

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 2021. 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, 16 March 2022

Yours sincerely

LIENHARD Audit AG



Claudio Piubel
Licensed Audit Expert
Auditor in Charge



Stephan Lienhard
Licensed Audit Expert

Enclosure:

- Financial statements 2021 (balance sheet, income statement, cash flow statement, statement of changes in equity and notes)

BALANCE SHEET

| ASSETS | 31.12.2021 | 31.12.2020 | Change |
|--|----------------------|----------------------|---------------------|
| | in CHF | in CHF | in CHF |
| Cash | 14'209.65 | 9'655.04 | 4'554.61 |
| Postfinance | 506'365.46 | 1'910'120.43 | -1'403'754.97 |
| Banks | 8'258'569.77 | 6'562'426.27 | 1'696'143.50 |
| Total cash and cash equivalents | 8'779'144.88 | 8'482'201.74 | 296'943.14 |
| Current assets with a stock exchange price | 15'945'811.25 | 15'194'089.58 | 751'721.67 |
| Receivables | 67'786.87 | 73'249.90 | -5'463.03 |
| Prepaid expenses and accrued income | 84'882.50 | 73'960.46 | 10'922.04 |
| Inventories | 828'306.44 | 817'098.41 | 11'208.03 |
| Total current assets | 25'705'931.94 | 24'640'600.09 | 1'065'331.85 |
| Real estate in Switzerland | 1'630'000.00 | - | 1'630'000.00 |
| Total ASSETS | 27'335'931.94 | 24'640'600.09 | 2'695'331.85 |
| LIABILITIES | 31.12.2021 | 31.12.2020 | Change |
| | in CHF | in CHF | in CHF |
| <u>Current liabilities</u> | | | |
| Payables | 121'441.62 | 138'461.70 | -17'020.08 |
| Deferred income and accrued expenses | 657'175.99 | 216'619.38 | 440'556.61 |
| Total current liabilities | 778'617.61 | 355'081.08 | 423'536.53 |
| <u>Non-current liabilities</u> | | | |
| Deferred long-term liability | 333'333.33 | - | 333'333.33 |
| Total liabilities | 1'111'950.94 | 355'081.08 | 756'869.86 |
| <u>Organisational capital</u> | | | |
| Paid-in capital of the foundation | 100'000.00 | 100'000.00 | - |
| Designated capital | 17'933'463.26 | 17'947'418.51 | -13'955.25 |
| Reserve for fluctuations in asset value | 1'900'000.00 | 1'800'000.00 | 100'000.00 |
| Unrestricted capital | 4'471'146.04 | 3'567'351.01 | 903'795.03 |
| Net profit or loss for the period | 1'819'371.70 | 870'749.49 | 948'622.21 |
| Total organisational capital | 26'223'981.00 | 24'285'519.01 | 1'938'461.99 |
| Total LIABILITIES | 27'335'931.94 | 24'640'600.09 | 2'695'331.85 |

