



**International Federation of Red Cross
and Red Crescent Societies (IFRC), Geneva**

Independent Auditor's Report

To the Management of IFRC
On the IFRC's Financial Statements for the
Nepal Earthquake Emergency Appeal (MDRNP008)
for the period from 27 April 2015 to 31 December 2015



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Independent Auditor's Report on the IFRC's Financial Statements for the Nepal Earthquake Emergency Appeal (MDRNP008) to the Management of

International Federation of Red Cross and Red Crescent Societies (IFRC), Geneva

As independent auditor, we have been engaged to audit the accompanying financial statements of the Nepal Earthquake Emergency Appeal (MDRNP008) of the International Federation of Red Cross and Red Crescent Societies ("IFRC") for the period from 27 April 2015 to 31 December 2015. The financial statements comprise the Nepal Earthquake Emergency Appeal income and expenditure statement for the period and explanatory notes ("the financial statements"). The financial statements have been prepared in accordance with IFRC accounting policies.

Management's Responsibility for the Financial Statements

Management of the IFRC is responsible for the preparation and fair presentation of the financial statements in accordance with those requirements of the IFRC accounting policies as described in the notes to the financial statements relevant to preparing such financial statements, and for such internal control as the Management determines necessary to enable the preparation of financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financials statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, if any, made by management, 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.



International Federation of Red Cross and Red Crescent Societies, Geneva
IFRC's Financial Statements for the
Nepal Earthquake Emergency Appeal (MDRNP008)
for the period from 27 April 2015 to 31 December 2015

Opinion

In our opinion, the financial statements of the Nepal Earthquake Emergency Appeal (MDRNP008) give a true and fair view of the income, expenditure and funds held for operations for the period from 27 April 2015 to 31 December 2015 and have been prepared, in all material respects, in accordance with the IFRC accounting policies as described in the notes to the financial statements.

KPMG SA

Pierre-Henri Pigeon
Licensed Audit Expert

Karina Vartanova
Licensed Audit Expert

Geneva, 15 July 2016

Enclosure:

- Financial statements (income and expenditure statement and explanatory notes)

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRNP008) – NEPAL EARTHQUAKE**

**INCOME AND EXPENDITURE STATEMENT
FOR THE PERIOD 27 APRIL 2015 TO 31 DECEMBER 2015**

		Period from 27-Apr-2015 to 31-Dec-2015
	Note	CHF
OPERATING INCOME		
Voluntary contributions	4	48,214,629
Corporate donation fees		(81,882)
Other income		1,024
Total OPERATING INCOME		<u>48,133,771</u>
OPERATING EXPENDITURE		
Programmes and coordination: Humanitarian Response		
Employee benefits		1,376,440
Relief supplies, transportation and storage		11,988,801
Contributions to national societies		10,402,256
Supplementary services cost recoveries		698,865
Other costs & allocations	5	<u>2,890,185</u>
Total direct costs		<u>27,356,547</u>
Indirect cost recovery		1,558,107
Pledge fees		<u>160,449</u>
Total OPERATING EXPENDITURE		<u>29,075,103</u>
NET SURPLUS FROM OPERATING ACTIVITIES		<u>19,058,668</u>
Finance expense, net		<u>88,852</u>
NET SURPLUS FOR THE PERIOD		<u><u>18,969,816</u></u>
FUNDS HELD FOR OPERATIONS		
Net surplus for the period		<u>18,969,816</u>
FUNDS HELD FOR OPERATIONS		<u><u>18,969,816</u></u>

The notes on pages 4 to 9 are an integral part of these Appeal Financial Statements.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRNP008) – NEPAL EARTHQUAKE**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD 27 APRIL 2015 TO 31 DECEMBER 2015**

1. Activities

Founded in 1919, the International Federation of Red Cross and Red Crescent Societies (IFRC) is a membership organisation comprising 190 member Red Cross and Red Crescent societies governed by a Governing Board and with management support provided by a Secretariat with more than 60 delegations strategically located to support activities around the world. The Secretariat headquarters' address is 1, Route de Pré-Bois, 1214 Vernier, Geneva, Switzerland.

The IFRC's mission is to improve the lives of vulnerable people by mobilizing the power of humanity. Working through its 190 member National Societies, the IFRC acts before, during and after disasters and health emergencies to meet the needs and improve the lives of vulnerable people. It does so with impartiality as to nationality, race, gender, religious beliefs, class and political opinions.

