

COMPASSION SUISSE

Yverdon-les-Bains

Report of the statutory auditors to the
General Meeting

on the financial statements 2021



Report of the statutory auditors

on the limited statutory examination to the General Meeting of

COMPASSION SUISSE

Yverdon-les-Bains

As statutory auditors, we have examined the financial statements of COMPASSION SUISSE, which comprise the balance sheet, statement of operations, statement of changes in capital, cash flow statement and notes (pages 01 to 10), for the year ended 30 June 2021. As permitted by Swiss GAAP FER 21 the information in the performance report (pages 11 to 14) is not required to be subject to the statutory auditors' examination.

These financial statements prepared in accordance with Swiss GAAP FER, Swiss law and the foundation's deed are the responsibility of the Board. 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 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 foundation personnel and analytical procedures as well as detailed tests of foundation documents as considered appropriate in the circumstances. However, the testing of the 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. Furthermore, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the foundation's deed.

PricewaterhouseCoopers SA

Didier Ehret
Audit expert
Auditor in charge

Issam Zahiri

Neuchâtel, 02 November 2021

Enclosure:

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

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BALANCE SHEET (IN SWISS FRANCS)		<i>Notes</i>	30.06.2021		30.06.2020	
ASSETS						
Current Assets						
Cash and cash equivalents	1	1'909'791	82%	2'913'308	97%	
Receivables	2	24'146	1%	31'650	1%	
Prepaid expenses		20'002	1%	22'354	1%	
		<u>1'953'940</u>	84%	<u>2'967'312</u>	99%	
Non-current assets						
Fixed assets	3	48'002	2%	18'641	1%	
Financial assets		314'693	14%	10'000	0%	
		<u>362'695</u>	16%	<u>28'641</u>	1%	
TOTAL ASSETS		<u>2'316'634</u>	100%	<u>2'995'953</u>	100%	
LIABILITIES FUND AND CAPITAL						
Current liabilities						
Other liabilities	4	539'414	23%	538'181	18%	
Other related-party liabilities	5	48'422		683'158		
Accrued Liabilities		22'317	1%	22'918	1%	
		<u>610'153</u>	26%	<u>1'244'257</u>	42%	
Restricted income funds	6	849'110	37%	841'506	28%	
Capital of the organisation						
Paid-in capital		11'407	0%	11'407	0%	
Unrestricted capital		845'964	37%	898'783	30%	
		<u>857'371</u>	37%	<u>910'190</u>	30%	
TOTAL LIABILITIES FUND AND CAPITAL		<u>2'316'634</u>	100%	<u>2'995'953</u>	100%	

STATEMENT OF OPERATIONS (IN SWISS FRANCS)	<i>Notes</i>	01.07.2020 - 30.06.2021		01.07.2019 - 30.06.2020	
Restricted income					
Sponsorship		4'438'117	51%	3'975'982	54%
Donations		2'442'147	28%	1'761'014	24%
		6'880'264	78%	5'736'996	78%
Unrestricted income					
Sponsorship		1'108'844	13%	994'051	13%
Donations		788'847	9%	658'693	9%
Other income		5'569	0%	249	0%
		1'903'260	22%	1'652'993	22%
Total income		8'783'524	100%	7'389'989	100%
Direct program expenses					
Child developpement expenses & grants		(4'483'420)	51%	(3'771'090)	51%
Funds related expenses		(2'588'216)	29%	(2'006'093)	27%
Sponsor-Child relation expenses	7	(549'771)	6%	(512'159)	7%
		(7'621'407)	87%	(6'289'342)	85%
Administrative expenditure					
Administrative cost	7	(472'022)	5%	(503'251)	7%
Fundraising cost	7	(686'083)	8%	(621'943)	8%
		(1'158'105)	13%	(1'125'194)	15%
Total expenses		(8'779'512)	100%	(7'414'536)	100%
Operating result		4'012		(24'547)	
Financial expenses		(49'399)		(12'537)	
Financial income		173		1'490	
Financial result		(49'226)		(11'047)	
Result before change in fund capital		(45'214)		(35'594)	
Allocation		(6'880'264)		(5'736'996)	
Use		7'621'407		6'289'342	
Change in fund capital	8	741'143		552'346	
NET RESULT FOR THE YEAR PRIOR TO ALLOCATIONS		695'929		516'752	
Allocation to unrestricted funds		52'819		87'310	
Allocation to restricted funds	9	(748'748)		(604'062)	
NET RESULT FOR THE YEAR		0		0	

