

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 2020. 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, 17 March 2021

Yours sincerely

LIENHARD Audit AG



Claudio Piubel
Licensed Audit Expert
Auditor in Charge



Stephan Lienhard
Licensed Audit Expert

Enclosure:

- Financial statements 2020 (balance sheet, income statement, cash flow statement, statement of changes in equity and notes)

BALANCE SHEET

ASSETS	31.12.2020	31.12.2019	Change
	in CHF	in CHF	in CHF
Cash	9,655.04	9,390.52	264.52
Postfinance	1,910,120.43	1,286,858.65	623,261.78
Banks	6,562,426.27	7,465,062.64	-902,636.37
Total cash and cash equivalents	<u>8,482,201.74</u>	<u>8,761,311.81</u>	<u>-279,110.07</u>
Current assets listed at a stock exchange	15,194,089.58	14,764,847.46	429,242.12
Receivables	73,249.90	50,372.10	22,877.80
Prepaid expenses and accrued income	73,960.46	64,658.99	9,301.47
Inventories	817,098.41	790,421.32	26,677.09
	-	-	-
Total ASSETS	<u>24,640,600.09</u>	<u>24,431,611.68</u>	<u>208,988.41</u>
LIABILITIES	31.12.2020	31.12.2019	Change
	in CHF	in CHF	in CHF
<u>Current liabilities</u>			
Payables	138,461.70	277,940.15	-139,478.45
Deferred income and accrued expenses	216,619.38	924,482.70	-707,863.32
Total current liabilities	<u>355,081.08</u>	<u>1,202,422.85</u>	<u>-847,341.77</u>
	-	-	-
<u>Organisational capital</u>			
Paid-in capital of the foundation	100,000.00	100,000.00	-
Designated capital	17,947,418.51	17,976,111.02	-28,692.51
Reserve for fluctuations in asset value	1,800,000.00	1,500,000.00	300,000.00
Unrestricted capital	3,567,351.01	474,741.92	3,092,609.09
Net profit or loss for the period	870,749.49	3,178,335.89	-2,307,586.40
Total organisational capital	<u>24,285,519.01</u>	<u>23,229,188.83</u>	<u>1,056,330.18</u>
	-	-	-
Total LIABILITIES	<u>24,640,600.09</u>	<u>24,431,611.68</u>	<u>208,988.41</u>

INCOME STATEMENT

	1 Jan-31 Dec 20	1 Jan-31 Dec 19	Change
	in CHF	in CHF	in CHF
INCOME			
<u>Donations</u>			
Ordinary donations	2,301,662.86	2,352,865.76	-51,202.90
Donations from legacies	198,459.65	14,685,429.84	-14,486,970.19
Earmarked donations	840,040.56	727,279.56	112,761.00
Donations in kind	1,622,043.20	1,963,117.35	-341,074.15
Total donations	<u>4,962,206.27</u>	<u>19,728,692.51</u>	<u>-14,766,486.24</u>
<u>Other income</u>			-
SDC contributions	2,112,000.00	820,000.00	1,292,000.00
Income from the Training Centre	322.56	23,978.47	-23,655.91
Other income	58,759.55	205,154.06	-146,394.51
Total other income	<u>2,171,082.11</u>	<u>1,049,132.53</u>	<u>1,121,949.58</u>
Total INCOME	<u>7,133,288.38</u>	<u>20,777,825.04</u>	<u>-13,644,536.66</u>
EXPENSES			
Direct project expenses			
<u>Newlands Clinic</u>			
Personnel expense	1,787,478.44	1,867,997.96	-80,519.52
Materials and services	2,665,697.98	2,858,854.82	-193,156.84
Real estate	26,407.63	62,248.24	-35,840.61
Maintenance, repairs and replacements	271,485.21	265,151.66	6,333.55
Vehicles and transport	60,534.70	33,104.19	27,430.51
Energy	11,015.98	23,864.41	-12,848.43
Administration/IT	130,597.78	137,065.86	-6,468.08
Research	3,835.28	8,830.21	-4,994.93
Total Newlands Clinic	<u>4,957,053.00</u>	<u>5,257,117.35</u>	<u>-300,064.35</u>
<u>Newlands Clinic Training Centre</u>			-
Personnel expense	388,623.21	352,907.57	35,715.64
Real estate	650.84	-	650.84
Maintenance, repairs and replacements	23,967.25	8,129.66	15,837.59
Vehicles and transport	5,590.49	7,737.17	-2,146.68
Energy	1,206.25	7,825.23	-6,618.98
Administration	102,450.48	193,261.54	-90,811.06
Total Newlands Clinic Training Centre	<u>522,488.52</u>	<u>569,861.17</u>	<u>-47,372.65</u>
<u>Women's Health Centre</u>			-
Personnel expense	213,197.23	203,048.09	10,149.14
Materials and services	35,856.65	17,441.70	18,414.95
Real estate	-	-	-
Maintenance, repairs and replacements	61,436.60	100,494.85	-39,058.25
Vehicles and transport	-	-	-
Energy	4,246.27	14,140.70	-9,894.43
Administration	11,080.03	11,824.40	-744.37
Research	-	-	-
Total Women's Health Centre	<u>325,816.78</u>	<u>346,949.74</u>	<u>-21,132.96</u>
Total direct project expenses	<u>5,805,358.30</u>	<u>6,173,928.26</u>	<u>-368,569.96</u>