The IFRC coordinates international support for large-scale disasters and health crises, strengthens the capacities and leadership of its member National Societies, and acts at the international level to raise resources and persuade decision makers to act at all times in the interests of vulnerable people.

Guided by *Strategy 2020* – a collective plan of action for the IFRC and its member National Societies to tackle the major humanitarian and development challenges of this decade – the IFRC is committed to 'saving lives and changing minds'.

On 25 April 2015, an earthquake of magnitude 7.9 on the Richter scale struck Nepal in the area between Kathmandu and Pokhara. The epicenter was located 80 km northwest of Kathmandu with hundreds of aftershocks registered.

In response to the situation, on 27 April 2015, the IFRC launched an Emergency Appeal seeking CHF 33.4 million in order to support the Nepal Red Cross Society (NRCS) to deliver assistance and support to a total of 75,000 people (15,000 households) over 18 months, with a focus on emergency health and care, emergency shelter and settlements (including basic household items), livelihoods, restoring family links, safe and dignified burials, National Society institutional preparedness and capacity development, community preparedness and risk reduction.

On 16 May 2015, the IFRC revised the Emergency Appeal increasing the budget to CHF 84.9 million in order to assist up to 700,000 people (140,000 families) over 2 years.

The financial statements presented comprise the Income and Expenditure Statement and supporting notes of the Nepal Earthquake Appeal (appeal MDRNP008) and are hereto referred to as the Appeal Financial Statements.

2. Basis of accounting

The Appeal Financial Statements are presented in Swiss Francs and have been prepared using the accrual basis of accounting, under which, the effects of transactions and other events are recognised when they occur (and not as cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

The information contained herein has been extracted from the Consolidated Financial Statements of the IFRC which are prepared in accordance with International Financial Reporting Standards (IFRS).

The Consolidated Financial Statements present operating expenditure by function (see note 3.3(a)). All operating expenditure included within the Nepal Earthquake Emergency Appeal is classified under the Humanitarian Response functional category. For information purposes, the Income and Expenditure Statement provides further analysis of operating expenditure.

3. Significant accounting policies

3.1 Foreign currency transactions

The presentation and functional currency of the IFRC is the Swiss Franc, as operating cash flows are primarily denominated in, and influenced by, the Swiss Franc. The IFRC's operations are not concentrated in any one economic environment, but appeals, including the Nepal Earthquake Emergency Appeal, are always launched in Swiss Francs and expenditure is budgeted and managed in Swiss Francs.

Foreign currency transactions are translated into Swiss Francs using rates which approximate to the rates prevailing on the dates of the transactions.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRNP008) – NEPAL EARTHQUAKE**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD 27 APRIL 2015 TO 31 DECEMBER 2015**

3. Significant accounting policies (continued)

3.2 Income

Income comprises Voluntary contributions in cash or in-kind from donors, Corporate donation fees, and sundry income from the sale of goods.

(a) Voluntary Contributions

Voluntary contributions are identified according to the level of earmarking. Donors can earmark contributions for use in field operations at the appeal, programme, project or sub-project level. Such earmarked contributions are fully under the control of the IFRC, and, unless they are also subject to specific contractual obligations or earmarked for use in a future period (see paragraph below), are recognised in the Income and Expenditure Statement when pledged. At the end of the accounting period, unspent earmarked contributions are included in Funds held for operations.

Government grants and contributions that are based on contracts for specific projects, akin to government grants, are recognised as expenditure is incurred and contractual obligations are fulfilled. The IFRC typically receives such contributions from diplomatic missions, United Nations (UN) agencies, European Community Humanitarian Office (ECHO) and other government agencies such as the United States Agency for International Development (USAID). Amounts received, but not recognised, are deferred for recognition in future periods as expenditure is incurred and contractual obligations are fulfilled. Government grants that are not for specific projects but are earmarked at appeal level are recognised when a confirmed written pledge has been received from the donor.

Contributions that are subject to specific contractual obligations or earmarked for use in a future period are not fully under control of the IFRC. Contributions subject to specific contractual obligations are recognised in income as expenditure is incurred and contractual obligations are fulfilled, similar to government grants. Amounts received, but not recognised, are deferred for recognition in future periods as expenditure is incurred and contractual obligations are fulfilled. Contributions which are earmarked for use in a future period are deferred for recognition in income in the future period for which they are earmarked.

In-kind contributions of goods (comprising relief supplies) and services (in the form of staff or transport) are recognised on the date of receipt of the service and are recognised equally as both contributions and expenses in the Income and Expenditure Statement. In-kind goods services received in response to the Appeal are measured at fair value.

