



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 2019



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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 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 2019.

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 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 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, 26 May 2020

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 2019

(all amounts in US dollars)

	2019	2018
REVENUE		
Grant revenue	55,842,142	59,513,727
Other operating income	585,117	447,040
Total revenue	56,427,259	59,960,767
of which is restricted	54,682,828	58,321,515
EXPENDITURE		
Programme services		
Tuberculosis	10,181,810	9,276,383
AMR and Outbreaks	7,197,653	3,748,848
Fever and Malaria	4,938,400	5,506,213
Neglected tropical diseases	6,516,393	5,703,620
HCV and HIV	8,452,231	8,250,318
Access TB India	10,427,420	20,428,646
Access in other countries and cross cutting	3,352,827	2,345,430
Total programme services	51,066,734	55,259,458
Supporting Services		
Information & communication	185,802	186,535
Governing & advisory bodies	52,271	89,622
General administration	4,802,713	3,908,694
Depreciation & amortization	19,370	4,129
Total supporting services	5,060,156	4,188,980
Total operating expenditure	56,126,890	59,448,438
Operating result	300,369	512,329
Financial income	314,122	340,946
Financial expenses	139,592	116,039
Financial result	174,530	224,907
Result before changes in restricted funds	474,899	737,236
Change in restricted funds	1,843	(157,736)
Annual result before allocation to organization capital	476,742	579,500
Allocations/appropriation		
Free capital	(476,742)	(579,500)

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

STATEMENT OF CHANGES IN CAPITAL AS AT 31 DECEMBER 2019

(all amounts in US dollars)

	Balance 1.1.2019	Allocation	Use	Total change	Balance 31.12.2019
Restricted funds	467,099	(56,100,776)	56,102,619	1,843	465,256
Organization capital					
Foundation capital	40,430	-	-	-	40,430
Unrestricted surplus	4,916,046	476,742	-	476,742	5,392,788
Total organization capital	4,956,476	476,742	-	476,742	5,433,218

	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	4,336,546	579,500	-	579,500	4,916,046
Total organization capital	4,376,976	579,500	-	579,500	4,956,476

BALANCE SHEET AS AT 31 DECEMBER 2019

(all amounts in US dollars)

	Note	2019	2018
ASSETS			
Current assets			
Cash and cash equivalents	8	40,871,808	37,815,208
Accounts receivable		2,226,115	300,560
Prepayments and accrued income		7,573,565	2,767,698
Total current assets		50,671,488	40,883,466
Non-current assets			
Fixed assets		46,645	5,317
Rental guarantee deposit		238,765	235,566
Total non-current assets		285,410	240,883
Total assets		50,956,898	41,124,349
LIABILITIES AND CAPITAL			
Current liabilities			
Accounts payable and accrued expenses		7,559,213	7,419,530
Deferred revenue	9	37,499,211	28,281,244
Total current liabilities		45,058,424	35,700,774
Restricted funds		465,256	467,099
Organization capital			
Initial foundation capital	13	40,430	40,430
Free capital		5,392,788	4,916,046
Total Capital		5,433,218	4,956,476
Total liabilities, capital and reserves		50,956,898	41,124,349

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

(all amounts in US dollars)

	2019	2018
Annual result before allocation to organization capital	476,742	579,500
Change in restricted funds	(1,843)	157,736
Add back non-cash charge - depreciation & amortization	19,368	4,129
Add back non-cash charge - net impact of foreign exchange rate differences on cash held	116,659	(1,222,919)
	610,926	(481,554)
Cash flows - operating activities		
Increase (decrease) in deferred revenue	9,217,967	(3,061,111)
Increase (decrease) in accounts payable and accruals	139,683	(2,571,762)
(Increase) decrease in accounts receivable	(1,925,555)	217,026
(Increase) decrease in prepayments	(4,805,867)	(299,982)
Net cash provided by operating activities	2,626,228	(5,715,829)
Cash flows - investing activities		
(Increase) decrease in rental guarantee deposit	(3,199)	(8,489)
Acquisition of computers & printers	(60,696)	-
Net cash used in investing activities	(63,895)	(8,489)
Net increase (decrease) in cash and cash equivalents for year	3,173,259	(6,205,872)
Cash and cash equivalents at start of year	37,815,208	42,798,161
Net impact of foreign exchange rate difference on cash held	(116,659)	1,222,919
Cash and cash equivalents at end of year	40,871,808	37,815,208
Net increase (decrease) in cash and cash equivalents for year	3,173,259	(6,205,872)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (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. Plans are currently underway to operationalise FIND DX Kenya.

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.

FIND Dx Kenya was registered in May 2019. The office is to be operationalised in 2020. At the time of registration of FIND DX Kenya, FIND Geneva was already supporting a number of projects in the Ministry of Health and at KEMRI.

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 2019 (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 2019, the rate of exchange used for the Swiss franc, the main foreign currency for 2019, was USD/CHF = 0.968 (2018 – 0.986).

