

**AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS OF THE
BURKINA FASO, MALI, MAURITANIA, NIGER (SAHEL) FOOD INSECURITY
EMERGENCY APPEAL (15/2005) PROGRAMME
FOR THE PERIOD FEBRUARY 2006 TO AUGUST 2007**

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (M05EA015) – SAHEL REGION FOOD INSECURITY**



**In partnership with PricewaterhouseCoopers in
Senegal**

International Federation of Red Cross
and Red Crescent (IFRC)'s
Risk Management & Audit Department
P.O Box 372
1211 Geneva 19, Switzerland

**AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS OF THE
BURKINA FASO, MALI, MAURITANIA, NIGER (SAHEL) FOOD INSECURITY EMERGENCY
APPEAL (15/2005) PROGRAMME
FOR THE PERIOD FEBRUARY 2006 TO AUGUST 2007**

Dear Sir or Madam,

We have audited the accompanying financial statements of the Burkina Faso, Mali, Mauritania, and Niger (Sahel) Food Insecurity Emergency Appeal (15/2005) Programme which comprise the balance sheet and the income statements for the period February 2006 to August 2007, and a summary of significant accounting policies and other explanatory notes. These financial statements are the responsibility of the IFRC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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In our opinion, the financial statements give a true and fair view of the financial position of the Burkina Faso, Mali, Mauritania, Niger (Sahel) Food Insecurity Emergency Appeal (15/2005) Programme for the period February 2006 to August 2007, and of the results of its operations for the same period in accordance with Guidelines of the IFRC (International Federation of Red Cross and Red Crescent Societies).

October 22nd, 2008



Alioune TOURE
Partner

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
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**INCOME AND EXPENDITURE STATEMENT FOR THE NINETEEN MONTH PERIOD ENDED 31
AUGUST 2007**

	Note Ref	19 months ended 31 August 2007 CHF	10 months ended 31 January 2006 CHF	TOTAL CHF
INCOME				
Voluntary contributions	3	788 104	24 508 822	25 296 926
Other income		143 831		143 831
Total INCOME		931 935	24 508 822	25 440 757
OPERATING EXPENDITURE				
Supplies		-129 037	8 748 916	8 619 879
Vehicles and equipment		-1 673 836	4 163 037	2 489 201
Transport and storage		640 556	6 281 680	6 922 236
Personnel expenditure		2 886 895	1 693 310	4 580 205
Workshops and training		82 927	16 616	99 543
Travel		295 891	377 448	673 339
Information & public relations		55 803	41 176	96 979
Office costs		271 102	177 424	448 526
Communications		282 704	175 746	458 450
Professional fees & financial charges		94 847	25 155	120 002
Other general expenses		36 962	16 639	53 601
Financial (gains)/losses	2.2	-10 982	-14 944	-25 926
Programme support		186 178	1 157 379	1 343 557
Operational provisions		-713 378	713 378	0
Total OPERATING EXPENDITURE		2 306 633	23 572 960	25 879 593
EXCESS OF (EXPENDITURE) OVER INCOME		-1 374 698	935 862	-438 836

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE NINETEEN MONTH PERIOD
ENDED 31 AUGUST 2007**

NOTE 1 - ACTIVITIES

Founded in 1919, the International Federation of Red Cross and Red Crescent Societies (IFRC) is a membership organization comprising 186 member Red Cross and Red Crescent societies governed by a Governing Board and with management support provided by a Secretariat with more than 65 delegations strategically located to support activities around the world.

The 2004-2005 harvest in the Sahel region was seriously affected by the worst locust invasion in twenty years, compounded by low rainfall. Crops were greatly reduced, as was the availability of grazing land in pastoralist areas.

This resulted in serious food shortages in a region already suffering from chronic malnutrition and endemic poverty.

On 22 July 2005, the IFRC launched an Emergency Appeal seeking CHF 18.2 million in cash, kind or services to assist 44,400 families (some 220,000 beneficiaries) in four countries for six months (until 22 January 2006). Since the launch of the Appeal, six operation updates were issued, raising the total amount sought to CHF 31.2 million.

The Red Cross Movement's response to the food crisis in Sahel has focused primarily on Niger, with on-going assistance in the form of human resources and funding being provided to food distribution operations in Mali and Burkina Faso.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The Appeal Income and Expenditure statement is presented in Swiss Francs. The Appeal Income and Expenditure statement has been prepared under the historical cost convention.

2.2 Foreign Currency transactions

The presentational and functional currency of the IFRC is the Swiss Franc, since 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 Sahel Food Insecurity Appeal (MFA05015) are always launched in Swiss Francs, and expenditure is budgeted and managed in Swiss Francs.

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Foreign currency transactions are translated into Swiss Francs using the month end exchange rate prevailing prior to the dates of the transactions. Exchange gains and losses resulting from the settlement of foreign currency transactions and from translation are included under financial losses/(gains), net in the Income and Expenditure statement.

2.3 Income

Income comprises contributions in cash or in-kind from donors, sundry income from the sale of goods and income from services.

Earmarked cash contributions are recognized as income when a confirmed written pledge has been received from the donor.

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

The fair value of in-kind goods is taken as the donor indication of the value. This value is tested for reasonableness and adjusted accordingly, by comparing it to the cost that would be incurred by the IFRC if it were to buy similar goods for the same intended use in the open market.

2.4 Accounting Period

The financial statements cover the 19 month period from 1 February 2006 to 31 August 2007.

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3. Voluntary contributions analysis

	Cash CHF	Goods In- Kind CHF	Services In- Kind CHF	19 months ended 31 August 2007 TOTAL CHF	10 months ended 31 January 2006 TOTAL CHF
Australian Red Cross	76 304			76 304	529 295
Belgium Red Cross (Flanders)				0	83 586
British Red Cross (from British Govt)				0	1 530 166
British Red Cross	1 235 858	-818 393	34 027	451 492	9 114 144
Canadian Red Cross	7 323		99 760	107 083	89 625
Danish Red Cross	250 116		30 587	280 703	769 181
Finnish Red Cross	39 296		4 987	44 283	179 166
Finnish Red Cross (from Finnish Govt)	40 265			40 265	386 136
French Red Cross				0	215 714
German Red Cross	-56 114		71 300	15 186	1 460 755
Greek Government	310 890			310 890	
Icelandic Red Cross	1 535		19 213	20 748	81 755
Irish Red Cross	146 052			146 052	637 838
Italian Govt Bilateral Emergency Fund				0	775 000
Japanese Red Cross				0	329 662
Netherlands Red Cross	187 542		10 413	197 955	648 935
Norwegian Red Cross	-101 598	-1 963 432	108 680	-1 956 350	6 255 100
Norwegian Red Cross (from Norwegian Govt)	259 043			259 043	
On line donations	5 820			5 820	63 092
Phillip Morris International	66 017			66 017	
Swedish Red Cross	76 515			76 515	133 789
Swedish Red Cross (from Swedish Govt)	679 280			679 280	764 190
Other	106 662	-201 844	62 000	-33 182	461 693
	3 330 806	-2 983 669	440 967	788 104	24 508 822

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4. Programme Support Recovery.

In accordance with IFRC standard policy, a charge is made to the budget of each operation as a contribution to the costs of support for operations in the field. This support includes services essential for an operation's success such as human resources, finance, logistics, information technology and other support.

5. Operational Provisions

Operational provisions in the Income and Expenditure account represent the value of working advances made to National Societies which have not yet been reported on by the recipient National Societies. Detailed breakdowns of the expenditure incurred by the National Societies are therefore not known at the balance sheet date, but are normally reported on shortly thereafter.

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