STATEMENT OF CHANGES IN CAPITAL (IN SWISS FRANCS)

	30.06.2019	Allocation	Use	Transfert	30.06.2020	Allocation	Use	Transfert (note 9)	30.06.2021	Variation
Restricted Income funds										
Sponsorship	0	3 975 982	(4 283 249)	307 267	0	4 438 117	(5 033 192)	595 075	0	0
		3 975 982	(4 283 249)	307 267	0	4 438 117	(5 033 192)	595 075	0	0
Medical fund	17 991	30 959	(11 812)	0	37 139	25 478	0	0	62 617	25 478
Vocationnal fund	8 711	2 124	(10 407)	0	428	7 229	(61 490)	53 833	0	(428)
Direct children gifts fund	57 248	613 044	(626 308)	0	43 984	716 572	(725 748)	0	34 808	(9 176)
Disaster relief fund	199 798	406 432	(200 556)	0	405 674	368 527	(679 106)	0	95 095	(310 579)
Bibles fund	2 563	1 316	(5 324)	1 445	0	1 464	(6 812)	5 348	0	0
Christmas gift fund	52 944	226 767	(150 000)	0	129 711	378 619	(300 000)	0	208 330	78 619
Local program fund	0	4 360	(45 892)	41 532	0	3 774	(46 598)	42 824	0	0
Water fund	198 349	141 021	(320 359)	0	19 011	112 383	(132 250)	856	0	(19 011)
Leadership development fund	5 042	1 508	0	0	6 550	1 132	0	0	7 682	1 132
Child survival fund	0	99 739	(341 926)	242 187	0	625 856	(394 460)	0	231 396	231 396
Most vulnerable children fund	863	0	(167)	0	696	0	0	0	696	0
Campaigns	202 686	49 804	(54 176)	0	198 314	26 247	(16 073)	0	208 488	10 174
Un-sponsored children fund	43 595	183 940	(239 166)	11 631	0	174 866	(225 678)	50 812	0	0
	789 790	1 761 014	(2 006 093)	296 795	841 507	2 442 147	(2 588 215)	153 673	849 112	7 605
Total Restricted Income funds	789 790	5 736 996	(6 289 342)	604 062	841 507	6 880 264	(7 621 407)	748 748	849 112	7 605
Capital of the organisation										
Paid-in capital	11 407				11 407				11 407	0
Unrestricted capital	986 093			(87 310)	898 783			(52 819)	845 965	(52 819)
Net result for the year		516 752		(516 752)		695 929		(695 929)	0	0
Total Capital of the organisation	997 500	516 752	0	(604 062)	910 190	695 929	0	(748 748)	857 372	(52 819)

CASH FLOW STATEMENT (IN SWISS FRANCS)	<i>Notes</i>	01.07.2020 - 30.06.2021	01.07.2019 - 30.06.2020
Cash flows from operating activities			
Net result over unrestricted funds		(52 819)	(87 310)
Net variation of restricted income fund		7 605	51 717
Depreciation of property, plant and equipment		15 056	13 282
Loss/(gain) on disposal of property, plant and equipment			
Changes in working capital:		(928 941)	381 090
Cash generated from operations		(959 099)	358 779
Cash flows from investing activities			
Acquisition of property, plant and equipment		(44 417)	(12 548)
Proceeds from disposal of property, plant and equipment			
Net cash used in investing activities		(44 417)	(12 548)
Net increase/(decrease) in cash and cash equivalents		(1 003 516)	346 231
Cash and cash equivalents at beginning of the year		2 913 308	2 567 077
Cash and cash equivalents at end of the year		1 909 792	2 913 308

