
Sphere Association

Geneva

Report of the statutory auditors to the General Meeting on the financial statements 2018





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 1 to 9), for the year ended 31 December 2018. 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 of 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

Marc Secretan
Audit expert
Auditor in charge

Marcello Stimato
Audit expert

Geneva, 18 April 2019

Enclosure:

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

SPHERE ASSOCIATION

Balance sheet as at 31 December 2018

With comparative year figure
in Swiss francs



ASSETS	<i>Notes</i>	2018	2017
Current assets			
Cash and cash equivalents	5	221'319	349'078
Accounts receivable	6	224	33'618
Accrued income	7	447'395	304'983
Prepaid expenses		10'893	9'563
Total Current Assets		679'831	697'242
Non current assets			
Guarantee rental deposit		12'269	12'267
Total Non current assets		12'269	12'267
TOTAL ASSETS		692'100	709'509
LIABILITIES			
Short-term liabilities			
Accounts payable		79'133	78'820
Accrued expenses		137'226	72'112
Total Short-term liabilities		216'359	150'932
Restricted funds			
Restricted funds		237'325	339'897
Total Restricted funds		237'325	339'897
Capital of the organisation			
General reserve		74'402	66'329
Operational reserve		142'990	102'990
Specific project balances Sphere Handbooks		-	41'288
Specific project balances Strategic Development		20'000	0
Net result of the year		1'024	8'073
Total Capital of the organisation		238'416	218'680
TOTAL LIABILITIES		692'100	709'509

SPHERE ASSOCIATION
**Statement of Income and Expenses
from 01.01.2018 to 31.12.2018**

With comparative year figure
in Swiss francs



INCOME	<i>Notes</i>	2018	2017
Board Contributions and Donations			
Membership Fees		292'975	292'889
Denmark - Ministry of Foreign Affairs		-	163'006
Swiss Federal Department of Foreign Affairs - (FDFA)		-	100'000
German Ministry of Foreign Affairs		288'113	235'026
US Department of State, Bureau of Population and Migration (PRM)		334'520	65'853
Ireland - IRISH AID		-	278'400
OFDA (USAID - Office of U.S. Foreign Disaster Assistance)		304'038	273'013
International Federation Red Cross (IFRC)		120'000	-
UNHCR - The UN Refugee Agency		-	50'000
Australia - DFAT		149'536	146'513
Church of Sweden (SIDA)		-	161'223
Other general grants and donations		40'025	76'731
Total Board Contributions and Donations		1'529'207	1'842'654
Other Income			
Handbook Sales		15'613	12'745
Miscellaneous Income		1	4'360
Other Income		15'614	17'105
TOTAL INCOME		1'544'822	1'859'759
EXPENSES			
		2018	2017
Handbook direct sales expenses		-105'463	-
Personnel expenses	8	-829'565	-751'448
Premises charges		-97'867	-72'472
Administration and office costs		-2'477	-7'806
IT expenses		-14'852	-19'898
Professional fees		-79'492	-56'263
Consultancies & Development fees		-451'590	-390'803
Travel, Representation & Meetings		-43'882	-126'623
Grants/support to focal points		-	-10'051
Loss on receivables		-3'000	-
TOTAL EXPENSES		-1'628'188	-1'435'364
NET OPERATING RESULT		-83'366	424'395
Financial Income		11'313	13'994
Financial Expenses		-10'783	-2'133
NET RESULT BEFORE CHANGES IN RESTRICTED FUNDS		-82'836	436'256
Allocation to restricted funds		-1'209'675	-1'269'731
Use of restricted funds		1'312'248	938'130
NET RESULT before allocations		19'736	104'655
Allocation to Contingency Reserve and specific projet balances		-60'000	-136'608
Use of Contingency Reserve and specific projet balances		41'288	40'026
NET RESULT FOR THE YEAR		1'024	8'073

