

BfB Fidam révision SA
Avenue des Baumettes 23
Case postale 183
CH-1020 Renens VD 1

Téléphone +41 (0)21 641 46 46
Téléfax +41 (0)21 641 46 40
E-mail : contact@bfbvd.ch

BfB

**ASSOCIATION MERCY SHIPS
Lausanne**

Exercice 2024

Report of the statutory auditors
on the limited statutory examination
to the General Meeting

Financial statements

Report of the statutory auditors on the limited statutory examination
to the General Meeting of
ASSOCIATION MERCY SHIPS
Lausanne

BfB

As statutory auditors, we have examined the financial statements of the ASSOCIATION MERCY SHIPS, which comprise the balance sheet, operating statement, cash flow statement, movements in fund balances and notes, for the year ended December 31st, 2024.


These financial statements in accordance with Swiss GAAP FER 21 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 the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER 21. Furthermore, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the association's deed and internal regulations.

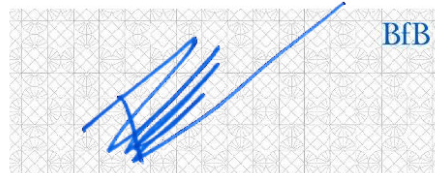
Renens, March 13, 2025

BfB Fidam révision SA



BfB

Samuel Jaccard
Licensed audit expert
Auditor in charge



BfB

Bertrand Moulis
Licensed auditor

Enclosure

Financial statements consisting of :

- Balance sheet
- Income statement
- Cash flow statement
- Movements in fund balances
- Notes

Report of the statutory auditors

Mercy Ships Switzerland

BALANCE SHEET AS AT DECEMBER 31st		2024	2023
		CHF	CHF
ASSETS			
CURRENT ASSETS			
2.1*	Cash and cash equivalents	2'392'902	2'407'074
2.2	Short-term investments in USD	1'128'281	1'054'798
2.3	Trade receivables	23'419	25'548
2.4	Trade receivables associates	-	370'151
	Other receivables	28'347	2'560
2.5	Accrued income and prepaid expenses	16'722	26'755
	TOTAL CURRENT ASSETS	3'589'671	3'886'886
FIXED ASSETS			
2.6	Loan to partners	266'674	-
2.7	Equipment	15'396	3'696
2.8	Improvements on building	1'011'738	1'082'738
	TOTAL FIXED ASSETS	1'293'808	1'086'434
	TOTAL ASSETS	4'883'479	4'973'320
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
2.9	Third party trade creditors	181'782	196'383
2.10	Trade creditors associates	212'396	414'910
2.11	Other current liabilities	101'849	98'058
2.12	Deferred income and accrued expenses	6'755	6'755
	TOTAL CURRENT LIABILITIES	502'782	716'106
4.1	ALLOCATED FUNDS		
	Projects "Rovéréaz House"	303'179	303'179
	Reserve for fundraising	706'962	706'962
	Reserve for IT security and audit	24'860	24'860
	Reserve for "Swiss Office"	50'000	-
	TOTAL ALLOCATED FUNDS	1'085'001	1'035'001
4.2	CAPITAL		
4.2.1	Allocated funds in USD	1'128'281	1'054'798
4.2.2	Proprietary funds	2'167'415	2'167'415
	TOTAL	3'295'696	3'222'213
	TOTAL LIABILITIES AND CAPITAL	4'883'479	4'973'320

