



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

**Independent Auditor's Report**

To the Management of IFRC  
On the IFRC's Financial Statements for the  
IFRC - Colombia - Population Movement Emergency Appeal  
(MDRCO014)  
for the period from 15 March 2018 to 31 December 2019



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## **Independent Auditor's Report on the IFRC's Financial Statements for the Colombia - Population Movement Emergency Appeal (MDRCO014) to the Management of**

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

#### **Opinion**

We have audited the accompanying grant financial statements for the Colombia - Population Movement Emergency Appeal (MDRCO014) of the International Federation of Red Cross and Red Crescent Societies ("IFRC"), which comprise the income and expenditure statement and notes to the financial statements, including a summary of significant accounting policies ('the financial statements') for the period from 15 March 2018 to 31 December 2019.

In our opinion, the accompanying financial statements for Colombia - Population Movement Emergency Appeal (MDRCO014) for the period from 15 March 2018 to 31 December 2019 are prepared, in all material respects, in accordance with the IFRC accounting policies as described in the notes to the financial statements.

#### **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the IFRC in accordance with the requirements of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter - Basis of Accounting**

We draw attention to Notes 2 and 3 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the IFRC to comply with the financial reporting provisions of the IFRC.

#### **Responsibilities of the Management for the Financial Statements**

The Management of the IFRC is responsible for the preparation of the financial statements in accordance with the basis of accounting described in the notes and for such internal control as Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

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for the period from 15 March 2018 to 31 December 2019

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 IFRC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

We communicate with the Management and those charged with governance of IFRC regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG SA

Hélène Béguin  
Licensed Audit Expert  
Auditor in Charge

Jordan Chassard

Geneva, 27 July 2021

Enclosure:

- Financial statements (income and expenditure statement and explanatory notes) for the period from 15 March 2018 to 31 December 2019

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDRCO014) – COLOMBIA POPULATION MOVEMENT**

**INCOME AND EXPENDITURE STATEMENT  
FOR THE PERIOD FROM 15 MARCH 2018 TO 31 DECEMBER 2019**

		<b>Period from 15-Mar-2018 to 31-Dec-2019</b>
	<b>Notes</b>	<b>CHF</b>
<b>OPERATING INCOME</b>		
Voluntary contributions	4	2,735,076
Donations	5	3,184,226
<b>Total INCOME</b>		<u>5,919,302</u>
<b>OPERATING EXPENDITURE</b>		
<b>Other resources: Humanitarian Response</b>		
Employee benefits		1,136,601
Relief supplies, transportation and storage		1,142,354
Supplementary services cost recoveries		77,994
Other costs & allocations	6	<u>1,627,148</u>
<b>Total direct costs</b>		<u>3,984,097</u>
Indirect cost recovery		260,234
Pledge fees		28,685
<b>Total OPERATING EXPENDITURE</b>		<u>4,273,016</u>
<b>NET SURPLUS FROM OPERATING ACTIVITIES</b>		1,646,286
Finance expense, net		<u>19,496</u>
<b>NET SURPLUS FOR THE PERIOD</b>		<u><u>1,626,790</u></u>
<b>FUNDS HELD FOR OPERATIONS</b>		
Net surplus for the period		1,626,790
<b>FUNDS HELD FOR OPERATIONS</b>		<u><u>1,626,790</u></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 (MDRCO014) – COLOMBIA POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 15 MARCH 2018 TO 31 DECEMBER 2019**

**1. Activities**

Founded in 1919, the International Federation of Red Cross and Red Crescent Societies (IFRC) is a membership organisation comprising 192 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 to support activities around the world. The Secretariat headquarters' address is 17, Chemin des Crêts, Petit-Saconnex, 1209 Geneva, Switzerland.

The IFRC's mission is to improve the lives of vulnerable people by mobilizing the power of humanity. Working through its 192 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'.

