

**FOR DECISION**

The Statutes state the Board has the responsibility to approve the annual accounts. For the 2008 year, the scope of this responsibility applies only to the Swiss entity. In the future, the GAVI Alliance financials will consolidate affiliated entities such as IFFIm.

On 28 May 2009, the Audit and Finance Committee will meet with GAVI's outside auditor, review these financial statements, and consider a recommendation to the Board that it:

- Acknowledge it has read the "Report of the Statutory Auditor on the Limited Statutory Examination to the Board of Trustees."
- Approve the "GAVI Alliance, Geneva Financial Statements 2008."

## **2008 financial statements**

During the governance transition, the board members decided to consolidate GAVI's activities within the existing GAVI Foundation entity in Switzerland. By using this existing platform, the new Board must approve the previous year's financial statements.

GAVI's outside auditor, KPMG performed an examination of the accounts and determined "nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the foundation's charter." The assessment had a limited scope in 2008 because the entity's activity was nominal and the balance sheet was small. From 2009 onwards, the GAVI Alliance will consolidate the financial activity of affiliated organisations (such as IFFIm) and undergo a full audit.

The Audit and Finance Committee will meet on 28 May in executive session with KPMG and subsequently examine the accounts. Should it find them satisfactory, the Committee will recommend to the Board that it approve the financials.

**DRAFT****KPMG SA  
Audit**14, Chemin De-Normandie  
CH-1206 GenevaP.O. Box 449  
CH-1211 Geneva 12Telephone +41 22 704 15 15  
Fax +41 22 347 73 13  
Internet www.kpmg.ch

Report of the Statutory Auditor on the Limited Statutory Examination to the Board of Trustees  
of

**GAVI Alliance, Geneva**

As statutory auditors, we have examined the financial statements (statement of financial position, statement of activities, statement of cash flows, statement of changes in funds and notes) of GAVI Alliance as of and for the year ended 31 December 2008. The audit of the prior year financial statements was performed by another Auditor, which issued on 14 July 2008 an unqualified audit opinion.

These financial statements 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 company personnel and analytical procedures as well as detailed tests of company documents as considered necessary 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 comply with Swiss law and the foundation's charter.

KPMG SA

William D. Laneville  
*Licensed Audit Expert  
Auditor in Charge*

Pierre-Henri Pingeon  
*Licensed Audit Expert*

Geneva, 8 May 2009

*Enclosure:*

- Financial statements (statement of financial position, statement of activities, statement of cash flows, statement of changes in funds and notes)

## STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2008 and 2007

	Note	2008 USD	2007 USD
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents:	3		
Cash		\$ 148,563	\$ 63,697
Investments		42,713,210	1,250,000
Total cash and cash equivalents		<u>42,861,773</u>	<u>1,313,697</u>
Current accounts and receivables:			
Receivables from affiliates		-	18,010
Trade accounts receivable		9,635	17,287
Other receivables		95,956	-
Prepaid Expenses		230,747	-
Total current accounts and receivables		<u>336,338</u>	<u>35,297</u>
Total current assets		<u>43,198,111</u>	<u>1,348,994</u>
<b>NON CURRENT ASSETS</b>			
Non Current assets, net of depreciation and amortization	5	<u>273,519</u>	-
Non Current assets		<u>273,519</u>	-
<b>TOTAL ASSETS</b>		<u>\$ 43,471,630</u>	<u>\$ 1,348,994</u>
<b>LIABILITIES AND CAPITAL</b>			
<b>CURRENT LIABILITIES</b>			
Due to affiliates		6,752	-
Accounts payable		534,133	16,221
Accrued expenses		1,016,758	134,456
Deferred unrealized exchange gain		-	2,688
Total current liabilities		<u>1,557,643</u>	<u>153,365</u>
<b>CAPITAL</b>			
Paid-in capital		40,985	40,985
Unrestricted funds brought forward		1,154,644	-
Unrestricted funds for the year		40,718,358	1,154,644
Total capital		<u>41,913,987</u>	<u>1,195,629</u>
<b>TOTAL LIABILITIES AND CAPITAL</b>		<u>\$ 43,471,630</u>	<u>\$ 1,348,994</u>