INCOME STATEMENT

| | 1 Jan - 31 Dec 2021 | | Jan - 31 Dec 2020 | | Change |
|--|----------------------------|----------------------------|--------------------------|--|--------------------------|
| INCOME | in CHF | | in CHF | | in CHF |
| <u>Donations</u> | | | | | |
| Ordinary donations | 2'421'536.97 | 2'301'662.86 | | | 119'874.11 |
| Donations from legacies/gifts | 897'186.49 | 198'459.65 | | | 698'726.84 |
| Earmarked donations | 874'654.97 | 840'040.56 | | | 34'614.41 |
| Donations in kind | 1'523'684.52 | 1'622'043.20 | | | -98'358.68 |
| Total donations | <u>5'717'062.95</u> | <u>4'962'206.27</u> | | | <u>754'856.68</u> |
| <u>Other income</u> | | | | | |
| SDC contributions | 1'832'069.00 | 2'112'000.00 | | | -279'931.00 |
| Income from the Training Centre | 21'946.99 | -414.00 | | | 22'360.99 |
| Other income | 292'706.22 | 59'496.11 | | | 233'210.11 |
| Total other income | <u>2'146'722.21</u> | <u>2'171'082.11</u> | | | <u>-24'359.90</u> |
| Total INCOME | <u>7'863'785.16</u> | <u>7'133'288.38</u> | | | <u>730'496.78</u> |
| EXPENSES | | | | | |
| Direct project expenses | | | | | |
| <u>Newlands Clinic</u> | | | | | |
| Personnel expense | 1'795'432.86 | 1'787'478.44 | | | 7'954.42 |
| Materials and services | 2'911'022.96 | 2'665'697.98 | | | 245'324.98 |
| Real estate | 4'465.29 | 26'407.63 | | | -21'942.34 |
| Maintenance, repairs and replacements | 160'577.08 | 271'485.21 | | | -110'908.13 |
| Vehicles and transport | 41'256.40 | 60'534.70 | | | -19'278.30 |
| Energy | 11'997.18 | 11'015.98 | | | 981.20 |
| Administration/IT | 122'472.62 | 130'597.78 | | | -8'125.16 |
| Research | 7'947.40 | 3'835.28 | | | 4'112.12 |
| Total Newlands Clinic | <u>5'055'171.79</u> | <u>4'957'053.00</u> | | | <u>98'118.79</u> |
| <u>Newlands Clinic Training Centre</u> | | | | | |
| Personnel expense | 353'456.79 | 388'623.21 | | | -35'166.42 |
| Real estate | - | 650.84 | | | -650.84 |
| Maintenance, repairs and replacements | 6'671.41 | 23'967.25 | | | -17'295.84 |
| Vehicles and transport | 5'726.32 | 5'590.49 | | | 135.83 |
| Energy | 2'450.70 | 1'206.25 | | | 1'244.45 |
| Administration | 113'263.96 | 102'450.48 | | | 10'813.48 |
| Total Newlands Clinic Training Centre | <u>481'569.18</u> | <u>522'488.52</u> | | | <u>-40'919.34</u> |
| <u>Women's Health Centre</u> | | | | | |
| Personnel expense | 221'754.90 | 213'197.23 | | | 8'557.67 |
| Materials and services | 43'920.77 | 35'856.65 | | | 8'064.12 |
| Real estate | - | - | | | - |
| Maintenance, repairs and replacements | 10'005.98 | 61'436.60 | | | -51'430.62 |
| Vehicles and transport | - | - | | | - |
| Energy | 5'549.40 | 4'246.27 | | | 1'303.13 |
| Administration | 7'801.95 | 11'080.03 | | | -3'278.08 |
| Research | - | - | | | - |
| Total Women's Health Centre | <u>289'033.00</u> | <u>325'816.78</u> | | | <u>-36'783.78</u> |
| Total direct project expenses | <u>5'825'773.97</u> | <u>5'805'358.30</u> | | | <u>20'415.67</u> |

INCOME STATEMENT

| | 1 Jan - 31 Dec 2021 | 1 Jan - 31 Dec 2020 | Change |
|--|---------------------|---------------------|-------------------|
| General expenses | in CHF | in CHF | in CHF |
| Personnel expense | 348'639.30 | 365'851.22 | -17'211.92 |
| Services | 2'097.00 | 3'750.00 | -1'653.00 |
| Administration | 81'230.43 | 74'956.11 | 6'274.32 |
| IT | 22'070.05 | 10'290.65 | 11'779.40 |
| Fundraising | 232'619.65 | 171'000.24 | 61'619.41 |
| Communications | 62'061.41 | 48'262.15 | 13'799.26 |
| Other operating expenses | 3'412.00 | - | 3'412.00 |
| Total general expenses | 752'129.84 | 674'110.37 | 78'019.47 |
| Operating income | 1'285'881.35 | 653'819.71 | 632'061.64 |
| Net financial income | | | |
| Financial income | 714'279.22 | 612'631.30 | 101'647.92 |
| Financial expenses | -94'486.16 | -88'364.49 | -6'121.67 |
| Currency translation differences | 8'406.76 | -59'008.67 | 67'415.43 |
| Currency translation difference from IC eliminatic | -19'022.17 | 22'979.13 | -42'001.30 |
| Total financial income | 609'177.65 | 488'237.27 | 120'940.38 |
| Net non-operating income | | | |
| Real estate income | 8'334.35 | - | 8'334.35 |
| Extraordinary income / income unrelated to the a | 2'023.10 | - | 2'023.10 |
| Total net non-operating income | 10'357.45 | - | 10'357.45 |
| Annual result before capital allocation | 1'905'416.45 | 1'142'056.98 | 763'359.47 |
| Withdrawal from designated capital | 13'955.25 | 28'692.51 | -14'737.26 |
| Allocation to designated capital | -100'000.00 | -300'000.00 | 200'000.00 |
| Annual result after capital allocation | 1'819'371.70 | 870'749.49 | 948'622.21 |

