



**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
Lebanon, Jordan & Iraq: Population Movement
Emergency Appeal (MDR81003)
for the period from 1 January 2014 to 30 September 2014



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Independent Auditor's Report on the IFRC's Financial Statements for the Lebanon, Jordan & Iraq: Population Movement Emergency Appeal (MDR81003) to the Management of
the International Federation of Red Cross and Red Crescent Societies (IFRC)

As independent auditor, we have been engaged to audit the accompanying financial statements of the Lebanon, Jordan & Iraq: Population Movement Emergency Appeal (MDR81003) of the International Federation of Red Cross and Red Crescent Societies ("IFRC") for the period from 1 January 2014 to 30 September 2014. The financial statements comprise the Lebanon, Jordan & Iraq: Population Movement 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
IFRC's Financial Statements for the
Lebanon, Jordan & Iraq: Population Movement Emergency Appeal (MDR81003)
for the period from 1 January 2014 to 30 September 2014*

Opinion

In our opinion, the financial statements of the Lebanon, Jordan & Iraq: Population Movement Emergency Appeal (MDR81003) give a true and fair view of the income, expenditure and funds held for operations for the period from 1 January 2014 to 30 September 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 Pingeon
Licensed Audit Expert

Karina Vartanova
Licensed Audit Expert

Geneva, 25 February 2016

Enclosure:

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

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDR81003) – LEBANON, JORDAN AND IRAQ: POPULATION MOVEMENT**

**INCOME AND EXPENDITURE STATEMENT
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014**

		Period from 1-Jan-2014 to 30-Sept-2014	Period from 9-Aug-2012 to 31-Dec-2013
OPERATING INCOME	Notes	CHF	CHF
Voluntary contributions	3	5,385,938	7,333,054
Total OPERATING INCOME		5,385,938	7,333,054
OPERATING EXPENDITURE			
Programmes and coordination: Humanitarian Response			
Employee benefits		784,836	725,072
Relief supplies, transportation and storage		2,809,974	3,773,819
Contributions to National Societies		1,013,011	261,238
Supplementary services cost recoveries		191,288	211,640
Other costs & allocations	4	1,862,790	499,071
Total direct costs		6,661,899	5,470,840
Indirect cost recovery		426,363	353,255
Pledge fees		49,396	35,350
Total OPERATING EXPENDITURE		7,137,658	5,859,445
NET (DEFICIT)/SURPLUS FROM OPERATING ACTIVITIES		(1,751,720)	1,473,609
Finance (income)/expense, net	5	(16,345)	8,095
NET (DEFICIT)/SURPLUS FOR THE PERIOD		(1,735,375)	1,465,514
FUNDS HELD FOR OPERATIONS			
Brought forward		1,721,804	-
Allocations from other IFRC appeals		-	256,290
Net surplus for the period		(1,735,375)	1,465,514
(DEFICIT)/FUNDS HELD FOR OPERATIONS		(13,571)	1,721,804

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 (MDR81003) – LEBANON, JORDAN AND IRAQ: POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014**

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'.

Since the beginning of 2011, civil unrest in Syria has caused mass displacement, both within Syria, and into its neighbouring countries. In March 2012, the IFRC commenced activities targeting the needs of people fleeing Syria into Lebanon and Jordan. These activities were supported under the Middle East and North Africa (MENA) Civil Unrest Emergency Appeal (MDR82001). On 9 August 2012, with mounting violence across Syria forcing tens of thousands to flee across borders, the IFRC launched a Preliminary Emergency Appeal seeking CHF 3.7 million in cash, kind or services to support the Jordan National Red Crescent Society (JRCS), the Lebanese Red Cross (LRC), the Palestinian Red Crescent Society (PRCS – Lebanon branch) and the Iraqi Red Crescent Society (IRCS), in responding to the needs of some 11,000 families in the areas of relief, hygiene promotion and disaster preparedness.

