

Association SOLTHIS

**STATUTORY AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS**

For the year ended 31 December 2014

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Association SOLTHIS

Statutory auditor's report on the financial statements

For the year ended 31 December 2014

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2014, on:

- the audit of the accompanying financial statements of Association SOLTHIS
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2014 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you that we have araised the appropriate application of French accounting principles along with the reasonableness of the significant accounting estimates used.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Neuilly-sur-Seine, on 11 june 2014

The statutory auditor
PricewaterhouseCoopers Audit

Eric Bertier
Partner





SOLTHIS

FINANCIAL REPORT 2014

I. BALANCE SHEET

| ASSETS in K€ | Gross Value | Amort/ Prov | Net value 31/12/2014 | Net value 31/12/2013 |
|----------------------------|----------------|-------------|-------------------------|-------------------------|
| Intangible assets | | | | |
| Tangible assets | | | | |
| Financial assets | 3,0 | - | 3,0 | - |
| Other financial assets | 25,5 | - | 25,5 | 25,4 |
| FIXED ASSETS | 28,5 | - | 28,5 | 25,4 |
| Inventories | | | - | - |
| Advance Payment | | | - | - |
| Grants receivable | 145,9 | - | 145,9 | 86,0 |
| Tax receivable | - | | - | 19,1 |
| Other receivable | 29,2 | - | 29,2 | 6,3 |
| Short term deposits | 55,0 | - | 55,0 | 55,0 |
| Cash | 876,7 | - | 876,7 | 963,3 |
| Prepaid expenses | 59,2 | - | 59,2 | 109,9 |
| CURRENT ASSETS | 1 166,0 | - | 1 166,0 | 1 239,6 |
| Unrealised exchange losses | 0,6 | - | 0,6 | 3,7 |
| ADJUSTMENT ACCOUNT | 0,6 | - | 0,6 | 3,7 |
| TOTAL ASSETS | 1 195,0 | - | 1 195,0 | 1 268,7 |

| LIABILITIES in K€ | 31/12/2014 | 31/12/2013 |
|---|----------------|----------------|
| Regulated reserves | | |
| Other reserves | 320,1 | 316,0 |
| Retained Earnings | | - |
| <i>SURPLUS OF THE YEAR</i> | 5,5 | 4,1 |
| RETAINED EARNINGS & EQUITIES | 325,6 | 320,1 |
| Restricted funds on Grants | 387,5 | 313,7 |
| Restricted funds on other Income | | |
| RESTRICTED FUNDS | 387,5 | 313,7 |
| Financial debts | - | - |
| Accounts payables | 11,2 | 39,4 |
| Fiscal & Social payables | 135,7 | 101,2 |
| Other payables | 6,3 | 4,2 |
| Deferred income | 324,6 | 489,1 |
| ACCRUALS | 477,8 | 634,0 |
| Unrealized exchange gains | 4,1 | 0,9 |
| ADJUSTMENT ACCOUNT | 4,1 | 0,9 |
| LIABILITIES | 1 195,0 | 1 268,7 |

II. PROFIT AND LOSSES

| Profit & Losses in K€ | 31/12/2014 12 months | 31/12/2013 12 months | Var. | Var. %age |
|---------------------------------------|-------------------------|-------------------------|----------------|--------------|
| Service delivered | 10,5 | 10,8 | - 0,3 | -3% |
| Grants | 3 442,4 | 3 308,0 | 134,3 | 4% |
| Transfer of charges | 6,7 | 13,4 | - 6,7 | -50% |
| Subscription | 0,1 | 0,1 | 0,0 | 25% |
| Operating Income | 3 459,6 | 3 332,3 | 127,3 | 4% |
| Raw material | | - | - | |
| External expenses | 1 567,4 | 1 567,1 | 0,3 | 0% |
| Taxes | 68,3 | 74,5 | - 6,2 | -8% |
| Personnal costs | 1 271,9 | 1 100,8 | 171,1 | 16% |
| Social charges | 434,2 | 374,6 | 59,6 | 16% |
| Amortization and provision | 21,0 | 10,0 | 11,0 | 109% |
| Other expenses | 32,7 | 6,1 | 26,6 | 438% |
| Operating Expenses | 3 395,5 | 3 133,1 | 262,5 | 8% |
| OPERATING RESULT | 64,1 | 199,3 | - 135,2 | -68% |
| Financial Income | 8,5 | 1,9 | 6,7 | 358% |
| Financial Expenses | 2,5 | 19,1 | - 16,6 | -87% |
| Financial result | 6,0 | 17,2 | 23,2 | -135% |
| NET RESULT | 70,1 | 182,1 | - 111,9 | -61% |
| Exceptional Income | 11,7 | 9,8 | 1,9 | 20% |
| Exceptional Expenses | 2,6 | - | 2,6 | N/A |
| EXCEPTIONAL RESULT | 9,1 | 9,8 | - 0,6 | -6% |
| Carry over of unused restricted funds | 313,7 | 126,0 | 187,7 | 149% |
| Unused restricted funds | 387,5 | 313,7 | 73,8 | 24% |
| SURPLUS OR DEFICIT | 5,5 | 4,1 | 1,4 | 33% |

