



**Foundation for Innovative
New Diagnostics (FIND), Geneva**

**Report of the Statutory Auditor
on the Consolidated Financial Statements
to the Board of the Foundation
Consolidated Financial Statements 2017**



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

Foundation for Innovative New Diagnostics (FIND), Geneva

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Foundation for Innovative New Diagnostics (FIND), which comprise the statement of revenue and expenditure, statement of changes in capital, balance sheet, cash flow statement, and notes for the year ended 31 December 2017.

Board of the Foundation's Responsibility

The Board of the Foundation is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP RPC/FER. 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 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 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 31 December 2017 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP RPC/FER.

KPMG SA



Pierre-Henri Pingeon
*Licensed Audit Expert
Auditor in Charge*



Cédric Rigoli
Licensed Audit Expert

Geneva, 18 April 2018

Enclosure:

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

STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2017
 (all amounts in US dollars)

	2017	2016
REVENUE		
Grant revenue	48,242,841	33,235,693
Other operating income	315,314	330,960
Total revenue	48,558,155	33,566,653
of which is restricted	48,281,841	33,313,156
EXPENDITURE		
Programme services		
Tuberculosis	9,987,814	7,157,378
Fever, AMR & Outbreaks	6,658,821	3,322,641
Neglected tropical diseases	3,753,038	4,133,869
Malaria	3,886,916	3,888,671
HIV and HCV	3,772,251	3,671,934
Access and other	16,115,207	8,353,661
Total programme services	44,174,047	30,528,154
Supporting Services		
Information & communication	174,063	101,542
Governing & advisory bodies	83,359	63,147
General administration	3,527,621	2,597,460
Depreciation & amortization	2,953	-
Total supporting services	3,787,996	2,762,149
Total operating expenditure	47,962,043	33,290,303
Operating result	596,112	276,350
Financial income	96,253	307,354
Financial expenses	101,004	35,183
Financial result	(4,751)	272,171
Result before changes in restricted funds	591,361	548,521
Change in restricted funds	276,226	988,911
Annual result before allocation to organization capital	867,587	1,537,432
Allocations/appropriation		
Free capital	(867,587)	(1,537,432)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN CAPITAL AS AT 31 DECEMBER 2017 AND 31 DECEMBER 2016
(all amounts in US dollars)

	Balance 1.1.2017	Allocation	Use	Total change	Balance 31.12.2017
Restricted funds	585,590	(1,298,448)	1,574,674	276,226	309,364
Organization capital					
Foundation capital	40,430	-	-	-	40,430
Unrestricted surplus	3,468,956	867,587	-	867,587	4,336,543
Total organization capital	3,509,386	867,587	-	867,587	4,376,973

	Balance 1.1.2016	Allocation	Use	Total change	Balance 31.12.2016
Restricted funds	1,574,501	(1,293,201)	2,282,112	988,911	585,590
Organization capital					
Foundation capital	40,430	-	-	-	40,430
Unrestricted surplus	1,931,524	1,537,432	-	1,537,432	3,468,956
Total organization capital	1,971,954	1,537,432	-	1,537,432	3,509,386

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2017

(all amounts in US dollars)

	Note	2017	2016
ASSETS			
Current assets			
Cash and cash equivalents	7	42,798,161	31,064,595
Accounts receivable		517,587	967,174
Prepayments and accrued income		2,467,716	933,468
Total current assets		45,783,464	32,965,237
Non-current assets			
Fixed assets		9,447	-
Rental guarantee deposit		227,074	215,408
Total non-current assets		236,521	215,408
Total assets		46,019,985	33,180,645
LIABILITIES AND CAPITAL			
Current liabilities			
Accounts payable and accrued expenses		9,991,292	5,397,764
Deferred revenue	8	31,342,356	23,492,755
Unrealized exchange gains		-	195,150
Total current liabilities		41,333,648	29,085,669
Restricted funds		309,364	585,590
Organization capital			
Initial foundation capital	12	40,430	40,430
Free capital		4,336,543	3,468,956
Total Capital		4,376,973	3,509,386
Total liabilities, capital and reserves		46,019,985	33,180,645

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

(all amounts in US dollars)

