

REPORT ON FINANCIAL PERFORMANCE

MEDAIR LEADERSHIP

The International Board of Trustees is elected from the membership of the Medair Association. There must be a minimum of five Board members, who serve three-year terms. The Chief Executive Officer (CEO) is appointed by and responsible to the Board for the management and operation of the organisation. The Executive Leadership Team assists him in this responsibility. International Board of Trustees and Executive Leadership Team members as of 31 December 2020 are presented below.

INTERNATIONAL BOARD OF TRUSTEES

James Featherby, Chair
Fraser Bell, Vice-Chair
Patrick Beringer, Secretary
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Rachel Forster, Member
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Heidi Cockram, Information Technology Services Director
BingMei Hao, Finance Director
James Jackson, Executive Office and Legal Director
Cynthia Labi, Human Resource Director
Jean-Bernard Palthey, Engagement Director
Anne Reitsema, International Programme Director



Report of the statutory auditor

with consolidated financial statements as at 31 December 2020 of Medair, Ecublens, Switzerland

To the Board of Trustees of
Medair, Ecublens

Lausanne, 5 June 2021

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Medair, which comprise the balance sheet, income statement, cash flow statement, statement of changes in funds and in capital and notes, for the year ended 31 December 2020. According to the Swiss GAAP FER 21, the Performance report is not subject to the audit of the financial statements.



Board of trustees' responsibility

The Board of trustees are responsible for the preparation of these consolidated financial statements in accordance with Swiss GAAP FER, the requirements of Swiss law and the deed of foundation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of trustees is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2020 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 comply with Swiss law and the statutes.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 69b Swiss Civil Code (CC) in relation with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 69b CC in relation with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of trustees.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd



Karine Badertscher Chamoso

Licensed audit expert
(Auditor in charge)



Denada Cenko

MEDAIR

Audited Consolidated Financial Statements
as at 31st December 2020

in US dollars (USD)

Statement of Financial Position
as at 31st December 2020

USD

	Note	<u>December 31, 2020</u>	<u>December 31, 2019</u>
		USD	USD
ASSETS			
CURRENT ASSETS			
Cash and bank accounts	6	13,432,422	9,924,914
Donor receivables	7	11,684,762	13,359,226
Other receivables	7	209,999	672,114
Inventory		48,181	64,158
Prepayments		<u>1,253,361</u>	<u>1,091,830</u>
		26,628,725	25,112,242
LONG-TERM ASSETS			
Financial assets	9	1,196,394	191,323
Capital assets	10	<u>640,744</u>	<u>797,209</u>
		1,837,138	988,532
TOTAL ASSETS		<u>28,465,863</u>	<u>26,100,774</u>
LIABILITIES, FUNDS, AND CAPITAL			
CURRENT LIABILITIES			
Accounts payable	12	1,689,964	2,310,907
Donor payables		287,472	262,919
Short-term debt		-	-
Accrued liabilities		3,670,088	2,810,651
Deferred revenue	11	6,115,981	6,151,182
Provisions	13	3,099,709	1,008,890
End-of-contract benefits	14	<u>35,346</u>	<u>216,685</u>
		14,898,560	12,761,234
LONG-TERM LIABILITIES			
Long-term debt		2,229,204	3,052,921
End-of-contract benefits	13	<u>566,515</u>	<u>505,599</u>
		2,795,719	3,558,520
TOTAL LIABILITIES		<u>17,694,279</u>	<u>16,319,754</u>
RESTRICTED FUNDS			
	2.15		
Restricted income funds		507,981	737,620
Restricted programme funds		<u>1,265,576</u>	<u>1,216,418</u>
		1,773,557	1,954,038
CAPITAL/UNRESTRICTED FUNDS			
	2.16		
Unrestricted capital		-	-
Allocated capital		<u>8,998,027</u>	<u>7,826,982</u>
Administrative fund		1,350,000	1,323,900
Capital equipment fund		640,744	797,209
Foreign exchange fund		500,000	987,580
Liquidity reserves fund		2,375,087	2,375,087
Continuity reserves fund		4,087,073	2,298,083
Training fund		45,123	45,123
		8,998,027	7,826,982
TOTAL FUNDS AND CAPITAL		<u>10,771,584</u>	<u>9,781,020</u>
TOTAL LIABILITIES FUNDS, AND CAPITAL		<u>28,465,863</u>	<u>26,100,774</u>

Income Statement 31st December 2020

USD

	Note	<u>December 31, 2020</u>	<u>December 31, 2019</u>
		Total	Total
OPERATING INCOME			
Grants (Restricted)		72,646,683	75,141,964
<i>Institutional Grants</i>		67,006,991	66,222,469
<i>Other Grants</i>		5,639,692	8,919,495
Private Donations		11,614,736	9,497,226
<i>Unrestricted</i>		5,201,134	4,875,850
<i>Restricted</i>		6,413,602	4,621,376
Gifts-in-kind	17	6,121,960	5,519,896
Other income	18	265,371	432,240
<i>Unrestricted</i>		192,127	389,243
<i>Restricted</i>		73,244	42,997
	16	<u>90,648,750</u>	<u>90,591,326</u>
OPERATING EXPENSE			
Humanitarian expense	19	-83,726,055	-82,799,974
Administrative expense	20	-6,567,780	-6,855,710
	21	<u>-90,293,835</u>	<u>-89,655,684</u>
OPERATING RESULT		<u>354,915</u>	<u>935,642</u>
FINANCIAL RESULT			
Financial income		422,890	9
Financial expense		-111,652	-79,661
Realised gain/(loss) on exchange		381,299	-758,868
Unrealised gain/(loss) on exchange		-56,888	-33,824
		635,649	-872,344
RESULT BEFORE EXTRAORDINARY INCOME		<u>990,564</u>	<u>63,298</u>
Extraordinary income		-	-
RESULT BEFORE CHANGE IN FUNDS		<u>990,564</u>	<u>63,298</u>
FUND ALLOCATIONS			
Withdrawal from/(allocated to) restricted funds		180,481	-906,928
ANNUAL RESULT BEFORE ALLOCATION TO CAPITAL		1,171,045	-843,630
Allocated to/(withdrawal from) unrestricted funds		-1,171,045	843,630
RESULT AFTER ALLOCATION		-	-