III. DETAILS OF THE NON PROFIT PROJECT AND OF ITS FUNDING

Solthis is an international medical non-profit association dedicated to patients living with HIV / AIDS in developing countries. Created in 2003, the organization is recognized to be of public utility.

Solthis aims to help strengthen health systems in the countries in which it operates to enable them to provide medical care quality, accessible and sustainable for all those affected by HIV / AIDS.

The association is mainly funded by the Bettencourt-Schueller Foundation since it has been created in 2003. Since 2009, Solthis started a diversification of its sources of funding and is now granted of public funding from the Global Fund to fight AIDS, Tuberculosis and Malaria, the Initiative 5%, implemented by France Expertise Internationale (FEI) and managed by the French Ministry of Foreign Affairs, Mayor of Paris...

In 2014, the organization has activities in four countries: Guinea, Mali, Niger and Sierra Leone.

IV. SIGNIFICANT EVENTS OF THE YEAR

On December 17th, 2014 Solthis held an extraordinary general meeting aiming at modifying the name and object of the organization. Previously dedicated to people living with HIV/ AIDS, Solthis decided to become Solidarity therapeutics and initiative for Health and enlarge its scope of action to other pathology and health issues.

In order to address the developing countries and vulnerable populations' actual concerns, Solthis has now for mission to contribute to the health system strengthening and improve the access to a quality of care in limited resources countries and/or for vulnerable populations.

The organization has worked this year with the Boston Consulting Group in its strategic reflection, anticipating the withdrawal of the Bettencourt-Schuller Foundation in 2016. The firm assisted Solthis in the establishment of its new economic model. Following the recommendations formulated by the BCG, and in order to adapt to the strategic evolution of Solthis and its fundraising issues, the headquarter team has been reorganized.

To enhance the public funding, a Program Coordinator position has been created. In charge of the follow up of the activities in the field, this position allows the director of operations to work on institutional call for projects.

To accompany the new strategy on private fundraising and partnerships with companies, a position dedicated to sponsorship has been created.

Last, 2014 has been affected by the occurrence of the Ebola disease in two of Solthis's country of intervention. Activities run by the organization have been significantly impacted (inability to work in the health center...). Solthis's team have developed programs to ensure a continuity of care for people living with HIV/AIDS in a sanitary crisis: one part of the projects focused on health worker protection (hospital hygiene, risk assessment...), on the other side actions have been taken to find the lost to follow as patient were reluctant to reach the health care center and got out of treatment.

V. SUBSEQUENT EVENTS

The changes in name, object and title of the organization has been approved by the French administration on the 07th of April 2015.

VI. ACCOUNTING POLICIES

The French general accounting standards have been applied with respect to the precautionary principle, in compliance with the basic hypothesis:

- Continuity of operation
- Consistency of accounting methods
- Independence of financial years

and in conformity of generally accepted standards of presentation and accounting.

Valuation has been made based on the historical cost methodology.

