



PharmAccess Foundation

Annual Accounts 2021

19 August 2022

PharmAccess
FOUNDATION

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Amsterdam, the Netherlands



INDEX

MANAGEMENT BOARD’S REPORT _____ 7

Introduction _____ 7

Objective 1: Accelerating demand side financing _____ 7

Objective 2: Strengthen the quality of healthcare services _____ 8

Objective 3: Increase investments into healthcare sector _____ 9

Objective 4: Matching supply & demand _____ 10

Objective 5: Advocacy, Research and learning _____ 11

CONSOLIDATED FINANCIAL STATEMENTS _____ 17

Consolidated balance sheet as at 31 December 2021 _____ 18

Consolidated statement of income and expenditure for the year 2021 _____ 19

Consolidated cash flow statement for the year 2021 _____ 20

Notes to the consolidated financial statements _____ 21

OTHER INFORMATION _____ 40

Independent auditor’s report _____ 41



MANAGEMENT BOARD'S REPORT

Introduction

PharmAccess seeks to make inclusive health markets work. In doing this, we design interventions to improve the way the entire health eco-system is financed, and quality care delivered.

Although less turbulent than the first year of the pandemic, 2021 remained a challenging year for the health sector, especially in sub-Saharan Africa. This underscores the need to apply concerted economic policies and interventions, build stronger health systems and innovations to reach those who are financially excluded.

Reflecting on our work in 2021, we see that digitalization has brought significant opportunities to make health insurance models work, especially in low-resource settings. This further strengthens our belief that taking a (digital) ecosystem approach remains relevant in the future with increasing opportunities to scale. In this context, advocacy and research and learning will have a significant role in sharing our vision and way of working with our key stakeholder and partners.

Our work is guided by 5 key strategic objectives. These are:

1. **Accelerate demand side financing** – supporting governments in their effort to design & implement effective and sustainable health insurance models, exploring different finance mechanisms.
2. **Strengthen the quality of health services** – through creating transparency, setting the benchmark and creating a culture of quality
3. **Increase investments into healthcare sector** – bridging the existing finance gap, making it possible for health facilities to invest in the quality care
4. **Matching demand and supply** for more effective and efficient healthcare transactions, making efficient use of limited resources
5. **Advocacy, Research and learning** – feed into fact-based decision making of partners and others in the (global) health sector.

Objective 1: Accelerating demand side financing

Our interventions on demand-side financing are designed to increase the use of healthcare services and give patients the purchasing power to get access to the healthcare services they need.

PharmAccess supports countries in building eco-system approaches to strengthen and prove the viability of programs and initiatives. Inevitable challenges occur as countries go through different stages of development and progress.

Tanzania: (Re)designing demand-side financing strategy

The quality of healthcare in Zanzibar is low and health facilities have limited funds to improve quality. With this challenge in mind, PharmAccess was consulted by the government of Zanzibar to help redesign the island's health financing strategy, building an eco-system that safeguards the accessibility of quality care. SafeCare, our quality improvement methodology, has also been adopted by the government – an important step to guaranteeing broad participation while designing the health insurance program. On the Tanzanian mainland, the scaling of iCHF, the national health scheme, which was supported by PharmAccess, has slowed down and is pending government legislative decisions.

Kenya: Model county-wide digital health insurance program

The Marwa Kisumu Solidarity Health Cover is now in its third year. In partnership with the County Government of Kisumu (CGK) and the National Hospital Insurance Fund (NHIF), PharmAccess and CarePay implemented the initial stage of the Marwa Scheme by registering and identifying households eligible for a subsidy, assessing, connecting, and training 49 healthcare facilities, and providing the CGK with management and operational support. For the Financial Year 2022/23 the county government has committed USD 900,000, growing at 10% per annum for the next three years, as a budget line item to cover the vulnerable. The first 42,500 vulnerable households of Marwa that are enrolled are covered by donor funding. Our ambition is to help create best practices in building inclusive digital health ecosystems that can inspire other counties in Kenya to follow suit.

Nigeria: Scaling-up health insurance coverage

In the last five years, Nigeria has made a considerable commitment to improving health insurance coverage. Over 30 states have adopted mandatory health insurance legislation with PharmAccess supporting a few of them. In Kwara, 45,000 users are enrolled but the state is still far away from the ambition to give 3.4 million inhabitants access to quality healthcare. On a national level, PharmAccess Nigeria is in constant contact with policymakers at the National and State level. Lessons learned from the implementation of rural and urban programs have proven to be valuable in the states we are supporting.

