



**DCAF - the Geneva Centre for Security Sector
Governance, Geneva**

Report of the Statutory Auditor
to the Foundation Council

Financial Statements 2022



KPMG SA
Esplanade de Pont-Rouge 6
PO Box 1571
CH-1211 Geneva

+41 58 249 25 15
kpmg.ch

Report of the Statutory Auditor to the Foundation Council of DCAF - the Geneva Centre for Security Sector Governance, Geneva

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DCAF - the Geneva Centre for Security Sector Governance (the Foundation), which comprise the balance sheet as at 31 December 2022 and the profit and loss statement, cash flow statement, statement of changes in restricted and organizational funds, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2022, and its results of operations and its cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law and the Foundation's deed and internal regulations.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Foundation in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements. In accordance with Swiss GAAP FER 21 the information in the performance report is not subject to audit or examination work performed by the Statutory Auditor.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Foundation Council's Responsibilities for the Financial Statements

The Foundation Council is responsible for the preparation of the financial statements that give a true and fair view in accordance with Swiss GAAP FER, the provisions of Swiss law and the Foundation's deed and internal regulations, and for such internal control as the Foundation Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Foundation Council is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Foundation Council either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Foundation Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Foundation Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Foundation Council.

We recommend that the financial statements submitted to you be approved.

KPMG SA

Pierre-Henri Pigeon
Licensed Audit Expert
Auditor in Charge

Steven Gras

Geneva, 14 June 2023

Enclosure:

- Financial statements (balance sheet, profit and loss statement, cash flow statement, statement of changes in restricted and organizational funds and notes)

Balance sheet as at 31 December 2022

	Note	2022 CHF	2021 CHF
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	10 276 049	14 527 835
Donor funding receivables	7	1 980 740	1 276 815
Other receivables	8	702 172	1 351 516
Other current assets	9	102 548	69 930
TOTAL CURRENT ASSETS		13 061 509	17 226 096
NON-CURRENT ASSETS			
Tangible and intangible fixed assets	10	201 998	279 447
TOTAL NON-CURRENT ASSETS		201 998	279 447
TOTAL ASSETS		13 263 507	17 505 543
LIABILITIES			
CURRENT LIABILITIES			
Operating liabilities	11	1 294 729	1 326 362
Other current liabilities	12	1 473 805	1 485 311
Provisions	13	259 754	715 561
Deferred income on donor funding	14	7 973 651	11 563 595
TOTAL CURRENT LIABILITIES		11 001 939	15 090 829
RESTRICTED AND ORGANIZATIONAL FUNDS			
RESTRICTED FUNDS			
Restricted funds		-	-
TOTAL RESTRICTED FUNDS		-	-
ORGANIZATIONAL FUNDS			
Organization initial capital		50 000	50 000
Dedicated funds	16	755 297	889 813
Free funds		1 456 075	1 450 037
Cumulative translation adjustment		196	24 864
TOTAL ORGANIZATIONAL FUNDS		2 261 568	2 414 714
TOTAL RESTRICTED AND ORGANIZATIONAL FUNDS		2 261 568	2 414 714
TOTAL LIABILITIES AND FUNDS		13 263 507	17 505 543

Profit and loss statement
For the year ended 31 December 2022

	Note	2022 CHF	2021 CHF
INCOME			
Income from public contributions	17.1, 17.2	32 363 245	31 086 256
Income from private contributions	17.2	388 500	428 014
Other income	17.2	92 495	119 941
TOTAL INCOME		32 844 240	31 634 211
<i>Of which restricted</i>		<i>18 934 228</i>	<i>17 702 805</i>
EXPENDITURE			
Programme and project implementation	17.3, 17.4	(20 624 172)	(19 399 896)
Core mandate implementation	17.3, 17.4	(6 629 879)	(5 917 399)
Mandate-related expenditure		(27 254 051)	(25 317 295)
Management and administration	17.3, 17.4	(4 981 253)	(5 728 006)
TOTAL OPERATING EXPENDITURE		(32 235 304)	(31 045 301)
RESULT OF OPERATING ACTIVITIES		608 936	588 910
Net financial result	20	(737 414)	(328 766)
ORDINARY RESULT		(128 478)	260 144
Non-operating result	21	-	-
ANNUAL RESULT BEFORE CHANGE IN RESTRICTED AND ORGANIZATIONAL FUNDS		(128 478)	260 144
Change in Restricted funds		-	-
ANNUAL RESULT BEFORE CHANGE IN ORGANIZATIONAL FUNDS		(128 478)	260 144
Change in Dedicated funds	16	134 516	(249 647)
Allocation to Free funds		(6 038)	(10 497)
ANNUAL RESULT AFTER CHANGE IN FUNDS		-	-

