

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

**Independent Auditor's Report**

On the IFRC's Financial Statements for the  
Haiti and the Dominican Republic Cholera Outbreak  
Emergency Appeal (MDR49007)  
for the period from 27 October 2010 to 29 February 2012



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## Independent Auditor's Report

### **Haiti and the Dominican Republic Cholera Outbreak Emergency Appeal (MDR49007) 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 Haiti and the Dominican Republic Cholera Outbreak Emergency Appeal (MDR49007) of the International Federation of Red Cross and Red Crescent Societies ("IFRC") for the period from 27 October 2010 to 29 February 2012.

#### **Management's Responsibility for the Financial Statements**

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.

#### **Auditor's Responsibility**

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 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.



*International Federation of Red Cross and Red Crescent Societies (IFRC)  
Haiti and the Dominican Republic Cholera Outbreak Emergency Appeal (MDR49007)  
for the period from 27 October 2010 to 29 February 2012*

**Opinion**

In our opinion, the accompanying financial statements give a true and fair view of the income, expenditure and funds held for operations for the period from 27 October 2010 to 29 February 2012 and have been prepared, in all material respects, in accordance with the IFRC accounting policies as described in the notes to the accompanying financial statements.

KPMG SA

Pierre-Henri Pigeon  
*Licensed Audit Expert  
Auditor in Charge*

Christine Fox

Geneva, 14 February 2013

*Enclosure:*

- Income and expenditure statement and related notes.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDR49007) – HAITI AND THE DOMINICAN REPUBLIC: CHOLERA  
OUTBREAK**

**INCOME AND EXPENDITURE STATEMENT  
FOR THE PERIOD FROM 27 OCTOBER 2010 TO 29 FEBRUARY 2012**

		<b>Period from 27-Oct-2010 to 29-Feb-2012</b>
<b>INCOME</b>	<b>Notes</b>	<b>CHF</b>
Voluntary contributions	2.3(a) & 3	7,460,613
Services income	2.3(b)	40,503
<b>Total INCOME</b>		<u>7,501,116</u>
 <b>OPERATING EXPENDITURE</b>		
Employee benefits	2.6	1,910,778
Relief supplies		4,294,460
Transportation and storage	2.5	995,126
Vehicles and equipment		55,146
Travel		69,757
Communications		54,353
Workshops & training		355,491
Information		134,410
Legal, professional and consultancy fees		66,498
Administration, office and general		767,102
Finance expense, net	2.2	34,240
Depreciation and amortisation		4,348
Provisions for operations	4(a)	149,390
Contributions to national societies	4(b)	400,099
Services and recoveries	5	221,705
Programme and services support recovery	6	600,301
<b>Total OPERATING EXPENDITURE</b>		<u>10,113,204</u>
 <b>RESULT FOR THE PERIOD</b>		<u><u>(2,612,088)</u></u>
 <b>FUNDS HELD FOR OPERATIONS</b>		
Allocations from other IFRC appeals	2.4 & 7	3,557,611
Result for the period		(2,612,088)
<b>FUNDS HELD FOR OPERATIONS</b>		<u>945,523</u>

The notes on pages 4 to 8 are an integral part of these Appeal Financial Statements.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDR49007) – HAITI AND THE DOMINICAN REPUBLIC: CHOLERA  
OUTBREAK**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 27 OCTOBER 2010 TO 29 FEBRUARY 2012**

**1. Activities**

Founded in 1919, the International Federation of Red Cross and Red Crescent Societies (IFRC) is a membership organisation comprising 187 member Red Cross and Red Crescent societies governed by a Governing Board and with management support provided by a Secretariat with more than 60 delegations strategically located to support activities around the world. The Secretariat headquarters' address is 17, Chemin des Crêts, Geneva, Switzerland.

The IFRC's mission is to improve the lives of vulnerable people by mobilizing the power of humanity. Working through its 187 member national societies, the IFRC acts before, during and after disasters and health emergencies to meet the needs and improve the lives of vulnerable people. It does so with impartiality as to nationality, race, gender, religious beliefs, class and political opinions.

The IFRC coordinates international support for large-scale disasters and health crises, strengthens the capacities and leadership of its member national societies, and acts at the international level to raise resources and persuade decision makers to act at all times in the interests of vulnerable people.

Guided by *Strategy 2020* – a collective plan of action for the IFRC and its member national societies to tackle the major humanitarian and development challenges of this decade – the IFRC is committed to 'saving lives and changing minds'.

During October 2010, the Haitian Ministry of Public Health and Population reported a high number of deaths and cases of acute diarrhoea in the Artibonite region of Haiti, located two hours from the capital city of Port-au-Prince. It was confirmed that the cause of the outbreak was *Vibrio Cholerae* and that the source of contamination was the river. This was the first major disease outbreak since a major earthquake struck Haiti on 12 January 2010. As a result of the outbreak of cholera in Haiti, the Ministry of Public Health in the Dominican Republic issued an epidemiological alert on 23 October 2010 with a view to raising awareness and ensuring a number of preventative measures.