The Colombia-Venezuela border has been experiencing a constant migratory flow of people since mid-2017. In response to increased humanitarian needs, on 15 March 2018, the IFRC launched an Emergency Appeal seeking CHF 2.2 million to support Colombian Red Cross Society (CRCS) to assist 120,000 people with a focus on shelter, livelihoods and basic needs, health, water, sanitation, and hygiene, protection, gender and inclusion, and migration actions. The Emergency appeal was revised a number of times. In August 2019, the Emergency Appeal was increased to CHF 6.6 million to assist 170,000 people and in May 2020, the timeframe was extended until 30 June 2021. The IFRC had allocated CHF 328,817 from its DREF funds; this was fully reimbursed at the date of these financial statements.

The financial statements presented comprise the Income and Expenditure Statement and supporting notes of the Colombia Population Movement Appeal (MDRCO014) and are hereto referred to as the Appeal Financial Statements.

**2. 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 Consolidated Financial Statements of the IFRC are prepared in accordance with International Financial Reporting Standards (IFRS). The information contained in these appeal financial statements has been extracted from the Consolidated Financial Statements of the IFRC, except for the following:

- a) payments made under leases, as covered by IFRS 16 Leases, are included in operating expenditure in the appeal financial statements and are recognised on a straight-line basis over the periods of the leases;
- b) obligations for contributions to post-employment benefit plans (the IFRC's pension fund), as covered by IAS 19 Employee benefits, are included within operating expenditure in the appeal financial statements and are recognised as contributions fall due for payment;
- c) exchange gains and losses related to foreign currency pledges are included under voluntary contributions and donations.

The IFRC has concluded that with respect to these appeal financial statements the adopted bases of accounting for leases, post-employment benefit plan contributions, and exchange gains and losses relating to foreign currency pledges provide more relevant and useful information to users of these appeal financial statements, notably contributors and donors to the Colombia Population Movement Emergency Appeal (MDRCO014).

The Appeal Financial Statements present operating expenditure by function (see note 3.3(a)). All operating expenditure included within the appeal financial statements is classified under the Humanitarian Response functional category. For information purposes, the Income and Expenditure Statement provides further analysis of operating expenditure.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDRCO014) – COLOMBIA POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 15 MARCH 2018 TO 31 DECEMBER 2019**

**3. Significant accounting policies**

**3.1 Foreign currency transactions**

The presentation 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 this Appeal Financial Statements, 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.

**3.2 Income**

Income comprises voluntary contributions in cash or in-kind from member National Societies, donations in cash or in-kind from donors, and other income from the provision of services.

Voluntary contributions and donations are identified according to the level of earmarking. National Societies and donors can earmark contributions for use in 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, United Nations (UN) agencies, European Community Humanitarian Office (ECHO) and other government agencies such as the United States Agency for International Development (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 and accepted by the IFRC.

Contributions and donations that are subject to specific contractual obligations or earmarked for use in a future period are not fully under control of the IFRC. Donations that are 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 and donations which are earmarked for use in a future period are deferred for recognition in income in the future period for which they are earmarked.

In-kind contributions or donations 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 recognised equally as both income and expenditure 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 taken as the value indicated by the contributing National Society or other donor. 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 employ a person in a similar position.

The IFRC sometimes agrees with a contributing National Society or other 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 contribution and donation income reported in these Appeal Financial Statements.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDRCO014) – COLOMBIA POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 15 MARCH 2018 TO 31 DECEMBER 2019**

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

**3.3 Expenditure**

*(a) Functional expenditure categories*

All IFRC expenditure is classified under functional expense categories that aggregate costs related to each category. Expenditure incurred as part of this Emergency Appeal activities is classified under the Other resources: Humanitarian response functional expense category, which comprises: Coordination during the immediate response phase of disasters and crises which require international assistance, in order to ensure adequate resources are available to meet the needs of disaster affected people. Within this functional expense category, the classification of operational expenditures by nature has been aligned with the Consolidated Financial Statements of the IFRC.

