

**JRR Association,
Geneva**

**Report of the independent auditor on
the financial statements for the year ended
December 31, 2016**

Report of the independent auditor
to the Executive Board of
JRR Association,
Geneva

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We have audited the financial statements of JRR Association, Geneva, which comprise the balance sheet, statement of receipts and expenses and notes for the year-ended December 31, 2016.

Executive Director's Responsibility

The Executive Director's is responsible for the preparation of these financial statements prepared in accordance with the accounting principles prescribed by the Swiss Code of Obligations and those disclosed in the accompanying notes, and JRR Association's by-laws. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Executive Director is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

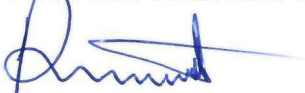
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements for the year ended December 31, 2016 comply with the accounting principles prescribed by the Swiss Code of Obligations and those disclosed in the accompanying notes, and JRR Association's by-laws.

RSM Audit Switzerland SA

A handwritten signature in blue ink, appearing to read 'JR Howarth'.

JR Howarth
Audit expert
Auditor in charge

A handwritten signature in blue ink, appearing to read 'O Bétrisey'.

O Bétrisey
Audit expert

Carouge, June 21, 2017

Enclosures: Financial statements (balance sheet, statement of receipts and expenses and notes)

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JRR Association, Geneva**Balance sheet as at 31 December,
(in CHF)**

	Notes	2016	2015
Assets			
Current assets			
Cash and cash equivalents and current assets with a stock exchange price	3.1	960,920.23	1,783,507.59
Prepaid expenses and accrued income		71,572.40	30,953.80
Total current assets		1,032,492.63	1,814,461.39
Total assets		1,032,492.63	1,814,461.39
Liabilities and funds			
Current liabilities			
Trade accounts payable		76,550.69	7,099.19
Deferred income and accrued expenses	3.2	25,410.90	145,080.41
<i>Accrued expenses</i>		<i>25,410.90</i>	<i>145,080.41</i>
Total current liabilities		101,961.59	152,179.60
Total liabilities		101,961.59	152,179.60
Funds			
Donor funds	3.3	228,963.84	1,175,167.09
JRR fund	3.4	701,567.20	487,114.70
<i>JRR fund</i>		<i>616,917.13</i>	<i>487,114.70</i>
<i>Deployment coordination fee fund</i>		<i>107,680.91</i>	-
<i>Provision for currency exchange losses</i>		<i>(23,030.84)</i>	-
Total funds		930,531.04	1,662,281.79
Total liabilities and funds		1,032,492.63	1,814,461.39

The accompanying notes are an integral part of these financial statements.

JRR Association, Geneva**Statement of receipts and expenses for the year ended 31 December,
(in CHF)**

	Notes	2016	2015
Receipts			
Revenue from donors	3.5 & 3.7	1,487,136.44	2,461,375.96
Total operating income		1,487,136.44	2,461,375.96
Operating expenses			
Personnel expenses	2	695,001.24	581,381.71
Rent and utilities		110,500.00	105,172.81
General and administration expenses		101,454.89	95,543.97
Consultant fees		74,083.73	164,466.11
Outreach expenses		49,061.66	63,176.21
Professional fees		37,449.01	44,778.12
Executive Board and Group expenses		20,243.35	19,115.92
Other operating expenses		1,104,662.25	1,219,611.86
<i>Deployments</i>	3.8	620,935.08	586,640.68
<i>Training and sponsorship expenses</i>	3.9	375,604.50	436,438.61
<i>JRR USA</i>	3.1	108,122.67	196,532.57
Total operating expenses		2,192,456.13	2,293,246.71
Operating result		(705,319.69)	168,129.25
Financial expenses		(5,547.89)	(79,049.63)
<i>Interest expense</i>		(628.01)	(905.25)
<i>Other financial expenses</i>		(4,919.88)	(3,876.61)
<i>Foreign exchange loss - net</i>		-	(74,267.77)
Financial income		2,148.92	1,623.83
<i>Foreign exchange gain - net</i>		1,547.25	-
<i>Interest income</i>		601.67	1,623.83
Total non-operating expenses		(3,398.97)	(77,425.80)
Excess / (shortage) of receipts over expenses		(708,718.66)	90,703.45
Total release of funds	3.5-3.6	1,194,567.00	1,339,054.99
Total allocation to funds	3.6	(485,848.34)	(1,429,758.44)
Net surplus or (deficit) for the period		-	-

The accompanying notes are an integral part of these financial statements.

Note 1 - General Information

JRR Association, Geneva ("JRR" or the "Association") is a non-profit international association established under Swiss law on 11 December 2012. In accordance with its authority under Part VI of the by-laws of JRR, the JRR General Assembly has, through the Executive Board, appointed RSM Audit Switzerland SA as its external auditor.

Under its mandate pursuant to the 'Organizational Structure and Guidelines for Participation – Justice Rapid Response' the Executive Board exercises oversight and provides strategic direction to the JRR Secretariat through the JRR Executive Director. The accompanying audit report is therefore provided to the Executive Board acting on behalf of the JRR General Assembly pursuant to Part VI Article 19 of the JRR by-laws.