VII. NOTES ON BALANCE SHEET

NOTE1. TANGIBLE AND INTANGIBLE FIXED ASSETS

Since 2011, plants, installations and other investments made for our partners are no longer accounted for as tangible assets in our balance sheet, but are considered as spending (donation) in the profit and loss statement; as those are not meant to be kept.

Since 2012 closing, equipment goods purchased by the association on the field of intervention and at the Headquarters are no longer considered as assets in the balance sheet to allow a clearer reading of the item "restricted funds".

NOTE2. FINANCIAL INTANGIBLE FIXED ASSETS

On December, 31st 2014, the net balance of the other financial assets amounts 25.4K€ of long term investment.

In 2014, Solthis subscribed 20 shares in Altermondes Cooperative for an amount of 3K€. Altermondes is a media dealing with the issues of international solidarity, sustainable development and human rights. Altermondes gives a direct voice to civil society.

NOTE3. LEGAL AUDIT FEES

The fees incurred for legal audits of 2014 financial year amount to 8.75K€.

NOTE4. INVENTORIES

Inventories are valued based of the First in First out (FIFO) methods.
The organization holds no inventory as of December, 31st 2014.

NOTE5. RECEIVABLES

- **Grants receivable**

Income from public grants is recognized based on the allowable expenses incurred during the year. The difference between the cash received and the income accounted for is registered as grant receivable.

As no extension of the eligibility period is allowed in the contracts signed, the association only considers as asset the receivable based on the expenses incurred; with regards to the caution principle.

The difference between the cash received and the expenses incurred are accounted for as differed income (Note 11).

In 2014, 4.2K€ of receivable booked on a Global Fund-CSLS Niger grant in 2013 have been written off and funded by the organization own funds.

Grants receivable:

| Donor | Projet | Grants receivable in K€ |
|--|----------------------------------|-------------------------|
| UNITAID- ANRS | OPPERA | 43,8 |
| The Global Fund | Mali / Phase 2 Round 8 | 47,8 |
| The Global Fund | Niger / Phase 2 Round 7 | 6,1 |
| Fondation de France | Ebola-Sierra Leone | 19,8 |
| Initiative 5% / FEI | Burkina Faso | 21,3 |
| Mayor of Paris | Guinea | 5,0 |
| London School of Hygiene and Tropical Medicine | Health worker remuneration study | 2,0 |
| Total | | 145,9 |

- **Fiscal receivable**

Solthis has no fiscal receivable as of Dec 31ST 2014.

- **Other receivable**

The other receivable concerns the remaining balance on the prepaid carts used for gas in the field.

NOTE6. CASH AND CASH EQUIVALENT

- **Short term investment**

This corresponds to SICAV valued at 58.986€ as of December, 31st 2014.

There is no unrealized loss at closing time. This receivable has a maturity of more than a year.

- **Cash**

Cash balance of cash in hands and bank accounts have been valued at closing rate (as of December 31st 2014).

NOTE7. PREPAID EXPENSES

Prepaid expenses relate exclusively to functioning costs: office and housing rents, insurance...

Those receivable have a maturity of less than a year.

Detail of the prepaid expenses:

| Prepaid Expenses in K€ | 31/12/2014 |
|------------------------|-------------|
| Sierra Leone | 15,6 |
| Niger | 2,3 |
| Guinée | 41,3 |
| Total | 59,2 |

NOTE8. RETAINED EARNINGS AND EQUITIES

Change in Equities:

| Equities in K€ | 31/12/2013 | 2013 Surplus allocation | 31/12/2014 |
|----------------|--------------|-------------------------|--------------|
| Other reserves | 316,0 | 4,1 | 320,1 |
| Total | 316,0 | 4,1 | 320,1 |

NOTE9. RESTRICTED FUNDS

Restricted funds are accounted for in conformity with the French GAAP CRC99-01. The unused part of the resources allocated to specific projects by the donors is booked as an expense in the account "Unused restricted funds". As a counterpart, the "restricted funds" account is impacted in the balance sheet. The consumption of the restricted funds is booked in the "carry forward of unused restricted funds". The remaining unused funds of the Bettencourt-Schueller Foundation's grant are considered as restricted funds; due to the allocation made on specific projects and their maturity date of more than a year. Receivable and accruals on other funding contracts are considered as short term assets and liabilities (less than a year).

