

**INTERNATIONAL FEDERATION OF THE RED CROSS AND THE RED
CRESCENT SOCIETIES - IFRC**

**INCOME AND EXPENSE STATEMENT OF THE EMERGENCY APPEAL
(MDRPE003) - PERU EARTHQUAKE FOR THE PERIOD FROM AUGUST 16,
2007 TO SEPTEMBER 30, 2009**

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S/. = New Peruvian soles
US\$ = United States dollars
CHF = Swiss francs

Dongo-Soria Gaveglío y Asociados
Sociedad Civil
Av. Santo Toribio 143
Lima 27, Perú
Apartado 1434-2869
Telfs.: (51 1) 211-6500 411-5800
Fax : (51 1) 211-6560

INDEPENDENT AUDITOR'S REPORT ON INCOME AND EXPENSE STATEMENT

December 11, 2009

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

We have audited the accompanying income and expense statement of the Emergency Appeal (MDRPE003) - Peru Earthquake for the period from August 16, 2007 to September 30, 2009 expressed in Swiss francs. This statement is the responsibility of IFRC Secretariat Management. Our responsibility is to express an opinion on the accompanying statement based on our audit.

Management's responsibility for the financial statement

IFRC Secretariat Management is responsible for the preparation and fair presentation of this statement in accordance with the modified cash basis as described in Note 2. This responsibility includes: designing, implementing and maintaining a system of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 accounting policies used and the reasonableness of accounting estimates 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.

December 11, 2009
International Federation of the Red Cross and the Red Crescent Societies

Opinion

In our opinion, the accompanying statement presents fairly, in all material respects, the revenue and expenses during the period comprised from August 16, 2007 and September 30, 2009 in accordance with the modified cash basis as described in Note 2.

Restriction of use

This report is intended solely for the use of the Management of the regional and head office of the International Federation of the Red Cross and Red Crescent Societies and should not be used for any other purpose.

Army. Juan Gonzalez & Asoc.

Countersigned

F. Francisco Dongo-Soria

(partner)

Francisco Dongo-Soria
Peruvian Certified Public Accountant
Registration No. 01-004850

EMERGENCY APPEAL (MDRPE003) - PERU EARTHQUAKE

INCOME AND EXPENSE STATEMENT FOR THE PERIOD FROM AUGUST 16, 2007 TO SEPTEMBER 30, 2009

	CHF
INCOME	
Cash contributions (Note 3)	7,677,326
In-kind contributions (Note 3)	3,214,642
Corporate donation fees (Note 4)	<u>(825)</u>
Total income	<u>10,891,143</u>
EXPENSES	
Supplies (Note 5)	(4,668,959)
Transport and storage (Note 6)	(1,999,174)
Personnel expenses (Note 7)	(1,760,496)
General expenses (Note 8)	(610,461)
Programme support recovery (Note 9)	(572,651)
Workshops and training	(161,362)
Vehicles and equipment	(53,153)
Services and recoveries (Note 10)	(47,134)
Operational provisions (Note 11)	<u>(23,931)</u>
Total operating expenditures	<u>(9,897,321)</u>
Excess of income over expenditure	<u><u>993,822</u></u>

The accompanying notes from page 4 to 7 are an integral part of the financial statement.

INTERNATIONAL FEDERATION OF THE RED CROSS AND THE RED CRESCENT SOCIETIES - IFRC

NOTES TO THE FINANCIAL STATEMENT OF THE EMERGENCY APPEAL (MDRPE003) - PERU EARTHQUAKE FOR THE PERIOD FROM AUGUST 16, 2007 TO SEPTEMBER 30, 2009

1 ACTIVITIES

Founded in 1919, the International Federation of Red Cross and Red Crescent Societies (IFRC) is a membership organisation 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.

On 15th August 2007, the central south of Peru was shaken by an earthquake measuring a magnitude of 7.9. On 17th August, the IFRC launched a preliminary emergency appeal for CHF 1.6m for 5 months to assist 4,000 families. This was subsequently revised on 20 August 2007 to CHF 5.6m for 9 months to assist 7,500 families affected by the earthquake in the regions of Ica and Lima. A further revision was launched on 3 December 2007 to appeal for CHF 10.9m for a period of 18 months.

