

Annual Financial Statement

2018

Partnerships for Health



**SOLIDAR
MED**

**SolidarMed improves
health care for 2.5 million
people in Lesotho,
Mozambique, Tanzania,
Zambia and Zimbabwe.**



More funds for projects



Elisabeth Meier-Birchmeier
Head of HR & Finance

In the year under review, expenditures in the project countries were some CHF 236'000 higher than in the previous year. This is good news for the people in the project areas who benefited from additional activities. Thanks to several donations from inheritances, SolidarMed received CHF 696'000 more unrestricted income than in the previous year. The value of earmarked donations was CHF 793'000 higher.

In addition to loyal private donors, SolidarMed is fortunate to be able to rely on many years of support and partnership with institutions in Switzerland and the Principality of Liechtenstein. The contributions from the Swiss Agency for Development and Cooperation SDC and the Liechtenstein Development Service LED amounted to a total of 3.5 million Swiss Francs. SolidarMed revised its investment and reserve policy guidelines in this reporting year. In future, SolidarMed will invest even more consistently

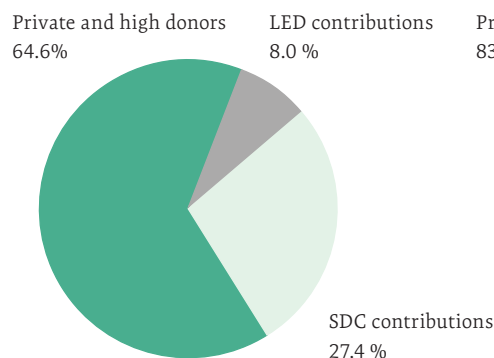
in a fund with sustainable and ethically acceptable investments.

SolidarMed complies with the newly revised recommendations of the Zewo Foundation to differentiate the costs of fundraising and administration from the programme activities in Switzerland and in Africa. Individual positions in the financial statements are therefore presented differently compared to the previous year, and the previous year's figures have been adjusted accordingly. For an organisation with long-term activities, fundraising and administration are indispensable tasks. The Zewo Foundation acknowledges that this incurs a certain amount of financial expenditure. With 12.6 percent for fundraising and 3.8 percent for administration, SolidarMed is well below the specified limits. Out of every CHF 100.00, CHF 83.60 flow into the programmes in Africa and in Switzerland. ■

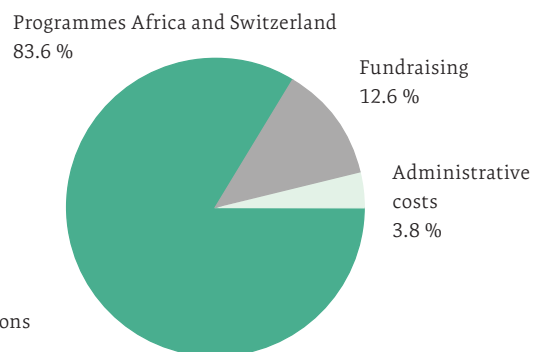
Note: The Annual Financial Statement including annexes is available at solidarmed.ch



Source of funds 2018



Use of funds 2018



Report of the Auditors

Report 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 2018. 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 31st of December 2018 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, 5th of April 2019

ACORUS-TREUHAND AG



André Knüsel

Registered audit expert
Lead auditor

| | 2018 | | 2017 | |
|--|------------------|-------------|------------------|-------------|
| | CHF | % | CHF | % |
| Assets | | | | |
| Current assets | | | | |
| Cash | 4'253'347 | | 5'495'316 | |
| Assets held for trading at quoted market price | 3'040'535 | | 1'578'628 | |
| Other short-term receivables | 151'376 | | 243'416 | |
| Project advances | 286'887 | | 157'038 | |
| Prepaid expenses | 13'632 | | 18'374 | |
| | 7'745'777 | 99.8 | 7'492'772 | 99.6 |
| Fixed assets | | | | |
| Plant and equipment | 16'671 | | 33'341 | |
| Other investments | 1 | | 1 | |
| | 16'672 | 0.2 | 33'342 | 0.4 |
| Total Assets | 7'762'449 | 100 | 7'526'114 | 100 |
| Liabilities | | | | |
| Short-term liabilities | | | | |
| Liabilities from sales and services | 470'122 | | 211'848 | |
| Accrued expenses | 311'316 | | 234'542 | |
| | 781'438 | 10.1 | 446'390 | 5.9 |
| Long-term liabilities | | | | |
| Provisions | 184'442 | | 188'642 | |
| | 184'442 | 2.4 | 188'642 | 2.5 |
| Funds reserved for projects | | | | |
| SDC projects | 0 | | -1'306 | |
| LED projects | 646'075 | | 702'704 | |
| SolidarMed projects | 794'843 | | 755'345 | |
| | 1'440'918 | 18.5 | 1'456'743 | 19.4 |