Cash flow statement as at 31 December 2022	2022 CHF	2021 CHF
RESULT BEFORE CHANGE IN RESTRICTED AND ORGANIZATIONAL FUNDS	(128 478)	260 144
Depreciation and amortization	160 746	150 967
Provisions and valuation adjustments	(455 807)	(178 865)
Change in CTA	(24 668)	87 165
Change in donor funding receivables	(703 925)	(349 860)
Change in deferred income on donor funding	(3 589 943)	(1 912 290)
Change in other assets	616 727	(1 180 865)
Change in other liabilities	(43 139)	(352 081)
CASH FLOW FROM OPERATING ACTIVITIES	(4 168 487)	(3 475 685)
Acquisition of furniture and computer equipment	(86 668)	(127 443)
Disposal of furniture and computer equipment	3 371	-
CASH FLOW FROM INVESTING ACTIVITIES	(83 297)	(127 443)
FINANCING ACTIVITIES	-	-
CASH FLOW FROM FINANCING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4 251 784)	(3 603 128)
Cash and cash equivalents, beginning of year	14 527 835	18 130 963
CASH AND CASH EQUIVALENTS, END OF YEAR	10 276 051	14 527 835

Statement of changes in restricted and organizational funds

	Restricted Funds	Organization Initial Capital	Stepping Forward Fund	Risk Management / Knowledge Generation / Information & Knowledge Sharing Fund	Foreign Exchange Fund	Total Dedicated Funds	Free Funds	Net Surplus (Deficit)	Total Free Funds	Cumulative Translation Adjustment	Total Restricted and Organizational Funds
Reserves as of 31 December 2020	-	50 000	40 000	600 166	-	640 166	1 439 540	-	1 439 540	(62 301)	2 067 405
2021											
Surplus (Deficit)	-	-	-	-	-	-	-	-	-	-	-
Annual result before change in funds	-	-	-	-	-	-	-	260 144	260 144	-	260 144
Allocation of Funds	17 702 805	-	50 000	610 000	-	660 000	-	(660 000)	(660 000)	-	17 702 805
Use of Funds	(17 702 805)	-	-	(410 353)	-	(410 353)	-	410 353	410 353	-	(17 702 805)
Change in Cumulative Translation Adjustment	-	-	-	-	-	-	-	-	-	87 165	87 165
Allocation of Annual Result	-	-	-	-	-	-	10 497	(10 497)	-	-	-
Reserves as of 31 December 2021	-	50 000	90 000	799 813	-	889 813	1 450 037	-	1 450 037	24 864	2 414 714
2022											
Annual result before change in funds	-	-	-	-	-	-	-	(128 478)	(128 478)	-	(128 478)
Allocation of Funds	18 934 228	-	-	-	-	-	-	-	-	-	18 934 228
Use of Funds	(18 934 228)	-	-	(134 516)	-	(134 516)	-	134 516	134 516	-	(18 934 228)
Change in Cumulative Translation Adjustment	-	-	-	-	-	-	-	-	-	(24 668)	(24 668)
Allocation of Annual Result	-	-	-	-	-	-	6 038	(6 038)	-	-	-
Reserves as of 31 December 2022	-	50 000	90 000	665 297	-	755 297	1 456 075	-	1 456 075	196	2 261 568

Notes to the financial statements

1. General information

DCAF - Geneva Centre for Security Sector Governance is one of the world's leading institutions in security sector governance and reform. The Centre provides in-country advisory support and practical assistance programs, develops and promotes appropriate democratic norms at the international and national levels, advocates good practices and makes policy recommendations to ensure effective democratic governance of the security sector.