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Principles underlying preparation of the balance sheet and assessment

A) Basis for presentation of the financial statements

The financial statements of Compassion Suisse are prepared in accordance with the Swiss accounting and reporting recommendations GAAP core RPC (and in particular with the Swiss norm GAAP RPC 21) applicable to charitable non-profit organisations. The results presented reflect the association's true financial state.

In accordance with Swiss GAAP RPC 21, the financial statements comprise the following:

- Balance sheet
- Operating account
- Statement of changes in equity
- Cash flow statement
- Notes to the annual financial statements
- Performance review

B) Assessment principles

The financial statements are prepared based on the acquisition-cost or historical-cost principle and are presented in Swiss francs. The accounting periods are defined on an accrual basis, with income and expenses adjusted to the accounting period.

C) Foreign currency translation

Compassion Suisse maintains its accounting records in Swiss francs. Positions held in foreign currencies are translated using the closing rate method. All assets and liabilities are translated at the rates in effect on the balance sheet date. Foreign currency transactions are translated at the rates in effect on the date of the transaction. The effects resulting from exchange rate adjustments are recorded in the income for the period.

D) Fund accounting method

Compassion Suisse uses the fund accounting method. The primary purpose of this method is to document that the restricted funds received are in fact used according to the wishes of each donor.

Donations received and allocated to sponsorship or to one of the special funds are recorded as income of the relevant fund during the year in which they are received. Donations that are not destined for a specific purpose are allocated to the association's unrestricted funds.

E) Cash (and equivalents) and other short-term assets

Cash (and equivalents) and other short-term assets are valued at nominal value.

F) Tangible fixed assets

Tangible fixed assets are shown in the balance sheet at their cost of acquisition, after deduction of depreciation as calculated using the straight-line method over the following useful lives:

- Vehicles and office furnishings: 5 years
- IT equipment: 3 years

G) Financial assets

Financial assets are valued at acquisition cost, less any impairment losses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS*H) Short-term liabilities*

Short-term liabilities are valued at nominal value.

I) Recording and allocation of income

The accounting method used by Compassion Suisse is based on the income collected. Income from sponsorship fundraising is recorded as due and is used to offset the expenses arising from the sponsorship of children. Sponsorships are invoiced monthly, when collected for multiple months, the amount is recorded as sponsorship in advance until it is due. Eighty percent of the amounts received are restricted to the sponsorship fund, which is entirely devoted to the children. The remaining amounts are used to cover administrative costs and the recruitment of new sponsors in accordance with the information given to donors when they commit to sponsorship.

All other income is divided among the allocated funds or remains unrestricted depending on the wishes of each donor. Donation pledges are not considered as income.

J) Administrative costs and fundraising

The administrative costs consist of the costs generated by the Compassion Suisse office in Yverdon and Bern.

These costs include general expenses (human resources, operating expenses, IT and accounting expenses) as well as those related to advertising and fundraising.

K) Taxes

Compassion Suisse is a charitable non-profit organisation recognised by the Canton of Vaud (decision of 24 May 2004). It is exempt from direct taxes on income and capital, as well as inheritance and donation taxes. The decision of the Canton of Vaud has been recognised by all Swiss cantons.

L) Statement of changes in equity

The statement shows the changes in the restricted funds and the available capital according to their allocation and use during the financial year in question. The restricted funds consist of the proceeds restricted for sponsorships and the other programmes of Compassion Suisse. These funds are used in accordance with the wishes of each donor. The organisation's capital is composed of the free capital generated by the income of previous financial years, as well as the funds at the organisation's free disposal.