Cash Flow Statement 31st December 2020

USD

		<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATIONS			
Result before change in funds		990,564	63,298
Depreciation	2.9	418,768	534,321
(Increase)/decrease in donor receivables	2.5	1,674,464	-3,008,882
(Increase)/decrease in other receivables	2.5	462,115	-157,750
(Increase)/decrease in inventory	2.6	15,977	2,656
(Increase)/decrease in prepayments	2.7	-161,531	-30,119
Increase/(decrease) in deferred revenue		-35,201	-3,923,074
Increase/(decrease) in donor payables		24,553	146,143
Increase/(decrease) in accounts payable	2.10	-620,943	914,662
Increase/(decrease) in accrued liabilities	2.11	859,437	765,858
Increase/(decrease) in end-of-contract benefits	2.13	-120,423	95,317
Increase/(decrease) in provisions	2.12	2,090,819	77,890
		<u>5,598,599</u>	<u>-4,519,680</u>
CASH FLOW FROM INVESTING ACTIVITIES			
(Investments)/disposals in financial assets		-1,005,071	-20,726
(Investments) in capital assets		-262,303	-423,719
Disposals in capital assets		-	1,000
		<u>-1,267,374</u>	<u>-443,445</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(decrease) in long-term debt		-823,717	3,052,921
		<u>-823,717</u>	<u>1,058,226</u>
	CHANGES IN CASH	3,507,508	-3,904,899
CHANGE IN CASH BALANCES			
Opening balance		9,924,914	13,829,813
Closing balance		<u>13,432,422</u>	<u>9,924,914</u>
	CHANGES IN CASH	3,507,508	-3,904,899

Statement of Changes in Capital and Funds 2020

USD

	Opening balance	Allocation to / Income	Financial gain/(loss)	Internal Fund transfers	Operating expense (A)	Expenses charged to undesignated funds (B)	Withdrawal from (A + B)	Closing balance
RESTRICTED FUNDS								
Restricted income funds								
COVID19 response fund	-	807,447	-	-	-578,316	-	-578,316	229,131
Disaster risk management fund	-	-	-	-	-	-	-	-
Emergency response fund	718,109	-413,874	-	-25,385 b)	-	-	-	278,850
East Africa famine	-	-	-	-	-	-	-	-
Innovation in Aid Fund	-	13,176	-	-	-13,176	-	-13,176	-
Health & nutrition fund	-	-722	-	-	122	600	722	-
Refugee Aid Fund	3,190	-3,190	-	-	-	-	-	-
Rohingya crisis fund	-	-984	-	-	984	-	984	-
Shelter & infrastructure fund	202	-202	-	-	-	-	-	-
WASH fund	12,017	272,920	-	-	-285,123	186	-284,937	-
Women & Children Fund	4,102	-4,102	-	-	-	-	-	-
	737,620	670,469		-25,385	-875,509	786	-874,723	507,981
Restricted programme funds								
Afghanistan	-	5,919,953	-	-	-6,610,225	690,272	-5,919,953	-
Bangladesh	-	5,027,467	-	-	-5,342,037	314,570	-5,027,467	-
D.R. Congo	-	17,424,206	-	-	-18,712,579	1,288,373	-17,424,206	-
Honduras	-	168,099	-	-	-180,317	12,218	-168,099	-
Madagascar	-	1,157,221	-	-	-1,358,865	201,644	-1,157,221	-
Middle East Regional Programme	473,979	30,462,057	418,356	-	-32,255,317	1,772,064	-30,483,253	871,139
Philippines	330,961	1,440	-	-	-5,290	-	-5,290	327,111
Somalia	411,478	5,705,800	-	-	-6,073,276	-	-6,073,276	44,002
South Sudan	-	18,401,861	-	-	-19,016,711	614,850	-18,401,861	-
Sudan	-	336,253	-	-	-312,929	-	-312,929	23,324
Closed country programmes	-	19,204	-	25,385 b)	-6,181	-	-6,181	-
	1,216,418	84,585,153	418,356	25,385	-89,873,727	4,893,991	-84,979,736	1,265,576
TOTAL RESTRICTED FUNDS	1,954,038	85,255,622	418,356	-	-90,749,236	4,894,777	-85,854,459	1,773,557
CAPITAL/UNRESTRICTED FUNDS								
Unrestricted capital								
Undesignated funds	-	5,200,941	-	-306,164	-	-	-4,894,777	-
Allocated capital								
Administrative fund	1,323,900	192,187	-107,117	-582,603 a)	523,633	-	523,633	1,350,000
Capital equipment fund	797,209	-	-	-88,233	-68,232	-	-68,232	640,744
Foreign exchange fund	987,580	-	324,410	-811,990	-	-	-	500,000
Liquidity reserves fund (Operations fund)	2,375,087	-	-	-	-	-	-	2,375,087
Continuity reserves fund (Reserves fund HQ)	2,298,083	-	-	1,788,990	-	-	-	4,087,073
Training fund	45,123	-	-	-	-	-	-	45,123
Total allocated capital	7,826,982	192,187	217,293	306,164	455,401	-	455,401	8,998,027
TOTAL UNRESTRICTED FUNDS	7,826,982	5,393,128	217,293	-	455,401	-	-4,439,376	8,998,027
TOTAL CHANGES IN CAPITAL AND FUNDS	9,781,020	90,648,750	635,649	-	-90,293,835	-	-90,293,835	10,771,584

Note

- a) This is a net number after the field contribution in support of administrative costs
b) Final adjustments on closed country programmes booked in 2020 (USD -25'385) have been covered by our Emergency Response Fund.