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 2019
(all amounts in US dollars)

3. Grant revenue

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

	2019	2018
HQ activities	44,728,037	38,657,536
India access activities	10,539,363	20,518,762
South Africa activities	574,742	337,429
Total grant revenue	55,842,142	59,513,727

4. Donations received

During 2019, the following donations were received from donors (*other currency amounts are converted to USD at exchange rates on date of receipt*):

	2019	2018
Department for International Development (DFID), UK	16,720,202	9,335,553
The Bill and Melinda Gates Foundation	9,101,058	6,838,924
UNITAID	6,850,530	9,651,846
Department for Health and Social Care, UK	6,644,906	4,134,325
The Global Fund to Fight AIDS, Tuberculosis and Malaria	6,445,231	7,341,443
Australian Department of Foreign Affairs and Trade	5,225,944	2,825,925
Global Health Innovative Technology Fund (GHIT), Japan	2,038,112	1,810,272
Government of India, Ministry of Health & Family welfare, The Central TB Division	1,978,575	1,498,432
Dutch Ministry of Foreign Affairs (DGIS), Netherlands	1,706,176	2,592,280
Swiss Agency for Development and Cooperation	1,635,678	1,773,372
European and Developing Countries Clinical Trials Partnership (EDCTP) Association	671,277	346,145
Fondation Botnar	300,300	502,008
Federal Ministry of Education And Research (BMBF) through KfW, Germany	-	5,731,724
Médecins Sans Frontières	-	701,925
Other - amounts under \$500,000	3,652,434	2,467,753
Total contributions received	62,970,423	57,551,927

Donor agreements in effect as at 31 December 2019 provide for a total of USD 91 million to be paid to FIND between January 2020 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(all amounts in US dollars)

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:

	2019	2018
Tuberculosis	564,593	690,597
AMR and Outbreaks	290,591	-
Access	293,666	-
Fever and Malaria	1,362,554	3,846,367
Neglected tropical diseases	953,615	971,325
HCV and HIV	383,804	1,067,184
Total donations in-kind	3,848,823	6,575,473

The above amounts include 31% for infrastructure and supplies, 46% for personnel and consultants, 17% for partners and 6% for travel, (2018 – 50% for infrastructure and supplies 47% for personnel and consultants, 1% for partners and 2% 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.

6. Expenditure by cost type

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

2019	HQ activities	India access activities	South Africa activities	Total
Project partners	18,384,210	939,557	185,826	19,509,593
Personnel	11,709,060	61,863	312,949	12,083,872
Consultants	7,590,570	2,748,409	26,958	10,365,937
Travel	2,217,035	557,067	14,339	2,788,441
Equipment	788,046	1,918,206	1,538	2,707,790
Supplies and other expenses	4,461,542	4,202,318	7,397	8,671,257
Total expenditure	45,150,463	10,427,420	549,007	56,126,890

2018	HQ activities	India access activities	South Africa activities	Total
Project partners	16,002,845	282,021	-	16,284,866
Personnel	11,111,344	78,994	279,753	11,470,091
Consultants	5,566,514	2,253,846	652	7,821,012
Travel	1,600,754	332,266	40,198	1,973,218
Equipment	671,071	14,772,184	33	15,443,288
Supplies and other expenses	3,671,016	2,773,383	11,564	6,455,963
Total expenditure	38,623,544	20,492,694	332,200	59,448,438

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(all amounts in US dollars)

6. Expenditure by cost type (continued)

Note: India activities includes supporting services incurred in India

Commitments at 31 December 2019 for future payments to partners under contracts signed up until 31 December 2019 total USD 7,386,452 (2018 – USD 13,621,458).

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

7. Remuneration

The total amount of remuneration paid to the members of the leadership team amounts to CHF 1,079,893 (2018 – 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:

	2019	2018
Petty cash	2,054	952
Bank current accounts	30,862,508	29,776,833
Short-term deposits	10,007,246	8,037,423
Total cash and cash equivalents	40,871,808	37,815,208

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.

	2019	2018
Tuberculosis	9,919,691	8,086,958
AMR & Outbreaks	11,461,390	5,463,412
Fever and Malaria	3,960,349	3,343,455
Neglected tropical diseases	2,956,890	3,669,950
HIV and HCV	2,375,164	4,865,153
Access and other	6,825,727	2,852,316
Total deferred revenue	37,499,211	28,281,244

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
(all amounts in US dollars)

10. Pension fund liabilities

USD 3,468 was due to the pension fund as at 31 December 2019 (2018 – USD 249,830).

11. Rent commitments

At 31 December 2019, FIND had future rent commitments totalling USD 783,297 up to 31 May 2021 (2018 – USD 833,219 up to 31 May 2020). Of this amount, USD 562,605 is due within 12 months (2018 – USD 611,314).

12. Operating lease commitments

At 31 December 2020, FIND had future rent commitments on operating leases totalling USD 16,480 up to 31 October 2020 (2018 – USD 35,616 up to 31 October 2020), USD 16,480 of which is due within 12 months (2018 – USD 19,427).

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 2019

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the reporting date 31 December 2019, the Coronavirus outbreak and the related measures are non-adjusting events. Consequently, there is no impact on recognition and measurement of assets and liabilities. However, based on the limitations on movement imposed by many governments to protect their populations, we expect some delays in our project activities in 2020. It is not at present known the extent of the delays but we have already received assurance from some donors that we will be allowed some time extensions to complete projects already started or planned. We are also working directly on providing diagnostic solutions to control COVID-19 resulting in some reassignment of staff from other projects where applicable. Our foreign exchange exposure at end December is considered minimal due to natural hedges at the balance sheet date.