DCAF is a Geneva-based foundation with broad international support, established in 2000 on the initiative of the Swiss government. DCAF's Foundation Council brings together representatives of almost 50 states and the Canton of Geneva. Combining strong operational capabilities and field presence with the weight of a world-renowned think tank, DCAF has 220 staff, 15 field offices and has operated in more than 80 countries worldwide.

These financial statements were approved by the members of the Foundation Council on 14 June 2023.

The principal accounting policies applied in the preparation of these financial statements are set out below.

2. Significant accounting policies

2a Presentation

To conform to the presentation adopted in the current year, certain amounts from the prior year have been reclassified.

2b Accounting conventions

DCAF's financial statements have been prepared in accordance with the statutes of DCAF and the policies described in the notes that follow.

As recommended by the Swiss Federal Audit Office the accounting policies applied are in compliance with the entire Swiss GAAP FER (Swiss Accounting and Reporting Recommendations), revised in 2014, specifically Swiss GAAP FER 21, which applies to non-profit organizations.

Information required by Swiss GAAP FER on the performance of DCAF, and not disclosed in the financial report, is included in the annual report.

The financial statements have been prepared using the historical cost convention, and are presented in Swiss francs (CHF), being the currency of the primary economic environment in which DCAF operates. The income statement is presented using the classification of expenses by function. The statements are based on economic values and present a true and fair view of DCAF's assets, financial position and results of operations.

2c Valuation principles

Accounts receivable are amounts due from parties for services performed in the ordinary course of business and are stated at their nominal value. Fixed assets are stated at their historical cost, less accumulated depreciation. Current liabilities are stated at their nominal value. Accounts payable are classified as current liabilities if payment is due within one year or less; if not, they are presented as non-current liabilities.

2d Scope of the financial statements

The scope of the financial statements of DCAF includes:

- The accounts of DCAF Geneva, a foundation governed by Swiss law
- The accounts of DCAF field offices located overseas, and under the control of DCAF Geneva
- From 2018, consolidation of the accounts of DCAF Ljubljana

DCAF Ljubljana, while controlled by DCAF Geneva, operates as an independent legal entity, under the jurisdiction of the European Union (EU). DCAF Ljubljana neither acts as a subsidiary of DCAF Geneva, nor subcontracts activities to DCAF Geneva. EU funds donated to DCAF Ljubljana are fully controlled and managed by DCAF Ljubljana.

From 2018 these financial statements include the accounts of DCAF Ljubljana. Balances of DCAF Ljubljana have been consolidated in their entirety using the acquisition method. Balance sheet accounts are translated into CHF using the exchange rate at 31 December 2022, while income and expenses are translated using the average rate for the year.

2e Cash and cash equivalents

Cash and cash equivalents comprise bank balances including cash on hand and deposits held with banks, which are available on demand.

2f Foreign exchange

Monetary assets and liabilities denominated in currencies other than CHF, are converted to CHF using the exchange rate at the end of the year. The main year-end exchange rates are shown in the table below (equivalent in CHF for one currency unit).

	2022	2021
Euro	0.987	1.036
Norwegian Krone	0.094	0.103
Swedish Krona	0.089	0.101
Pound Sterling	1.113	1.234
United States Dollar	0.925	0.911

Foreign currency transactions are translated to CHF using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the year-end translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Translation of the assets and liabilities of DCAF Ljubljana from Euro to the DCAF functional currency of CHF, result in a Cumulative Translation Adjustment (CTA) which is reflected under ‘Organizational Capital and Funds’ in the balance sheet.

2g Donor funding receivables

Donor funding receivables correspond to funds owed to DCAF by third parties according to a formal agreement. They result from the differences between the total amount of the grant and the funds received for each of these agreements.

2h Fixed assets

The tangible and intangible assets held by DCAF are considered to be fixed assets when they:

- Are held to be used for the activity or for administrative purposes
- Are expected to be used over more than one year

As an exception to this principle, DCAF charges the full cost in the year of acquisition, of all tangible and intangible assets used on projects. This situation can be justified due to the difficulty in determining, in a reliable way, their useful life.