Report of the statutory auditors

Mercy Ships Switzerland

INCOME STATEMENT		2024	2023
		CHF	CHF
	INCOME		
3.1	Unrestricted donations and legacies	6'814'145	6'840'850
3.2	Restricted donations	1'422'333	1'075'881
3.3	Donations for volunteer crew	95'163	101'560
3.4	Other income	1'343'667	854'038
	TOTAL INCOME	9'675'308	8'872'330
	EXPENSES		
3.5	Project expenses	7'489'315	7'581'367
3.6	Wages	1'172'484	1'159'849
3.7	Cost of premises	62'670	66'371
3.8	Administrative office expenses	33'182	50'893
3.9	Participation Mercy Ships Global	27'278	34'406
3.10	Marketing and fundraising costs	765'443	783'532
3.11	Expenses for organizational development	2'101	4'542
3.12	Other operating costs	27'477	22'077
3.13	Depreciation on furniture, machines	11'016	3'444
	TOTAL EXPENSES	9'590'966	9'706'483
	NET RESULT	84'342	- 834'153
	Financial result		
3.14	Exchange gains	6'548	51'464
3.15	Exchange losses from operating activities	- 4'472	- 91'122
3.16	Exchange rate difference on short-term investments in USD	68'208	- 171'118
3.17	Interest received	50'720	117'984
3.18	Interest and financial costs	- 10'754	- 10'226
		110'250	- 103'018
3.19	Maison Rovéréaz		
	Rental income	127'236	127'076
3.20	Current expenses	- 127'345	- 102'654
	Depreciations	- 71'000	- 69'500
		- 71'109	- 45'078

Report of the statutory auditors

Mercy Ships Switzerland

INCOME STATEMENT (CONTINUATION)		2024	2023
		CHF	CHF
	RESULT BEFORE MOVEMENT IN RESTRICTED FUNDS	<u>123'483</u>	<u>- 982'249</u>
3.21	Allocation	- 50'000	- 52'000
3.21	Use	-	52'000
	Result allocated to restricted funds	<u>- 50'000</u>	<u>-</u>
	RESULT BEFORE MOVEMENT IN CAPITAL AND RESTRICTED FUNDS	<u>73'483</u>	<u>- 982'249</u>
	Allocation of the yearly result to the capital of the association	-	- 1'123'465
	Allocation of the restricted funds in USD	-	- 50'089
3.22	Use of the restricted funds in USD	-	1'976'525
	Exchange rate difference resulting from the re-evaluation of the restricted funds in USD	- 73'483	179'278
	Total of the restricted funds	<u>- 73'483</u>	<u>982'249</u>
		<u>0</u>	<u>0</u>

Report of the statutory auditors

Mercy Ships Switzerland

CASH FLOW STATEMENT	2024	2023
	CHF	CHF
Result of the year	0	0
Depreciation	82'016	72'944
Allocation to restricted funds	50'000	1'175'465
Use of restricted and allocated funds	73'483	- 231'278
Changes in trade receivables	2'129	- 890
Variation trade receivables associates	370'151	- 25'003
Variation other receivables	- 25'787	- 1'789
Changes in accrued income and prepaid expenses	10'033	- 22'781
Changes in third party trade creditors	- 14'601	120'099
Change in trade creditors associates	- 202'514	- 43'980
Change in other current liabilities	3'791	25'210
Change in deferred income and accrued expenses	-	- 10'245
	348'701	1'057'752
Cash flow used by (-) / from operating activities		
Cash flow used by (-) / from investing activities	- 289'389	-
Cash flow used by (-) / from financing activities	-	- 1'926'436
Change in liquid funds	59'312	- 868'684
Cash and cash equivalents as at January 1 st	3'461'871	4'330'556
Cash and cash equivalents as at December 31 st	3'521'183	3'461'871
	59'312	- 868'684

Report of the statutory auditors

Mercy Ships Switzerland

		MOVEMENTS IN FUND BALANCES					
	01.01.2024	Allocation	Use	Internal transfers	Allocation financial result	31.12.2024	
	CHF	CHF	CHF	CHF	CHF	CHF	
4.1	ALLOCATED FUND BALANCES	1'035'001	50'000	-	-	1'085'001	
	Projects "Rovéréaz House"	303'179	-	-	-	303'179	
	Reserve for fundraising	706'962	-	-	-	706'962	
	Reserve for IT security and audit	24'860	-	-	-	24'860	
	Reserve for Swiss Office	-	50'000	-	-	50'000	
4.2	PROPRIETARY DESIGNATED						
4.2.1	FUND BALANCES	1'054'798	-	-	73'483	1'128'281	
	Reserve projects related to New Ship in USD	1'054'798	-	-	73'483	1'128'281	
4.2.2	PROPRIETARY FUNDS	2'167'415	-	-	-	2'167'415	
	TOTAL	4'257'214	50'000	-	73'483	4'380'697	