Ghana: Further digitalization for transparency

Ghana's healthcare coverage is currently over 50% and, in that sense, a leading example for many other African countries. PharmAccess was entrusted with providing data analytics to improve the health insurance model's efficiency and effectiveness and boost its use and popularity. PharmAccess Ghana also advocated strongly for the integration of the National Health Insurance Authority (NHIA) with the National Identification Authority System (known for the introduction of the Ghana Card, used to validate citizens' identification within the country). This digital integration has made it much easier for people to enroll for health insurance as their personal data is already in the system.

Objective 2: Strengthen the quality of healthcare services

Healthcare facilities, especially in resource-restricted settings, find it challenging to improve the quality of care delivered due to a lack of transparency and alignment. Through SafeCare we seek to create a culture in which quality is part and parcel of the approach of the health facilities and partners we work with. Regardless of the resources available to a healthcare facility or network, it is important for healthcare facilities to be able to measure their quality. Benchmarking is the first step to improving and better-protecting patients against flaws in quality.

Taking advantage of digitization

Our digital tools have proven to be very helpful in moving from quality measurement at one point in time, and follow-ups after that, to keeping health facilities and their staff actively engaged in quality over time. The Quality Platform offers an online platform where healthcare facilities can actively engage with quality improvement activities, enabling them to independently take steps to improve their health services. The Self-Assessment tools have been used over 1,200 times, highlighting the value of the tool. Using the Self-assessments, healthcare facilities can self-evaluate their quality of care against a set of criteria designed around a specific topic. The COVID-19 self-assessment tool, for example, is used in 18 countries, from our core countries like Kenya and Tanzania to Namibia and Uganda.

Besides that, on-site assessments and support continued in 2021, using our stepwise approach, ensuring our work in the field remained stable.

Institutionalization

In 2021, we continued to work with public and private partners in our key countries and beyond, fast-tracking the improvement of quality of care and embedding quality care in the ecosystem in a sustainable way. Starting new programs, with healthcare networks, or with public partners that operate on a national scale, enables faster scale-up in new countries of entry.

Celebrating re-accreditation

After an initial approval in 2013, SafeCare standards have been re-accredited by the International Society for Quality in Healthcare External Evaluation Association (IEEA). IEEA is a global organization responsible for assessing the standards of organizations that set the benchmarks in healthcare safety and quality. IEEA's re-accreditation underscores the continuous quality of SafeCare's services and focuses on making an impact.



Objective 3: Increase investments into healthcare sector

Medical Credit Fund (MCF) is an impact fund specifically targeting and supporting small and medium-sized healthcare facilities. In 2021 we focused on strategizing and preparing for the launch of MCF-II: a newly set up fund that will operate alongside MCF-I as the former is gradually phased out. MCF-II will continue to build on the successes of the initial fund, restructuring of the fund has been done so to ensure that MCF-II, can become financially sustainable by 2026.

Accelerating impact throughout the pandemic

The injection of EUR 7.5 million equity provided by the Dutch Ministry of Foreign Affairs in MCF-II in January 2021, helped address the challenges of the pandemic in our client's health facilities. It equally provided a valuable anchor for further fundraising of EUR 32.5 million later in the year. Digital loans allowed MCF to better serve

smaller facilities with lower revenues providing a faster turnaround and flexible repayment. In total in 2021, we disbursed 6,500 loans to 1,800 facilities.

Scaling up our impact in the future

MCF-II will prioritize digital lending with a focus on continuing to scale our digital services, especially for female entrepreneurs based in more remote areas. We are also keen on supporting health facilities not only with access to capital but also to provide business and technical support. In the next years, we will increase our introduction of MCF clients to SafeCare



Objective 4: Matching supply & demand

Championing value-based healthcare in Sub Saharan Africa

Africa accounts for 20% of the global disease burden even though less than 1% of the world's financial resources are spent on health in the continent. Against this backdrop, PharmAccess has implemented a value-based healthcare approach by using innovative care bundles. In 2021 we scaled and demonstrated proof of concept for our main care bundle-MomCare. A care bundle that brings together the patient, the health facilities, and the institutional payer so that maternal care can be planned efficiently.

MomCare has contributed to better, safer antenatal and postnatal care, and has led to an increase in skilled deliveries, reducing the risks of harm for both mothers and babies. To date, around 50,000 women are enrolled in MomCare. Because of the comprehensive and transparent journey, healthcare providers can better determine the costs of safe deliveries and other types of care, creating transparency for clinics and payers of care.

