

SPHERE ASSOCIATION

Geneva

Report of the statutory auditors to
the General Assembly

on the financial statements 2019

Report of the statutory auditors

on the limited statutory examination to the General Assembly of

SPHERE ASSOCIATION

Geneva

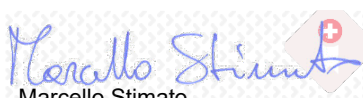
As statutory auditors, we have examined the financial statements of SPHERE ASSOCIATION, which comprise the balance sheet, statement of income and expenses, cash flow statement, statement of changes in capital and restricted funds and notes (pages 6 to 9), for the year ended 31 December 2019. As permitted by Swiss GAAP FER 21 the information in the performance report is not required to be subject to the statutory auditors' examination.

These financial statements prepared in accordance with Swiss GAAP FER, Swiss law and the association's articles of incorporation are the responsibility of the Board. 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 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 association personnel and analytical procedures as well as detailed tests of association documents as considered appropriate in the circumstances. However, the testing of the 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. Furthermore, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the association's articles of incorporation.

PricewaterhouseCoopers SA



Marcello Stimato
Audit expert
Auditor in charge



Edouard Clergue
Audit expert

Geneva, 29 April 2020

Enclosure:

- Financial statements (balance sheet, statement of income and expenses, cash flow statement, statement of changes in capital and restricted funds and notes)

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SPHERE ASSOCIATION



Balance sheet

as at 31 December 2019

With comparative year figure
in Swiss francs

ASSETS	Notes	2019	2018
Current assets			
Cash and cash equivalents	5	143'101	221'319
Accounts receivable	6	4'183	224
Accrued income	7	276'713	447'395
Prepaid expenses		10'023	10'893
Total Current Assets		434'020	679'831
Non current assets			
Guarantee rental deposit		12'269	12'269
Total Non current assets		12'269	12'269
TOTAL ASSETS		446'289	692'100
LIABILITIES			
Short-term liabilities			
Accounts payable		97'118	79'133
Accrued expenses		66'317	137'226
Total Short-term liabilities		163'435	216'359
Restricted funds			
Restricted funds		30'525	237'325
Total Restricted funds		30'525	237'325
Capital of the organisation			
General reserve		75'426	74'402
Operational reserve		161'116	142'990
Specific project balances Strategic Development		14'365	20'000
Net result of the year		1'422	1'024
Total Capital of the organisation		252'329	238'416
TOTAL LIABILITIES		446'289	692'100

SPHERE ASSOCIATION

**Statement of Income and Expenses
from 01.01.2019 to 31.12.2019**

With comparative year figure
in Swiss francs

INCOME	<i>Notes</i>	2019	2018
Board Contributions and Donations			
Membership Fees		298'330	292'975
Denmark - Ministry of Foreign Affairs		72'525	-
Swiss Federal Department of Foreign Affairs - (FDFA)		150'000	-
German Ministry of Foreign Affairs		143'288	288'113
US Department of State, Bureau of Population and Migration (PRM)		277'171	334'520
OFDA (USAID - Office of U.S. Foreign Disaster Assistance)		319'391	304'038
International Federation Red Cross (IFRC)		40'000	120'000
Australia - DFAT		-	149'536
Other general grants and donations		13'259	40'025
Total Board Contributions and Donations		1'313'964	1'529'207
Other Income			
Handbook Sales		19'667	15'613
Miscellaneous Income		5'971	1
Other Income		25'638	15'614
TOTAL INCOME		1'339'602	1'544'822
EXPENSES			
Handbook direct sales expenses		-39'994	-105'463
Personnel expenses	8	-881'247	-829'565
Premises charges		-89'927	-97'867
Administration and office costs		-3'971	-2'477
IT expenses		-9'035	-14'852
Professional fees		-75'817	-79'492
Consultancies & Development fees		-377'315	-451'590
Travel, Representation & Meetings		-46'187	-43'882
Loss on receivables		-	-3'000
TOTAL EXPENSES		-1'523'493	-1'628'188
NET OPERATING RESULT		-183'891	-83'366
Financial Income		3'550	11'313
Financial Expenses		-12'546	-10'783
NET RESULT BEFORE CHANGES IN RESTRICTED FUNDS		-192'887	-82'836
Allocation to restricted funds		-812'375	-1'209'675
Use of restricted funds		1'019'175	1'312'248
NET RESULT before allocations		13'913	19'736
Allocation to Operational Reserve and specific projet balances		-26'066	-60'000
Use of Operational Reserve and specific projet balances		13'575	41'288
NET RESULT FOR THE YEAR		1'422	1'024

