

# FINANCIAL REPORT



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## Report of the Statutory Auditor

To the Board of the Foundation of  
**Medicines Patent Pool Foundation**, Geneva

## Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Medicines Patent Pool Foundation, which comprise the balance sheet as at December 31, 2020, the statement of operations, the statement of cash flows, the statement of changes in capital and notes for the year then ended.

### BOARD OF THE FOUNDATION'S RESPONSIBILITY

The Board of the Foundation is responsible for the preparation of these financial statements in accordance with the requirements of Swiss GAAP FER (core FER), Swiss law and the Foundation's statutes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of the Foundation is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the financial statements for the year ended December 31, 2020 give a true and fair view of the financial position and the results of operations in accordance with Swiss GAAP FER (core FER) and comply with Swiss law and the Foundation's statutes.



Medicines Patent Pool Foundation  
Report of the statutory auditor  
for the year  
ended December 31, 2020  
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## Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 83b Civil Code (CC) in connection with article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of the Foundation.

We recommend that the financial statements submitted to you be approved.

### Deloitte SA



Lisa Watson  
Licensed Audit Expert  
Auditor in Charge



Aurore De San Nicolas

Geneva, April 14, 2021

### Enclosures

- Financial statements (balance sheet, statement of operations, statement of cash flows, statement of changes in capital and notes)

## MEDICINES PATENT POOL FOUNDATION

### BALANCE SHEET as of December 31st, 2020

(with December 31st, 2019 comparative figures)

(Expressed in Swiss francs)

	NOTES	31.12.2020	31.12.2019
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank		2,642,040	3,135,290
Other receivables		35,476	20,815
Prepaid expenses		167,842	135,747
<b>Total current assets</b>		<b>2,845,358</b>	<b>3,291,852</b>
<b>NON-CURRENT ASSETS</b>			
Long term receivables		79,767	86,888
Tangible fixed assets (net)	3e/4	74,118	75,406
<b>Total non-current assets</b>		<b>153,884</b>	<b>162,294</b>
<b>Total ASSETS</b>		<b>2,999,242</b>	<b>3,454,146</b>
<b>LIABILITIES, FUNDS AND CAPITAL</b>			
<b>LIABILITIES</b>			
Current liabilities			
Accounts payables		456,973	172,765
Salaries and social charges	3g	169,327	174,994
Other liabilities		-	1,377
Accrued liabilities	3f	22,036	63,890
<b>Total current liabilities</b>		<b>648,337</b>	<b>413,028</b>
<b>Total liabilities</b>		<b>648,337</b>	<b>413,028</b>
<b>RESTRICTED FUNDS</b>			
Restricted Funds	3c/d	2,272,684	2,962,897
<b>Total restricted funds</b>		<b>2,272,684</b>	<b>2,962,897</b>
<b>CAPITAL</b>			
Paid-in capital		50,000	50,000
Unrestricted funds		28,221	28,221
<b>Total capital of the organisation</b>		<b>78,221</b>	<b>78,221</b>
<b>Total LIABILITIES, FUNDS AND CAPITAL</b>		<b>2,999,242</b>	<b>3,454,146</b>

## MEDICINES PATENT POOL FOUNDATION

### STATEMENT OF OPERATIONS

for the period from January 1st, to December 31st, 2020

(with December 31st, 2019 comparative figures)

(Expressed in Swiss francs)

