



Health for the Poorest

Annual Financial Statement 2020



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 2020. 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 2020 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, 13 April 2021

Enclosure:

- Financial statements

Balance Sheet as at December 31 2020

(in CHF)	Notes	31.12.2020	%	31.12.2019	%
Assets					
Cash		3 147		4 288	
Postal accounts		1 382 228		810 451	
Banks		926 938		1 762 271	
Cash equivalents		2 312 313	53,1	2 577 011	54,5
Receivables					
· Other short-term receivables		185 516		185 894	
Prepaid expenses		168 179		295 763	
Receivables		353 695	8,1	481 657	10,2
Current assets		2 666 008	61,2	3 058 668	64,7
Equipment & IT		6 103		12 203	
Tangible assets		6 103	0,1	12 203	0,3
Financial investments	1)	1 681 508	38,6	1 660 127	35,1
Fixed assets		1 687 611	38,8	1 672 330	35,3
Total assets		4 353 619	100,0	4 730 998	100,0
Liabilities					
Liabilities					
· Assistance and costs		406 129		232 139	
· "Leprahilfe" linked account, affiliated		7 213		30 181	
· Other short-term liabilities		16 719		343	
Prepaid income		49 233		79 942	
Short-term liabilities		479 295	11,0	342 604	7,2
Dedicated funds					
· Nepal RHIP Baglung		270 457		418 592	
· Baka		1 666		2 484	
· LRI Cameroon		0		43 839	
· OCEAC Pian Cameroon		0		120 477	
· OCEAC Pian Congo		0		98 667	
· EHP Nepal		55 912		99 051	
· Fonds DLPC phase II Sri Lanka		27 972		0	
· Fonds Gertrud von Haller Stiftung		120 000		0	
· Fonds Santé Primaire Lobaye RCA		20 562		0	
· Fonds Bobélé RCA		268 421		0	
Fund capital		764 990	17,6	783 108	16,6
External and fund capital		1 244 284	28,6	1 125 713	23,8
Foundation capital		500 000		500 000	
Corporate funds (free capital)		2 441 335		2 939 285	
Fluctuation funds		168 000		166 000	
Organisational capital		3 109 335	71,4	3 605 285	76,2
Total liabilities (capitalisation)		4 353 619	100,0	4 730 998	100,0

Operating Statement

(in CHF)	Notes	2020	%	2019	%
<i>Donations received and other revenue</i>					
Donations		3 542 659		3 748 774	
Dedicated project grants	2)				
· General		3 099 929		2 210 884	
· DEZA		216 000		184 000	
· Cantons and municipalities		345 350		518 350	
Bequests and legacies / condolences		932 228		1 177 158	
Foreign currencies		8 194		8 055	
Consultations and other income		28 563		0	
Operating revenue		8 172 922	100,0	7 847 221	100,0
<i>Expenses for projects</i>					
Project expenses	3)		5 825 102		4 206 422
Ancillary project expenses	4)		834 087		770 104
Fundraising and general advertising expenses	5)	1 069 481		1 256 834	
Administrative expenses	6)	930 666		856 198	
Operating expenses		8 659 335	106,0	7 089 557	90,3
Operating result		-486 413	-6,0	757 664	9,7
Financial income		201 461		281 021	
Financial expenses		-185 279		-145 537	
Financial result		16 183	0,2	135 484	1,7
Result prior to modification of funds		-470 230	-5,8	893 148	11,4
Use / withdrawal of funds		411 235		51 866	
Allocation / deposit of funds		-436 955		-745 844	
Fund result		-25 720	-0,3	-693 978	-8,8
Annual result prior to organisational capital allocation		-495 951	-6,1	199 170	2,5
Change in fluctuation funds		-2 000		-18 000	
Allocation (-) / withdrawal (+) from corp. funds		497 951		-181 170	
Total allocations (-) / withdrawals (+) from funds		495 951	6,1	-199 170	-2,5
Annual result following allocations		0	0,0	0	0,0

