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**THE GLOBAL ALLIANCE FOR IMPROVED  
NUTRITION**, Geneva

*Financial Statements for the  
Year ended June 30, 2008  
and Auditors' Report*

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## REPORT OF THE STATUTORY AUDITORS

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

As statutory auditors, we have audited the accounting records and the financial statements of The Global Alliance for Improved Nutrition ("the Foundation") for the year ended June 30, 2008.

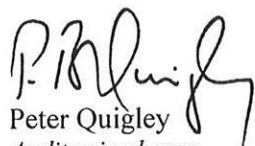
These financial statements are the responsibility of the Board of the Foundation. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards as well as with International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements comply with Swiss law and the statutes of the Foundation.

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

DELOITTE SA

  
Peter Quigley  
Auditor in charge

  
Myriam Meissner

November 25, 2008

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

GLOBAL ALLIANCE FOR IMPROVED NUTRITION, Geneva

Balance sheet as at 30 June 2008

	Note	2008 USD	2007 USD
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash at bank	3	36,804,815	41,230,415
Advances to UNDP and UNOPS		-	111,223
Other receivables		576,965	791,071
Prepaid expenses		72,392	147,553
<b>Total current assets</b>		<b>37,454,172</b>	<b>42,280,262</b>
<b>FIXED ASSETS, net</b>	4	<b>386,069</b>	<b>211,836</b>
<b>TOTAL ASSETS</b>		<b>37,840,241</b>	<b>42,492,098</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdraft		-	1,349,818
Accounts payable		331,173	313,124
Other creditors	5	67,816	35,997
Accrued expenses		614,891	426,140
Grants payable	6	9,515,933	3,541,144
Project supervision fees		108,277	228,896
<b>Total current liabilities</b>		<b>10,638,090</b>	<b>5,895,119</b>
<b>LONG TERM LIABILITIES</b>			
Grants payable after one year	6	3,325,642	4,377,894
<b>CAPITAL AND RESERVES</b>			
Foundation capital	7	36,187	36,187
Surplus		23,840,322	32,182,898
<b>Total capital and reserves</b>		<b>23,876,509</b>	<b>32,219,085</b>
<b>TOTAL LIABILITIES</b>		<b>37,840,241</b>	<b>42,492,098</b>

**GLOBAL ALLIANCE FOR IMPROVED NUTRITION**, Geneva

**Statement of income and expenditure for the year ended 30 June 2008**

	2008 USD	2007 USD
<b>INCOME</b>		
Donations received	12,706,071	42,781,128
Bank interest	1,700,752	1,828,900
<b>TOTAL INCOME</b>	<b>14,406,823</b>	<b>44,610,028</b>
<b>EXPENDITURE</b>		
<b>Project related costs:</b>		
Project grant expenditures	12,856,036	5,232,368
Project supervision fees	25,000	25,000
	<b>12,881,036</b>	<b>5,257,368</b>
<b>General administration expenses:</b>		
Staff related expenses	4,491,224	3,662,221
Office rental	288,624	199,741
Secretariat operational expenses	801,822	641,267
Professional, technical and legal fees	2,404,193	2,101,949
Travel and meeting expenses	1,998,100	1,318,577
Depreciation	135,541	100,568
Other miscellaneous	357,973	17,658
Bank charges	39,661	40,087
Exchange difference, net	(648,775)	41,939
	<b>9,868,363</b>	<b>8,124,008</b>
<b>TOTAL EXPENDITURE</b>	<b>22,749,399</b>	<b>13,381,376</b>
Surplus of (expenditure)/income	(8,342,576)	31,228,652
Surplus at 1 July 2007	32,182,898	954,246
<b>SURPLUS, END YEAR</b>	<b>23,840,322</b>	<b>32,182,898</b>

**Notes to the financial statements for the year ended 30 June 2008**

1. GENERAL

The Global Alliance for Improve 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.

The Foundation has been established to support food fortification and other sustainable nutrition strategies in order to save and improve health, productivity and cognitive function. In pursuing this objective, the Foundation intends to improve the micronutrient status of individuals living in developing countries, contributing to the following goals:

- Reduce child and maternal morbidity and mortality;
- Improve productivity;
- Promote the ability of populations to achieve their physical and intellectual potential;
- Reduce healthcare costs.

In order to attain these goals, the Foundation shall support developing countries in food fortification efforts, undertaken in the context of broader micronutrient strategies that will reduce micronutrient malnutrition in developing countries, particularly through increased consumption of micronutrient-rich foods.