Report of the statutory auditors

Mercy Ships Switzerland

NOTES TO THE FINANCIAL STATEMENTS

(Part of Financial statements)

In general

The purpose of the association is the promotion, support and care of the hospital ships, which are operated by "Mercy Ships International Association" for the support of the poor and disadvantaged in the port cities and countries along the African coast. The association promotes social change and specifically helps to close gaps in the health systems of host countries by mobilising volunteer professionals, providing free surgical care and initiating and implementing medical education and training programmes.

Organization

The supreme body of the association is the general assembly meeting.

The board of directors is composed of between 5 and 13 members, per 31.12.2024 :

Chairman	Tisseyre Olivier
Treasurer	Svanström Carl-Gustav
Secretary (outside the board of directors)	Pfister Loïc
Members	Christ Pierre Kühnlein Specker Isabel Linder Thomas Manieram Linda Monnier Jérôme Sager Christine Suter Nicolas Walter Gilbert

Information on the principles used in the financial statements

The accounts of the Association Mercy Ships are kept in accordance with the Accounting and Reporting Recommendations (Swiss GAAP FER, especially Swiss GAAP FER 21) and give a true and fair view of the assets, financial situation and results.

The numbers for the year 2020 have been restated to make them comparable with those for the year 2021.

Information and comments on certain balance sheet and income statement positions

	2024	2023
	CHF	CHF
<u>Cash and cash equivalents</u>		
- Cash	2'641	3'675
- Bank deposits and postal checks	2'390'261	2'403'399
	<u>2'392'902</u>	<u>2'407'074</u>
<u>Short-term investments in USD</u>		
- Short-Term Money Market in USD	<u>1'128'281</u>	<u>1'054'798</u>

Report of the statutory auditors

Mercy Ships Switzerland

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

(Part of Financial statements)

Number of employees

The association employs less than 50 full-time equivalent employees.

Total amount of assets pledged as guarantee for commitments of the Association

	<u>2024</u>	<u>2023</u>
	CHF	CHF
Book value of work done on the building (surface right expiring in 2074)	1'011'738	1'082'738
	<u> </u>	<u> </u>

The members of the board of directors do not receive any compensation or expenses reimbursement for their activity

The gross remuneration for the members of the management team	<u>429'308</u>	<u>396'755</u>
---	----------------	----------------

Report of the statutory auditors

Mercy Ships Switzerland

1. ACCOUNTING PRINCIPLES

1.1 Basis of Preparation of the Financial Statements

These financial statements have been prepared in accordance with Swiss accounting and auditing standards. They comply with Swiss GAAP FER 21 for non-profit organizations. The accounts provide a true and fair view of the activities and financial position of the Association Mercy Ships (hereinafter "Mercy Ships Switzerland") based in Lausanne, Switzerland. These principles require estimates and assumptions that may affect the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

1.2 Presentation of the Accounts

These financial statements include the administrative and fundraising activities of Mercy Ships Switzerland, as well as the funds received and project financing carried out by Mercy Ships Switzerland. Also included are the revenues and expenses of the Rovéréaz Manor House (hereinafter "Maison de Rovéréaz"), a cost center which comprises the administrative office of Mercy Ships Switzerland in Lausanne and associated housing.

1.3 Allocation of Funds

Designated donations are transferred to field operations before the end of the financial year. Undesignated donations are allocated to a general fund. From this fund, amounts may be allocated to field projects as determined by the board or management of Mercy Ships Switzerland, or used to cover Mercy Ships Switzerland's operating expenses.

