

**Foundation PH Switzerland
Céligny**

**Report of the Auditors
to the Foundation Board
on the Financial Statements for
the year ended 30 June 2007**

25 February 2008/74089-00554197001/PEA

Report of the auditors
to the Foundation Board of the
Foundation PH Switzerland
Céligny

As auditors, we have audited the accounting records and the financial statements (balance sheet, income statement, notes and performance report) of Foundation PH Switzerland for the year ended 30 June 2007.

These financial statements are the responsibility of the Foundation Board. 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.

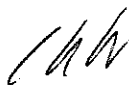
Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures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

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

We also confirm that the financial statements comply with Article 11 of the regulations relating to the quality label ZEWO issued to the charitable, social organisations.

PricewaterhouseCoopers SA



Corinne Pointet Chambettaz
Auditor in charge



Emmanuelle Pineau

Genève, 25 February 2008

Enclosure:

- Financial statements (balance sheet, income statement, notes and performance report)

FOUNDATION PH SWITZERLAND

Route des Coudres, 60

CH - 1298 Céligny

Balance sheet

	30.06.2007	30.06.2006	Notes
	CHF	CHF	
ASSETS			
Cash at bank	2'062'736	2'034'335	1.
Working Capital in the field	66'550	95'000	2.
Prepaid expenses and accrued income	112'042	44'994	3.
Total assets	2'241'328	2'174'329	
LIABILITIES, FUNDS AND NET CAPITAL			
Unused donations (projects)	1'943'933	1'733'026	4.
Unused donations (restricted/unrestricted)	60'344	197'125	5.
Sundry creditors	30'212	37'338	6.
Total liabilities	2'034'489	1'967'490	
Capital	150'000	150'000	
Accumulated reserves	56'839	64'118	
Net result for the year	0	-7'279	
Net capital	206'839	206'839	7. & 8.
Total Liabilities, Funds and Net Capital	2'241'328	2'174'329	

FOUNDATION PH SWITZERLAND
 Route des Coudres 60
 CH - 1298 Céligny

UTILIZATION OF RESOURCES
FROM JULY 1, 2006 TO JUNE 30, 2007

	Donations received	Donations brought forward from last year	Expenses paid during the year	Allocation to administration expenses included in 1	Balance available carried forward
Balkan AIDS	31'431	1'083'041	-1'096'759	146'333	17'712
Balkan AIDS II	1'198'334	-	-13'387	13'387	1'184'946
Bosnia FAMI	422'931	347'001	-774'661	55'400	-4'728
Bosnia FAMI phase IV	640'000	-	-137'609	-	502'391
UNFPA Bosnia	308'455	31'255	-347'234	22'476	-7'524 3.
Bosnia BFM	192'773	144'148	-356'047	9'798	-19'125 2
Diabetes, Meditronic & Vontobel	78'425	47'575	-96'510	15'600	29'490
Macro Core	27'335	-	-31'267	14'018	-3'932 4.
Uzbek-ARH	401	27'166	-27'567	-	-
Peru - Humanitarian aide	36'699	18'092	-24'821	-	29'970
Central Asian Program Development	27'841	5'731	-16'675	-	16'898
WWW-HC	-	6'146	-6'146	-	0
Bosnia No Smoking	-	241	-241	-	-
Macedonia Kozle 2	-	22'630	-	-	22'630
Golf tournament	98'798	-	-98'798	78'578	-
Not attributed	1'100	-	-1'100	1'100	-
Total projets	3'064'523	1'733'026	-3'028'821	356'691	1'768'728

Total Projets	3'064'523
Donations brought forward from last year	1'733'026
Donations received for administration expenses of projects	9'968
Exchange gain	3'526
Other income	29'088
Allocation to administration expenses of projects	356'691
Total	5'196'821
Total administration expenses	-398'633
Total interest and bank charges for administration	-639
Total program expenses during the year	-3'028'821
Total balance available carried forward	-1'768'728
Total	-5'196'821

Net result

1. This includes - expenses effectively paid.
 - expenses accrued for.
2. Last instalment due from the Swiss Confederation to be received after the end of the project.
3. Payment received in August 2007.
4. Payment received in August 2007.