Note 2 - Key accounting and valuation principles

Principles of financial reporting

The present annual financial statements have been established in compliance with the principles of Swiss law, particularly with the articles on the commercial accounting and the financial statements presentation (Art. 957 to 962 CO).

Foreign currency translation

Assets and liabilities recorded in foreign currencies are converted into Swiss francs at the exchange rate prevailing at the date of the financial statements. Income and expenses recorded in foreign currencies are converted in Swiss francs at the exchange rate prevailing at the date of the transaction.

Any realized foreign exchange ("FX") gains and losses are included in the statement of receipts and expenses for the year. Unrealized foreign exchange gains and losses, that are created by JRR receiving donor funds not denominated in CHF, are provided for in the JRR Fund.

As of December 31, 2016, the presentation of the FX impact has changed for fair presentation of the revenue - note 3.7 Revenue for donors - .

Donor revenues and expenses recognition

Donor revenues concerning the year under review are recorded as income only upon their receipt.

Receipts from donors can concern different accounting periods. Unused donor revenues that concern subsequent accounting periods are credited to the relevant donor fund and used in the applicable subsequent years.

The JRR Reserve Fund has been established in 2013, the purpose is to provide a mechanism to manage cash flow and any other minor unplanned contingencies. It is funded exclusively through a JRR 12% administrative fee, the deployment coordination fees or by donors who have given unrestricted funding, after all other JRR core costs are expensed.

The deployment coordination fee has been established in 2016, the purpose is to be able to reflect partial recuperation of the costs born by JRR for the deployment services provided internally by JRR.

Expenses are recognized when they are incurred and are included in the accounts of the period to which they relate.

JRR Association, Geneva**Notes to the financial statements as at 31 December, 2016
(in CHF)****Note 2 - Key accounting and valuation principles (cont'd)***Personnel and consultant costs*

The Association has an annual average of over 11 full-time positions (2015 - 10 full-time positions)

In 2016, JRR personnel fell into following categories.

First, personnel seconded by their governments (ie: the JRR Executive Director by Canada, and the Director of Operations and the Roster & Deployment Manager by Switzerland).

Second are salaried employees such as Finance Director, Training Coordinator, Administrator, Deployment & Complementarity Officer, Accounting / Finance Associate, two Programme Associates and an Operations Assistant.

Employees funded in JRR USA, as Sexual and Gender Based Violence ("SGBV") and MENA region Program Manager, External Relations & Communication Officer, Mentoring Humanitarian Responders ("MHR") Association, and part time administrative/finance assistant.

Finally, JRR used one consultant, based in Dublin, Ireland who provided project management and outreach support. The costs of the consultants and the salaried employees are included in the present financial statements, the cost of the seconded personnel is not.

Tangible and intangible fixed assets

Given the nature of its operations, JRR does not maintain any merchandise or equipment inventory. IT and communication equipment is expensed in the year acquisition. The Association's office furniture is included in the office rental agreement.

Note 3 - Information on balance sheet and income statement items**3.1 Cash and cash equivalents and current assets with a stock exchange**

	2016	2015
of which in CHF	526,564	32,355
of which in USD	28,907	29,766
of which in EUR	405,450	1,721,387
Total	960,920	1,783,508

3.2 Deferred income and accrued expenses

	2016	2015
Accrued deployment expenses		
Accrued general and admin expenses	785	6,049
Other accrued expenses	-	5,255
Accrued social charges	2,563	4,994
Accrued outreach expenses	-	3,951
Accrued pension liabilities	1,029	3,537
Accrued audit fees	-	3,500
Accrued consultant expenses	3,877	1,594
Total	25,411	145,080

Note 3 - Information on balance sheet and income statement items (cont'd)**3.3 Donor funds**

JRR released the following from the funds carried over from prior years:

	2016	2015
Canada Fund	286,144	-
Denmark Fund	712,315	1,032,009
Finland Fund	54,450	-
Ireland (Irish Aid) Fund	51,263	-
Liechtenstein Fund	-	25,000
Luxembourg Fund	-	30,055
Netherlands Fund	-	240,440
Sweden Fund	10,747	-
Switzerland Fund	60,248	11,550
	1,175,167	1,339,054

The following revenues received in 2016 and 2015, were deferred to the relevant funds for use as of 2017 and 2016 (in CHF):

	2016	2015
Canada Fund	-	286,144
Denmark Fund	-	712,315
Finland Fund	-	54,450
Ireland (Irish Aid) Fund	52,980	51,263
Liechtenstein Fund	63,224	-
Netherlands Fund	52,945	-
Sweden Fund	-	10,747
Switzerland Fund	59,815	60,248
	228,964	1,175,167

3.4 JRR fund

	2016	2015
JRR Fund accumulated as of Jan 1,	487,115	232,524
Allocated from donor funds	256,883	254,591
Funds used	(19,400)	-
Provision for currency exchange losses	(23,031)	-
JRR fund accumulated as of Dec 31,	701,567	487,115

The provision for currency exchange losses is due to the mandatory end-of-year revaluation of all foreign held currencies at the 31 December 2016 FX rate set by European Commission for the contractors.