	NOTES	2020	2019
<b>INCOME</b>			
Donations	3b	5,479,341	5,556,841
<b>Total Donations</b>		<b>5,479,341</b>	<b>5,556,841</b>
Other income		8,462	15,690
Extraordinary income		24,142	1,828.00
<b>Total Other Income</b>		<b>32,604</b>	<b>17,518</b>
<b>Total income</b>		<b>5,511,945</b>	<b>5,574,359</b>
<b>EXPENSES</b>			
<b>PERSONNEL COSTS</b>			
Personnel costs and social charges		4,186,711	3,663,489
Other personnel costs		34,435	73,076
<b>Total personnel costs</b>		<b>4,221,146</b>	<b>3,736,566</b>
<b>ADMINISTRATIVE EXPENDITURE</b>			
Professional fees		907,612	627,729
Rent		330,015	307,505
General and administrative expenses		57,138	147,249
IT services and maintenance		283,377	241,022
Marketing and Advertising		15,673	7,483
Travel and representation costs		111,863	460,123
Depreciation of tangible assets		30,586	32,728
<b>Total administrative expenditure</b>		<b>1,736,262</b>	<b>1,823,839</b>
<b>Operating (deficit) / surplus</b>		<b>(445,463)</b>	<b>13,954</b>
<b>Net financial result</b>	5	(244,751)	(127,455)
<b>Net (deficit) for the year prior to allocations</b>		<b>(690,214)</b>	<b>(113,501)</b>
(Allocation to)/use from restricted capital funds		690,214	126,100
Allocation to unrestricted funds		-	(12,599)
<b>Total (allocation)/use restricted capital funds</b>		<b>690,214</b>	<b>113,501</b>
<b>Net surplus/(deficit) for the year after allocations</b>		<b>-</b>	<b>-</b>

## MEDICINES PATENT POOL FOUNDATION

### STATEMENT OF OPERATIONS

for the period from January 1st, to December 31st, 2020

(with December 31st, 2019 comparative figures)

(Expressed in Swiss francs)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net surplus / (deficit)	(690,214)	(113,502)
Depreciation and amortization	30,586	32,730
Decrease (increase) of other account receivable	(14,661)	9,053
Decrease (increase) of prepaid expenses	(32,095)	6,507
Increase (decrease) of account payable from purchase of goods and services	284,208	65,868
Decrease of other accounts payable	(7,044)	63,195
(Decrease) increase of accrued expenses	(41,854)	8,275
<b>Net cash provided by operating activities</b>	<b>(471,074)</b>	<b>72,126</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Decrease (increase) of long term receivable	7,121	(26,704)
Acquisition of tangible fixed assets	(29,297)	(38,234)
<b>Net cash used in investing activities</b>	<b>(22,176)</b>	<b>(64,938)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Translation adjustment	-	26,898
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>26,898</b>
<b>NET CHANGE IN CASH</b>	<b>(493,250)</b>	<b>34,086</b>
<b>CASH AND CASH EQUIVALENTS</b>		
At the beginning of the fiscal year	3,135,290	3,101,204
At the end of the fiscal year	2,642,040	3,135,290
<b>NET CHANGE IN CASH</b>	<b>(493,250)</b>	<b>34,086</b>

## MEDICINES PATENT POOL FOUNDATION, GENEVA

### STATEMENT OF CHANGES IN CAPITAL

for the period ending December 31st, 2020

(Expressed in Swiss francs)

	BEGINNING OF THE PERIOD 01.01.2020	ALLOCATION OF THE FUNDS	USE OF THE FUNDS	ADJUST.	END OF THE PERIOD 31.12.2020
Restricted funds UNITAID	2,498,897	5,511,945	(5,831,411)	-	2,179,430
<b>Sub-total UNITAID</b>					<b>2,179,430</b>
Restricted funds Swiss Agency for Cooperation and Development - SDC 3	464,000		(370,749)		93,251
<b>Sub-total SDC 3</b>					<b>93,251</b>
<b>Sub-total Restricted funds</b>	<b>2,962,897</b>	<b>5,511,945</b>	<b>(6,202,160)</b>		<b>2,272,682</b>