The notes are an integral part of these financial statements

## STATEMENT OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

	Note	Year ended December 31, 2008 USD	From July 14, 2006 to December 31, 2007 USD
<b>INCOME</b>			
Contributions		\$ 40,536,210	\$ -
Resources from affiliates		6,280,635	2,385,000
Total Income		<u>46,816,845</u>	<u>2,385,000</u>
<b>OPERATING EXPENSES</b>			
General and administration	6	<u>6,061,856</u>	<u>1,247,956</u>
Total Operating Expenses		<u>6,061,856</u>	<u>1,247,956</u>
Operating surplus		<u>40,754,989</u>	<u>1,137,044</u>
<b>OTHER INCOME / (EXPENSES)</b>			
Financial income, net	7	43,596	14,639
Exchange gain/ ( loss), net		<u>(80,227)</u>	<u>2,961</u>
Total other income / (expense), net		<u>(36,631)</u>	<u>17,600</u>
<b>INCREASE IN FUNDS for the year</b>		<u><u>\$ 40,718,358</u></u>	<u><u>\$ 1,154,644</u></u>

The notes are an integral part of these financial statements

## STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

	Year ended December 31, 2008 USD	From July 14, 2006 to December 31, 2007 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 40,718,358	\$ 1,154,644
Adjustments to reconcile change in net assets		
Depreciation	21,547	-
Increase (decrease) in deferred income	(2,688)	2,688
Change in Assets and Liabilities:		
(Increase) decrease in receivables	17,287	(17,287)
Increase in other receivables	(95,956)	
Increase in prepaid expenses	(240,382)	-
(Increase) decrease in affiliates	24,762	(18,010)
Increase in accounts payable	517,912	16,221
Increase in accrued expenses	882,302	134,456
	<u>41,843,142</u>	<u>1,272,712</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Change in fixed assets	(295,066)	-
	<u>(295,066)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Paid-in capital	-	40,985
	<u>-</u>	<u>40,985</u>
Increase in Cash	41,548,076	1,313,697
Cash and cash equivalents - beginning of period	1,313,697	-
Cash and cash equivalents - end of period	<u>\$ 42,861,773</u>	<u>\$ 1,313,697</u>

The notes are an integral part of these financial statements

## STATEMENT OF CHANGES IN FUNDS AT DECEMBER 31, 2008

	Beginning of the year	Allocation	Internal fund transfers	End of the year
	USD	USD	USD	USD
Foundation capital	\$ 40,985	\$ -	\$ -	\$ 40,985
Increase in funds for the year	-	40,718,358	(40,718,358)	-
Unrestricted funds	1,154,644	-	40,718,358	41,873,002
Restricted funds	-	-	-	-
Total capital	<u>\$ 1,195,629</u>	<u>\$ 40,718,358</u>	<u>\$ -</u>	<u>\$ 41,913,987</u>

The notes are an integral part of these financial statements

*GAVI Alliance, Geneva*

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD

FROM JANUARY 1, 2008 TO DECEMBER 31, 2008 (expressed in USD)

---

## 1. NATURE OF OPERATIONS AND AFFILIATIONS

The GAVI Alliance is a partnership that was established in 2000 and combines public and private expertise to bring the benefits of immunisation to those in greatest need, strengthen health systems and ultimately save millions of lives worldwide. The GAVI Fund serves to provide financing for new and underused vaccines, as well as the systems needed to deliver these vaccines to the children of the world. The GAVI Foundation, incorporated on July 14, 2006, supports GAVI's mission in Switzerland. In 2006, 2007 and 2008, it was fully financed by the GAVI Fund.