On 28 October 2010, CHF 78,853 was allocated from the International Federation's Disaster Relief Emergency Fund (DREF) to support the capacity of the Dominican Red Cross to respond to a potential cholera outbreak and raise awareness amongst the population, with particular emphasis on border communities. On 3 November 2010, a preliminary appeal was launched for CHF 5.9 million to support the Haitian Red Cross in assisting 345,000 people for 3 months in response measures and for 6 months in preparedness measures and to support the Dominican Red Cross in targeting some 150,000 people for cholera preparedness with particular emphasis on the border region with Haiti. The Haiti plan of action was focused on four main areas; water supply, sanitation, health and hygiene promotion and relief activities, and curative health services. In the Dominican Republic the plan of action focused on hygiene promotion, relief and water supply activities.

An Emergency Appeal was launched on 23 December 2010 for CHF 13.7 million to support the Haitian Red Cross and Dominican Red Cross in Cholera preparedness and response activities, specifically assisting 500,000 people for up to one year in Haiti and 150,000 people for up to 6 months in the Dominican Republic. The appeal was revised on 18 July 2011, slightly amending the budget to CHF 13.4 million and extending the timeframe until February 2012.

The financial statements presented comprise the Income and Expenditure Statement and supporting notes for all projects linked to the Haiti and the Dominican Republic: Cholera Outbreak Emergency Appeal (MDR49007), hereto referred to as the Appeal Financial Statements.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDR49007) – HAITI AND THE DOMINICAN REPUBLIC: CHOLERA  
OUTBREAK**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 27 OCTOBER 2010 TO 29 FEBRUARY 2012**

**2. Significant accounting policies**

**2.1 Basis of accounting**

The Appeal Financial Statements are presented in Swiss Francs and have been prepared using the accrual basis of accounting, under which, the effects of transactions and other events are recognised when they occur (and not as cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate. 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 (IFRS).

**2.2 Foreign currency transactions**

The presentational and functional currency of the IFRC is the Swiss Franc, as 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 Haiti and Dominican Republic: Cholera Outbreak Emergency Appeal (MDR49007), are always launched in Swiss Francs and expenditure is budgeted and managed in Swiss Francs.

Foreign currency transactions are translated into Swiss Francs using rates which approximate to the rates prevailing on the dates of the transactions.

Exchange gains and losses resulting from the settlement of foreign currency transactions and from translation are included under Finance expense, net, in the Income and Expenditure Statement, with the exception of exchange gains and losses on voluntary contributions, which are included under Voluntary contributions.

**2.3 Income**

Income comprises contributions in cash or in-kind from donors and income from the provision of services.

***a) Voluntary contributions***

Voluntary contributions are identified according to the level of earmarking. Donors can earmark contributions for use on field operations at the appeal, programme, project or sub-project level. Such earmarked contributions are fully under the control of the IFRC, and, unless they are also subject to specific contractual obligations or earmarked for use in a future period (see paragraph below), are recognised in the Income and Expenditure Statement when pledged. At the end of the accounting period, unspent earmarked contributions are included in Funds held for operations.

Government grants and contributions that are based on contracts for specific projects, akin to government grants, are recognised as expenditure is incurred and contractual obligations are fulfilled. The IFRC typically receives such contributions from diplomatic missions, UN agencies, ECHO and other government agencies such as USAID. Amounts received, but not recognised, are deferred for recognition in future periods as expenditure is incurred and contractual obligations are fulfilled. Government grants that are not for specific projects but are earmarked at appeal level are recognised when a confirmed written pledge has been received from the donor.

Contributions that are subject to specific contractual obligations or earmarked for use in a future period are not fully under control of the IFRC. Contributions subject to specific contractual obligations are recognised in income as expenditure is incurred and contractual obligations are fulfilled, similar to government grants. Amounts received, but not recognised, are deferred for recognition in future periods as expenditure is incurred and contractual obligations are fulfilled. Contributions which are earmarked for use in a future period are deferred for recognition in income in the future period for which they are earmarked.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDR49007) – HAITI AND THE DOMINICAN REPUBLIC: CHOLERA  
OUTBREAK**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 27 OCTOBER 2010 TO 29 FEBRUARY 2012**

**2. Significant accounting policies (continued)**

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 the Appeal 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 by comparing it to the cost that the IFRC would incur if it were to buy in the open market similar goods for the same intended use. If the market value is found to be significantly different to the value indicated by the donor, the value is revised to the market value.

The fair value of in-kind staff is taken as the average cost that would be incurred by the IFRC, if it were to directly employ a person in a similar position.

The IFRC sometimes agrees with a donor that the value of a confirmed written pledge previously received shall be changed - either increased or decreased. Such changes are recognised as additions to, or reductions of, income, during the period in which the change was agreed. The IFRC is not able to evaluate the potential impact of such changes on voluntary income reported in these Appeal Financial Statements.

***b) Income from the provision of services***

Income from services is recognised in the period in which the service is rendered. For the provision of services across accounting periods, income is recognised according to the stage of completion of the service, by reference to services performed to date as a proportion of total services to be performed.