SPHERE ASSOCIATION
Cash Flow Statement
from 01.01.2019 to 31.12.2019

With comparative year figure
in Swiss francs

	2019	2018
OPERATING ACTIVITIES		
Net result before allocations	13'913	19'736
Decrease/(Increase) in Accounts receivables	-3'959	33'394
Decrease/(Increase) in Accrued income	170'682	-142'412
Decrease/(Increase) in Prepaid expenses	870	-1'331
Increase/(Decrease) in Accounts payable	17'984	313
Increase/(Decrease) in Accrued expenses	-70'908	65'114
CASH FLOW FROM OPERATING ACTIVITIES	128'582	-25'186
INVESTING ACTIVITIES		
Financial Assets (Guarantee deposit)	-1	-1
CASH FLOW FROM INVESTING ACTIVITIES	-1	-1
FINANCING ACTIVITIES		
Net changes in restricted funds	-206'800	-102'572
CASH FLOW FROM FINANCING ACTIVITIES	-206'800	-102'572
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	-78'219	-127'759
Cash & Cash equivalents, beginning of year	221'319	349'078
Cash & Cash equivalents, end of year	143'101	221'319

SPHERE ASSOCIATION
**Statement of changes in capital and restricted funds
from 01.01.2019 to 31.12.2019**


2019	Balance 01.01.19	Allo- cations	Internal transfer	Use	Balance 31.12.19
Restricted funds					
Australia - DFAT	137'528	-	-	-137'528	-
Denmark General Grants & Donations	-	72'525	-	-42'000	30'525
International Federation Red Cross	99'797	-	-	-99'797	-
OFDA (Office of U.S. Foreign Disaster Ass.)	-	319'391	-	-319'391	-
German Ministry of Foreign Affairs	-	143'288	-	-143'288	-
US Bureau of Population and Migration (PRM)	-	277'171	-	-277'171	-
TOTAL RESTRICTED FUNDS	237'325	812'375	-	-1'019'175	30'525
SPECIFIC PROJECT BALANCES					
Humanitarian Standards Partnership HSP	-	7'940	-	-3'615	4'325
Strategic Development	20'000	-	-	-9'960	10'040
TOTAL SPECIFIC PROJECT BALANCES	20'000	7'940	-	-13'575	14'365
UNRESTRICTED FUNDS					
General reserve	74'402	-	1'024	-	75'426
Operational reserve	142'990	18'126	-	-	161'116
Net result of the year	1'024	1'422	-1'024	-	1'422
TOTAL UNRESTRICTED FUNDS	218'416	19'548	-	-	237'964
TOTAL CAPITAL OF THE ORGANISATION	238'416	27'488	-	-13'575	252'329

