



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 2018**



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Report of the Statutory Auditor to the Board of the Foundation of the
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 the 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 2018.

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 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 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 2018 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 consolidated financial statements according to the instructions of the Board of the Foundation.

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

KPMG SA

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

Cédric Rigoli
Licensed Audit Expert

Geneva, 8 May 2019

Enclosure:

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 2018
(all amounts in US dollars)

	2018	2017
REVENUE		
Grant revenue	59,513,727	48,242,841
Other operating income	447,040	315,314
Total revenue	59,960,767	48,558,155
of which is restricted	58,321,515	47,049,808
EXPENDITURE		
Programme services		
Tuberculosis	9,276,383	9,987,814
AMR and Outbreaks	3,748,848	826,379
Fever and Malaria	5,506,213	9,719,358
Neglected tropical diseases	5,703,620	3,753,038
HCV and HIV	8,250,318	3,772,251
Access TB India	20,428,646	12,165,896
Access in other countries and cross cutting	2,345,430	3,949,311
Total programme services	55,259,458	44,174,047
Supporting Services		
Information & communication	186,535	174,063
Governing & advisory bodies	89,622	83,359
General administration	3,908,694	3,527,621
Depreciation & amortization	4,129	2,953
Total supporting services	4,188,980	3,787,996
Total operating expenditure	59,448,438	47,962,043
Operating result	512,329	596,112
Financial income	340,946	96,253
Financial expenses	116,039	101,004
Financial result	224,907	(4,751)
Result before changes in restricted funds	737,236	591,361
Change in restricted funds	(157,736)	276,226
Annual result before allocation to organization capital	579,500	867,587
Allocations/appropriation		
Free capital	(579,500)	(867,587)

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

STATEMENT OF CHANGES IN CAPITAL AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2017

(all amounts in US dollars)

	Balance 1.1.2018	Allocation	Use	Total change	Balance 31.12.2018
Restricted funds	309,363	(58,321,515)	58,163,779	(157,736)	467,099
Organization capital					
Foundation capital	40,430	-	-	-	40,430
Unrestricted surplus	4,336,543	579,500	-	579,500	4,916,043
Total organization capital	4,376,973	579,500	-	579,500	4,956,473

	Balance 1.1.2017	Allocation	Use	Total change	Balance 31.12.2017
Restricted funds	585,590	(47,049,808)	47,326,034	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 SHEET AS AT 31 DECEMBER 2018

(all amounts in US dollars)

	Note	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	8	37,815,208	42,798,161
Accounts receivable		300,560	517,587
Prepayments and accrued income		2,767,698	2,467,716
Total current assets		40,883,466	45,783,464
Non-current assets			
Fixed assets		5,317	9,447
Rental guarantee deposit		235,563	227,074
Total non-current assets		240,880	236,521
Total assets		41,124,346	46,019,985
LIABILITIES AND CAPITAL			
Current liabilities			
Accounts payable and accrued expenses		7,419,530	9,991,292
Deferred revenue	9	28,281,244	31,342,356
Total current liabilities		35,700,774	41,333,648
Restricted funds		467,099	309,364
Organization capital			
Initial foundation capital	13	40,430	40,430
Free capital		4,916,043	4,336,543
Total Capital		4,956,473	4,376,973
Total liabilities, capital and reserves		41,124,346	46,019,985

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

(all amounts in US dollars)

	2018	2017
Annual result before allocation to organization capital	579,500	867,587
Change in restricted funds	157,736	(276,226)
Add back non-cash charge - depreciation & amortization	4,129	2,953
	741,365	594,314
Cash flows - operating activities		
Increase (decrease) in deferred revenue	(3,061,111)	7,849,601
Increase (decrease) in accounts payable and accruals	(2,571,762)	4,593,528
(Increase) decrease in accounts receivable	217,026	449,587
(Increase) decrease in prepayments	(299,982)	(1,534,248)
Increase (decrease) in unrealized exchange gains on foreign currencies	-	(195,150)
Net cash provided by operating activities	(5,715,829)	11,163,318
Cash flows - investing activities		
(Increase) decrease in rental guarantee deposit	(8,489)	(11,666)
Acquisition of computers & printers	-	(12,400)
Net cash used in investing activities	(8,489)	(24,066)
Net increase (decrease) in cash and cash equivalents for year	(4,982,953)	11,733,566
Cash and cash equivalents at start of year	42,798,161	31,064,595
Cash and cash equivalents at end of year	37,815,208	42,798,161
Net increase (decrease) in cash and cash equivalents for year	(4,982,953)	11,733,566

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (all amounts in US dollars)

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 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 2018, was USD/CHF = 0.986 (2017 – 0.974).

