

Report of the Statutory Auditor on the Limited Statutory

to the Board of Trustees of

Ruedi Lüthy Foundation, Bern

As statutory auditors, we have examined the financial statements of Ruedi Lüthy Foundation, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes for the year ended 31 December 2019. As permitted by Swiss GAAP FER 21 the information in the performance report is not required to be subject to the statutory auditors' examination.

These financial statements in accordance with Swiss GAAP FER 21 are the responsibility of the board of trustees. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of personnel and analytical procedures as well as detailed tests of foundation documents as considered appropriate in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER 21. Furthermore, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law, the foundation's deed and regulations.

Zurich, 18 March 2020

Yours sincerely

LIENHARD Audit AG



Claudio Piubel
Licensed Audit Expert
Auditor in Charge



Stephan Lienhard
Licensed Audit Expert

Enclosure:

- Financial statements 2019 (balance sheet, income statement, cash flow statement, statement of changes in equity and notes)

BALANCE SHEET

ASSETS	31.12.2019	31.12.2018	Change
	in CHF	in CHF	in CHF
Cash	9 390,52	1 313,15	8 077,37
Postfinance	1 286 858,65	574 281,05	712 577,60
Banks	7 465 062,64	5 077 438,04	2 387 624,60
Current assets listed at a stock exchange	14 764 847,46	2 898 966,00	11 865 881,46
Receivables	50 372,10	25 910,68	24 461,42
Prepaid expenses and accrued income	64 658,99	79 948,93	-15 289,94
Inventories	790 421,32	836 704,15	-46 282,83
Total ASSETS	24 431 611,68	9 494 562,00	14 937 049,68

LIABILITIES	31.12.2019	31.12.2018	Change
	in CHF	in CHF	in CHF
<u>Current liabilities</u>			
Payables	277 940,15	231 869,07	46 071,08
Deferred income and accrued expenses	924 482,70	26 347,97	898 134,73
Total current liabilities	1 202 422,85	258 217,04	944 205,81
<u>Organisational capital</u>			
Paid-in capital of the foundation	100 000,00	100 000,00	-
Designated capital	17 976 111,02	8 544 896,56	9 431 214,46
Reserve for fluctuations in asset value	1 500 000,00	100 000,00	1 400 000,00
Unrestricted capital	464 395,71	1 648 613,25	-1 184 217,54
Net profit or loss for the period	3 178 335,89	-1 184 217,54	4 362 553,43
Currency translation differences	10 346,21	27 052,69	-16 706,48
Total organisational capital	23 229 188,83	9 236 344,96	13 992 843,87
Total LIABILITIES	24 431 611,68	9 494 562,00	14 937 049,68

INCOME STATEMENT

	1 Jan-31 Dec 19	1 Jan-31 Dec 18	Change
INCOME	in CHF	in CHF	in CHF
<u>Donations</u>			
Ordinary donations	2 352 865,76	1 715 894,95	636 970,81
Donations from legacies	14 685 429,84	65 000,00	14 620 429,84
Earmarked donations	727 279,56	817 978,30	-90 698,74
Donations in kind	1 963 117,35	1 593 038,48	370 078,87
Total donations	19 728 692,51	4 191 911,73	15 536 780,78
<u>Other income</u>			
SDC contributions	820 000,00	1 096 000,00	-276 000,00
Income from the Training Centre	23 978,47	105 485,71	-81 507,24
Other income	205 154,06	78 936,79	126 217,27
Total other income	1 049 132,53	1 280 422,50	-231 289,97
Total INCOME	20 777 825,04	5 472 334,23	15 305 490,81
EXPENSES			
Direct project expenses			
<u>Newlands Clinic</u>			
Personnel expense	1 867 997,96	1 785 895,74	82 102,22
Materials and services	2 858 854,82	2 766 038,61	92 816,21
Real estate	62 248,24	16 438,11	45 810,13
Maintenance, repairs and replacements	265 151,66	102 585,42	162 566,24
Vehicles and transport	33 104,19	42 800,97	-9 696,78
Energy	23 864,41	22 776,52	1 087,89
Administration/IT	137 065,86	100 964,12	36 101,74
Research	8 830,21	3 603,69	5 226,52
Total Newlands Clinic	5 257 117,35	4 841 103,18	416 014,17
<u>Newlands Clinic Training Centre</u>			
Personnel expense	352 907,57	285 076,44	67 831,13
Materials and services	-	-	-
Real estate	-	10 274,56	-10 274,56
Maintenance, repairs and replacements	8 129,66	14 977,61	-6 847,95
Vehicles and transport	7 737,17	12 760,57	-5 023,40
Energy	7 825,23	2 360,63	5 464,60
Administration	193 261,54	215 190,12	-21 928,58
Total Newlands Clinic Training Centre	569 861,17	540 639,93	29 221,24
<u>Women's Health Centre</u>			
Personnel expense	203 048,09	195 722,04	7 326,05
Materials and services	17 441,70	34 370,39	-16 928,69
Real estate	-	-	-
Maintenance, repairs and replacements	100 494,85	14 511,54	85 983,31
Vehicles and transport	-	-	-
Energy	14 140,70	9 067,04	5 073,66
Administration	11 824,40	9 323,76	2 500,64
Research	-	-	-
Total Women's Health Centre	346 949,74	262 994,77	83 954,97
Total direct project expenses	6 173 928,26	5 644 737,88	529 190,38

