

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

Report of the Independent Auditors

On the IFRC's Financial Statements
for the China Sichuan Earthquake Emergency Appeal
(MDRCN003)
for the eight month period ended 31 December 2008



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Report of the Independent Auditors

China Sichuan Earthquake Emergency Appeal (MDRCN003) of the International Federation of Red Cross and Red Crescent Societies (IFRC)

We have audited the accompanying financial statements (income and expenditure statement and related notes) of the China Sichuan Earthquake Emergency Appeal (MDRCN003) of the International Federation of Red Cross and Red Crescent Societies ("IFRC") for the eight month period ended 31 December 2008. These financial statements are the responsibility of the IFRC's management. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion of these financials 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 statement is free of 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 the auditor's 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, the auditor considers the internal control system relevant to the entity's preparation 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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.

In our opinion, the accompanying financial statements give a true and fair view of the income and expenditure for the eight month period ended 31 December 2008 and have been prepared, in all material respects in accordance with the IFRC accounting policies.

KPMG SA

William D. Laneville
*Licensed Audit Expert
Auditor in Charge*

Christine Fox

Geneva, 23 October 2009

Enclosure:

- Income and expenditure statement and related notes.

INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRCN003) – CHINA SICHUAN EARTHQUAKE

INCOME AND EXPENDITURE STATEMENT FOR THE EIGHT MONTH PERIOD ENDED 31
DECEMBER 2008

	Note	8 months ended 31 December 2008 CHF
Voluntary contributions	3	105,080,944
Corporate donations fees	4	-95,761
Total INCOME		<u>104,985,183</u>
 OPERATING EXPENDITURE		
Supplies		32,872,740
Vehicles and equipment		43,339
Transport and storage		11,251,997
Personnel expenditure		480,776
Workshops and training		14,356
General expenditure		233,809
Contributions to National Societies		3,529,795
Programme support recovery	5	2,889,535
Services and recoveries	6	500,691
Operational provisions	7	3,471
Total OPERATING EXPENDITURE		<u>51,820,509</u>
 EXCESS OF INCOME OVER EXPENDITURE		 <u>53,164,674</u>

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRCN003) – CHINA SICHUAN EARTHQUAKE**

**INCOME AND EXPENDITURE STATEMENT FOR THE EIGHT MONTH PERIOD ENDED 31
DECEMBER 2008**

NOTE 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.

In May 2008, a 7.8 magnitude earthquake rocked the South-Western province of Sichuan in China. The IFRC launched a preliminary emergency appeal on 15 May 2008 for CHF 20.1m to support the Red Cross Society of China in assisting around 100,000 people affected by the earthquake for 12 months. This preliminary appeal was followed by an additional appeal for CHF 96.7m, launched on 30 May 2008, in response to the humanitarian needs and in recognition of the unique position of the Red Cross Society of China supported by Red Cross Red Crescent partners to deliver high quality disaster response and recovery programmes. A further revised appeal was launched in November 2008 for CHF 167m to support the Red Cross Society of China to assist an estimated 200,000 families (up to 1,000,000 people) affected by the earthquake for 31 months, covering the provision of life-saving relief and substantial recovery and reconstruction programmes to address widespread humanitarian needs in Sichuan, Gansu and Shaanxi provinces.

The financial statements presented comprise the income and expenditure statement and supporting notes of the Sichuan Earthquake Appeal (appeal MDRCN003) and are hereto referred to as the Appeal Financial Statements.

NOTE 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.

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 China Sichuan Earthquake Appeal (MDRCN003), 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.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRCN003) – CHINA SICHUAN EARTHQUAKE**

2.4 Accounting period

The financial statements cover the eight month period from May 2008 to December 2008.

3 Voluntary contributions

	Cash CHF	Outstanding Pledges (Revalued) CHF	Goods In-Kind CHF	Services In-Kind CHF	2008 TOTAL CHF
American Government	520'000	-	-	-	520'000
American Red Cross	10432'547	-	-	26'693	10459'240
Australian Red Cross	5'891'300	-	-	26'400	5'917'700
Australian Red Cross (from Australian Government)	995'500	-	-	-	995'500
Belgium Red Cross (Flanders)	93'682	-	134'227	-	227'909
British Red Cross	2'850'396	-	2'589'651	-	5'440'047
Canadian Red Cross	5'359'079	-	2'247'991	-	7'607'070
Canadian Red Cross (from Canadian Government)	1'7816'762	-	249'696	-	18'066'458
Danish Red Cross	107'49	-	1'395'009	-	1'405'758
Danish Red Cross (from Danish Government)	670'030	-	-	-	670'030
Finnish Red Cross	57'319	374'140	886'681	-	1'318'140
Finnish Red Cross (from Finnish Government)	-	718'348	-	-	718'348
German Red Cross	167'633	-	1'183'335	-	1'350'968
Greek Government	327'000	-	-	-	327'000
Icelandic Red Cross (from Icelandic Government)	109'646	-	-	-	109'646
Irish Government	1'627'000	-	-	-	1'627'000
Irish Red Cross	283'001	70'338	-	-	353'339
Italian Government Bilateral Emergency Fund	1'612'150	-	-	-	1'612'150
Japanese Government	1'785'000	-	-	-	1'785'000
Japanese Red Cross	5'000'079	21'160'419	3'217'992	-	29'378'490
Luxembourg Government	104'900	-	-	-	104'900
Monaco Red Cross	114'914	-	-	-	114'914
Netherlands Red Cross	1'025'922	-	3'662'744	-	4'688'666
Netherlands Red Cross (from Netherlands Government)	813'500	-	-	-	813'500
New York Office (from Alcatel Lucent)	157'661	261	-	-	157'922
New York Office (from Heinz)	105'107	174	-	-	105'281
New York Office (from Hospira)	105'107	174	-	-	105'281
New York Office (from Kraft Foods)	157'500	-	-	-	157'500
New York Office (from New York Life)	125'345	-714	-	-	124'631
New York Office (from United Technologies)	249'496	-1'420	-	-	248'076
New Zealand Red Cross	235'893	140'750	-	-	376'643
New Zealand Red Cross (from New Zealand Government)	664'365	-	-	-	664'365
Norwegian Red Cross	83'254	-	1'889'443	-	1'972'697
Norwegian Red Cross (from Norwegian Government)	377'252	-	-	-	377'252
Online donations	757'653	-	-	17'307	774'960
OPEC Fund For International Development	-	1'054'741	-	-	1'054'741
Singapore Red Cross	114'048	-	-	-	114'048
Slovenian Government	161'500	-	-	-	161'500
South African Government	193'050	-	-	-	193'050
Spanish Red Cross	-	-	695'552	-	695'552
Stavros Niarchos Foundation	260'000	-	-	-	260'000
Swedish Red Cross (from Swedish Government)	342'400	-	-	-	342'400
United States - Private Donors	144'739	-	-	-	144'739
United Technologies	262'500	-	-	-	262'500
Others	1'177'732	-1'699	-	-	1'176'033
	63'342'711	23'515'512	18'152'321	70'400	105'080'944

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
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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 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.

6 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.

7 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 reporting date, but are normally reported on shortly thereafter.