Optimizing our Care Bundle approach – the way forward

Costs per clinic (including onboarding costs) need to be significantly decreased. At the same time, we want to ensure the high quality and engagement of the program. We also need multiple touchpoints – both online and offline – to stimulate behavior change among healthcare staff.

Value-based healthcare models require buy-in from all stakeholders to succeed. We will thus explore how to bring in larger funders and other partners, with the goal of empowering patients.

Objective 5: Advocacy, Research and learning

Our advocacy efforts center around a holistic approach to health system strengthening. In line with the holistic approach, our advocacy efforts target various stakeholders in the sector. They include governments in our countries of focus, their (national) health insurance agencies, private sector players, civil societies as well as governments, and multi-laterals.

Our key advocacy points are:

Engage the private healthcare sector

To realize a stable supply of quality health services requires in the first place, sufficient availability of those services. In sub-Saharan Africa, demand outweighs supply. Where public health services are insufficient, the private sector tends to fill the gaps.

Using digitalization to bring change

Data-driven innovations build trust among patients and providers but also for payers, as data provides transparency around finance streams and results. At PharmAccess we believe in the power of digitalization and data to improve health financing and delivery.

Reducing finance fragmentation

In the health sector, especially when financed by external donors, we often see funding for treatment for specific diseases or complications, not necessarily strengthening the health system. The focus on specific diseases results in parallel approaches.

Publications to feed decision-making

Validating our work through scientific research and evaluation is vital to understanding the gaps and flaws of the health system, verifying the usability of healthcare solutions, and learning how to scale, replicate and institutionalize new models. Findings from research led by our Research and Learning team resulted in 25 publication submissions to peer-reviewed journals, 16 of which were accepted and published.

Joining Coalitions and alliances

PharmAccess will continue to focus on further developing the PharmAccess profile in the global health and universal health care (UHC) community. Our current alliances and coalitions will help to further amplify our research findings, unique solutions, and interventions.

Financial

The total income in 2021 amounts to EUR 22.9 million (2020: 21.3 million) and the operating result is EUR - 84,030 (2020: EUR 527,339). Together with financial result, PharmAccess Foundation's records show a surplus of EUR 274,597 for the year 2021 (2020: EUR 201,215).

As the maximum amount of the special purpose reserve has been reached in previous years, the total surplus has been added to the continuity reserve. After appropriation of the result the total equity amounts to

EUR 2,959,768 (2020: EUR 2,685,171). 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, resource mobilization, financial management, HR, ICT and communications the 'head office' is staffed with Demand-, SafeCare-, data- and tech-, research- and advocacy-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 to 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 bank accounts. PharmAccess does not work with 'embedded derivatives' and 'hedge accounting' and all larger programs are prefunded.

The foundation has been incorporated for the sole purpose of running the activities along the lines of the objectives as mentioned in 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 take 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 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.
- Legal / Privacy - mitigated by implementing a data policy and involving specialist monitoring.
- IT related risks – security breaches and loss of data; mitigated by assigning responsibilities and implementing procedures.
- Reputational risks - mitigated by attention for external communication and advocacy.

Outlook 2022 and beyond

The COVID-19 crisis in 2020 and 2021 has been a wake-up call, a reminder that resilient healthcare systems are essential for economic and social prosperity, and international security. It has demonstrated that health is a global responsibility that requires cross-sector collaborations for universal health coverage. It has also driven wide-spread acknowledgement that digital technology and data form a core pillar of healthcare. In the wake of COVID-19, an opportunity has emerged for African countries to build stronger, more resilient data-driven healthcare systems which are better prepared for the next pandemic and can deliver basic quality healthcare for all citizens. The increasing penetration of mobile technology and digital platforms in Africa will be key for fast-tracking health system transformation, allowing all individuals to be digitally connected, covered and empowered

to access care. Technology provides real-time data, thus ensuring transparency in the delivery, utilization, and costs of care to guide decision making for patients, healthcare providers and governments.

This has proved vital during the crisis when it has been critical to both address the outbreak and to commit resources to other healthcare needs. With continued support of the Ministry of Foreign Affairs (Netherlands) and an increasing number of other funders, PharmAccess will continue to capitalize on digital technology to improve the financing and delivery of health care. For example, we will further develop smart contracting and value-based care interventions for mother and child healthcare, expanding services to support vulnerable socioeconomic groups. We will also continue working on the development of digital services for chronic care.

