PharmAccess Foundation

Annual Accounts 2018

11 July 2019

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Amsterdam, the Netherlands

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MANAGEMENT BOARD'S REPORT

Introduction

PharmAccess was one of the first non-profit organizations to act on the large untapped potential of the private sector and recognize the need for capital investments in healthcare delivery. We advocated a new paradigm for health in a prizewinning IFC/Financial Times essay in 2007, at a time when this idea was still met with widespread resistance.

Since then, the complementary role of the private sector in delivering an essential social service like healthcare has become increasingly accepted. At the same time, a functioning, inclusive health market requires the state to fulfil an important enabling and equalizing role. Our interventions therefore stimulate and support public sector efforts.

The Dutch Ministry of Foreign Affairs (MoFA) is a committed and long-term funder of our approach through the Health Insurance Fund with the following objectives:

- Develop private pre-payment mechanisms and risk pooling structures, and mobilize resources for organized demand;
- Strengthen, benchmark, and certify clinical and business performance of healthcare service suppliers;
- Improve efficiency, effectiveness, and transparency to better match demand and supply of healthcare transactions;
- Mobilize capital into the private health sector;
- Conduct research on the various implemented strategic interventions and advocate those that are successful.

This flexible and long-term funding was essential for testing different innovative financing mechanisms (including health insurance and later M-TIBA), building a strong network of partners and contributing to our mission to achieve a paradigm shift in healthcare in Africa. The support of the Dutch government remains crucial to our work. Following MoFA other funders such as USAID, BMGF, DFID, Elma, HDIF, MfM, Nationale PostcodeLoterij etc are supporting PharmAccess' approach.

Vicious cycle

Today the role of the private sector in the delivery of a public good like healthcare is undeniable. In Africa it accounts for approximately 50% of healthcare provision. At the same time, healthcare is a sector where governments play an important role as only they can intervene at the required scale to enforce financial synergies, risk pooling, advice and regulation. However, in many countries in sub-Saharan Africa the capabilities of governments to finance, regulate and enforce health policies are limited. As a consequence, large parts of the population, especially those at the bottom of the pyramid, are left on their own. Low quality and uncertain availability of health service delivery discourage families and individuals to prepay for health. Therefore, they pay out-of-pocket when they need care.

The high proportion of out-of-pocket expenditure in combination with low levels of trust in healthcare provision results in low and unpredictable revenues for healthcare providers, which in turn keeps them from investing in the quality, scope and scale of their services. The resulting limited exchange and high transaction costs mean that investors and banks are generally not willing, or only at very high discount or interest rates, to

invest, especially to the lower end of the market. This means the healthcare sector has limited or no access to the capital required for inclusive growth. As a result, the market is stuck in a vicious cycle of low demand and poor supply.

This situation perpetuates as a vicious cycle of low and unpredictable demand, low and uncertain quality of supply, and totally inadequate investment. The cycle is fueled by persistent low trust and high (perceived) risks, and stifles the development of a properly functioning and inclusive health markets.

Virtuous cycle

To reverse this cycle into a virtuous one, these market failures need to be addressed with demand side solutions, including prepayments, cross-subsidization, and risk and income solidarity mechanisms. A stable demand can however not be realized without a predictable quality supply of health services. Therefore, the supply side also needs to be improved substantially, requiring major investments, quality standards and innovations to reduce (transaction) costs, improve effectiveness, and create an enabling environment to strengthen the local private sector. This paradigm is the basis of the PharmAccess Theory of Change.

PharmAccess leverages public and private funds to lower risks, raise trust, and increase the total amount of money in health markets through the development of sustainable market- based healthcare financing and delivery innovations to stimulate both the demand and supply sides. Through local public private partnerships PharmAccess interventions focus on stimulating basic health insurance plans and other innovative demand side financing options, introduction of quality standards and improvement plans for health care providers, and facilitating and stimulating loans and investments for private providers and other healthcare companies through locally embedded and implemented programs.

Digital disruption

The above analysis remains relevant today. In fact, the free flow of information through the mobile revolution is making healthcare inequities more visible. Such knowledge comes with responsibility. Now that these inequities are in plain sight, we must also capitalize on the full potential of digital technology to address them. By applying it to our integrated approach of demand-side, supply-side and investment-related interventions, digital technology can play a disruptive role in helping to turn the vicious cycle into a virtuous one, accelerating the quest for inclusive healthcare.

Digital technology as an accelerator

The world is on the brink of what has been dubbed the fourth industrial revolution. This fusion of technologies is creating new ways of serving existing needs and disrupting virtually every industry. Many of us benefit from perks like ordering food online or hailing a cab with two taps on a mobile. However, we need to ensure that this revolution does more than just make just some peoples' lives more convenient.

Fortunately, digital technology is actually pre-eminently suited to exposing as well as mitigating social and economic inequities. The mobile phone is one of the biggest social equalizers on the African continent. More than 90% of people use a simple mobile phone. Africa is also home to M-Pesa, the world's leading mobile money service. This offers huge opportunities to build new healthcare solidarity mechanisms and to tackle Africa's poor health statistics.

By providing transparency, accountability and direct access to end-users, digital technology opens up avenues to close the gap between the top and bottom rungs of the prosperity ladder. We can bring healthcare within reach of people who, until now, were structurally excluded from the system. And - it can be done more efficiently, with strongly reduced transaction costs, at an unprecedented scale and pace.

Matching demand and supply

When Professor Dr. Joep Lange founded PharmAccess in 2001, he was determined to turn his pioneering scientific research on triple-combination drug therapy into action. His drive brought this life-saving AIDS treatment to those who needed it most. Joep's vision of increasing access to affordable and better healthcare for people in sub-Saharan Africa is still at the heart of what we do.

Building on this work on the front lines of HIV/AIDS, our focus has broadened to making healthcare finance and delivery more effective and more inclusive. We work towards this goal by stimulating both the demand and the supply side of the healthcare market to reduce risk and attract investments. Our integrated approach mobilizes public and private resources for the benefit of doctors and patients through a combination of loans for healthcare providers, clinical standards for quality improvement, health insurance and impact research. More and more, we are using digital technology to accelerate this approach.

Activities in 2018

In 2018, PharmAccess continued to push forward with a digital strategy to make healthcare markets work along the lines of the objectives agreed with the ministry (MoFA), mentioned above.

Objective 1: Develop private pre-payment mechanisms, risk pooling structures, and mobilize resources for organized demand

In 2018, we made considerable progress in supporting regional governments on the road to UHC using digital health platforms. Starting in Kenya and Nigeria a strong increase in enrollments of people across both countries got underway at both state and county levels, alongside strong support at political level.
2018 was truly the year when UHC was put center stage. PharmAccess is playing a pivotal role in the design, proof of concept and technical assistance of these programs whilst proving that mobile and digital technology can create access to healthcare for even the most vulnerable citizens, as well as efficiency and transparency in scheme administration.