Medair, Ecublens, Switzerland

Notes to the consolidated financial statements for the year ended 2020

1. Presentation

Medair helps people who are suffering in remote and devastated communities around the world survive crises, recover with dignity, and develop the skills they need to build a better future.

Medair was founded in 1989 and is established as an association under article 60 et seq. of the Swiss Civil Code. Medair is independent of any political, economic, social, or religious authority.

The Medair headquarters is located in Ecublens, Switzerland.

Medair
Chemin du Croset 9
1024 Ecublens
Switzerland

These consolidated financial statements for the year which ended on 31st December 2020 were authorised for public release in accordance with a resolution of the Board of Trustees on June 05th, 2021.

1.1. Medair affiliates and foundations

The Medair affiliate offices worldwide and foundations listed below are part of the Medair group of organisations. Each affiliate office is a separate legal entity with its own Board. The affiliates agree to support the work of Medair worldwide through affiliation and trademark agreements with Medair.

Medair Canada Hamilton Canada (Registered Charity)	Stichting Medair Nederland Amersfoort The Netherlands (Foundation)
Medair e.V. Deutschland Cologne Germany (Registered Association)	Medair UK London United Kingdom (Registered Charity – England and Wales)
Medair France Chabeuil France (Association)	Medair US Wheaton, Illinois United States of America (Not-for-profit organisation)

Two independent Swiss foundations also support the work of Medair. Medair Invest in Aid (MIAF) promotes long-term financial development and endowment income for Medair. Medair Staff Assistance Foundation (MSAF) assists expatriate staff with medical expenses, health insurance, and repatriation on behalf of Medair.

Medair Invest in Aid Ecublens Switzerland (Zewo certified)	Medair Staff Assistance Foundation Ecublens Switzerland
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These affiliates and foundations provide personnel, financial, and technical resources to the mission of Medair through a network of donors.

Medair, Ecublens, Switzerland

Notes to the consolidated financial statements for the year ended 2020

2. Significant accounting policies

2.1. Basis for preparing the consolidated financial statements

The consolidated financial statements have been prepared in accordance with the Swiss generally accepted accounting principles (Swiss GAAP RPC/FER). These financial statements present a true and fair view of Medair's assets, financial situation, and the results of operations.

The preparation of the consolidated financial statements requires the Executive Leadership Team to make judgements best estimates and assumptions that may affect the reported amounts of assets, liabilities, revenue, expenses, and disclosures at the reporting date.

These financial statements have been prepared using the historical cost convention. The accrual method of accounting has been used for all revenue and expenses incurred in Switzerland and the affiliate offices. The accrual method is also in use in country programmes.

The reporting currency is the US dollar (USD).

Unless otherwise stated, all amounts in these financial statements are rounded to the nearest thousand. As a result, there may be rounding differences between the amounts reported in the various notes.

Medair uses the fund accounting method in which all revenues and expenses are assigned to a specific fund. Revenues are recorded as restricted or unrestricted, depending on donor designation. All expenses are considered unrestricted. The net result of current year activities is allocated to fund balances at the close of the fiscal year.

2.2. Consolidation principles

These consolidated financial statements incorporate the income and expenses for all humanitarian programmes worldwide and the contribution made by the affiliates to those programmes. While some of programmes may be in countries where there is a legally registered Medair office, operational control (including the power to govern the operating and financial policies of the programmes) is maintained through the international headquarters in Switzerland.

Since 2020, Medair e.V. Deutschland is independent from Medair International (i.e.: neither controlled by nor subordinated to Medair International).

Thus Medair e.V. Deutschland is no longer in the scope of consolidation as of 2020.

For the remaining affiliates, Medair concluded that they do not meet the minimum threshold for full consolidation.

2.3. Comparative figures

Certain prior year amounts have been amended for consistency with the current period presentation. These changes had no material effect on the reported results of any period.

The closed country programmes as well as Middle East Programmes have been grouped to ease the presentation.

Medair, Ecublens, Switzerland

Notes to the consolidated financial statements for the year ended 2020

2.4. Foreign currency conversion

The financial statements are presented in USD, Medair's functional currency.

Foreign currency transactions are recorded in USD by applying to the foreign currency amount the current monthly exchange rate at the date of the transaction. The monthly exchange rate is calculated at the average daily exchange rates from the prior month. Exchange rate differences arising on the settlement of items held in foreign currencies, at rates different from those at which they were initially recorded, are recognised as realised gains/losses in the Consolidated Income Statement in the period in which they arise. Items on the Consolidated Statement of Financial Position that are held in foreign currency are revalued at year end using the closing foreign currency rate. Exchange rate differences arising from this revaluation are recognised as unrealised gains/losses in the Consolidated Income Statement.

The following exchange rates against the US dollar (USD) have been used:

USD/CHF	2020	2019
Closing exchange rate	1.13329	1.03368
Average exchange rate	1.05644	1.00578

2.5. Cash and cash equivalents

Cash and cash equivalents include the balances of all current accounts held for the headquarters and field locations, both in Switzerland and abroad. Cash and bank balances denominated in foreign currencies are valued at the exchange rates prevailing at year end.