| | 2018 | | 2017 | |
|--------------------------------------|------------------|-------------|------------------|-------------|
| | CHF | % | CHF | % |
| Organisational capital | | | | |
| Share capital | | | | |
| Paid-in capital and reserves | 881'633 | | 881'633 | |
| Fixed capital | | | | |
| Currency fluctuation | 130'000 | | 230'000 | |
| Free capital | | | | |
| Fund 1 unrestricted funds | 2'774'842 | | 2'544'017 | |
| Fund 2 unrestricted funds | 1'569'176 | | 1'778'688 | |
| | 5'355'651 | 69.0 | 5'434'338 | 72.2 |
| Total liabilities | 7'762'449 | 100 | 7'526'114 | 100 |
| Income | | | | |
| Donations, legacies, membership fees | 2'147'186 | 21.5 | 1'450'813 | 16.9 |
| Purpose specific income | | | | |
| SolidarMed projects | 4'286'558 | | 3'493'387 | |
| | 4'286'558 | 43.0 | 3'493'387 | 40.8 |
| Public sector contributions | | | | |
| SDC program contribution | 2'730'000 | | 2'600'000 | |
| SDC mandate EMSN Tanzania | 1'306 | | 111'398 | |
| LED Zambia | 798'039 | | 900'000 | |
| | 3'529'345 | 35.4 | 3'611'398 | 42.2 |
| Other income | 4'343 | 0.1 | 4'557 | 0.1 |
| Total income | 9'967'432 | 100 | 8'560'155 | 100 |

| | 2018 | | 2017 | |
|---|-------------------|-------------|-------------------|-------------|
| | CHF | % | CHF | % |
| Expenditures | | | | |
| Project expenses | | | | |
| Personnel expenses project management Switzerland | -671'205 | | -689'436 | |
| Project visits | -64'235 | | -32'201 | |
| Share of office costs and depreciation | -31'169 | | -33'903 | |
| SolidarMed projects | -6'329'998 | | -5'986'291 | |
| SDC mandate EMSN Tanzania | 0 | | -104'286 | |
| LED Chainama College Zambia | -749'709 | | -763'356 | |
| | -7'846'316 | 79.7 | -7'609'473 | 79.6 |
| Programmes Switzerland | | | | |
| Personnel expenses | -202'067 | | -181'570 | |
| Public relations | -156'938 | | -105'721 | |
| Share of office costs (incl. IT) and depreciation | -20'681 | | -20'913 | |
| | -379'686 | 3.9 | -308'204 | 3.2 |
| Fundraising | | | | |
| Personnel expenses | -472'580 | | -444'020 | |
| Fundraising | -554'844 | | -732'290 | |
| Share of office costs (incl. IT) and depreciation | -211'234 | | -131'732 | |
| | -1'238'658 | 12.6 | -1'308'043 | 13.7 |
| Administrative expenses | | | | |
| Personnel expenses | -305'196 | | -249'426 | |
| Association work | -6'046 | | -10'869 | |
| Office and administrative expenses | -27'741 | | -29'363 | |
| Travel and representation expenses | -6'284 | | -6'730 | |
| Memberships | -7'857 | | -9'912 | |
| Share of office costs (incl. IT) and depreciation | -22'160 | | -31'582 | |
| | -375'284 | 3.8 | -337'882 | 3.5 |
| Total income / expenses | -9'839'944 | 100 | -9'563'602 | 100 |