	2017	2016
Annual result before allocation to organization capital	867,587	1,537,432
Change in restricted funds	(276,226)	(988,911)
Add back non-cash charge - depreciation & amortization	2,953	
	594,314	548,521
Cash flows - operating activities		
Increase (decrease) in deferred revenue	7,849,601	7,938,065
Increase (decrease) in accounts payable and accruals	4,593,528	1,155,602
(Increase) decrease in accounts receivable	449,587	1,293,534
(Increase) decrease in prepayments	(1,534,248)	(801,847)
Increase (decrease) in unrealized exchange gains on foreign currencies	(195,150)	(124,839)
Net cash provided by operating activities	11,163,318	9,460,515
Cash flows - investing activities		
(Increase) decrease in rental guarantee deposit	(11,666)	2,687
Acquisition of computers & printers	(12,400)	-
Acquisition of faxes and telephones	-	-
Net cash used in investing activities	(24,066)	2,687
Net increase (decrease) in cash and cash equivalents for year	11,733,566	10,011,723
Cash and cash equivalents at start of year	31,064,595	21,052,872
Cash and cash equivalents at end of year	42,798,161	31,064,595
Net increase (decrease) in cash and cash equivalents for year	11,733,566	10,011,723

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(all amounts in US dollars)

1. General information

1.1 Legal aspects

The Foundation for Innovative New Diagnostics (FIND) is an independent Swiss Foundation established as a not-for-profit legal entity created under Article 80 of the Swiss Civil Code and registered in the Geneva Register of Commerce on 29 July 2003.

FIND's mission is to drive the development and early implementation of innovative diagnostic tests that have a high impact on patient care and disease control in low-resource settings.

FIND is monitored by the Swiss Federal Supervisory Board for Foundations.

1.2 Tax exemption

On 9 December 2010, FIND and the Swiss Federal Council signed an agreement granting FIND certain privileges and immunities under the revised Host State Act, which came into force on 1 January 2008. In accordance with this agreement, FIND has been granted exemption from all federal, cantonal and communal taxes, from Value-Added Tax, and from regulations governing the employment of foreign nationals in Switzerland. This agreement came into effect on 1 January 2011.

1.3 Regional offices

FIND is headquartered in Geneva, Switzerland and has regional offices in New Delhi, India; Cape Town, South Africa; Kampala, Uganda; Hanoi, Vietnam

Since 2007, FIND has played a key role in demonstrating the effectiveness of new diagnostics in country settings, and scaling up the delivery of strong programmatic management of drug-resistant Tuberculosis in India and South-East Asia. FIND India was established as a liaison office through a Collaborative Agreement with Ministry of Health & Family Welfare of the Indian Government. In addition, the Foundation for Innovative New Diagnostics India was incorporated under section 8 of the Companies Act as a non-profit company, limited by guarantee, in July 2015; this entity became operational in 2017.

FIND Uganda was established in 2008 and provides support for FIND's research and field activities for Tuberculosis, Malaria and Human African Trypanosomiasis in Uganda. It is established as a non-governmental organization on the basis of a Memorandum of Understanding with the republic of Uganda.

FIND Dx in South Africa was registered as a non-profit company in December 2014 and is FIND's principal representative office in Africa with a main focus on access-related work. This company has no share capital and is not limited by guarantee.

FIND's operations as a non-governmental organization in Vietnam were registered with the People's Aid Coordinating Committee in August 2015. FIND's work in Vietnam aims to support research and treatment of infectious diseases, primarily tuberculosis, supporting the National TB Program, Pham Ngoc Thach Hospital and the National Institute of Malariology, Parasitology and Entomology.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(all amounts in US dollars)

1.4 First time adoption of Swiss GAAP RPC

2017 was the first year of adoption of Swiss GAAP RPC. The comparative figures have been stated in compliance with the new framework in order to ensure comparability. The effect of the restatement of the comparative figures is as follows:

	2016
Impact on result for year transferred to unrestricted funds	
Per Swiss Accounting Law	1,695,727
Reclassification of prior year revenue	(158,295)
Result per Swiss GAAP RPC	1,537,432

Impact on Balance Sheet - deferred revenue

Per Swiss Accounting Law	24,078,345
Reclassification of closing restricted funds	(585,590)
Deferred revenue per Swiss GAAP RPC	23,492,755

2. Significant accounting policies

2.1 Basis of presentation

These consolidated financial statements have been prepared in accordance with the Accounting and Reporting Recommendations Swiss GAAP RPC and more specifically with Swiss GAAP RPC 21 for charitable non-profit organisations. These consolidated financial statements gives a true and fair view which reflect the economic facts and are thus free of deception and manipulation. Comparative information has been re-presented accordingly.