On 30 January 2013, the IFRC revised the Emergency Appeal, increasing the budget to CHF 4.6 million, in order to assist up to 12,400 families (62,000 people) for 6 months. On 28 May 2013, the IFRC further extended and revised the Emergency Appeal to seek CHF 27.4 million in order to assist some 51,693 families (285,465 people) until the end of December 2013.

On 18 November 2013 the IFRC appeal budget was further revised to seek CHF 43.6 million in cash, kind or services to support the National Societies in Lebanon, Jordan and Iraq (including the PRCS branch in Lebanon) in assisting approximately 58,376 families (291,880 people) until the end of June 2014. Part of this appeal budget includes support received by the IFRC through the deployment of an Emergency Response Unit (ERU) at an estimated value of CHF 10 million.

On 4 July 2014, the IFRC appeal budget was further revised to seek CHF 49.2 million in cash, kind or services and the timeframe extended until end of September 2014. A final report for the Emergency Appeal was issued on 5 August 2015.

The financial statements presented comprise the Income and Expenditure Statement and supporting notes of the Lebanon, Jordan and Iraq Population Movement Emergency Appeal (appeal MDR81003) and are hereto referred to as the Appeal Financial Statements.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDR81003) – LEBANON, JORDAN AND IRAQ: POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014**

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 Lebanon, Jordan and Iraq: 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.

(b) Modifications 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 August 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 Lebanon, Jordan and Iraq: 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 or in-kind 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.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDR81003) – LEBANON, JORDAN AND IRAQ: POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014**

2. Significant accounting policies (continued)

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 goods or service and are recognised equally as both contributions and expenses in the Income and Expenditure Statement. In-kind goods and 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.

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 Lebanon, Jordan and Iraq: 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.

(b) Costing principles

The costing principle of the IFRC is one of full cost recovery therefore each appeal, including the Lebanon, Jordan and Iraq: 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 (see 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.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
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**NOTES TO THE APPEAL FINANCIAL STATEMENTS
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2. Significant accounting policies (continued)

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.

2.5 Finance expense, net

Exchange gains and losses resulting from the settlement of foreign currency transactions and from translation are included under Finance 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.

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 .

3. Voluntary contributions

				Period from 1-Jan-2014 to 30-Sept-2014	Period from 9-Aug-2012 to 31-Dec-2013
	Cash	Goods	Services	TOTAL	TOTAL
	CHF	In-Kind CHF	In-Kind CHF	CHF	CHF
American Red Cross	446,508	-	-	446,508	94,634
Australian Red Cross	70,751	-	17,800	88,551	43,705
Australian Red Cross (from Australian Government)	7,567	-	-	7,567	1,578,764
British Red Cross	72,922	-	-	72,922	550,682
Canadian Red Cross	59,736	-	-	59,736	-
Canadian Red Cross (from Canadian Government)	1,277,651	-	-	1,277,651	-
Danish Red Cross	-	-	27,613	27,613	-
German Red Cross	-	-	-	-	17,962
German Red Cross (from German Government)	-	-	-	-	1,151,991
Sub-totals carried down	1,935,135	-	45,413	1,980,548	3,437,738

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDR81003) – LEBANON, JORDAN AND IRAQ: POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014**