INCOME STATEMENT

	1 Jan 31 Dec 20	1 Jan-31 Dec 19	Change
General expenses	in CHF	in CHF	in CHF
Personnel expense	365,851.22	364,947.28	903.94
Services	3,750.00	872.90	2,877.10
Administration	74,956.11	81,871.30	-6,915.19
IT	10,290.65	52,291.25	-42,000.60
Fundraising	171,000.24	282,226.43	-111,226.19
Communications	48,262.15	74,382.10	-26,119.95
Other operating expenses	-	3,213.25	-3,213.25
Total general expenses	<u>674,110.37</u>	<u>859,804.51</u>	<u>-185,694.14</u>
Operating income	<u>653,819.71</u>	<u>13,744,092.27</u>	<u>-13,090,272.56</u>
Net financial income			
Financial income	612,631.30	336,940.71	275,690.59
Currency gains	-	-	-
Financial expenses	-88,364.49	-54,508.25	-33,856.24
Currency losses	-59,008.67	-6,151.78	-52,856.89
Currency translation difference from IC elimination	22,979.13	-10,822.60	33,801.73
Total financial income	<u>488,237.27</u>	<u>265,458.08</u>	<u>222,779.19</u>
Annual profit or loss before capital allocation	<u>1,142,056.98</u>	<u>14,009,550.35</u>	<u>-12,867,493.37</u>
Withdrawal from designated capital	28,692.51	18,785.54	9,906.97
Allocation to designated capital	-300,000.00	-10,850,000.00	10,550,000.00
Annual profit or loss after capital allocation	<u>870,749.49</u>	<u>3,178,335.89</u>	<u>-2,307,586.40</u>

STATEMENT OF NET INCREASE/DECREASE IN ORGANISATIONAL CAPITAL

	Opening amount 01.01.2020	Allocation	Withdrawal	Internal transfers	Closing amount 31.12.2020
	in CHF	in CHF	in CHF	in CHF	in CHF
Paid-in capital of the foundation	100,000.00				100,000.00
Designated capital	17,976,111.02		-28,692.51		17,947,418.51
– Training Centre	2,000,000.00				2,000,000.00
– New projects	2,000,000.00				2,000,000.00
– Newlands Clinic	11,572,000.00				11,572,000.00
– Staff quarters	404,111.02		-18,785.54		385,325.48
– Women's Health Centre	2,000,000.00				2,000,000.00
Reserve for fluctuations in asset value	1,500,000.00	300,000.00			1,800,000.00
Unrestricted capital	3,653,077.81	870,749.49		-85,726.80	4,438,100.50
– Currency translation differences	10,346.21	-		-85,726.80	-75,380.59
– Net income for the year	-	870,749.49			
Total organisational capital	23,229,188.83	1,170,749.49	-28,692.51	-85,726.80	24,285,519.01