| | 2018 | 2017 |
|---|-----------------|-------------------|
| | CHF | CHF |
| Operating result | 127'488 | -1'003'447 |
| Financial income | | |
| Income from interest and securities | 49'947 | 139'895 |
| Expenses interest and securities | -271'948 | -37'536 |
| | -222'001 | 102'359 |
| Result before changes to restricted project funds | -94'513 | -901'088 |
| Statement of changes to restricted project funds | 15'826 | -70'778 |
| Result (before changes to organisational capital) | -78'687 | -971'866 |
| Withdrawal from organisational capital | 367'146 | 971'866 |
| Allocation to paid up and acquired capital | 0 | 0 |
| Allocation to fund 1 unrestricted funds | -288'459 | 0 |
| Allocation to currency fluctuation fund | 0 | 0 |
| Total allocations / appropriations | 78'687 | 971'866 |
| Results after allocation to organisational capital | 0 | 0 |

| | 2018 | 2017 |
|---|-------------------|-----------------|
| | CHF | CHF |
| 1. Cash flow from operating activities | | |
| Result (before changes to organisational capital) | -78'687 | -971'866 |
| Changes to restricted project funds | -15'826 | 70'778 |
| Depreciation | 16'642 | 18'559 |
| Increase / decrease provisions | -4'200 | 400 |
| Increase (-) / decrease securities | -1'461'907 | 38'291 |
| Increase (-) / decrease receivables | -37'808 | 358'990 |
| Increase (-) / decrease prepaid expenses | 4'741 | -7'634 |
| Increase (-) / decrease short-term accounts payable | 258'275 | 54'868 |
| Increase (-) / decrease accrued expenses | 76'774 | 93'187 |
| Cash flow from operating expenses | -1'241'997 | -344'427 |
| 2. Cash flow from investement activity | | |
| Increase (-) / decrease financial investments | 0 | 0 |
| Increase (-) / decrease tangible assets | 28 | -37'889 |
| Increase (-) / decrease real estate | 0 | 0 |
| Cash flow from investement activity | 28 | -37'889 |
| 3. Cash flow fom investment activity | | |
| Increase (-) / decrease financial liabilities | 0 | 0 |
| Cash flow fom investment activities | 0 | 0 |
| Cash flow | -1'241'969 | -382'316 |
| Control | | |
| Cash balance on 01.01.2018 / 01.01.2017 | 5'495'316 | 5'877'632 |
| Cash balance on 31.12.2018 / 31.12.2017 | 4'253'347 | 5'495'316 |
| Change in cash and cash equivalents | -1'241'969 | -382'316 |
| Difference | 0 | 0 |

| | Operating balance on 01.01. | 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 | -100'000 | -100'000 | 130'000 |
| Fund 1: unrestricted funds | 2'544'017 | 288'459 | -57'635 | | 230'824 | 2'774'841 |
| Fund 2: unrestricted funds | 1'778'688 | 0 | -209'511 | 0 | -209'511 | 1'569'177 |
| Organisational capital 2018 | 5'434'338 | 288'459 | -267'146 | -100'000 | -78'687 | 5'355'651 |

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 | 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.

Funds reserved for projects

SDC, LED projects

| | | | | | | |
|-----|----------------|----------------|----------|-----------------|----------------|----------------|
| SDC | -1'306 | 1'306 | 0 | 0 | 1'306 | 0 |
| LED | 702'704 | 798'040 | 0 | -854'669 | -56'629 | 646'075 |
| | 701'398 | 799'346 | 0 | -854'669 | -55'323 | 646'075 |