Change in restricted funds:

| Restricted Funds in K€ | 31/12/2013 | Grant received by the Bettencourt - Schueller Foundation in 2014 | Spending incurred in 2014 | 31/12/2014 |
|---|--------------|--|---------------------------|--------------|
| Restricted Funds on Fondation Bettencourt-Schueller | 313,7 | 2 541,5 | 2 467,8 | 387,5 |
| Total | 313,7 | 2 541,5 | 2 467,8 | 387,5 |

NOTE10. ACCRUALS

- **Supplier**

Those accruals relate to invoices to be received in the field and at the Headquarter and that are due within the year.

| Accrued payables in K€ | 31/12/2014 |
|------------------------|-------------|
| Headquarter | 2,4 |
| Niger | 0,7 |
| Guinea | 7,0 |
| Sierra Leone | 1,2 |
| Total | 11,2 |

- **Social and fiscal debts**

This item includes the provision for paid holidays and afferent social charges for staff having a working contract under French legislation as well as the social and fiscal contribution owed for the fourth quarter of the year (social security, training...). The maturity date of these debts is under a year.

| Social and Fiscal debts in K€ | 31/12/2014 |
|---------------------------------------|--------------|
| Paid holidays accrual: salary | 43,9 |
| Paid holidays accrual: social charges | 20,0 |
| Other Debts | 71,9 |
| Total | 135,7 |

Change in Paid leaves accrual

| Social and Fiscal debts in K€ | 31/12/2013 | + | - | 31/12/2014 |
|---------------------------------------|-------------|-------------|----------|-------------|
| Paid holidays accrual: salary | 30,6 | 13,3 | - | 43,9 |
| Paid holidays accrual: social charges | 16,4 | 3,5 | - | 20,0 |
| Total | 47,0 | 16,8 | - | 63,8 |

NOTE11. DEFERRED INCOME

Deferred Income

| Donor | Projet | Deferred Income in K€ |
|------------------------|------------------------|-----------------------|
| Initiative 5%/ FEI | CASSIS- Niger & Guinea | 290,9 |
| ADERA/ ANRS | Favibola -Guinea | 17,9 |
| Coordination Sud | FRIO | 3,0 |
| Charity Aid Foundation | Global Fund Advocacy | 12,8 |
| Total | | 324,6 |

NOTE12. FOREIGN EXCHANGE

- **Foreign Exchange Rate**

Income and spending are valued in euro based on the foreign exchange rate of the first working day of the month.

This accounting method led to the recognition of a 2.5K€ foreign exchange loss; linked to the conversion operations between euro and the local currencies (for the currencies with fluctuating exchange rates such as the Guinean Franc, US Dollar and Leone Sierra- Leone).

- **Adjustment accounts**

Exchange gains and losses recorded as of December 31st relate to the valuation of accruals, receivable and cash recorded in Guinean Franc, US Dollar and Leone Sierra- Leone. Unrealized losses are accrued.

VIII. NOTES ON PROFIT AND LOSS STATEMENT

NOTE13. OPERATING INCOME

- **Service delivered**

In 2014, Solthis finalized the expertise mission for the Burkina Faso Ministry of Health, funded by the Initiative 5% for an amount of 10.5K€.

- **Grants**

- **Public Institutional Income/ Private grants**

Income is registered based on the eligible spending incurred in the period and with respect to the contract signed with the donor. The unused and non-received part of the funding is reported as an off balance sheet commitment.

- **Grant from the Bettencourt-Schueller Foundation**

The related income booked is measured based on the cash received, on a par with the actual spending incurred. At the closing date, the amount of the grant received but not yet spent is reported as “restricted funds”.

- **The Global Fund « 0 cash policy » grant**

Programs in Mali and Niger have benefitted from grants signed with the Global Fund. Based on a “0 cash policy”, those grants do not transit through our bank account, but the costs incurred in the field are directly paid by a “paying agent” subcontractor of the Global Fund. Income and spending directly paid by the paying agent are booked in Solthis accounting.