2i Depreciation and amortization

Depreciation and amortization are calculated on a straight-line basis over the expected useful life of the assets. All assets are assumed to have no residual value.

	Period
Computer equipment	3 to 5 years
Computer software & installations	3 to 5 years
Furniture & equipment	3 to 5 years
Other intangible assets	3 to 5 years

2j Provisions

Provisions are recognized if an event in the past gives rise to a justified, likely obligation, which is of uncertain timing or amount, but which can be reliably estimated.

Provisions are measured on the basis of the estimated amount of money required to satisfy the obligation.

2k Revenue recognition

Income from public contributions includes both core and project funding, while income from private contributions includes only project funding. Income from grant agreements between donors and DCAF, is recognized in the year in which the financed expenditure is incurred. Outstanding restricted grant amounts at year-end to be used in future years, are recognized under the section “Deferred income on donor funding”, where there are reimbursement clauses in the donor contract but these have not been substantially fulfilled.

A restricted fund is created either due to the explicit intent on the part of the donor, or due to the specifics of the grant that imply a restriction on the part of the donor. All other income is determined to be unrestricted.

2l Expenditure classification

Mandate-related expenditure comprises programme and project, and core mandate implementation expenditure.

- **Programme and project implementation** expenditure represents expenses directly associated with specific activities of DCAF either in the field, internationally, or at headquarters, funded through a specific programme or project grant. These expenses include local expenses as well as those incurred at headquarters in connection with a specific programme or project.
- **Core mandate implementation** expenditure represents expenses incurred for operational activities in pursuit of DCAF's mandate, including costs incurred by country and thematic divisions and departments to:
 - Lead and oversee the implementation of core-funded programmes and projects
 - Provide technical support, support for developing strategies, and monitor and evaluate projects.

This category of expenses includes activities which cannot typically be funded through dedicated programme or project grants, but which are nevertheless essential for the delivery of DCAF's mandate, such as lessons identification, knowledge management, and outreach.

Management and administration expenditure represents the management and running costs of the foundation, which have not been apportioned to a specific programme and project budget. This includes cost elements such as management and human resources support, corporate finance and accounting, facilities, safety and security, communications, and organizational development.

Within DCAF management and administration, management and corporate support services include the salaries of all members of the Director's Office, two members of DCAF's senior management team and the salaries of all members of DCAF's Resources Department.

2m In-kind contributions

In-kind contributions are valued at the market price of a similar service, or the DCAF salary cost of an equivalent position.

In-kind contributions are not recorded in the financial statements but are disclosed in the notes to the financial statements for information purposes.

In-kind contributions are listed based on the principle that the services rendered to DCAF must be free and excluding the involvement of a monetary transfer.

3. Tax exemption

DCAF Geneva qualifies for exemption from local and federal income and capital taxes, according to Article 9.1 (f) of the law on taxation of legal persons (LIPM), as well as complete exemption from inheritance tax and registration duties.

The direct federal tax exemption was obtained in 2006 and renewed in 2016.

4. Performance report

In accordance with Swiss GAAP FER 21, DCAF produces a separate performance report which is validated by the Bureau and approved by the Foundation Council.

5. Management of financial risks

We draw your attention to the following items:

5a Foreign exchange risk

DCAF Geneva is exposed to exchange rate fluctuations on the portion of its income and expenses denominated in foreign currencies. DCAF has no foreign exchange risk hedging policy and converts currencies as and when required.

5b Banking risk

As of 31 December 2022, the majority of DCAF's bank accounts were with Credit Suisse in Switzerland. In March 2023, Credit Suisse and UBS entered into a merger agreement with UBS being the surviving entity. This move comes after the Swiss Federal Department of Finance, the Swiss National Bank and FINMA asked both companies to conclude the transaction to restore necessary confidence in the stability of the Swiss economy and banking system. UBS has a low risk of default.

In the countries in which it has local offices, DCAF works with several local banks. The policy is to limit the level to that required for running costs and operational needs.

5c Counterparty risk

Counterparty risk is limited, as most third-party receivables are due from governments or public bodies.

