



SOLIDAR MED

Annual Report

2017



SolidarMed improves
health care for 1.5 million
people in southern Africa.



In this reporting year, SolidarMed succeeded in maintaining project expenditure at nearly the same level as in the previous year. Thanks to the many loyal donors, the planned projects were implemented.

As planned, SolidarMed used funds from organisational capital to finance important projects. Despite this withdrawal, SolidarMed's financial foundation is healthy. In addition to our loyal donors, we benefit from many, often long-term partnerships with institutions in Switzerland and the Principality of Liechtenstein. The contributions from the Swiss Agency for Development Cooperation SDC and the Liechtenstein Development Service amounted to a total of 3.6 million Swiss Francs. We succeeded in maintaining income from private donors at the same level as the previous years; however there were no requests this year. In addition, SolidarMed received fewer earmarked donations. An example is the discontinuation of a larger contribution from a foundation, as this organisation limits its support to 10 years per organisation. Donations are booked on receipt of income. If there are no instructions from the donor to earmark a dona-

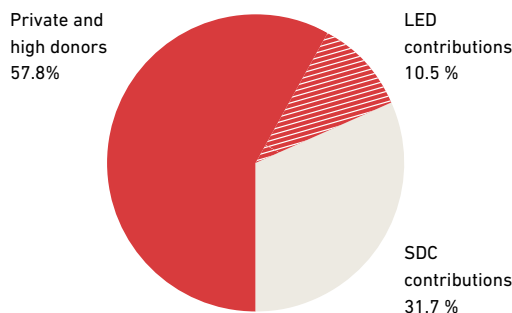
tion for a particular purpose, SolidarMed books the donation as non-earmarked. Earmarked donations that were not utilised in the respective project are deferred to fund capital and will be utilised in the following year. In the reporting year, this amounted to CHF 70'777.

In a partly challenging context, budgetary discipline ensured that the expenditure for administration (4.5 percent) and sensitisation (4.3 percent) could be kept low. Due to investments in fundraising, the expenditure in this area rose by 12 percent compared to the previous year. Despite these increases, 79.2 percent of the funds flow directly into SolidarMed projects. According to the ZEWÖ foundation, we thus remain significantly below the limits set for fundraising and administration expenditure.

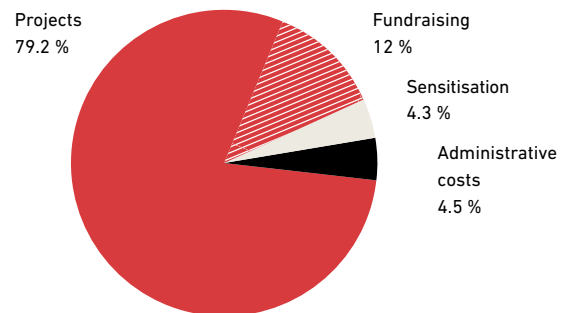


Elisabeth Meier
Head of Finance & HR

Source of funds 2017



Use of funds 2017



Note: The complete Annual Financial Statement including Audit Report and attachments can be found at solidarmed.ch/en > Info & Media > Publications



Report of the Auditors**R**eport of the statutory auditors to the Annual General Meeting of SolidarMed, Swiss Organisation for Health in Africa, 6005 Lucerne

As per our contract as auditors, we examined the annual financial statement consisting of balance sheet, income statement, cash flow statement, analysis of changes in capital and annexes of the financial year that ended on the 31st of December 2017. In accordance with Swiss GAAP FER 21, the auditors are not obliged to examine the information presented in the performance report.

Responsibilities of the Board

The board is responsible for the preparation of the annual financial statement in conformity with Swiss GAAP FER 21, compliant with legal requirements and the statutes. This responsibility includes the establishment, implementation and maintenance of an internal control system relevant to the preparation of the annual financial statement, which is free of material misstatement, whether due to fraud or error. In addition, the board is responsible for the selection and application of appropriate accounting policies and for making reasonable accounting estimates.

Responsibilities of the auditors

It is our responsibility to express an opinion on the annual financial statement on the basis of our audit. We carried out our audit in accordance with Swiss audit standards. Following these standards, we are obliged to comply with the relevant ethical requirements and design and execute our audit in such a way as to provide reasonable assurance of whether the annual financial statement is free of material misstatement. An audit involves the performance of audit procedures to obtain audit evidence concerning the asset valuation and other disclosures in the annual financial statement. The selection of audit procedures lies in the dutiful judgement of the auditor. This includes an assessment of the

risks of material misstatement in the annual financial statement as a result of fraud or error. In the risk assessment, the auditor reviews the internal control system where relevant to the preparation of the annual financial statement, in order to design appropriate audit procedures. However, this is not for the purpose of expressing an opinion on the existence or effectiveness of the internal control system. The audit also includes an evaluation of the appropriateness of the accounting policies in use, whether the accounting estimates are plausible as well as an assessment of the overall presentation of the annual financial statement. We are of the opinion that the audit evidence we have obtained is sufficient and appropriate for providing a basis for our audit opinion.

