

Global Alliance on Health and Pollution

Châtelaine

Independent auditor's report
to the Board of Directors

on the financial statements 2020



Independent auditor's report

to the Board of Directors of Global Alliance on Health and Pollution

Châtelaine

Opinion

On your instructions, we have audited the financial statements of Global Alliance on Health and Pollution, which comprise the balance sheet as at 31 December 2020 and the Profit and Loss for the period 19 December 2019 to 31 December 2020, statement of changes in capital and notes to the financial statements, including a summary of significant accounting policies. As permitted by Swiss GAAP FER 21 the information in the performance report is not required to be subject to audit.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the entity as at 31 December 2020 and its financial performance for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law and the foundation's deed and internal regulations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the requirements of the Swiss audit profession and the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Swiss GAAP FER, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers SA

Marc Secretan
Audit expert

Liubov Sokolova
Audit expert

Geneva, 28 April 2021

Enclosure:

- Financial statements (balance sheet as at 31 December 2020 and the Profit and Loss for the period 19 December 2019 to 31 December 2020, statement of changes in capital and notes to the financial statements, including a summary of significant accounting policies)

GLOBAL ALLIANCE ON HEALTH AND POLLUTION

Financial Statements as at December 31, 2020

Global Alliance on Health and Pollution

Balance Sheet as of 31 December 2020

ASSETS	Note	
CURRENT ASSETS		
Cash and Cash Equivalents	9	436,986
Donor Funding Receivables		-
Advances and prepaid expenses	8	5,508
Other Current Assets		532
TOTAL CURRENT ASSETS		443,026
NON-CURRENT ASSETS		
Property, plant and equipment	7	1,394
TOTAL NON-CURRENT ASSETS		1,394
TOTAL ASSETS		444,420
LIABILITIES		
CURRENT LIABILITIES		
Payables and accruals	10	34,438
Other Current Liabilities		10,080
Deferred Income on Donor Funding	11	336,371
TOTAL CURRENT LIABILITIES		380,888
FOUNDATION CAPITAL AND FUNDS		
Foundation Capital		50,000
Unrestricted Funds		
Free Funds		
Net Surplus (Deficit) for the year		13,532
TOTAL UNRESTRICTED FUNDS		13,532
TOTAL ORGANIZATIONAL CAPITAL AND F		63,532
TOTAL LIABILITES AND FUNDS		444,420

Global Alliance on Health and Pollution

Profit and Loss for the period 19 December 2019 to 31 December 2020

	Note	
Donations Received		
of which is restricted	5	170,147
of which is free	5	222,530
Contributions From		
Public Authorities	4	210,214
Operating Income		602,891
Personnel Expenses	6, 15	185,404
Operating Expenses	6	400,841
Depreciation and amortisation		155
Operating Expense		586,399
Operating result		16,492
Net Financial Result	17	(2,960)
Annual Result		13,532

Global Alliance on Health and Pollution

Statement of Changes in Capital

	Opening balance	Allocation	Appropriations	Closing balance
Fund Capital				
Restricted Funds				
Swiss Department of Foreign Affairs	0	110,987	(221,974)	(110,987)
Swedish International Development Agenc	0	99,227	(99,227)	-
Clarios Foundation	0	170,147	(45,628)	124,519
Total Fund Capital	0	380,361	(366,829)	13,532
Organization Capital				
Initial Capital				
Foundation Capital	0	50,000		50,000
Total Organizational Capital	0	50,000	-	50,000

Global Alliance on Health and Pollution

Notes to the Financial Statements

for the year ended 31st December 2020

Note 1.0 GAHP (Global Alliance on Health and Pollution) is a collaborative body made up of more than 60 members and dozens of observers that advocate for resources and solutions to pollution problems. GAHP was formed because international and national level actors/ agencies recognize that a collaborative, multi-stakeholder, multi-sectoral approach is necessary and critical to deal with the global pollution crisis and resulting health and economic impacts.

GAHP got its start in 2012 as part of Blacksmith Institute, Inc. d/b/a Pure Earth. Pure Earth (PE) initiated the alliance with representatives from The World Bank, UNEP, UNDP, UNIDO, Asian Development Bank, the European Commission, Ministries of Environment and Health of many low and middle-income countries to formulate strategies to address pollution and health at scale. GAHP was spun-off from Pure Earth in 2019 and has proven its effectiveness as a foundation legally organized in Geneva, Switzerland.

As part of the spinoff, various arms-length agreements were put in place, approved by separate Boards of each entity. The agreements addressed various transition services, including operational, reporting, accounting services, management needs (leased employee), and revenue sharing as subgrants and subcontracted services.