Kenya

2018 was the year regional and national governments committed to working towards UHC. In Kenya, this UHC commitment was included in the national government's 'Big Four' agenda. PharmAccess was appointed by the Ministry of Health in collaboration with the National Hospital Insurance Fund (NHIF) as the agent to achieve this objective, and signed Memorandums of Understanding with three of the four chosen pilot counties; Kisumu, Machakos and Nyeri. In collaboration with CarePay, PharmAccess registered almost one million households in Kisumu, Machakos and Nyeri, before the official launch of the UHC program in Kisumu on December 13th. By the end of 2018, 2.6 million households had been registered.
Unfortunately, in November the Kenyan government announced the introduction of free healthcare. This placed increased pressure on public facilities and already limited resources, as well as increased the risk of crowding out of premium paying NHIF members. However, PharmAccess remains committed to supporting realization of UHC in Kenya and will continue to work closely with the NHIF.

Nigeria

In Nigeria, Kwara State (re-)launched its state-wide health insurance program, established its health insurance agency and engaged CarePay and PharmAccess for support. Meanwhile, the Lagos State Health Management Agency (LASHMA), established with technical support from PharmAccess, agreed to use the digital health platform for the administration of its health insurance scheme. Market research is currently being undertaken regarding the development of a remittance product increasing access to finance for healthcare. In addition, Adamawa State contracted PharmAccess to provide technical assistance for the development of its state-wide health insurance scheme. In recent years, many states in Nigeria have adopted laws regarding statewide health insurance. Our pioneering work in Kwara State since 2007 has played a pivotal role in this.

Tanzania

In Tanzania, the government adopted a policy that promotes the improved Community Health Fund (iCHF, developed by PharmAccess) as the national model to achieve UHC. It has followed up with substantial ICT investments towards this goal. PharmAccess agreed upon a one-year transition plan with two states, decreasing operational support to solely technical assistance. The iCHF will form the foundation of insurance for the bottom of the pyramid, which when merged with the NHIF will form the Single National Health Insurance in Tanzania.
The digital health platform has been implemented in five facilities in Kilimanjaro as a proof of principle for transparent claim management and utilization data.

Ghana

2018 saw the establishment of a partnership with Ghana's National Health Insurance Scheme (NHIS) to develop and deploy the 'Claim-it' app to digitize reimbursement claims to improve the speed and efficiency of payments to healthcare facilities. So far 200 private healthcare facilities have adopted this innovation, which will be scaled further in 2019.

Objective 2: Strengthen, benchmark, and certify clinical and business performance of healthcare service suppliers

In 2018 we worked to redesign the SafeCare product into two cost-efficient, scalable products with clear 'buyers':

1. A basic, one day SafeCare screening product of €500. This product helps to make high level decisions about onboarding providers based on pre-set criteria on scope and quality of services, for determining investment needs and for monitoring performance and managing risks of low performing facilities in regions where better options are unavailable.
2. A comprehensive package of quality improvement and recognition using SafeCare's ISQua accredited clinical standards. Facilities achieving excellence will be part of a 'Gold membership', which will entitle them to special benefits including awards and marketing. These facilities will also serve as centers of excellence for peer-to peer learning.

Efficiencies, scale and long-term sustainability can only be achieved with the digitalization of processes and development of digital tools. 2018, was an important year for SafeCare with the development and testing of digital tools including an automated assessment and rating tool and a SafeCare Quality Dashboard, an open source interactive platform designed for doctors and nurses.

The SafeCare Quality Dashboard, enables healthcare professionals to track and improve their quality through real-time progress information, quality improvement challenges and best practice examples. To ensure informed policy decision-making, effective allocation of resources and sound investment the SafeCare Quality Dashboard will also be accessible by donors, governments and investors such as banks. 2019, will see the further piloting and development of the digital tools and processes to ensure SafeCare continues to ensure quality can be achieved at scale.

Objective 3: Improve efficiency, effectiveness, and transparency to better match demand and supply of healthcare transactions

Building on earlier prototypes with HIV patient journeys in 2017, a set of protocols and algorithms were developed in 2018 for tracking the journeys of pregnant women. Three cohorts of Kenyan women were enrolled in a 'Mother Journey' program, receiving a standardized package of care, digital reminders and behavioral 'nudges'. Through data analytics, the quality of their journey was tracked and benchmarked between facilities. The feedback of these analytics was shared with doctors and midwives in workshops and through reports and apps. Additionally, the 'mother journey app' was rolled out to allow medical staff to focus on patients and issues that needed attention. With maternal mortality at 366 per 100,000 women (compared to 7 in the Netherlands), there is enormous improvement potential when it comes to better managing risks.
In a separate project, a group of Tanzanian women were enrolled in a program using blockchain technology to give pregnant women a digital identity so the care they receive can be tracked. This project aims to provide proof-of-concept for the value of blockchain technology in assembling, tagging and verifying digital health data and contributing towards a transparent, performance-based financing model for healthcare. Some 200 women have been enrolled so far, and 14 babies were born at the facility with the aid of skilled midwives.

Objective 4: Mobilize capital into the private health sector

According to the World Bank, the average GDP growth rate in sub-Saharan Africa was around 2.7% in 2018 against 2.3% in 2017. The Medical Credit Fund experienced tough market conditions in the countries where it is operating, hampering loan disbursement and portfolio performance to various degrees. In Kenya, the continued interest rate cap caused banks to significantly reduce lending to SME's. In Ghana, MCF's most active partner was put under special administration by the Central Bank of Ghana. In Tanzania and Nigeria, market conditions led to many small loans but few larger investments.

In parallel, the ongoing growth of Africa's private healthcare markets and the steadily improving interest of financial partners in investing in the healthcare sector create ample opportunities for Medical Credit Fund to grow. In 2018, 2 new partnerships were started, and existing partnerships were strengthened. Strong partnerships have led to the development of more integrated loan products in 2018 such as the 'Republic Medical Loan' product with Ghana's Republic Bank and the Equipment Bundle Promotional Product in collaboration with Nigeria's Diamond Bank and JNCI, a major equipment supplier. MCF partners participate for about 46% in the funding and repayment risk of the total of USD 22 million in capital outstanding by the end of 2018.

In 2018, the Medical Credit Fund, part of the PharmAccess Group and partially funded by MoFA through PharmAccess and Health Insurance Fund, closed its last round of fundraising, which was initially started in 2015. Since inception, MCF has raised USD 52m in borrowings from 16 different parties, of which 11 parties are private and 5 parties are DFIs (development finance institutions). This last closing secured a local currency financing (Kenyan Shilling) from the European Investment Bank (EIB) of USD 5m.