The financial statement presented comprise the income and expenditure statement and supporting notes of the Peru Earthquake Appeal (appeal MDRPE003) and are hereto referred to as the Appeal Financial Statement.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

The Appeal Financial Statements are presented in Swiss francs and have been prepared under the historical cost convention. 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 and were subject to audit and received a true and fair view opinion in April 2009.

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 Peru Earthquake Appeal (MDRPE003), are always launched in Swiss francs and expenditure is budgeted and managed in Swiss francs.

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 recognised 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 recognised 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 based on 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 26 month period from August 2007 to 30 September 2009.

3 VOLUNTARY CONTRIBUTIONS

The income from voluntary contributions for the period from August 16, 2007 to September 30, 2009 comprises:

	<u>Cash</u> <u>contributions</u> CHF	<u>Contributions</u> <u>in-kind</u> CHF	<u>Total</u> CHF
Canadian Red Cross (from Canadian Government)	2,159,880	-	2,159,880
Canadian Red Cross	385,135	200,340	585,475
ECHO	853,806	-	853,806
Netherlands Red Cross (from Netherlands Government)	568,039	-	568,039
Netherlands Red Cross	25,504	732,186	757,690
Mexican Red Cross	377,018	-	377,018
Italian Government Bilateral Emergency Fund	330,000	-	330,000
Italian Red Cross	110,403	-	110,403
Czech Government	296,744	-	296,744
Norwegian Red Cross (from Norwegian Government)	248,302	-	248,302
Norwegian Red Cross	74,996	397,807	472,803
OPEC Fund for International Development	213,609	-	213,609
New York Office (from Monsanto Foundation)	190,343	-	190,343
New York Office (from Kraft Foods)	75,335	-	75,355
American Red Cross	188,300	349,939	538,239
Japanese Red Cross	184,781	-	184,781
Belgium Red Cross (French) (from Belgian Federal Government)	178,880	-	178,880
Swedish Red Cross (from Swedish Government)	175,200	-	175,200
Greek Government	165,000	-	165,000
Safra Philanthropic Foundation	120,400	-	120,400
Finnish Red Cross	82,500	-	82,500
JT International Foundation	80,000	-	80,000
Capacity Building Fund	75,973	-	75,973
Online donations	73,590	-	73,590
Brazilian Red Cross	59,179	-	59,179
Belgian Red Cross (French)	30,204	606,288	636,492
LL Bean Inc	-	100,044	100,044
Spanish Red Cross	33,914	733,185	767,099
Swiss Red Cross	-	74,493	74,493
Other	320,291	20,360	340,651
	<u>7,677,326</u>	<u>3,214,642</u>	<u>10,891,968</u>

4 CORPORATE DONATION FEES

In accordance with IFRC standard policy, donations received from corporate donors are charged a 5% service fee which is deducted from income, when the corporate donation is received.

5 SUPPLIES

The expenses incurred for the period from August 16, 2007 to September 30, 2009 comprise:

	CHF
Shelter	1,748,901
Construction	1,805,542
Clothing and textiles	314,335
Utensils and tools	270,918
Supplies and services	218,515
Other	<u>310,748</u>
	<u>4,668,959</u>

6 TRANSPORT AND STORAGE

The expenses incurred for the period from August 16, 2007 to September 30, 2009 comprise:

	CHF
Distribution and monitoring	1,538,810
Transport and vehicle costs	427,703
Storage	<u>32,661</u>
	<u>1,999,174</u>

7 PERSONNEL EXPENSES

The expenses incurred for the period from August 16, 2007 to September 30, 2009 comprise:

	CHF
National staff	817,982
International staff	405,642
National society staff	307,549
Consultants	158,977
Regionally deployed staff	<u>70,346</u>
	<u>1,760,496</u>

8 GENERAL EXPENSES

The expenditures for the period from August 16, 2007 to September 30, 2009 comprise:

	CHF
Professional fees	135,342
Travel	134,435
Office costs	90,696
Communications	88,961
Information and public relations	88,471
Financial expenses	65,298
Other	<u>7,258</u>
	<u><u>610,461</u></u>

9 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.

10 SERVICES AND RECOVERIES

Services and recoveries comprise fees charged to the Appeal by the IFRC Logistics department (including the Regional Logistics Units) for procurement services provided to the operation. Fees are charged based on the value of the procurement.

11 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 financial statement date, but are normally reported on shortly thereafter.