	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	9,450,000.00	-18,785.54		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	491,448.39	3,178,335.89		-16,706.47	3,653,077.81
– Currency translation differences	27,052.69	-		-16,706.47	10,346.22
– Net income for the year	-	3,178,335.89			

CASH FLOW STATEMENT

	2020	2019
	in CHF	in CHF
Operating activities		
Annual profit or loss before net increase/decrease in designated capita	1,142,056.98	14,009,550.35
Net increase/decrease in currency difference on equity	-85,726.80	-16,706.48
Net increase/decrease in receivables	-22,877.80	-24,461.42
Net increase/decrease in prepaid expenses and accrued income	-9,301.47	15,289.94
Net increase/decrease in inventory (including restatement)	-26,677.09	46,282.83
Net increase/decrease in liabilities	-139,478.45	46,071.08
Net increase/decrease in deferred income and accrued expenses	-707,863.32	898,134.73
Cash flow from operating activities	150,132.05	14,974,161.03
Investing activities		
Investments in financial assets (net)	-429,242.12	-11,865,881.46
Disposal of financial assets (net)	-	-
Cash flow from investing activities	-429,242.12	-11,865,881.46
Financing activities		
Financing activities	-	-
Cash flow from financing activities	-	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	-279,110.07	3,108,279.57
Liquidity statement		
Cash and cash equivalents at 1 January	8,761,311.81	5,653,032.24
Cash and cash equivalents at 31 December	8,482,201.74	8,761,311.81
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	-279,110.07	3,108,279.57

Notes to the 2020 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. 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, the Ruedi Lüthy Foundation is exempt from cantonal and municipal taxes, direct federal taxes, and 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 in Bern bears the entire costs of the Ruedi Lüthy Foundation, Zimbabwe.

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. 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 mentioned above. Currency translation differences from the conversion of profit and loss items are recognised in financial income. Differences from the translation of balance sheet items are recognised directly in organisational capital:

Foreign currency	Average rate 2020	2020 closing rate
US dollar	0.9581	0.8839
Euro		1.0817
Yen		0.8563

Foreign currency	Average rate 2019	2019 closing rate
US dollar	1.0044	0.9674
Euro		1.0855
Yen		0.8914

1.4 Accounting and valuation principles

Cash and cash equivalents/securities

Cash, post office accounts and bank deposits are recognised at nominal value, securities at market prices as per the statements from the banks where the securities are held.

Inventories

Drugs and other goods are recognised at the lower of cost or market. Cost prices are determined using the weighted average price method.

Organisational capital

The organisation capital comprises the components of capital to be recognised under this item in accordance with Swiss GAAP FER 21. In addition to the foundation capital paid in by the founder, this includes funds whose use is not restricted by third parties and funds whose use has been designated by the organisation itself.

Recognition of donations

General donations (including legacies resulting from deaths and memorial donations) are recognised in profit or loss at the time of the remittance, in other words once the foundation can actually dispose of the funds. Mere promises of payment are not recognised.

2. Comments on the financial statements

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

	31.12.2020 CHF	31.12.2019 CHF
Cash	9,655.04	9,390.52
Postfinance	1,910,120.43	1,286,858.65
Banks	6,562,426.27	7,465,062.64
Total cash and cash equivalents	8,482,201.74	8,761,311.81
Current assets listed at the stock exchange	15,194,089.58	14,764,847.46
Cash and cash equivalents and current assets listed at the stock exchange	23,676,291.32	23,526,159.27

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. Asset management mandates have been given to three banking institutions for the management of the funds. Any trailer fees due to the foundation are paid on an annual basis. The organisation capital contains fluctuation reserves to take account of the market risks related to securities. The amount of these reserves is reviewed annually and adjusted as required.