Given the limited and fragmented nature of healthcare funding in the countries that we support, and with donor funding on a downward trend, mobile technology also brings the opportunity to combine scarce funding sources while reducing transaction costs. By increasing efficiency and transparency, it can ensure that more marginalized individuals are covered while paving the way to implement new pay for performance models which generate data to guide governments in resource allocation. In the years ahead, we will support the integration of vertical programs into a more horizontal and integrated healthcare approach.

Further investments in healthcare quality remain crucial. We will continue to scale SafeCare and MCF, which proved critical throughout the pandemic. MCF's digital loans have offered much support for health SMEs during the crisis with SafeCare helping to ensure infection prevention and control, while prioritizing staff and patient safety in clinics. Going forward, we will continue to use digital technology and data to improve the quality standards of healthcare facilities as well as share our expertise and lessons learnt with new countries.

We will also focus on strengthening public and private partnerships to create an enabling environment for scaling. We will advocate for increased government spending on health, including contributions toward social health insurance schemes, which is needed to sustainably finance Universal Health Coverage (UHC). The use of (digital) poverty mapping to segment the populations and target subsidies efficiently will be critical. While supporting the implementation of digital tools, we will also provide technical support to ensure that African countries can create more value out of the data that they generate. We will also further strengthen local capacity in areas of policy and legislation, governance and leadership, and research.

In the years to come, with the increasing interest for our work, PharmAccess, and the Joep Lange Institute will continue to work with key partners and coalitions on global health diplomacy and the digitalization of health financing and delivery. The impact of technology has been demonstrated on the African continent, but the global health community and funders are yet to embrace its value. Through our joint advocacy efforts, we will promote thought leadership, share lessons learned, publish research results, initiate policy dialogue, and build partnerships to accelerate the role of digital technology in UHC.

Institutional development

The statutory responsibility for PharmAccess Foundation and all PharmAccess group entities (i.e. Stichting PharmAccess International, Health Insurance Fund, Stichting Medical Credit Fund, Medical Credit Fund II Coöperatief U.A., Stichting SafeCare and Stichting HealthConnect) is vested with PharmAccess Group Foundation

(PGF) represented by its executive board (statutair bestuur) and under the supervision of one Supervisory Board, the PGF Supervisory Board.

As per November 30th, 2021 Ruud Hopstaken resigned as Supervisory Board member at the end of his second term. The other Supervisory Board members (Pauline Meurs (Chair a.i.), Willem van Duin, Ben Christiaanse, Peter van Rooijen and Lidwin van Velden) stayed in their position. The Supervisory Board was strengthened with two new members being Mirjam van Reisen (as per 22 September 2021) and Els Boerhof (as per 1 January 2022).

As per 1 November 2021 Monique Dolfing-Vogelenzang stepped down as CEO and was succeeded by Nicole Spieker as the new CEO who together with Jan Willem Marees, who stayed in his role as CFO, now forms the Executive Board of PGF.

In 2021, the number of staff decreased to a total of 195.5 FTE per year-end (2020: 197.8 FTE per year-end). Out of the 195.5 FTE, 130.0 FTE are employed in Africa. The average number of full-time equivalents during the financial year 2021 was 194.9 (2020: 195.7).

Signing of the Management Board's report

Amsterdam, 19 August 2022

J.W. Marees
Director

Stichting PharmAccess Group Foundation
Represented by:

N. Spieker

J.W. Marees



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 2021

(After appropriation of the result)

	Note	31.12.2021	31.12.2020		Note	31.12.2021	31.12.2020
		EUR	EUR			EUR	EUR
Assets				Equity and liabilities			
Fixed assets				Equity			
Intangible fixed assets	1	-	-	Continuity reserve	6	2,759,768	2,485,171
Tangible fixed assets	2	<u>290,665</u>	<u>348,038</u>	Special purpose reserve	7	<u>200,000</u>	<u>200,000</u>
		290,665	348,038			2,959,768	2,685,171
Current assets				Current liabilities			
Receivables:				Creditors	8	960,603	585,965
Debtors	3	651,836	1,469,140	Taxes and social security contributions	9	195,510	189,410
Other receivables	4	<u>669,521</u>	<u>813,003</u>	Deferred income	10	11,174,438	6,594,436
		1,321,357	2,282,143	Other liabilities and accrued expenses	11	1,691,582	1,814,294
Cash	5	<u>15,369,879</u>	<u>9,239,095</u>			<u>14,022,133</u>	<u>9,184,105</u>
		<u>16,981,901</u>	<u>11,869,276</u>			<u>16,981,901</u>	<u>11,869,276</u>