Audit opinion

In our opinion, the annual financial statement for the year ended December 31st 2017 gives a true and accurate picture of the assets and liabilities, financial position and income and expenses in accordance with Swiss GAAP FER 21 and complies with Swiss law and the statutes of the association.

We recommend that the annual financial statement presented here is approved.

Meggen, 4th of April 2018

ACORUS-TREUHAND AG



Andre Knüsel
Registered audit expert
Lead auditor

Financial Statement 2017
Balance Sheet as of 31.12.17

Assets	2017		2016	
	CHF	%	CHF	%
Current assets				
Cash	5'495'316		5'877'632	
Assets held for trading at quoted market price	1'578'628		1'616'919	
Other short-term receivables	243'416		326'031	
Project advances	157'038		433'413	
Prepaid expenses	18'374		10'740	
	7'492'772	99.6	8'264'735	99.8
Fixed assets				
Plant and equipment	33'341		14'011	
Other investments	1		1	
	33'342	0.4	14'012	0.2
Total assets	7'526'114	100	8'278'747	100
Liabilities				
Short-term liabilities				
Liabilities from sales and services	211'848		156'980	
Accrued expenses	234'542		141'355	
	446'390	5.9	298'335	3.6
Long-term liabilities				
Provisions	188'642		188'242	
	188'642	2.5	188'242	2.3
Funds reserved for projects				
SDC projects	-1'306		-4'622	
LED projects	702'704		672'930	
SolidarMed projects	755'345		717'658	
	1'456'743	19.4	1'385'966	16.7
Organisational capital				
Share capital				
Paid-in capital and reserves	881'633		881'633	
Fixed capital				
Currency fluctuation fund	230'000		230'000	
Free capital				
Fund 1 unrestricted funds	2'544'017		3'051'973	
Fund 2 unrestricted funds	1'778'688		2'242'598	
	5'434'338	72.2	6'406'204	77.4
Total liabilities	7'526'114	100	8'278'747	100

Income statement 1.1. - 31.12.17

Income	2017		2016	
	CHF	%	CHF	%
Donations, legacies, membership fees	1'450'813	16.9	1'691'012	18.8
Purpose specific income				
SolidarMed projects	3'493'387		3'806'978	
	3'493'387	40.8	3'806'978	42.2
Public sector contributions				
SDC program contribution	2'600'000		2'800'000	
SDC mandate EMSN Tanzania	111'398		37'100	
LED Chainama College Zambia	900'000		669'035	
	3'611'398	42.2	3'506'135	38.9
Other income	4'557	0.1	7'757	0.1
Total income	8'560'155	100	9'011'882	100
Expenditures				
Project expenses				
Personnel expenses project management Switzerland	-689'436		-639'740	
Project visits	-32'201		-26'494	
SolidarMed projects	-5'986'291		-6'099'601	
SDC mandate EMSN Tanzania	-104'286		-319'711	
LED Chainama College Zambia	-763'356		-593'922	
	-7'575'570	79.2	-7'679'468	82.8
Public relations, awareness raising				
Personnel expenses	-205'371		-201'792	
Membership expenses	-20'062		-21'827	
Publications	-105'923		-116'037	
Public relations	-71'197		-62'831	
	-402'553	4.3	-402'487	4.3
Fundraising				
Personnel expenses	-420'220		-371'921	
Fundraising	-732'290		-461'295	
	-1'152'510	12.0	-833'216	9.0

Income statement 1.1. - 31.12.17

	2017		2016	
	CHF	%	CHF	%
Administrative expenses				
Personnel expenses	-249'426		-200'786	
Travel and representation expenses	-6'730		-7'600	
Banking and postage costs	-4'728		-3'939	
Rental expenses	-51'094		-51'311	
Office and operating expenses	-24'635		-21'686	
Memberships	-9'912		-9'510	
Investments and maintenance	-67'885		-59'780	
Asset depreciation	-18'559		-4'670	
	-432'969	4.5	-359'282	3.9
Total Income / Expenses	-9'563'602	100	-9'274'453	100
Operating result	-1'003'447		-262'571	
Financial income				
Income from interest and securities	139'895		122'009	
Expenses interest and securities	-37'536		-46'988	
	102'359		75'021	
Extraordinary income				
Extraordinary income	0		846'101	
	0		846'101	
Result before changes to restricted project funds	-901'088		658'551	
Statement of changes to restricted project funds	-70'778		312'811	
Result (before changes to organisational capital)	-971'866		971'362	
Withdrawal from organisational capital	971'866		361'819	
Allocation to paid up and acquired capital	0		0	
Allocation to fund 1 unrestricted funds	0		-1'263'181	
Allocation to currency fluctuation fund	0		-70'000	
Total allocations / appropriations	971'866		-971'362	
Results after allocation to organisational capital	0		0	