The fair value of in-kind goods is based on the donor indication of the value. This value is tested for reasonableness by comparing it to the cost that the IFRC would incur if it were to buy in the open market similar goods for the same intended use. If the market value is found to be significantly different to the value indicated by the donor, the value is revised to the market value.

The fair value of in-kind staff is taken as the average cost that would be incurred by the IFRC, if it were to employ a person in a similar position.

The IFRC sometimes agrees with a donor that the value of a confirmed written pledge previously received shall be changed - either increased or decreased. Such changes are recognised as additions to, or reductions of, income, during the period in which the change was agreed. The IFRC is not able to evaluate the potential impact of such changes on voluntary income reported in these Appeal Financial Statements.

(b) Corporate donation fees

In accordance with IFRC financial policy, a service fee of 5.0% is recovered on corporate donations. This service fee is recovered upon the receipt of the relevant contributions, in order to fund the costs of relationship management associated with corporate donors.

These fees are presented as a deduction from voluntary contributions in these Appeal Financial Statements.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRNP008) – NEPAL EARTHQUAKE**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD 27 APRIL 2015 TO 31 DECEMBER 2015**

3. Significant accounting policies (continued)

3.3 Expenditure

(a) Functional expenditure categories

All IFRC expenditure is classified under functional expense categories that aggregate costs related to each category. Expenditure incurred as part of the Nepal Earthquake Emergency Appeal activities is classified under the Programmes and coordination: Humanitarian response functional expense category. This functional expense category comprises: Coordination during the immediate response phase of disasters and crises which require international assistance, in order to ensure adequate resources are available to meet the needs of disaster affected people. Within this functional expense category, the classification of operational expenditures by nature has been aligned with the Consolidated Financial Statements of the IFRC.

(b) Costing principles

The costing principle of the IFRC is one of full cost recovery therefore each appeal, including the Nepal Earthquake Emergency Appeal includes all associated direct costs, indirect costs and pledge fees.

Direct costs

Direct costs are those costs that can be readily and specifically identified with a particular project or service. Direct costs include the following:

Employee benefits including salary and benefit costs of international delegates and national staff.

In keeping with the IFRC's principle of full cost recovery, costs are recovered from operations for specific services provided in addition to the essential services funded by indirect cost recovery (below). Such recoveries include specific logistics services recoveries based on the value of procurement services provided, global fleet services including provision of the vehicle rental scheme and country level services related to the basic costs of having a presence (an IFRC office) in a given country.

Indirect costs

The direct costs of programmes and services are subject to 6.5% indirect cost recovery to fund the costs of providing indirect support services, essential to the success of operations. Such indirect support services include management and leadership, information and communication technology and professional and services functions in the areas of programme quality, reporting, resource mobilisation, finance, information technology and human resources.

Pledge fees

Costs are incurred to meet specific donor requirements. These requirements may include the tracking of expenses where a donation has been given for a specific activity or needs to be spent within a specific timeframe, or requires customised financial and / or narrative reports. Pledge fees are charged to donations to cover the costs associated with meeting these specific donor requirements.

(c) Working with National Society partners

In implementing its activities in the ordinary course of its business, the IFRC advances funds to member Red Cross and Red Crescent National Societies. Two mechanisms are used to advance funds to member National Societies for the implementation of activities – cash working advances and cash contributions.

Working advances to National Societies

The IFRC provides cash working advances to National Societies for them to implement activities on behalf of the IFRC. An expense is recognised for the value of working advances which has not been reported on by the recipient

National Societies and is recorded in Operating expenditure – Other costs & allocations. When recipient National Societies report on their use of the funds, this expense is reclassified according to its nature.

Contributions to National Societies

The IFRC makes cash contributions to fund the activities of member National Societies. Such contributions are recognised as operational expenditure as they are incurred.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRNP008) – NEPAL EARTHQUAKE**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD 27 APRIL 2015 TO 31 DECEMBER 2015**

3. Significant accounting policies (continued)

3.4 Finance expense, net

Exchange gains and losses resulting from the settlement of foreign currency transactions and from translation are included under Finance (income) / expense, net, in the Income and Expenditure Statement, with the exception of realised exchange gains and losses on voluntary contributions, which are included under Voluntary contributions.

3.5 Funds held for operations

The cumulative excess of income received over operating expenditure incurred is recorded as Funds held for operations. In the event that the funds cannot be spent, the IFRC obtains agreement from the donors to reallocate the unspent funds for a different use, or reimburses them to the donors.