In 2018, MCF reached the milestone of USD 50m in disbursements since inception. The Medical Credit Fund has disbursed a total of 2,930 loans to 1,446 health SMEs in Ghana, Kenya, Liberia, Nigeria, Tanzania, and Uganda.

In 2018, MCF disbursed 1,151 loans with a value of USD 18m. Compared to 2017, loan disbursements were 57% more in number and 47% more in value. Performing above market average with a historical average of 96% repayment performance, MCF is proving that health SMEs are bankable and not as risky as most financial institutions perceive.

Together with PharmAccess, the Medical Credit Fund provides support services or technical assistance (TA) to its (potential) borrowers. Before the loan approval, TA is focused on assessing the clinical and business risks of the health SME. Following loan approval, the support services aim to help the health SME grow its business and improve its quality. 2018 has been a transition year in terms of defining, testing, and aligning the TA strategy, such as refining packages for various clinic types, re-branding of services, pricing of packages and piloting co-payments.

By the end of 2018, MCF works with 19 financial partners to improve access to capital and bring technical assistance support to health SMEs. Since the start of MCF, 2,358 financial partner staff have been trained on the health market and sensitized on the MCF program and loan products. So far, a total of 2,174 health SME staff were trained on business and quality improvement aspects.

Objective 5: Conduct research on strategic interventions and advocate those that are successful

Research

From 2018 onwards, it was agreed to shift coordination of the HIF-supported R&L activities to the Joep Lange Institute (JLI). This ensures research on PharmAccess interventions is managed 'at arm's length' by a third-party entity (JLI), strengthening external validation of research findings, increasing the opportunity for research to be financially or intellectually leveraged by JLI, and increasing the network within which results can be disseminated.

Next to the six publications submitted to journals during the course of 2018, around 15 more articles and papers were being finalized at the end of 2018. Many of these papers will bring to a close some larger research projects from the past (e.g. MACHS, COHeSION, WOTRO-Tanzania, etc.) but will also include more recent work.

Capacity building is acritical focus of Research & Learning. Research on HIF supported programs has resulted in the completion of 4 PhD theses and 3 MSc theses in 2018. Numerous case studies and blogs were produced to share interesting (research) findings from HIF funded PharmAccess programs that were not suitable for full academic article publication. In addition, 2-pagers were produced to share academic findings with a wider audience.

Research findings were disseminated through presentations at various workshops and conferences.
(Potential) collaborations were formed with new research partners such as INSEAD (around drug supply research), World Bank (P4P vs intrinsic motivation), Kenya National Bureau of Statistics (Poverty Mapping), and APHRC (Poverty Mapping and i-Push impact evaluation).

Advocacy

The KPIs for advocacy were successfully achieved in 2018. Key highlights include the development of a partnership with the Global Fund and Lagos State on implementation of statewide health insurance via the CarePay digital platform; Lagos State, Bank of Industry and the Medical Credit Fund on access to finance and

public private partnerships to advance UHC; and Christian Health Association of Ghana on digital supply chain. PharmAccess was selected as the preferred partner for strengthening the capacity on HeFRA on the regulation of quality of healthcare in Ghana. In addition, the launch of the Kwara State Health Insurance Scheme represents a significant milestone in a state where PharmAccess has been active since 2007. Advocacy was also focused on demonstrating the value of digitalizing healthcare transactions to diverse stakeholders, which led the State Health Insurance Agency in Lagos and Kwara States to adopt the CarePay digital health platform. The Nigerian Health Care Awards named their innovations award after PharmAccess. In addition, CarePay was selected as a Technology Pioneer by the World Economic Forum. PharmAccess was a keynote speaker at about 30 global and national conferences on digitalization of health financing and delivery. For example, we collaborated with Joep Lange Institute to host a pre-conference and launched a digital app for enhancing the lives of people with HIV/AIDS at the International AIDS Conference in Amsterdam.

Resource mobilisation

By the end of 2018 PharmAccess secured several new sources of funding: a.o. Merck for Mothers, Sanofi, HDIF but also from local states in Nigeria like Lagos State and Adamawa State. This is a result of the fact that we set up a dedicated resource mobilization team by the end of 2017.

Selected programs and developments

HIV/AIDS workplace program for Tanzanian Armed Forces

PharmAccess has been supporting a PEPFAR/US Department of Defense funded HIV workplace program for the Tanzanian Peoples' Defense Forces since 2006. There is evidence that HIV prevalence among uniformed personnel is higher than that of the general population. A UNAIDS meta-analysis using data from armies around the world showed that with 13.8%, the Tanzania army had the highest. Soldiers and their families have a heightened risk due to their mobility and engagement in unprotected sex. As such, they may serve as a bridge for transmission to the general population.

PharmAccess supports a comprehensive package of targeted prevention interventions, both at community and facility level. The workplan is guided by the latest WHO and PEPFAR test and treat directions, aiming at the so called 90-90-90 targets. Key components of the program include HIV Prevention, HIV Testing and Counselling, Prevention of Mother-to-Child Transmission, Voluntary Medical Male Circumcision, Care and Treatment, Care and Support, Pediatric ART, Pediatric Care and Support, HIV/TB collaboration and Orphans and Vulnerable Children. Other interventions include renovation and maintenance of clinics, procurement of equipment and test kits, as well as training of healthcare staff.

From mid-2019 onwards this program will no longer be managed by PharmAccess. This will lead and has already led to an decreasing payroll in Tanzania.

Building a franchise model for maternal and childcare in Ghana

As the middle class in Ghana grows, so does demand for quality care. With a grant from the Embassy of the Kingdom of the Netherlands in Accra, PharmAccess is working with two private hospitals in Accra to develop and pilot a commercial franchise model for pregnancy and birthing services.

The aim of Woman 360 is to offer efficient healthcare services through a hub and spoke network of cooperating private clinics. Specially trained midwives will work from small, easily accessible clinics under the supervision of

a gynecologist at a specialist hospital. The midwives handle basic routine visits and only refer women who require more skilled attention to gynecologists at a centralized, well-equipped hospital.
In 2018, the Woman 360 franchise further developed the concept, manuals, training curriculum and brand for Mother and Child delivery centers, based on a 'hub and spoke' model. The Woman 360 brand was registered in Ghana, attracting local investments including a master franchisee the Women Resolve Network, two contracted hub franchisees and two spoke franchisees.