CASH FLOW STATEMENT

| | 2021 | 2020 |
|--|---------------------|--------------------|
| | in CHF | in CHF |
| Operating activities | | |
| Annual profit or loss before net increase/decrease in designated capital | 1'905'416.45 | 1'142'056.98 |
| Mixed donation | -1'000'000.00 | - |
| Net increase/decrease in currency difference on equity | 33'045.54 | -85'726.80 |
| Net increase/decrease in receivables | 5'463.03 | -22'877.80 |
| Net increase/decrease in prepaid expenses and accrued income | -10'922.04 | -9'301.47 |
| Net increase/decrease in inventories | -11'208.03 | -26'677.09 |
| Net increase/decrease in liabilities | -17'020.08 | -139'478.45 |
| Net increase/decrease in deferred income and accrued expenses | 440'556.94 | -707'863.32 |
| Net increase/decrease in deferred long-term liability | 333'333.00 | - |
| Cash flow from operating activities | 1'678'664.81 | 150'132.05 |
| Investing activities | | |
| Investments in financial assets (net) | -751'721.67 | -429'242.12 |
| Cash flow from investing activities | -751'721.67 | -429'242.12 |
| Financing activities | | |
| Financing activities/amortisation of mortgage | -630'000.00 | - |
| Cash flow from financing activities | -630'000.00 | - |
| NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS | 296'943.14 | -279'110.07 |
| Liquidity statement | | |
| Cash and cash equivalents at 1 January | 8'482'201.74 | 8'761'311.81 |
| Cash and cash equivalents at 31 December | 8'779'144.88 | 8'482'201.74 |
| NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS | 296'943.14 | -279'110.07 |

STATEMENT OF NET INCREASE/DECREASE IN ORGANISATIONAL CAPITAL

| | Opening amount 01.01.2021 | Allocation | Withdrawal | ncy difference | Opening amount 31.12.2021 |
|-------------------------------------|------------------------------|---------------------|-------------------|------------------|------------------------------|
| | in CHF | in CHF | in CHF | in CHF | in CHF |
| Paid-in capital of the foundation | 100'000.00 | | | | 100'000.00 |
| Designated capital | 17'947'418.51 | - | -13'955.25 | | 17'933'463.26 |
| - 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 | 375'418.51 | | -13'955.25 | | 361'463.26 |
| - Women's Health Centre | 2'000'000.00 | | | | 2'000'000.00 |
| Reserve for fluctuations in asset | 1'800'000.00 | 100'000.00 | | | 1'900'000.00 |
| Unrestricted capital | 4'438'100.50 | 1'819'371.70 | | 33'045.54 | 6'290'517.74 |
| - Currency translation differences | -75'380.58 | | | 33'045.54 | -42'335.04 |
| - Net income for the year | | 1'819'371.70 | | | |
| Total organisational capital | 24'285'519.01 | 1'919'371.70 | -13'955.25 | 33'045.54 | 26'223'981.00 |

| | Opening amount 01.01.2020 | Allocation | Withdrawal | ncy difference | 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 | | -28'692.51 | | 375'418.51 |
| - Women's Health Centre | 2'000'000.00 | | | | 2'000'000.00 |
| Reserve for fluctuations in asset | 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 | 10'346.22 | | | -85'726.80 | -75'380.58 |
| - 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 |

Notes to the 2021 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 2021 | 2021 closing rate |
|-------------------------|--------------------------|--------------------------|
| US dollar | 0.9205 | 0.91513 |
| EUR | | 1.03638 |
| Yen | | 0.79497 |
| GBP | | 1.23453 |
| Can\$ | | 0.71601 |

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

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.

Real estate in Switzerland

The property recognised on the balance sheet is an investment property that is rented to third parties. It was donated to the Ruedi Lüthy Foundation in the current financial year and recognised on the balance sheet at a conservatively estimated market value.