SPHERE ASSOCIATION



Statement of changes in capital and restricted funds

from 01.01.2018 to 31.12.2018

With comparative year figure

in Swiss francs

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

SPHERE ASSOCIATION



Statement of changes in capital and restricted funds

from 01.01.2018 to 31.12.2018

With comparative year figure

in Swiss francs

2017	Transfer from ICVA	Allo- cations	Internal transfer	Use	Balance 31.12.17
Restricted funds					
Ireland - IRISH AID	-	278'400	-	-134'675	143'725
Australia - DFAT	-	146'513	-	-35'576	110'937
Church of Sweden (SIDA)	-	161'223	-	-85'691	75'532
OFDA (Office of U.S. Foreign Disaster Ass.)	-	273'013	-	-273'013	-
German Ministry of Foreign Affairs	-	235'026	-	-235'026	-
Swiss Federal Department of Foreign Affairs - (FDFA)	-	100'000	-	-100'000	-
US Bureau of Population and Migration (PRM)	-	65'853	-	-65'853	-
Global Humanitarian Standards Partnership	8'296	9'703	-	-8'296	9'703
TOTAL RESTRICTED FUNDS	8'296	1'269'731	-	-938'130	339'897
SPECIFIC PROJECT BALANCES					
Handbook Production	7'670	33'618	-	-	41'288
Strategic Partnership and Outreach	16'839	-	-	-16'839	-
Listen, Learn, Act	7'350	-	-	-7'350	-
TOTAL SPECIFIC PROJECT BALANCES	31'860	33'618	-	-24'189	41'288
UNRESTRICTED FUNDS					
General reserve	66'329	-	-	-	66'329
Operational reserve	-	102'990	-	-	102'990
Contingency reserve for staff	15'837	-	-	-15'837	-
Net result of the year	-	8'073	-	-	8'073
TOTAL UNRESTRICTED FUNDS	82'166	111'063	-	-15'837	177'392
TOTAL CAPITAL OF THE ORGANISATION	114'026	144'681	-	-40'026	218'680

SPHERE ASSOCIATION

Cash Flow Statement from 01.01.2018 to 31.12.2018

With comparative year figure
in Swiss francs



	2018	2017
OPERATING ACTIVITIES		
Net result before allocations	19'736	104'655
Decrease/(Increase) in Accounts receivables	33'394	-33'618
Decrease/(Increase) in Accrued income	-142'412	-304'983
Decrease/(Increase) in Prepaid expenses	-1'331	-9'563
Increase/(Decrease) in Accounts payable	313	78'820
Increase/(Decrease) in Accrued expenses	65'114	72'112
CASH FLOW FROM OPERATING ACTIVITIES	-25'186	-92'577
INVESTING ACTIVITIES		
Financial Assets (Guarantee deposit)	-1	-12'267
CASH FLOW FROM INVESTING ACTIVITIES	-1	-12'267
FINANCING ACTIVITIES		
Capital transfer from ICVA	-	114'025
Net changes in restricted funds	-102'572	339'897
CASH FLOW FROM FINANCING ACTIVITIES	-102'572	453'922
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	-127'759	349'078
Cash & Cash equivalents, beginning of year	349'078	-
Cash & Cash equivalents, end of year	221'319	349'078



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. The Sphere headquarter is located in Geneva, Switzerland.

Until December 31, 2016, the Sphere Project was hosted by ICVA (the International Council of Voluntary Agencies), another association domiciliated in Switzerland. As of January 1, 2017, the operating activities of the Sphere Project have been 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, organisations 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 03 April 2019 and the Executive Committee will approve them on 10 April 2019.

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 amortised over their useful life.



2e. Revenue recognition

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

Donations

Donations are recognised 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. The contributions in kind for which a reliable equivalent monetary value can be determined are disclosed in the note 9 of the financial statements. 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	2018		2017	
	EUR	CHF	EUR	CHF
UBS Account CHF		152'733		202'397
UBS Account EUR	60'865	68'590	123'790	146'702
UBS Account German Grant EUR	-4	-4	-18	-21
TOTAL	60'861	221'319	123'772	349'078

6. Accounts receivable	2018	2017
Handbook receivables	224	33'618
TOTAL	224	33'618

7. Accrued income	2018	2017
OFDA (USAID - Office of U.S. Foreign Disaster Assistance)	168'737	239'130
US Department of State, Bureau of Population and Migration (PRM)	253'658	65'853
Caritas Internationalis membership fee 2018	25'000	-
TOTAL	447'395	304'983

8. Personnel expenses

The number of full-time equivalents in 2018 (average per year) was 7.8 (2017 : 6.9).

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

9. Contributions in kind	2018		2017
	CHF	USD	CHF
IBM - Technology roadmap grant	-	14'000	13'784
TOTAL	-	14'000	13'784



10. 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 2018, 7 employees were affiliated to the pension plan (2017: 6 employees).

	2018	2017
Economical part of the organisation		-
Premiums paid	76'035	69'844
Premiums due as of 31.12. (current premiums)	20'489	17'219
Capital ratio of the plan (*)	108.5%	115%
Amount of surplus of the plan as at 31.12.2018, in millions of CHF (*)	200	300

(*) The 2018 figures from Nest are unaudited.

11. Off-balance sheet commitments

Sphere subleases office space for its headquarter from the Norwegian Refugee Council, Geneva. The sublease contract lasts until August 31, 2020, but either party can terminate the contract with a notice of three months. The amount of the commitment for future leases as of 31 December 2018 is CHF 21'983. Sphere has received a grant from the State of Geneva covering part of this lease, until March 31, 2019. The net commitment for future leases as of 31 December 2018 is CHF 16'664.

12. 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.

13. Subsequent events

There have been no significant events impacting the annual accounts of 2018 between the balance sheet date and the date of signing the financial statements.