

**JRR Association,
Geneva**

**Report of the independent auditor on
the financial statements for the year ended
December 31, 2017**

RSM Audit Switzerland SA

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, 2017.

Executive Director's Responsibility

The Executive Director 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, 2017 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 blue ink signature of JR Howarth.

JR Howarth
Audit expert
Auditor in charge

A blue ink signature of O Bétrisey.

O Bétrisey
Audit expert

Carouge, June 1, 2018

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

	Notes	2017	2016
Assets			
Current assets			
Cash and cash equivalents and current assets with a stock exchange price	3.1	1'119'581.31	960'920.23
Prepaid expenses and accrued income		32'121.19	71'572.40
Total current assets		1'151'702.50	1'032'492.63
Total assets		1'151'702.50	1'032'492.63
Liabilities and funds			
Current liabilities			
Trade accounts payable		8'772.81	76'550.69
Deferred income and accrued expenses	3.2	31'459.76	25'410.90
<i>Accrued expenses</i>		<i>31'459.76</i>	<i>25'410.90</i>
Total current liabilities		40'232.57	101'961.59
Total liabilities		40'232.57	101'961.59
Funds			
Donor funds	3.3	331'288.56	228'963.84
JRR fund	3.4	780'181.37	701'567.20
<i>JRR fund</i>		<i>570'579.41</i>	<i>616'917.13</i>
<i>Roster management and deployment coordination fee fund</i>		<i>221'374.96</i>	<i>107'680.91</i>
<i>Provision for currency exchange losses</i>		<i>(11'773.00)</i>	<i>(23'030.84)</i>
Total funds		1'111'469.93	930'531.04
Total liabilities and funds		1'151'702.50	1'032'492.63

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	2017	2016
Receipts			
Revenue from donors	3.5 & 3.7	2'288'810.96	1'487'136.44
Total operating income		2'288'810.96	1'487'136.44
Operating expenses			
Personnel expenses	2	761'576.85	695'001.24
Rent and utilities		110'500.00	110'500.00
General and administration expenses		103'379.17	101'454.89
Consultant fees		118'458.10	74'083.73
Outreach expenses		54'133.29	49'061.66
Professional fees		28'230.80	37'449.01
Executive Board and Group expenses		17'885.40	20'243.35
Other operating expenses		925'207.30	1'104'662.25
<i>Deployments</i>	3.8	380'334.27	620'935.08
<i>Recruitment expenses, including sponsorships</i>	3.9	295'133.95	375'604.50
<i>JRR USA</i>	3.10	249'739.08	108'122.67
Total operating expenses		2'119'370.91	2'192'456.13
Operating result		169'440.05	(705'319.69)
Financial expenses		(5'418.30)	(4'000.64)
<i>Interest expense</i>		(467.69)	(628.01)
<i>Other financial expenses</i>		(4'950.61)	(4'919.88)
<i>Foreign exchange loss - net</i>		-	1'547.25
Financial income		5'659.25	601.67
<i>Foreign exchange gain - net</i>		5'425.90	-
<i>Interest income</i>		233.35	601.67
Total non-operating income / (expenses)		240.95	(3'398.97)
Excess / (shortage) of receipts over expenses		169'681.00	(708'718.66)
Total release of funds	3.5-3.6	517'510.00	1'194'567.00
Total allocation to funds	3.6	(687'191.00)	(485'848.34)
Net surplus or (deficit) for the period		-	-

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

JRR Association, Geneva

Notes to the financial statements as at 31 December, 2017

(in CHF)

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.

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. It is funded through the JRR 12% administrative fee, the roster management and deployment coordination fee 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, 2017

(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 (2016 - 11 full-time positions)

In 2017, JRR personnel fell into following categories:

First are personnel seconded by their governments (ie: The JRR Executive Director by Canada until September 2017; the Public Partnerships and Monitoring & Evaluation Manager by Canada as of September 2017; the Director of Operations and the Roster & Deployment Manager by Switzerland).

Second are salaried employees in Geneva, Switzerland: Finance Director, Training/Recruitment Coordinator, Development & Complementarity/RBM Officer, Accounting & Finance Associate, two Programme Associates, an Operations Assistant, and a part-time Sales Force Administrator.

Third are salaried employees in JRR USA: Head of Office /Sexual and Gender Based Violence (SGBV) and MENA Region Program Manager, External Relations & Communication Officer, Mentoring Humanitarian Responders Program Officer/MC, part-time Sexual and Gender Based Violence (SGBV) Program Associate, part-time Mentoring Humanitarian Responders Program Associate, and a part-time administrative/finance assistant.

Finally, JRR used two part-time consultants, one based in Dublin, Ireland who provided management of the Complementarity program and Public Partnerships and a second one based in Nairobi, Kenya as a SGBV Program Associate.

The costs of the salaried employees and consultants are included in the present financial statements. Seconded personal costs are covered by the respective governments and are not expensed to JRR.