INCOME STATEMENT

	1 Jan 31 Dec 19	1 Jan-31 Dec 18	Change
General expenses	in CHF	in CHF	in CHF
Personnel expense	364 947,28	335 071,12	29 876,16
Services	872,90	568,45	304,45
Administration	81 871,30	79 626,85	2 244,45
IT	52 291,25	58 364,90	-6 073,65
Fundraising	282 226,43	319 773,39	-37 546,96
Communications	74 382,10	114 931,38	-40 549,28
Other operating expenses	3 213,25	2 681,60	531,65
Total general expenses	<u>859 804,51</u>	<u>911 017,69</u>	<u>-51 213,18</u>
Operating income	<u>13 744 092,27</u>	<u>-1 083 421,34</u>	<u>14 827 513,61</u>
Net financial income			
Financial income	336 940,71	33 742,60	303 198,11
Currency gains	-	-	-
Financial expenses	-54 508,25	-122 550,58	68 042,33
Currency losses	-6 151,78	-5 506,68	-645,10
Currency translation difference from IC elimina	-10 822,60	-16 462,54	5 639,94
Total financial income	<u>265 458,08</u>	<u>-110 777,20</u>	<u>376 235,28</u>
Annual profit or loss before capital allocatic	<u>14 009 550,35</u>	<u>-1 194 198,54</u>	<u>15 203 748,89</u>
Withdrawal from designated capital	18 785,54	9 981,00	8 804,54
Allocation to designated capital	-10 850 000,00	-	-10 850 000,00
Annual profit or loss after capital allocation	<u>3 178 335,89</u>	<u>-1 184 217,54</u>	<u>4 362 553,43</u>

STATEMENT OF NET INCREASE/DECREASE IN ORGANISATIONAL CAPITAL

	Opening amount 01.01.2019	Allocation	Withdrawal	Internal transfers	Closing amount 31.12.2019
	in CHF	in CHF	in CHF	in CHF	in CHF
Paid-in capital of the foundation	100 000,00				100 000,00
Designated capital	8 544 896,56				17 976 111,02
– Training Centre	500 000,00	1 500 000,00			2 000 000,00
– New projects	450 000,00	1 550 000,00			2 000 000,00
– Newlands Clinic	7 572 000,00	4 000 000,00			11 572 000,00
– Staff quarters	22 896,56	400 000,00	-18 785,54		404 111,02
– Women's Health Centre	-	2 000 000,00			2 000 000,00
Reserve for fluctuations in asset value	100 000,00	1 400 000,00			1 500 000,00
Unrestricted capital	464 395,71			3 178 335,89	3 642 731,60
– Net income for the year		3 178 335,89		-3 178 335,89	-
Currency translation differences	27 052,69			-16 706,48	10 346,21
Total organisational capital	9 236 344,96	14 028 335,89	-18 785,54	-16 706,48	23 229 188,83