Dutch Postcode Lottery

In the period 2013 - 2016 the Dutch Postcode Lottery has supported PharmAccess with an annual donation of EUR 500,000. As of 2017 the support increased to a yearly amount of EUR 900,000 for a period of five years (2017-2021). In addition, PharmAccess and Amref Flying Doctors were awarded 9,950,000 euro by the Dutch Postcode Lottery in 2016: the iPush program.
This program is built around three digital tools:

- Through the use of M-TIBA, the program provides access to finance to low-income women and their families through Supa Cover.
- These women are enrolled by community health workers that are trained through a mobile training tool called LEAP on reproductive, maternal, newborn, child and adolescent health and on how to enroll women on a NHIF health insurance cover.
- The community health workers collect actionable health data at community level through a digital tool called M-Jali.

Financial

Total income in 2018 amounts to EUR 24.3 million (2017: EUR 25.9 million) and the operating result is EUR 111,342 (2017: EUR 229,620). Together with financial result, PharmAccess Foundation's records show a surplus of EUR 187,203 for the year 2018 (2017: EUR 110,133). From the result for the year a total amount of EUR 89,867 is added to the special purpose reserve (2017: EUR 110,133). The remainder of the result ad. EUR 97,337 has been added to the continuity reserve.
Based on a board decision the result can be allocated to the special purpose reserve. The size of the reserve will differentiate within the following computation guidelines:

- Until a maximum of 10% of the total equity;
- Until a maximum of EUR 200,000.

The reserve can be used for employees who, in person, are confronted with a catastrophic event and insuperable cost.

After appropriation of the result the total equity amounts to EUR 2,420,197 (2017: EUR 2,232,994). To secure the continuity of PharmAccess Foundation, management continuously is looking for additional funding possibilities and is seeking to further improve the capital structure.

The financial statements reflect all the activities of the PharmAccess Foundation. All activities are supervised by 'head office' based in Amsterdam. Apart from general management, financial management, HR and ICT the 'head office' is staffed with SafeCare-, data- and tech-teams managing and/or supervising the respective programs. The actual implementation of the programs takes place in the African countries for which PharmAccess has offices in Tanzania, Kenya, Nigeria and Ghana. These offices are established according local regulations and governed and

managed by (staff from) 'head office' in Amsterdam. The financial statements have been prepared in accordance with the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board. Contrary to the Guideline for annual reporting 640 the budget on overall level has not been included. Control is performed on project level. Financial risks are limited since PharmAccess holds cash on dedicated interest-bearing bank accounts. PharmAccess does not work with 'embedded derivatives' and 'hedge accounting' and all larger programs are prefunded. Currency risks are shifted to the programs.

The foundation has been incorporated for the sole purpose of running the activities along the lines of the objectives as mentioned in the introduction paragraph of the management board report. The foundation has no objective to gain reserves, the activities are funded by multi-year grants.

Given the nature of the organization risk assessment is addressed on regular basis. The monitoring and managing of risks takes place on the level of the Foundation and its implementing partners. Risks have been categorized and prioritized on possibility and impact. The most significant risks which have been identified by the foundation are:

- Financial risks - continuity of funding; (successfully) mitigated by business development and submitting proposals for new funding;
- Personnel risks – health and safety of staff; mitigated by establishing a travel policy;
- Personnel risks – fraud; mitigated by establishing a code of conduct and by sound financial management (segregation of duties, dual level authorization);
- Performance risks - management capacity of the implementing partners and their local project partners; mitigated by capacity building activities;
- Reputational risks – mitigated by attention for external communication and advocacy.

Outlook 2019 and beyond

In 2019 and beyond we will continue to execute our digital strategy and to work with partners to improve the quality of healthcare and the number of people who can access it. Ensuring that the health sector is an appealing and realistic investment option is vital and mobile technology will be the foundation for this. The CarePay platform (branded M-TIBA in Kenya) continues to be an important element of this strategy, but alternatives always will be considered.
The enabling of or connecting to (risk) pools for care will be a significant focus for PharmAccess in the coming years. This will help us achieve our dream ambition of 100 million people having access to basic health care through the use a health wallet by 2025.
These pools not only benefit the (prepaying) individual who needs care but will ensure that health markets are attractive to the private sector and continue to grow and improve.

Besides attracting funding flows to the pools for care, there will be more focus on increasing value from data in these pools for the benefit of the fund managers and payers themselves by creating transparency to guide allocation decisions, or to the benefit of the provider to support treatment decisions and receive feedback on overall performance.

SafeCare will continue to work on the development of a sustainable business model will collaborate increasingly with the Joint Commission International (JCI) to work on a new label for excellence targeted to better performing

healthcare providers. By positioning a joint high value excellence brand, PharmAccess wants to stimulate aspiring providers to improve their quality.

The Medical Credit Fund plans to continue to grow its portfolio, spurred by its expanded mandate for direct lending and to enter new countries and finance larger loans.

Every project and partnership that will be embarked upon going forward will be guided by the five strategic objectives of PharmAccess established in 2016 to make inclusive health markets work. By levering the digital revolution, we believe these objectives will deliver attractive and truly inclusive health sectors that operate with can deliver access to basic health care for everyone.

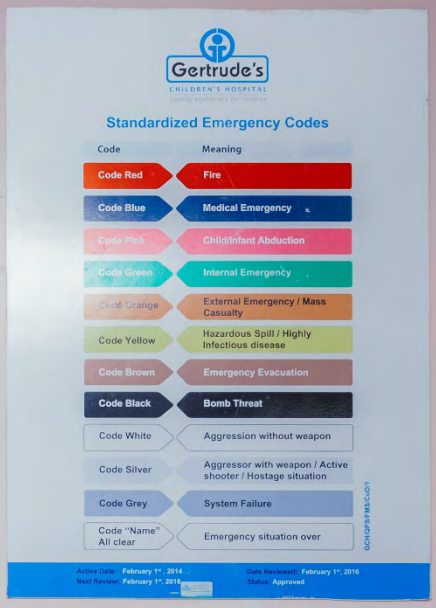
Institutional development

Since January 2017, in line with a request of The Ministry of Foreign Affairs, the governance structure of PharmAccess has been revised. The statutory responsibility for Stichting PharmAccess International and all PharmAccess group entities (i.e. Stichting Health Insurance Fund, Stichting Medical Credit Fund, Stichting SafeCare and stichting HealthConnect) is vested with PharmAccess Group Foundation (PGF), represented by its executive board (statutair bestuur) under the supervision of one Supervisory Board, the PGF Supervisory Board.