FOUNDATION PH SWITZERLAND

Route des Coudres, 60

CH - 1298 Céligny

DETAIL OF DONATIONS RECEIVED

UNRESTRICTED DONATIONS	CHF
GOLF TOURNAMENT	
EFG International	1'000
Banque Privée BCP (Suisse)	6'000
Banque Pictet & Cie	6'400
Citigroup Global Markets	12'000
John McCarthy Associates Sàrl	7'000
HSBC Private Bank	12'000
Mr. Eric Schaerer	500
Performance Development Partners SA	6'300
Hôpital La Tour SA	7'200
Mr. Fritz Sauerlander	100
Pricewaterhousecoopers	6'000
Firmenich SA	6'200
Mr. Christopher Hartley	200
Mr. Antoine Boissier	400
ICS Corporate Services SA	3'700
Swisspro SR SA	6'000
Mr. Thomas Clark Henderson	700
Mr. Henric Immink	1'100
Mr. Anthony Travis	1'400
Mr. Riccardo Carpigo	200
Tombola	8'398
Total golf tournament	92'798
Other unrestricted donations	
Commune de Céligny	1'000
Matosan Consultant	100
Dissolution 2006 golf tournament provision	6'000
Total other unrestricted donations	7'100
Total unrestricted donations	99'898

FOUNDATION PH SWITZERLAND

Route des Coudres, 60

CH - 1298 Céligny

PROFIT AND LOSS ACCOUNT

HEAD OFFICE	2006/2007	2005/2006	Notes
	CHF	CHF	
Head office revenues			
Donations received	9'968	16'101	
Allocation of donations for administrative expenses	356'691	400'219	
Other revenues	29'088	15'000	9.
Total income	395'747	431'320	10.
Head office expenses			
Salaries	-242'427	-317'124	
Social security	-42'092	-44'373	
Membership fees, taxes and duties	-3'487	-3'858	
Office supplies / printing	-9'972	-13'499	
Phone expenses	-6'230	-6'502	
Computer / software expenses	-4'366	-1'907	
Insurance	-4'625	-5'465	
Postage expenses	-571	-1'806	
Audit and fiduciary fees	-61'788	-21'724	
PH transition fees	-	-485	
Other fees	-7'654	-	
Travel expenses	-1'763	-1'889	
Entertainment allowance	-277	-652	
Public relation expenses	-788	-2'350	
Office rent / charges	-12'594	-14'279	
Office miscellaneous	-	-2'742	
Total expenses	-398'633	-438'654	
Result before interest, bank charges and exchange gains	-2'886	-7'334	
Financial result			
Interest paid and bank charges	-639	-574	
Exchange gain and bank interest	3'526	629	
Financial result	2'886	55	
Net result for Administration	0	-7'279	

FOUNDATION PH SWITZERLAND

Route des Coudres 60

CH - 1298 Céligny

CASH FLOW STATEMENT

	2006/2007 CHF	2005/2006 CHF	Notes
Net result for the year	0	-7'279	
Decrease / (increase) in working capital	28'449	-	12.
Decrease / (increase) in prepaid expenses	-67'048	-43'609	13.
Increase / (decrease) in unused donations for projects	210'907	191'627	14.
Increase / (decrease) in unused donations (restricted / unrestricted)	-136'781	49'982	15.
Increase / (decrease) in sundry creditors	-7'126	-45'582	16.
Cash flow from operations	28'401	145'139	
Cash balance at beginning of year	2'034'335	1'889'196	
Cash balance at the end of the year	2'062'736	2'034'335	
Increase in cash balance	28'401	145'139	

FOUNDATION PH SWITZERLAND
Route des Coudres 60
CH - 1298 Céligny

Year July 1st, 2006 to June 30th, 2007

Organization

The Foundation's objectives are to deploy philanthropic programs and to implement training and education programs abroad to improve the hygiene and health of the most impoverished populations, to encourage health awareness amidst the less advanced and to encourage and support private groups as well as other organizations sharing the same objectives.

Foundation Board Members

<u>Name</u>	<u>Domicile</u>	<u>Title</u>
Friedrich Sauerländer	Céligny	President of the Board
André Schneider	Plan-les-Ouates	Secretary, board member
Dieter Hoffmann	Gingins	Board member
Henric Immink	Nyon	Board member
Louis Loutan	Grand Lancy	Board member
Peter Saladin	Köniz	Board member
Anthony Travis	Givrins	Treasurer, Board member

Each board member's mandate expires during the course of 2008.

I. Accounting principles for the presentation of the accounts

This is the second year that Foundation Partnerships in Health has applied accounting standard Swiss GAAP RPC 21, as outlined by Swiss Quality Label ZEW0 for non-profit organizations.

The accounts are presented in Swiss Francs.

Assets and liabilities in foreign currency are translated into Swiss Francs at the balance sheet date of June 30th.

The following exchange rates were applied

1 USD = CHF 1.233
1 EUR = CHF 1.655

Balance sheet notes

1. Cash

Cash includes petty cash as well as the bank and post office accounts of Head Office and all program and project accounts.

2. Working Capital

This includes working capital allocated to the field offices as follows:

- Bosnia and Herzegovina FAMI Project CHF 50'000.
- Bosnia and Herzegovina AIDS Project CHF 16'550.

