

SPHERE ASSOCIATION

Geneva

Report of the statutory auditor to the
General Meeting

on the financial statements 2022

Report of the statutory auditor

on the limited statutory examination to the General Meeting of

SPHERE ASSOCIATION

Geneva

As statutory auditor, we have examined the financial statements (balance sheet, statement of Income and Expenses, cash flow statement, statement of changes in capital and restricted funds and notes of SPHERE ASSOCIATION for the year ended 31 December 2022. As permitted by Swiss GAAP FER 21 the information in the performance report is not required to be subject to the statutory auditor's 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 Association 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 the 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 necessary in the circumstances. However, the testing of 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
Licensed audit expert
Auditor in charge



Adélina Todorova

Geneva, 28 April 2023

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 2022

With comparative year figure
in Swiss francs

ASSETS	Notes	2022	2021
Current assets			
Cash and cash equivalents	5	308 921	361 302
Accounts receivable	6	7 788	12 191
Accrued income	7	242 500	261 738
Prepaid expenses		22 020	20 184
Total Current Assets		581 229	655 415
Non current assets			
Guarantee rental deposit		6 672	6 672
Total Non current assets		6 672	6 672
TOTAL ASSETS		587 901	662 087
LIABILITIES			
Short-term liabilities			
Accounts payable		97 155	55 879
Accrued expenses		18 233	97 227
Total Short-term liabilities		115 388	153 106
Restricted funds			
Restricted funds		55 236	-
Total Restricted funds		55 236	-
Capital of the organisation			
General reserve		249 267	172 404
Operational reserve		221 151	221 151
Specific project balances		22 136	38 563
Net result of the year		-75 277	76 863
Total Capital of the organisation		417 277	508 981
TOTAL LIABILITIES		587 901	662 087

Statement of Income and Expenses
from 01.01.2022 to 31.12.2022

With comparative year figure
in Swiss francs

INCOME	<i>Notes</i>	2022	2021
Board Contributions and Donations			
Membership Fees		189 056	183 600
Denmark - Ministry of Foreign Affairs		-	70 156
Swiss Federal Department of Foreign Affairs - (FDFA)		150 000	150 000
German Ministry of Foreign Affairs		248 522	369 218
US Department of State, Bureau of Population and Migration (PRM)		288 743	220 810
USAID - Bureau of Humanitarian Assistance (BHA, ex OFDA)		120 196	375 700
Disasters Emergency Committee		188 197	-
Aktion Deutschland Hilft		15 842	-
Other general grants and donations		6 000	7 187
Total Board Contributions and Donations		1 206 555	1 376 671
Other Income			
Handbook Sales		4 145	5 108
Miscellaneous Income		-	34
Other Income		4 145	5 142
TOTAL INCOME		1 210 700	1 381 813
EXPENSES			
Handbook direct sales expenses		-18 148	-8 136
Personnel expenses	8	-851 212	-828 469
Premises charges		-42 736	-34 567
Administration and office costs		-9 134	-15 493
IT expenses		-19 788	-12 654
Professional fees		-52 156	-75 281
Consultancies & Development fees		-240 447	-327 069
Travel, Representation & Meetings		-2 988	-1 152
TOTAL EXPENSES		-1 236 607	-1 302 821
NET OPERATING RESULT		-25 907	78 992
Financial Income		4 147	9 698
Financial Expenses		-14 707	-16 509
NET RESULT BEFORE CHANGES IN RESTRICTED FUNDS		-36 467	72 181
Allocation to restricted funds		-861 499	-1 035 883
Use of restricted funds		806 263	1 085 883
NET RESULT BEFORE ALLOCATIONS		-91 703	122 181
Allocation to Operational Reserve and specific projet balances		-6 000	-45 318
Use of Operational Reserve and specific projet balances		22 426	-
NET RESULT FOR THE YEAR		-75 277	76 863