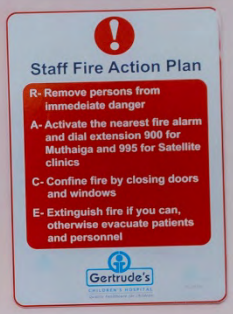
During 2018 the composition of the PGF Supervisory Board as well as the Executive Board has changed. Max Coppoolse chaired the board until November 28, 2018 when he retired. Pauline Meurs (vice Chair) has taken over on temporary basis. A search for a new chair is ongoing. Willem van Duin, Ben Christiaanse, Ruud Hopstaken, Peter van Rooijen and Lidwin van Velden stayed in their position while Kees Storm retired (as per November 28, 2018 as well) after 15 years of service. As per May 1st, 2018 Onno Schellekens stepped down as CEO and left the organization at the end of August 2018. He joint CarePay International B.V. as CEO. Monique Dolfing (already COO within the Executive Board) took over his CEO position and Jan Willem Marees stayed in his role of CFO.

In 2018, the number of staff decreased to a total of 177.1 FTE per year-end (2017: 206.5 FTE per year-end). Out of the 177.1 FTE, 118 FTE are employed in Africa. The average number of full-time equivalents during the financial year 2018 was 184.7 (2017: 209.1).


Gertrude's
CHILDREN'S HOSPITAL


Gertrude's
CHILDREN'S HOSPITAL
Standardized Emergency Codes
Code
Meaning
Code Red
Fire
Code Blue
Medical Emergency
Code Pink
Child/Infant Abduction
Code Green
Internal Emergency
Code Orange
External Emergency / Mass Casualty
Code Yellow
Hazardous Spill / Highly Infectious disease
Code Brown
Emergency Evacuation
Code Black
Bomb Threat
Code White
Aggression without weapon
Code Silver
Aggressor with weapon / Active shooter / Hostage situation
Code Grey
System Failure
Code "Name" All clear
Emergency situation over
GCH/QP/FM/LC/001
Active Date: February 1st, 2014
Next Review: February 1st, 2015
Date Reviewed: February 1st, 2016
Status: Approved


GERTRUDE'S CHILDREN HOSPITAL
Laboratory Team Building, 2016


Staff Fire Action Plan
R- Remove persons from immedeiate danger
A- Activate the nearest fire alarm and dial extension 900 for Muthaiga and 995 for Satellite clinics
C- Confine fire by closing doors and windows
E- Extinguish fire if you can, otherwise evacuate patients and personnel
Gertrude's
CHILDREN'S HOSPITAL


SWITCH OFF
SWITCH OFF

CONSOLIDATED FINANCIAL STATEMENTS

- Consolidated Balance sheet
- Consolidated Statement of income and expenditure
- Consolidated Cash flow statement
- Notes to the consolidated financial statements

Consolidated balance sheet as at 31 December 2018

(After appropriation of the result)

	Note		31.12.2018		31.12.2017
			EUR		EUR
Assets					
Fixed assets					
Intangible fixed assets	1	60,253		90,818	
Tangible fixed assets	2	447,303	507,556	525,757	616,575
Current assets					
Receivables:					
Debtors	3	1,211,936		1,356,420	
Other receivables	4	1,786,372	2,998,308	1,308,271	2,664,691
Cash	5		11,107,302		12,882,788
			14,613,166		**16,164,054**

	Note		31.12.2018		31.12.2017
			EUR		EUR
Equity and liabilities					
Equity					
Continuity reserve	6	2,220,197		2,122,861	
Special purpose reserve	7	200,000	2,420,197	110,133	2,232,994
Current liabilities					
Creditors	8	811,924		1,084,066	
Taxes and social security contributions	9	179,303		180,118	
Deferred income	10	8,835,518		10,001,590	
Other liabilities and accrued expenses	11	2,366,224	12,192,969	2,665,286	13,931,060
			14,613,166		**16,164,054**

Consolidated statement of income and expenditure for the year 2018

	Note		2018		2017
			EUR		EUR
Income	12		24,330,888		25,864,983
Operating expenses:					
Direct project costs	13	12,815,827		13,465,717	
Personnel expenses	14	10,287,986		10,537,579	
Amortization and depreciation		162,030		143,782	
Other operating expenses		953,703	24,219,546	1,488,285	25,635,363
Operating result			***111,342***		***229,620***
Financial income and expenses:					
Financial expenses	15	(15,636)		(152,791)	
Financial income	16	91,497	75,861	33,304	(119,487)
Result			***187,203***		***110,133***
Appropriation of the result:					
Continuity reserve			97,336		0
Special purpose reserve			89,867		110,133
			187,203		**110,133**

Consolidated cash flow statement for the year 2018

(Based on the indirect method)

		2018		2017
		EUR		EUR
Operating result		***111,342***		***229,620***
Adjustments for:				
Depreciation (and other changes in value)		160,785		143,782
Changes in working capital:				
• movements operating accounts receivable	(333,617)		588,058	
• movement deferred income	(1,166,072)		3,550,380	
• movements other current liabilities	(572,019)	(2,071,708)	(190,104)	3,948,335
Cash flow from business activities		(1,799,581)		4,321,737
Interest received/paid		(6,130)		(4,456)
Cash flow from operating activities		*(1,805,711)*		*4,317,281*
Investments in (in)tangible fixed assets		(53,084)		(537,035)
Disposals of (in)tangible fixed assets		1,319		19,900
Cash flow from investment activities		*(51,766)*		*(517,135)*
Net cash flow		***(1,857,477)***		***3,800,146***
Exchange gains/(losses) on cash at banks and in hand		81,991		(115,031)
Movements in cash		**(1,775,486)**		**3,685,115**

The movement in cash at banks and in hand can be broken down as follows:

Cash as at 1 January	12,882,788	9,197,673
Movements in cash	(1,775,486)	3,685,115
Cash as per 31 December	11,107,302	12,882,788

Notes to the consolidated financial statements

General

Foundation

"Stichting PharmAccess International", hereinafter "PharmAccess Foundation", was founded on 19 January 2001 in accordance with Dutch law. PharmAccess Foundation's head office is based in Amsterdam, the Netherlands and has branch offices in Tanzania, Kenya, Nigeria and Ghana. PharmAccess Foundation is registered with the Trade Register at the Chamber of Commerce under number 34151082.

The financial statements have been prepared in euro's.

Objectives

Stichting PharmAccess International (PharmAccess Foundation) is a Dutch not-for-profit organization, founded in 2001, aiming to improve access to better basic healthcare including HIV/AIDS treatment and care in low income countries by stimulating public private partnerships (PPPs). Its vision is that in the absence of a fully functional state one has to revert to local private sector capacity and stimulate PPPs as a bridge to the establishment of regional and national programs. These programs are aimed at enlarging the available amount of money in the healthcare system, at increasing trust in institutions and at lowering risk for investments and prepayments and so stimulating the demand side of the healthcare sector and strengthening the supply side. PharmAccess Foundation works mainly in sub-Saharan Africa and has offices in the Netherlands, Nigeria, Tanzania, Kenya and Ghana.