Cash flow statement 1.1. - 31.12.17

	<u>2017</u>	<u>2016</u>
	CHF	CHF
1. Cash flow from operating activities		
Result (before changes to organisational capital)	-971'866	971'362
Changes to restricted project funds	70'778	-312'811
Depreciation	18'559	4'670
Increase / decrease provisions	400	-1'200
Increase (-) / decrease securities	38'291	-438'270
Increase (-) / decrease receivables	358'990	-37'985
Increase (-) / decrease prepaid expenses	-7'634	26'831
Increase / decrease (-) short-term accounts payable	54'868	66'524
Increase / decrease (-) accrued expenses	93'187	-30'326
Cash flow from operating expenses	-344'427	248'795
2. Cash flow from investment activity		
Increase (-) / decrease financial investments	0	0
Increase (-) / decrease tangible assets	-37'889	0
Increase (-) / decrease real estate	0	0
Cash flow from investment activity	-37'889	0
3. Cash flow from financing activities		
Increase / decrease financial liabilities	0	0
Cash flow from financing activities	0	0
Cash flow	-382'316	248'795
Control		
Cash balance on 01.01.2017 / 01.01.2016	5'877'632	5'628'837
Cash balance on 31.12.2017 / 31.12.2016	5'495'316	5'877'632
Change in cash and cash equivalents	-382'316	248'795
Difference	0	0

Financial Statement 2017

Analysis of changes in capital

	Operating balance on the 1.01.	Allocations	Internal fund transfers	Withdrawals	Total changes	Closing balance 31.12.
Organisational capital						
Paid-in capital and reserves	881'633	0	0	0	0	881'633
Currency fluctuation fund	230'000	0	0	0	0	230'000
Fund 1: unrestricted funds	3'051'973	0	-326'018	-181'938	-507'956	2'544'017
Fund 2: unrestricted funds	2'242'598	0	-463'910	0	-463'910	1'778'688
Organisational capital 2017	6'406'204	0	-789'928	-181'938	-971'866	5'434'338

Internal fund transfers serve to prevent a negative balance of unrestricted funds.

Paid-in capital and reserves	881'633	0	0	0	0	881'633
Currency fluctuation fund	160'000	70'000	0	0	70'000	230'000
Fund 1: unrestricted funds	1'824'683	1'263'181	-35'891	0	1'227'290	3'051'973
Fund 2: unrestricted funds	2'568'526	0	-325'928	0	-325'928	2'242'598
Organisational capital 2016	5'434'842	1'333'181	-361'819	0	971'362	6'406'204

Internal fund transfers serve to prevent a negative balance of unrestricted funds.

Funds reserved for projects

SDC, LED projects

SDC	-4'622	111'398	0	-108'082	3'316	-1'306
LED	672'930	900'000	0	-870'226	29'774	702'704
	668'308	1'011'398	0	-978'308	33'090	701'398

SolidarMed projects

Lesotho	179'314	901'345	126'332	-1'112'344	-84'667	94'647
Moçambique	108'337	1'456'964	107'872	-1'572'177	-7'341	100'996
Tanzania	85'757	1'315'811	25'000	-1'310'341	30'471	116'227
Zambia	145'284	885'267	94'731	-958'553	21'445	166'729
Zimbabwe	148'966	1'191'443	415'993	-1'529'656	77'780	226'746
Other countries	50'000	142'557	20'000	-162'557	0	50'000
	717'658	5'893'387	789'928	-6'645'628	37'688	755'345

Total funds reserved for projects 2017	1'385'966	6'904'785	789'928	-7'623'936	70'778	1'456'743
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Project withdrawals include structural costs in addition to project expenses.