2.6. Account receivables

Donor receivables and other receivables are revalued to closing exchange rates and, if required, are net of adjustments to reflect any risk of non-collection. The risk of non-collection is performed on a case by case analysis.

2.7. Inventory

Inventory consists of materials and supplies located in Switzerland and used in field programmes. Stock is recorded to inventory when purchased and items are expensed to the projects at the time they are shipped to the project countries. The value of the stocks is calculated based on actual costs according to the first-in-first-out principle. Inventory items are used exclusively for field programmes and are not for commercial resale.

Inventories held in the field are, for operational reasons, directly expensed/charged to the projects. The costs are comparable with the market and, if required, net of adjustments to reflect any risk of obsolete or damaged items.

2.8. Prepayments

Prepaid expenses consist of advance rent payments in the field, advance flight payments in the field, advance payments to our implementing partners, and cash advances to our internationally recruited staff.

2.9. Financial assets

Financial assets comprise blocked bank deposit accounts, investments in Medair Foundations (Medair Invest in Aid and Medair Staff Assistance Foundation) and a long-term loan to Medair Invest in Aid. They are stated at cost less any provisions for permanent impairment, if necessary.

Medair, Ecublens, Switzerland

Notes to the consolidated financial statements for the year ended 2020

2.10. Fixed assets

Fixed assets are Medair capital assets in use at the headquarters in Switzerland or in the performance of its humanitarian activities. All capital assets at field locations are considered restricted. These assets are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis over the expected useful lives of the related assets using the following periods:

IT & communication equipment	3 years
Other equipment (including Power equipment and Facility and fixtures)	3 years
HQ leasehold improvements	5 years
Vehicles	3 years

2.11. Accounts payable

Accounts payable consist of vendor payables, staff payables, social insurance expenses, and other payables. Accounts payable are recognised and carried at the original invoiced amount, revalued at closing exchange rates.

2.12. Accrued liabilities

This item consists of liabilities that are due but not yet billed at the closing date and that arise due to goods and services already received. This amount also includes vacation accruals for Swiss and internationally recruited staff. Accrued liabilities are recognised and carried at the anticipated amount to be invoiced.

2.13. Provisions

A provision is recognised when Medair has a present obligation as a result of a past event in which an unfavourable outcome is probable and the amount of loss can be reasonably estimated, at the best of the knowledge of Medair at the moment of booking.

2.14. Pension plan obligations

Medair's employees in Switzerland are insured against the economic consequences of old age, invalidity, and death, according to the provision of the Federal Law on Occupational Benefit Plans (LPP), by Patrimonia Foundation. According to the defined contribution plan covered by the collective foundation, the employees and the employer pay defined contributions. With this plan, while contributions are defined, final distributions or net returns are not defined and are not guaranteed. Risks are supported by the collective foundation.

End-of-contract benefits

These liabilities consist of end-of-contract benefits for nationally recruited staff in several of our field programmes. These benefits are mandated by local labour regulations in these countries. They are recognised when Medair has a present obligation and are classified as long-term and short-term liabilities.

Medair, Ecublens, Switzerland

Notes to the consolidated financial statements for the year ended 2020

2.15. Restricted funds

Restricted funds consist of restricted income funds and restricted programme funds. They are used according to the designation of the donor. In the unlikely event that the International Board of Trustees needs to redirect the funds or change the purpose of a restricted fund, the prior approval of affected donors is sought.

Restricted income funds

Restricted income funds are solicited from private donors for a specific cause. They augment programme funds in certain humanitarian operations. They may also be used for organisational capacity-building, such as training courses and materials, staff workshops, etc. Allocation of these funds to specific programmes is decided by the Executive Leadership Team where the activities of the programme are within the scope of funders' restrictions.

COVID19 response fund	Restricted to COVID-19 programmes.
Disaster risk management fund	Restricted to programmes with disaster risk management activities.
East Africa famine fund	Restricted to programmes affected by the East Africa famine.
Emergency response fund	Facilitates immediate intervention in the event of a new or developing humanitarian emergency.
Innovation in aid fund	Restricted to innovation in humanitarian activities to enhance efficiency of our operations on the field.
Health & nutrition fund	Restricted to programmes with medical, nutrition, or health promotion activities.
Refugee aid fund	Restricted to programmes destined to supporting refugees.
Rohingya crisis fund	Restricted to Rohingya crisis programmes.
Shelter & infrastructure fund	Restricted to programmes with housing and other infrastructure construction activities.
WASH fund	Restricted to programmes related directly to water, sanitation, and hygiene (WASH) activities.
Women & children fund	Restricted to programmes for women and children.

Restricted programme funds

Programme funds are the current liabilities for unfinished humanitarian programmes at year end. They consist of unspent local grants and private donations given in support of a specific humanitarian operation. A restricted programme fund is maintained for each country in which Medair operates.

2.16. Capital/Unrestricted funds

These funds are the general reserves of Medair. They consist of unrestricted capital and allocated capital that facilitate operational management. Use of these funds is at the discretion of the Executive Leadership Team.

Medair, Ecublens, Switzerland

Notes to the consolidated financial statements for the year ended 2020

Unrestricted capital

Undesignated funds Private donations that are not designated to a specific programme or cause by the donor.

Allocated capital

Administrative fund Used for the general administrative costs of the organisation.
Capital equipment fund Used for the purchase of Medair-owned assets.
Foreign exchange fund Used to support the foreign exchange risk of the organisation.
Liquidity reserves fund Formally named Operations fund - used to support the cash-flow requirements of field programmes.
Continuity reserves fund Formally named Reserves fund - used to support Medair capability in responding rapidly to unplanned emergencies
Training fund Used for the professional development of Medair personnel.