Group structure

Stichting PharmAccess International in Amsterdam is the head of a group of legal entities.
A summary of the information required under articles 2:379 and 2:414 of the Netherlands Civil Code is given below:

Consolidated entities:	Registered office
- Stichting PharmAccess International	Netherlands
- Stichting PharmAccess International	Tanzania
- PharmAccess Foundation	Kenya
- PharmAccess Foundation	Nigeria
- P.A.I. Ghana	Ghana

Consolidation principles

Financial information relating to group companies and other legal entities controlled by Stichting PharmAccess International or where central management is conducted, has been consolidated in the financial statements of Stichting PharmAccess International. The consolidated financial statements have been prepared in accordance with the Dutch-Generally Accepted Accounting Principles (NL-GAAP).

The financial information relating to Stichting PharmAccess International is presented in the consolidated financial statements.

In accordance with article 2:10 of the Netherlands Civil Code, the foundation-only financial statements have been prepared separately and are not separately presented in these consolidated annual accounts.

Financial information relating to the group entities and the other legal entities included in the consolidation is fully included in the consolidated financial statements, eliminating the intercompany relationships and transactions.

Accounting principles

General

The consolidated financial statements have been prepared in accordance with the Guideline for annual reporting 640 “Not-for-profit organizations” of the Dutch Accounting Standards Board (‘Raad voor de Jaarverslaggeving’).

These consolidated financial statements represent the activities of PharmAccess Netherlands and the branch offices in Tanzania, Kenya, Nigeria, Ghana and Namibia.

The consolidated financial statements have been prepared using the historical cost convention and are based on going concern. Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

If not indicated otherwise, the amounts of the accounts are stated at face value.

Consolidated Balance sheet

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortization and, if applicable, less impairments. Amortization is charged as a fixed percentage of 20% of cost. The useful life and the amortization method are reassessed at the end of each financial year.

Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments. Depreciation is based on the expected future useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Costs for periodical major maintenance are charged to the result at the moment they arise.

Receivables

Upon initial recognition the receivables are valued at fair value and then valued at amortized cost. The fair value and amortized cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Cash

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account upon valuation.

Provisions

Provisions for employee benefits

The PharmAccess Foundation pension scheme for staff based in the Netherlands concerns a defined contribution scheme which is accommodated at the insurance company Delta Lloyd. The contribution to be paid is recognized in the 'Statement of income and expenditure'.

In countries where local branch offices are operational, pension contributions for local staff are recognized in the 'Statement income and expenditure' based on local legislation.

Current liabilities

Deferred income

Deferred income consists of payments from donors related to projects to be carried out decreased by the realized revenue of these projects, taking into account foreseeable losses on projects.

Other current liabilities

Upon initial recognition, liabilities recorded are stated at fair value and then valued at amortized cost.

Principles for the determination of the result

Consolidated Statement of income and expenditure

Income and expenditure are recognized as they are earned or incurred and are recorded in the consolidated financial statements of the period to which they relate.

Income

Income from 'Realized income related to projects' is recognized in proportion to the completed project activities rendered on active projects, based on the cost incurred up to balance sheet date. The costs of these project activities are allocated to the same period.

Other income relates to other non-project related items.

Direct project costs

Direct project costs consist of expenses directly related to projects (out-of-pocket costs) excluding staff costs.

Recognition of transactions in foreign currency

Transactions in foreign currencies are recorded at the exchange rate prevailing at the transaction date. At year-end, the assets and liabilities reading in foreign currencies are translated into euros at the rates of exchange as per that date.

Financial instruments

Financial instruments include both primary financial instruments, such as receivables and liabilities, and financial derivatives. Reference is made to the treatment per balance sheet item for the principles of primary financial instruments. The group does not use derivatives and there are also no embedded derivatives.
The group does not apply hedge accounting.

Principles for preparation of the consolidated cash flow statement

The consolidated cash flow statement is prepared according to the indirect method. The funds in the consolidated cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered to be highly liquid deposits.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement. Comparative figures have been adjusted for this cause.

Notes to the specific items of the consolidated balance sheet

1. Intangible fixed assets

	2018	2017
	EUR	EUR
Book value as at 1 January	90,818	123,396
Amortization during the year	(30,565)	(32,578)
Book value as at 31 December	**60,253**	**90,818**
Purchase value as at 31 December	167,361	167,361
Accumulated amortization	(107,108)	(76,543)
Book value as at 31 December	**60,253**	**90,818**

Intangible fixed assets concern software licenses of Microsoft and Exact. The amortization percentage of the intangible fixed assets is 20%.

2. Tangible fixed assets

	2018	2017
	EUR	EUR
Book value as at 1 January	525,757	119,826
Additions during the year	53,084	537,035
Depreciation during the year	(130,220)	(111,204)
Disposal of assets	(1,319)	(19,900)
Book value as at 31 December	**447,303**	**525,757**
Purchase value as at 31 December	911,027	859,262
Accumulated depreciation	(463,724)	(333,505)
Book value as at 31 December	**447,303**	**525,757**

The depreciation of the tangible fixed assets is calculated according to the straight-line method. The depreciation percentages are based on the economic life span. For computer equipment a depreciation of 33.3%, for refurbishment a depreciation of 10% and for office furniture and other assets a depreciation of 20% is used.

3. Debtors

	31.12.2018	31.12.2017
	EUR	EUR
Debtors	1,211,936	1,374,225
Provision for doubtful debts	0	(17,805)
Balance as at 31 December	**1,211,936**	**1,356,420**

The debtors include the following as receivable from a 'related foundations':

- Medical Credit Fund (MCF) an amount of EUR 6,724 (2017: 35,482) and
- Health Insurance Fund (HIF) and amount of EUR 123 (2017: nil).

4. Other receivables

	31.12.2018	31.12.2017
	EUR	EUR
Other	1,191,099	493,694
Revenues to be invoiced	314,645	252,996
Advances partners related to projects	263,681	549,818
Related foundation: Stichting PharmAccess Group Foundation (PGF)	9,620	9,620
Pension and other personnel insurances	7,327	2,143
Balance as at 31 December	**1,786,372**	**1,308,271**

5. Cash

	31.12.2018	31.12.2017
	EUR	EUR
ABN-AMRO-AMRO accounts Netherlands - EUR	6,597,486	8,577,222
ABN-AMRO-AMRO accounts Netherlands - USD	2,720,263	2,784,863
Bank accounts Tanzania - TZS	175,563	113,799
Bank accounts Tanzania - EUR	33,074	70,196
Bank accounts Tanzania - USD	70,647	129,478
Bank accounts Tanzania - GBP	10,781	940
Bank accounts Kenya - KES	324,528	306,918
Bank accounts Kenya - EUR	306,716	42,665
Bank accounts Kenya - USD	15,588	1,574
Bank accounts Nigeria - NGN	706,523	505,293
Bank accounts Nigeria - EUR	3,101	850
Bank accounts Nigeria - USD	910	2,110
Bank accounts Nigeria - GBP	7,500	9,002
Bank accounts Ghana - GHC	33,606	22,199
Bank accounts Ghana - EUR	97,410	27,652
Bank accounts Namibia - NAD	0	281,482
Cash in hand	3,605	6,547
Balance as at 31 December	**11,107,302**	**12,882,788**

Funds are available in line with the different program and foundation objectives.

