

To the Foundation Council of the foundation of the

Medair Invest in Aid Foundation, Ecublens

Lausanne, 28 August 2020

Report of the statutory auditor on the limited statutory examination

As statutory auditor, we have examined the financial statements (balance sheet, statement of operations, statement of changes in funds and capital and notes) of Medair Invest in Aid Foundation for the year ended 31 December 2019. In accordance with Swiss GAAP FER 21 the content of the performance report does not need to be audited by the statutory auditor.

The Foundation Council is responsible for the preparation of the financial statements in accordance with Swiss GAAP FER, the requirements of Swiss law and the statutes. 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 company personnel and analytical procedures as well as detailed tests of company 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 and do not comply with Swiss law and the foundation's statutes.

Ernst & Young Ltd

Licensed audit expert
(Auditor in charge)

Enclosure

- Financial statements (balance sheet, statement of operations, statement of changes in funds and capital and notes)

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS, SWITZERLAND

BALANCE SHEET AS OF 31 DECEMBER 2019

	Note	31.12.2019	31.12.2018
		<u>CHF</u>	<u>CHF</u>
ASSETS			
Current assets	3		
Cash		288'351	426'216
Receivables		775	1'407
Total current assets		<u>289'126</u>	<u>427'623</u>
Non-current assets	3		
Financial assets		599'297	517'143
Total non-current assets		<u>599'297</u>	<u>517'143</u>
TOTAL ASSETS		<u>888'423</u>	<u>944'766</u>

(The accompanying notes are an integral part of the financial statements)

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS, SWITZERLAND

BALANCE SHEET AS OF 31 DECEMBER 2019

	Note	31.12.2019	31.12.2018
		<u>CHF</u>	<u>CHF</u>
LIABILITIES, FUNDS AND CAPITAL			
Current liabilities	4		
Accounts payable		3'800	3'300
Total current liabilities		<u>3'800</u>	<u>3'300</u>
Non-current liabilities	4		
Long-term debt		100'000	100'000
Total non-current liabilities		<u>100'000</u>	<u>100'000</u>
Restricted funds	4		
Restricted income funds		192'142	176'741
Total restricted funds		<u>192'142</u>	<u>176'741</u>
Capital	4		
Initial capital		50'000	50'000
Unrestricted capital		514'750	582'922
Allocated capital		27'731	31'803
Total capital		<u>592'481</u>	<u>664'725</u>
TOTAL LIABILITIES, FUND AND CAPITAL		<u>888'423</u>	<u>944'766</u>

(The accompanying notes are an integral part of the financial statements)

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS, SWITZERLAND

STATEMENT OF OPERATIONS 2019

	Note	2019	2018
		Total	Total
		CHF	CHF
Operating income	5		
Private donations (unrestricted)		14'500	13'000
Legacies (unrestricted)		0	70'000
		<u>14'500</u>	<u>83'000</u>
Operating expense	5		
Donation made to Medair		-150'000	-50'000
Administrative expenses		-4'072	-5'178
		<u>-154'072</u>	<u>-55'178</u>
Operating result		-139'572	27'822
Financial result			
Financial income (realised)		2'289	2'156
<i>Unrestricted</i>		712	0
<i>Restricted</i>		1'577	2'156
Financial income (unrealised)		82'154	-66'707
<i>Unrestricted</i>		68'330	-62'737
<i>Restricted</i>		13'824	-3'970
Financial expense		-1'714	-1'634
Realised gain / (loss) on exchange		0	-1'264
		<u>82'729</u>	<u>-67'449</u>
Result before change in restricted funds		-56'843	-39'627
Changes in restricted funds		-15'401	1'814
Annual result before allocation to capital		<u>-72'244</u>	<u>-37'813</u>
(Allocation to) / Withdrawal from			
Unrestricted capital		68'172	32'635
Allocated capital		4'072	5'178
		<u>72'244</u>	<u>37'813</u>

(The accompanying notes are an integral part of the financial statements)