SPHERE ASSOCIATION

Cash Flow Statement from 01.01.2022 to 31.12.2022

With comparative year figure
in Swiss francs



	2022	2021
OPERATING ACTIVITIES		
Net result before allocations	-91 703	122 181
Decrease/(Increase) in Accounts receivables	4 403	-9 624
Decrease/(Increase) in Accrued income	19 238	-63 004
Decrease/(Increase) in Prepaid expenses	-1 836	-4 413
Increase/(Decrease) in Accounts payable	41 275	-41 241
Increase/(Decrease) in Accrued expenses	-78 995	-7 358
CASH FLOW FROM OPERATING ACTIVITIES	-107 616	-3 459
INVESTING ACTIVITIES		
Financial Assets (Guarantee deposit)	-	-
CASH FLOW FROM INVESTING ACTIVITIES	-	-
FINANCING ACTIVITIES		
Net changes in restricted funds	55 236	-50 000
CASH FLOW FROM FINANCING ACTIVITIES	55 236	-50 000
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	-52 381	-53 459
Cash & Cash equivalents, beginning of year	361 302	414 761
Cash & Cash equivalents, end of year	308 921	361 302

SPHERE ASSOCIATION



Statement of changes in capital and restricted funds from 01.01.2022 to 31.12.2022

With comparative year figure
in Swiss francs

2022	Balance 01.01.22	Allo- cations	Internal transfer	Use	Balance 31.12.22
RESTRICTED FUNDS					
US Bureau of Population and Migration (PRM)	-	288 743	-	-288 743	-
German Ministry of Foreign Affairs	-	248 522	-	-248 522	-
Disaster Emergency Committee	-	188 197	-	-137 060	51 137
USAID - Bureau of Humanitarian Assistance (BHA, ex OFDA)	-	120 196	-	-120 196	-
Aktion Deutschland Hilft	-	15 842	-	-11 743	4 099
TOTAL RESTRICTED FUNDS	-	861 499	-	-806 263	55 236
SPECIFIC PROJECT BALANCES					
Humanitarian Standards Partnership HSP	18 523	6 000	-	-2 387	22 136
Strategic Development	20 040	-	-	-20 040	-
TOTAL SPECIFIC PROJECT BALANCES	38 563	6 000	-	-22 427	22 136
UNRESTRICTED FUNDS					
General reserve	172 404	-	76 863	-	249 267
Operational reserve	221 151	-	-	-	221 151
Net result of the year	76 863	-75 277	-76 863	-	-75 277
TOTAL UNRESTRICTED FUNDS	470 418	-75 277	-	-	395 141
TOTAL CAPITAL OF THE ORGANISATION	508 981	-69 277	-	-22 427	417 277

SPHERE ASSOCIATION



Statement of changes in capital and restricted funds from 01.01.2022 to 31.12.2022

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	-	95 555	-	172 404
Operational reserve	193 020	28 131	-	-	221 151
Net result of the year	95 555	76 863	-95 555	-	76 863
TOTAL UNRESTRICTED FUNDS	365 423	104 994	-	-	470 418
TOTAL CAPITAL OF THE ORGANISATION	386 800	122 180	-	-	508 981



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 05.04.2023 and the Executive Committee will approve them on 28.04.2023.

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	2022		2021	
	EUR/USD	CHF	EUR	CHF
UBS Account CHF	-	198 894	-	109 428
UBS Account EUR	56 574	55 864	105 719	109 541
UBS Account German Grant EUR	41 343	40 825	132 480	137 269
Paypal account CHF		11 435	-	5 064
Paypal account USD	2 057	1 904	-	-
TOTAL	99 975	308 921	238 199	361 302

6. Accounts receivables	2022	2021
Debitors account	-	4 000
Handbook receivables	3 330	224
Social security	3 643	6 995
Accident benefit insurance	-	30
Sickness benefit insurance	815	943
TOTAL	7 788	12 191

7. Accrued income	2022	2021
USAID - Bureau of Humanitarian Assistance (BHA, ex OFDA)	115 183	161 094
US Department of State, Bureau of Population and Migration (PRM)	127 318	96 009
Other accrued income	-	4 635
TOTAL	242 500	261 738

8. Personnel expenses

The number of full-time equivalents in 2022 (average per year) was 6.29 (2021 : 6.12).

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 2022, 6 employees were affiliated to the pension plan (2021: 7 employees).

	2022	2021
Economical part of the organisation		
Premiums paid	91 849	86 486
Premiums due as of 31.12. (current premiums)	-	-
Capital ratio of the plan (*)	101.5%	111.0%

(*) The 2022 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 2022 is CHF 6'672.- (2021 : 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 2022 between the balance sheet date and the date of signing the financial statements.