Consolidated statement of income and expenditure for the year 2021

	Note	2021		2020	
		EUR		EUR	
Income	12	22,952,998		21,276,161	
Operating expenses:					
Direct project costs	13	10,980,126		9,222,868	
Personnel expenses	14	10,428,854		10,101,849	
Amortization and depreciation		118,949		154,983	
Other operating expenses		1,509,099	23,037,028	1,269,122	20,748,822
Operating result			(84,030)		527,339
Financial income and expenses:					
Financial expenses	15	(22,322)		(346,313)	
Financial income	16	380,949	358,627	20,189	(326,124)
Result			274,597		201,215
Appropriation of the result:					
Continuity reserve			274,597		201,215
Special purpose reserve			-		-
			274,597		201,215

Consolidated cash flow statement for the year 2021

(Based on the indirect method)

	2021	2020
	EUR	EUR
Operating result	(84,030)	527,339
Adjustments for:		
Depreciation (and other changes in value)	118,949	154,984
Changes in working capital:		
• movements operating accounts receivable	960,786	(56,669)
• movement deferred income	4,580,002	418,486
• movements other current liabilities	258,026	(1,208,754)
Cash flow from business activities	5,833,733	(164,614)
Interest received/paid	(10,874)	4,081
<i>Cash flow from operating activities</i>	<i>5,822,859</i>	<i>(160,533)</i>
Investments in (in)tangible fixed assets	(62,966)	(94,680)
Disposals of (in)tangible fixed assets	1,390	4,790
<i>Cash flow from investment activities</i>	<i>(61,576)</i>	<i>(89,890)</i>
Net cash flow	5,761,283	(250,423)
Exchange gains/(losses) on cash at banks and in hand	369,501	(330,205)
Movements in cash	6,130,784	(580,628)
The movement in cash at banks and in hand can be broken down as follows:		
Cash as at 1 January	9,239,095	9,819,723
Movements in cash	6,130,784	(580,628)
Cash as per 31 December	15,369,879	9,239,095

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.

As from 2020 the foundation is confronted with the consequences of the corona virus. Although the consequences of the corona virus are uncertain in the long term, the foundation does not expect any consequences for the continuation of the activities.

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, and Ghana.

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 Nationale Nederlanden. 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

	2021	2020
	EUR	EUR
Book value as at 1 January	-	29,688
Amortization during the year	-	(29,688)
Book value as at 31 December	-	-
Purchase value as at 31 December	167,361	167,361
Accumulated amortization	(167,361)	(167,361)
Book value as at 31 December	-	-

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

2. Tangible fixed assets

	2021	2020
	EUR	EUR
Book value as at 1 January	348,038	383,444
Additions during the year	62,966	94,680
Depreciation during the year	(118,949)	(125,296)
Disposal of assets	(1,389)	(4,790)
Book value as at 31 December	290,665	348,038
Purchase value as at 31 December	1,006,662	953,453
Accumulated depreciation	(715,996)	(605,415)
Book value as at 31 December	290,665	348,038

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.

2021

	Computer equipment EUR	Refurbish- ment EUR	Office Furniture EUR	Other EUR	Total EUR
Book value as at 1 January	108,168	214,984	16,342	8,544	348,038
Additions during the year	62,966	-	-	-	62,966
Depreciation during the year	(65,867)	(37,229)	(11,184)	(4,669)	(118,949)
Disposal of assets	(1,390)	-	-	-	(1,390)
Book value as at 31 December	103,877	177,755	5,158	3,875	290,665
Purchase value as at 31 December	511,320	348,388	94,041	52,913	1,006,662
Accumulated amortization	(407,443)	(170,633)	(88,883)	(49,038)	(715,997)
Book value as at 31 December	103,877	177,755	5,158	3,875	290,665

2020

	Computer equipment EUR	Refurbish- ment EUR	Office Furniture EUR	Other EUR	Total EUR
Book value as at 1 January	89,700	252,213	27,946	13,584	383,444
Additions during the year	94,680	-	-	-	94,680
Depreciation during the year	(71,422)	(37,229)	(11,604)	(5,040)	(125,296)
Disposal of assets	(4,790)	-	-	-	(4,790)
Book value as at 31 December	108,168	214,984	16,342	8,544	348,038
Purchase value as at 31 December	458,111	348,388	94,041	52,913	953,453
Accumulated amortization	(349,944)	(133,404)	(77,698)	(44,369)	(605,415)
Book value as at 31 December	108,168	214,984	16,342	8,544	348,038

