

SPHERE ASSOCIATION

Geneva

Report of the statutory auditors to the
General Assembly

on the financial statements 2020

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 2020. 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, 7 April 2021

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 2020
 With comparative year figure
 in Swiss francs



ASSETS	Notes	2020	2019
Current assets			
Cash and cash equivalents	5	414'761	143'101
Accounts receivable	6	2'567	4'183
Accrued income	7	198'734	276'713
Prepaid expenses		15'771	10'023
Total Current Assets		631'833	434'020
Non current assets			
Guarantee rental deposit		6'672	12'269
Total Non current assets		6'672	12'269
TOTAL ASSETS		638'505	446'289
LIABILITIES			
Short-term liabilities			
Accounts payable		97'120	97'118
Accrued expenses		104'585	66'317
Total Short-term liabilities		201'705	163'435
Restricted funds			
Restricted funds		50'000	30'525
Total Restricted funds		50'000	30'525
Capital of the organisation			
General reserve		76'848	75'426
Operational reserve		193'020	161'116
Specific project balances Strategic Development		21'377	14'365
Net result of the year		95'555	1'422
Total Capital of the organisation		386'800	252'329
TOTAL LIABILITIES		638'505	446'289

Statement of Income and Expenses
from 01.01.2020 to 31.12.2020

With comparative year figure
in Swiss francs

INCOME	<i>Notes</i>	2020	2019
Board Contributions and Donations			
Membership Fees		274'020	298'330
Denmark - Ministry of Foreign Affairs		70'977	72'525
Swiss Federal Department of Foreign Affairs - (FDFA)		150'000	150'000
German Ministry of Foreign Affairs		190'456	143'288
US Department of State, Bureau of Population and Migration (PRM)		247'559	277'171
OFDA (USAID - Office of U.S. Foreign Disaster Assistance)		406'028	319'391
International Federation Red Cross (IFRC)		-	40'000
Danish refugee council H2H		153'219	-
Other general grants and donations		111'810	13'259
Total Board Contributions and Donations		1'604'069	1'313'964
Other Income			
Handbook Sales		5'648	19'667
Miscellaneous Income		3'774	5'971
Other Income		9'422	25'638
TOTAL INCOME		1'613'491	1'339'602
EXPENSES			
Handbook direct sales expenses		-12'467	-39'994
Personnel expenses	8	-913'024	-881'247
Premises charges		-46'232	-89'927
Administration and office costs		-10'665	-3'971
IT expenses		-27'272	-9'035
Professional fees		-79'053	-75'817
Consultancies & Development fees		-349'968	-377'315
Travel, Representation & Meetings		-3'197	-46'187
TOTAL EXPENSES		-1'441'878	-1'523'493
NET OPERATING RESULT		171'613	-183'891
Financial Income		2'740	3'550
Financial Expenses		-20'407	-12'546
NET RESULT BEFORE CHANGES IN RESTRICTED FUNDS		153'946	-192'887
Allocation to restricted funds		-1'068'240	-812'375
Use of restricted funds		1'048'765	1'019'175
NET RESULT BEFORE ALLOCATIONS		134'471	13'913
Allocation to Operational Reserve and specific projet balances		-43'944	-26'066
Use of Operational Reserve and specific projet balances		5'028	13'575
NET RESULT FOR THE YEAR		95'555	1'422

SPHERE ASSOCIATION
Cash Flow Statement
from 01.01.2020 to 31.12.2020

With comparative year figure
in Swiss francs

	2020	2019
OPERATING ACTIVITIES		
Net result before allocations	134'471	13'913
Decrease/(Increase) in Accounts receivables	1'616	-3'959
Decrease/(Increase) in Accrued income	77'979	170'682
Decrease/(Increase) in Prepaid expenses	-5'748	870
Increase/(Decrease) in Accounts payable	2	17'984
Increase/(Decrease) in Accrued expenses	38'268	-70'908
CASH FLOW FROM OPERATING ACTIVITIES	246'588	128'582
INVESTING ACTIVITIES		
Financial Assets (Guarantee deposit)	5'597	-1
CASH FLOW FROM INVESTING ACTIVITIES	5'597	-1
FINANCING ACTIVITIES		
Net changes in restricted funds	19'475	-206'800
CASH FLOW FROM FINANCING ACTIVITIES	19'475	-206'800
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	271'660	-78'219
Cash & Cash equivalents, beginning of year	143'101	221'319
Cash & Cash equivalents, end of year	414'761	143'101

SPHERE ASSOCIATION



Statement of changes in capital and restricted funds from 01.01.2020 to 31.12.2020

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	4'325	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

**Statement of changes in capital and restricted funds
from 01.01.2020 to 31.12.2020**

With comparative year figure
in Swiss francs

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



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 29.03.2021 and the Executive Committee will approve them on 07.04.2021.

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	2020		2019	
	EUR	CHF	EUR	CHF
UBS Account CHF	-	355'201	-	80'910
UBS Account EUR	53'206	57'545	56'845	61'790
UBS Account German Grant EUR	-5	-5	2	3
Paypal account	-	2'020	-	398
TOTAL	53'201	414'761	56'847	143'101

6. Accounts receivables	2020	2019
Debitors account	1'979	3'959
Handbook receivables	224	224
Sickness benefit insurance	364	-
TOTAL	2'567	4'183



7. Accrued income	2020	2019
OFDA (USAID - Office of U.S. Foreign Disaster Assistance)	70'140	215'622
US Department of State, Bureau of Population and Migration (PRM)	61'430	20'363
Danish refugee council (H2H)	57'842	-
Member HSP	4'500	-
CBI travel insurance reimbursement 2020	374	-
Etat de Genève reimbursment rent November & December Covid-19	4'448	-
International Federation Red Cross (IFRC)	-	40'000
IEFG	-	728
TOTAL	198'734	276'713

8. Personnel expenses

The number of full-time equivalents in 2020 (average per year) was 6.6 (2019: 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 2020, 7 employees were affiliated to the pension plan (2019: 7 employees).

	2020	2019
Economical part of the organisation		
Premiums paid	89'941	85'186
Premiums due as of 31.12. (current premiums)	22'485	19'783
Capital ratio of the plan (*)	111.0%	112.0%

(*) 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 tow years and five months with three months notice period, The amount of the commitment for future leases as of the 31 December 2020 is CHF 6'672 (2019 : CHF 7'328)



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 2020 between the balance sheet date and the date of signing the financial statements.

Sphere Association remains a going concern, 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 took the decision to close the Sphere office with effect from 13 March 2020, continued the employment of all personnel, supported remote working by personnel, adapted activities and ways of working, documented significant changes in activities and communicated changes in activities to relevant stakeholders and donors. As Sphere is an organisation supporting humanitarian activities globally, the demand for its services will continue and potentially increase.

Sphere Association remains a going concern and a large part of its revenue has already been secured with signed funding agreements. A year of continued operational activity in the context of the pandemic has reduced the uncertainty of its long term financial and operational impact.