

To the Foundation Council of the foundation of the

Medair Invest in Aid Foundation, Ecublens

Lausanne, 1 July 2021

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 2020. 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)

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 2020

	Note	31.12.2020	31.12.2019
		CHF	CHF
ASSETS			
Current assets	3		
Cash		1'173'139	288'351
Receivables		1'574	775
Total current assets		1'174'713	289'126
Non-current assets	3		
Financial assets		634'441	599'297
Total non-current assets		634'441	599'297
TOTAL ASSETS		1'809'154	888'423

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

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS, SWITZERLAND

BALANCE SHEET AS OF 31 DECEMBER 2020

	Note	31.12.2020	31.12.2019
		CHF	CHF
LIABILITIES, FUNDS AND CAPITAL			
Current liabilities	4		
Accounts payable		8'181	-
Provisions and accrued liabilities		3'427	3'800
Total current liabilities		11'608	3'800
Non-current liabilities	4		
Long-term debt		100'000	100'000
Long-term debt to a related party		881'030	-
Total non-current liabilities		981'030	100'000
Restricted funds	4		
Restricted income funds		199'998	192'142
Total restricted funds		199'998	192'142
Capital	4		
Initial capital		50'000	50'000
Unrestricted capital		542'909	514'750
Allocated capital		23'609	27'731
Total capital		616'518	592'481
TOTAL LIABILITIES, FUND AND CAPITAL		1'809'154	888'423

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

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS, SWITZERLAND

STATEMENT OF OPERATIONS 2020

	Note	2020	2020	2020	2019
		Unrestricted	Restricted	Total	Total
		CHF	CHF	CHF	CHF
Operating income	5				
Private donations (unrestricted)		10'500	-	10'500	14'500
Legacies (unrestricted)		-	-	-	-
		<u>10'500</u>	<u>-</u>	<u>10'500</u>	<u>14'500</u>
Operating expense	5				
Donation made to Medair		-	-	-	-150'000
Administrative expenses		-4'122	-	-4'122	-4'072
		<u>-4'122</u>	<u>-</u>	<u>-4'122</u>	<u>-154'072</u>
Operating result		6'378	-	6'378	-139'572
Financial result					
Financial income (realised)		810	1'615	2'425	2'289
<i>Unrestricted</i>				810	712
<i>Restricted</i>				1'615	1'577
Financial income (unrealised)		22'331	6'241	28'572	82'154
<i>Unrestricted</i>				22'331	68'330
<i>Restricted</i>				6'241	13'824
Financial expense		-1'740	-	-1'740	-1'714
Interest charges on loan from Medair		-3'538	-	-3'538	-
Realised gain / (loss) on exchange		-204	-	-204	-
		<u>17'659</u>	<u>7'856</u>	<u>25'515</u>	<u>82'729</u>
Result before change in restricted funds		24'037	7'856	31'893	-56'843
Changes in restricted funds		-	-7'856	-7'856	-15'401
Annual result before allocation to capital		<u>24'037</u>	<u>-</u>	<u>24'037</u>	<u>-72'244</u>
(Allocation to) / Withdrawal from					
Unrestricted capital		-28'159	-	-28'159	68'172
Allocated capital		4'122	-	4'122	4'072
		<u>-24'037</u>	<u>-</u>	<u>-24'037</u>	<u>72'244</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

2020	Opening balance	Allocations to	Withdrawal s from	Financial result	Closing balance
	CHF	CHF	CHF	CHF	CHF
Restricted funds					
Staff support fund	192'142	1'615	-	6'241	199'998
Capital					
Initial capital fund	50'000	-	-	-	50'000
Unrestricted capital	514'750	11'310	-	16'849	542'909
Administrative fund	27'731	-	-4'122	-	23'609
	592'481	11'310	-4'122	16'849	616'518
Total change in funds and capital	784'623	12'925	-4'122	23'090	816'516
2019	Opening balance	Allocations to	Withdrawal s from	Financial result	Closing balance
	CHF	CHF	CHF	CHF	CHF
Restricted funds					
Staff support fund	176'741	1'577	-	13'824	192'142
Capital					
Initial capital fund	50'000	-	-	-	50'000
Unrestricted capital	582'922	15'212	-150'000	66'616	514'750
Administrative fund	31'803	-	-4'072	-	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

(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 2020

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 2020

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 = 0.881 CHF 1 EURO = 1.0806 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		31.12.2020	31.12.2019
Cash			1 173 139	288 351
Receivables			1 574	775
Total current assets			1 174 713	289 126
Non-current assets	3		31.12.2020	31.12.2019
Financial assets			634 441	599 297
Total non-current assets			634 441	599 297
TOTAL ASSETS			1 809 154	888 423

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 mostly the financial result, as only one new investment has been made in 2020, of a small size, bought for an amount of 6'572 CHF.

