

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

Independent Auditor's Report

On the IFRC's Financial Statements for the
Turkey: Population Movement Emergency Appeal
(MDRTR003)
for the period from
9 November 2012 to 31 December 2013



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Independent Auditor's Report

Turkey: Population Movement Emergency Appeal (MDRTR003) 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 Turkey: Population Movement Emergency Appeal (MDRTR003) of the International Federation of Red Cross and Red Crescent Societies ("IFRC") for the period from 9 November 2012 to 31 December 2013.

Management's Responsibility for the Financial Statements

Management of the IFRC is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRC accounting policies as described in the notes to the financial statements, for determining the acceptability of the basis of accounting, and for such internal control as management determines is necessary to enable 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, if any, made by management, 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.



Opinion

In our opinion, the financial statements give a true and fair view of the income, expenditure and funds held for operations for the period from 9 November 2012 to 31 December 2013 and have been prepared, in all material respects, in accordance with the IFRC accounting policies as described in the notes to the financial statements.

KPMG SA

Pierre-Henri Pingeon
Auditor in Charge

Christine Fox

Geneva, 25 November 2014

Enclosure:

- Income and expenditure statement and related notes

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRTR003) – TURKEY: POPULATION MOVEMENT**

**INCOME AND EXPENDITURE STATEMENT
FOR THE PERIOD FROM 9 NOVEMBER 2012 TO 31 DECEMBER 2013**

INCOME	Notes	Period from 9-Nov-2012 to 31-Dec-2013 CHF
Voluntary contributions	2.3 & 3	13,332,852
Total INCOME		<u>13,332,852</u>
OPERATING EXPENDITURE		
Employee benefits	2.5	1,379,088
Relief supplies		4,464,222
Transportation and storage	2.6	156,255
Vehicles and equipment		985
Travel		87,595
Communications		20,373
Workshops & training		900
Information		4,741
Legal, professional and consultancy fees		34,497
Administration, office and general		35,462
Finance income, net	2.2	(8,044)
Provisions for operations	4	2,772,423
Services and recoveries	5	58,068
Indirect cost recovery	6	581,652
Total OPERATING EXPENDITURE		<u>9,588,217</u>
RESULT FOR THE PERIOD		<u>3,744,635</u>
FUNDS HELD FOR OPERATIONS	2.4 & 7	
Result for the period		3,744,635
FUNDS HELD FOR OPERATIONS		<u>3,744,635</u>

The notes on pages 4 to 7 are an integral part of these Appeal Financial Statements.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRTR003) – TURKEY: POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 9 NOVEMBER 2012 TO 31 DECEMBER 2013**

1. Activities

Founded in 1919, the International Federation of Red Cross and Red Crescent Societies (IFRC) is a membership organisation comprising 189 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 189 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'.

Since early 2011, civil unrest in Syria has caused mass displacement both within Syria and into neighbouring countries. On 9 November 2012, in response to the escalating situation, the IFRC launched an Emergency Appeal seeking CHF 32.3 million to support the Turkish Red Crescent Society (TRCS) in assisting up to 170,000 people displaced by the crises in Syria by providing winterisation support to protected camp populations as well as providing essential food and non-food relief items to vulnerable people at the Turkish-Syrian border.

On 28 May 2013, the IFRC revised the Emergency Appeal, increasing the budget to seek CHF 44 million in order to support 225,000 beneficiaries until the end of December 2013.

On 18 November 2013, the appeal budget was further revised to CHF 44.5 million and the timeframe extended to the end of June 2014.

The financial statements presented comprise the Income and Expenditure Statement and supporting notes of the Turkey Population Movement Emergency Appeal (appeal MDRTR003) and are hereto referred to as the Appeal Financial Statements.

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 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 the Turkey Population Movement Emergency Appeal, 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 income, net, in the Income and Expenditure Statement, with the exception of realised exchange gains and losses on voluntary contributions, which are included under Voluntary contributions.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
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**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 9 NOVEMBER 2012 TO 31 DECEMBER 2013**

2. Significant accounting policies (continued)

2.3 Income

Income comprises contributions in cash donors.

Voluntary contributions are identified according to the level of earmarking. 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.

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.

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.

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 donors to reallocate the unspent funds for a different use, or reimburses them to the donors (see note 7).

2.5 Employee benefits

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

2.6 Transportation and storage

The cost of renting vehicles from third parties, for use in the operation, is recorded under Transportation and storage.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRTR003) – TURKEY: POPULATION MOVEMENT**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 9 NOVEMBER 2012 TO 31 DECEMBER 2013**

3. Voluntary contributions

	Period from 9-Nov-2012 to 31-Dec-2013 TOTAL CHF
American Red Cross	93,145
Danish Red Cross (from Danish Government)	156,908
Estonia Government	84,297
European Commission - DG ECHO	2,131,692
Irish Government	609,830
Japanese Red Cross Society	198,454
Kuwait Red Crescent Society	462,406
Mexican Government	892,061
Norwegian Red Cross (from Norwegian Government)	1,485,765
Other donors (including those with contributions less than CHF 10,000)	3,064
Red Cross of Monaco	18,640
Swedish Red Cross	520,075
Swiss Red Cross	450,000
Swiss Red Cross (from Swiss Government)	400,000
The Canadian Red Cross Society (from Canadian Government)	2,720,069
United States Government - PRM	3,106,446
	<u>13,332,852</u>

The above figures include cash contributions and movements in outstanding pledges between 9 November 2012 and 31 December 2013, together with the revaluation of outstanding foreign currency pledges as at 31 December 2013.

4. Provisions for operations

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.

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 31 December 2013 was CHF 2,772,423.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
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5. Services and recoveries

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 (see also note 6). Such recoveries include pledge earmarking and reporting recoveries 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 9 November 2012 to 31 December 2013, the total of such recoveries charged to the Turkey Population Movement Emergency Appeal amounted to CHF 58,068.

6. Indirect cost 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, 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. The support for the period from 9 November 2012 to 31 December 2013 amounted to CHF 581,652.

7. Funds held for operations

As explained in note 2.4, in the event that appeal funds cannot be spent, the IFRC obtains agreement from the donors for a reallocation of those funds for a different use, or reimburses them to the donors. In the period from 9 November 2012 to 31 December 2013, no such reallocations or reimbursements were made.