Grants received:

| Donor | Projet | Grant in K€ |
|--|---|----------------|
| Fondation Bettencourt-Schueller | | 2 541,5 |
| Initiative 5%/ FEI | CASSIS/ Guinea - Niger | 424,0 |
| The Global Fund | Mali | 179,3 |
| Mayor of Paris | Guinea/ Conakry + Ebola | 55,0 |
| Intervida- Educo | Mali- Education ofr health | 3,1 |
| Charity Aid Foundation | Global Fund Advocacy | 70,0 |
| London School of Hygiene and Tropical Medicine | Health worker remuneration study | 6,6 |
| Fondation de France | Provide continuity of health in Ebola context- Sierra Leone | 19,8 |
| ADERA- ANRS | Ebola -Guinea | 47,7 |
| UNITAID-ANRS | OPP'ERA/ Guinea | 75,8 |
| SIDACTION | Mali | 15,9 |
| Other | | 3,7 |
| Total | | 3 442,4 |

- **Charge transfer**

Income registered relates to the reimbursement of the sickness insurance funds for an amount of 6.7K€.

- **Subscriptions**

100€ have been received from the subscription paid by the members.

NOTE14. OPERATING EXPENSES

Operating expenses remain stable in 2014.

| Operating expenses in K€ | 2 014 | 2 013 | Variation | %age |
|------------------------------|----------------|----------------|------------|-----------|
| Rents, Insurance, Intendance | 556,8 | 627,4 | - 70,6 | -11% |
| Travel & Missions | 464,7 | 497,2 | - 32,5 | -7% |
| Fees and Publication | 314,1 | 275,0 | 39,1 | 14% |
| Equipment and Material | 67,7 | 128,0 | - 60,3 | -47% |
| Donations and subsidies | 157,6 | 33,0 | 124,6 | 378% |
| Training | 5,3 | 0,8 | 4,5 | 568% |
| Medication and Laboratory | 1,2 | 5,8 | - 4,5 | -78% |
| Total | 1 567,4 | 1 567,1 | 0,3 | 0% |

- **Rents, Insurance and Intendance**

The variation reflects the savings on car housing rental in Sierra Leone during the team reorganization during the Ebola crisis. In 2013 Solthis had recognized a significant cost for the rental of the 10th anniversary conference room.

- **Missions**

CASSIS second year of implementation led to an important number of mission delegated to partners (accounted in subsidies). Follow up missions in Guinea and Sierra Leone have been impacted by Ebola.

- **Fees and Publication**

Fees and publications have increased mainly due the BCG mission.

- **Equipment and material**

No vehicle has been purchased this year, leading to this significant decrease.

NOTE15. TAXES, SALARIES AND SOCIAL CHARGES

- **Taxes**

These have been impacted by the revision of the rates applied on the payroll tax.

- **Payroll**

The full time equivalent headcount amounts to 110 in 2014, compared to 101 in 2013. This increase is due to the creation of two position in headquarter (Program Coordinator and Fundraiser) and the Global Fund Advocacy project.

The number of international staff remained stable (19FTE's), but the number of national staff increase of 2 FTE's in Sierra Leone and 4 FTE's in Guinea.

NOTE16. FINANCIAL RESULTS

Financial expenses relate to exchange losses between the foreign exchange rates used in the accounting system and the actual conversion rate used by the bank when purchasing US Dollar, Leone Sierra Leone and Guinean Franc.

NOTE17. EXCEPTIONAL RESULT

The exceptional result is explained by the fact that assets have been sold during the year.

IX. OFF BALANCE

- **Multi-year projects**

Solthis benefits from a grant signed with the Bettencourt Schueller Foundation until December 31st 2016 for a total amount of 10 million euros.

Solthis signed in March 2013 a grant for a total amount of 1 485K€ with the Initiative 5% for the implementation of the CASSIS project. The eligibility period runs from February 01st 2013 for 36 months. As of December 31st 2013, 836.6K€ have been spent, leaving a balance of 648.3K€ not yet spent.

The project Solthis Mali is funded by the Global Fund for an amount of 740.8K€. This contract will end in October 2015. The unused balance at closing date is 434.1K€.

- **Compensation of the board members**

The members of the board are part of the board on a voluntary basis.