The property is recognised on the balance sheet at current value and therefore not systematic depreciation is taken. To check impairment a valuation report is commissioned every five years. If there are signs before the five-year period has elapsed that the value has developed negatively, a valuation report is promptly commissioned and any impairment immediately recognised in profit or loss.

Organisational capital

The organisational 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

| | 31.12.2021 CHF | 31.12.2020 CHF |
|---|----------------------|----------------------|
| Cash | 14'209.65 | 9'655.04 |
| Postfinance | 506'365.46 | 1'910'120.43 |
| Banks | 8'258'569.77 | 6'562'426.27 |
| Total cash and cash equivalents | 8'779'144.88 | 8'482'201.74 |
| Current assets listed at the stock exchange | 15'945'811.25 | 15'194'089.58 |
| Total cash an cash equivalents and current assets listed at the stock exchange | 24'724'956.13 | 23'676'291.32 |

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

| | 31.12.2021 CHF | 31.12.2020 CHF |
|-----------------------------------|-------------------|-------------------|
| Receivables from goods & services | 1'006.72 | 4'266.54 |
| Other receivables | 66'780.15 | 68'983.36 |
| Total receivables | 67'786.87 | 73'249.90 |

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

| | 31.12.2021 CHF | 31.12.2020 CHF |
|------------------------------------|-------------------|-------------------|
| Drugs and pharmaceutical inventory | 662'486.85 | 721'772.69 |
| Lab equipment and supplies | 162'234.85 | 90'146.62 |
| Other inventory | 3'584.74 | 5'179.10 |
| Total inventory | 828'306.44 | 817'098.41 |

2.4 Real estate and tangible assets

Switzerland:

In the 2021 financial year the Ruedi Lüthy Foundation received a donation in the form of a property. The property was transferred to the Ruedi Lüthy Foundation in sole ownership. The donor has stipulated the condition that a share of the income on the property defined by him be transferred to another charitable organisation. This share and the organisation receiving it were defined by the donor. The same applies to the proceeds in the event that the property is sold. The Ruedi Lüthy Foundation's obligations to the other charitable organisation arising from this donation are taken account of in the current financial statements.

Zimbabwe:

In the light of the political uncertainty in Zimbabwe, investments in real estate and 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

| | 31.12.2021 CHF | 31.12.2020 CHF |
|-----------------------------------|-------------------|-------------------|
| Liabilities from goods & services | 40'155.42 | 111'347.70 |
| Other liabilities | 81'286.20 | 27'114.00 |
| Total liabilities | 121'441.62 | 138'461.70 |

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

2.6 Non-current liabilities

The amount recognised on the balance sheet as a deferred long-term liability corresponds to the obligation of the Ruedi Lüthy Foundation resulting from the donation of the investment property.

2.7 Foundation bodies

Board of Trustees:

Ulrich B. Mayer, Attorney, Zurich (President)

Prof. em. Hans Lutz, Rüdlingen

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

Prof. Rudolf Lüthy, Muntelier

Gregor Neidhart, certified expert in accounting and controlling, Winterthur

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

Dr Manuel Sager, former director of the SDC, Gümligen

Executive Management:

Sabine Lüthy Hieringer, Chief Executive

Harald Henggi, Deputy Chief Executive

Auditor:

Lienhard Audit AG, Zurich

Supervisory Authority

2.8 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 overall medical direction and advice:

| | 31.12.2021 CHF | 31.12.2020 CHF |
|---------------------------------|-------------------|-------------------|
| Ordinary emoluments | 87'862.55 | 117'729.20 |
| of which employer contributions | 6'172.55 | 8'829.20 |

Dr Rudolf Lüthy hat reduced his workload in connection with overall medical direction in Zimbabwe. For this reason the emoluments paid to him in the current financial year are lower than the prior year.

Compensation paid to the Executive Board:

Of the total compensation paid to the Executive Board, around CHF 78,000 was allotted to project expenses (prior year CHF 77,000) and CHF 101'000 to general expenses (prior year CHF 98,000).

2.9 Number of employees

On 31 December 2021, 6 people (3.7 FTEs) worked at head office in Bern (prior year 6 people, 3.7 FTEs).

On 31 December 2021 79 people (75.6 FTEs) worked in Zimbabwe (prior year 73 people or 70.9 FTEs).

2.10 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 2021 the outstanding rent came to CHF 1,861.05 (prior year: CHF 3,256.85).