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

4. LIABILITIES, FUND AND CAPITAL

Current liabilities	4	31.12.2020	31.12.2019
Accounts payable		8 181	-
Provisions and accrued liabilities		3 427	3 800
Total current liabilities		11 608	3 800

As far as accounts payable are concerned, during the year 2020 a number of expenses due where all paid at the beginning of 2021, for different reasons. This is a temporary situation. As a consequence, the account payable in the Financial Statements are higher than usual. It includes two years of fees due to the Surveillance Authorities (2018 and 2019), one year of audit costs (2019), the membership to the Profonds Foundation for 2020, the costs of the invest-in-aid.ch domain and some administrative fees from the "Registre du Commerce, Vaud". The total amount of this part of the accounts payable is 4'642.65 CHF.

In addition, a new type of cost is added, it is the interest charges due to Medair that will all be paid after three years, that is in 2023 only. The interest rate is 3% per annum and it has been pro-rated to the number of days of the loan in 2020. The total amount of interest charges due is 3'538 CHF.

It is expected that in 2021 the accounts payable will return to a more usual amount, for the running expenses, but with a significant overall increase due to the addition of the interest charges due to Medair for its loan and carried forward until 2023.

A new item has been added under current liabilities. It seemed preferable to create a "Provisions and accrued liabilities" to allocate short-term costs incurred in relation to the year 2020, but which will not be invoiced until 2021. These are the estimated costs of the statutory annual audit of the 2020 accounts as well as the costs of the controls and supervision by the Federal Supervisory Authority of Foundations for the year 2020. The total estimated amount of this new liability item is CHF 3,427.15.

Non-current liabilities	4	31.12.2020	31.12.2019
Long-term debt		100 000	100 000
Long-term debt to a related party		881 030	-
Total non-current liabilities		981 030	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.

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

The long-term debt to a related party is a new amount of 1'000'000 USD that Medair has transferred to the Foundation as a long-term loan with an interest rate of 3% per annum. This amount is kept in USD. The amount is equivalent to 881'030 CHF at year end. The objective of this latter loan, offered by Medair to the Foundation, is aimed at encouraging and facilitating Medair to set aside financial reserves, over the years. This transfer is made in the form of a loan to allow Medair to retain full ownership and to continue to show this amount as capital on its balance sheet.

Medair is implementing this financial reserve building action, in partnership with the Foundation, within a longer-term financial health reinforcement strategy. The Foundation is for the time being keeping those funds in cash. It may in the future invest them, in a conservative manner, like in fiduciary investments.

Restricted funds	4	31.12.2020	31.12.2019
Restricted income funds		199 998	192 142
Total restricted funds		199 998	192 142

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	31.12.2020	31.12.2019
Initial capital		50 000	50 000
Unrestricted capital		542 909	514 750
Allocated capital		23 609	27 731
Total capital		616 518	592 481

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 2020.

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

5. DETAILS OF THE STATEMENT OF OPERATIONS 2020

	Note	2020	2019
		Total	Total
		CHF	CHF
Operating income	5		
Private donations (unrestricted)		10 500	14 500
Legacies (unrestricted)		-	-
		10 500	14 500

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

Operating expense	5	2020	2019
Donation made to Medair		-	-150 000
Administrative expenses		-4 122	-4 072
		-4 122	-154 072

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 2020, the Council of the Foundation decided not to make a new donation to Medair, partly because of the special and large donation already made in 2019.

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

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 4'122).

Operating Result

This gives a positive operating result of 6'378 CHF, for the year 2020.

		2020	2019
Operating result		6 378	-139 572

MEDAIR INVEST IN AID FOUNDATION, ECUBLENS

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

Result before change in restricted funds

When considering the financial result of 25'515 CHF, we arrive at a result, before change in restricted funds, of 31'893 CHF, for the year 2020.

	2020	2019
Result before change in restricted funds	31 893	-56 843

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 2020 financial statements of the Medair Invest in Aid Foundation and writing the notes, the Covid-19 pandemic has spread widely and massively around the world during the year 2020, and this is continuing to this date. Nevertheless, there is now hope and light at the end of the tunnel, while a massive vaccination campaign has started to protect communities against the COVID-19. While it is starting mostly in northern countries, this will eventually also spread around the world as more vaccines are produced and are being made available more widely.

After the beginning of this crisis, the financial markets have reacted negatively, with significant losses in the value of financial investments. But by the end of 2020, the financial investments values had come back to the values at the end of 2019, with even an overall limited gain in value.

The Foundation will continue to monitor the developments of the financial market, during the year 2021, and hopefully the improvements already seen will continue to materialize.