



Report of the statutory auditor to the Board of trustees of**FAIRMED Foundation, Berne**

As statutory auditor, we have audited the financial statements of FAIRMED Foundation, which comprise the balance sheet, income statement, cash flow statement, statement of changes in funds and in capital and notes, for the year ended 31 December 2019. According to the Swiss GAAP FER 21, the Performance report is not subject to the audit of the financial statements.

Board of trustees' responsibility

The Board of trustees are responsible for the preparation of these financial statements in accordance with Swiss GAAP FER, the requirements of Swiss law and the deed of foundation. 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 trustees 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 31 December 2019 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER, and comply with Swiss law and the statutes.

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 69b Swiss Civil Code (CC) in relation with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 69b CC in relation with article 728a paragraph 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 trustees.

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



Licensed Audit Expert, Auditor in Charge

Berne, 7 Avril 2020

Enclosure:

- Financial statements

Balance Sheet as of December 31 2019

(in CHF)	Notes	31.12.2019	%	31.12.2018	%
Assets					
Cash		4 288		6 112	
Postal accounts		810 451		716 761	
Banks		1 762 271		1 354 557	
Cash equivalents		2 577 011	54.5	2 077 430	52.9
Receivables					
· Other short-term receivables		185 894		254 379	
Prepaid expenses		295 763		106 405	
Receivables		481 657	10.2	360 784	9.2
Current assets		3 058 668	64.7	2 438 214	62.1
Equipment and IT		12 203		6 004	
Torbey. Yaounde property	1)	0		0	
Tangible assets		12 203	0.3	6 004	0.2
Financial investments	2)	1 660 127	35.1	1 483 273	37.8
Fixed assets		1 672 330	35.3	1 489 277	37.9
Total assets		4 730 998	100.0	3 927 492	100.0
Liabilities					
Liabilities					
· Assistance and costs		232 139		276 348	
· "Leprahilfe" linked account. affiliate		30 181		42 361	
Other short-term liabilities		343		38 949	
Prepaid income		79 942		74 589	
Short-term liabilities		342 604	7.2	432 246	11.0
Dedicated funds					
· Sri Lanka AIM project		0		50 000	
· Nepal RHIP Baglung		418 592		34 781	
· Baka		2 484		4 350	
· LRI Cameroon		43 839		0	
· OCEAC Pian Cameroon		120 477		0	
· OCEAC Pian Congo		98 667		0	
· EHP Nepal		99 051		0	
Fund capital		783 108	16.6	89 131	2.3
External and fund capital		1 125 713	23.8	521 377	13.3
Foundation capital		500 000		500 000	
Corporate funds (free capital)		2 939 285		2 758 115	
Fluctuation funds		166 000		148 000	
Organisational capital		3 605 285	76.2	3 406 115	86.7
Total Liabilities		4 730 998	100.0	3 927 492	100.0

Operating Statement

(in CHF)	Notes	2019	%	2018	%
<i>Donations received and other revenue</i>					
Donations		3 748 774		3 851 909	
Dedicated project grants	3)				
· General		2 210 884		3 469 235	
· DEZA		184 000		0	
· Cantons and municipalities		518 350		426 600	
Bequests and legacies / condolences		1 177 158		765 749	
Foreign currencies		8 055		5 709	
Operating revenue		7 847 221	100.0	8 519 202	100.0
<i>Expenses for projects</i>					
Project expenses	4)	4 206 422		6 273 195	
Ancillary project expenses	5)	770 104		728 645	
Fundraising and general advertising expenses	6)	1 256 834		1 253 110	
Administrative expenses	7)	856 198		797 663	
Operating expenses		7 089 557	90.3	9 052 613	106.3
Operating result		757 664	9.7	-533 411	-6.3
Financial income		281 021		50 950	
Financial expenses		-145 537		-139 714	
Financial result		135 484	1.7	-88 764	-1.0
Ordinary result		893 148	11.4	-622 175	-7.3
Extraordinary income	1)	0		944 349	
Result prior to modification of funds		893 148	11.4	322 174	3.8
Use / withdrawal of funds		51 866		0	
Allocation / deposit of funds		-745 844		-89 131	
Fund result		-693 978	-8.8	-89 131	-1.0
Annual result prior to organisational capital allocation		199 170	2.5	233 043	2.7
Change in fluctuation funds		-18 000		9 000	
Allocation (-) / withdrawal (+) from corp. funds		-181 170		-242 043	
Total allocations (-) / withdrawals (+) from funds		-199 170	-2.5	-233 043	-2.7
Annual result following allocations		0	0.0	0	0.0

