



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

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 31 December 2016. 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 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 cash flows in accordance with Swiss GAAP FER 21 or that they 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 ZEWO foundation which are subject to the implementation regulation stipulated in article 12 of the ZEWO-seal of quality regulation.

AudEx AG

André Bolla

Licensed Audit Expert, Auditor in Charge

Bern, 3 April 2017

Enclosure: Financial statements

Balance Sheet as of December 31 2016

(in CHF)	Notes	31.12.2016	%	31.12.2015	%
Assets					
Cash		3 156		2 082	
Postal accounts		613 703		899 423	
Banks		1 295 982		1 744 451	
Cash equivalents		1 912 841	51.2	2 645 956	60.0
Receivables					
· "Leprahilfe" linked account, affiliate		99 873		0	
· ILEP, affiliate		0		28 500	
· Other short-term receivables		105 195		92 495	
Prepaid expenses		146 394		164 375	
Receivables		351 462	9.4	285 371	6.5
Current assets		2 264 302	60.6	2 931 327	66.4
Equipment and IT		55		105	
Torbey, Yaounde property	1)	1		1	
Tangible assets		56	0.0	106	0.0
Financial investments	2)	1 472 792	39.4	1 480 620	33.6
Fixed assets		1 472 848	39.4	1 480 726	33.6
Total assets		3 737 151	100.0	4 412 053	100.0
Liabilities					
Liabilities					
Assistance and costs		319 884		374 481	
"Leprahilfe" linked account, affiliate		0		43 787	
Other short-term liabilities		41 486		18 156	
Prepaid income		25 500		56 628	
Short-term liabilities		386 870	10.4	493 052	11.2
Dedicated funds					
· "Nepal earthquake"		61 122		195 846	
· "Stop Buruli"		0		6 308	
· Bankim Cameroon		34 174		0	
Fund capital		95 296	2.5	202 153	4.6
External and fund capital		482 166	12.9	695 205	15.8
Foundation capital		500 000		500 000	
Corporate funds (free capital)		2 607 985		3 068 848	
Fluctuation funds		147 000		148 000	
Organisational capital		3 254 985	87.1	3 716 848	84.2
Total Liabilities		3 737 151	100.0	4 412 053	100.0

Operating Statement

(in CHF)	Notes	2016	%	2015	%
<i>Donations received and other revenue</i>					
Donations		3 735 200		4 159 394	
Dedicated project grants	3)				
· General		3 521 003		3 145 837	
· Cantons and municipalities		280 368		290 850	
Bequests and legacies / condolences		1 006 871		2 400 654	
Foreign currencies		10 500		12 690	
Contributions from ILEP partners		80 471		175 318	
Operating revenue		8 634 413	100.0	10 184 744	100.0
<i>Expenses for projects</i>					
Project expenses	4)	6 280 642		6 247 506	
Ancillary project expenses	5)	824 094		656 591	
Fundraising and general advertising expenses	6)	1 235 089		1 943 891	
Administrative expenses	7)	859 646		798 893	
Operating expenses		9 199 471	106.5	9 646 881	94.7
Operating result		-565 058	-6.5	537 863	5.3
Financial income		65 424		27 893	
Financial expenses		-69 086		-20 592	
Financial result		-3 662	0.0	7 301	0.1
Result prior to modification of funds		-568 720	-6.6	545 164	5.4
Use / withdrawal of funds		141 032		0	
Allocation / deposit of funds		-34 175		-195 846	
Fund result		106 857	1.2	-195 846	-1.9
Annual result prior to organisational capital allocation		-461 863	-5.3	349 318	3.4
Change in fluctuation funds		1 000		1 000	
Allocation (- / withdrawal (+) from corp. funds		460 863		-350 318	
Total allocations (-) / withdrawals (+) from funds		461 863	5.3	-349 318	-3.4
Annual result following allocations		0	0.0	0	0.0