**Statement of changes in capital and restricted funds
from 01.01.2018 to 31.12.2018**

2018	Balance 01.01.18	Allo- cations	Internal transfer	Use	Balance 31.12.18
Restricted funds					
Ireland - IRISH AID	143'725	-	-	-143'725	-
Australia - DFAT	110'937	149'536	-	-122'945	137'528
Church of Sweden (SIDA)	75'532	-	-	-75'532	-
Global Humanitarian Standards Partnership	9'703	13'468	-	-23'171	-
International Federation Red Cross	-	120'000	-	-20'203	99'797
OFDA (Office of U.S. Foreign Disaster Ass.)	-	304'038	-	-304'038	-
German Ministry of Foreign Affairs	-	288'113	-	-288'113	-
US Bureau of Population and Migration (PRM)	-	334'520	-	-334'520	-
TOTAL RESTRICTED FUNDS	339'897	1'209'675	-	-1'312'248	237'325
SPECIFIC PROJECT BALANCES					
Handbook Production	41'288	-	-	-41'288	-
Strategic Development	-	20'000	-	-	20'000
TOTAL SPECIFIC PROJECT BALANCES	41'288	20'000	-	-41'288	20'000
UNRESTRICTED FUNDS					
General reserve	66'329	-	8'073	-	74'402
Operational reserve	102'990	40'000	-	-	142'990
Net result of the year	8'073	1'024	-8'073	-	1'024
TOTAL UNRESTRICTED FUNDS	177'392	41'024	-	-	218'416
TOTAL CAPITAL OF THE ORGANISATION	218'680	61'024	-	-41'288	238'416



1. Presentation

Sphere was founded on September 28, 2016 and established as an association within the meaning of Article 60 and seq. of the Swiss Civil Code. Sphere's office is located in Geneva, Switzerland.

Until December 31, 2016, Sphere was hosted by the International Council of Voluntary Agencies (ICVA), another association domiciliated in Switzerland. As of January 1, 2017, operating activities of Sphere were transferred from ICVA to the new founded Sphere Association.

The Association exists to strengthen the quality and accountability of humanitarian action based on humanitarian principles and recognised rights of those affected by crisis. The mission of the Association is to convene and support individuals, communities, organizations and other bodies who apply, promote and encourage voluntary adherence to humanitarian standards and principles.

2. Significant accounting policies

2a. Accounting Conventions

Sphere financial statements have been prepared in accordance with the Statutes of Sphere (as approved by the 1st General Assembly on 28 September 2016), the applicable provisions of the Civil Code (article 69a), the Swiss Code of Obligations and the Swiss Generally Accepted Accounting Principles (Swiss GAAP FER including Swiss GAAP FER 21, which was revised in 2015).

The financial statements have been prepared using historical cost principles and are presented in Swiss Francs.

Information required by Swiss GAAP FER 21 on the performance of the Association, and not disclosed in the financial report, is included in the annual report. The statement of income and expenses is presented using the classification of expenses by nature.

The Treasurer and Executive Director reviewed the Sphere annual financial statements on 23.04.2020 and the Executive Committee will approve them on 29.04.2020.

2b. Valuation principles

Receivables are stated at their nominal value, less any value corrections.

2c. Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are converted into Swiss Francs at the year end exchange rate.

Transactions in foreign currencies are recorded in Swiss Francs at the rate received or, if not exchanged into Swiss Francs, at the exchange rate in force on the day of the transaction, using official rates provided by the Swiss administration.

2d. Fixed assets

Tangible assets are considered to be fixed assets when they are expected to be used for more than one year and their nominal value is more than CHF 5'000. Fixed assets are amortized over their useful life.

2e. Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will accrue to Sphere and can be reliably estimated.

Donations

Donations are recognized in the statement of income and expenses once they definitively belong to Sphere. They are considered as unrestricted funds, unless the donor stipulates a specific restriction.

Restricted funds

Restricted funds are donations with a specific restriction stipulated by the donor. Restricted funds are recognised in the statement of income and expenses as income, and then allocated to the restricted funds section of liabilities. When funds are used, they are diminished from restricted funds. Detailed changes in restricted funds are disclosed in the Statement of changes in capital and restricted funds.

2f. Contributions in kind

Sphere regularly receives donations in kind, primarily in the form of the free use of goods or services from members and partners. Contributions in kind for which it is difficult to determine a reliable equivalent monetary value are not stated in the financial statements.

2g. Programme expenditure

Expenditures are recognised when incurred.

2h. Related parties

Related parties include Board members of Sphere but not member organisations of Sphere, since Sphere is a network of independent non-governmental organisations.