2.17. Revenue recognition and financing contracts

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

Grants: Contract revenue is presented as constructively earned according to the percent of completion method (POCM). The portion of a contract constructively earned is determined by calculating actual contract expense to the total contract budget for each donor contract. It is recognised as revenue in respect of the year when the financial expenses are incurred, in order to comply with the principle of correspondence between expenditure and income.

Donor receivables: Project grants awarded to Medair are shown on the Consolidated Statement of Financial Position in the same year as the related project costs can be declared to the donor.

Contingent assets/Donor receivables: Financing contracts between donors and Medair are disclosed in the notes under contingent assets/donor receivables at the moment of a written confirmation. Financing contracts are considered as contingent assets owing to uncertainties associated with their receipts. These uncertainties concern the stipulations mentioned in the contracts and the instability of the contexts in which Medair operates, which may result in the asset being returned to the donor.

The related budgetary obligations are considered as contingent liabilities.

Deferred income: Revenue relating to future years is recorded on the Consolidated Statement of Financial Position as deferred income. Deferred income is calculated for each individual grant. It is the excess of cash receipts compared to expenses incurred.

Private donations are recorded as revenue when received and designated to restricted or unrestricted funds, according to donor preference.

When the donor designates the gift toward a specific cause, the donation is considered restricted. Restricted funds that have not been used at the end of the year are presented in a separate section of the Consolidated Statement of Financial Position as restricted funds.

Medair, Ecublens, Switzerland

Notes to the consolidated financial statements for the year ended 2020

2.18. Gifts-in-kind

Gifts-in-kind are an integral part of Medair's humanitarian programme. No distinction is made between gifts-in-kind that are provided through donor contracts or non-contractual donations for distribution to beneficiaries of our projects. Medair is fully responsible for the receipt, storage, transportation, accounting, and distribution of these materials.

Gifts-in-kind received are recorded as income and expense in Medair accounts. The contributions are valued on the basis of the donation certificate or the contract with the donor.

2.19. Programme expenditures

Expenditures on goods, materials, and services related to programmes are recorded when the costs are incurred. As a result, the inventories stated on the Consolidated Statement of Financial Position do not include goods and materials acquired for the projects but still not used by year end.

3. Tax exemption

Medair is exempt from Swiss income tax and capital tax according to a decision from the Department of Finance, Canton of Vaud, dated 27 January 2010.

4. Performance report

In accordance with the Swiss GAAP RPC/FER 21, Medair produces a performance report, which has been integrated with the financial statements to create the Medair Annual Report.

5. Management of financial risks

Risks are periodically analysed on an organisation-wide basis by the Executive Leadership Team, which results in a report that is submitted to and reviewed by the International Board of Trustees. In terms of financial risks, we draw your attention to the following items:

5.1. Foreign exchange risk

Medair is exposed to exchange-rate fluctuations, insofar as a significant portion of its income and expenses are in foreign currency or non-US dollars. Medair has no active foreign exchange risk hedging policy and tends to convert currencies as and when they are required. Furthermore, Medair established a Foreign Exchange Fund in order to absorb the fluctuations.

5.2. Banking risk

The Policy on Investment and Cash Placement dictates that Medair avoid concentrating this risk by working in Switzerland with two Swiss banks. In the field, Medair works with some 25 international and local banks; the policy in the field is to limit the volume of bank deposits to the level strictly required for immediate operational needs.

5.3. Counterparty risk

The counterparty risk is limited, insofar as governments or governmental agencies issue most of the receivables for amounts owed by third parties. Other asset positions concern the related parties of the Medair group of organisations and are not significant.

Medair, Ecublens, Switzerland

Notes to the consolidated financial statements for the year ended 2020

5.4. Liquidity risk

Medair's policy is to ensure a sufficient level of liquidity for its operations at all times; consequently, funds are kept in liquid form.

In order to further mitigate this risk in the short term, Medair has renegotiated a cash flow loan facility in 2019 with UBS. The available loan facility is currently CHF 3,000,000 (USD 3,399,870). The interest rate on this loan is 1.15% per annum. If utilized, this credit facility has a maximum duration of 6 months and must be completely reimbursed; no utilization is authorized within the next following 2 months. Medair did not utilize this credit facility in 2020, nor in 2019.

Medair also has a second cash flow loan facility with a second private creditor. The amount available on this second facility is CHF 3,000,000 (USD 3,399,870). The interest rate is 3.0 %. There is no maturity date on the loan. This cash flow loan facility was put in place in 2007.

Detail on the Consolidated Statement of Financial Position

The following sections provide a breakdown of the main items on the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Cash Flow Statement, and the Consolidated Statement of Changes in Capital and Funds.

6. Cash and cash equivalents

USD	31/12/2020	31/12/2019
Field	3,568,288	3,253,004
HQ	9,864,134	6,671,910
TOTAL	13,432,422	9,924,914

7. Donor receivables and Other receivables

Donor receivables (USD)	31/12/2020	31/12/2019
Government partners	10,818,782	11,235,573
Humanitarian partners	865,956	2,110,881
Private, public, and corporate organisations	24	12,772
TOTAL	11,684,762	13,359,226
Other receivables (USD)	31/12/2020	31/12/2019
General debtors	116,685	648,306
Foundations and affiliates	93,314	23,808
TOTAL	209,999	672,114

Foundations and affiliates: Medair has invoiced in December 2020 the full year services provided for accounting and administrative work to Medair Staff Assistance Foundation, whereas those services were invoiced on a quarterly basis in 2019.