*(b) Costing principles*

The costing principle of the IFRC is one of full cost recovery, therefore each appeal, including this Emergency Appeal, includes all associated direct costs, indirect costs and pledge fees.

*Direct costs*

Direct costs are those costs that can be readily and specifically identified with a particular project or service. Direct costs include employee benefits including salary and benefit costs of international delegates and national staff.

In keeping with the IFRC's principle of full cost recovery, costs are recovered from operations for specific services provided in addition to the essential services funded by indirect cost recovery (below). Such recoveries include specific logistics services recoveries based on the value of procurement services provided, global fleet services including provision of the vehicle rental scheme and country level services related to the basic costs of having a presence (an IFRC office) in a given country.

*Indirect costs*

The direct costs of programmes and services are subject to 6.5% indirect cost recovery to fund the costs of providing indirect support services, essential to the success of operations. Such indirect support services include management and leadership, information and communication technology and professional and services functions in the areas of programme quality, reporting, resource mobilisation, finance, information technology and human resources.

*Pledge fees*

Costs are incurred to meet specific donor requirements. These requirements may include the tracking of expenses where a donation has been given for a specific activity or needs to be spent within a specific timeframe, or requires customised financial and / or narrative reports. Pledge fees are charged to donations to cover the costs associated with meeting these specific donor requirements.

*(c) Working with National Society partners*

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.

*Working advances to National Societies*

The IFRC provides cash working advances to National Societies for them to implement activities on behalf of the IFRC. An expense is recognised for the value of working advances which has not been reported on by the recipient National Societies and is recorded in Operating expenditure – Other costs & allocations. When recipient National Societies report on their use of the funds, this expense is reclassified according to its nature.

*Contributions to National Societies*

There are no contributions to National Societies in these appeal financial statements.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
EMERGENCY APPEAL (MDRCO014) – COLOMBIA POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS  
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**3.4 Finance expense, net**

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 all exchange gains and losses pertaining to foreign currency pledges, which are included under Voluntary contributions and donations.

**3.5 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 donors to reallocate the unspent funds for a different use, or reimburses them to the donors.

**4. Voluntary contributions**

	<b>Period from 15-Mar-2018 to 31-Dec-2019 Cash and Total CHF</b>
American Red Cross	149,019
British Red Cross (from British Government)	1,649,630
Canadian Red Cross (from Canadian Government)	223,647
China Red Cross, Hong Kong branch	25,009
Japanese Red Cross Society	82,500
Netherlands Red Cross (from Netherlands Government)	238,347
Red Cross of Monaco	17,401
Swedish Red Cross	228,526
Swiss Red Cross	120,000
Other donors (including online donations and those with contributions less than CHF 10,000)	997
	<u>2,735,076</u>

The figures include realised gains and losses from settlement of foreign currency pledges during the period and unrealised gains and losses from translation of outstanding foreign currency pledges as at reporting date (see note 3.4).

**5. Donations**

	<b>Period from 15-Mar-2018 to 31-Dec-2019 Cash and Total CHF</b>
European Investment Bank Institute	70,578
Italian Government Bilateral Emergency Fund	550,203
United States Government - USAID	2,519,756
Western Union Foundation	43,614
Other donors (including online donations and those with contributions less than CHF 10,000)	75
	<u>3,184,226</u>

The figures include realised gains and losses from settlement of foreign currency pledges during the period and unrealised gains and losses from translation of outstanding foreign currency pledges as at reporting date (see note 3.4).

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES  
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**6. Other costs & allocations**

	<b>Period from 15-Mar-2018 to 31-Dec-2019 CHF</b>
Administration, office and general	14,046
Consultancy fees	16,342
Information	14,384
Travel	150,874
Vehicles and equipment	132,476
Workshops & training	71,925
Other costs and allocations	<u>1,227,101</u>
	<u><u>1,627,148</u></u>

Included within Other Costs and allocations is a provision of working advances not yet reported by National Society amounting to CHF 1,074,372.