3. Tax exemption

Sphere qualifies for exemption from local and federal income tax and capital tax, according to Article 9.1 (f) of the Law on taxation of legal persons ("LIPM") and to Article 56 (g) of Law on Direct Federal Tax (LIFD). Tax exemption was granted on 26 June 2017 and is valid from fiscal year 2016.

4. Performance report

In accordance with the Swiss Gaap FER 21, Sphere produces an Annual narrative Report.

5. Cash & cash equivalents	2019		2018	
	EUR	CHF	EUR	CHF
UBS Account CHF	-	80'910	-	152'733
UBS Account EUR	56'845	61'790	60'865	68'590
UBS Account German Grant EUR	2	3	-4	-4
Paypal account	-	398	-	-
TOTAL	56'847	143'101	60'862	221'319

6. Accounts receivables	2019	2018
Debitors account	3'959	-
Handbook receivables	224	224
TOTAL	4'183	224

7. Accrued income	2019	2018
OFDA (USAID - Office of U.S. Foreign Disaster Assistance)	215'622	168'736
US Department of State, Bureau of Population and Migration (PRM)	20'363	253'658
International Federation Red Cross (IFRC)	40'000	-
IEFG	728	-
Caritas Internationalis membership fee 2018	-	25'000
TOTAL	276'713	447'395



8. Personnel expenses

The number of full-time equivalents in 2019 (average per year) was 8.2 (2018 : 7.8).

As permitted by Swiss GAAP FER 21, the total amount of remuneration paid to the persons entrusted with management is not disclosed.

9. Pension plan obligation

Sphere employees on contracts of three months or more benefit from a scheme covering retirement, invalidity pension, and death according to the provisions of the Federal Law for occupational retirement (LOB).

The occupational benefits are provided by Nest, according to a defined-contribution benefit plan: investment yield has no impact on premiums; the employer does not guarantee the benefit amount.

The Plan is funded by the contributions of Sphere and the employees. The plan covers the usual occupational benefits: retirement and invalidity pension, and death benefits. Risks are insured by Nest.

As of 31 December 2019, 7 employees were affiliated to the pension plan (2018: 7 employees).

	2019	2018
Economical part of the organisation		-
Premiums paid	85'186	76'035
Premiums due as of 31.12. (current premiums)	19'783	20'489
Capital ratio of the plan (*)	112.0%	108.3%

(*) The 2019 figures from Nest are unaudited.

10. Off-balance sheet commitments

Sphere subleases office space for its headquarters from the Norwegian Refugee Council, Geneva. The sublease contract has been terminated by the Norwegian Refugee Council with effect from January 31, 2020. The amount of the commitment for future leases as of 31 December 2019 is CHF 7'328. In January 2020, a new contract has been signed for two years and five months with three months notice period, the new commitment is CHF 3'750 as of February 1st, 2020.

11. Board compensation

The members of the Executive Committee are not compensated except for reimbursement of travel and accommodation costs when these are not covered by their own organisation.



12. Subsequent events

There have been no significant events impacting the annual accounts of 2019 between the balance sheet date and the date of signing the financial statements.

The management of Sphere has carefully considered the impact of the Coronavirus (COVID-19) pandemic on the organisation, including its assets, employees, operations and funding. Sphere has adopted and is adherent to the recommendations of relevant authorities (Federal, Cantonal and the World Health Organisation) and will continue to monitor the evolution of the pandemic and respond accordingly.

Measures have been taken by Management to pursue the following objectives:

- Ensure the safety of the personnel of Sphere Association;
- Support the continuity of activities of Sphere Association where feasible; and
- Uphold Sphere Association as a financially and socially responsible employer and organisation.

Management has taken decisions to close the Sphere office with effect from 13 March 2020, continue the employment of all personnel, support remote working by personnel, adapt activities and ways of working, document significant changes in activities and communicate changes in activities to relevant stakeholders and donors. At present, no financial support is required from Federal and Cantonal authorities. As Sphere is an organisation supporting humanitarian activities globally, the demand for its services will continue and potentially increase.

Whilst Sphere Association remains a going concern, the long term financial and operational impact of the COVID-19 pandemic on its activities cannot yet be fully determined.