2.2 Receivables

	31.12.2020 CHF	31.12.2019 CHF
Receivables from goods & services	4,266.54	5,084.69
Other receivables	68,983.36	45,287.41
Total receivables	73,249.90	50,372.10

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

	31.12.2020 CHF	31.12.2019 CHF
Drugs and pharmaceutical inventory	721,772.69	747,118.73
Lab equipment and supplies	90,146.62	32,477.86
Other inventory	5,179.10	10,824.72
Total inventory	817,098.41	790,421.32

2.4 Tangible assets

In the light of the political uncertainty in Zimbabwe, investments in tangible assets are not recognised on the balance sheet but are recognised directly in profit or loss on the date of acquisition.

2.5 Liabilities

	31.12.2020 CHF	31.12.2019 CHF
Liabilities from goods & services	111,347.70	129,335.19
Other liabilities	27,114.00	148,604.96
Total liabilities	138,461.70	277,940.15

Liabilities from goods & services relate exclusively to liabilities of the Ruedi Lüthy Foundation, Zimbabwe. Other liabilities relate to the office in Bern.

2.6 Foundation bodies

Board of Trustees:

Ulrich B. Mayer, Attorney, Zurich (President)

Prof.em. Hans Lutz, Rüdlingen (Vice-President)

Martin Fuhrer, former Head of International Cooperation at the Swiss Red Cross, Bern

Prof.em. Rudolf Lüthy, Harare/Zimbabwe, Muntelier

Gregor Neidhart, certified expert in accounting and controlling, Winterthur

Beat Wagner, former Head of Communications at the Swiss Red Cross, Zurich

Executive Management:

Sabine Lüthy Hieringer, Chief Executive

Harald Henggi, Deputy Chief Executive

Auditor:
Lienhard Audit AG, Zurich

Supervisory Authority
Swiss Federal Department of Home Affairs, Federal Supervisory Board for Foundations
(FSBF)

2.7 Compensation paid to the governance bodies

The members of the Board of Trustees work in an honorary capacity and are paid neither attendance fees nor expenses. They can be compensated at the lower end of market rates for any advisory and operational work above and beyond their area of responsibility as a member of the Board of Trustees.

Ordinary emoluments paid to member of the Board of Trustees Dr Rudolf Lüthy (founder of Newlands Clinic) for advisory work in the entire medical field, and advice to the executive board, as well as for the training centre, with operational teaching work.

	31.12.2020 CHF	31.12.2019 CHF
Ordinary emoluments	117,729.20	102,354.65
of which employer contributions	8,829.20	7,002.85

There was no change in the emoluments paid to Dr Ruedi Lüthy versus the prior year. The fact that the figure was slightly lower in 2019 is due to the final accident insurance payment for Dr Ruedi Lüthy's accident-related absence in 2018.

Compensation paid to the Executive Board:

	31.12.2020 CHF	31.12.2019 CHF
Compensation paid to the Executive Board (CEO and Deputy CEO)	174,713.54	182,444.07
of which employer contributions	24,113.54	23,913.07

Of the total compensation paid to the Executive Board, around CHF 77,000 was allotted to project expenses (prior year CHF 79,000) and CHF 98'000 to general expenses (prior year CHF 103,000).

2.8 Number of employees

On 31 December 2020, 6 people (3.7 FTEs) worked at head office in Bern (prior year 7 people, 3.9 FTEs).

On 31 December 2020 73 people (70.9 FTEs) worked in Zimbabwe (prior year 72 people or 69.9 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 2020 the outstanding rent came to CHF 3,256.85 (prior year: CHF 4,652.65).