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 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts in US dollars)

3. Grant revenue

The breakdown of grant revenue by area of activity is shown below:

	2018	2017
HQ activities	38,657,536	35,618,160
India access activities	20,518,762	12,261,444
South Africa activities	337,429	363,237
Total grant revenue	59,513,727	48,242,841

4. Donations received

During 2018, the following donations were received from donors (*other currency amounts are converted to USD at exchange rates on date of receipt*):

	2018	2017
Unitaid	9,651,846	1,252,279
Department for International Development (DFID), UK	9,335,553	11,349,401
The Global Fund to Fight AIDS, Tuberculosis and Malaria	7,341,443	22,409,348
The Bill and Melinda Gates Foundation	6,838,924	8,563,542
Federal Ministry of Education And Research (BMBF) through KfW, Germany	5,731,724	1,760,597
Department for Health and Social Care, UK	4,134,325	-
Australian Department of Foreign Affairs and Trade	2,825,925	2,480,160
Dutch Ministry of Foreign Affairs (DGIS), Netherlands	2,592,280	2,413,664
Global Health Innovative Technology Fund (GHIT), Japan	1,810,272	858,486
Swiss Agency for Development and Cooperation	1,773,372	1,557,236
Government of India, Ministry of Health & Family welfare, The Central TB Division	1,498,432	-
Médecins Sans Frontières	701,925	400,000
Fondation Botnar	502,008	406,504
Government of the United States	427,511	1,618,591
European and Developing Countries Clinical Trials Partnership (EDCTP) Association	346,146	-
African Society of Laboratory Medicine	281,255	-
South African Medical Research Council	273,783	-
Roche Molecular Systems, Inc	270,144	-
Hain Lifescience GmbH	194,331	-
The ELMA Foundation	175,000	-
Other	845,728	735,636
Total contributions received	57,551,927	55,805,444

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(all amounts in US dollars)

Donor agreements in effect as at 31 December 2018 provide for a total of USD 110 million to be paid to FIND between January 2019 and June 2023.

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.

5. 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:

	2018	2017
Tuberculosis	690,597	683,660
Fever and Malaria	3,846,367	1,885,236
Neglected tropical diseases	971,325	912,791
HCV and HIV	1,067,184	379,710
Total donations in-kind	6,575,473	3,861,397

The above amounts include 50% for infrastructure and supplies, 47% for personnel and consultants, 1% for partners and 2% for travel, (2017 – 34% for infrastructure and supplies 59% for personnel and consultants, 6% for partners 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts in US dollars)

6. Expenditure by cost type

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

2018	HQ activities	India access activities	South Africa activities	Total
Project partners	16,002,845	282,021	-	16,284,866
Personnel	11,114,108	76,230	279,753	11,470,091
Consultants	5,596,170	2,224,190	652	7,821,012
Travel	1,609,022	323,998	40,198	1,973,218
Equipment	671,462	14,771,793	33	15,443,288
Supplies and other expenses	3,693,985	2,750,414	11,564	6,455,963
Total expenditure	38,687,592	20,428,646	332,200	59,448,438

2017	HQ activities	India access activities	South Africa activities	Total
Project partners	14,940,970	-	-	14,940,970
Personnel	9,287,134	23,510	298,646	9,609,290
Consultants	6,158,720	2,129,323	30,622	8,318,665
Travel	1,882,746	316,809	25,567	2,225,122
Equipment	397,064	5,445,713	1,174	5,843,951
Supplies and other expenses	2,751,488	4,250,541	22,016	7,024,045
Total expenditure	35,418,122	12,165,896	378,025	47,962,043

Note India activities includes supporting services incurred in India

Commitments at 31 December 2018 for future payments to partners under contracts signed up until 31 December 2018 total USD 13,621,458 (2017 – USD 9,496,841).

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 2018

(all amounts in US dollars)

7. Remuneration

The total amount of remuneration paid to the members of the leadership team amounts to CHF 1,033,681. 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.

8. Cash and cash equivalents

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

	2018	2017
Petty cash	952	1,156
Bank current accounts	29,776,833	27,808,408
Short-term deposits	8,037,423	14,988,597
Total cash and cash equivalents	37,815,208	42,798,161

9. 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 program.

	2018	2017
Tuberculosis	8,086,958	5,616,819
AMR & Outbreaks	5,463,412	1,188,301
Fever and Malaria	3,343,455	3,799,822
Neglected tropical diseases	3,669,950	3,485,184
HIV and HCV	4,865,153	3,209,382
Access and other	2,852,316	14,042,848
Total deferred revenue	28,281,244	31,342,356

10. Pension fund liabilities

USD 249,830 was due to the pension fund as at 31 December 2018 (2017 – USD 131,814).

11. Rent commitments

At 31 December 2018, FIND had future rent commitments totalling USD 833,219 up to 31 May 2020 (2017 – USD 807,177 up to 31 May 2019). Of this amount, USD 611,314 is due within 12 months (2017 – USD 582,698).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(all amounts in US dollars)

12. Operating lease commitments

At 31 December 2018, FIND had future rent commitments on operating leases totalling USD 35,616 up to 31 October 2020 (*2017 – USD 19,003 up to 30 September 2018*), USD 19,427 of which is due within 12 months (*2017 – USD 19,003*).

13. 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.

14. Events subsequent to 31 December 2018

No events occurred subsequent to 31 December 2018 which could have a material impact on the understanding of these financial statements.