Cash flow statement

(in CHF)	2016	2015
Annual result in favour of the corp. fund	-460 863	350 318
Depreciation of tangible assets	50	248
Change in fluctuation funds	-1 000	-1 000
Fund result	-106 857	195 846
(+) = formation / (-) = dissolution		
Cash flow	-568 670	545 412
Change in liabilities	-66 091	328 200
Change in current debt	-106 182	81 186
(-) = decrease / (+) = increase		
Cash flow from operating activities	-740 943	954 797
Financial investments	7 828	14 118
Cash flow from investment activities	14 118	-89 355
(-) = investments / (+) = divestments		
Change in liquid funds	7 828	14 118
Reconciliation of change in liquid funds		
As at 31.12	1 912 841	2 645 956
As at 01.01	2 645 956	1 677 041
Change in liquid funds	-733 115	968 916

Statement of Fund Holdings (Change in capital)

(in CHF)	01.01.2016				31.12.2016
	Starting amount	Allocation external	Transfers internal	Use external	Ending Amount
Funds from fund capital					
Nepal earthquake	195 846	0	0	-134 724	61 122
Stop Buruli	6 308	0	0	-6 308	0
Bankim Cameroon	0	34 174	0	0	34 174
Fund capital	202 153	34 174	0	-141 032	95 296
Funds from own financing					
Foundation capital	500 000	0	0	0	500 000
Company fund	3 068 848	0	-460 863	0	2 607 985
Fluctuation fund	148 000	0	-1 000	0	147 000
Annual result		-461 863	461 863	0	0
Organisational capital	3 716 848	-461 863	0	0	3 254 985

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 primary aim of this organisation is to 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 "Leprahilfe" 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 of 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

31.12.2016

31.12.2015

1) Tangible assets

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

The Torbey property, which was acquired in 1997, is located in Yaoundé (Cameroon) in the "Centre-Résidentiel" district. The parcel is 1980 m².

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

Book value	1	1
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2) Financial investments

The composition of the securities is as follows:

Bonds	477 987	473 871
Stocks	434 258	440 506
Mixed funds	560 547	566 243

1 472 792	1 480 620
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Notes about individual positions in the operating statement

31.12.2016

31.12.2015

3) Dedicated project grants

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

India	526 342	934 098
Cameroon	1 495 653	1 555 293
Sri Lanka	235 585	261 546
Central African Republic	2 647 746	2 251 965
Ivory Coast	145 450	225 507
Republic of Congo	213 110	146 033
Misc. Africa	0	102 980
Nepal	522 243	372 924
Misc. global projects (incl. external information)	494 513	500 140

6 280 642	6 247 506
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5) Ancillary project expenses

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

India	3 353	19 134
Cameroon	4 319	8 621
Misc. countries and regions	61 017	32 325
Staff costs for projects	692 449	554 833
Other ancillary expenses	62 956	41 679

824 094	656 591
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Total expenses for projects

7 104 736	6 904 097
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6) Fundraising and PR

Staff expenses	188 385	217 965
Administrative expenses (rent, maintenance, gen. admin.)	11 810	7 527
Advertising materials for fundraising	159 062	230 571
Postage costs for fundraising	178 939	207 293
Other advertising costs for fundraising	683 936	1 236 375
Advertising materials for PR	1 890	5 100
Other PR expenses for PR	11 067	39 060

1 235 089	1 943 891
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7) Administrative expenses

Staff expenses	537 212	467 753
Administrative expenses (rent and gen. admin.)	322 434	330 892
Depreciations	0	248

859 646	798 893
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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

Included in the item "Dedicated project contributions, general" are donations in the form of medicines valued at CHF 2 117 430 (previous year CHF 1 783 313). The value corresponds to USD 2 171 565 and is based on book values as at the end of September 2016 (USD 1.025).

Information on the compensation of the Honorary Foundation Board and remuneration of the Executive Board

Foundation Board: A fee of CHF 19 973 was paid for specific legal services in the course of the year under review and CHF 9 292 in the previous year.

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

The average annual number of full-time employees is 13 persons. There is otherwise no information that is required to be disclosed.

Schedule of Assets

(in CHF)	1.1.2016	Additions	Disposals	Depreciations	%	31.12.2016
Equipment	2	0	0	0	0	2
IT, technical equipment	103	0	0	50	49	53
Torbey, Yaounde property	1	0	0	0	0	1
Tangible assets	106	0	0	-50		56
Financial investments	1480620	0	0	0		1472792
Fixed assets	1480726	0	0	-50		1472848