6. Continuity reserve

	2018	2017
	EUR	EUR
Balance as at 1 January	2,122,861	2,122,861
Result current year	97,336	0
Balance as at 31 December	**2,220,197**	**2,122,861**

Result appropriation for the year

Due to the appropriation of the result, an amount of EUR 97,336 has been added to the continuity reserve.

The continuity reserve is available to use in line with the described objectives of the foundation as stated in article 2 of the Articles of Association.

7. Special purpose reserve

	2018	2017
	EUR	EUR
Balance as at 1 January	110,133	0
Result current year	89,867	110,133
Balance as at 31 December	**200,000**	**110,133**

Result appropriation for the year

From the result of the year, an amount of EUR 89,867 has been added to the special purpose reserve (EUR 110,133).

Based on a board decision the result can be appropriated to the special purpose reserve. The size of the reserve will differentiate within the following computation guidelines:

- Until a maximum of 10% of the total equity;
- Until a maximum of EUR 200,000.

The reserve can be used for employees who, in person, are confronted with a catastrophic event and insuperable cost.

8. Creditors

	2018	2017
	EUR	EUR
Creditors	811,924	1,084,066
Balance as at 31 December	**811,924**	**1,084,066**

The creditors include an amount of EUR 1,002 (2017: 279,362) as liability to 'related foundations'. The total liability to related foundations includes the Medical Credit Fund (MCF) for EUR 1,002 (2017: MCF EUR 3,494 and the Health Insurance Fund (HIF) for EUR 275,868).

9. Taxes and social security contributions

	31.12.2018	31.12.2017
	EUR	EUR
Value added tax	35,407	21,093
Wage tax	143,914	158,844
Social security contributions	(18)	181
Balance as at 31 December	**179,303**	**180,118**

10. Deferred income

	31.12.2018	31.12.2017
	EUR	EUR
Received from donors related to projects	96,677,907	77,007,983
Realized revenue on projects	(87,842,389)	(67,006,393)
Balance as at 31 December	**8,835,518**	**10,001,590**

Below an alternative disclosure of the movement in the deferred income throughout the financial year:

	2018	2017
	EUR	EUR
Balance as at 1 January	10,001,590	6,451,209
Received from donors related to *active* projects	19,669,924	(61,649,621)
Realized revenue on *active* projects	(20,835,996)	65,200,002
Balance as at 31 December	**8,835,518**	**10,001,590**

The deferred income reflects the balance of the 'work in progress' per year-end. The 'work in progress' (contract portfolio) contains an amount of EUR 9,496,795 (2017: EUR 11,001,075) for by donors pre-financed projects (credit) and an amount of EUR 661,277 (2017: EUR 999,485) for reimbursement projects (debit).

11. Other liabilities and accrued expenses

	31.12.2018	31.12.2017
	EUR	EUR
Holiday allowance	177,028	196,825
Liabilities projects	320,702	545,468
Salaries	2,189	1,168
Accrued expenses	1,313,411	1,298,767
Liability Health Insurance Fund / MoFA	14,843	14,014
Other liabilities	538,051	609,044
Balance as at 31 December	**2,366,224**	**2,665,286**

The liability projects include an amount of EUR 310,048 (2017: 471,296) as liability to a 'related foundation', Medical Credit Fund (MCF).

Contingent assets and liabilities

Regarding the current project portfolio PharmAccess Foundation received from donors' commitments for grants for an amount of about EUR 104 million (2017: EUR 86 million). Of this amount EUR 97 million (2017: 76 million)

has been received. PharmAccess Foundation has the obligation to use these funds in accordance with the contractual donor requirements.

Financial instruments

For the notes to financial instruments reference is made to the specific item by item note. The main financial risks the foundation is exposed to are the currency risk, the liquidity risk and the credit risk. The foundation financial policy is aimed at mitigating these risks by:

Currency risk

The currency risk is mitigated by holding the received foreign currency pre-payments on ongoing foreign currency contracts as long as possible in the contracted foreign currency and only convert into the functional currency (EUR) based on commitments.

Liquidity risk

The liquidity risk is mitigated by monthly monitoring the work in progress portfolio and closely monitor and steer the deferred income position per contract.

Credit risk

The credit risk is limited as most of PharmAccess' programs are prefunded. The credit risk for head office is mitigated by banking at a (partly) governmental acquired bank (ABN-AMRO MeesPierson). For the local branch offices, the credit risk is mitigated by providing only two months rolling advances.

Non-recognised assets and liabilities and contingent assets and liabilities

Although it is not a contractually agreed commitment, PharmAccess has the intention to yearly allocate up to EUR 2 million of the HIF-funding (Ministry of Foreign Affairs) to the Medical Credit Fund (MCF). The exact yearly budgets are to be determined during the yearly activity planning and budgeting process within the PharmAccess Group, and finalized before November 1st, prior to the budget year.

In December 2016 a ten-year operational lease agreement was signed for the premises - AHTC buiding, 4th floor, Tower C and D - located at the Paasheuvelweg 25 in Amsterdam, the Netherlands. The yearly operational lease amount amounts to EUR 211,185. The first two years are free of charge, year 3: 60%, year 4: 73,3%, year 5: 86,6% and year 6 -10: 100% of the yearly operational lease amount.

Notes to the specific items of the consolidated statement of income and expenditure

12. Income

	2018	2017
	EUR	EUR
Realized income related to projects	24,271,602	25,851,399
Other income	59,286	13,584
	24,330,888	**25,864,983**

The main 'Realized income related to projects' consist of:

Ministry of Foreign Affairs	10,096,980	13,571,810
PEPFAR	4,224,156	3,663,095
I-Push	1,563,196	728,647
Nationale Postcode Loterij	900,000	900,000
HDIF	830,723	1,084,157
Merck for Mothers	527,956	0
AHME	478,647	841,868
Gilead Sciences, Inc.	410,266	669,548
USAID - Saving Lives at Birth: Kwara	347,954	311,493
Elma Foundation	305,373	333,954
Sanofi	285,930	0
FDOV MoH - Healthy Business	187,943	264,554
KNCV - DGIS Nigeria	186,404	239,286
Pfizer Foundation - Health Wallet & Chamas	180,316	62,633
John C. Martin Foundation	161,274	0
Achmea - Samburu	101,260	255,883
Amsterdam Diner	89,991	8,964
Embassy Kingdom of the Netherlands in Accra, Ghana	63,471	204,135
St. Antonius M-Tiba	0	172,306
Other	3,329,761	2,539,067
	24,271,602	**25,851,399**

*) The 'Ministry of Foreign Affairs' funding has been received via the Health Insurance Fund.