Medair, Ecublens, Switzerland

Notes to the consolidated financial statements for the year ended 2020

8. Contingent asset/donor receivables

Financing contracts are considered as contingent assets owing to uncertainties associated with their receipt. These uncertainties are based on stipulations mentioned in the contracts, the instability of the context in which Medair operates, and the fact that these assets could be returned to donors.

These contingent assets consist of donor grants in the following currencies:

Currency	31/12/2020	31/12/2019
AFA	1,183,994	1,182,837
BDT	19,623,410	4,596,077
CAD	2,138,819	475,037
CHF	5,700,173	3,451,991
EUR	10,959,960	5,790,950
GBP	1,330,309	2,066,737
JOD	388	388
MGA	593,496,051	
LBP	65,599,954	65,599,954
NZD	173,218	50,029
SEK	572,023	501,981
USD	33,296,532	31,270,713
Total equivalent in USD	55,708,536	44,556,347

The expected cash receipt in equivalent USD is as follows. This USD figure is based on donor-specified exchange rates.

Anticipated revenue stream		
	USD	
	31/12/2020	31/12/2019
2020	-	42,393,998
2021	46,590,625	2,162,349
2022	8,827,145	-
2023	290,766	
TOTAL	55,708,536	44,556,347

The related budgetary obligations are considered as contingent liabilities.

9. Financial assets

In 2020, Medair has signed a loan agreement of 1,000,000 USD with Medair Invest in Aid. The interest rate on this loan is 3.00% per annum and have been accrued. Medair Invest in Aid will make repayment to Medair in one lump sum or in instalment by the end of October 30st, 2023.

	USD	2020	2019
Medair Invest in Aid loan		1,004,110	-
Guarantee deposits		135,619	141,366
Foundation deposits		56,665	49,957
Total		1,196,394	191,323

Medair, Ecublens, Switzerland

Notes to the consolidated financial statements for the year ended 2020

10. Capital assets

		2020					
USD	Asset group	IT	Other	HQ leasehold	Vehicles	Assets under construction	Total
Total	Opening book value	179,344	23,140	135,908	458,817	-	797,209
Assets	Closing balance 31.12.19	1,610,896	444,525	408,319	3,812,905	-	6,276,645
	Opening balance 1.1.20	1,610,896	444,525	408,319	3,812,905	-	6,276,645
	2020 additions	44,000	26,325		-5,000	196,978	262,303
	2020 disposals	-21,034	-47,665	-8,135	-528,288		-605,123
	Closing balance 31.12.20	1,633,861	423,185	400,184	3,279,618	196,978	5,933,826
Accumulated depreciation	Closing balance 31.12.19	-1,431,552	-421,385	-272,411	-3,354,088		-5,479,436
	Opening balance 1.1.20	-1,431,552	-421,385	-272,411	-3,354,088		-5,479,436
	2020 disposals	21,034	47,665	8,135	528,288		605,123
	2020 depreciation	-35,529	-97,702		-285,537		-418,768
	Closing balance 31.12.20	-1,446,046	-471,422	-264,276	-3,111,338		-5,293,082
Total	Closing book value	187,815	-48,237	135,908	168,280	196,978	640,744

Total assets net book value at 31.12.2020 is 640,744 USD:

- Assets put into service: 443,766
- Assets under construction (new ERP): 196,978

		2019					
USD	Asset group	IT	Other	HQ leasehold	Vehicles	Total	
Total	Opening book value	86,248	18,007	170,662	633,896	908,813	
Assets	Closing balance 31.12.18	1,489,259	355,517	408,319	3,600,831	5,853,926	
	Opening balance 1.1.19	1,489,259	355,517	408,319	3,600,831	5,853,926	
	2019 additions	121,637	89,008	-	213,074	423,719	
	2019 disposals	-	-	-	-1,000	-1,000	
	Closing balance 31.12.19	1,610,896	444,525	408,319	3,812,905	6,276,645	
Accumulated depreciation	Closing balance 31.12.18	-1,403,012	-337,511	-237,657	-2,966,935	-4,945,115	
	Opening balance 1.1.19	-1,403,012	-337,511	-237,657	-2,966,935	-4,945,115	
	2019 disposals	-	-	-	-	-	
	2019 depreciation	-28,540	-83,874	-34,754	-387,153	-534,321	
	Closing balance 31.12.19	-1,431,552	-421,385	-272,411	-3,354,088	-5,479,436	
Total	Closing book value	179,344	23,140	135,908	458,817	797,209	

Medair, Ecublens, Switzerland

Notes to the consolidated financial statements for the year ended 2020

11. Deferred revenue

USD	2020	2019
Afghanistan	331,166	232,582
Bangladesh	244,787	32
DR Congo	430,648	731,851
Madagascar	237,798	320,818
Middle East Regional Programme	4,149,164	4,079,796
Somalia	38,744	69,934
South Sudan	428,242	716,167
Sudan	255,432	-
TOTAL	6,115,981	6,151,182

Please refer to the note 15 below about the Sudan programme.

12. Accounts payable

Accounts payable consist of vendor payables and Medair foundation and affiliate payables. Within Staff payable, there is an amount of 661k towards the Internationally recruited employees related to end of contract benefit.

Payables (USD)	31/12/2020	31/12/2019
Vendors payable	659,398	1,007,694
Foundation and affiliate creditors	93,902	576,639
Staff payable	936,664	726,574
TOTAL	1,689,964	2,310,907

13. Provisions

USD	31/12/2020	31/12/2019
Opening balance	1,008,890	931,000
Additions	2,089,249	160,775
Utilisations	1,570	-
Dissolutions	-	-82,885
Closing balance	3,099,709	1,008,890

These provisions relate to the Negotiated Indirect Cost Rate Agreement (NICRA) with USAID, Audit reclaims (ECHO and MCC), Medair staff end of contract benefits in the South Sudan programme, Implementing partner current account in the Bangladesh programme and a blocked bank account in the DR Congo programme.