4. Voluntary contributions

	Cash	Goods	Services	Period from 27-Apr-2015 to 31-Dec-2015
	CHF	In-kind CHF	In-Kind CHF	TOTAL CHF
Accenture	24,878	-	-	24,878
Afghanistan Red Crescent	23,249	-	-	23,249
Airbus	67,753	-	-	67,753
Albanian Red Cross	18,974	-	-	18,974
American Red Cross	6,218,896	343,241	82,799	6,644,936
Andorran Red Cross	23,969	-	-	23,969
Apple iTunes	622,832	-	-	622,832
Australian Red Cross	3,532,034	414,743	750,452	4,697,229
Australian Red Cross (from Australian Government)	812,092	-	-	812,092
Austrian Red Cross	212,172	791,779	107,727	1,111,678
Austrian Red Cross (from Austrian Government)	1,085,650	-	-	1,085,650
Bangladesh Red Crescent Society	17,811	-	-	17,811
Belgian Red Cross (Flanders)	97,329	-	-	97,329
Botswana Red Cross Society	17,503	-	-	17,503
BP Foundation	26,910	-	-	26,910
Brazilian Red Cross	68,679	-	-	68,679
British Red Cross	1,852,725	605,252	665,428	3,123,405
British Red Cross (from British Government)	4,139,877	-	-	4,139,877
British Red Cross (from DEC (Disasters Emergency Committee))	652,451	-	-	652,451
Bulgarian Red Cross	63,708	-	-	63,708
Canadian Red Cross	2,312,969	200,190	57,850	2,571,009
Canadian Red Cross (from Canadian Government)	571,875	-	-	571,875
Cartier Charitable Foundation	300,000	-	-	300,000
China Red Cross, Hong Kong branch	395,845	325,105	396,464	1,117,414
China Red Cross, Macau Branch	35,642	-	-	35,642
Colombian Red Cross Society	28,081	-	-	28,081
Sub-totals carried down	23,223,904	2,680,310	2,060,720	27,964,934

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRNP008) – NEPAL EARTHQUAKE**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD 27 APRIL 2015 TO 31 DECEMBER 2015**

4. Voluntary contributions (continued)

	Cash	Goods	Services	Period from
	CHF	In-kind	In-Kind	27-Apr-2015 to
		CHF	CHF	31-Dec-2015
				TOTAL
				CHF
Sub-totals brought down	23,223,904	2,680,310	2,060,720	27,964,934
Croatian Red Cross	16,817	-	-	16,817
Danish Red Cross	129,012	-	-	129,012
Estonia Red Cross	10,685	-	-	10,685
Finnish Red Cross	6,973	107,275	155,998	270,246
German Red Cross	260,607	416,592	4,214	681,413
Google	106,933	-	-	106,933
Haitian Red Cross Society	22,377	-	-	22,377
Hewlett Packard Foundation	91,407	-	-	91,407
Icelandic Red Cross	179,500	-	-	179,500
Icelandic Red Cross (from Icelandic Government)	70,500	-	-	70,500
Invesco	97,309	-	-	97,309
Irish Red Cross Society	58,977	107,988	26,700	193,665
Italian Government Bilateral Emergency Fund	311,748	-	-	311,748
Japanese Government	1,720,363	-	-	1,720,363
Japanese Red Cross Society	828,873	143,850	62,658	1,035,381
KPMG Disaster Relief Fund	37,946	-	-	37,946
KPMG International Cooperative (KPMG-I)	208,682	-	-	208,682
Liberty Mutual Foundation	160,876	-	-	160,876
Marsh & McLennan Companies, Inc.	222,261	-	-	222,261
Mellon Bank	12,286	-	-	12,286
Mexican Red Cross	105,096	-	-	105,096
Microsoft	29,083	-	-	29,083
Monaco Government	47,016	-	-	47,016
Mondelez International Foundation	53,016	-	-	53,016
Mongolian Red Cross Society	17,730	-	-	17,730
Monsanto Foundation	72,767	-	-	72,767
Myanmar Red Cross Society	27,817	-	-	27,817
Nestle	134,816	-	-	134,816
New Zealand Red Cross	909,896	-	-	909,896
New Zealand Red Cross (from New Zealand Government)	451,782	-	-	451,782
Novartis	22,499	-	-	22,499
Online donations (from Australia - Private Donors)	12,003	-	-	12,003
Online donations (from Brazil - Private Donors)	10,148	-	-	10,148
Online donations (from Canada - Private Donors)	18,331	-	-	18,331
Online donations (from Great Britain - Private Donors)	11,043	-	-	11,043
Online donations (from Hong Kong - Private Donors)	18,397	-	-	18,397
Sub-totals carried down	29,719,476	3,456,015	2,310,290	35,485,781