6. Cash and cash equivalents

	2022	2021
	CHF	CHF
Petty cash	35 471	58 413
Bank accounts	10 240 578	14 469 422
Total cash and cash equivalents	10 276 049	14 527 835

Bank account balances are significantly influenced by the timing of receipts from donors, therefore this note should be read in conjunction with Note 14 Deferred income on donor funding.

7. Donor funding receivables

	2022	2021
	CHF	CHF
Total donor funding receivables	1 980 740	1 276 815

Per note 2g, donor funding receivables arise from formal agreements with donors.

8. Other receivables

	2022	2021
	CHF	CHF
Accounts receivable	690 520	1 341 416
WMO rentals receivable	32 700	29 145
Allowance for doubtful WMO rentals receivable	(29 145)	(29 145)
Funds advanced	8 097	10 100
Total other receivables	702 172	1 351 516

9. Other current assets

	2022	2021
	CHF	CHF
Prepaid expenses	89 452	56 834
Rental deposits	13 096	13 096
Total other current assets	102 548	69 930

10 Tangible and intangible fixed assets	Furniture & equipment	Computer hardware	Computer software & installations	Other intangible assets	Total
Gross value as of 31.12.2020	26 809	280 262	87 652	123 250	517 973
Disposals	(205)	-	-	-	(205)
Acquisitions	2 429	58 370	-	-	60 799
Construction in Progress	-	-	66 645	-	66 645
Gross value as of 31.12.2021	29 033	338 632	154 296	123 250	645 212
Disposals	(196)	(3 371)	-	-	(3 567)
Acquisitions	24 709	61 960	-	-	86 669
Construction in Progress	-	-	-	-	-
Gross value as of 31.12.2022	53 546	397 221	154 296	123 250	728 313
Accumulated depreciation as of 31.12.2020	(10 382)	(113 091)	(50 447)	(41 083)	(215 003)
Reversals	205	-	-	-	205
Depreciation	(8 220)	(94 229)	(23 868)	(24 650)	(150 967)
Accumulated depreciation as of 31.12.2021	(18 397)	(207 319)	(74 315)	(65 733)	(365 765)
Reversals	196	-	-	-	196
Depreciation	(11 168)	(98 585)	(26 343)	(24 650)	(160 746)
Accumulated depreciation as of 31.12.2022	(29 369)	(305 905)	(100 658)	(90 383)	(526 315)
Net value as of 31.12.2020	16 428	167 172	37 204	82 167	302 970
Net value as of 31.12.2021	10 636	131 313	79 981	57 517	279 447
Net value as of 31.12.2022	24 177	91 316	53 638	32 867	201 998

11. Operating liabilities

	2022	2021
	CHF	CHF
Accounts payable	1 189 789	1 244 960
Accrued salaries	25 392	26 933
Staff expenses	79 548	54 469
Total operating liabilities	1 294 729	1 326 362

12. Other current liabilities

	2022	2021
	CHF	CHF
Pension fund Geneva	-	58 847
Other social charges Switzerland	221 056	100 647
Accrued annual leave and overtime	327 866	498 695
Short term accruals	380 520	424 721
Funds to be repaid to donors	438 233	301 626
Other	-	5 341
Pension fund Ramallah	106 130	95 434
Total other current liabilities	1 473 805	1 485 311

13. Provisions

	Social	Legal	TVA/VAT	Other	Total
Balance at 31.12.2020	350 960	288 000	250 000	5 466	894 426
Creation	171 500	126 071	-	-	297 571
Use	(28 157)	(38 240)	-	(5 466)	(71 863)
Dissolution	(154 573)	-	(250 000)	-	(404 573)
Balance at 31.12.2021	339 730	375 831	-	-	715 561
Creation	-	130 268	-	-	130 268
Use	-	(86 951)	-	-	(86 951)
Dissolution	(279 730)	(219 394)	-	-	(499 124)
Balance at 31.12.2022	60 000	199 754	-	-	259 754

14. Deferred income on donor funding

	2022	2021
	CHF	CHF
Total deferred income on donor funding	7 973 651	11 563 595

Per note 2k, deferred income represents outstanding grant amounts at year-end, to be used in future years; notes 17.1, 17.2.