Explanations relating to the operating account (in Swiss francs)

<i>1) Cash and cash equivalents</i>	<u>30.06.2021</u>	<u>30.06.2020</u>
Cash	6'170	5'138
Postal account	390'417	178'875
Bank accounts	1'513'204	2'729'295
	1'909'791	2'913'308
 <i>2) Receivables</i>	 <u>30.06.2021</u>	 <u>30.06.2020</u>
Sponsorship due (received after closing date)	21'176	21'400
Online (credit card) payments	2'970	10'250
	24'146	31'650

NOTES TO THE ANNUAL FINANCIAL STATEMENTS*3) Tangible fixed assets*

	IT	Furnishings	Vehicles	Total
Gross values at 30 June 2019	70 680	114 288	35 000	219 968
Additions	7 566	4 982	0	12 548
Disposals	(1 785)	0	0	(1 785)
Gross values at 30 June 2020	76 461	119 270	35 000	230 731
Cum. depreciation at 30 June 2019	(56 980)	(108 617)	(34 996)	(200 593)
Depreciation	(10 425)	(2 857)	0	(13 282)
Depreciation disposal	1 785	0	0	1 785
Cum. depreciation at 30 June 2020	(65 620)	(111 474)	(34 996)	(212 090)
Net values at 30 June 2019	13 700	5 671	4	19 375
Net values at 30 June 2020	10 841	7 796	4	18 641

	IT	Furnishings	Vehicles	Total
Gross values at 30 June 2020	76 461	119 270	35 000	230 731
Additions	5 817	0	38 600	44 417
Disposals	(2 200)	(319)	0	(2 519)
Gross values at 30 June 2021	80 077	118 952	73 600	272 629
Cum. depreciation at 30 June 2020	(65 620)	(111 474)	(34 996)	(212 090)
Depreciation	(8 108)	(2 766)	(4 182)	(15 056)
Depreciation disposal	2 200	319	0	2 519
Cum. depreciation at 30 June 2021	(71 528)	(113 921)	(39 178)	(224 627)
Net values at 30 June 2020	10 841	7 796	4	18 641
Net values at 30 June 2021	8 549	5 031	34 422	48 002

4) Other liabilities

	<u>30.06.2021</u>	<u>30.06.2020</u>
Trade payables	4'079	29'323
Sponsorships received in advance	499'260	462'315
Sponsors tour	1'011	2'324
Social security contribution payable	35'063	44'219
	539'414	538'181

NOTES TO THE ANNUAL FINANCIAL STATEMENTS*5) Other related-party liabilities*

Each month, based on income received or on project Compassion Suisse committed, an amount is wired to Compassion International. Compassion International practically distribute funds among Compassion field countries. (see performance report, section Connections to related parties)

Sponsorships and funds to be paid to Compassion International	3'484	628'213
Direct gifts to be transfer to Compassion International	44'938	54'945
	48'422	683'158

The total amount of transactions with Compassion International for sponsorship, funds and other administrative services comes to:

	7 114 319	5 882 148
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6) Restricted income funds

The changes in the restricted income funds are derived from the 'Fund result' section of the operating account. The statement of changes in capital, on page 3, gives the details of the changes recorded during the 2020/2021 financial year.

7) Program support, administrative and fundraising costs

<u>2020/2021</u>	Program support costs	Administrative costs	Fundraising costs	Total
Personnel expenses	394 376	397 994	470 157	1 262 527
Travel expenses	367	243	13 182	13 792
Administrative expenses	26 837	42 195	31 302	100 334
Maintenance expenses	7 245	5 449	7 197	19 891
Communication with donors	28 675	635	0	29 310
Advocacy/Fundraising campaign expenses	0	0	128 080	128 080
Depreciation	4 765	5 187	5 103	15 055
Rental expenses	19 803	19 828	29 363	68 994
Other expenses	67 703	491	1 699	69 893
Total	549 771	472 022	686 083	1 707 876
	32.2%	27.6%	40.2%	100.0%

