



## Report of the Statutory Auditor on the Limited Statutory Examination to the Board of Trustees of Foundation FAIRMED in Bern

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As statutory auditors, we have examined the financial statements (balance sheet, statement of operations, cash flow statement, statement of changes in capital and notes) of the Foundation FAIRMED for the year ended December 31, 2015. In accordance with Swiss GAAP FER 21 the information in the performance report is not subject to the audit work performed by the statutory auditor.

These financial statements are the responsibility of the board of trustees. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of personnel and analytical procedures as well as detailed tests of documents of the unit as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER 21 and do not comply with Swiss law and the foundation's charter and regulations.

We further confirm that the entity complies with those requirements of the foundation ZEW0 which are subject to the implementation regulation stipulated in article 12 of the ZEW0-seal of quality regulation.



AudEx AG

André Bolla

Licensed Audit Expert, Auditor in Charge

Bremgarten Bern, April 8, 2016

**Enclosure:** Financial statements

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## Balance Sheet as of December 31 2015

(in CHF)	Notes	31.12.2015	%	31.12.2014	%
<b>Assets</b>					
Cash		2 082		2 559	
Postal accounts		899 423		761 297	
Banks		1 744 451		913 184	
<b>Cash equivalents</b>		<b>2 645 956</b>	<b>60,0</b>	<b>1 677 041</b>	<b>44,3</b>
Receivables					
· «Leprahilfe» linked account, affiliate		0		258 947	
· ILEP, affiliate		28 500		0	
· Other short-term receivables		92 495		66 248	
Prepaid expenses		164 375		288 376	
<b>Receivables</b>		<b>285 371</b>	<b>6,5</b>	<b>613 570</b>	<b>16,2</b>
<b>Current Assets</b>		<b>2 931 327</b>	<b>66,4</b>	<b>2 290 611</b>	<b>60,5</b>
Equipment and IT		105		353	
Torbey, Yaounde property	1)	1		1	
<b>Tangible assets</b>		<b>106</b>	<b>0,0</b>	<b>354</b>	<b>0,0</b>
<b>Financial investments</b>	2)	<b>1 480 620</b>	<b>33,6</b>	<b>1 494 739</b>	<b>39,5</b>
<b>Fixed assets</b>		<b>1 480 726</b>	<b>33,6</b>	<b>1 495 093</b>	<b>39,5</b>
<b>Total assets</b>		<b>4 412 053</b>	<b>100,0</b>	<b>3 785 703</b>	<b>100,0</b>
<b>Liabilities</b>					
Liabilities					
Assistance and costs		392 637		354 867	
«Leprahilfe» linked account, affiliate		43 787		0	
Other short-term liabilities		0		30 676	
Prepaid income		56 628		26 323	
<b>Short-term liabilities</b>		<b>493 052</b>	<b>11,2</b>	<b>411 866</b>	<b>10,9</b>
Dedicated funds					
· «Nepal earthquake»		195 846		0	
· «Stop Buruli»		6 308		6 308	
<b>Fund capital</b>		<b>202 153</b>	<b>4,6</b>	<b>6 308</b>	<b>0,2</b>
<b>External and fund capital</b>		<b>695 205</b>	<b>15,8</b>	<b>418 174</b>	<b>11,0</b>
Foundation capital		500 000		500 000	
Corporate funds (free capital)		3 068 848		2 718 529	
Fluctuation funds		148 000		149 000	
<b>Organisational capital</b>		<b>3 716 848</b>	<b>84,2</b>	<b>3 367 529</b>	<b>89,0</b>
<b>Total Liabilities</b>		<b>4 412 053</b>	<b>100,0</b>	<b>3 785 703</b>	<b>100,0</b>