Effective December 18, 2008, the GAVI Foundation was renamed the GAVI Alliance. During the 2008 GAVI Board meetings on October 29th and 30th, the governing bodies of the GAVI Alliance and GAVI Fund agreed to centralize operations and reorganize their activities and common operations under the GAVI Alliance name. The GAVI Fund Board has approved a transfer of nearly all of its assets and liabilities to the GAVI Alliance, retaining only staff and a budget to support private fundraising activities in the U.S. This transfer is expected to take place during the second quarter of 2009.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates in financial statement preparation – The preparation of financial statements, in conformity with generally accepted accounting principles and Swiss law, requires estimates and assumptions. They may affect, firstly, reported amounts of assets and liabilities, secondly, disclosure of contingent assets and the date of the financial statements, and thirdly, the reported amounts of revenues and expenses during the reported period. GAVI's financial statements therefore include amounts that are based on management's estimates and judgements. Actual results could differ from those estimates.

Foreign currency transaction – Assets and liabilities in foreign currencies are translated into US dollars at the approximate rate of exchange ruling at the balance sheet date. Income and expenses are translated into US dollars at the rate of exchange ruling at the date of the transaction. Exchange differences are included in the determination of current income, excepted unrealized exchange gains, which are deferred.

GAVI Alliance, Geneva

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD

FROM JANUARY 1, 2008 TO DECEMBER 31, 2008 (expressed in USD)

Tangible assets – Tangible assets are stated at the cost less accumulated depreciation. Depreciation is calculated using the straight –line method over the assets' estimated useful lives of three to five years. GAVI's threshold for capitalization of fixed assets is USD 5,000.

Intangible assets – Intangible assets include software licenses and software development costs, and are stated at cost less accumulated amortization. Amortization is calculated using the straight-line method of the assets' estimated useful lives of three to five years. GAVI's threshold for the capitalization of intangible assets is USD 5,000.

## 3. CASH AND EQUIVALENTS

GAVI reports all demand deposits as cash. In 2007 the cash balance included an amount of USD 3,583 (CHF 4,035) pledged as security for rental commitments. In 2008, GAVI had no such pledges.

## 4. INVESTMENTS

GAVI's investments are governed by its investment policy and the management is handled by external investment managers. GAVI's investments are recorded at fair market value. Realized and unrealized gains/losses and interest/dividend income are reported as net financial income.

## 5. FIXED ASSETS

The following assets which meet the capitalization criteria stated above were purchased during 2008:

Description	2008	2007
Office & computer equipment	\$ 22,753	-
Accumulated depreciation	<u>(1,716)</u>	<u>-</u>
Tangible assets, net	<u>21,037</u>	<u>-</u>
Computer software & licenses	272,313	-
Accumulated amortization	(19,831)	-
Intangible assets, net	<u>252,482</u>	<u>-</u>
Total fixed assets, net	<u>\$ 273,519</u>	<u>-</u>

The fire insurance value of the fixed assets is CHF 30,000 for both 2008 and 2007



GAVI Alliance, Geneva

## NOTES TO FINANCIAL STATEMENT FOR THE PERIOD

FROM JANUARY 1, 2008 TO DECEMBER 31, 2008 (expressed in USD)

6. GENERAL AND ADMINISTRATION	2008	2007
Payroll and benefits	\$ 3,112,565	\$ 691,372
Training and recruitment	439,636	159,673
Professional fees	2,100,888	231,095
Travel and representation	241,865	122,356
Facility and office costs	59,947	34,599
Minor equipment	85,408	8,861
Depreciation expense	21,547	-
Total general and administration expenses	<u>\$6,061,856</u>	<u>\$1,247,956</u>
7. OTHER INCOME / (EXPENSES)	2008	2007
FINANCIAL INCOME		
Investment income	\$ 44,367	\$ 15,831
Interest expense	(362)	-
Commissions	(409)	(1,192)
Financial income, net	<u>43,596</u>	<u>14,639</u>
EXCHANGE GAINS/(LOSSES)		
Realized exchange gains	35,746	20,450
Realized exchange losses	(22,423)	(17,489)
Unrealized exchange losses	(93,550)	-
Exchange gain, net	<u>(80,227)</u>	<u>2,961</u>
Total other income / (expenses), net	<u>\$ (36,631)</u>	<u>\$ 17,600</u>