<u>2019/2020</u>	Program support costs	Administrative costs	Fundraising costs	Total
Personnel expenses	372 893	418 551	414 609	1'206'053
Travel expenses	1 402	8 215	12 382	21'999
Administrative expenses	20 280	49 222	20 458	89'960
Maintenance expenses	7 435	4 632	5 375	17'442
Communication with donors	13 060	146	0	13'206
Fundraising campaign expenses	0	0	138 898	138'898
Depreciation	5 027	3 985	4 270	13'282
Rental expenses	17 870	17 585	24 587	60'041
Other expenses	74 192	915	1 364	76'471
Total	512'159	503'251	621'943	1'637'352
	31.3%	30.7%	38.0%	100.0%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8) Fund result

Fund result is calculated as the difference between the donations received throughout the year for sponsorship and other programmes and the expenses incurred in the field for the benefit of children.

Explanations relating to the statement of changes in capital

9) Transfer

During the financial year, Compassion Suisse transferred an amount of CHF 748'748 from its unrestricted fund to its restricted fund. This transfer is to cover activities not fully funded by fundraising activities.

Other items to publish

10) Remuneration of the members of the Association Committee

The members of the Association Committee carry out their functions on a voluntary basis and do not receive any salary or compensation.

11) Remuneration of the members of the management

The total remuneration of the management amount at CHF 398'445 for the financial year.

12) Services received free of charge

Volunteers translate the letters exchanged between sponsors and sponsored children in order to facilitate correspondence between those who do not speak the same language.

Some volunteers come in the office to help put mailings in envelopes. There is also help during events (mostly concerts) that is not counted here.

	Voluntary translation of letters			Hourly rate (incl. social security charges)	Monetary expression (CHF)
	Number of volunteers	Letters translated	Hourly equivalent		
2020/2021	132	12'983	3'246	30	97'373
2019/2020	190	13'899	3'475	30	104'243

	Voluntary assistance in the offices for the translation of letters			Hourly rate (incl. social security charges)	Monetary expression (CHF)
	Number of volunteers	Total hours			
2020/2021	1	78		30	2'340
2019/2020	8	167		30	5'010

Total services received (in Swiss francs):

2020/2021	99'713
2019/2020	109'253

13) Financial statement has been approved on the 2.11.2021

PERFORMANCE REPORT (IN SWISS FRANCS)

unaudited by PwC

Purpose of the organisation

The association has the following goals:

- To help children in developing countries through sponsorship.
- To fund disaster recovery, development program in education, health, vocational training or other aid program towards children.
- To edit, publish, produce and show multimedia content or any current mean of communication helping spread the Gospel to the children.
- To present the needs of children suffering from poverty to the general public.

Governing bodies, trustees and terms of office

a) General assemblee

The general assemblee is composed of each board member.

b) Association Committee

Name	Positions	Signature
Bussy Jean-François	chairman	joint
Willi Christian	without voting rights	joint
Balsiger Laurent	treasurer	
Prudente Adrienne	member	
Müller Markus	member	
Wulliamoz Jean-Luc	member	
Zuberbühler Markus	member	

c) Auditors

PricewaterhouseCoopers SA, Neuchâtel branch

Individuals responsible for the management of the operations

Name	Positions	Signature
Willi Christian	Chief Excecutive Officer	joint
Herrendorff Sarah	Sponsors and Donors Service Manager	joint
Rugenstein Itona Merve	Engagement & Relationship Coordinator	joint
Wulliamoz David	Chief Operation Officer	joint

Average employee full time equivalent

2019-2020	12.2
2020-2021	13.8

PERFORMANCE REPORT (IN SWISS FRANCS)

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Connections to related parties

Compassion Suisse uses Compassion International as its agent to deliver program to the beneficiaries. Direction and control is regulated through an agency agreement. There is frequent interactions at all levels (CEO, Directors, managers) between Compassion Suisse and Compassion International that enable us to enforce this agreement. Since 2009 our board chair, Jean-François Bussy, is a member of the board of director of Compassion International.