15. Pension Plan Obligations

DCAF Switzerland employees benefit from a scheme covering retirement, invalidity pension and death, according to the provisions of the Swiss Federal Law for occupational retirement (LOB). The occupational benefits are provided by a semi-autonomous collective foundation, the Vita Joint Foundation (VJF), according to a defined contribution plan. The Plan is funded by the contributions of DCAF and its employees. The plan covers the usual occupational benefits: retirement and invalidity pension, and death benefits.

The investment yield has no impact on premiums; the employer does not guarantee the benefit amount.

The VJF took out a group life insurance agreement with Zurich Life Insurance Company Ltd. to cover the actuarial risks of death and disability. The VJF is the policyholder and beneficiary. The VJF bears the risk of longevity (from 1 January 2016) and the investment risk.

As of 31 December 2022, 145 employees were enrolled in the plan (2021: 131 employees). Total contributions in 2022 were CHF 1,522,733 (2021: CHF 1,473,176). As of 31 December 2022, the coverage ratio is 100.1% (2021: 115.0%). Due to the coverage ratio, no liability was recognized in the balance sheet.

16. Dedicated Funds

These funds are constituted through the appropriation of profits carried forward in order to cover a potential but specific future risk or a liability that DCAF may be required to pay. Regulation through the Allocation Committee has been established for these funds.

Dedicated Funds have been dedicated by the Allocation Committee, as not being available to meet current expenditure but rather to be maintained in the interest of the long-term financial stability of the foundation. Dedicated funds at 31 December 2022 comprise:

- Stepping Forward project: Created to allow DCAF to attract and retain the best internal and external talent, by addressing anomalies within the gender balance and compensation and benefits offered to employees.
- Risk Management, Knowledge Generation and Information and Knowledge Sharing: This encompasses the previous 'IT/Sharepoint/Knowledge Management' dedicated fund, within a broader definition: Created to enable risk management, knowledge generation and improve information and knowledge sharing across the organization.
- Foreign Exchange: Created to absorb potential adverse foreign exchange variances, either on donor funds, or year-end revaluations of bank balances.

17.1 Income - governments and member states

Switzerland	2022 CHF			2021 CHF		
	Donor Funding Receivable at 31.12.22	Deferred Income at 31.12.22	Income 2022	Donor Funding Receivable at 31.12.21	Deferred Income at 31.12.21	Income 2021
FDFA - Core funding	-	-	11 759 500	-	-	11 695 400
FDFA - Project funding	388 182	1 689 971	3 644 166	266 340	1 458 952	2 788 752
DDPS - Project funding	-	17 681	58 107	-	93 705	21 582
Total Switzerland	388 182	1 707 652	15 461 773	266 340	1 552 657	14 505 735
Other Member States	Donor Funding Receivable at 31.12.22	Deferred Income at 31.12.22	Income 2022	Donor Funding Receivable at 31.12.21	Deferred Income at 31.12.21	Income 2021
Albania	-	9 965	2 413	-	12 378	5 587
Austria	-	-	41 793	-	-	79 683
Bosnia and Herzegovina	-	31 283	7 574	-	28 419	14 972
Bulgaria	-	23 744	5 749	-	19 188	8 661
Canada	-	154 467	1 295 480	89 016	1 313 696	1 468 839
Denmark	4 314	-	1 224 637	-	1 220 323	1 169 061
Finland	2 916	-	2 916	-	-	43 146
France	-	456 178	276 306	32 710	332 765	332 057
Germany	89 861	848 223	2 692 971	20 169	1 185 228	3 047 707
Hungary	-	24 451	5 920	-	20 132	9 086
Ireland	-	-	200 180	-	-	208 320
Liechtenstein	-	28 974	82 015	60 000	35 989	74 865
Luxembourg	-	226 246	313 110	-	34 388	599 535
Macedonia	-	30 454	7 373	-	27 588	12 452
Moldova	-	24 084	5 831	-	20 204	9 119
Montenegro	-	24 630	5 963	-	20 289	9 157
Netherlands	145 366	936 215	3 187 660	138 769	1 503 871	3 154 483
Norway	-	325 943	943 458	-	1 264 444	1 134 376
Poland	-	-	-	-	-	218
Qatar	1 895	-	70 895	-	-	-
Romania	-	24 410	5 910	-	20 081	9 064
Serbia	-	24 509	5 934	-	20 139	9 090
Slovakia	-	-	-	-	-	20 832
South Korea	-	-	-	-	-	14 900
Spain	-	-	-	-	-	222
Sweden	-	1 407 637	1 260 321	-	354 950	1 197 926
United Kingdom	339 944	-	2 036 565	370 167	327 368	1 462 771
ISSAT core accrual	-	485 893	308 885	-	794 778	274 750
Total Other Member States	584 296	5 087 306	13 989 859	710 830	8 556 217	14 370 876
Total Switzerland & Other Member States	972 478	6 794 958	29 451 632	977 171	10 108 874	28 876 611

