



**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  
Turkey: Population Movement Emergency Appeal  
(MDRTR003)  
for the year ended 31 December 2014



**KPMG SA**  
**Audit Western Switzerland**  
111 Rue de Lyon  
CH-1203 Geneva

P.O. Box 347  
CH-1211 Geneva 13

Telephone +41 58 249 25 15  
Fax +41 58 249 25 13  
Internet [www.kpmg.ch](http://www.kpmg.ch)

Independent Auditor's Report on the IFRC's Financial Statements for the Turkey: Population Movement Emergency Appeal (MDRTR003) to the Management of

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

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As independent auditor, we have been engaged to audit the accompanying financial statements of the Turkey: Population Movement Emergency Appeal (MDRTR003) of the International Federation of Red Cross and Red Crescent Societies ("IFRC") for the year ended 31 December 2014. The financial statements comprise the Turkey: Population Movement Emergency Appeal income and expenditure statement for the year 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  
IFRC's Financial Statements for the  
Turkey: Population Movement Emergency Appeal (MDRTR003) for  
the year ended 31 December 2014*

*Opinion*

In our opinion, the financial statements of the Turkey: Population Movement Emergency Appeal (MDRTR003) give a true and fair view of the income, expenditure and funds held for operations for the year ended 31 December 2014 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, 26 October 2015

*Enclosure:*

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

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDRTR003) – TURKEY: POPULATION MOVEMENT**

**INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

|   |              | <b>Year ended<br/>31-Dec-2014</b> | <b>Period from<br/>9-Nov-2012<br/>to 31-Dec-2013</b> |
|---|--------------|-----------------------------------|--|
| <b>OPERATING INCOME</b>                                   | <b>Notes</b> | <b>CHF</b>                        | <b>CHF</b>   |
| Voluntary contributions                                   | 3            | 10,998,559                        | 13,332,852   |
| <b>Total INCOME</b>                                       |              | <u>10,998,559</u>                 | <u>13,332,852</u>                                    |
| <b>OPERATING EXPENDITURE</b>                              |              |                                   |  |
| <b>Programmes and coordination: Humanitarian Response</b> |              |                                   |  |
| Employee benefits   |              | 653,186                           | 1,379,088  |
| Relief supplies, transportation and storage               |              | 7,243,357                         | 4,620,477  |
| Supplementary services cost recoveries                    |              | 113,024                           | 671  |
| Other costs & allocations                                 | 4            | 896                               | 2,958,403  |
| <b>Total direct costs</b>                                 |              | <u>8,010,463</u>                  | <u>8,958,639</u>                                     |
| Indirect cost recovery                                    |              | 521,064                           | 581,652  |
| Pledge fees   |              | 84,402                            | 58,068   |
| <b>Total OPERATING EXPENDITURE</b>                        |              | <u>8,615,929</u>                  | <u>9,598,359</u>                                     |
| <b>NET SURPLUS FROM OPERATING ACTIVITIES</b>              |              | <u>2,382,630</u>                  | <u>3,734,493</u>                                     |
| Finance expense / (income), net                           | 5            | 5,912                             | (10,142)   |
| <b>NET SURPLUS FOR THE PERIOD</b>                         |              | <u>2,376,718</u>                  | <u>3,744,635</u>                                     |
| <b>FUNDS HELD FOR OPERATIONS</b>                          |              |                                   |  |
| Brought forward   |              | 3,744,635                         | -  |
| Net surplus for the period                                |              | 2,376,718                         | 3,744,635  |
| <b>FUNDS HELD FOR OPERATIONS</b>                          |              | <u>6,121,353</u>                  | <u>3,744,635</u>                                     |

The notes on pages 4 to 8 are an integral part of these Appeal Financial Statements.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDRTR003) – TURKEY: POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**1. Activities**

Founded in 1919, the International Federation of Red Cross and Red Crescent Societies (IFRC) is a membership organisation comprising 189 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 17, Chemin des Crêts, 1209 Petit Saconnex, Geneva, Switzerland.

The IFRC's mission is to improve the lives of vulnerable people by mobilizing the power of humanity. Working through its 189 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'.

Since early 2011, civil unrest in Syria has caused mass displacement both within Syria and into neighbouring countries. On 9 November 2012, in response to the escalating situation, the IFRC launched an Emergency Appeal seeking CHF 32.3 million to support the Turkish Red Crescent Society (TRCS) in assisting up to 170,000 people displaced by the crises in Syria by providing winterisation support to protected camp populations as well as providing essential food and non-food relief items to vulnerable people at the Turkish-Syrian border.

On 28 May 2013, the IFRC revised the Emergency Appeal, increasing the budget to seek CHF 44 million in order to support 225,000 beneficiaries until the end of December 2013.

On 18 November 2013, the appeal budget was further revised to CHF 44.5 million and the timeframe extended to the end of June 2014.

On 30 June 2014, the appeal budget was further revised downwards to CHF 41.1 million and the timeframe extended to the end of December 2015.

The financial statements presented comprise the Income and Expenditure Statement and supporting notes of the Turkey Population Movement Emergency Appeal (appeal MDRTR003) and are hereto referred to as the Appeal Financial Statements.