	BEGINNING OF THE PERIOD 01.01.2020	EXTERNAL WITHDRAW.	INTERNAL FUND TRANSFERS	ALLOC. TO CAPITAL	END OF THE PERIOD 31.12.2020
<b>INTERNALLY GENERATED FUNDS</b>					
Paid-in capital	50,000	-	-	-	50,000
Internally generated unrestricted capital	-	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-	-
<b>Capital of the organisation</b>	<b>50,000</b>				<b>50,000</b>
<b>Total restricted funds and internally generated funds</b>	<b>3,012,897</b>	<b>5,511,945</b>	<b>(6,202,160)</b>		<b>2,322,682</b>
<b>Total unrestricted funds and internally generated funds</b>	<b>28,221</b>				<b>28,221</b>

## MEDICINES PATENT POOL FOUNDATION, GENEVA

### STATEMENT OF CHANGES IN CAPITAL for the period ending December 31st, 2019

(Expressed in Swiss francs)

	BEGINNING OF THE PERIOD 01.01.2019	ALLOCATION OF THE FUNDS	USE OF THE FUNDS	ADJUST.	END OF THE PERIOD 31.12.2019
Restricted funds UNITAID	2,898,480	4,998,961	(5,447,310)		2,450,131
Cumulative translation adjustment - UNITAID	21,868	26,898			48,766
<b>Sub-total UNITAID</b>					<b>2,498,897</b>
Restricted funds Swiss Agency for SDC 1 & 2	105,522.00	64,566.00	(170,088.00)		
<b>Sub-total SDC 1 &amp; 2</b>					<b>-</b>
Restricted funds Wellcome Trust Limited	36,230	46,832	(83,062)		
<b>Sub-total Wellcome Trust</b>					<b>-</b>
Restricted funds Swiss Agency for Cooperation and Development - SDC 3		464,000	-		464,000
<b>Sub-total SDC 3</b>					<b>464,000</b>
<b>Sub-total Restricted funds</b>	<b>3,062,100</b>	<b>5,601,257</b>	<b>(5,700,460)</b>		<b>2,962,897</b>

### INTERNALLY GENERATED FUNDS

	BEGINNING OF THE PERIOD 01.01.2019	EXTERNAL WITHDRAW.	INTERNAL FUND TRANSFERS	ALLOC. TO CAPITAL	END OF THE PERIOD 31.12.2019
Paid-in capital	50,000	-	-	-	50,000
Internally generated unrestricted capital		-	-	-	-
Surplus/(deficit) for the year	-	-	-	-	-
<b>Capital of the organisation</b>	<b>50,000</b>	-	-	-	<b>50,000</b>
<b>Total restricted funds and internally generated funds</b>	<b>3,112,100</b>	<b>5,601,257</b>	<b>(5,700,460)</b>	-	<b>3,012,897</b>
<b>Total unrestricted funds and internally generated funds</b>	<b>15,622</b>	<b>12,599</b>	-	-	<b>28,221</b>

## MEDICINES PATENT POOL FOUNDATION, GENEVA

### NOTES TO THE FINANCIAL STATEMENTS as of December 31st, 2020

(with December 31st, 2019 comparative figures)

(Expressed in Swiss francs)

#### 1. PRESENTATION

The organisation's full name is "Medicines Patent Pool Foundation". It is registered in Geneva, Switzerland and is known as MPP. MPP is a Foundation under the Swiss Civil Code and has signed in February 2018 a "seat agreement" with the Swiss Confederation granting to the Foundation the status of "Other International Organisation". The purpose of the Foundation is to improve health by providing patients in low and middle income countries with increased access to quality, safe, efficacious, more appropriate and more affordable health products, including through a voluntary patent pool mechanism.

The financial statements include 100% of the Indian liaison office activities.

The Indian liaison office financial statements have been audited in 2020 for the Indian fiscal year April 2019 – March 2020.

#### 2. PRESENTATION OF THE FINANCIAL STATEMENTS

**a) Statements of compliance - The MPP financial statements include:**

- The balance sheet
- The statement of operations
- The cash flow statement
- The statement of changes in capital 2020, with comparatives figures

The financial statements present all activities of the Foundation.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting basis – the financial statements of the Foundation have been prepared in accordance with the provisions of the Swiss Code of Obligations and in accordance with Swiss GAAP FER (core FER), in particular Swiss GAAP FER 21 "Accounting for charitable non-profit organisations".