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRNP008) – NEPAL EARTHQUAKE**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD 27 APRIL 2015 TO 31 DECEMBER 2015**

4. Voluntary contributions (continued)

	Cash CHF	Goods In-kind CHF	Services In-Kind CHF	Period from 27-Apr-2015 to 31-Dec-2015 TOTAL CHF
Sub-totals brought down	29,719,476	3,456,015	2,310,290	35,485,781
Online donations (from India - Private Donors)	51,846	-	-	51,846
Online donations (from Japan - Private Donors)	12,354	-	-	12,354
Online donations (from Malaysia - Private Donors)	17,894	-	-	17,894
Online donations (from Singapore - Private Donors)	50,384	-	-	50,384
Online donations (from Taiwan - Private Donors)	11,471	-	-	11,471
Online donations (from Thailand - Private Donors)	11,165	-	-	11,165
Online donations (from United Arab Emirates - Private Donors)	59,943	-	-	59,943
Online donations (from United States - Private Donors)	481,871	-	-	481,871
OPEC Fund For International Development	276,009	-	-	276,009
Oracle Corporation	570,054	-	-	570,054
Other donors (including those with contributions less than CHF 10,000)	345,021	-	-	345,021
Philips Foundation	33,069	-	-	33,069
Prudence Foundation	95,562	-	-	95,562
Red Crescent Society of Islamic Republic of Iran	20,000	-	-	20,000
Red Cross of Monaco	50,000	-	-	50,000
Red Cross of Viet Nam	28,210	-	-	28,210
Republic of Korea Government	274,997	-	-	274,997
Romanian Red Cross	41,430	-	-	41,430
Singapore Red Cross Society	6,685	102,841	24,955	134,481
SITA	18,665	-	-	18,665
Slovenian Red Cross	62,505	-	-	62,505
Slovenian Red Cross (from Slovenia - Private Donor)	21,168	-	-	21,168
Spanish Red Cross	6,233	95,900	644,484	746,617
Suriname Red Cross	19,339	-	-	19,339
Swedish Red Cross	1,915,591	-	-	1,915,591
Swiss Red Cross	122,712	63,530	152,237	338,479
Taiwan Red Cross Organisation	961,307	-	-	961,307
Technip S.A.	50,329	-	-	50,329
The Netherlands Red Cross	2,256,623	1,317,749	306,351	3,880,723
The Netherlands Red Cross (from Netherlands Government)	1,042,278	-	-	1,042,278
The Red Cross of The Former Yugoslav Republic of Macedonia	17,722	-	-	17,722
The Republic of Korea National Red Cross	937,875	45,511	36,215	1,019,601
United Arab Emirates - Private Donors	13,909	-	-	13,909
Sub-totals carried down	39,603,697	5,081,546	3,474,532	48,159,775

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRNP008) – NEPAL EARTHQUAKE**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD 27 APRIL 2015 TO 31 DECEMBER 2015**

4. Voluntary contributions (continued)

	Cash	Goods	Services	Period from
	CHF	In-kind	In-Kind	27-Apr-2015 to
		CHF	CHF	31-Dec-2015
				TOTAL
				CHF
Sub-totals brought down	39,603,697	5,081,546	3,474,532	48,159,775
United States - Private Donors	23,867	-	-	23,867
United Way	16,987	-	-	16,987
VERF/WHO Voluntary Emergency Relief	14,000	-	-	14,000
	<u>39,658,551</u>	<u>5,081,546</u>	<u>3,474,532</u>	<u>48,214,629</u>

The Cash column above includes movements in outstanding pledges between 27 April 2015 and 31 December 2015, together with the revaluation of outstanding foreign currency pledges as at 31 December 2015.

5. Other costs & allocations

	Period from
	27-Apr-2015 to
	31-Dec-2015
	CHF
Other costs & allocations	
Workshops & training	61,961
Administration, office and general	324,528
Vehicles and equipment	169,187
Travel	612,982
Consultancy fees	555,975
Information	42,535
Other costs and allocations	<u>1,123,017</u>
	<u>2,890,185</u>