

SPHERE ASSOCIATION

Geneva

Report of the statutory auditor to the
General Meeting

on the financial statements 2023

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 2023. 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



Louise Rolland
Licensed audit expert
Auditor in charge



Adélina Todorova

Genève, 1 May 2024

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 2023

With comparative year figure

in Swiss francs



ASSETS	Notes	2023	2022
Current assets			
Cash and cash equivalents	5	246'075	308'921
Accounts receivable	6	15'801	7'788
Accrued income	7	139'793	242'500
Prepaid expenses		-	22'020
Total Current Assets		401'669	581'229
Non current assets			
Guarantee rental deposit		6'672	6'672
Total Non current assets		6'672	6'672
TOTAL ASSETS		408'341	587'901
LIABILITIES			
Short-term liabilities			
Accounts payable		41'370	97'155
Accrued expenses		17'930	18'233
Total Short-term liabilities		59'300	115'388
Restricted funds			
Restricted funds		26'506	55'236
Total Restricted funds		26'506	55'236
Capital of the organisation			
General reserve		173'989	249'267
Operational reserve		221'151	221'151
Specific project balances		-	22'136
Net result of the year		-72'605	-75'277
Total Capital of the organisation		322'535	417'277
TOTAL LIABILITIES		408'341	587'901

SPHERE ASSOCIATION

**Statement of Income and Expenses
from 01.01.2023 to 31.12.2023**

With comparative year figure
in Swiss francs

INCOME	Notes	2023	2022
Board Contributions and Donations			
Membership Fees		170'880	189'056
Swiss Federal Department of Foreign Affairs - (FDFA)		150'000	150'000
German Ministry of Foreign Affairs		-	248'522
US Department of State, Bureau of Population and Migration (PRM)		297'448	288'743
USAID - Bureau of Humanitarian Assistance (BHA, ex OFDA)		263'152	120'196
Disasters Emergency Committee		128'557	188'197
Aktion Deutschland Hilft		23'911	15'842
Other general grants and donations		7'605	6'000
Total Board Contributions and Donations		1'041'553	1'206'555
Other Income			
Handbook Sales		3'280	4'145
Other Income		3'280	4'145
TOTAL INCOME		1'044'833	1'210'700
EXPENSES			
Handbook direct sales expenses		-24'746	-18'148
Personnel expenses	8	-811'970	-851'212
Premises charges		-38'067	-42'736
Administration and office costs		-9'327	-9'134
IT expenses		-28'925	-19'788
Professional fees		-41'265	-52'156
Consultancies & Development fees		-187'020	-240'447
Travel, Representation & Meetings		-18'671	-2'988
Support to focal points		-6'127	-
TOTAL EXPENSES		-1'166'118	-1'236'607
NET OPERATING RESULT		-121'285	-25'907
Financial Income		1'949	4'147
Financial Expenses		-4'137	-14'707
NET RESULT BEFORE CHANGES IN RESTRICTED FUNDS		-123'473	-36'467
Allocation to restricted funds		-713'068	-861'499
Use of restricted funds		741'798	806'263
NET RESULT BEFORE ALLOCATIONS		-94'743	-91'703
Allocation to Operational Reserve and specific projet balances		-7'605	-6'000
Use of Operational Reserve and specific projet balances		29'742	22'426
NET RESULT FOR THE YEAR		-72'606	-75'277

SPHERE ASSOCIATION

Cash Flow Statement from 01.01.2023 to 31.12.2023

With comparative year figure
in Swiss francs



	2023	2022
OPERATING ACTIVITIES		
Net result before allocations	-94'743	-91'703
Decrease/(Increase) in Accounts receivables	-8'013	4'403
Decrease/(Increase) in Accrued income	102'707	19'238
Decrease/(Increase) in Prepaid expenses	22'020	-1'836
Increase/(Decrease) in Accounts payable	-55'784	41'275
Increase/(Decrease) in Accrued expenses	-303	-78'995
CASH FLOW FROM OPERATING ACTIVITIES	-34'116	-107'616
INVESTING ACTIVITIES		
Financial Assets (Guarantee deposit)	-	-
CASH FLOW FROM INVESTING ACTIVITIES	-	-
FINANCING ACTIVITIES		
Net changes in restricted funds	-28'730	55'236
CASH FLOW FROM FINANCING ACTIVITIES	-28'730	55'236
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	-62'846	-52'381
Cash & Cash equivalents, beginning of year	308'921	361'302
Cash & Cash equivalents, end of year	246'075	308'921

SPHERE ASSOCIATION

**Statement of changes in capital and restricted funds
from 01.01.2023 to 31.12.2023**

With comparative year figure
in Swiss francs

2023	Balance 01.01.23	Allo- cations	Internal transfer	Use	Balance 31.12.23
RESTRICTED FUNDS					
US Bureau of Population and Migration (PRM)	-	297'448	-	-297'448	-
Disaster Emergency Committee	51'137	128'557	-	-179'694	-
USAID - Bureau of Humanitarian Assistance (BHA)	-	263'152	-	-263'152	-
Aktion Deutschland Hilft	4'099	23'911	-	-1'504	26'506
TOTAL RESTRICTED FUNDS	55'236	713'068	-	-741'798	26'506
SPECIFIC PROJECT BALANCES					
Humanitarian Standards Partnership HSP	22'136	7'605	-	-29'742	-
TOTAL SPECIFIC PROJECT BALANCES	22'136	7'605	-	-29'742	-
UNRESTRICTED FUNDS					
General reserve	249'267	-	-75'277	-	173'989
Operational reserve	221'151	-	-	-	221'151
Net result of the year	-75'277	-72'605	75'277	-	-72'605
TOTAL UNRESTRICTED FUNDS	395'141	-72'605	-	-	322'535
TOTAL CAPITAL OF THE ORGANISATION	417'277	-65'000	-	-29'742	322'535

**Statement of changes in capital and restricted funds
from 01.01.2023 to 31.12.2023**

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



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 25.03.2024 and the Executive Committee will approve them on 22.04.2024.

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	2023		2022	
	EUR/USD	CHF	EUR/USD	CHF
BCGE Account CHF	-	218'748	-	198'894
BCGE Account EUR	13'509	12'559	56'574	55'864
UBS Account German Grant EUR	-	-	41'343	40'825
Paypal account CHF	-	13'037		11'435
Paypal account USD	2'057	1'732	2'057	1'904
TOTAL	15'566	246'075	99'975	308'921

6. Accounts receivables	2023	2022
Debitors account	1'500	-
Handbook receivables	5'449	3'330
Social security	7'686	3'643
Accident benefit insurance	-	-
Sickness benefit insurance	1'166	815
TOTAL	15'801	7'788

7. Accrued income	2023	2022
USAID - Bureau of Humanitarian Assistance (BHA, ex OFDA)	75'850	115'183
US Department of State, Bureau of Population and Migration (PRM)	63'944	127'318
TOTAL	139'793	242'500

8. Personnel expenses

The number of full-time equivalents in 2023 (average per year) was 6.65 (2022 : 6.29).

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 2023, 7 employees were affiliated to the pension plan (2022: 6 employees).

	2023	2022
Economical part of the organisation		
Premiums paid	67'039	91'849
Premiums due as of 31.12. (current premiums)	19'608	-
Capital ratio of the plan (*)	105,8%	101,5%

(*) The 2023 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 2023 is CHF 6'672.- (2022 : 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 2023 between the balance sheet date and the date of signing the financial statements.