		<u>CHF</u>
Various Services (Umbrella Agreement)	1 June 2020 – 31 December 2021	289,945
Leased Employee (Management Services)	1 May 2020 – 31 December 2022	312,461
Project Implementation (Pure Earth Subgrant to GAHP)	1 June 2020 – 31 December 2023	602,710

For the year ending 31 December 2020 the following amounts were recorded in the accompanying financial statements:

	<u>CHF</u>
Various Services (Umbrella Agreement)	111,732
Leased Employee (Management Services)	86,165
Project Implementation (Pure Earth Subgrant)	170,147

Under the Umbrella Agreement, in addition to the CHF 289,945, GAHP has agreed to pay Pure Earth for various subcontracted services; for the year ending 31 December 2020, Pure Earth, as a contribution in-kind, provided CHF 222,530 for communication personnel, in-country consultants, financial and technical advisors services. Reference Note 5(i).

Global Alliance on Health and Pollution

Notes to the Financial Statements

for the year ended 31st December 2020

1.1 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

1.2 Basis of preparation

GAHP's financial statements have been prepared in accordance with the statutes of GAHP and the policies described in the note that follow.

As recommended by the Swiss Federal Audit Office the accounting policies applied are in compliance with the Swiss FER GAAP 21 (Swiss Accounting and Reporting Recommendations), revised in 2014.

Information required by Swiss GAAP FER on the performance of GAHP, and not disclosed in the financial report, is included in the annual report.

The financial statements have been prepared using the historical cost convention, and are presented in Swiss francs (CHF), being the currency of the primary economic environment in which GAHP operates. The income statement is presented using the classification of expenses by function. The statements are based on economic values and present a true and fair view of GAHP's assets, financial position and results of operations.

1.3 Valuation principles

Accounts receivable are amounts due from parties for services performed in the ordinary course of business and are stated at their nominal value. Fixed assets are stated at their historical cost, less accumulated depreciation. Current liabilities are stated at their nominal value. Accounts payable are classified as current liabilities if payment is due within one year or less; if not, they are presented as non-current liabilities.

GAHP is a member of a collective occupational pension that fully insures the risks with an insurance company. This pension scheme is financed by employer and employee contributions.

1.4 Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will transfer to GAHP and can be reliably estimated. Income from donor funding contracts signed between donors and GAHP, is recognized in the year in which the financed expenditure is incurred.

1.5 Expenditure

Expenditure is recognized when the transactions take place. Accruals are made for expenses incurred but not yet paid for.

Global Alliance of Health and Pollution

Notes to the Financial Statements

for the year ended 31st December 2020

1.6 Fixed assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method. The following annual rates are used for the depreciation of property and equipment:

Computers	10.0%
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If there is an indication that there has been a significant change in depreciation rate, useful life or residue value of an asset, the depreciation of that is revised prospectively to reflect the new expectations.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognized in statement of comprehensive income.

1.7 Conversion of foreign currencies

Monetary assets and liabilities denominated in currencies other than CHF, are converted to CHF using the exchange rate at the end of the year. The main year-end exchange rates are shown in the table below (equivalent in CHF for one currency unit).

	2020
USD	0.88

Foreign currency transactions are translated to CHF using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the year-end translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

1.8 Deferred income on donor funding

Outstanding grant amounts at year-end, to be used in future years, are recognized under the section “Deferred income on donor funding”, where there are contractual provisions stating that the asset may be returned to the donor.

2.0 CRITICAL JUDGEMENTS IN APPLYING THE ENTITY’S ACCOUNTING POLICIES

In the process of applying the entity’s accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas of judgment in applying the entities accounting policies are dealt with below:

Global Alliance on Health and Pollution

Notes to the Financial Statements

for the year ended 31st December 2020

2.1 Impairment losses

At each statement of financial position date, the organization reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the organization estimates the recoverable amount of the cash generating unit to which the asset belongs.

2.2 Property, plant and equipment

Critical estimates are made by the organization Board of Directors, in determining depreciation rates for property and equipment.

2.3 Continued donor support

The Board of Directors expects that the adequate level of grants will continue to be received to enable the organization undertake its planned activities.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The organization's activities expose it to a variety of financial risks, including foreign currency exchange rates. The organization's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance by setting acceptable levels of risks.

(a) Credit risk

The organisation's credit risk is primarily attributable to its receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the organisation management based on prior experience and their assessment of the current economic environment.

The credit risk on trade receivables is limited to prepayments and deposits payable on various utilities and services and staff advances.

Cash and cash equivalents and receivables are fully performing.

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management board, who have built an appropriate liquidity risk management framework for the management of the management's short, medium and long-term funding and liquidity management requirements. The organisation manages liquidity risk by maintaining adequate bank balances through continuous monitoring of forecast and actual cash flows.

(c) Foreign exchange risk

The organisation undertakes certain transactions denominated in foreign currencies. Exchange rate exposures are managed within approved parameters.