The Bill and Melinda Gates Foundation, certain governments and other contributors have made available resources 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 World Bank continued to manage in this fiscal year five country projects which are in the process of being wound down and / or transferred to GAIN. These projects were appraised by the World Bank, approved by the GAIN board of Directors and administered and supervised directly by the World Bank in accordance with the written agreement between the World Bank and GAIN.

Certain personnel and related costs are provided and managed by the World Bank, and are paid directly from the Trust Fund and are not charged to GAIN.

**Notes to the financial statements for the year ended 30 June 2008**

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The accounting policies comply with the Swiss Code of Obligations.

Donations received - Donations received are recorded on a cash basis.

Foreign currencies - Accounting records are maintained in US dollars. Income and expenditures in the 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 determination of the net income.

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 rate of 20% per year for office equipment and 50% per year for computer equipment.

Grants payable for projects - All grants are governed by a written grant agreement. All expenses are accounted for at the moment of the signature of the agreement. Grants or portions of grants that have not been disbursed at the balance sheet date are recorded as short and long-term liabilities. Certain agreements provide that the payments of part of the grants occur when defined milestones have been met.

3. CASH AT BANK

Cash at bank includes a blocked amount of USD 4,735, equivalent to CHF 4,820 for a rent guarantee (2007: USD 8,587 – CHF 10,500).

4. FIXED ASSETS, net

	Office Equipment	Computer Equipment	Total
<b>Cost</b>			
At 1 July 2007	298,174	163,719	461,893
Additions	110,539	199,234	309,773
<b>At 30 June 2008</b>	<b>408,713</b>	<b>362,953</b>	<b>771,666</b>
<b>Accumulated depreciation</b>			
At 1 July 2007	141,926	108,130	250,056
Charge for the year	65,637	69,904	135,541
<b>At 30 June 2008</b>	<b>207,563</b>	<b>178,034</b>	<b>385,597</b>
<b>Net book value</b>			
<b>At 30 June 2008</b>	<b>201,150</b>	<b>184,919</b>	<b>386,069</b>
At 30 June 2007	156,248	55,589	211,836

The fire insurance cover amounts to USD 491,150 – CHF 500,000 (2007 - USD 407,000 - CHF 500,000).

**Notes to the financial statements for the year ended 30 June 2008**

5. OTHER CREDITORS

Other creditors include an amount of USD 32,865 due to Fondation Patrimonia for LPP at 30 June 2008 (2007 – none).

6. GRANTS AND PROJECT SUPERVISION FEES PAYABLE

	Cumulative total Grant expenditure	Short term	Long term (> one year)	Total undisbursed
China Wheat	3,006,253	477,021	53,003	530,024
China Policy	601,482	166,000	18,625	184,625
Cote d'Ivoire Wheat Flour, Vegetable Oil	3,190,000	901,470	-	901,470
Mali Vegetable oil	1,060,000	60,494	-	60,494
Zambia Maize Meal	2,400,000	200,000	756,329	956,329
Pakistan Wheat	2,998,000	335,775	-	335,775
Ghana Wheat Flour, Vegetable Oil	1,808,028	316,200	146,100	462,300
Georgia Wheat	1,199,000	189,000	10,000	199,000
Kazakhstan Wheat	400,000	101,201	219,662	320,863
Bangladesh Oil fortification	1,127,996	215,327	751,174	966,501
Uganda Wheat, Maize, Oil	2,399,778	1,096,787	930,180	2,026,967
Egypt Baladi Bread	3,000,000	665,027	418,415	1,083,442
Acumen Nutrition Fund Portfolio	4,000,000	4,000,000	-	4,000,000
Other small grants	2,481,988	791,631	22,154	813,785
Other fully disbursed projects	8,269,806	-	-	-
<b>Total grants</b>	<b>37,942,331</b>	<b>9,515,933</b>	<b>3,325,642</b>	<b>12,841,575</b>
<b>Project supervision fees</b>	<b>1,010,248</b>	<b>108,277</b>	<b>-</b>	<b>108,277</b>

On 22 July 2008 a decision was made to terminate two projects; China Wheat and China Policy. The undisbursed balances at 30 June 2008 of USD 714,649 will be reversed during financial year 2008/9 and the grants awarded reduced accordingly. In addition, funds held by the executing agency from previous disbursements amounting to approximately USD 743,500 will be repaid to the Foundation resulting in a further reduction in the grants awarded.

7. FOUNDATION CAPITAL

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

8. RENT AND LEASING COMMITMENTS

At June 30, 2008, the foundation had future minimum office rental commitments amounting to USD 1,230,754 (2007 - USD 679,594), corresponding to expected rental fees until the end of two lease contracts (April 30, 2011 and April 30, 2016).

The Foundation has no leasing contract for computer equipment or any other equipment.