

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

Report of the Independent Auditors

On the IFRC's Financial Statements
for the Myanmar Cyclone Nargis Emergency Appeal
(MDRMM002)
for the eight month period ended 31 December 2008



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Report of the Independent Auditors

Myanmar Cyclone Nargis Emergency Appeal (MDRMM002) 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 Myanmar Cyclone Nargis Emergency Appeal (MDRMM002) 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 (MDRMM002) – MYANMAR CYCLONE NARGIS

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

| | Note | 8 months ended 31 December 2008 CHF |
|--|------|--|
| Voluntary contributions | 3 | 60,180,042 |
| Corporate donation fees | 4 | -171,960 |
| Total INCOME | | <u>60,008,082</u> |
| OPERATING EXPENDITURE | | |
| Supplies | | 15,760,136 |
| Vehicles and equipment | | 481,942 |
| Transport and storage | | 8,152,734 |
| Personnel expenditure | | 1,814,663 |
| Workshops and training | | 177,904 |
| General expenditure | | 907,848 |
| Contributions to National Societies | | 997,500 |
| Programme support recovery | 5 | 1,524,576 |
| Services and recoveries | 6 | 267,837 |
| Operational provisions | 7 | 420,386 |
| Total OPERATING EXPENDITURE | | <u>30,505,526</u> |
| EXCESS OF INCOME OVER EXPENDITURE | | <u><u>29,502,556</u></u> |

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRMM002) – MYANMAR CYCLONE NARGIS**

**NOTES TO THE FINANCIAL STATEMENTS 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.

Tropical cyclone Nargis, struck west-southwest of Yangon city on 2 May 2008 devastating large parts of the mid-south of Myanmar. The IFRC launched a preliminary emergency appeal for CHF 6.3m on 6 May 2008. This was followed by a revised emergency appeal for CHF 52.9m launched on 16 May 2008, to cover the provision of life-saving assistance and short-term relief for 6 months, as well as the medium and longer-term recovery needs that arose over a longer-term period. On 8 July 2008, the emergency appeal was revised upwards once more to CHF 74m in cash, kind or services to support the Myanmar Red Cross Society to assist 500,000 beneficiaries (100,000 households) for 36 months. The operation is expected to be completed by May 2011.

The financial statements presented comprise the income and expenditure statement and supporting notes of the Myanmar Cyclone Nargis Appeal (appeal MDRMM002) 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 Myanmar Cyclone Nargis Appeal (MDRMM002), 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 8 month period from May 2008 to 31 December 2008.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRMM002) – MYANMAR CYCLONE NARGIS**

3 Voluntary contributions

| | Cash CHF | Outstanding Pledges (Revalued) CHF | Goods In-Kind CHF | Services In-Kind CHF | 2008 TOTAL CHF |
|--|-------------------|---|-------------------------|----------------------------|----------------------|
| American Red Cross | 1'554'089 | - | 1'824'002 | - | 3'378'091 |
| Australian Red Cross | 3'420'989 | 6'677 | 354'274 | 22'147 | 3'804'087 |
| Australian Red Cross (from Australian Government) | 2'980'500 | - | - | - | 2'980'500 |
| Austrian Red Cross | 682'470 | - | 553'791 | 21'853 | 1'258'114 |
| Belgian Red Cross (French) | 18'986 | - | 403'280 | - | 422'266 |
| Belgium Red Cross (Flanders) | 5'265 | - | 103'912 | - | 109'177 |
| British Red Cross | 176'796 | - | 2'997'174 | 33'066 | 3'207'036 |
| British Red Cross (from DFID - British Government) | 3'074'258 | - | - | - | 3'074'258 |
| Canadian Red Cross | 1'405'814 | - | 71'199 | 8'680 | 1'485'693 |
| Canadian Red Cross (from Canadian Government) | 2'534'629 | - | 279'939 | - | 2'814'568 |
| Danish Red Cross | 505'303 | 16'800 | 914'201 | - | 1'436'304 |
| Danish Red Cross (from Danish Government) | 2'227'858 | - | - | - | 2'227'858 |
| ECHO | 1'033'600 | 239'449 | - | - | 1'273'049 |
| Finnish Red Cross | 58'338 | - | 1'413'058 | - | 1'471'396 |
| French Red Cross | - | - | 677'315 | - | 677'315 |
| German Red Cross | 1'068'835 | - | 720'826 | - | 1'789'661 |
| Hong Kong Red Cross | 547'266 | - | 275'291 | - | 822'557 |
| Icelandic Red Cross | 174'295 | - | - | - | 174'295 |
| Irish Red Cross | 550'290 | - | - | - | 550'290 |
| Italian Government Bilateral Emergency Fund | 198'645 | - | - | - | 198'645 |
| Japanese Red Cross | 391'757 | - | 3'657'378 | 34'513 | 4'083'648 |
| Korea Republic Red Cross | 378'352 | 1'396 | 477'916 | - | 857'664 |
| Kuwait Red Crescent (from Kuwait Government) | 5'250'000 | - | - | - | 5'250'000 |
| Luxembourg Red Cross | 11'862 | - | 409'897 | - | 421'759 |
| Monaco Red Cross | 144'373 | - | - | - | 144'373 |
| Netherlands Red Cross | 63'561 | - | 1'160'086 | 61'907 | 1'285'554 |
| Netherlands Red Cross (from Netherlands Government) | 1'437'275 | - | - | - | 1'437'275 |
| New York Office (from ChevronTexaco Corp) | 1'051'073 | 1'737 | - | - | 1'052'810 |
| New York Office (from Hospira) | 105'107 | 174 | - | - | 105'281 |
| New York Office (from Motorola Company) | 105'107 | 174 | - | - | 105'281 |
| New Zealand Red Cross | 196'574 | - | - | - | 196'574 |
| Norwegian Red Cross | 106'786 | - | 118'635 | - | 225'421 |
| Norwegian Red Cross (from Norwegian Government) | 1'237'200 | - | - | - | 1'237'200 |
| Online donations | 248'510 | - | - | - | 248'510 |
| Qatar Red Crescent | 7'470 | - | 281'160 | - | 288'630 |
| Singapore Red Cross | 338'953 | - | - | - | 338'953 |
| Spanish Red Cross | 30'064 | - | 845'193 | - | 875'257 |
| Stavros Niarchos Foundation | 156'000 | - | - | - | 156'000 |
| Swedish Red Cross | 2'054'400 | - | - | - | 2'054'400 |
| Swedish Red Cross (from Swedish Government) | 2'209'860 | - | - | - | 2'209'860 |
| Swiss Red Cross | 313'772 | - | 350'197 | 19'800 | 683'769 |
| Swiss Red Cross (from Swiss Government) | 5'541 | - | 154'743 | - | 160'284 |
| Taiwan Red Cross Organisation | 103'981 | - | - | - | 103'981 |
| Tides Foundation (from United States - Private Donors) | 104'000 | - | - | - | 104'000 |
| Total | 2'182'000 | - | - | - | 2'182'000 |
| Vietnam Red Cross | 173'800 | - | - | - | 173'800 |
| Other | 818'317 | 221'934 | - | 2'347 | 1'042'598 |
| Total | 41'443'921 | 488'341 | 18'043'467 | 204'313 | 60'180'042 |

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.

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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.