	Opening amount 01.01.2018	Allocation	Withdrawal	Internal transfers	Closing amount 31.12.2018
	in CHF	in CHF	in CHF	in CHF	in CHF
Paid-in capital of the foundation	100 000,00				100 000,00
Designated capital	8 554 877,56				8 544 896,56
– Training Centre	500 000,00				500 000,00
– New projects	450 000,00				450 000,00
– Newlands Clinic	7 572 000,00				7 572 000,00
– Staff quarters	32 877,56		-9 981,00		22 896,56
Reserve for fluctuations in asset value	100 000,00				100 000,00
Unrestricted capital	1 648 613,25			-1 184 217,54	464 395,71
– Net income for the year			-1 184 217,54	1 184 217,54	-
Currency translation differences	4 117,89			22 934,80	27 052,69
Total organisational capital	10 407 608,70	-	-1 194 198,54	22 934,80	9 236 344,96

CASH FLOW STATEMENT

	2019	2018
	in CHF	in CHF
Operating activities		
Annual profit or loss before net increase/decrease in design	14 009 550,35	-1 194 198,54
Net increase/decrease in currency difference on equity	-16 706,48	22 934,80
Net increase/decrease in receivables	-24 461,42	30 495,55
Net increase/decrease in prepaid expenses and accrued income	15 289,94	-30 787,13
Net increase/decrease in inventory (including restatement)	46 282,83	320 828,42
Net increase/decrease in liabilities	46 071,08	53 854,11
Net increase/decrease in deferred income and accrued expenses	898 134,73	-465,35
Cash flow from operating activities	14 974 161,03	-797 338,14
Investing activities		
Investments in financial assets (net)	-11 865 881,46	-
Disposal of financial assets (net)	-	174 768,76
Cash flow from investing activities	-11 865 881,46	174 768,76
Financing activities		
Financing activities	-	-
Cash flow from financing activities	-	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIV	3 108 279,57	-622 569,38
Liquidity statement		
Cash and cash equivalents at 1 January	5 653 032,24	6 275 601,62
Cash and cash equivalents at 31 December	8 761 311,81	5 653 032,24
NET INCREASE/DECREASE IN CASH AND CASH EQUIV	3 108 279,57	-622 569,38

Notes to the 2019 financial statements

1. Principles governing the preparation of the financial statements

1.1 General

The Ruedi Lüthy Foundation was established on 12 February 2003 and entered under the name of Swiss Aids Care International in the Zurich Commercial Registry on 27 March 2003 as a charitable foundation under the terms of Art. 80 ff. of the Swiss Civil Code. On 1 April 2015 the foundation moved its registered office to Falkenplatz 9 in Bern. The name change was approved on 16 June 2016 by the Federal Supervisory Board for Foundations (FSBF) and entered in the Bern Commercial Registry with effect 1 July 2016. The initial capital comprises a contribution by the founder of CHF 100,000.

The purpose of the foundation is to provide comprehensive treatment and support to HIV and AIDS patients in southern Africa. To this end the foundation may operate clinics, train doctors and nurses and take any other measures that serve the purpose of the foundation. The foundation does not pursue any economic purposes, and does not seek to make a profit. In accordance with a ruling by the Cantonal Tax Administration of the Canton of Bern, given its non-profit status, following the transfer of its registered office from Zurich to Bern the Ruedi Lüthy Foundation is exempt from cantonal and municipal taxes, direct federal taxes, inheritance and gift tax. The Foundation Regulations of 12 February 2003, with the amendments of 24 June 2014, 24 March 2015, 23 June 2015, 16 December 2015 and 25 May 2016, have been approved by the Federal Supervisory Board for Foundations (FSBF) of the Swiss Federal Department of Home Affairs.

Operational responsibility for all activities in Zimbabwe (Newlands Clinic, Training Centre, Women's Health Centre) lies with the Ruedi Lüthy Foundation, Zimbabwe. The Ruedi Lüthy Foundation bears the entire costs of the Ruedi Lüthy Foundation, Zimbabwe. Part of the costs of the Training Centre is assumed by the Bernhart-Matter-Stiftung.

1.2 Basis of the financial statements

The financial statements are prepared for the year to 31 December in accordance with the Swiss Code of Obligations and the requirements of Swiss GAAP FER 21. The material valuation principles are explained below.