SolidarMed projects

| | | | | | | |
|---|------------------|------------------|----------------|-------------------|----------------|------------------|
| Lesotho | 94'647 | 1'289'515 | 8'000 | -1'316'789 | -19'274 | 75'373 |
| Mozambique | 100'996 | 1'628'399 | 87'863 | -1'512'780 | 203'482 | 304'478 |
| Tanzania | 116'227 | 1'319'018 | 53'734 | -1'418'068 | -45'316 | 70'911 |
| Zambia | 166'729 | 1'038'788 | -25'022 | -1'005'114 | 8'652 | 175'381 |
| Zimbabwe | 226'746 | 1'371'686 | 123'870 | -1'603'604 | -108'048 | 118'699 |
| Other countries | 50'000 | 169'152 | 18'700 | -187'852 | 0 | 50'000 |
| | 755'345 | 6'816'558 | 267'146 | -7'044'207 | 39'497 | 794'842 |
| Total funds reserved for projects 2018 | 1'456'743 | 7'615'904 | 267'146 | -7'898'876 | -15'826 | 1'440'917 |

Project withdrawals include structural costs in addition to project expenses.

| | Operating balance on the 01.01. | Allocations | Internal fund transfers | Withdrawals | Total changes | Closing balance 31.12. |
|---|---------------------------------------|------------------|----------------------------|-------------------|------------------|---------------------------|
| 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 |
| Mozambique | 108'337 | 1'456'964 | 107'871 | -1'572'176 | -7'341 | 100'996 |
| Tanzania | 85'757 | 1'315'811 | 25'000 | -1'310'341 | 30'470 | 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 | 789'927 | -6'645'627 | 37'687 | 755'345 |
| Total funds reserved for projects 2017 | 1'385'966 | 6'904'785 | 789'927 | -7'623'935 | 70'777 | 1'456'743 |

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 | 63'600 | 24'600 | 0 | -28'800 | -4'200 | 59'400 |
| Real estate | 3'169 | 0 | 0 | 0 | 0 | 3'169 |
| Provisions Zambia projects | 2'000 | 0 | 0 | 0 | 0 | 2'000 |
| Provisions 2018 | 188'643 | 24'600 | 0 | -28'800 | -4'200 | 184'443 |
| 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 |

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 investment and reserve policy regulations were revised in 2018. SolidarMed now invests in a fund with sustainable and ethical investments. The non-realised securities gains can be allocated to the currency fluctuation fund to adjust for any losses. In 2018, CHF 100'000 was withdrawn from this fund.
- 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 152'375 (CHF 243'416 in the previous year) mostly comprise of earmarked donations for the current year which arrived in the following year.

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 1'345 working hours (1'495 in the previous year). The President and the Vice President received a small stipend, which they donated in its entirety. The SolidarMed Senior Management team consists of 3 people. Their remuneration totalled CHF 411'630 (CHF 406'932 in the previous year for 3 people).

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

Annual average number of fulltime positions 2018: 25
 Annual average number of fulltime positions 2017: 28

Methods applied to calculate administrative costs and costs for fundraising

For an organisation with long-term activities, fundraising and administration are indispensable tasks. The Zewo foundation recognises that this requires

a certain amount of financial expenditure. It assesses whether the share of this expenditures lies within the prescribed range. In delimiting the costs for fundraising and administration from the effective programme expenses, SolidarMed follows the new recommendations of the Zewo foundation. Costs are allocated in accordance with the calculation key.

Changes to the presentation of the Annual Financial Statement

Based on the new recommendations of the Zewo foundation, valid from 2018, to delimit the costs of fundraising and administration, individual positions in the present Annual Financial Statement are presented differently than in the previous year. In this current Annual Financial Statement, the previous year's figures have been adjusted accordingly.

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. ■



SolidarMed improves health care for 2.5 million people in Lesotho, Mozambique, Tanzania, Zambia and Zimbabwe. We strengthen existing medical facilities and train local health personnel. Our projects are developed in close collaboration with local partners such as hospitals, health centres and health authorities, supported by our health experts on site.

SolidarMed

- protects mothers, children and adolescents
- combats diseases like malaria, tuberculosis or diabetes
- improves the quality of hospitals and health centres
- supports the training and further education of health staff

In Switzerland, SolidarMed creates awareness for the health challenges faced by people in rural Africa. As a Swiss non-profit organisation with the Zewo certificate, SolidarMed's work is efficient, diligent and transparent. SolidarMed continuously monitors the effectiveness of all projects and adapts them accordingly.