JRR Association, Geneva

Notes to the financial statements as at 31 December, 2016 (in CHF)

Note 3 - Information on balance sheet and income statement items (cont'd)

3.5 Fund movements

A summary of Donor funds and JRR fund movements during the year 2016 is shown below:

	Funds carried from 2015 <i>Note 3.3 - 3.4</i>	Additional funds received during 2016 <i>Note 3.7</i>	Allocated to JRR Fund <i>Note 3.6</i>	Funds used	Funds carried to 2017 <i>Note 3.3</i>
Australia		73,439	-	(73,439)	-
Canada Fund	286,144	41,877	(48,176)	(279,845)	-
Denmark Fund	712,315	144,500	(123,911)	(732,904)	-
Finland Fund	54,450	358,850	(26,397)	(386,903)	-
Ireland (Irish Aid) Fund	51,263	53,760	(5,817)	(46,226)	52,980
Liechtenstein Fund	-	75,000	(1,262)	(10,514)	63,224
Luxembourg	-	27,435	-	(27,435)	-
Netherlands Fund	-	271,985		(219,039)	52,945
Sweden Fund	10,747	(7,093)	(389)	(3,265)	0
Switzerland Fund	60,248	305,397	(34,521)	(271,309)	59,815
UN Women		153,168	(16,410)	(136,758)	-
JRR fund used	19,400			(19,400)	-
<i>FX revaluation impact on donor funding</i>		(11,180)	-	11,180	-
	1,194,567	1,487,136	(256,883)	(2,195,856)	228,964

3.6 Fund allocations

	2016	2015
Release of JRR fund	19,400	-
Release of donor funds	1,175,167	1,339,054
Total releases - Note 3.5	1,194,567	1,339,054
Allocation to JRR fund - Note 3.5	256,884	254,591
<i>to JRR fund</i>	149,202	254,591
<i>to deployment coordination fee fund</i>	107,682	-
Allocation to donor fund - Note 3.3	228,964	1,175,167
Total allocations	485,848	1,429,758

In 2016, JRR has changed presentation formats in order to more clearly reflect annual movements in donor funding. As such, the data for 2015 has also be reformatted to align with this new presentation.

JRR Association, Geneva**Notes to the financial statements as at 31 December, 2016
(in CHF)****Note 3 - Information on balance sheet and income statement items (cont'd)****3.7 Revenue from donors**

JRR received the following donor funding in 2016 and 2015 (in CHF):

	2016	2015
<i>State & International Institutions</i>		
Australia	73,439	71,160
Canada	41,877	1,277,117
Denmark	144,500	205,800
Finland	358,850	211,240
Ireland - Irish aid	53,760	54,500
Liechtenstein	75,000	25,000
Luxembourg	27,435	25,940
Netherlands	271,985	218,000
Sweden (return of excess funding)	(7,093)	67,739
Switzerland	305,397	215,559
UN Women	153,168	41,859
<i>Philanthropic Sector</i>		
Greenbaum Foundation - <i>see JRR USA comment below</i>	-	47,462
<i>FX revaluation impact on donor funding</i>	(11,180)	-
TOTAL	1,487,136	2,461,376

As of 2016, contributions from Draper Richards Kaplan Foundation, The Greenbaum Foundation and Open Road Alliance were given directly to the JRR USA 501c3 organization and they are not reflected in the JRR Association donor income overview.

FX revaluation impact is caused by the revaluation of non-CHF denominated donor funding. This can occur either when foreign currency funding carries over financial years, or when the foreign currency accounts are re-valued at year-end rate. This year-end rate varies from the FX rate used on the date of actual receipt of the funds, causing the gains and losses. As of December 31, 2016, the presentation of the FX impact has changed for fair presentation of the revenue.

3.8 Deployments

JRR Association receives ear-marked contributions to finance the expenses incurred by JRR Association for deployments that are facilitated either through JRR or via second or third parties. This represents the expenses for all such deployments incurred in the respective year.

3.9 Training and sponsorship expenses

The costs of the training staff are recorded in personnel expenses, and are therefore not reflected here.

3.10 JRR USA

JRR USA was incorporated in December 2014 and received retroactive IRS 501c3 status in July 2015. This has allowed JRR USA to hire staff directly in the USA, thus reducing the need for JRR Association to offer consulting contracts to our North American based team. JRR Association, via unrestricted donor funding, continues to finance these positions and other New York office costs such as rent, insurance and outreach. These costs were previously paid directly by JRR Association.

Note 4 - Other information**4.1 Residual amount of leasing liabilities**

Leasing liabilities , which will not expire and may not be terminated within twelve months, are subject to the following repayment structure

	<u>2016</u>	<u>2015</u>
Up to 1 year	110,500	110,500
1-5 years	23,021	23,021
Total	<u>133,521</u>	<u>133,521</u>

These amounts include payments related to rental or leasing contracts up to the end of their (a) contract period or (b) notice period, as applicable.

4.2 Tax exempt status

JRR Association has received a tax-exempt status from the Swiss Department of Finance on September 2, 2013 and as such is exempt from federal, cantonal and communal taxes for a minimum duration of 10 years.