3. Debtors

	31.12.2021	31.12.2020
	EUR	EUR
Debtors	633,543	1,469,140
Related foundation: Medical Credit Fund (MCF) - accounts receivable	15,106	-
Related foundation: SafeCare Foundation (SC) - accounts receivable	3,187	-
Provision for doubtful debts	-	-
Balance as at 31 December	651,836	1,469,140

4. Other receivables

	31.12.2021	31.12.2020
	EUR	EUR
Other	186,733	497,429
Prepayments	232,404	238,932
Accrued income	73,643	-
Advances partners related to projects	167,623	70,640
Pension and other personnel insurances	9,118	6,002
Balance as at 31 December	669,521	813,003

5. Cash

	31.12.2021	31.12.2020
	EUR	EUR
ABN-AMRO-AMRO accounts Netherlands - EUR	10,278,435	1,720,710
ABN-AMRO-AMRO accounts Netherlands - USD	3,272,421	6,186,427
ABN-AMRO-AMRO accounts Netherlands - GBP	235,783	111,512
Bank accounts Tanzania - TZS	67,518	52,255
Bank accounts Tanzania - EUR	30,677	20,574
Bank accounts Tanzania - USD	101,187	87,331
Bank accounts Tanzania - GBP	-	-
Bank accounts Kenya - KES	387,637	85,815
Bank accounts Kenya - EUR	112,299	167,254
Bank accounts Kenya - USD	190,979	4,329
Bank accounts Nigeria - NGN	355,382	464,030
Bank accounts Nigeria - EUR	151	22,788
Bank accounts Nigeria - USD	1,008	46,898
Bank accounts Nigeria - GBP	9,955	9,911
Bank accounts Ghana - GHC	47,515	84,353
Bank accounts Ghana - EUR	268,829	171,843

Bank accounts Ghana - USD	3,767	-
Cash in hand	6,336	3,065
Balance as at 31 December	15,369,879	9,239,095

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

6. Continuity reserve

	2021	2020
	EUR	EUR
Balance as at 1 January	2,485,171	2,283,956
Result current year	274,597	201,215
Balance as at 31 December	2,759,768	2,485,171

Result appropriation for the year

Due to the appropriation of the result, an amount of EUR 274,597 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

	2021	2020
	EUR	EUR
Balance as at 1 January	200,000	200,000
Result current year	-	-
Balance as at 31 December	200,000	200,000

Result appropriation for the year

There has been no movement on the special purpose reserve as the maximum has been reached and no use was made during 2021.

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

	2021	2020
	EUR	EUR
Creditors	787,371	584,035
Related foundation: Health Insurance Fund (HIF) - accounts payable	118,490	-
Related foundation: Medical Credit Fund (MCF) - accounts payable	54,742	1,930
Balance as at 31 December	960,603	585,965

9. Taxes and social security contributions

	31.12.2021	31.12.2020
	EUR	EUR
Value added tax	15,076	9,152
Wage tax	181,476	178,416
Social security contributions	(1,042)	1,842
Balance as at 31 December	195,510	189,410

10. Deferred income

	31.12.2021	31.12.2020
	EUR	EUR
Received from donors related to projects	113,860,083	92,402,379
Realized revenue on projects	(102,685,645)	(85,807,943)
Balance as at 31 December	11,174,438	6,594,436

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

	2021	2020
	EUR	EUR
Balance as at 1 January	6,594,436	6,175,950
Received from donors related to <i>active</i> projects	21,457,704	6,516,962
Realized revenue on <i>active</i> projects	(16,877,702)	(6,098,476)
Balance as at 31 December	11,174,438	6,594,436

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 12,007,261 (2020: EUR 11,291,395) for by donors pre-financed projects (credit) and an amount of EUR 832,823 (2020: EUR 4,696,959) for reimbursement projects (debit).

11. Other liabilities and accrued expenses

	31.12.2021	31.12.2020
	EUR	EUR
Accrued expenses	1,076,521	1,167,680
Holiday allowance	206,773	199,082
Liabilities projects	18,295	32,516
Liability Health Insurance Fund / MoFA	-	15,554
Salaries	11,765	-
Other liabilities	378,228	399,462
Balance as at 31 December	1,691,582	1,814,294

The liability projects do not include an amount to a 'related foundation'. In the comparative figures an amount of EUR 18,457 was included for the 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 129 million (2020: EUR 119 million). Of this amount EUR 114 million (2020: 92 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. 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 building, 4th floor, Tower C and D - located at the Paasheuvelweg 25 in Amsterdam, the Netherlands. The yearly operational lease amount amounts to EUR 188,685.