On the Negotiated Indirect Cost Rate Agreement (NICRA) with USAID, Medair requested that USAID retains the last approved NICRA rate (2018) for the next four years using a one-time extension. As the confirmation of the use of this exception is still pending, the NICRA provision in 2020 was estimated at USD 2.5 million representing the most probable cash outflow.

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Notes to the consolidated financial statements for the year ended 2020

14. End-of-contract benefits

These liabilities consist of end-of-contract benefits for Nationally Recruited Staff in several of our field programmes. These benefits are mandated by local labour regulations in these countries. They are classified as long-term liabilities with an expected short-term liability of 6% of the balance. This amounts to USD 601'861 as at 31st December 2020 (USD 722,285 as at 31st December 2019).

15. Pension plan obligations

The annual contributions to the pension plan are recorded to the Consolidated Income Statement during the period to which they relate.

Economic benefit/economic obligation and pension benefit expenses in USD	Surplus/deficit		Economic part of the organisation		Change to prior year period or recognised in the current result of the period respectively	Contributions concerning the business	Pension benefit expenses within personal expenses	
	31/12/2020	31/12/2020	31/12/2020	31/12/2019			2020	2019
Pension institutions without surplus/deficit	-	-	-	-	-	611,895	611,895	741,499

The insurance is provided by Patrimonia Foundation for all employees at the Swiss headquarters and Swiss expatriates serving in field locations. Other internationally recruited staff do not benefit from the pension plan. During 2020, two Swiss expatriates were covered by the plan (two in 2019).

16. Revenue

Medair segments its operations geographically by country. The following table presents comparative revenue figures by country, which can contain grants, private donations, gifts in kind and other income.

USD	2020	2019
Afghanistan	6,610,225	6,780,575
Bangladesh	5,342,037	2,956,759
DR Congo	18,712,579	20,444,099
Honduras	180,317	-
Madagascar	1,358,865	1,761,245
Middle East Regional Programme	32,234,121	33,496,877
Philippines	1,440	34,944
Somalia	5,705,800	6,540,205
South Sudan	19,016,711	17,390,833
Sudan	336,253	-
Closed country programmes	6,181	777,903
Switzerland	1,144,221	407,887
TOTAL	90,648,750	90,591,326

In 2020, Medair started an emergency response in Honduras, and has reopened its activities in Sudan.

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Notes to the consolidated financial statements for the year ended 2020

Swiss Solidarity, Swiss Agency for Development and Cooperation and Medair France income amounts, also included in the country table above, are as follow:

USD	2020	2019
Swiss Solidarity	1,781,039	3,040,930
Swiss Agency for Development and Cooperation	4,960,755	4,291,450
Medair France	343,636	511,649

17. Gifts-in-kind

Gifts-in-kind are an integral part of Medair's humanitarian programme. The breakdown of gifts-in-kind activity by country is presented below.

USD	2020	2019
Afghanistan	161,745	911,243
Bangladesh	2,195,507	1,396,184
DR Congo	47,172	47,652
Middle East Regional Programme	1,894,889	1,519,451
Madagascar	33,787	-
Somalia	415,943	340,626
South Sudan	1,372,917	1,304,740
TOTAL	6,121,960	5,519,896

Volunteer network

Medair is assisted in its administrative activities in Switzerland by a network of volunteers. These people help with professional work and administrative tasks in the office, at promotional events, and in the conduct of the Relief and Recovery Orientation Course (ROC).

	2020	2019
Volunteers		
Hours served	6,970	6,331
Equivalent days	871	791

18. Other income

Other income consists of: sales of Medair visibility material, fees for service, training fees for our Relief and Recovery Orientation Course (ROC), beneficiary participation in field programmes, and miscellaneous income.

19. Humanitarian expense

Humanitarian expense is the total cost of providing goods and services to Medair's beneficiaries. It includes the costs of implementing these humanitarian programmes, such as project staff, food and living costs, communication and energy equipment, vehicles, transportation and storage of materials, and logistical and financial expenses. It also includes the research, preparation, planning, selection, follow-up and control of these humanitarian programmes provided by the headquarters in Ecublens, Switzerland.

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Notes to the consolidated financial statements for the year ended 2020

Programme expense is the total humanitarian cost plus a contribution toward indirect cost. The budget of each humanitarian programme includes a 15% contribution to support the administrative costs of Medair. This cost is not reported with humanitarian expense, but is included in the term programme expense in the Consolidated Statement of Changes in Capital and Funds.

The following table presents only the humanitarian expense by country.

2020										
USD	Humanitarian expense									
	Sectors	Personnel	Travel	Admin	Maintenance	Depreciation	Other expenses	Total	Support expenses	Total
Afghanistan	2,735,441	2,311,723	111,657	135,721	42,271	28,984	469,482	5,835,280	270,995	6,106,275
Bangladesh	2,856,404	1,597,259	36,599	134,418	5,255	-	448,134	5,078,069	235,829	5,313,898
DR Congo	7,544,134	6,359,742	194,703	119,765	171,883	113,808	1,908,555	16,412,590	762,213	17,174,803
Honduras	47,785	65,244	9,359	11,224	-	-	8,645	142,257	6,607	148,864
Madagascar	514,482	461,196	44,520	15,541	15,457	-	168,676	1,219,872	56,652	1,276,524
Middle East Regional Programme	13,066,843	10,886,226	183,255	1,375,882	79,975	7,398	3,017,834	28,617,413	1,329,014	29,946,427
Philippines	-	-	-	-	-	-	-	-	-	-
Somalia	3,082,831	1,534,629	42,305	67,471	10,353	-	643,362	5,380,951	249,895	5,630,846
Sudan	11,496	194,274	22,218	12,951	54	-	43,596	284,588	13,217	297,805
South Sudan	5,106,702	8,768,507	428,703	215,227	276,244	200,391	1,923,081	16,918,854	785,724	17,704,578
Closed country programmes	11	2,554	1	4,039	-	-	113,838	120,442	5,593	126,035
TOTAL	34,966,129	32,181,354	1,073,319	2,092,240	601,493	350,581	8,745,201	80,010,316	3,715,739	83,726,055