Objectives and the services rendered

Compassion International's objective is to help those in impoverished areas using a holistic approach. This approach goes beyond providing food and medical aid and also involves education and training to prepare the individuals for contributing back to their community.

Child Survival Program

The first stage of Compassion's model is their Child Survival Program. This program provides prenatal care, nutrition, health care, infant survival training, spiritual guidance and education, and support through the local church for mothers of at-risk infants.

On June 30th 2021, Compassion Suisse is funding 49 Child Survival Project. Historically Survival intervention are mainly funded by unrestricted fund. This is not the case this year due to large donations for this fund.

	<u>30.06.2021</u>	<u>30.06.2020</u>
Number of Survival Project funded	49	40
Total Survival fund expenses	394 460	341 926
Unrestricted fund used	0	242 187

Child Sponsorship Program

The main program is the sponsorship of children. Children in the program are provided food and clean water, medical care, education, life-skills training, and spiritual guidance through a direct sponsorship. Sponsored children are selected by the sponsors and two-way communication is encouraged between the sponsored child and the sponsor.

The covid pandemic is still affecting the ability to organize sponsorship acquisition events. Despite that Compassion growth acquisition continue to raise with a net acquisition of 1'551 (previous year: 1'199)

On June 30th 2021, 12'564 children were sponsored by Compassion Suisse constituents. (11'013 children on June 30th 2020)

PERFORMANCE REPORT (IN SWISS FRANCS)

unaudited by PwC

<u>Ratios regarding sponsorship</u>	<u>30.06.2021</u>	<u>30.06.2020</u>
Sponsorship growth	14.08%	12.22%
Sponsorship correspondance rate	72.00%	72.15%
Program ratio (program expenses / total expenses)	86.81%	84.82%

**Other fundraising activities related to sponsorship**

On top of the sponsorship, sponsors can give direct gifts (birthday, child, family), participate to the Christmas fund gift campaign or the unsponsored children fund.

<u>Fund raised</u>	<u>30.06.2021</u>	<u>30.06.2020</u>
Christmas gift fund	378 619	226 767
Direct children gifts	716 572	613 044
Unsponsored children fund	174 866	183 940

Complementary Interventions

Compassion's Interventions activities address a wide range of challenges to support the 2 core programs.

Compassion Suisse participate to these Interventions in two different ways. Contributing money to specific funds used by the field accordingly or choosing and funding a proposal based intervention's (prepared by the field).

<u>Category of proposals funded</u>	<u>30.06.2021</u>	<u>30.06.2020</u>
Disaster Response	679 106	200 556
Wash	132 250	320 359
Medical	0	11 812
Non-Formal Education	61 490	10 407

PERFORMANCE REPORT (IN SWISS FRANCS)

unaudited by PwC

Overall figure

Compassion Suisse watch carefully the amount of administrative and fundraising overhead to maximize program service to its beneficiaries. Usually program ratio is reported against expenses. Here this breakdown is against income. Which is also an important ratio for the donor.

	<u>30.06.2021</u>	<u>30.06.2020</u>
<i>Program expenses</i>	7 621 407	6 289 342
<i>Change in restricted net assets</i>	7 605	51 717
Total expenses related to program	7 629 012 86.9%	6 341 059 85.8%
<i>Administrative overhead</i>	472 022	503 251
<i>Net financial expenses</i>	49 226	11 047
Total administratives overhead	521 248 5.9%	514 298 7.0%
Fundraising overhead	686 083 7.8%	621 943 8.4%
Change in unrestricted fund	(52 819) -0.6%	(87 310) -1.2%
Income Total's	8 783 524 100%	7 389 990 100%