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

12. Income

	2021	2020
	EUR	EUR
Realized income related to projects	22,935,758	21,424,035
Other income	17,240	(147,874)
	22,952,998	21,276,161

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

Ministry of Foreign Affairs - HIF	8,841,644	9,153,889
Nationale Postcode Loterij - Amref: I-Push	2,278,258	271,186
Children's Investment Fund Foundation	1,946,733	1,798,918
Merck Sharp & Dohme Corp. - Merck for Mothers	1,336,593	871,349
Helmsley Charitable Trust	968,795	669,805
Medical Credit Fund	935,946	1,045,217
Nationale Postcode Loterij	900,000	900,000
John C. Martin Foundation	836,516	573,127
Achmea Foundation	643,075	887,403
CDC Group plc	450,946	426,285
Pfizer	433,208	135,906
Gilead Sciences, Inc.	364,281	80,443
USAID - Palladium International LLC	256,269	722,785
Sint Antonius Stichting	249,935	504,173
USAID - Management Sciences for Health Inc. - Afganistan NHTAP	239,551	-
The Henry M. Jackson Foundation	213,099	266,998
Global Fund - ICI-Santé	184,379	642,953
Enabel	163,334	197,496
Palladium International Ltd. - UK	138,993	333,247
Society for Family Health	134,594	207,524
Grand Challenges Canada	127,296	231,665
Embassy of the Kingdom of the Netherlands - Accra Ghana	106,247	45,244
The ELMA Relief Foundation	86,674	123,193
FMO	85,313	252,801
The Safaricom Foundation	80,480	104,603
Pathfinder International	72,784	-
USAID - John Snow Health Zambia	67,059	-
Safaricom Foundation	64,647	-
Islamic Development Bank	61,560	-
Pfizer Foundation	50,382	40

Financial Sector Deepening Trust	40,244	20,124
National Hospital Insurance Fund (NHIF), Kenya	38,167	13,848
FDOV- Healthy Business	24,200	363,313
Africa Health Holdings Limited	17,887	-
Heineken	15,845	59,520
M-PESA Foundation	11,369	6,564
Marie Stopes, Kenya	10,041	-
Boehringer Ingelheim	8,798	102,491
Foundation Botnar - JLI	6,926	10,487
Joep Lange Institute: HCV Treatment	252	20,762
Deutsche Gesellschaft für Internationale Zusammenarbeit	-	4,661
HealthConnect Foundation	-	150,000
AmsterdamDiner Foundation - Aidsfonds: Mozambique	-	11
Sanofi Aventis Groupe	-	76,603
Stichting Cordius	-	24,998
Other	443,438	124,403
	22,935,758	21,424,035

*) 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

	2021	2020
	EUR	EUR
PAI - Netherlands	4,477,496	4,810,551
PAI - Kenya	3,892,164	2,223,630
PAI - Tanzania	1,302,147	975,596
PAI - Nigeria	392,700	727,840
PAI - Ghana	915,619	485,251
	10,980,126	9,222,868

14. Personnel expenses

	2021	2020
	EUR	EUR
Salaries	8,214,327	8,059,897
Social security contributions	1,116,027	1,058,637
Pension costs	574,619	556,916
Other personnel expenses	523,881	426,399
	10,428,854	10,101,849

Indirect cost calculation

Ratio: 'Fringe benefits' as a percentage of 'salaries'

Based on the 2021 figures, on average the 'fringe benefits' expressed as a percentage of 'salaries' is 27.0% (2020: 25.3%) resulting in an average of 26.9% over the last three years (2020-2018: 28.1%).

Personnel expenses		
	2021	2020
	EUR	EUR
Salaries	8,214,327	8,059,897
Social security contributions	1,116,027	1,058,637
Pension costs	574,619	556,916
Other personnel expenses	523,881	426,399
<i>Subtotal fringe benefits</i>	2,214,527	2,041,952
Total personnel expenses	10,428,854	10,101,849

Ratio		
	2021	2020
	%	%
'Fringe benefits' as a percentage of 'salaries'	27.0	25.3
Average last two years	26.1	26.8
Average last three years	26.9	28.1
Average last five years	28.5	29.0

Ratio: 'Indirect costs' as a percentage of 'personnel expenses'

Based on the 2021 figures, on average the indirect costs expressed as a percentage of total personnel cost (gross salaries plus fringe benefits) is 15.6% (2020: 14.1%) resulting in an average of 14.5% over the last three years (2020-2018: 12.9%).