A separate financial statement is prepared for each of the three areas of activity of the Ruedi Lüthy Foundation, Zimbabwe. These accounts are kept in US dollars and audited by Grant Thornton in Harare. They are incorporated into the financial statements of the Ruedi Lüthy Foundation.

1.3 Currency translation

The accounts of the Ruedi Lüthy Foundation are kept in Swiss francs. Transactions in foreign currencies are converted into Swiss francs at the exchange rates prevailing at the time of the transaction. Cash and cash equivalents in foreign currencies are converted at the balance sheet date at the rates published on www.finanzen.ch. The income statements of the three units in Harare are converted at average rates (the rates published by the Swiss Federal Tax Administration) and balance sheet items are converted at the rates on the balance sheet date

2. Comments on the financial statements

2.1 Cash and cash equivalents and current assets listed at the stock exchange

	31 Dec 2019 CHF	31 Dec 2018 CHF
Cash	9'390.52	1'313.15
PostFinance	1'286'858.65	574'281.05
Banks	7'465'062.64	5'077'438.04
Total cash and cash equivalents	8'761'311.81	5'653'032.24
Current assets listed at the stock exchange	14'764'847.46	2'898'966.00
Cash and cash equivalents and current assets listed at the stock exchange	23'526'159.27	8'551'998.24

Cash and cash equivalents and current assets listed at the stock exchange (securities) constitute the Ruedi Lüthy Foundation's strategic cash reserves, safeguarding its capacity to act and contract in the medium to long term. In the event that donation income declines, these assets allow the necessary lifelong HIV treatment to be continued on a temporary basis and patients to be transferred to other clinics. The increase in securities is attributable to last financial year's extraordinarily high donation income from legacies.

The investment funds in the securities holdings were free of trailer fees on the balance sheet date.

2.2 Receivables

	31 Dec 2019 CHF	31 Dec 2018 CHF
Receivables from goods & services	5'084.69	10'047.73
Other receivables	45'287.41	15'862.95
Total receivables	50'372.10	25'910.68

Receivables from goods & services relate to receivables of the Ruedi Lüthy Foundation in Zimbabwe (lab, etc.). Other receivables comprise credit with the Swiss Federal Tax Administration (withholding taxes) and the rental deposit for the office premises at Falkenplatz 9 in Bern.

2.3 Inventories

	31 Dec 2019 CHF	31 Dec 2018 CHF
Drugs and pharmaceutical inventory	747'118.73	789'453.00
Lab equipment and supplies	32'477.86	35'824.90
Other inventory	10'824.72	11'426.25
Total inventory	790'421.32	836'704.15

Inventories basically comprise inventories of drugs.

Ordinary emoluments paid to member of the Board of Trustees Dr. Rudolf Lüthy (founder of Newlands Clinic) for overall medical direction and advice:

	31 Dec 2019 CHF	31 Dec 2018 CHF
Ordinary emoluments paid for overall medical direction in Zimbabwe	102'354.65	62'376.62
of which employer contributions	7'002.85	3'854.52

There was no change in the emoluments paid to Dr. Rudolf Lüthy versus the prior year. The lower figure in 2018 was due to his prolonged absence as the result of an accident. At the beginning of February 2019 he resumed full duties.

Compensation paid to the Executive Board:

	31 Dec 2019 CHF	31 Dec 2018 CHF
Compensation paid to the Executive Board (Chief Executive and Deputy Chief Executive)	182'444.07	170'789.16
of which employer contributions	23'913.07	22'289.16

Of the total compensation paid to the Executive Board, around CHF 79,000 was allotted to project expenses (prior year CHF 75,000) and CHF 103,000 to general expenses (prior year CHF 96,000).

2.8 Number of employees

On 31 December 2019, 7 people (3.7 FTEs) worked at head office in Bern (prior year 6 people, 3.3 FTEs).

On 31 December 2019 72 people (69.9 FTEs) worked in Zimbabwe (prior year 74 people or 71.4 FTEs).

2.9 Long-term rental agreements

In April 2019 a rental agreement with a fixed basic term of 3 years was signed for a Canon multifunction device. As of 31 December 2019 the outstanding rent came to CHF 4,652.65. The fixed basic term of the rental agreement for the office premises at Falkenplatz 9 in Bern has expired. The agreement can now be terminated on a monthly basis subject to the customary local period of notice.