## Operating Statement

(in CHF)	Notes	2015	%	2014	%
<i>Donations received and other revenue</i>					
Donations		4 159 394		4 075 585	
Dedicated project grants	3)				
· General		2 915 626		2 892 189	
· SDC for Cameroon		0		68 800	
· Cantons and municipalities		290 850		350 555	
Bequests and legacies / condolences		2 400 654		1 609 155	
Foreign currencies		12 690		16 837	
Contributions from ILEP partners		175 318		537 279	
FFL contributions		230 211		0	
Merchandising and other income		0		25 400	
<b>Operating revenue</b>		<b>10 184 744</b>	<b>100,0</b>	<b>9 575 800</b>	<b>100,0</b>
<i>Expenses for projects</i>					
Project expenses	4)	6 247 506		6 606 264	
Ancillary project expenses	5)	656 591		617 435	
Fundraising and general advertising expenses	6)	1 943 891		1 379 259	
Administrative expenses	7)	798 893		717 985	
<b>Operating expenses</b>		<b>9 646 881</b>	<b>94,7</b>	<b>9 320 943</b>	<b>97,3</b>
<b>Operating result</b>		<b>537 863</b>	<b>5,3</b>	<b>254 858</b>	<b>2,7</b>
Financial income		27 893		185 220	
Financial expenses		-20 592		-6 936	
<b>Financial result</b>		<b>7 301</b>	<b>0,1</b>	<b>178 284</b>	<b>1,9</b>
<b>Result prior to modification of funds</b>		<b>545 164</b>	<b>5,4</b>	<b>433 141</b>	<b>4,5</b>
Use / withdrawal of funds		0		2 198 991	
Allocation / deposit of funds		-195 846		-2 071 996	
<b>Fund result</b>		<b>-195 846</b>	<b>-1,9</b>	<b>126 995</b>	<b>1,3</b>
<b>Annual result prior to organisational capital allocation</b>		<b>349 318</b>	<b>3,4</b>	<b>560 137</b>	<b>5,8</b>
Change in fluctuation funds		1 000		-9 000	
Allocation (-) / withdrawal (+) from corp. funds		-350 318		-551 137	
<b>Total allocations (-) / withdrawals (+) from funds</b>		<b>-349 318</b>	<b>-3,4</b>	<b>-560 137</b>	<b>-5,8</b>
<b>Annual result following allocations</b>		<b>0</b>	<b>0,0</b>	<b>0</b>	<b>0,0</b>

## Cash flow statement

(in CHF)	2015	2014
Annual result in favour of the corp. fund	350 318	551 137
Depreciation of tangible assets	248	350
Change in fluctuation funds	-1 000	9 000
Fund result	195 846	-126 995
(+) = formation / (-) = dissolution		
<b>Cash flow</b>	<b>545 412</b>	<b>433 491</b>
Change in liabilities	328 200	-249 904
Change in current debt	81 186	-47 656
(-) = decrease / (+) = increase		
<b>Cash flow from operating activities</b>	<b>954 797</b>	<b>135 932</b>
ILEP property shares	0	1
Financial investments	14 118	-89 356
<b>Cash flow from investment activities</b>	<b>14 118</b>	<b>-89 355</b>
(-) = investments / (+) = divestments		
<b>Change in liquid funds</b>	<b>968 916</b>	<b>46 577</b>
<b>Reconciliation of change in liquid funds</b>		
As at 31.12	2 645 956	1 677 041
As at 01.01	1 677 041	1 630 464
<b>Change in liquid funds</b>	<b>968 916</b>	<b>46 577</b>

## Statement of Fund Holdings (Change in capital)

(in CHF)	01.01.2015				31.12.2015
	Starting amount	Allocation external	Transfers internal	Use external	Ending Amount
<b>Funds from fund capital</b>					
Stop Buruli	6 308	0	0	0	6 308
Nepal earthquake	0	195 846	0	0	195 846
<b>Fund capital</b>	<b>6 308</b>	<b>195 846</b>	<b>0</b>	<b>0</b>	<b>202 153</b>
<b>Funds from own financing</b>					
Foundation capital	500 000	0	0	0	500 000
Company fund	2 718 529	0	350 318	0	3 068 847
Fluctuation fund	149 000	0	-1 000	0	148 000
Annual result		349 318	-349 318	0	0
<b>Organisational capital</b>	<b>3 367 529</b>	<b>349 318</b>	<b>0</b>	<b>0</b>	<b>3 716 848</b>

## Notes to the annual financial statement

### General accounting principles

Accounting is conducted in accordance with the principles of Swiss GAAP core-FER/ FER 21 and provides a true and accurate view of the assets, financial position and results of the FAIRMED Foundation. The operating statement is illustrated in accordance with the function of expense method, i.e. according to functional areas. The demarcation between project and administrative expenses is made in accordance with the ZEWO demarcation methodology.