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS, SWITZERLAND

STATEMENT OF CHANGES IN FUNDS AND CAPITAL

2019	Opening balance	Allocations to	Withdrawals from	Financial result	Closing balance
	CHF	CHF	CHF	CHF	CHF
Restricted funds					
Staff support fund	176'741	1'577	0	13'824	192'142
Capital					
Initial capital fund	50'000	0	0	0	50'000
Unrestricted capital	582'922	15'212	-150'000	66'616	514'750
Administrative fund	31'803	0	-4'072	0	27'731
	664'725	15'212	-154'072	66'616	592'481
Total change in funds and capital	841'466	16'789	-154'072	80'440	784'623
2018	Opening balance	Allocations to	Withdrawals from	Financial result	Closing balance
	CHF	CHF	CHF	CHF	CHF
Restricted funds					
Staff support fund	178'555	2'156	0	-3'970	176'741
Capital					
Initial capital fund	50'000	0	0	0	50'000
Unrestricted capital	635'557	83'000	-70'000	-65'635	582'922
Administrative fund	16'981	20'000	-5'178	0	31'803
	702'538	103'000	-75'178	-65'635	664'725
Total change in funds and capital	881'093	105'156	-75'178	-69'605	841'466

(The accompanying notes are an integral part of the financial statements)

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

1. PRESENTATION – PURPOSE OF THE FOUNDATION

Medair Invest in Aid Foundation is a not-for profit foundation and promotes long-term financial support and endowment income for Medair.

The Medair Invest in Aid Foundation is organized in accordance with articles 80 and following of the Swiss Civil Code and the Statutes.

The Foundation has been registered at the Commercial Register of the Canton of Vaud (based in Moudon) on the 21 June 2001 and is located in Ecublens, Switzerland, Chemin du Croset 9, 1024 Ecublens, Switzerland.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. GENERAL

The Medair Invest in Aid Foundation financial statements have been prepared in accordance with the Statutes, the Swiss Code of Obligations and with Swiss GAAP FER 21 under the historical cost convention. The Swiss GAAP FER recommendations provide a true and fair view of the foundation's financial position and the results.

The date of transition to Swiss GAAP FER is 1 January 2014. The main changes resulting from the application of Swiss GAAP FER 21, rather than the Swiss Code of Obligation, are changes in presentation and disclosure.

The reporting currency is the Swiss francs (CHF).

2.2. REVENUE AND EXPENSE RECOGNITION

Revenue is recognised when it is probable that the economic benefits associated with the transaction will inure to the benefit of the Medair Invest in Aid Foundation and can be reliably estimated. All expenses are accounted for on an accrual basis.

2.3. RELATED PARTIES

Medair, Ecublens, as well as all entities of the Medair group, is a related party.

2.4. FINANCIAL ASSETS

Financial assets comprise marketable securities. They are stated at fair value. The Foundation has the intent to hold these securities more than 12 months.

2.5. RESTRICTED FUNDS

Restricted funds represent amounts received by the Medair Invest in Aid Foundation from donors, where the purpose of the contribution is specific to defined activities carried out by Medair.

The Staff support fund facilitates Medair staff care, support and training.

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

2.6. TAX EXEMPTION

By nature of its statutes, the Foundation is exempt from paying taxes on income and capital. This tax exemption status has been confirmed by the Canton of Vaud fiscal authorities in 1991.

2.7. FOREIGN CURRENCY CONVERSION

At the end of each month the value of each financial investment is estimated at their value in CHF by the partners Bank Bonhôte where the financial investments of the foundation are held. For consistency purposes with those reports from the partner Bank, it is proposed to use this bank end of year closing exchange rate to value cash held in other currencies than the Swiss francs. These are the two relevant exchange rates used:

Closing exchange rates: 1 USD = 0.9668 CHF 1 EURO = 1.0867 CHF

EXPLANATION ON THE DETAILS OF THE FINANCIAL STATEMENTS

DETAILS OF THE BALANCE SHEET

The following sections provide a breakdown of the main items on the Balance Sheet, the Statement of Operations, and the Statement of Changes in Capital and Funds.

3. ASSETS

Current assets	3	31.12.2019	31.12.2018
Cash		288 351	426 216
Receivables		775	1 407
Total current assets		<u>289 126</u>	<u>427 623</u>
Non-current assets	3	31.12.2019	31.12.2018
Financial assets		599 297	517 143
Total non-current assets		<u>599 297</u>	<u>517 143</u>

The financial assets are the amount of capital invested in financial securities, at their year-end fair value in CHF. This evaluation is made by the partner Bank of the Medair Invest in Aid Foundation holding the financial investments of the foundation. The difference between the two years is the financial result, as no new investments have been made in 2019.

