

**Deloitte audit outcome as outlined in preamble of the final audit in French.**

*“In our capacity as auditor, we have audited the accounts (balance sheet, income statement and annexes) of CyberPeace Institute for the period from November 15, 2019 to December 31, 2020.*

*The responsibility for drawing up the annual accounts rests with the Foundation Board, while our mission is to audit these accounts. We certify that we meet the legal requirements for authorization and independence.*

*Our control was carried out in accordance with the Swiss Standard on Restricted Control. This standard requires that the control be planned and carried out in such a way that significant anomalies in the annual accounts can be observed. A limited control mainly encompasses hearings, analytical control operations as well as appropriate detailed checks of the documents available in the audited company. However, audits of operating flows and the internal control system as well as hearings and other control operations intended to detect fraud are not part of this control.*

*During our audit, we did not find anything that would allow us to conclude that the annual accounts do not comply with the law and with the deed of foundation”*

# CYBERPEACE INSTITUTE

## ANNUAL ACCOUNTS

Closing on 31/12/2020

Audited balance sheets as of closing date 31 December 2020.

(Financial report for the period 15 November 2019 to 31 December 2020)

<b>ASSETS</b>	<b>CHF</b>
<b>Current Assets</b>	<b>2 468 540</b>
<b>Cash</b>	<b>2 439 959</b>
Bank c/a CHF	62 343
Bank c/a USD	2 364 606
Bank c/a EUR	13 010
<b>Receivables</b>	<b>28 581</b>
Fund of Insurance Accident LAANP, LAAP, LAAC	12 119
Insurance fund IJM	10 480
Salary advance	5 982
<b>Fixed Assets</b>	<b>86 545</b>
<b>Financial fixed assets</b>	<b>30 350</b>
Deposits and guarantees	30 350
<b>Tangible fixed assets</b>	<b>56 195</b>
Machines and equipment	50 172
Furniture and fixtures	6 023
<b>TOTAL ASSETS</b>	<b>2 555 085</b>

<b>LIABILITIES</b>	<b>CHF</b>
<b>Short-term debt</b>	<b>157 948</b>
Compensation fund	101 248
Credit card	9 552
Retirement fund LPP	679
Withholding tax	46 469
<b>Accruals and deferred payments</b>	<b>53 444</b>
Accrued liabilities	53 444
<b>Equity</b>	<b>2 343 693</b>
Foundation capital	50 000
Annual surplus	2 293 693
<b>TOTAL LIABILITIES</b>	<b>2 555 085</b>

Income statement for the period 15 November 2019 to 31 December 2020

<b>Income statement</b>	<b>CHF</b>
<b>Total revenue</b>	<b>5 585 658</b>
<b>Revenue from donations and deliveries</b>	<b>5 542 433</b>
Donations	5 541 985
Other Revenue	448
<b>Other earnings</b>	<b>43 225</b>
Gains / exchange rate	43 225
<b>Cost of equipment, goods and services from third parties</b>	<b>217 292</b>
Services / work by third parties	217 247
Operating energy costs	45

<b>Personnel costs</b>	<b>2 091 435</b>
Salaries	1 690 275
Social security costs: AVS, AI, APG, unemployment insurance	146 357
Family compensation fund	738
Occupational pension	163 361
Accident insurance	14 573
Sickness allowance insurance	13 087
Other personnel charges	9 197
Training costs	490
Travel costs	53 457
<b>Other operational expenses</b>	<b>983 238</b>
Rent	41 578
Cleaning facilities	1 005
Transportation costs	7 139
Business meals/representation costs	15 496
Leasing and vehicle rental	440
Property insurance, duties, taxes, authorizations	1 050
Administration and IT expenses	201 719
Technical literature, newspapers, magazines	826
Mobile phone charges	3 226
Postal charges	266
Trustee fees	23 055
Legal consulting fees	406 189
Legal costs	135 727
IT charges and leasing, licenses, updates	88 442
Advertising	10 327
Other operational expenses	34 210
Amortization	10 284

Financial charges	2 259
<b>Surplus for the year</b>	<b>2 293 693</b>

Notes on the financial statement - closing date 31 December 31 2020

## I. Presentation

The CyberPeace Institute is a non-governmental organization (NGO) founded in 2019 with seed funding from the William & Flora Hewlett Foundation, Mastercard, Microsoft (founders of the CyberPeace Institute) and the Ford Foundation. The Institute has an ambitious fundraising strategy to support its operations while ensuring that donations are in line with its mission, principles and values. For the benefit of transparency, it is the Institute's policy not to accept donations from governments, with the sole exception of the Swiss Government.

The CyberPeace Institute's mission is to promote peace and justice in cyberspace. The Institute supports vulnerable communities, analyses cyberattacks and measures the actual degree of States' respect for norms and international law. By acting in accordance with its fundamental principle of independence, the Institute operates free from any direction or control by any actor, including States, industry or any other organizations.

The Institute headquarters are in Geneva, located at the Biotech Campus Innovation Park, 15 Avenue de Sécheron, 1202 Geneva, Switzerland.

This document represents the first financial report of the organization. It analyses the first 14 months of activities, from November 2019 until December 2020 and incorporates activities from the New Venture Fund (NVF) entity which created and supported the CyberPeace Institute during its launch and first months of operation.