3. Prepaid expenses and accrued income

This includes:

- Prepaid expenses	CHF	7'528
- Recoverable withholding tax	CHF	2'795
- Advances to projects and withholding tax	CHF	34'427
- Donations receivable, Administration Budget	<u>CHF</u>	<u>67'292</u>
	CHF	112'042

4. Unused donations (projects)

This includes the balance carried forward from projects at the balance sheet date.

Refer also to the "Follow up of projects" spreadsheet.

- Project FAMI Phase III & IV	CHF	29'719
- Project SIDA	CHF	113'635
- Project UNFPA	CHF	7'344
- Project Macro Core	CHF	22'355
- Other projects	<u>CHF</u>	<u>2'152</u>
Total accruals (see also note 15)	CHF	175'205
- Balance available carried forward « Follow up of projects » :	<u>CHF</u>	<u>1'768'728</u>
Total Unused donations (projects)	CHF	1'943'933

5. Unused donations (restricted / unrestricted)

This includes:

- Restricted donations for the Balkan countries	CHF	43'874
- Unallocated receipts from the Golf tournament	<u>CHF</u>	<u>16'470</u>
	CHF	60'344

6. Sundry creditors

This includes:

- Sundry creditors:	CHF	24'626
- Social charges:	<u>CHF</u>	<u>5'586</u>
	CHF	30'212

7. Net Capital

This includes CHF 150'000 capital transferred from Project Hope and CHF 56'839 of accumulated reserves.

8. Changes in Net Capital

	Balance sheet as at 30.06.2007		Balance sheet as at 30.06.2006	
Foundation Capital	CHF	150'000	CHF	150'000
Accumulated profit	CHF	56'839	CHF	64'118
Net result of the period	CHF	0	CHF	- 7'279
Total net Capital	CHF	206'839	CHF	206'839

Profit and loss notes

9. Other Income

This includes a transfer of CHF 23'354 of revenue from the Golf Tournament and a transfer of CHF 5'734 of the funds related to the Balkan nations projects.

10. Income

This includes donations received for the Head Office and the allocation of projects funds to administrative costs. (See details in "follow-up of projects" spreadsheet)

11. Expenses

This entry includes the expenses related to the Head Office operations. (See details in "Profit and Loss Account")

11a. Services performed without charge

Free services have been offered to the Foundation PH Suisse during the period 06/07:

- CHF 21'000 by PricewaterhouseCoopers SA as audit fees;
- CHF 15'790 by International Corporate Services SA as accounting fees.

11b. Lease commitments

The Foundation has leasing commitments relating to a multifunctional printer maturing on December 31, 2008. As at June 30, 2007 the remaining contractual lease payments amount to CHF 8'910.

Cash flow statements notes

12. Working capital

The reduction in working capital is due to:

- Phase I of the AIDS project is now finished, consequently the working capital advanced by the Foundation of CHF 40'000 has been returned by the Macedonian office and CHF 5'000 has been returned by the office in Serbia.
- An advance of Euro 10'000 (CHF16'550) was transferred to the Bosnia-Herzegovinian office for the phase II of the AIDS project that commenced this year.

13. Variation in prepaid expenses and accrued income

The increase in prepaid expenses and accrued income is due to donations relating to the period 06/07 which were received after June 30, 2007; CHF 67'292 on June 30, 2007 against CHF 12'124 on June 30, 2006.

14. Variation in unused donations for projects

The increase in unused donations allocated to projects is due to:

- the variation in the balance available for projects (see "Follow-up of Projects" spreadsheet) which increased from CHF 1'733'026 to CHF 1'768'728;
- the increase in creditors relating to projects as at June 30, 2007 to CHF 175'205. Previously, on June 30, 2006, they were included in "donations receivable".

15. The reduction in unused donations is mostly due to:

- the allocation of a donation of CHF 5'000 in favour of the Central Asian Development Program received during the financial year 2005-2006;
- a reduction in the Balkan countries fund following the utilization of this fund to finance certain projects in the Balkans;
- a change in the presentation of the accounts. Creditors for projects as at June 30, 2006 for an amount of CHF 82'026 were included in unused donations while for this year end, June 30, 2007, the amount relating to creditors for projects of CHF 175,205 is included in unused donations projects (see also note 4).

16. Variation in sundry creditors

The reduction in sundry creditors is due to the settlement of various creditors before June 30, 2007.