17.2 Total income	2022 CHF			2021 CHF		
Total Income Switzerland & Other Member States	972 478	6 794 958	29 451 632	977 171	10 108 874	28 876 611
Multilateral organizations	<small>Donor Funding Receivable at 31.12.22</small>	<small>Deferred Income at 31.12.22</small>	<small>Income 2022</small>	<small>Donor Funding Receivable at 31.12.21</small>	<small>Deferred Income at 31.12.21</small>	<small>Income 2021</small>
Council of Europe	40 065	-	40 065	-	-	-
EU European Union	868 594	681 160	2 230 596	179 971	451 395	2 012 049
FBA	-	-	-	-	-	3 292
NATO	15 546	-	11 744	3 802	-	3 802
OIF	-	-	40 750	-	-	-
UN	66 350	148 804	430 288	1 342	176 909	176 996
Total multilateral organizations	990 555	829 964	2 753 443	185 115	628 305	2 196 139
Funding to DCAF Ljubljana	-	134 898	158 170	-	116 686	13 506
Total income from public contributions	1 963 033	7 759 820	32 363 245	1 162 285	10 853 865	31 086 256
Private income						
Konrad Adenauer Stiftung	17 708	-	17 708	-	-	-
Open Society	-	224 409	338 651	114 530	677 589	347 250
Thomson Reuters Foundation	-	-	32 141	-	32 140	80 764
Total income from private contribution	17 708	224 409	388 500	114 530	709 730	428 014
Total public and private income	1 980 741	7 984 229	32 751 745	1 276 815	11 563 595	31 514 270
Other Income						
Other	-	-	92 495	-	-	119 941
Total other income	-	-	92 495	-	-	119 941
Total income	1 980 741	7 984 229	32 844 240	1 276 815	11 563 595	31 634 211

17.3 Operating expenses by entity / unit

	2022 CHF				2021 CHF			
	Programme and project implementation	Core mandate implementation	Management and administration	Total	Programme and project implementation	Core mandate implementation	Management and administration	Total
Asia Pacific	392 023	273 366	-	665 389	466 828	254 498	-	721 326
Europe and Central Asia	3 090 950	1 578 120	-	4 669 070	2 791 446	1 524 903	-	4 316 349
Latin America and the Caribbean	1 404 581	232 726	-	1 637 307	1 563 494	225 885	-	1 789 380
Middle East and North Africa	3 543 734	1 363 892	-	4 907 626	3 675 475	1 207 386	-	4 882 861
Sub-Saharan Africa	5 283 644	851 970	-	6 135 614	4 059 705	731 314	-	4 791 018
Operations Department	200 500	-	-	200 500	200 215	-	-	200 215
Operations Department	13 915 432	4 300 074	-	18 215 506	12 757 163	3 943 986	-	16 701 149
Gender and Security	1 867 482	669 601	-	2 537 083	1 337 596	548 403	-	1 885 999
Policy and Research	572 882	834 191	-	1 407 073	747 969	594 100	-	1 342 068
Business and Security	917 679	727 808	-	1 645 487	1 190 157	730 746	-	1 920 903
Policy and Research Department	3 358 043	2 231 600	-	5 589 643	3 275 721	1 873 249	-	5 148 970
International Security Sector Advisory Team	2 841 480	98 205	-	2 939 685	2 770 602	100 165	-	2 870 767
European Union Project	509 217	-	-	509 217	596 411	-	-	596 411
Governance and director's office	-	-	105 895	105 895	-	-	104 787	104 787
Management and corporate support services	-	-	3 036 771	3 036 771	-	-	3 342 365	3 342 365
Administration, maintenance and facilities management	-	-	1 838 587	1 838 587	-	-	2 280 853	2 280 853
DCAF management and administration	-	-	4 981 253	4 981 253	-	-	5 728 006	5 728 006
Total operating expenditure	20 624 172	6 629 879	4 981 253	32 235 304	19 399 896	5 917 399	5 728 006	31 045 301