2019										
USD	Humanitarian expense									
	Sectors	Personnel	Travel	Admin	Maintenance	Depreciation	Other expenses	Total	Support expenses	Total
Afghanistan	2,166,169	2,336,910	122,866	158,195	55,545	454	900,258	5,740,397	285,704	6,026,101
Bangladesh	920,050	1,518,585	76,391	62,076	5,178	-	365,505	2,947,785	146,713	3,094,498
DR Congo	8,239,523	6,033,909	383,345	246,826	191,110	148,484	2,322,866	17,566,063	874,275	18,440,338
Madagascar	435,868	616,045	79,233	107,702	29,972	-	207,212	1,476,032	73,463	1,549,495
Middle East Regional Programme	13,609,693	11,040,885	315,026	792,508	97,482	56,391	2,579,376	28,491,361	1,418,035	29,909,396
Philippines	-	816	25	1,417	-	-	183	2,441	121	2,562
Somalia	3,835,782	1,291,183	78,553	105,597	37,891	-	587,904	5,936,910	295,484	6,232,394
South Sudan	3,726,144	7,820,644	738,549	235,159	296,431	270,807	2,150,785	15,238,519	758,432	15,996,951
Closed country programmes	616,228	534,590	68,234	72,818	904	-	182,061	1,474,835	73,404	1,548,239
TOTAL	33,549,457	31,193,567	1,862,222	1,782,298	714,513	476,136	9,296,150	78,874,343	3,925,631	82,799,974

20. Administrative expense

Administrative expenses include the cost of the Medair office in Switzerland. These costs consist of general management costs including human resources, operations and logistics, finance, as well as communications and fundraising costs. Please refer to note 21 for the details.

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Notes to the consolidated financial statements for the year ended 2020

21. Operating expense

These expense categories are presented for information only. They present a functional breakdown of operating expenses rather than the activity-based presentation of the financial statements.

2020					
USD	Humanitarian expense		Administrative expense		Total Operating expense
	Direct	Support	General management	Fundraising	
Sectors	34,966,129	-	-	-	34,966,129
Personnel	32,181,354	3,479,994	2,723,474	1,361,737	39,746,559
Travel & representation	1,073,319	56,468	44,192	22,096	1,196,075
Admin	2,092,240	179,277	1,570,320	70,152	3,911,988
Maintenance	601,493	-	-	484,609	1,086,102
Depreciation	350,581	-	215,909	-	566,491
Other	8,745,201	-	7,104	-	8,752,305
Fundraising direct	-	-	68,187	-	68,187
TOTAL	80,010,316	3,715,739	4,629,186	1,938,594	90,293,835

2019					
USD	Humanitarian expense		Administrative expense		Total Operating expense
	Direct	Support	General management	Fundraising	
Sectors	33,549,457	-	-	-	33,549,457
Personnel	31,193,567	3,499,405	2,799,524	1,477,526	38,970,022
Travel & representation	1,862,222	238,985	191,188	100,905	2,393,300
Admin	1,782,298	187,241	1,505,507	79,057	3,554,103
Maintenance	714,513	-	12,708	-	727,221
Depreciation	476,136	-	60,602	-	536,738
Other	9,296,150	-	184,004	-	9,480,154
Fundraising direct	-	-	-	444,689	444,689
TOTAL	78,874,342	3,925,631	4,753,533	2,102,178	89,655,684

The above figures are showing the separation of the Humanitarian Expenses and Administrative Expenses, and then the separation between the General management expenses and the Fundraising expenses. All those figures have been calculated on the basis of the ZEWI latest methodology for evaluating and showing those different categories of costs

22. Contingent liabilities

During the normal course of its activities, Medair is exposed to potential claims. As at 31st December 2020, the Executive Leadership Team had not identified potential claims which could lead to a significant exposure.

23. Remuneration of the Executive Leadership Team

During 2020, Medair had seven members of the Executive Leadership Team; there were also seven members in 2019. The total gross salary paid to this leadership team in 2020 was USD 987'800 compared to a 2019 total of USD 963,458.

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Notes to the consolidated financial statements for the year ended 2020

24. Remuneration of the International Board of Trustees

Members of the International Board of Trustees of Medair (Switzerland) volunteered their time in 2020, receiving no salary. Board members are allowed to submit effective out-of-pocket expenses for reimbursement. The totals costs of reimbursement during 2020 amounted to USD 8'749 (2019: USD 9,938). The Board Chair received reimbursement of USD 1'067 during 2020 (2019: USD 2,753).

25. Auditors' remuneration

The fees paid to the auditor of these financial statements during 2020 amounted to USD 142'625 (2019: USD 118,856) and relate to the statutory audit of Medair and its consolidated financial statements as well as related assurance reports for grant donors. Other project-specific or grant-specific assurance assignments have been undertaken by other audit firms at the request of other grant donors during the year.

26. Full-time staff of Medair

Full-time equivalents – The annual average number of full-time equivalents for the reporting year, as well as the previous year, exceeded 250.