



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 2021. 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 2021 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.

AudEx Ltd.



Audit expert

Berne, 8 April 2022

Enclosure:

- Financial statements

Balance Sheet As at 31 December 2021

(in CHF)	31.12.2021	%	31.12.2020	%
Assets				
Cash	4 159		3 147	
Postal accounts	1 316 381		1 382 228	
Banks	535 366		926 938	
Cash equivalents	1 855 906	46.5	2 312 313	53.1
Receivables				
· Other short-term receivables	160 632		185 516	
Prepaid expenses	43 221		168 179	
Receivables and A&D	203 853	5.1	353 695	8.1
Current assets	2 059 759	51.6	2 666 008	61.2
Equipment & IT	3 053		6 103	
Tangible assets	3 053	0.1	6 103	0.1
Financial investments ¹⁾	1 930 763	48.3	1 681 508	38.6
Fixed assets	1 933 816	48.4	1 687 611	38.8
Total assets	3 993 575	100.0	4 353 619	100.0
Liabilities				
Liabilities				
· Assistance and costs	202 982		406 129	
· "Leprahilfe" linked account. affiliated	20 034		7 213	
Other short-term liabilities	18 044		16 719	
Prepaid income	40 755		49 233	
Short-term liabilities and A&D	281 816	7.1	479 295	11.0
Dedicated funds				
· Nepal RHIP Baglung	0		270 457	
· Baka	0		1 666	
· EHP Nepal	0		55 912	
· Fonds DLPC phase II Sri Lanka	17 515		27 972	
· Fonds Gertrud von Haller Stiftung	65 334		120 000	
· Fonds Santé Primaire Lobaye RCA	0		20 562	
· Fonds Bobélé RCA	6 253		268 421	
· Fonds Sangha Mbaere RCA	37 831		0	
Fund capital	126 933	3.2	764 990	17.6
External and fund capital	408 749	10.2	1 244 284	28.6
Foundation capital	500 000		500 000	
Corporate funds (free capital)	2 698 826		2 441 335	
Fluctuation funds	386 000		168 000	
Organisational capital	3 584 826	89.8	3 109 335	71.4
Total liabilities (capitalisation)	3 993 575	100.0	4 353 619	100.0

Operating Statement

(in CHF)		2021	%	2020	%
<i>Donations received and other revenue</i>					
Donations		3 757 436		3 542 659	
Dedicated project grants	2)				
· General		2 201 865		3 099 929	
· SDC		0		216 000	
· Cantons and municipalities		296 500		345 350	
SDC program contributions		3 150 000		0	
Bequests and legacies / condolences		359 339		932 228	
Foreign currencies		4 980		8 194	
Consultations and other income		37 135		28 563	
Operating revenue		9 807 255	100.0	8 172 922	100.0
<i>Expenses for projects</i>					
Project expenses	3)	6 828 296		5 825 102	
Ancillary project expenses	4)	833 489		834 087	
Fundraising and general advertising expenses	5)	1 385 574		1 069 481	
Administrative expenses	6)	1 086 261		930 666	
Operating expenses		10 133 621	103.3	8 659 335	106.0
Operating result		-326 367	-3.3	-486 413	-6.0
Financial income		269 667		201 461	
Financial expenses		-105 865		-185 279	
Financial result		163 802	1.7	16 183	0.2
Result prior to modification of funds		-162 565	-1.7	-470 230	-5.8
Use / withdrawal of funds		2 046 851		411 235	
Allocation / deposit of funds		-1 408 795		-436 955	
Fund result		638 057	6.5	-25 720	-0.3
Annual result prior to organisational capital allocation		475 491	4.8	-495 951	-6.1
Change in fluctuation funds		-218 000		-2 000	
Allocation (-) / withdrawal (+) from corp. funds		-257 491		497 951	
Total allocations (-) / withdrawals (+) from funds		-475 491	-4.8	495 951	6.1
Annual result following allocations		0	0.0	0	0.0

Cash flow statement

(in CHF)	2021	2020
Annual result in favour of the corp. fund	257 491	-497 951
Depreciation of tangible assets	3 050	6 100
Funds adjustment (non-cash income)	0	-7 813
Gains (-) / losses (+) securities not realised	-95 923	-8 218
Change in fluctuation funds	218 000	2 000
Fund result	-638 057	25 720
(-) = decrease / (+) = increase		
Cash flow	-255 439	-480 162
Change in liabilities and A&D	149 842	127 962
Change in current debt and A&D	-197 479	136 690
(-) = decrease / (+) = increase		
Cash flow from operating activities	-303 075	-215 509
Financial investments	-153 332	-13 163
Cash flow from investment activities	-153 332	-13 163
(-) = investments / (+) = divestments		
Repayment of fund capital	0	-36 025
Cash flow from financing activities	0	-36 025
(+) = Financing / (-) = Definancing		
Change in liquid fluids	-456 407	-264 698
Reconciliation of change in liquid funds		
As at 31.12	1 855 906	2 312 313
As at 01.01	2 312 313	2 577 011
Change in liquid funds	-456 407	-264 698