1.4 Functional Currency / Foreign Currency Translation

Mercy Ships Switzerland uses Swiss francs (CHF) for all reporting. At year-end, the USD exchange rate (2024: USD 1 = CHF 0.99625) is used for consolidation with other Mercy Ships country offices. Consolidation takes place in the United States and is not part of this financial report.

2. BALANCE SHEET

2.1 Cash and Cash Equivalents

Petty cash and bank accounts held by Mercy Ships Switzerland.

2.2 Short-Term Investments in USD

USD reserves allocated to project funding for the construction and launch of the new ship and for modernization of the Africa Mercy. No funds were withdrawn in 2024 (see Notes 3.22 and 4.2.1).

2.3 Trade Receivables

Receivables include various open invoices owed to Mercy Ships Switzerland by third parties.

2.4 Trade receivables associates

Compared to 2023, no invoices were open in favor of Mercy Ships Switzerland. Previously outstanding receivables from other Mercy Ships country offices are now listed under “Loans to Related Parties.”

2.5 Accrued income and prepaid expenses

Prepaid expenses relate to costs paid in advance.

2.6 Loans to partners

Receivable from a Mercy Ships country office (see also 2.4).

2.7 Equipment

Increase in financial assets related to the purchase of new computers following the migration to a new IT platform (see Note 3.13 for depreciation).

2.8 Improvements on building

These assets include renovation work done at the Maison de Rovéréaz (see Note 3.19 for depreciation details).

2.9 Third party trade creditors

Includes amounts payable as of December 31, 2024, to various third-party creditors and provisions.

2.10 Trade creditors associates

Includes payments due as of December 31, 2024, to the International Support Center, including designated donations for Africa Mercy and Global Mercy crew members, as well as project-specific donations.

2.11 Other current liabilities

Social charges still owed as of December 31, 2024.

2.12 Deferred income and accrued expenses

Includes various provisions.

3. INCOME STATEMENT

3.1 Unrestricted donations and bequests

These consist of undesignated donations recognized as income when received. Pledges are not recorded as revenue and are not reflected in these financial statements. In 2024, bequests totaled CHF 284,942.

3.2 Restricted donations

Designated donations are revenues that include donor restrictions as to their use (project, location, and/or year).

3.3 Donations for Volunteer crew

In general, crew members on our ships are unpaid. Volunteers can be supported financially through Mercy Ships Switzerland.

3.4 Other Income

Other income includes administrative reimbursements and various asset sales, as well as in-kind donations such as services for the Maison de Rovéréaz, the Mercy Ships offices in Belp, and on-board ship services. These include container transport by MSC and the recognition of "service contributions" from volunteers totaling CHF 858,723.

3.5 Project Expenses

Project expenses relate directly to field projects.

3.6 Wages

These expenses relate solely to employees of Mercy Ships Switzerland.

3.7 Cost of premises

Rent expenses relate to offices in Lausanne and Belp. Costs for Lausanne are charged by the Rovéréaz cost center. The Belp offices are provided free of charge by a company and recorded as in-kind donations under "Other Income" (see Note 3.4).

3.8 Administrative office expenses

Includes purchases of office supplies and materials, as well as printing, postage, communication, and IT costs in Switzerland.

3.9 Participation Mercy Ships Global

Mercy Ships Global, based in Lausanne, was established in 2012 to coordinate and streamline the work of 16 national Mercy Ships offices. It is registered in the commercial registry of the canton of Vaud as an independent association with its own financial records. Each Mercy Ships country office contributes a percentage of revenue toward the administrative costs of Mercy Ships Global.

3.10 Marketing and fundraising costs

Includes costs for mailings, donor acquisition efforts, exhibitions, conferences, and other publicity activities.

3.11 Expenses for organizational development

On May 27, 2022, Mercy Ships officially added the Global Mercy to its fleet as a second hospital ship. Operating two ships and doubling aid in Africa requires additional resources. Mercy Ships Switzerland has prepared for this by investing in human resources, processes, and systems.

3.12 Other operating costs

Includes audit, accounting, and legal consultation fees.

3.13 Depreciation on furniture, machines

Increase in depreciation due to the purchase of new computers (see also Note 2.7).