II Other Information**Bank Signatories ***

<u>Name</u>	<u>Domicile</u>	<u>Title</u>
Friedrich Sauerländer	Céligny	President of the board
André Schneider	Plan-les-Ouates	Secretary, member
Dieter Hoffmann	Gingins	Board member
Henric Immink	Nyon	Board member
Louis Loutan	Grand Lancy	Board member
Peter Saladin	Köniz	Board member
Anthony Travis	Givrins	Treasurer, board member
Bettina Schwethelm	Nyon	Board member

* All payments require two signatures

Auditor

PricewaterhouseCoopers S.A.
50, avenue Giuseppe-Motta; CP 2895
1211 Genève 2

Compensation Paid to the Members of the Board

No compensation was paid to any of the board members.

Tax Exemption

Cantonal tax: The Foundation was exempted by decree of the Conseil d'Etat on August 1, 1992

Federal tax: The Foundation was exempted by decree of the Conseil d'Etat on July 21, 1995

FOUNDATION PH SWITZERLAND

Route des Coudres 60

CH - 1298 Céligny

Financial Year July 1st, 2006 to June 30th, 2007

Management Performance Report

(1) Purpose of the organization

Because "good health is a fundamental resource for social and economic development¹," as well as an inalienable right, Fondation PH (FPH), a Swiss NGO, is dedicated to building critical health knowledge and skills through health education and training of the primary care providers. In partnership with the countries of Eastern Europe and Central Asia, FPH assists local institutions to build their capacity and achieve sustainable improvements in the quality of basic and essential health services. Our projects are changing the life of vulnerable populations.

(2) Directors and their Terms of office

Mr. Dieter Hoffmann

Retired, Vice President and Business Line Director
Cardiac and Monitoring Systems

Me. Henric Immink

Python Schifferli Peter & Associés- Avocats

Dr. Louis Loutan

Responsable de la Médecine Tropicale, HUG

Dr. Peter Saladin

Retired, President, H+

Dr. Friedrich Sauerländer

Chairman

Dr. André Schneider

Managing Director and Chief Operating Officer
World Economic Forum

Mr. Anthony Travis

Retired Senior Partner, PricewaterhouseCoopers
Treasurer

There are no term limitations for Board members

(3) Persons Responsible for Management

Swiss Head Office

Bettina Schwethelm, Executive Director

Laurent Zbinden, Administrator

Francisca Merino, Medical Advisor

Finance Support and accounting
ICS Corporate Service SA
Gina Empson, Director

(4) Connections to related parties

There are no connections.

(5) Objectives, services rendered, and use of available funds

Objectives

- Develop and implement results-based projects in partnership with governments, health care institutions, providers, NGOs, and donors
- Work closely with the local health care systems and health care providers in the design and implementation
- Transfer skills and know-how to build local capacity and promote sustainable health improvements
- Strengthen the primary health care level to increase the availability of affordable and cost-effective curative and preventive health services
- Guide local staff and partners to be results-oriented

Services Rendered

In this financial year 2006/7, Fondation PH – Partnerships in Health (FPH) concentrated most of its efforts in the two largest projects in the Balkans region.

The Western Balkans HIV and AIDS prevention and Care programme, funded by Sida was implemented in Albania, Bosnia and Herzegovina, Macedonia, Montenegro, UNIMIK Kosovo, and Serbia and supported the training of specialists and primary care providers in HIV prevention, diagnosis, and treatment; local NGO projects targeting groups at high-risk for HIV infection; and country and regional exchanges through skills building workshops and a regional conference. The project has supported and strengthened national AIDS plans, increased regional awareness about HIV, as well as the involvement of people living with HIV and AIDS. Phase I of this programme was successfully completed in May 2007, and Phase II of the Programme, also supported by Sida, started in June 2007.

The Family Medicine project supported by the SDC and implemented jointly with the Geneva University Hospitals in Bosnia and Herzegovina continued to strengthen local family medicine prevention and care initiatives. In line with SDC priorities and the Paris Declaration, the project also supported the development of a local foundation and began a gradual transfer of activities to country ownership.

In addition, FPH implemented several smaller programs including:

- *Adolescent Reproductive Health in Bosnia and Herzegovina with funding and under the oversight of UNFPA.* This programme supported the work of four info centers and four youth friendly service sites and reached 1000s of adolescents through peer education and community-based activities with information about reproductive health.
- *A Diabetes prevention and Care pilot project with funding from Medtronic Foundation, Vontobel Stiftung, and Cida* (all Cida funds were received and managed by the FPH Bosnia and Herzegovina office). This programme trained family medicine doctors, nurses, social workers and psychologists in diabetes prevention and care, screened at risk patients, and established a diabetes counseling center in a public primary care site.
- *A village health bank project in Peru supported by FEDEVO.* This project provided micro-credit and health education to poor women in the slums of Lima, Peru.
- *Global Fund Five Year Evaluation, a sub-contract with CORE (via MACRO International).* FPH participated in the country partnerships assessment of the GFATM in Cambodia and Kyrgyzstan as a sub-contractor.