4 GRANT REVENUE GOVERNMENT	<u>2019</u> <u>CHF</u>		<u>2020</u> <u>CHF</u>	
	Deferred Income	Income Received	Deferred Income	Net Income
Swedish International Development Agency	-	99,227	-	99,227
Swiss Department of Foreign Affairs	-	400,000	289,012	110,988
Federal Republic of Germany	-	47,358	47,358	-
	-	546,585	336,370	210,215

Global Alliance on Health and Pollution

Notes to the Financial Statements

for the year ended 31st December 2020

5 GRANT REVENUE CORPORATION AND IN-KIND CONTRIBUTION

	<u>2019</u>	<u>2020</u>	
	Deferred Income	Income Received	Deferred Income Net Income
Pure Earth (PE)	-	170,147	170,147
Pure Earth: In Kind (i)	-	222,530	222,530
	-	392,677	- 392,677

(i) As part of the creation of GAHP, the swiss legal entity as outlined in the Transition Strategy adopted by the GAHP Board. As part of the “Umbrella Agreement” with PE, PE will provide various services and support to GAHP until December 2021. The services cover operational, reporting, accounting services, management needs (leased employee), and revenue sharing as subgrants and subcontracted services (reference Note 1). During 2020, PE has contributed in-kind services for communication personnel, in-country consultants, financial and technical advisory services. The valuation principle used for both contracted and in-kind contributions from PE is based on fully loaded labor and other authorized or budgeted costs for project time spent and recorded against each contracted initiative.

6 EXPENDITURE

	Actual FY 2020 CHF
Program cost	
Lancet	108,236
Health and Pollution Plan	147,256
Civil Society Organization	78,427
Strong Governance	82,805
Other Programs	111,674
	528,398
Administrative cost	
International travel	-
Local travel	-
Staff salaries	22,610
Bank charges	806
Professional fees	33,670
Office expenses	4,101
Exchange loss	-
Other administrative costs	155
	61,342
TOTAL EXPENDITURE	589,739

GAHP incorporated (spun off) from PE in December 2019. Initial funding raised, and the costs associated with obtaining them, incurred before GAHP became a separate legal entity.

Global Alliance of Health and Pollution

Notes to the Financial Statements

for the year ended 31st December 2020

7 PROPERTY, PLANT AND EQUIPMENT

	<u>Computers</u>	<u>Furniture & Fittings</u>	<u>Equipment</u>	<u>Total</u>
	CHF	CHF	CHF	CHF
COST/REVALUATION				
At 1 January 2020	-			
Additions	1,548			
	<u>1,548</u>			
DEPRECIATION				
At 1 January 2020	-			
	<u>(155)</u>			
	<u>(155)</u>			
NET BOOK VALUE				
At 31 DECEMBER 2020	<u><u>1,393</u></u>			

Global Alliance of Health and Pollution

Notes to the Financial Statements

for the year ended 31st December 2020

	<u>2020</u>
8 Advances and Prepaid Expense	CHF
Advances and Prepaid Expenses	5,508
Payroll Liability:Soc Sec	<u>532</u>
	<u>6,040</u>
9 CASH AND CASH EQUIVALENTS	CHF
Bank balances:	<u>436,986</u>
	<u>436,986</u>
10 PAYABLES AND ACCRUALS	CHF
Accounts payables	16,735
Accrual(i)	<u>17,400</u>
	<u>34,135</u>
<p>(i) Accrued Expenses consist of 17k in audit fees and the remainder in bank charges</p>	
11 DEFERRED INCOME ON DONOR FUNDING	CHF
Federal Republic of Germany	47,358
Swiss Department of Foreign Affairs	<u>289,012</u>
Total restricted funds	<u>336,370</u>

Per Note 1.7, deferred income represents outstanding grant amounts at year-end, to be used in future years, Note 4

Global Alliance on Health and Pollution

Notes to the Financial Statements

for the year ended 31st December 2020

12 Tax exemption

GAHP qualifies for exemption from local and federal income and capital taxes, according to Article 9.1 (f) of the law on taxation of legal persons (LIPM), as well as complete exemption from inheritance tax and registration duties.

The tax exemption was obtained on December 12, 2019 for indefinite period of time.

13 REGISTRATION

Global Alliance on Health and Pollution is a non-profit foundation, constituted for an indefinite period and governed by the present Articles and by Article 60 and following of the Swiss Civil Code.

14 PERSONNEL COSTS

The number of full-time equivalents, averaged over the year, did not exceed 10 and was 3 employees.

Executive Director is the only person entrusted with management, therefore the disclosure of compensation is waived. Members of Foundation Board do not receive any compensation.

15 NET FINANCIAL RESULT

	CHF
Financial expense	(3,339)
Gain on currency exchange	379
	<u>(2,960)</u>

16 SUBSEQUENT EVENTS

GAHP is adapting its operations to the coronavirus outbreak and to the applicable confinement practices. They have been closely monitoring the situation, adapting as needed to progress its planned activities within the local constraints. The impact is currently difficult to estimate. Nevertheless, the Foundation Board believes that there is no material uncertainty that may cast significant doubt upon the GAHP's ability to continue as