3.14 Exchange gains

Exchange gains on current accounts and foreign currency reserves.

3.15 Exchange losses from operating activities

Losses on current accounts held in foreign currency, excluding USD reserves.

3.16 Exchange rate difference on short-term investments in USD

Includes foreign exchange differences on short-term investments and foreign currency accounts.

3.17 Interest received

Interest on capital from USD investments.

3.18 Interest and financial costs

Bank interest, transaction fees, and financial charges on current accounts.

3.19 Maison de Rovéréaz

Since 1996, Mercy Ships Switzerland's headquarters has been located in the historic Maison de Rovéréaz, a property owned by the City of Lausanne. In 1994, Mercy Ships Switzerland was granted an 80-year lease (until 2074) to use the building for offices and housing. Initial renovations are recorded as fixed assets due to the nature of the surface rights granted. Renovations made between 1994 and 1996 to render the building functional were capitalized and amortized over 50 years. To ensure transparency and separate operational and support activities, Maison de Rovéréaz is treated as a cost center. It also serves as a venue for events promoting Mercy Ships in Switzerland.

3.20 Current expenses

Includes maintenance of the building, energy costs, taxes, and surface rights fees.

3.21 Allocations / Use

Allocation from a designated donation for the Swiss office (see also Note 4.1). No release in 2024.

3.22 Use of the restricted funds in USD

No withdrawals from USD funds in 2024.

4. RESTRICTED FUNDS AND ORGANIZATIONAL CAPITAL

4.1 Allocated Funds

These funds are allocated by the board to projects initiated by Mercy Ships Switzerland or Mercy Ships International. In recent years, Mercy Ships Switzerland has received several large donations and bequests, allowing the creation of the following reserves:

- Rovéréaz Projects: reserve for renovations and maintenance
- Fundraising Reserve: for donor and volunteer recruitment
- IT and Communications Infrastructure Reserve
- “Swiss Office” Reserve: designated for the Swiss team or office

4.2 Capital

These funds represent the general reserves of Mercy Ships Switzerland originating from donations without specific designation.

4.2.1 Allocated Funds in USD

Restricted capital allocated to ongoing or upcoming projects by the board. Since 2018, unrestricted USD capital has been invested short-term and earmarked for future projects, including the commissioning of the Global Mercy and upgrades to the Africa Mercy.

4.2.2 Proprietary Funds

This capital is not designated for specific purposes and serves as an operational reserve. Its use is determined by the board and management.

5. OTHER INFORMATIONS

5.1 Board Compensation

Board members serve on a voluntary basis and do not receive compensation.

5.2 Mercy Ships Switzerland Management as of 31.12.2024

Christophe Baer, Danielle Harbaugh, René Lehmann, and Jonathan Ziehli.

5.3 Insurance

Mercy Ships Switzerland holds fire insurance for the building, furniture, and equipment totaling CHF 5,661,833.

5.4 Depreciation - Equipment and Installations

Straight-line depreciation is recorded as follows:

- Office and IT equipment: 3 years
- Furniture and fixtures: 10 years

5.5 Volunteer Network

A network of volunteers supports Mercy Ships Switzerland in various tasks at the office and during public events. Their contributed time represents a significant cost saving in both labor hours and personnel expenses. These savings are not quantified or reported in these financial statements.

5.6 In-Kind Donations

Located outside the EU, Mercy Ships Switzerland does not focus on collecting in-kind donations for

field projects due to high transport and customs clearance costs. Additionally, its facilities lack the capacity for storage.

5.7 Legal Structure

Mercy Ships Switzerland is registered in the commercial registry of the canton of Vaud as a non-profit association (Association Mercy Ships). It is an independent entity within the Mercy Ships network, with its own board and a mandate to support Mercy Ships' humanitarian projects.

5.8 Tax Exemption and Donation Deductibility

Mercy Ships Switzerland is fully exempt from taxes in Switzerland. Donations are tax-deductible in all Swiss cantons.