

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

**Report of the Independent Auditors**

On the IFRC's Financial Statements  
for the Avian Human Influenza  
Appeal (MAA00018)  
for the thirty six month period  
ended 31 December 2008



**KPMG SA**

**Audit**

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Report of the Independent Auditors

**Avian Human Influenza Appeal (MAA00018) of the International Federation of Red Cross and Red Crescent Societies (IFRC)**

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We have audited the accompanying financial statements (income and expenditure statement and related notes) of the Avian Human Influenza Appeal (MAA00018) of the International Federation of Red Cross and Red Crescent Societies ("IFRC") for the thirty six 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 thirty six 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*

Mehdi Keddari

Geneva, 18 January 2010

*Enclosure:*

- Income and expenditure statement and related notes.

INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
 APPEAL (MAA00018) – AVIAN HUMAN INFLUENZA

INCOME AND EXPENDITURE STATEMENT FOR THE 36 MONTHS ENDED 31 DECEMBER 2008

	Note	36 months ended 31 December 2008 CHF
<b>INCOME</b>		
Voluntary contributions	3	7,400,100
Miscellaneous income		130
<b>Total INCOME</b>		<b>7,400,230</b>
<b>OPERATING EXPENDITURE</b>		
Supplies		294,036
Vehicles and equipment		143,290
Transport and storage	2.4	115,876
Personnel expenditure		2,627,090
Workshops and training		997,722
Travel		432,188
Information & public relations		518,962
Office costs		144,051
Communications		98,039
Professional fees & financial charges		25,930
Other general expenses		67,018
Financial losses	2.2	60,993
Cash transfers to National Societies		941,546
Programme support recovery	4	449,990
Operational provisions	5	239,370
<b>Total OPERATING EXPENDITURE</b>		<b>7,156,101</b>
<b>EXCESS OF INCOME OVER EXPENDITURE</b>		<b>244,129</b>
<b>FUNDS HELD FOR OPERATIONS</b>	2.5	
Excess of income over expenditure		244,129
<b>FUNDS HELD FOR OPERATIONS</b>		<b>244,129</b>

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
APPEAL (MAA00018) – AVIAN HUMAN INFLUENZA**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE 36 MONTHS 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 2006, given the potential magnitude and unprecedented nature of the threat posed by avian influenza and its possible conversion into pandemic influenza (PI), the IFRC launched an appeal for CHF 17.4 million to provide vital support to National Societies for an initial period of 12 months. The support was aimed at allowing National Societies to increase their efforts to develop and implement successful measures leading to a viable risk-reduction and relevant national and global response capacity to AI and pandemic influenza. The appeal period was initially extended until the end of 2007 and subsequently until the end of 2008.

The financial statements presented comprise the income and expenditure statement and supporting notes of the Avian Human Influenza Appeal (MAA00018), hereto referred to as the Appeal Financial Statements.

**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. The information contained herein has been extracted from the Consolidated Financial Statements of the IFRC which are prepared in accordance with the 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 Avian Human Influenza Appeal (MAA00018), are always launched in Swiss Francs and expenditure is budgeted and managed in Swiss Francs.

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 recognised as income when a confirmed written pledge has been received from the donor.

In-kind contributions of goods (comprising 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 and services 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 good for the same intended use in the open market or if it were to directly employ a person in a similar position.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
 APPEAL (MAA00018) – AVIAN HUMAN INFLUENZA**

**2.4 Transport and storage**

The costs of renting vehicles from the IFRC's Vehicle Fleet Base for use on the Avian Human Influenza programme are recorded under Transport and Storage. This amount is eliminated in the IFRC's consolidated financial statements since it constitutes an internal charge between different projects.

**2.5 Funds held for Operations**

The cumulative excess of voluntary contributions 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 donor for a reallocation of those funds for a different use, or reimburses them to the donor. Reimbursements to donors are accounted for as reversals of voluntary contributions received; consequently, funds held for operations are diminished accordingly.

**3 Voluntary contributions analysis**

	36 months ended 31 December 2008 CHF Cash	36 months ended 31 December 2008 CHF In-kind	36 months ended 31 December 2008 CHF Total
Australian Red Cross (from Australian government)	959,529	-	959,529
British Red Cross (from British Government)	923,150	-	923,150
Canadian Red Cross (from Canadian Government)	1,274,966	-	1,274,966
Finnish Red Cross	26,222	-	26,222
Finnish Red Cross (from Finnish Government)	141,633	-	141,633
German Red Cross	235,603	-	235,603
Japanese Red Cross	376,869	-	376,869
New Zealand Government	529,900	-	529,900
USAID	2,521,111	53,733	2,574,844
Other	27,384	330,000	357,384
	<u>7,016,367</u>	<u>383,733</u>	<u>7,400,100</u>

**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.