### Affiliated organisations

All of the activities, which were previously carried out by the «Leprosy Relief Emmaus Switzerland» association, have been continued by the FAIRMED Foundation since 1.1.2010. As agreed, any donations and legacies received by «Leprosy Relief» are, in each case, transferred to the FAIRMED Foundation. FAIRMED is a member of ILEP (International Federation of Anti-Leprosy Associations) which has its registered office in Geneva. The aim of this organisation is to primarily coordinate global aid. However, it does not exert a controlling influence, nor does it have any authority to give instructions. The members of ILEP are not subject to any common control or management. Essential transactions with affiliated organisations are disclosed in the annual financial statement.

### Accounting and valuation principles

Provided there is no information to the contrary in the following individual balance sheet positions, the balance sheet positions are valued at market value on the balance sheet date, whereby any accrued interest is not considered to be part of the market value. Accounting is maintained in Swiss francs. Assets and liabilities in foreign currencies are translated at the foreign exchange rates on the balance sheet date, and transactions in foreign currencies on the respective daily rate.

### Cash and cash equivalents

The item includes cash and cash accounts at PostFinance and banks, as well as any short-term securities which are otherwise reported under financial investments.

### Accounts receivable

The receivables are valued at nominal values minus any specific allowances. Project grants are only included in the balance sheet if the grant is made formally. This item also includes any surplus with respect to Leprosy Relief Emmaus Switzerland.

### Prepaid expenses

This position includes the assets resulting from the material and chronological delimitation of individual expense and income positions. They are valued at nominal value.

### Tangible assets

This position includes furniture and fixtures and other assets, such as IT hardware and software, needed for providing services and management in Switzerland. Furniture and fixtures are valued at their acquisition value minus planned depreciations, whereby a useful life of four years is generally assumed. The depreciations are carried out on a declining balance basis from the book value. Individual acquisitions for less than CHF 3000 are not capitalised. Assets are depreciated on a residual basis (pro memoria). Property abroad has been depreciated on a residual basis, as it is located in a third-world country and a reasonable market value cannot be determined.

### Financial investments

Securities are booked during the year at the acquisition value. For disposals, the exchange rate differences are determined using the average purchase price and are shown in the financial result. To cover extraordinary risks of loss, a value fluctuation reserve of 10% of the market value is recorded under organisational capital.

### Liabilities

This position includes payments that have been promised but not yet paid or not yet requested by the beneficiary as at the balance sheet date. This position also includes other liabilities for administrative expenses and, in the event of a deficit, the «Leprosy Relief» linked account for Leprosy Relief Emmaus Switzerland. It is valued at nominal value.

### Prepaid income

This position includes the liabilities resulting from the material and chronological delimitation of individual expense and income positions. They are valued at nominal value.

### Fund capital

This item includes funds from donations with a clear designated purpose. This capital represents a performance obligation to the donors/financial backers until it is completely used up.

### Organisational capital

This position includes the funds that can be utilised in line with the purpose according to the bylaws of the FAIRMED Foundation. The surpluses from operational activities that have not been utilised are recognised in corporate funds. The fluctuation fund is always 10% of the market value of the securities investments.

### Principles of the cash flow statement

The cash flow statement shows the change in liquidity, divided by the factors operating activities, investment activities and financing activities. The cash flow statement is prepared in accordance with the indirect method.

### Principles for the calculation of changes in capital

The calculation of changes in capital shows the development of each individual dedicated fund and each individual component of the freely available capital.

## Notes about individual positions in the balance sheet

2015

2014

### Tangible assets

Holdings, additions, disposals and depreciations are recognised in a separate schedule of assets.

1) The Torbey property, which was acquired in 1997, is located in Yaoundé (Cameroon) in the «Centre-Résidentiel» district. The parcel is 1980 m<sup>2</sup>.

