts from donors came to USD 58,530,830

	Received	Recognised	Deferred
The Horace W . Goldsmith Foundation	100'000	100'000	-
USAID	2'972'800	2'972'800	-
Bill and Melinda Gates Foundation , Phase II	4'000'000	1'399'795	2'600'205
CIFF/GATES	51'458'030	8'461'893	42'996'137
	<u>58'530'830</u>	<u>12'934'488</u>	<u>45'596'342</u>

9. FOUNDATION CAPITAL

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

Notes to the financial statements for the year ended 30 June 2009

10. RENT AND LEASING COMMITMENTS

At June 30, 2009, the foundation had future minimum office rental commitments amounting to USD 1,976,962 (2008 - USD 1,230,754), corresponding to expected rental fees until the end of three lease contracts (April 30, 2011 and April 30, 2016).

The Foundation has three leasing contract with Xerox for office equipment amounting to USD 96,437 (equivalent to CHF 89,294) expiring on December 08, 2012, May 11, 2012 and November 3, 2012

11. PROJECT GRANT EXPENDITURE

During the year, a total of \$ 10,004,556 was paid out for various grant projects. Project grant expenditure recognized in the income statement during the year amounts to \$ 6,520,071. Some of those payments relate to grants awarded and expensed in previous years' financial statements and have thus been taken out of this year's calculations. Another \$ 2,078,349 paid relating to old grants not fully utilized by the sub grantees is also taken out of this year's calculations and monitored separately for compliance under the previous policy of accounting for grants.

	2009 USD	2008 USD
Grants awarded	-	12'856'036
Grant payments	<u>6'520'071</u>	<u>-</u>
Grant payments (under old grant agreements)	(3'804'102)	-
Refund received from China Wheat*	(1'063'248)	-
Refund received from China Policy*	(394'810)	-
Increase in grant awarded to John Hopkins University	287'458	-
Increase in grant awarded to China centre for disease control	81'000	-
Write off a grant to Hospital for sick children , Toronto	(45'000)	-
Subtotal	(4'938'702)	-
	<u>1'581'369</u>	<u>12'856'036</u>

* On July 22, 2008 the decision was made to terminate two projects: China Wheat and China Policy
The grants awarded were reversed and funds unspent held by executing agency were returned to GAIN in November 03 , 2008