

SPHERE ASSOCIATION

Geneva

Report of the statutory auditors to the
General Meeting

on the financial statements 2021

Report of the statutory auditors

on the limited statutory examination to the General Meeting 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 2021. 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



Adélina Todorova

Geneva, 27 April 2022

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 2021
 With comparative year figure
 in Swiss francs



ASSETS	Notes	2021	2020
Current assets			
Cash and cash equivalents	5	361'302	414'761
Accounts receivable	6	12'191	2'567
Accrued income	7	261'738	198'734
Prepaid expenses		20'184	15'771
Total Current Assets		655'415	631'833
Non current assets			
Guarantee rental deposit		6'672	6'672
Total Non current assets		6'672	6'672
TOTAL ASSETS		662'087	638'505
LIABILITIES			
Short-term liabilities			
Accounts payable		55'879	97'120
Accrued expenses		97'228	104'585
Total Short-term liabilities		153'107	201'705
Restricted funds			
Restricted funds		-	50'000
Total Restricted funds		-	50'000
Capital of the organisation			
General reserve		172'404	76'848
Operational reserve		221'151	193'020
Specific project balances Strategic Development		38'563	21'377
Net result of the year		76'863	95'555
Total Capital of the organisation		508'981	386'800
TOTAL LIABILITIES		662'087	638'505

SPHERE ASSOCIATION

Statement of Income and Expenses
from 01.01.2021 to 31.12.2021

With comparative year figure

in Swiss francs

INCOME	<i>Notes</i>	2021	2020
Board Contributions and Donations			
Membership Fees		183'600	274'020
Denmark - Ministry of Foreign Affairs		70'156	70'977
Swiss Federal Department of Foreign Affairs - (FDFA)		150'000	150'000
German Ministry of Foreign Affairs		369'218	190'456
US Department of State, Bureau of Population and Migration (PRM)		220'810	247'559
OFDA (USAID - Office of U.S. Foreign Disaster Assistance)		375'700	406'028
International Federation Red Cross (IFRC)			-
Danish refugee council H2H		-	153'219
Other general grants and donations		7'187	111'810
Total Board Contributions and Donations		1'376'671	1'604'069
Other Income			
Handbook Sales		5'108	5'648
Miscellaneous Income		34	3'774
Other Income		5'142	9'422
TOTAL INCOME		1'381'813	1'613'491
EXPENSES			
Handbook direct sales expenses		-8'136	-12'467
Personnel expenses	8	-828'469	-913'024
Premises charges		-34'567	-46'232
Administration and office costs		-15'493	-10'665
IT expenses		-12'654	-27'272
Professional fees		-75'281	-79'053
Consultancies & Development fees		-327'069	-349'968
Travel, Representation & Meetings		-1'152	-3'197
TOTAL EXPENSES		-1'302'821	-1'441'878
NET OPERATING RESULT		78'992	171'613
Financial Income		9'698	2'740
Financial Expenses		-16'509	-20'407
NET RESULT BEFORE CHANGES IN RESTRICTED FUNDS		72'181	153'946
Allocation to restricted funds		-1'035'883	-1'068'240
Use of restricted funds		1'085'883	1'048'765
NET RESULT BEFORE ALLOCATIONS		122'181	134'471
Allocation to Operational Reserve and specific projet balances		-45'318	-43'944
Use of Operational Reserve and specific projet balances		-	5'028
NET RESULT FOR THE YEAR		76'863	95'555

SPHERE ASSOCIATION



Cash Flow Statement from 01.01.2021 to 31.12.2021

With comparative year figure
in Swiss francs

	2021	2020
OPERATING ACTIVITIES		
Net result before allocations	122'181	134'471
Decrease/(Increase) in Accounts receivables	-9'624	1'616
Decrease/(Increase) in Accrued income	-63'004	77'979
Decrease/(Increase) in Prepaid expenses	-4'413	-5'748
Increase/(Decrease) in Accounts payable	-41'241	2
Increase/(Decrease) in Accrued expenses	-7'358	38'268
CASH FLOW FROM OPERATING ACTIVITIES	-3'459	246'588
INVESTING ACTIVITIES		
Financial Assets (Guarantee deposit)	-	5'597
CASH FLOW FROM INVESTING ACTIVITIES	-	5'597
FINANCING ACTIVITIES		
Net changes in restricted funds	-50'000	19'475
CASH FLOW FROM FINANCING ACTIVITIES	-50'000	19'475
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	-53'459	271'660
Cash & Cash equivalents, beginning of year	414'761	143'101
Cash & Cash equivalents, end of year	361'302	414'761