3. Voluntary contributions (continued)

	Cash	Goods	Services	Period from 1-Jan-2014 to 30-Sept-2014	Period from 9-Aug-2012 to 31-Dec-2013
	CHF	In-Kind CHF	In-Kind CHF	TOTAL CHF	TOTAL CHF
Subtotals brought down	1,935,135	-	45,413	1,980,548	3,437,738
Icelandic Red Cross	8,877	-	-	8,877	30,000
Icelandic Red Cross (from Icelandic Government)	29,720	-	-	29,720	70,000
Irish Red Cross Society	48,043	-	-	48,043	-
Italian Government	-	1,206,188	-	1,206,188	-
Italian Red Cross	-	-	-	-	42,791
Japanese Government	594,184	-	-	594,184	229
Japanese Red Cross Society	-	-	-	-	153,400
Korea International Cooperation Agency (KOICA) (from Republic of Korea Government)	88,928	-	-	88,928	-
Norwegian Red Cross	-	-	-	-	92,751
Other donors (including those with contributions less than CHF 10,000)	1,500	-	-	1,500	12,162
Spanish Red Cross	-	-	-	-	268,581
Swedish Red Cross	673,167	-	-	673,167	929,601
The Netherlands Red Cross	96,450	-	-	96,450	147,174
The Netherlands Red Cross (from Netherlands Government)	608,410	-	-	608,410	1,753,361
United Nations Development Programme - UNDP	-	-	-	-	90,719
United States Government - PRM	49,923	-	-	49,923	304,547
	4,134,337	1,206,188	45,413	5,385,938	7,333,054

The Cash column above includes movements in outstanding pledges between 1 January 2014 and 30 September 2014, together with the revaluation of outstanding foreign currency pledges as at 30 September 2014.

4. Other costs & allocations

	Period from 1-Jan-2014 to 30-Sept-2014	Period from 9-Aug-2012 to 31-Dec-2013
	CHF	CHF
Workshops & training	76,592	71,242
Administration, office and general	82,131	77,001
Vehicles and equipment	323,543	163,708
Travel	32,525	72,686
Consultancy fees	6,716	19,838
Information	13,788	18,973
Other costs and allocations	1,327,495	75,623
	1,862,790	499,071

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDR81003) – LEBANON, JORDAN AND IRAQ: POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014**

4. Other costs & allocations (continued)

For the period from 1 January 2014 to 30 September 2014, the expense recognised related to working advances not yet reported on by the recipient National Society, included within Other costs and allocations above amounted to CHF (25,726) (Period from 9 August 2012 to 31 December 2013: CHF 25,726).

On 29 April 2014, the IFRC accepted an in-kind donation of a prefabricated structure to be used for health service facilities in a refugee camp in Jordan. The value indicated by the donor at the point of handover was assessed as EUR 989k (CHF 1,206k). The full value of the donation has been expensed and included within Other costs and allocations above. The full value of the donation has equally been recognised as a Voluntary Contribution and included within note 3 above.

In the Appeal Financial Statements for the period from 9 August 2012 to 31 December 2013, CHF 57,242 was included in Legal, professional and consultancy fees. In these Appeal Financial Statements, the amount has been included in Consultancy fees CHF 6,716 (Period from 9 August 2012 to 31 December 2013: CHF 19,838) and Other costs and allocations CHF 97,547 (Period from 9 August 2012 to 31 December 2013 : CHF 37,404).

5. Finance (income)/expense, net

In the Appeal Financial Statements for the period from 9 August 2012 to 31 December 2013, CHF 49,695 was included in Finance expense, net. In these Appeal Financial Statements, the amount has been included in Finance (income)/expense, net CHF (16,345) (Period from 9 August 2012 to 31 December 2013: CHF 8,095) and Administration, office and general – Other costs & allocations, CHF 49,147 (Period from 9 August 2012 to 31 December 2013: CHF 41,600).

6. Funds held for operations

Allocations from other IFRC appeals

During the period from 1 January 2014 to 30 September 2014, CHF nil, was reallocated from other IFRC appeals (Period from 9 August 2012 to 31 December 2013: CHF 256,290 reallocated from MENA Civil Unrest Emergency Appeal (MDR82001) to the Lebanon, Jordan and Iraq: Population Movement Emergency Appeal).

During 2015, in accordance with IFRC procedures, the final deficit of CHF (13,571) on the Lebanon, Jordan and Iraq Population Movement Emergency Appeal was reallocated to the other continuing Emergency Appeals undertaking the same activities in the region.