Operating expenses

	2021	2020
	EUR	EUR
Direct project cost	10,980,126	9,209,558
Personnel expenses	10,428,854	10,101,849
Amortization and depreciation	118,949	154,983
Other operating expenses	1,509,099	1,269,122
Subtotal indirect costs	1,628,048	1,424,105
Total operating expenses	23,037,028	20,735,512

Ratio

	2021	2020
	%	%
Average 'indirect costs' as a percentage of 'personnel expenses'	15.6	14.1
Average last two years	14.9	14.0
Average last three years	14.5	12.9
Average last five years	14.0	13.8

15. Financial expenses

	2021	2020
	EUR	EUR
Exchange rate differences	-	330,224
Bank interest and charges	22,322	16,089
	22,322	346,313

16. Financial income

	2021	2020
	EUR	EUR
Exchange rate differences	369,501	-
Bank interest	11,448	20,170
Other	-	19
	380,949	20,189

Other notes

Number of employees

The average number of full-time equivalents during the financial year 2021 was 194.9 (2020: 195.7).

Remuneration Directors and Supervisory Board

The remuneration of Directors during the financial year 2021 amounted to EUR 345,086 (2020: EUR 341,052). This remuneration consists of gross salary and a defined pension contribution:

	2021	2020
	EUR	EUR
Gross salary	311,616	307,733
Pension contribution	33,470	33,319
	345,086	341,052

The average number of full-time equivalents for the Board of Directors in 2021 was 2.0 (2020: 2.0).

2021

	M.D. Dolfing- Vogelenzang CEO EUR	N. Spieker CEO EUR	J.W. Marees CFO EUR	Total EUR
Gross	121,240	23,000	143,120	287,360
Holiday allowance	9,699	1,840	10,450	21,989
Total remuneration DG-standard	130,939	24,840	153,570	309,349
Health insurance contribution	1,950	390	1,560	3,900
Total gross salary	132,889	25,230	155,130	313,249
Costs allowance	-	-	-	-
Pension contribution	14,281	2,110	17,079	33,470
Total remuneration WNT	147,170	27,340	172,209	346,719
Period of engagement:				
Engaged from	01.01.2021	01.11.2021	01.01.2021	
Engaged to	31.10.2021	31.12.2021	31.12.2021	
FTE%	100%	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 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.

2020

	M.D. Dolfing- Vogelenzang COO EUR	J.W. Marees CFO EUR	Total EUR
Gross	142,212	140,180	282,392
Holiday allowance	11,377	10,214	21,591
Total remuneration DG-standard	153,589	150,394	303,983
Health insurance contribution	2,250	1,500	3,750
Total gross salary	155,839	151,894	307,733
Costs allowance			
Pension contribution	16,686	16,633	33,319
Total remuneration WNT	172,525	168,527	341,052
Period of engagement:			
Engaged from	01.01.2020	01.01.2020	
Engaged to	31.12.2020	31.12.2020	
FTE%	100%	100%	

Subsequent events

There are no events to report.

Signing of the consolidated financial statements

Amsterdam, 19 August 2022

J.W. Marees
Director

Stichting PharmAccess Group Foundation
Represented by:

N. Spieker

J.W. Marees



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OTHER INFORMATION

Independent auditor's report

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

Independent auditor's report



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Independent auditor's report

To the Management Board of Stichting PharmAccess International

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements 2021 of Stichting PharmAccess International, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting PharmAccess International as at December 31, 2021, and of its result for 2021 in accordance with Dutch Accounting Standard 640 "Not-for-profit organizations".

The financial statements comprise:

1. The consolidated balance sheet as at December 31, 2021.
2. The consolidated statement of income and expenditure for 2021.
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 Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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 financial statements and our auditor's report thereon, the annual accounts contains other information that consists of:

- Management Board's Report.
- Other information.

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

Deloitte Accountants B.V. is registered with the Trade Register of the Chamber of Commerce and Industry in Rotterdam number 24362853. Deloitte Accountants B.V. is a Netherlands affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited.

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- 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 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 other information, as required by the Dutch Accounting Standards 640 "Not-for-profit organisations".

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of for the financial statements

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

As part of the preparation of the 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 our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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.:

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- 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 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.

Amsterdam, 19 August, 2022

Deloitte Accountants B.V.

Signed on the original: S. Kramer

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FOUNDATION