Cash flow statement

(in CHF)	2019	2018
Annual result in favour of the corp. fund		
Depreciation of tangible assets	181 170	242 043
Change in fluctuation funds	11 417	6 104
Anpassung Wertschwankungsfonds	18 000	-9 000
Fund result	693 978	89 131
(-) = decrease / (+) = increase		
Cash flow	904 565	328 278
Change in liabilities	-120 873	-100 903
Change in current debt	-89 642	18 785
(-) = decrease / (+) = increase		
Cash flow from operating activities	694 050	246 160
Operating equipment	0	-8 616
Equipment and IT	-17 616	-3 462
Financial investments	-176 854	91 543
Cash flow from investment activities	-194 469	79 466
(-) = investments / (+) = divestments		
Change in liquid funds	499 580	325 626
Reconciliation of change in liquid funds		
As at 31.12	2 577 011	2 077 430
As at 01.01	2 077 430	1 751 804
Change in liquid funds	499 580	325 626

Statement of Fund Holdings (Change in capital)

(in CHF)	01.01.2019				31.12.2019
	Starting amount	Allocation external	Transfers internal	Use external	Ending Amount
Funds from fund capital					
Sri Lanka AIM project	50 000	0	0	-50 000	0
Nepal RHIP Baglung	34 781	383 811	0	0	418 592
Baka	4 350	0	0	-1 866	2 484
LRI Cameroon	0	43 839	0	0	43 839
OCEAC Pian Cameroon	0	120 477	0	0	120 477
OCEAC Pian Congo	0	98 667	0	0	98 667
EHP Nepal	0	99 051	0	0	99 051
Fund capital	89 131	745 844	0	-51 866	783 108
Funds from own financing					
Foundation capital	500 000	0	0	0	500 000
Company fund	2 758 115	0	181 170	0	2 939 285
Fluctuation fund	148 000	0	18 000	0	166 000
Annual result		199 170	-199 170	0	0
Organisational capital	3 406 115	199 170	0	0	3 605 285

Notes to the annual financial statement

General accounting principles

Accounting is conducted in accordance with the principles of Swiss GAAP FER incl. 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. The financial statements comply with Swiss accounting law (Art. 957 to 962 Swiss Code of Obligations).

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.

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 at 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 5000 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

In the course of the year, securities are registered at their purchase value; on the balance sheet date at market value (without accrued interest). In the case of reductions, the exchange rate differences from the purchase or market value of the subsequent valuation 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 item includes project contributions that are already committed to on the balance sheet date but which are not yet paid out or not yet released by the beneficiaries. 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 (fonds)

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

Notes about individual positions in the balance sheet

1) Tangible assets

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

The Torbey property in Yaoundé (Cameroon), which was acquired in 1997, was sold on 12 February 2018 with the transfer of benefits and risk. The notarial confirmation of the sale took place on 20 February 2018. The proceeds from the sale are in a bank account in Cameroon and will be used for relief efforts.

	31.12.2019	31.12.2018
Acquisition value, approximate		370 000
Depreciation, cumulative		-369 999
Net proceeds from the sale		-944 350
Extraordinary income (sales profit)		944 350
Book value	0	0

2) Financial investments

The composition of the securities is as follows:

Bond and money market funds	675 862	658 260
Stock funds	610 158	477 266
Strategy funds	374 107	347 747
	1 660 127	1 483 273

Notes about individual positions in the operating statement

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. If need be, project contributions can also include donations in kind (see Non-monetary donations).