Analysis of changes in capital

	Operating balance on the 1.01.	Allocations	Internal fund transfers	Withdrawals	Total changes	Closing balance 31.12.
SDC, LED projects						
SDC	287'412	37'100	0	-329'134	-292'034	-4'622
LED	680'966	669'035	0	-677'071	-8'036	672'930
	968'378	706'135	0	-1'006'205	-300'070	668'308
SolidarMed projects						
Lesotho	130'955	881'409	154'763	-987'813	48'358	179'314
Moçambique	-76'275	1'750'550	95'765	-1'661'703	184'612	108'337
Tanzania	6'004	1'223'929	145'500	-1'289'675	79'753	85'757
Zambia	519'663	727'850	200'346	-1'302'575	-374'379	145'284
Zimbabwe	100'051	1'408'927	18'891	-1'378'902	48'915	148'966
Other countries	50'000	131'335	16'402	-147'737	0	50'000
	730'399	6'123'999	631'666	-6'768'406	-12'741	717'658
Total funds reserved for projects 2016	1'698'777	6'830'134	631'666	-7'774'611	-312'811	1'385'966

Project withdrawals include structural costs in addition to project expenses.

Changes in provisions

Provisions						
• Personnel deployed	119'874	0	0	0	0	119'874
• Reintegration contributions	63'200	15'200	0	-14'800	400	63'600
• Real estate	3'169	0	0	0	0	3'169
• Provisions Zambia projects	2'000	0	0	0	0	2'000
Provisions 2017	188'243	15'200	0	-14'800	400	188'643
Provisions						
• Personnel deployed	119'874	0	0	0	0	119'874
• Reintegration contributions	64'400	13'200	0	-14'400	-1'200	63'200
• Real estate	3'169	0	0	0	0	3'169
• Provisions Zambia projects	2'000	0	0	0	0	2'000
Provisions 2016	189'443	13'200	0	-14'400	-1'200	188'243

Annex to the annual financial statement

Details of the principles used in the preparation of the Annual Financial Statement:

The accounts are prepared in accordance with Swiss GAAP FER (Kern-FER and FER21) accounting recommendations and give a true and accurate picture of the assets and liabilities, financial position and profit and loss.

Accounting and Valuation Principles:

- Cash stated at nominal value.
- Securities at the exchange rate on balance sheet reporting day. The non-realised securities gains can, in line with the guidelines for investments and reserves, and to a max. value of 20% of the securities portfolio balance, be allocated to the currency fluctuation fund to adjust for any losses. No allocations were made to this fund in 2017.
- Accounts receivable stated at nominal value.
- Accounts payable to projects at nominal value minus necessary value adjustments.
- Accounts receivable from projects (project advances): stated in foreign currency at exchange rate on balance sheet reporting day.
- Assets at purchase price minus necessary amortisation.
- Financial investments stated at nominal value.

Other short-term receivables

The other short-term receivables of CHF 243'416 (CHF 326'031 in the previous year) mostly comprise of earmarked donations for the current year which arrived in the following year.

Extraordinary income

This is income from two unusually high bequests in 2016.

Investments

SolidarMed has a 100 percent shareholding in SolidarInvest Limited, Zambia. There is no fixed share capital.

Remuneration of the Executive Board and the Executive Management

The board of SolidarMed is active on a voluntary and unpaid basis and contributed a total of 1'495 working hours (1'559 in the previous year). The previous President donated all 5 months of his fee of CHF340 to SolidarMed. The new President donated the entirety of 7 months of his fee of CHF470 to SolidarMed, as did the the Vice President. One board member was reimbursed CHF 6'400 in the current year for carrying out a mandate.

Due to an expansion after restructuring, the SolidarMed executive management team now consists of 3 people. Their remuneration totalled CHF 406'932 (CHF 290'648 in the previous year for 2 people).

Number of staff with a Swiss employment contract at headquarters and in the project countries

Annual average number of fulltime positions 2017: 28

Annual average number of fulltime positions 2016: 26

Methods applied to calculate administrative costs and costs for fundraising

The calculation of the costs for administration and fundraising is carried out in compliance with the "methods for the calculation of administrative costs" of the Zewo foundation.

Significant events after balance sheet day

There have been no material events between balance sheet day and the approval of the Annual Financial Statement by the board that could impair the integrity of the information presented in the Annual Financial Statement 2017 or which would have to be disclosed here.

«Luckily, I came to hospital for a check-up. Here the staff will help me so that my HIV infection is not passed on to my twins when I give birth.»

Charity Mwanza (39) Luangwa district, Zambia



SolidarMed

For Health in Africa.

SolidarMed sustainably strengthens and meaningfully expands existing medical services. SolidarMed is committed to the five most important health concerns of Africa's rural population:

- Protecting mothers, children and newborns
- Combating infectious diseases like malaria, HIV / Aids or tuberculosis
- Improving the quality of hospitals and health centres
- Training and further education of health staff
- Strengthening village communities

In Switzerland and in Liechtenstein, SolidarMed advocates for the health concerns of people in Africa. As a non-profit organisation with the ZEWÖ certificate, SolidarMed works efficiently, diligently and transparently.