The majority of income from the provision of services is derived from logistics services provided to national societies working in the Haiti and the Dominican Republic: Cholera Outbreak Emergency Operation. Income from these types of services is included under Services income in the Income and Expenditure Statement.

**2.4 Funds held for operations**

The cumulative excess of income 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.

No amounts were reimbursed to donors during the period from 27 October 2010 to 29 February 2012.

**2.5 Transportation and storage**

The cost of renting vehicles from the IFRC's Vehicle Fleet Base and from third parties, for use in the operation, is recorded under Transport and storage.

**2.6 Employee benefits**

Personnel expenditure includes salary and benefit costs of international delegates, in-kind delegates and national staff.

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

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 27 OCTOBER 2010 TO 29 FEBRUARY 2012**

**3. Voluntary contributions**

	<b>Cash CHF</b>	<b>Outstanding pledges (Revalued) CHF</b>	<b>Services In-Kind CHF</b>	<b>Period from 27-Oct-2010 to 29-Feb-2012 TOTAL CHF</b>
American Red Cross	2,201,678	-	275,677	2,477,355
Andorran Red Cross	14,035	-	-	14,035
Australian Red Cross	337,995	-	-	337,995
British Red Cross	78,000	-	-	78,000
Canadian Red Cross Society	433,994	-	73,102	507,096
Danish Red Cross (from Danish Government)	281,225	-	-	281,225
European Commission - DG ECHO	184,452	38,735	-	223,187
Finnish Red Cross	-	-	353,604	353,604
Finnish Red Cross (from Finnish Government)	491,656	-	-	491,656
Italian Government Bilateral Emergency Fund	137,684	-	-	137,684
Japanese Red Cross Society	196,200	-	-	196,200
Norwegian Red Cross	320,928	-	-	320,928
Other donors (including those with contributions less than CHF 10,000)	10,496	-	-	10,496
Swedish Red Cross	285,431	-	-	285,431
Swiss Red Cross (from Swiss Government)	23,550	-	-	23,550
Taiwan Red Cross Organisation	142,626	-	-	142,626
The Netherlands Red Cross	16,887	-	215,250	232,137
The Netherlands Red Cross (from Netherlands - Private Donors)	374,483	-	-	374,483
The Republic of Korea National Red Cross	490,532	-	-	490,532
The Republic of Korea National Red Cross (from Republic of Korea - Private Donors)	482,393	-	-	482,393
	<u>6,504,245</u>	<u>38,735</u>	<u>917,633</u>	<u>7,460,613</u>

The Outstanding pledges column shows movements in outstanding pledges between 27 October 2010 and 29 February 2012, together with the revaluation of outstanding foreign currency pledges as at 29 February 2012.

**4. Provisions for operations and contributions to national societies**

In implementing its activities in the ordinary course of its business, the IFRC advances funds to member Red Cross and Red Crescent national societies. Two mechanisms are used to advance funds to member national societies for the implementation of activities – cash working advances and cash contributions.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDR49007) – HAITI AND THE DOMINICAN REPUBLIC: CHOLERA  
OUTBREAK**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 27 OCTOBER 2010 TO 29 FEBRUARY 2012**

**4. Provisions for operations and contributions to national societies (continued)**

*(a) Provisions for operations*

When the IFRC provides cash working advances to national societies for them to implement activities on behalf of the IFRC, amounts advanced are recognised as receivables until such time as recipient national societies report to the IFRC on their use of the funds. A provision is recognised for the value of working advances which has not been reported on by the recipient national societies and the related expense is recorded in Operating expenditure – Provisions for operations. When recipient national societies report on their use of the funds, the provision is reversed and the expense is reclassified according to its nature.

The value of unreported working advances at 29 February 2012 was CHF 149,390.

*(b) Contributions to national societies*

The IFRC makes cash contributions to fund the activities of member national societies. Such contributions are recognised as operational expenditure as they are incurred.

**5. Services and recoveries**

In keeping with the IFRC's principle of full cost recovery, fees and other charges are made to operations for specific services provided in addition to the essential services funded by programme and services support recovery (see also note 6). Such fees include specific logistics service fees based on the value of procurement services provided, together with pledge earmarking and reporting fees that are charged to donations where donors either require their donations to be used for specific purposes, or require specific financial or narrative reports on IFRC's use of the donations. For the period from 27 October 2010 to 29 February 2012 such fees charged to the Haiti and the Dominican Republic: Cholera Outbreak Emergency Appeal amounted to CHF 221,705.

**6. Programme and services support recovery**

In keeping with the IFRC's principle of full cost recovery, the direct costs of programmes and services are subject to 6.5% indirect cost recovery to fund the costs of providing indirect support services, such as human resources, finance, administration and information technology services, essential to the success of operations. The support for the period from 27 October 2010 to 29 February 2012 amounted to CHF 600,301.

**7. Funds held for operations**

With agreement of the donors, a total of CHF 3,557,661 was reallocated from the Haiti Earthquake Emergency Appeal (MDRHT008) and the Latin Caribbean Regional Plan 2009-2010 (MAA49002) during the period from 27 October 2010 to 29 February 2012.