Note 3 - Information on balance sheet and income statement items

3.1 Cash and cash equivalents and current assets with a stock exchange

	<u>2017</u>	<u>2016</u>
of which in CHF	672'055	526'564
of which in USD	28'918	28'907
of which in EUR	418'608	405'450
Total	<u>1'119'581</u>	<u>960'920</u>

3.2 Deferred income and accrued expenses

	<u>2017</u>	<u>2016</u>
Accrued deployment expenses	13'599	17'157
Accrued general and admin expenses	733	785
Other accrued expenses	554	-
Accrued social charges	15'930	2'563
Accrued outreach expenses	592	-
Accrued pension liabilities	52	1'029
Accrued consultant expenses	-	3'877
Total	<u>31'460</u>	<u>25'411</u>

JRR Association, Geneva**Notes to the financial statements as at 31 December, 2017**

(in CHF)

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

JRR released the following in 2017 from the funds carried over from prior year:

	<u>2017</u>	<u>2016</u>
Canada Fund	-	286'144
Denmark Fund	-	712'315
Finland Fund	-	54'450
Ireland (Irish Aid) Fund	52'980	51'263
Liechtenstein Fund	63'224	-
Luxembourg Fund	-	-
Netherlands Fund	52'945	-
Sweden Fund	-	10'747
Switzerland Fund	59'815	60'248
	<u>228'964</u>	<u>1'175'167</u>

The following revenues received in 2017 were deferred to the relevant funds for use as in 2018:

	<u>2017</u>	<u>2016</u>
Finland Fund	-	-
Ireland (Irish Aid) Fund	57'712	52'980
Liechtenstein Fund	-	63'224
Netherlands Fund	-	52'945
Sweden Fund	-	-
Switzerland Fund	66'053	59'815
UNDP Guatemala Fund	6'181	-
UN Women	201'343	-
	<u>331'289</u>	<u>228'964</u>

3.4 JRR fund

	<u>2017</u>	<u>2016</u>
JRR Fund accumulated as of Jan 1,	701'567	487'115
Allocated from donor funds	355'902	256'883
Funds used	(288'546)	(19'400)
Provision for currency exchange losses	(11'773)	(23'031)
Release for currency exchange losses	23'031	-
JRR fund accumulated as of Dec 31,	<u>780'181</u>	<u>701'567</u>

The provision for currency exchange losses is due to the mandatory end-of-year revaluation of all foreign held currencies at the 31 December 2017 FX rate set by European Commission for the contractors.

JRR Association, Geneva**Notes to the financial statements as at 31 December, 2017**

(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 2017 is shown below:

	Funds carried from 2016 <i>Note 3.3 - 3.4</i>	Additional funds received during 2017 <i>Note 3.7</i>	Allocated to JRR Fund <i>Note 3.6</i>	Funds used	Funds carried to 2018 <i>Note 3.3</i>
Australia		72'575	(915)	(71'660)	-
Denmark		145'299		(145'299)	-
Finland		187'760		(187'760)	-
International Humanitarian Fact Finding Commission		7'407	(3'043)	(4'364)	-
Institute for International Criminal Investigations (IICI)		88'468	(1'412)	(87'056)	-
Ireland (Irish Aid) Fund	52'980	58'320	(23'891)	(29'697)	57'712
Liechtenstein Fund	63'224	-	(1'417)	(61'807)	-
Luxembourg		27'088		(27'088)	-
Netherlands Fund	52'945	204'147	(15'028)	(242'064)	-
Republic of Korea (KOICA)		304'836	(31'783)	(273'053)	-
Switzerland Fund	59'815	317'889	(40'425)	(271'226)	66'053
UN Women Fund	-	736'661	(209'600)	(325'718)	201'343
UNDP Guatemala Fund	-	143'099	(28'388)	(108'530)	6'181
JRR Fund used	288'546			(288'546)	-
<i>FX revaluation impact on donor funding</i>		(4'738)		4'738	-
	517'510	2'288'811	(355'902)	(2'119'130)	331'289

3.6 Fund allocations

	2017	2016
Release of JRR fund	288'546	19'400
Release of donor funds	228'964	1'175'167
Total releases - Note 3.5	517'510	1'194'567
Allocation to JRR fund - Note 3.5	355'902	256'884
<i>to JRR fund</i>	134'527	149'202
<i>to roster management and deployment coordination fee fund</i>	221'375	107'682
Allocation to donor fund - Note 3.3	331'289	228'964
Total allocations	687'191	485'848

JRR Association, Geneva

Notes to the financial statements as at 31 December, 2017

(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 2017 and 2016 (in CHF):

	<u>2017</u>	<u>2016</u>
<i>State & International Institutions</i>		
Australia	72'575	73'439
Canada	-	41'877
Denmark	145'299	144'500
Finland	187'760	358'850
International Humanitarian Fact Finding Commission	7'407	
Institute for International Criminal Investigations (IICI)	88'468	
Ireland - Irish aid	58'320	53'760
Liechtenstein	-	75'000
Luxembourg	27'088	27'435
Netherlands	204'147	271'985
Republic of Korea (KOICA)	304'836	
Sweden (return of excess funding)	-	-7'093
Switzerland	317'889	305'397
UNDP Guatemala Fund	143'099	
UN Women	736'661	153'168
<i>FX revaluation impact on donor funding</i>	(4'737)	(11'180)
TOTAL	<u>2'288'811</u>	<u>1'487'136</u>

In 2017, contributions from Draper Richards Kaplan Foundation and The Greenbaum Foundation 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.

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 Recruitment expenses, including sponsorships

The costs of the training staff are recorded in personnel expenses, and are therefore not reflected here. Sponsorships to Global South participants to attend the training course are included in this caption, as they are integral to the total cost of a training course.

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

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>2017</u>	<u>2016</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.