Consolidated financial statements are based on the individual financial statements established as at 31 December in accordance with single accounting principles for all entities within the group.

Significant items are accounted for as follows:

2.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term money market deposits with maturities of 3 months or less from the balance sheet date at the most.

2.3 Rental guarantee deposit

The deposits relate to the rental of FIND office premises in Geneva, India, South Africa and Vietnam and are recoverable in accordance with the rental contract upon vacation of the premises.

2.4 Foreign currency

Accounting records are maintained in US dollars (USD). Revenue and expenditures in other currencies are recorded in USD approximating actual rates in effect at the time of the transaction. Year-end balances for assets and liabilities in other currencies are translated into US dollars at rates of exchange prevailing at balance sheet date. At 31 December 2017, the rate of exchange used for the Swiss franc, the main foreign currency for 2017, was USD/CHF = 0.974 (2016 –1.016).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(all amounts in US dollars)

2.5 Recognition of revenue

Grants requiring the return of unspent funds are recorded in accordance with the principle of matching related revenues and expenses in the same period. Unused funds from such grants at the end of the period are recorded in the balance sheet under deferred revenue and recognised as revenue in future periods.

Grants which do not require unspent funds to be returned are recognised in the statement of revenue and expenditure at the time when FIND takes control of the funds.

Service revenue is recognised when the service is rendered.

2.6 Classification of restricted funds

Restricted funds are comprised of funds that are subject to restrictions in purpose as determined by third parties. The portion of restricted funds that are not used during the year or deferred, is recognised in the balance sheet through allocation to restricted funds and as a reduction of the result for the year. Conversely, when such funds are used in subsequent years, they will be recognised in the statement of revenue and expenditure through the use of funds.

2.7 Donations in-kind

Donations in-kind are not recorded but disclosed in the notes to the financial statements based on information provided by partners. They are valued at the price FIND would have had to pay if the goods or services were to be provided in exchange for payment under usual contractual terms. Services rendered or goods transferred to FIND must exclude any monetary transfer and must be clearly identifiable to a FIND project.

2.8 Consolidation

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

FIND India and FIND Dx in South Africa.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(all amounts in US dollars)

3. Donations received

During 2017, the following donations were received from donors (other currency amounts are converted to USD at exchange rates on date of receipt):

	2017	2016
The Global Fund to Fight AIDS, Tuberculosis and Malaria	22,409,348	787,056
Department for International Development (DFID), UK	11,349,401	2,928,213
The Bill and Melinda Gates Foundation	8,563,542	11,663,764
Australian Department of Foreign Affairs and Trade	2,480,160	2,399,806
Dutch Ministry of Foreign Affairs (DGIS), Netherlands	2,413,664	4,251,440
Federal Ministry of Education And Research (BMBF) through KfW, Germany	1,760,597	1,522,995
Government of the United States	1,618,591	5,191,897
Swiss Agency for Development and Cooperation	1,557,236	1,210,074
UNITAID	1,252,279	7,876,470
Global Health Innovative Technology Fund (GHIT), Japan	858,486	1,087,393
Fondation Botnar	406,504	-
Médecins Sans Frontières	400,000	279,845
Republic and Canton of Geneva	156,413	153,218
Fundacion Anesvad	145,168	-
JSI Research & Training	100,405	250,000
United Nations Office for Project Services	84,448	219,262
UBS Optimus Foundation, Switzerland	61,602	201,819
Swiss State Secretariat for Education, Research and Innovation (SERI)	-	472,107
Paul G. Allen Family Foundation	-	1,705,500
WHO		255,362
The ELMA Foundation		175,000
Other	187,600	16,114
Total contributions received	55,805,444	42,647,335

Donor agreements in effect as at 31 December 2017 provide for a total of USD 91 million to be paid to FIND between January 2018 and December 2022.