The recommendations have been established for entities seeking to present their financial statements to reflect a true and fair view of the financial situation.

The financial statements have been prepared using historical cost principles and are based on the assumptions that the going concern is possible for the foreseeable future.

All amounts are rounded to the nearest Swiss Franc with the consequence that the rounded amounts may not add to the rounded total in all cases.

#### a) Translation of operations in foreign currency

Transactions in currencies other than Swiss francs are converted as follows:

Balance sheet accounts:

Closing rate: 0.88284 USD vs CHF source: Oanda

Closing rate: 0.0120475 INR vs CHF source: Oanda

## MEDICINES PATENT POOL FOUNDATION, GENEVA

### NOTES TO THE FINANCIAL STATEMENTS as of December 31st, 2020

(with December 31st, 2019 comparative figures)

(Expressed in Swiss francs)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### b) Revenue recognition

Revenue is recognised in the financial statements as it is earned. For multi-year contracts the revenue is allocated over the contract period based on the donor-approved budgets.

##### c) Restricted funds – UNITAID

The Medicines Patent Pool Foundation (“MPP”) was established as an independent legal entity on 16 July 2010 with the support of UNITAID, which remains MPP’s main donor. UNITAID and MPP have maintained a close working relationship since MPP was established as an independent entity.

Per MPP’s statutes the majority of MPP’s third party funding (excluding royalty payments, if any) shall come from sources of public and/or non-profit nature.

On 1 March 2016, MPP and UNITAID signed a Memorandum Of Understanding granting MPP a maximal amount of USD 29’215’571 for the period January 2016 to December 2020, subject to pre-approval of yearly budgets submitted by MPP. Therefore, the fiscal year 2020 is the final one and closes this second grant agreement.

On 16 November 2020, MPP and UNITAID signed a new Memorandum Of Understanding granting MPP a maximal amount of USD 34’270’691 for the period January 2021 to December 2025, subject to pre-approval of yearly budgets submitted by MPP.

The donations from UNITAID are restricted to serve the objectives of the Foundation.

##### d) Restricted fund – Swiss Agency for Cooperation and Development

In December 2019, MPP and the FDFA/SDC signed a new grant of CHF 1’743’038 for the period 2020-2022. This new grant is a co-funding along with Unitaid (50%/50%) to finance MPP’s expansion activities with co-morbidities.

##### e) Fixed assets

The tangible fixed assets are valued at historical cost of acquisition, less the accumulated depreciation. The depreciation is recognised on the straight-line method over the useful life, as follows:

Category of fixed assets	Useful life (years)
Office equipment	8 years
IT infrastructure	3 years
Leasehold improvement	5 years

##### f) Accrued liabilities

This position includes the charges related to the current exercise that will be paid the following exercise.

##### g) Pension Fund

As of December 31, 2020, the organisation has a liability due to the pension fund amounting of CHF 108’236.- (2019 : CHF 85’448).

##### h) Taxes

Thanks to the seat agreement signed in February 2018, MPP is not subject to any taxation in Switzerland. This exemption only relates to Swiss activities. The Indian Liason office is subject to all local taxes such as VAT.

## MEDICINES PATENT POOL FOUNDATION, GENEVA

### NOTES TO THE FINANCIAL STATEMENTS as of December 31st, 2020

#### 4. FIXED ASSETS

(Expressed in Swiss francs)