PAI attracts external funding for specific activities/programs in order to reach its strategic objectives. These activities are carried out within the timetable as set in the different funding contracts. The duration of those funding contracts differs from several months to several years. At the end of a subsidy period, depending on the (financial) progress of the program, PAI could request for a budget neutral extension to complete the planned activities within the available budget.

13. Direct project costs

	2018	2017
	EUR	EUR
PAI - Netherlands	5,030,789	6,423,490
PAI - Tanzania	4,479,471	4,402,363
PAI - Kenya	2,490,413	1,735,460
PAI - Nigeria	500,937	513,066
PAI - Ghana	314,217	328,320
PAI - Namibia	-	63,017
	12,815,827	**13,465,717**

14. Personnel expenses

	2018	2017
	EUR	EUR
Salaries	7,882,607	8,025,991
Social security contributions	1,079,792	1,107,658
Pension costs	499,954	546,697
Other personnel expenses	825,633	857,233
	10,287,986	**10,537,579**

15. Financial expenses

	2018	2017
	EUR	EUR
Exchange rate differences	0	115,031
Bank interest and charges	13,987	17,860
Other	1,650	19,900
	15,637	**152,791**

16. Financial income

	2018	2017
	EUR	EUR
Bank interest	9,506	15,407
Exchange rate differences	81,991	0
Other	0	17,897
	91,497	**33,304**

Other notes

Number of employees

The average number of full-time equivalents during the financial year 2018 was 184.7 (2017: 209.1).

Remuneration Directors and Supervisory Board

The remuneration of Directors during the financial year 2018 amounted to EUR 381,816 (2017: EUR 405,412). This remuneration consists of gross salary and a defined pension contribution:

	2018	2017
	EUR	EUR
Gross salary	347,701	368,620
Pension contribution	34,115	36,792
	381,816	**405,412**

The average number of full-time equivalents for the Board of Directors in 2018 was 2.4 (2017: 2.60).

2018

	O.P. Schellekens CEO	M.D. Dolfing-Vogelenzang COO	J.W. Marees CFO	Total
	EUR	EUR	EUR	EUR
Gross	55,354	132,120	131,120	318,594
Holiday allowance	4,428	10,570	9,490	24,488
Total remuneration DG-standard	59,782	142,690	140,610	343,081
Health insurance contribution	1,320	1,980	1,320	4,620
Total gross salary	61,102	144,670	141,930	347,701
Costs allowance	0	0	0	0
Pension contribution	6,093	14,038	13,984	34,115
Total remuneration WNT	67,195	158,707	155,914	381,816
Period of engagement:				
Engaged from	01.01.2018	01.01.2018	01.01.2018	
Engaged to	31.08.2018	31.12.2018	31.12.2018	
FTE%	60%	100%	100%	

Although PharmAccess Foundation is not obligated to comply with the WNT-norm, management has chosen to voluntarily comply and therefore disclose the above presented table. The remuneration costs for individual Directors meet the WNT-norm and the standard DG-norm as set by the Ministry of Foreign Affairs. Both norms set an upper boundary for Board Member remuneration. The Supervisory Board does not receive any remuneration.

2017

	O.P. Schellekens CEO	M.D. Dolfing-Vogelenzang COO	J.W. Marees CFO	Total
	EUR	EUR	EUR	EUR
Gross	81,000	128,891	127,640	337,531
Holiday allowance	6,480	10,311	9,257	26,049
Total remuneration DG-standard	87,480	139,203	136,897	363,580
Health insurance contribution	1,890	1,890	1,260	5,040
Total gross salary	89,370	141,093	138,157	368,620
Costs allowance	0	0	0	0
Pension contribution	9,300	13,751	13,741	36,792
Total remuneration WNT	98,670	154,844	151,898	405,412
Period of engagement:				
Engaged from	01.01.2017	01.01.2017	01.01.2017	
Engaged to	31.12.2017	31.12.2017	31.12.2017	
FTE%	60%	100%	100%	

Subsequent events

There are no events to report.

Signing of the consolidated financial statements

Amsterdam, 11 July 2019

J.W. Marees
Director

Stichting PharmAccess Group Foundation
Represented by:

M.G. Dolfing-Vogelenzang

J.W. Marees

OTHER INFORMATION

Independent auditor's report

The independent auditor's report is recorded on the next page.

Independent auditor's report

Deloitte Accountants B.V.
Gustav Mahlerlaan 2970
1081 LA Amsterdam
P.O.Box 58110
1040 HC Amsterdam
Netherlands

Tel: +31 (0)88 288 2888
Fax: +31 (0)88 288 9737
www.deloitte.nl

Independent auditor's report

To the Management Board of Stichting PharmAccess International

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2018 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements 2018 of Stichting PharmAccess International, based in Amsterdam.

In our opinion the consolidated financial statements included in the annual accounts give a true and fair view of the financial position of Stichting PharmAccess International as at December 31, 2018, and of its result for 2018 in accordance with Dutch Accounting Standard 640 "Not-for-profit organizations".

The financial statements comprise:

1. The consolidated balance sheet as at December 31, 2018.
2. The consolidated statement of income and expenditure for 2018.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Stichting PharmAccess International in accordance with the "Verordening inzake de onafhankelijkheid van accountants" bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the consolidated financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

- Management Board's Report
- Other Information

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Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by The Dutch Accounting Standard 640 "Not-for-profit organizations".

We have read the other information. Based on our knowledge and understanding obtained through our audit of the consolidated financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the Management Board's report and the other information as required by the Dutch Accounting Standard 640 "Not-for-profit organizations".

DESCRIPTION OF RESPONSIBILITIES REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Dutch Accounting Standard 640 "Not-for-profit organizations". Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the consolidated financial statements, management is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the foundation's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of ouraudit procedures and the evaluation of the effect of identified misstatements on our opinion.

Deloitte.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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.

- Obtaining 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 foundation's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of 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 foundation'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 foundation to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Management Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

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We provide the Management Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Amsterdam, July 11, 2019

Deloitte Accountants B.V.

Signed on the original: S. Kramer

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PharmAccess Foundation
AHTC, Tower C4
Paasheuvelweg 25
1105 BP Amsterdam
+31 (0)20 210 3920
www.pharmaccess.org

PharmAccess
FOUNDATION