**2. Significant accounting policies**

**2.1 Basis of accounting**

**(a) Basis of preparation**

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 2.4(a)). All operating expenditure included within the Turkey: Population Movement Emergency Appeal is classified under the Humanitarian response functional category. For information purposes, the Income and Expenditure Statement provides further analysis of operating expenditure.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDRTR003) – TURKEY: POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. Significant accounting policies (continued)**

*(b) Modification to presentational format*

In these Appeal Financial Statements, within the Income and Expenditure Statement an analysis of expenditure is presented based on the function for which the expenses were incurred by the IFRC. In the Appeal Financial Statements for the period from 9 November 2012 to 31 December 2013, an analysis of expenditure was presented based on the nature of the expenses incurred.

**2.2 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 Turkey Population Movement 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.

**2.3 Income**

Income comprises Voluntary contributions in cash from donors.

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.

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.

**2.4 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 Turkey: Population Movement 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.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDRTR003) – TURKEY: POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. Significant accounting policies (continued)**

*(b) Costing principles*

The costing principle of the IFRC is one of full cost recovery therefore each appeal, including the Turkey: Population Movement 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.

**2.5 Finance expense / (income), net**

Exchange gains and losses resulting from the settlement of foreign currency transactions and from translation are included under Finance expense / (income), 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.

**2.6 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.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDRTR003) – TURKEY: POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**3. Voluntary contributions**

|  | <b>Year ended<br/>31-Dec-2014</b> | <b>Period from<br/>9-Nov-2012<br/>to 31-Dec-2013</b> |
|--|-----------------------------------|--|
|  | <b>TOTAL<br/>CHF</b>              | <b>TOTAL<br/>CHF</b>                                 |
| American Red Cross   | 12,500                            | 93,145   |
| Canadian Red Cross   | 10,000                            | -  |
| Canadian Red Cross (from Canadian Government)                          | 798,170                           | 2,720,069  |
| Danish Red Cross (from Danish Government)                              | -                                 | 156,908  |
| Estonia Government   | -                                 | 84,297   |
| European Commission - DGECHO   | 2,424,597                         | 2,131,692  |
| Finnish Red Cross (from Finnish Government)                            | 770,756                           | -  |
| Irish Government   | -                                 | 609,830  |
| Italian Government Bilateral Emergency Fund                            | 181,089                           | -  |
| Japanese Government  | 653,029                           | -  |
| Japanese Red Cross Society   | -                                 | 198,454  |
| Kuwait Red Crescent Society  | -                                 | 462,406  |
| Mexican Government   | 3,595                             | 892,061  |
| Norwegian Red Cross (from Norwegian Government)                        | 2,177,614                         | 1,485,765  |
| Other donors (including those with contributions less than CHF 10,000) | 4,187                             | 3,064  |
| Red Cross of Monaco  | 36,193                            | 18,640   |
| Swedish Red Cross  | 10,000                            | 520,075  |
| Swiss Red Cross  | -                                 | 450,000  |
| Swiss Red Cross (from Swiss Government)                                | -                                 | 400,000  |
| The Netherlands Red Cross (from Netherlands Government)                | 2,391,054                         | -  |
| United States Government - PRM   | 1,525,775                         | 3,106,446  |
|  | <u>10,998,559</u>                 | <u>13,332,852</u>                                    |

The above figures include cash contributions and movements in outstanding pledges between 1 January 2014 and 31 December 2014, together with the revaluation of outstanding foreign currency pledges as at 31 December 2014.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDRTR003) – TURKEY: POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**4. Other costs & allocations**

|                                      | <b>Year ended<br/>31-Dec-2014</b> | <b>Period from<br/>9-Nov-2012<br/>to 31-Dec-2013</b> |
|--------------------------------------|-----------------------------------|--|
| <b>Other costs &amp; allocations</b> | <b>CHF</b>                        | <b>CHF</b>   |
| Workshops & training                 | 33,852                            | 900  |
| Administration, office and general   | 15,186                            | 36,889   |
| Vehicles and equipment               | 111,473                           | 985  |
| Travel                               | 51,887                            | 87,595   |
| Consultancy fees                     | 25,841                            | -  |
| Information                          | 2,104                             | 4,741  |
| Other costs and allocations          | <u>(239,447)</u>                  | <u>2,827,293</u>                                     |
|                                      | <u>896</u>                        | <u>2,958,403</u>                                     |

For the year ended 31 December 2014, the expense recognised related to working advances not yet reported on by the recipient National Societies included within Other costs and allocations above amounted to CHF (276,827) (period from 9 November 2012 to 31 December 2013: CHF 2,722,423). The negative balance for the year ended 31 December 2014 relates to reclassification of National Society working advance expenditure according to its nature (see note 2.4(c)).

In the Appeal Financial Statements for the period from 9 November 2012 to 31 December 2013, CHF 34,497 was included in Legal, professional and consultancy fees. In these Appeal Financial Statements, the amount has been included in Consultancy fees CHF 25,841 (period from 9 November 2012 to 31 December 2013: CHF nil) and CHF 28,508 within Other costs and allocations (period from 9 November 2012 to 31 December 2013: CHF 34,497).

**5. Finance expense / (income), net**

In the Appeal Financial Statements for the period from 9 November 2012 to 31 December 2013, CHF (8,044) was included in finance income, net. In these Appeal Financial Statements, the amount has been included in Finance expense / (income), net CHF 5,912 (period from 9 November 2012 to 31 December 2013: CHF (10,142)) and Administration, office and general, CHF 1,796 (period from 9 November 2012 to 31 December 2013: CHF 2,098).