4) Project expenses

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

	2019	2018
India	535 105	550 453
Nepal	509 673	557 705
Sri Lanka	209 379	176 460
Cameroon	1 391 868	1 614 931
Central African Republic	995 234	2 827 690
Republic of Congo	7 237	140 948
Chad	5 774	0
Misc. global projects (incl. external information)	546 097	531 061
	4 206 422	6 273 195

5) Ancillary project expenses

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

	2019	2018
India	27 331	4 300
Cameroon	939	8 017
Misc. countries and regions	8 518	4 122
Staff costs for projects	640 309	641 177
Other ancillary expenses	93 007	71 029
	770 104	728 645
Total expenses for projects	4 976 526	7 001 841

6) Fundraising and PR

Staff expenses	291 961	294 058
Administrative expenses (rent, maintenance, gen. admin.)	15 870	9 083
Advertising materials for fundraising	282 242	210 275
Postage costs for fundraising	101 776	130 515
Other advertising costs for fundraising	545 496	587 280
Other PR expenses for PR	19 489	21 898
	1 253 110	1 435 113

7) Administrative expenses

Staff expenses	555 962	522 338
Administrative costs (space expenditure and administrative expenses)	288 819	269 220
Depreciation	11 417	6 104
	856 198	797 663

Differentiation of administrative expenditure and fundraising

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. Expenses for fundraising activities are assigned to Fundraising and general advertising expenditure. In exceptional cases, awareness-raising activities associated with donation appeals can, to a limited extent, be assigned to Project expenditure. The differentiation is based on the ZEWO method.

Nature and scope of non-monetary donations

If need be, donations in kind in the form of medicines are also included in the item Earmarked project contributions – general. There were no such donations in kind in the year under review (previous year CHF 1,717,370).

Information on the compensation of the Honorary Foundation Board and remuneration of the Executive Board after the balance sheet date

As fees for specific legal services (incl. VAT), CHF 17,014 was paid to the Honorary Foundation Board in the year under review (previous year: 5,721). The total amount of remuneration paid to the Executive Board was CHF 380,510 (previous year: CHF 440,374).

Post-employment benefits

The employees of FAIRMED are insured for occupational benefits through the Swiss Life Collective BVG Foundation. At the end of the year, there was no liability to the pension fund (as in the previous year). All investment and insurance risks are covered to 100 percent by Swiss Life. A shortfall in cover is not possible.

Performance Report / Management Report

The Annual Report published under www.fairmed.ch provides detailed information on the achieved projects and goals as well as the future challenges of FAIRMED.

Events after the balance sheet date

As a consequence of the corona epidemic, the general economic risks have increased significantly, which also has the potential to have an impact on FAIRMED's activities. At this point in time, it is not possible to estimate the specific financial impacts on the current financial year.

Information pursuant to accounting law, insofar as not already included in Swiss GAAP FER.

Information according to Art. 959c OR

The yearly average number of full-time employees is 14. Otherwise, there are no circumstances that require disclosure.

Information according to Art. 961a Section 2 OR

Fees paid to the auditor (incl. VAT) for FAIRMED and Leprosy Relief: 2019 CHF 17 800 / 2018 CHF 13 530

Management Report according to Art. 961c OR – risk assessment

FAIRMED has carried out a risk assessment as part of the annual strategy review. Recognised risks are reduced or controlled by corresponding measures adopted by the Honorary Foundation Board and the Executive Board and, if possible, avoided in the future.

Schedule of Assets

(in CHF)	1.1.2018	Additions	Disposals	Depreciations	%	31.12.2018
Equipment	4 301	0	0	-2 100	49	2 201
IT, technical equipment	1 703	17 616	0	-9 317	48	10 002
Torbey, Yaounde property	0	0	0	0	0	0
Tangible assets	6 004	17 616	0	-11 417		12 203
Financial investments	1 483 273	0	176 854	0		1 660 127
Fixed assets	1 489 277	17 616	176 854	-11 417		1 672 330