SPHERE ASSOCIATION

**Statement of changes in capital and restricted funds
from 01.01.2021 to 31.12.2021**

With comparative year figure
in Swiss francs

2021	Balance 01.01.21	Allo- cations	Internal transfer	Use	Balance 31.12.21
RESTRICTED FUNDS					
Denmark General Grants & Donations	50'000	70'156	-	-120'156	-
OFDA (Office of U.S. Foreign Disaster Ass.)	-	375'700	-	-375'700	-
German Ministry of Foreign Affairs	-	369'218	-	-369'218	-
US Bureau of Population and Migration (PRM)	-	220'810	-	-220'810	-
TOTAL RESTRICTED FUNDS	50'000	1'035'883	-	-1'085'883	-
SPECIFIC PROJECT BALANCES					
Humanitarian Standards Partnership HSP	11'337	7'187	-	-	18'523
Strategic Development	10'040	10'000	-	-	20'040
TOTAL SPECIFIC PROJECT BALANCES	21'377	17'187	-	-	38'564
UNRESTRICTED FUNDS					
General reserve	76'848	-	95'556	-	172'404
Operational reserve	193'020	28'131	-	-	221'151
Net result of the year	95'555	77'573	-95'556	-	77'572
TOTAL UNRESTRICTED FUNDS	365'423	105'704	-	-	471'127
TOTAL CAPITAL OF THE ORGANISATION	386'800	122'890	-	-	509'690

SPHERE ASSOCIATION



Statement of changes in capital and restricted funds from 01.01.2021 to 31.12.2021

With comparative year figure
in Swiss francs

2020	Balance 01.01.20	Allo- cations	Internal transfer	Use	Balance 31.12.20
RESTRICTED FUNDS					
Denmark General Grants & Donations	30'525	70'978	-	-51'503	50'000
OFDA (Office of U.S. Foreign Disaster Ass.)	-	406'028	-	-406'028	-
German Ministry of Foreign Affairs	-	190'456	-	-190'456	-
US Bureau of Population and Migration (PRM)	-	247'559	-	-247'559	-
Danish refugee council (H2H)		153'219		-153'219	-
TOTAL RESTRICTED FUNDS	30'525	1'068'240	-	-1'048'765	50'000
SPECIFIC PROJECT BALANCES					
Humanitarian Standards Partnership HSP	4'324	12'040	-	-5'028	11'337
Strategic Development	10'040	-	-	-	10'040
TOTAL SPECIFIC PROJECT BALANCES	14'365	12'040	-	-5'028	21'377
UNRESTRICTED FUNDS					
General reserve	75'426	-	1'422	-	76'848
Operational reserve	161'116	31'904	-	-	193'020
Net result of the year	1'422	95'555	-1'422	-	95'555
TOTAL UNRESTRICTED FUNDS	237'964	127'459	-	-	365'423
TOTAL CAPITAL OF THE ORGANISATION	252'329	139'499	-	-5'028	386'800



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.

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 06.04.2022 and the Governing Board will approve them on 27.04.2022.

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	2021		2020	
	EUR	CHF	EUR	CHF
UBS Account CHF	-	109'428	-	355'201
UBS Account EUR	105'719	109'541	53'206	57'545
UBS Account German Grant EUR	132'480	137'269	-5	-5
Paypal account	-	5'064	-	2'020
TOTAL	238'199	361'302	53'201	414'761



6. Accounts receivables	2021	2020
Debitors account	4'000	1'979
Handbook receivables	224	224
Social security	6'995	-
Accident benefit insurance	30	-
Sickness benefit insurance	943	364
TOTAL	12'191	2'567

7. Accrued income	2021	2020
OFDA (USAID - Office of U.S. Foreign Disaster Assistance)	161'094	70'140
US Department of State, Bureau of Population and Migration (PRM)	96'009	61'430
Member HSP	3'750	4'500
La Mobilière	659	-
Tristatn Hale	226	-
Danish refugee council (H2H)	-	57'842
CBI travel insurance reimbursement 2020	-	374
Etat de Genève reimbursment rent November & December Covid-19	-	4'448
TOTAL	261'738	198'733

8. Personnel expenses

The number of full-time equivalents in 2021 (average per year) was 6.12 (2020 : 6.6).

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 2021, 7 employees were affiliated to the pension plan (2020: 7 employees).

	2021	2020
Economical part of the organisation		
Premiums paid	86'486	89'941
Premiums due as of 31.12. (current premiums)	-	22'485
Capital ratio of the plan (*)	111,0%	111,0%

(*) The 2020 figures from Nest are unaudited.



10. Off-balance sheet commitments

Sphere subleases office space for its headquarters from the World Council of Churches, Geneva. A new sublease contract has been signed in January 2020 for two years and five months with three months notice period. The amount of the commitment for future leases as of the 31 December 2021 is CHF 6'672.- (2020 : CHF 6'672.-)

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 2021 between the balance sheet date and the date of signing the financial statements.