17.4 Operating expenses by nature

	2022				2021			
	CHF				CHF			
	Programme and project implementation	Core mandate implementation	Management and administration	Total	Programme and project implementation	Core mandate implementation	Management and administration	Total
Personnel costs	9 291 901	6 020 789	3 112 765	18 425 455	9 357 849	5 348 402	3 938 802	18 645 053
Travel & transportation	3 276 819	188 610	125 218	3 590 647	2 026 147	78 855	86 843	2 191 845
Professional services	5 803 925	245 237	632 982	6 682 144	5 917 603	330 948	667 875	6 916 426
Communications	63 476	18 907	97 669	180 052	74 605	17 057	109 828	201 490
Facilities & office expenses	316 005	136 882	1 851 736	2 304 623	306 299	106 610	1 829 723	2 242 632
Other general expenses	484 991	19 454	387 192	891 637	330 984	35 528	330 376	696 888
Overheads	1 387 055	-	(1 387 055)	-	1 386 409	-	(1 386 409)	-
Depreciation & amortization	-	-	160 746	160 746	-	-	150 967	150 967
Total operating expenditure	20 624 172	6 629 879	4 981 253	32 235 304	19 399 896	5 917 399	5 728 006	31 045 301

18. In-kind contributions

The following in-kind contributions, with a total estimated value of CHF 828,120 were provided to DCAF in 2022:

- The French government seconded the Senior Security Sector Advisor to the Director and directly covered his salary.
- The Austrian government seconded the head of the PCC SEE Secretariat and directly covered his salary.
- The Parliament of the Republic of North Macedonia provided an office, including utilities for DCAF staff in the Parliament building.
- The Intelligence Agency of North Macedonia provided transportation, monitoring and evaluation assistance, presentations and hosted the closing ceremony of a training course for the Intelligence Agency of North Macedonia.
- The North Macedonian Ministry of the Interior provided the Forensics Department Conference room for discussions with the Forensics Working Group at the Ministry of the Interior.
- The Canton of Geneva seconded a senior police officer and directly covered his salary.
- The support received for Information and Communication Technology (ICT) hosted by the GCSP, amounted to CHF 518,615. These costs were directly covered by the government of Switzerland.

19. Off balance sheet commitments

	2022	2021
	CHF	CHF
Payments to be made within one year:	1 868 410	2 075 559
Payments to be made after one year:	4 989 642	6 388 236
	6 858 052	8 463 795

20. Net financial result

	2022	2021
	CHF	CHF
Financial revenue	-	-
Financial expense	(54 021)	(20 832)
Financial result sub-total	(54 021)	(20 832)
Exchange rate gain (loss)	(683 393)	(307 934)
Total	(737 414)	(328 766)

21. Non-operating result

	2022	2021
	CHF	CHF
ATT income	191 959	169 892
ATT expense	(191 959)	(169 892)
Non-operating result	-	-

ATT represents activities performed for the Arms Trade Treaty Secretariat and includes support in the areas of finance, human resources and administration.

22. Auditors fees

	2022	2021
	CHF	CHF
Audit of the statutory accounts	49 025	73 215
Other audits and services	99 604	68 691
Total	148 629	141 906

23. Remuneration of the President

	2022	2021
	CHF	CHF
Indemnities paid to the Foundation Council President	12 000	6 000

Per Swiss GAAP RPC 21, as only one individual is entrusted with management of the foundation, the requirement to disclose this information is waived.

24. Related party transactions

No related party transactions were identified during the year.

25. Subsequent events

There have been no significant events impacting the 2022 annual accounts between the balance sheet date and the date of signing the financial statements.