Statement of Fund Holdings (Change in capital)

(in CHF)	01.01.2021				31.12.2020
	Starting amount	Allocation external	Transfers internal	Use external	Ending Amount
Funds from fund capital					
Nepal RHIP Baglung	270457	0	0	-270457	0
Baka	1666	100	0	-1766	0
EHP Nepal	55912	421870	0	-477782	0
Fonds DLPC phase II Sri Lanka	27972	55000	0	-65457	17515
Fonds Gertrud von Haller Stiftung	120000	25334	-80000	0	65334
Fonds Santé Primaire Lobaye RCA	20562	528991	80000	-629553	0
Fonds Bobélé RCA	268421	68000	0	-330168	6253
Fonds Sangha Mbaere RCA	0	309500	0	-271669	37831
Fund capital	764990	1408795	0	-2046851	126933
Funds from own financing					
Foundation capital	500000	0	0	0	500000
Company fund	2441335	0	257491	0	2698826
Fluctuation fund	168000	0	218000	0	386000
Annual result	0	475491	-475491	0	0
Organisational capital	3109335	475491	0	0	3584826

As an institutional partner of the SDC, FAIRMED together with the Christoffel Mission for the Blind (CBM) receives contributions within the scope of an international programme. In the year under review, the programme contribution to the benefit of FAIRMED (SDC contract no. 81067470) amounted to CHF 3,150,000 and was used in full for projects in line with the programme budget. A further programme contribution of CHF 3,150,000, which is subject to various conditions and has not been delimited as a receivable or fund, will be due in 2022.

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. If necessary and by agreement, the fund holding will be reduced by an administration fee.

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) Financial investments

The composition of the securities:

	31.12.2021	31.12.2020
Bond and money market funds	256 774	676 706
Stock funds	1 369 187	617 642
Strategy funds	304 802	387 160
	1 930 763	1 681 508

Notes about individual positions in the operating statement

2) 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).

3) Project expenses

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

	2021	2020
India	525 094	628 416
Nepal	1 155 237	575 127
Sri Lanka	152 964	141 572
Cameroon	1 921 219	2 379 462
Central African Republic	2 143 217	1 288 324
Republic of Congo	294 543	322 801
Chad	1 087	824
Misc. global projects (incl. external information)	634 937	488 576
	6 828 296	5 825 102

4) Ancillary project expenses

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

India	229	0
Cameroon	10 136	22 547
Misc. countries and regions	14 701	14 751
Staff costs for projects	757 761	725 962
Other ancillary expenses	50 663	70 826
	833 489	834 087

Total expenses for projects

7 661 786 **6 659 189**

5) Fundraising and PR

Staff expenses	380 340	381 549
Administrative expenses (rent, maintenance, gen. admin.)	17 546	12 807
Advertising materials for fundraising	155 094	211 719
Postage costs for fundraising	112 161	119 444
Other advertising costs for fundraising	656 979	321 701
Other PR expenses for PR	63 454	22 261
	1 385 574	1 069 481

6) Administrative expenses

Staff expenses	765 046	598 561
Administrative costs (space expenditure and administrative expenses)	318 165	326 005
Depreciation	3 050	6 100
	1 086 261	930 666

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 (likewise no donations in the previous year).

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 3,652 was paid to the Honorary Foundation Board in the year under review (previous year: 6,091). The total amount of remuneration paid to the Executive Board was CHF 433,304 (previous year: CHF 439,863).

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 and the war in the Ukraine, 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 15. 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: 2021 CHF 16,200 / 2020 CHF 16,800

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)	1.1.2021	Additions	Disposals	Depreciations	%	31.12.2020
Equipment	1 101	0	0	–550	50	551
IT, technical equipment	5 002	0	0	–2 500	50	2 502
Sachanlagen	6 103	0	0	–3 050		3 053
Financial investments	1 681 508	249 255	0	0		1 930 763
Fixed assets	1 687 611	249 255	0	–3 050		1 933 816