Acquisition value, approximate	370 000	370 000
Depreciation, cumulative	-369 999	-369 999

<b>Book value</b>	<b>1</b>	<b>1</b>
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### 2) Financial investments

The composition of the securities is as follows:

Bonds	473 871	482 960
Stocks	440 506	430 253
Mixed funds	566 243	581 526

<b>1 480 620</b>	<b>1 494 739</b>
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## Notes about individual positions in the operating statement

2015

2014

### 3) Dedicated project grants

This involves project-related grants and donations. If the purpose of these is defined more narrowly than the general purpose of the FAIRMED Foundation, the donations are significant and they are not reused during the current operating year, they are allocated to a corresponding revenue fund.

### 4) Project expenses

This involves direct payments toward the achievement of the objective of FAIRMED (by region):

India	934 098	831 851
Cameroon	1 555 293	1 227 212
Sri Lanka	261 546	242 168
Central African Republic	2 251 965	1 004 692
Ivory Coast	225 507	244 032
Elsewhere in Africa	146 033	179 698
Nepal	372 924	293 985
Stop Buruli	0	2 198 991
Misc. global projects (incl. external information)	500 140	383 636

<b>6 247 506</b>	<b>6 606 264</b>
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### 5) Ancillary project expenses

This involves expenses in connection with finding, planning, preparing and monitoring projects.

India	19 134	10 842
Cameroon	8 621	35 492
Misc. countries and regions	32 325	30 821
Staff costs for projects	483 659	427 527
Other ancillary expenses	112 853	112 754

<b>656 591</b>	<b>617 435</b>
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### Total expenses for projects

<b>6 904 097</b>	<b>7 223 699</b>
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### 6) Fundraising and PR

Staff expenses	217 965	289 315
Administrative expenses (rent, maintenance, gen. admin.)	7 527	15 677
Advertising materials for fundraising	230 571	186 485
Postage costs for fundraising	207 293	135 089
Other advertising costs for fundraising	1 236 375	734 969
Advertising materials for PR	5 100	7 781
Other PR expenses for PR	39 060	9 942

<b>1 943 891</b>	<b>1 379 259</b>
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### 7) Administrative expenses

Staff expenses	467 753	417 065
Administrative expenses (rent and gen. admin.)	330 892	300 570
Depreciations	248	350

<b>798 893</b>	<b>717 985</b>
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### Method of calculating administrative expenses as well as fundraising and general advertising expenses

Expenses are deemed to be administrative expenses, if the activity can only make an indirect contribution to the achievement of objectives or the expenses for projects. This applies almost exclusively to basic operational functions such as financial administration, human resources and general management. Fundraising and general advertising expenses are assigned, in certain cases (e.g. awareness-raising campaigns), in accordance with the ZEWO methodology, in part, in line with the target groups and systematically to project and service expenses.

### Nature and extent of free gifts

The «Designated project contributions – in general –» item contains donated items in the form of drugs valued at CHF 1,783,313. The value is equivalent to USD 1 781 510 and is determined by the acquisition price at the conversion rate as at the end of the year.

### Information about the compensation of the governing body

Foundation Board: A sum of 9,292 CHF was paid during the reporting year and CHF 9 234 in the previous year as a fee for specific legal services. Only one person is entrusted with the management, which is why the disclosure of the compensation is waived.

### Other information in pursuance of Article 959c of the Swiss Code of Obligations

The average annual number of full-time employees is 13 persons. Otherwise there is no information which needs to be disclosed.

## Schedule of Assets

(in CHF)	1.1.2015	Additions	Disposals	Depreciations	%	31.12.2015
Equipment	2	0	0	0	0	2
IT, technical equipment	351	0	0	-248	71	103
Torbey, Yaounde property	1	0	0	0	0	1
<b>Tangible assets</b>	<b>354</b>	<b>0</b>	<b>0</b>	<b>-248</b>		<b>106</b>
<b>Financial investments</b>	<b>1 494 739</b>	<b>0</b>	<b>-14 118</b>	<b>0</b>		<b>1 480 620</b>
<b>Fixed assets</b>	<b>1 495 093</b>	<b>0</b>	<b>-14 118</b>	<b>-248</b>		<b>1 480 726</b>