



**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  
Ukraine: Civil Unrest  
Emergency Appeal (MDRUA007)  
for the period from 13 December 2013 to 31 December 2014



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Independent Auditor's Report on the IFRC's Financial Statements for the Ukraine: Civil Unrest Emergency Appeal (MDRUA007) 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 Ukraine: Civil Unrest Emergency Appeal (MDRUA007) of the International Federation of Red Cross and Red Crescent Societies ("IFRC") for the period from 13 December 2013 to 31 December 2014. The financial statements comprise the Ukraine: Civil Unrest 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  
Ukraine: Civil Unrest Appeal (MDRUA007)  
for the period from 13 December 2013 to 31 December 2014*

*Opinion*

In our opinion, the financial statements of the Ukraine: Civil Unrest Emergency Appeal (MDRUA007) give a true and fair view of the income, expenditure and funds held for operations for the period from 13 December 2013 to 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 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 (MDRUA007) – UKRAINE: CIVIL UNREST**

**INCOME AND EXPENDITURE STATEMENT  
FOR THE PERIOD FROM 13 DECEMBER 2013 TO 31 DECEMBER 2014**

		<b>Period from 13-Dec-2013 to 31-Dec-2014</b>
<b>OPERATING INCOME</b>	<b>Notes</b>	<b>CHF</b>
Voluntary contributions	3	1,406,178
<b>Total OPERATING INCOME</b>		<u>1,406,178</u>
<b>OPERATING EXPENDITURE</b>		
<b>Programmes and coordination: Humanitarian Response</b>		
Employee benefits		149,980
Relief supplies, transportation and storage		512,899
Supplementary services cost recoveries		13,737
Other costs & allocations	4	<u>499,412</u>
<b>Total direct costs</b>		<u>1,176,028</u>
Indirect cost recovery		70,136
Pledge fees		4,541
<b>Total OPERATING EXPENDITURE</b>		<u>1,250,705</u>
<b>NET SURPLUS FROM OPERATING ACTIVITIES</b>		<u>155,473</u>
Finance expense, net		<u>1,400</u>
<b>NET SURPLUS FOR THE PERIOD</b>		<u><u>154,073</u></u>
<b>FUNDS HELD FOR OPERATIONS</b>		
Net surplus for the period		<u>154,073</u>
<b>FUNDS HELD FOR OPERATIONS</b>		<u><u>154,073</u></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 (MDRUA007) – UKRAINE: CIVIL UNREST**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 13 DECEMBER 2013 TO 31 DECEMBER 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'.

On 13 December 2013, in response to the large scale demonstrations ongoing in Ukraine since the end of November 2013, CHF 139,302 was allocated from the IFRC Disaster Relief Emergency Fund (DREF) to support the Ukrainian Red Cross Society (URCS) in delivering immediate assistance to some 10,000 beneficiaries over two months. On 20 February 2014, the DREF operation was extended by six weeks to 30 March 2014. On 7 March 2014, due to the escalating situation, a second DREF allocation of CHF 178,488 was made to the operation taking the total budget to CHF 317,790 and the timeframe was extended until 30 June 2014.

On 12 May 2014, in response to the continued civil unrest, the IFRC launched an Emergency Appeal seeking CHF 1.4 million in cash, kind or services to enable the URCS to support preparedness activities for more than 5,000 vulnerable people and provide first aid and psycho-social assistance to those affected by the violence until 30 November 2014.

On 17 September 2014, the IFRC revised the Emergency appeal increasing the budget to seek CHF 2.3 million in order to support 16,000 people until the end of March 2015.

The financial statements presented comprise the Income and Expenditure Statement and supporting notes of the Ukraine: Civil Unrest Emergency Appeal (appeal MDRUA007) and are hereto referred to as the Appeal Financial Statements.

**2. Significant accounting policies**

**2.1 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 2.4(a)). All operating expenditure included within the Ukraine: Civil Unrest 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 (MDRUA007) – UKRAINE: CIVIL UNREST**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 13 DECEMBER 2013 TO 31 DECEMBER 2014**

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

**2.2 Foreign currency transactions**

The presentation and functional currency of the IFRC and of the Appeal Financial statements 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 Ukraine: Civil Unrest 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 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.

In-kind contributions of services (in the form of staff) 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 services received in response to Appeals are measured at fair 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.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDRUA007) – UKRAINE: CIVIL UNREST**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 13 DECEMBER 2013 TO 31 DECEMBER 2014**

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

**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 Ukraine: Civil Unrest 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 Ukraine: Civil Unrest 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.

*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.

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 the related expense 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.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
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**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 13 DECEMBER 2013 TO 31 DECEMBER 2014**

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

**2.5 Finance expense, net**

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

The IFRC DREF is a source of un-earmarked money created by the IFRC in 1985 to ensure that immediate financial support is available for Red Cross Red Crescent responses to emergencies. The DREF is a vital part of the IFRC's disaster response system and increases the ability of National Societies to respond.

DREF allocations to Emergency Appeals such as the Ukraine: Civil Unrest Emergency Appeal are considered as start-up funding for the operation until un-earmarked donor pledges have been made in response to the Emergency Appeal. An automatic recovery of the DREF loan is made for all Emergency Appeals which have received 150% of the value of the DREF loan in un-earmarked funds.

**3. Voluntary contributions**

	<b>Cash</b>	<b>Services</b>	<b>Period from</b>
	<b>CHF</b>	<b>In-Kind</b>	<b>13-Dec-2013 to</b>
		<b>CHF</b>	<b>31-Dec-2014</b>
			<b>TOTAL</b>
	<b>CHF</b>		<b>CHF</b>
American Red Cross	186,314	-	186,314
Austrian Red Cross	12,151	-	12,151
Canadian Red Cross	35,420	34,813	70,233
Canadian Red Cross (from Canadian Government)	45,857	-	45,857
Danish Red Cross	28,333	55,773	84,106
European Commission - DGECHO	454,742	-	454,742
Italian Government Bilateral Emergency Fund	60,805	-	60,805
Japanese Government	115,820	-	115,820
Japanese Red Cross Society	75,700	-	75,700
Other donors (including those with contributions less than CHF 10,000)	19,925	7,780	27,705
Red Crescent Society of Islamic Republic of Iran	20,000	-	20,000
Red Cross of Monaco	18,185	-	18,185
The Netherlands Red Cross (from Netherlands Government)	182,032	-	182,032
The Netherlands Red Cross (from Netherlands Red Crescent)	52,528	-	52,528
	<u>1,307,812</u>	<u>98,366</u>	<u>1,406,178</u>

The above figures include cash contributions and movements in outstanding pledges between 13 December 2013 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 (MDRUA007) – UKRAINE: CIVIL UNREST**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 13 DECEMBER 2013 TO 31 DECEMBER 2014**

**4. Other costs & allocations**

	<b>Period from 13-Dec-2013 to 31-Dec-2014</b>
	<b>CHF</b>
Workshops & training	44,451
Administration, office and general	2,460
Vehicles and equipment	22,300
Travel	36,878
Consultancy fees	3,000
Information	11,691
Other costs and allocations	378,632
	<u>499,412</u>

For the period from 13 December 2013 to 31 December 2014, the expense recognised related to working advances not reported on by the recipient National Society, included within Other above amounted to CHF 348,738.