	OFFICE EQUIPMENT	IT INFR.	LEASEHOLD IMPROV.	TOTAL
<b>Net carrying amount 01.01.2020</b>				<b>75,406.47</b>
<b>Accumulated gross values of cost</b>				
Beginning of the period 01.01.2020	155,362	198,218	7,754	361,334
Additions	11,953	17,345	-	29,297
End of the period 31.12.2020	167,315	215,563	7,754	390,632
<b>Accumulated depreciation</b>				
Beginning of the period 01.01.2020	(114,012)	(167,263)	(4,653)	(285,928)
Systematic depreciation	(10,151)	(18,884)	(1,551)	(30,586)
End of the period 31.12.2020	(124,163)	(186,148)	(6,204)	(316,514)
<b>Net carrying amounts 31.12.2020</b>	<b>43,152</b>	<b>29,415</b>	<b>1,551</b>	<b>74,118</b>

## MEDICINES PATENT POOL FOUNDATION, GENEVA

### NOTES TO THE FINANCIAL STATEMENTS

as of December 31st, 2019

#### 4. FIXED ASSETS (CONTINUED)

(Expressed in Swiss francs)

	OFFICE EQUIPMENT	IT INFR.	LEASEHOLD IMPROV.	TOTAL
<b>Net carrying amount 01.01.2019</b>				<b>69.900</b>
<b>Accumulated gross values of cost</b>				
Beginning of the period 01.01.2019	136.393	179.843	7.754	323.990
Additions	18.969	20.082	-	39.051
Sell equipment		(1.707)	-	(1.707)
End of the period 31.12.2019	155.362	198.218	7.754	361.334
<b>Accumulated depreciation</b>				
Beginning of the period 01.01.2019	(101.608)	(149.380)	(3.102)	(254.090)
Systematic depreciation	(12.404)	(18.773)	(1.551)	(32.728)
Disposal (sell equipment)		890		890
End of the period 31.12.2019	(114.012)	(167.263)	(4.653)	(285.928)
<b>Net carrying amounts 31.12.2019</b>	<b>41.350</b>	<b>30.955</b>	<b>3.101</b>	<b>75.406</b>

## MEDICINES PATENT POOL FOUNDATION, GENEVA

### NOTES TO THE FINANCIAL STATEMENTS

as of December 31st, 2020

(with December 31st, 2019 comparative figures)

(Expressed in Swiss francs)

#### 5. NET FINANCIAL RESULT

The financial income and costs are the following:

	2020	2019
Exchange gain/(loss), net	(240,068)	(122,971)
Bank interest income	307	-
Others, net	(4,990)	(4,483)
<b>TOTAL</b>	<b>(244,751)</b>	<b>(127,455)</b>

#### 6. PRO-BONO AGREEMENTS

The MPP did not receive pro bono legal services this fiscal year (0- CHF in 2019).

#### 7. OTHER DISCLOSURES

##### Remuneration of the Governing Bodies of the Foundation and management

The members of the Governing Bodies of the Foundation - the Governance Board and the Expert Advisory Group - do not receive any remuneration in respect of their activities within the Foundation. The management of the Foundation is handled by one person. As permitted by Swiss GAAP FER 21.45, the disclosure of the compensation has been waived.

##### Date of approval of the Foundation's accounts

The Foundation council has validated the financial statements 2020 on April 13th, 2021.

#### 8. NUMBER OF EMPLOYEES

The Foundation had an average of 24.6 employees (FTE) in 2020 (21.83 employees - 2019) including 3 employees in India.

#### 9. LIABILITIES FROM LEASING CONTRACTS

	2020	2019
Liabilities from leasing agreement up to one year	272,091	300,854
Liabilities from leasing agreement from one year to five years	189,355	490,455

#### 10. SUBSEQUENT EVENTS DURING THE YEAR AND IMPACT OF COVID-19

The Board of the Medicines Patent Pool Foundation has decided to temporarily expand its mandate to include any health technology that could contribute to the global response to COVID-19 and where licensing could facilitate innovation and access. With the support of Unitaid and the Japanese Government in 2021, this will allow MPP to offer its IP and licensing expertise to assist the global effort in any way it can.

On an operational point of view, MPP has deployed all required resources to avoid major interferences in the implementation of its activities.