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

4. LIABILITIES, FUND AND CAPITAL

Current liabilities	4	31.12.2019	31.12.2018
Accounts payable		3 800	3 300
Total current liabilities		3 800	3 300

The accounts payable balance includes the expected costs of the 2019 audit as well as the cost for the controls and supervision by the Swiss Federal Surveillance Authority of Foundations not yet paid for two years (500 CHF per year).

Non-current liabilities	4	31.12.2019	31.12.2018
Long-term debt		100 000	100 000
Total non-current liabilities		100 000	100 000

The long-term debt corresponds to an interest free loan that a private individual provided to the Foundation. This loan has been made under the agreement that the Foundation has up to one year to refund the private individual, if such a refund request would be addressed to the Foundation. This is not currently the case. This first loan of 50'000 CHF was originally made in December 2013. A second loan of the same amount of 50'000 CHF has been made in 2016 by the same private individual, under the same agreement.

Restricted funds	4	31.12.2019	31.12.2018
Restricted income funds		192 142	176 741
Total restricted funds		192 142	176 741

The restricted funds are all linked and included in the Staff support fund who is set up to facilitates Medair staff care, support and training. The increase in value is due to the financial result.

Capital	4	31.12.2019	31.12.2018
Initial capital		50 000	50 000
Unrestricted capital		514 750	582 922
Allocated capital		27 731	31 803
Total capital		592 481	664 725

The initial capital is the capital that Medair gave to the Foundation as start-up capital. The unrestricted capital is all the donations and legacies received by the Foundation without any particular restrictions and conditions. The allocated capital is the capital of the Foundation allocated to Administrative fund to ensure the coverage of the administrative expenses of the Foundation.

Unrestricted funds are allocated to the Administrative fund as needed. This was not needed in 2019.

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

5. DETAILS OF THE STATEMENT OF OPERATIONS 2018

	Note	2019	2018
		Total CHF	Total CHF
Operating income	5		
Private donations (unrestricted)		14 500	13 000
Legacies (unrestricted)		0	70 000
		14 500	83 000

The operating income is made of private donations and legacies received by the Foundation.

	5	2019	2018
Operating expense			
Donation made to Medair		-150 000	-50 000
Administrative expenses		-4 072	-5 178
		-154 072	-55 178

The operating expenses are made of the donations made to support Medair's activities and the administrative and management expenses of the Foundation.

Donation made to Medair

During the year 2019 a special donation of 150'000 CHF has been done to support Medair at the occasion of the 30 years of the humanitarian aid organisation.

The donation was made to support Medair organize a number of events and celebrations during this special year.

Medair has organised a number of Lunch and Learn events; a first alumni week-end reunion; an evening of special celebrations and thankfulness was also organised.

And eventually Medair organised a big classical music concert in October 2019.

All these special events, celebrations and alumni reunion meant significant additional costs to Medair, and the support of the Foundation has been instrumental in making those activities possible.

Administrative expenses

The Foundation does not have any employee. The administrative expenses are mainly composed of the audit fees, the yearly membership of the Pro-Fonds association of foundations, and legal fees (Total of CHF 4'072).

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019

Operating Result

This gives an operating result of – 139'572 CHF, for the year 2019.

	2019	2018
Operating result	-139 572	27 822

Result before change in restricted funds

When considering the financial result of 82'730 CHF, we arrive at a result, before change in restricted funds of – 56'843 CHF, for the year 2019.

	2019	2018
Result before change in restricted funds	-56 843	-39 627

6. REMUNERATION OF THE GOVERNING BODIES OF THE FOUNDATION

The members of the Governing Bodies of the foundation do not receive any remuneration in respect of their activities within the Foundation.

7. NEW FINANCIAL RISKS RELATED TO THE COVID-19 PANDEMIC

At the time of completing the 2019 financial statements of the Medair Invest in Aid Foundation and writing the notes, the Covid-19 pandemic is spreading widely and massively around the world. After the health crisis that is affecting more and more countries, the economic crisis is closely following this public health crisis and will increasingly spread its negative effects around the world.

After the beginning of this crisis, the financial markets have reacted negatively, with significant losses in the value of financial investments.

At the beginning of April 2020, the values of the Foundation's financial investments returned to their values at the end of 2018, i.e. an overall decrease of around 15%, or CHF 80,000. At this stage, these are unrealized losses. The investment strategy of the Foundation is not to sell in the short term the financial assets of the Foundation. We will continue to monitor the developments of the market, however no significant improvements are expected in the near future.