In accordance with Swiss GAAP RPC 21, donations are recognised as revenue, when FIND has a control over the funds. As such, contributions received may differ from grant revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(all amounts in US dollars)

4. Donations in-kind

FIND operations are funded through financial contributions and donations. In addition to financial contributions, generous partners, private companies and academic groups provide FIND with goods and services at no cost as donations in-kind. The analysis of goods and services received is as follows:

	2017	2016
Tuberculosis	683,660	1,894,996
Fever, AMR & Outbreaks	1,596,755	-
Neglected Tropical Diseases	912,791	800,096
Malaria	288,481	990,123
HIV and HCV	379,710	269,891
Total donations in-kind	3,861,397	3,955,106

The above amounts include 34% for infrastructure and supplies, 59% for personnel and consultants, 6% for partner payments plus 1% for travel, (2016 – 70% for infrastructure and supplies 29% for personnel and consultants, and 1% for travel).

In-kind contributions are reported above based upon information provided by our partners and are valued at the price FIND would have to pay in an arm's length transaction.

5. Expenditure by cost type

The breakdown of programme and supporting services by expense type is shown below:

	2017	2016
Project partners	14,940,969	12,107,215
Personnel	9,609,291	8,082,309
Consultants	8,318,666	5,920,890
Travel	2,225,122	2,466,814
Equipment	5,843,951	974,007
Supplies and other expenses	7,024,044	3,739,068
Total expenditure	47,962,043	33,290,303

Commitments at 31 December 2017 for future payments to partners under contracts signed up until 31 December 2017 total USD 9,496,841 (2016 – USD 8,378,815).

The annual average number of full-time personnel equivalents for the reporting year, as well as the previous year, did not exceed 250.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(all amounts in US dollars)

6. Remuneration

The total amount of remuneration paid to the members of the top management amounts to CHF 793,400. Remuneration is consistent with requirements, qualifications, responsibility and work performance

Members of the Foundation board do not have a paid relationship with the organisation as defined by labour law. Travel expenses incurred are reimbursed based upon receipts.

7. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2017 were as follows:

	2017	2016
Petty cash	1,156	900
Bank current accounts	27,808,408	18,087,087
Short-term deposits	14,988,597	12,976,608
Total cash and cash equivalents	42,798,161	31,064,595

8. Deferred revenue

Deferred revenue represents assets to which the donor has attached a condition specifying the right to return of the transferred funds. As such, revenue on these grants is deferred until the condition is met and the right to the return of the funds is extinguished and will then be recognised in the income statement as grant revenue.

The following table shows the breakdown of these funds by disease area.

	2017	2016
Tuberculosis	5,616,819	4,553,322
Fever, AMR & Outbreaks	2,635,363	3,789,828
Neglected tropical diseases	3,485,184	3,362,875
Malaria	2,352,760	2,318,890
HIV and HCV	3,209,382	6,321,281
Access and other	14,042,848	3,146,559
Total deferred revenue	31,342,356	23,492,755

9. Pension fund liabilities

USD 131,814 was due to the pension fund as at 31 December 2017 (2016 – USD 59,473).

10. Rent commitments

At 31 December 2017, FIND had future rent commitments totalling USD 807,177 up to 31 May 2019 (2016 – USD 1,273,660 up to 31 May 2019). Of this amount, USD 582,698 is due within 12 months (2016 – USD 541,839).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(all amounts in US dollars)

11. Operating lease commitments

At 31 December 2017, FIND had future rent commitments on operating leases totalling USD 19,003 up to 30 September 2018 (*2016 – USD 42,515 up to 30 September 2018*), USD 19,003 of which is due within 12 months (*2016 – USD 24,294*).

12. Foundation capital

The Endowment Capital of CHF 50,000 is fully subscribed and equates to USD 40,430 at the rate of exchange on the date of payment.

13. Events subsequent to 31 December 2017

No events occurred subsequent to 31 December 2017 which could have a material impact on the understanding of these financial statements.