List of Executive Board members (as per the Registry of Commerce) :

Khoo Boon Hui

Alejandro Becerra Gonzalez

Merle Maigre

Alexander Niejelow

Anne-Marie Slaughter

Bradford Lee Smith

Eli Cooper Sugarman

Prof. Martin Fritz Vetterli

### Fiscal Statute

The foundation benefits from the exemption of cantonal and municipal tax, as well as direct federal tax since 2019 and for an unlimited period.

## **II. Accounting principles**

### a. Principles for the recognition and preparation of financial statements

The financial statements of the CyberPeace Institute have been made in accordance with the statutes and the applicable provisions of the Code of Obligations.

### b. Foreign currency conversion

Assets and liabilities in foreign currencies are converted into Swiss francs (CHF) at the exchange rate defined by the CyberPeace Institute, which can be revised once a year, excluding strong upward or downward variations. These rates are compared with the day rate on the closing date of the annual accounts and conversion differences may be observed. We specify here that gains and losses are listed in the income statement and that unrealized gains are deferred on the balance sheet.

### c. Cash

Cash is carried on the balance sheet at its nominal value.

### d. Debtors

Receivables are entered on the balance sheet at their nominal value, based on invoices issued by the foundation for services performed on the closing date.

### e. Tangible fixed assets

Fixed assets are depreciated on a declining scale according to the rates defined in Swiss law (Art. 27, 2nd paragraph, letter a, 28 and 62 of the Federal Law on Direct Federal Tax).

### f. Accrual of account assets and liabilities

Transitional accounts are determined according to the principle of the delineation of expenses and income for the financial year concerned.

### g. Miscellaneous suppliers and creditors

Debts are entered on the balance sheet at their nominal value based on invoices corresponding to deliveries or services performed on the closing date.

## h. Donations and grants

Donations and grants collected are entered in the income statement when they are in the power of disposal of the Institute.

**III. Conversion rates applied**

The foundation has three current accounts in currencies: CHF, USD and EUR, which are the three main transaction currencies.

The CyberPeace Institute applied the following exchange rates during 2020:

1CHF = 1,10 USD

1CHF = 0,92 EUR

1CHF = 0,856 GBP

The closing rates applied up until 31 December 2020, AFC closing rate source:

1 USD = 0.883944 CHF

1 EUR = 1.08155 CHF

**IV. Provisions**

No provision for risk or litigation was reported for this fiscal year.

**V. Donations received**

The amounts of donations and sponsoring received in 2019 and 2020 are presented in thousands of USD with their equivalence in thousands of CHF.

<b>Donations 2019/2020</b>	<b>K USD</b>	<b>KCHF</b>
<b>Microsoft</b>	<b>2 085</b>	<b>1875</b>
<b>Mastercard</b>	<b>1 000</b>	<b>899</b>
<b>Hewlett Foundation</b>	<b>2 000</b>	<b>1 798</b>
<b>Ford Foundation</b>	<b>800</b>	<b>719</b>
<b>Facebook</b>	<b>250</b>	<b>225</b>
<b>Total Donations</b>	<b>6 135</b>	<b>5 517</b>
<b>Sponsoring 2019/2020</b>	<b>K USD</b>	<b>KCHF</b>
<b>Contributors to annual event</b>	<b>28</b>	<b>25</b>
<b>Total Sponsoring</b>	<b>28</b>	<b>25</b>



**Total Received****6 163****5 542****VI. Direct costs per project**

The Mastercard donation is subject to an allocation per project:

- Assistance :
  - o Project CyberPeace Builders : 10%
- Analysis :
  - o Project EIRENE : 25%
  - o Project METIS : 25%
- Advancement :
  - o Promote responsible behavior through international standards and laws: 20%

**VII. Leadership compensation**

Members of the Executive Board do not receive compensation for their engagement with the CyberPeace Institute.

The leadership team received in this first financial year a total gross salary of CHF 907,913 for an equivalent of 6 positions. All positions started during 2020.

**VIII. Volunteer services**

Between November 2019 and 31 December 2020, volunteer services amounting to 432 hours of work were offered to the organization.

**IX. Post-closing events**

Between 31 December 2020 and the date of approval of the present annual accounts report, no event has taken place that would require an adjustment of the assets and liabilities of the CyberPeace Institute as at 31 December 2020 nor which should be included here.

**X. Employees**

As of 31 December 2020, the number of employees at the CyberPeace Institute is 26.

**XI. Other information**

Guarantees and sureties in favour of third parties (rental guarantee)	30'350 CHF
Leasing contracts not carried on the balance sheet	Void
Debts to provident institutions (excluding current contributions)	Void
Amount from the dissolution of hidden reserves	Void

Beneficiaries of direct and indirect equity investments in the balance sheet

Void

## **XII. Difficulties encountered during the COVID-19 pandemic**

The COVID-19 crisis has raised unique challenges in terms of setting up the CyberPeace Institute in the midst of a global pandemic. This has had an obvious impact on both our organization and our strategy. For instance, we had to deal with issues related to the remote integration of new colleagues as well as face IT security problems. COVID-19 has also had an impact on the ability and efficiency of the Swiss administration to issue the documents required for the integration of our non-European colleagues. Finally, in the context of the crisis, the significant barriers to establishing direct contact with potential partners directly impacted our fundraising strategy. Nonetheless, in 2020 the CyberPeace Institute provided support to victims of attacks in the healthcare sector, and called on governments to make every effort to enforce international law. In conclusion, despite the considerable initial difficulties encountered owing to COVID-19, the continuity of the foundation is confirmed and not called into question.