Cash flow statement

(in CHF)	2020	2019
Annual result in favour of the corp. fund	-497 951	181 170
Depreciation of tangible assets	6 100	11 417
Change in fluctuation funds	-7 813	0
Fund result	2 000	18 000
(-) = decrease / (+) = increase	25 720	693 978
Cash flow	-471 944	904 565
Change in liabilities	127 962	-120 873
Change in current debt	136 690	-89 642
(-) = decrease / (+) = increase		
Cash flow from operating activities	-207 291	694 050
Equipment and IT	0	-17 616
Financial investments	-21 381	-176 854
Cash flow from investment activities	-21 381	-194 469
(-) = investments / (+) = divestments		
Repayment of fund capital	-36 025	0
Cash flow from financing activities	-36 025	0
(+) = Financing / (-) = Definancing		
Dividend		
Change in liquid funds	-264 698	499 580
Reconciliation of change in liquid funds		
As at 31.12	2 312 313	2 577 011
As at 01.01	2 577 011	2 077 430
Change in liquid funds	-264 698	499 580

Statement of Fund Holdings (Change in capital)

(in CHF)	01.01.2020				31.12.2020
	Starting amount	Allocation external	Transfers internal	Use external	Ending Amount
Funds from fund capital					
Nepal RHIP Baglung	418 592	0	0	-148 135	270 457
Baka	2 484	0	0	-817	1 666
LRI Cameroon	0	43 839	0	0	43 839
OCEAC Pian Cameroun	120 477	0	0	-120 477	0
OCEAC Pian Congo	98 667	0	0	-98 667	0
EHP Nepal	99 051	0	0	-43 139	55 912
Fonds DLPC phase II Sri Lanka	0	27 972	0	0	27 972
Fonds Gertrud von Haller Stiftung	0	120 000	0	0	120 000
Fonds Santé Primaire Lobaye RCA	0	20 562	0	0	20 562
Fonds Bobélé RCA	0	268 421	0	0	268 421
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	2 939 285	0	-497 951	0	2 441 335
Fluctuation fund	166 000	0	2 000	0	168 000
Annual result		0	-495 951	495 951	0
Organisational capital	3 605 285	-495 951	0	0	3 109 335

LRI Cameroon – dissolution of the fund through repayment.

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	2020	2019
The composition of the securities is as follows:		
Bond and money market funds	675 862	658 226
Stock funds	610 158	477 266
Strategy funds	374 107	347 747
	1 660 127	1 483 273
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):		
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	13 292	14 894
Chad	5 774	0
Misc. global projects (incl. external information)	546 097	531 061
	4 206 422	6 273 195

Notes about individual positions in the operating statement

4) Ancillary project expenses

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

	2020	2019
India	0	27 331
Cameroon	22 547	939
Misc. countries and regions	14 751	8 518
Staff costs for projects	725 962	640 309
Other ancillary expenses	70 826	93 007
	834 087	770 104
Total expenses for projects	6 659 189	4 976 526

5) Fundraising and PR

Staff expenses	381 549	291 961
Administrative expenses (rent, maintenance, gen. admin.)	12 807	15 870
Advertising materials for fundraising	211 719	282 242
Postage costs for fundraising	119 444	101 776
Other advertising costs for fundraising	321 701	545 496
Other PR expenses for PR	22 261	19 489
	1 069 481	1 256 834

6) Administrative expenses

Staff expenses	598 561	555 962
Administrative costs (space expenditure and administrative expenses)	326 005	288 819
Depreciation	6 100	11 417
	930 666	856 198

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 CHF). 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 6,091 was paid to the Honorary Foundation Board in the year under review (previous year: 17,014). The total amount of remuneration paid to the Executive Board was CHF 439,863 (previous year: CHF 380,510).

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: 2020 CHF 16 800 / 2019 CHF 17 800

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)	1.1.2020	Additions	Disposals	Depreciations	%	31.12.2020
Equipment	2 201	0	0	-1 100	50	1 101
IT, technical equipment	10 002	0	0	-5 000	50	5 002
Torbey, Yaounde property	0	0	0	0	0	0
Tangible assets	12 203	0	0	-6 100		6 103
Financial investments	1 660 127	0	21 381	0		1 681 508
Fixed assets	1 672 330	0	21 381	-6 100		1 687 611