



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

Independent Auditor's Report

On the IFRC's Financial Statements for the
Philippines: Typhoon Haiyan Emergency Appeal
(MDRPH014)
for the period from 8 November 2013 to 30 June 2014



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Independent Auditor's Report

Philippines: Typhoon Haiyan Emergency Appeal (MDRPH014) 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 Philippines: Typhoon Haiyan Emergency Appeal (MDRPH014) of the International Federation of Red Cross and Red Crescent Societies ("IFRC") for the period from 8 November 2013 to 30 June 2014.

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 8 November 2013 to 30 June 2014 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

A blue ink signature of Pierre-Henri Pingeon, written in a cursive style.

Pierre-Henri Pingeon
Auditor in Charge

A blue ink signature of Christine Fox, written in a cursive style.

Christine Fox

Geneva, 10 February 2015

Enclosure:

- Income and expenditure statement and related notes

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRPH014) – PHILIPPINES: TYPHOON HAIYAN**

**INCOME AND EXPENDITURE STATEMENT
FOR THE PERIOD FROM 8 NOVEMBER 2013 TO 30 JUNE 2014**

		Period from 8-Nov-2013 to 30-Jun-2014
INCOME	Notes	CHF
Voluntary contributions	2.3 & 3	71,501,112
Corporate donation fees	4	(32,158)
Total INCOME		<u>71,468,954</u>
OPERATING EXPENDITURE		
Employee benefits	2.5	2,820,641
Relief supplies		15,687,802
Transportation and storage	2.6	3,596,330
Vehicles and equipment		706,433
Travel		502,646
Communications		58,781
Workshops & training		108,616
Information		87,588
Legal, professional and consultancy fees		634,422
Administration, office and general		545,728
Finance expense, net		129,184
Provisions for operations	5	61,171
Contributions to other organisations		54,000
Services and recoveries	6	377,337
Indirect cost recovery	7	1,476,726
Total OPERATING EXPENDITURE		<u>26,847,405</u>
		<u>44,621,549</u>
RESULT FOR THE PERIOD		
FUNDS HELD FOR OPERATIONS	2.4 & 8	
Result for the period		44,621,549
FUNDS HELD FOR OPERATIONS		<u>44,621,549</u>

The notes on pages 4 to 10 are an integral part of these Appeal Financial Statements.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRPH014) – PHILIPPINES: TYPHOON HAIYAN**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8 NOVEMBER 2013 TO 30 JUNE 2014**

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'.

On 8 November 2013, Typhoon Haiyan struck Central Philippines with maximum sustained winds of 235 kph and gusts of up to 275 kph. The typhoon and subsequent storm surges resulted in extensive damage to infrastructure and more than 11 million people across 44 provinces have been directly affected by the Typhoon. CHF 475,495 was allocated from IFRC's Disaster Relief Emergency Fund (DREF) to support the Philippine Red Cross in delivering assistance to those affected and to undertake initial needs assessments in the affected areas.

On 12 November 2013, a preliminary Emergency Appeal was launched seeking CHF 72.3 million in cash, kind or services to support the Philippines Red Cross in delivering humanitarian assistance, relief, shelter and settlement, water and sanitation, and livelihood activities to 500,000 people over 18 months.

On 16 January 2014, the Emergency Appeal was revised upwards to CHF 126.2 million and the timeframe extended until the end of October 2015.

The financial statements presented comprise the Income and Expenditure Statement and supporting notes of the Philippines: Typhoon Haiyan Emergency Appeal (appeal MDRPH014) 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 Philippines: Typhoon Haiyan 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.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRPH014) – PHILIPPINES: TYPHOON HAIYAN**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8 NOVEMBER 2013 TO 30 JUNE 2014**

2. Significant accounting policies (continued)

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 realised 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.

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.

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 recognised equally as both 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 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.

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 8).

2.5 Employee benefits

Personnel expenditure includes salary and benefit costs of international delegates and national staff.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRPH014) – PHILIPPINES: TYPHOON HAIYAN**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8 NOVEMBER 2013 TO 30 JUNE 2014**

2. Significant accounting policies (continued)

2.6 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 Transportation and storage.

3. Voluntary contributions

	Cash	Goods	Services	Period from 8-Nov-2013 to 30-Jun-2014 TOTAL
	CHF	In-Kind CHF	In-Kind CHF	CHF
American Red Cross	14,425,215	209,117	110,019	14,744,351
Andorran Red Cross	17,913	-	-	17,913
ASPEN Insurance UK Services Ltd	47,323	-	-	47,323
Australian Red Cross	924,987	20,670	15,527	961,184
Australian Red Cross (from Australian Government)	936,384	-	42,413	978,797
Austrian Red Cross	368,545	-	-	368,545
Austrian Red Cross (from Austrian Government)	598,352	-	-	598,352
Austrian Red Cross (from Facebook)	17,078	-	-	17,078
Belgian Red Cross (Flanders)	309,973	41,289	10,841	362,103
Belgian Red Cross (Francophone) (from Facebook)	25,891	-	-	25,891
Brazilian Red Cross	13,560	-	-	13,560
Brazilian Red Cross (from Facebook)	52,927	-	-	52,927
British Red Cross	105,010	1,521,020	451,646	2,077,676
British Red Cross (from Astra Zeneca)	67,624	-	-	67,624
British Red Cross (from British Government)	5,479,183	-	-	5,479,183
British Red Cross (from DEC (Disasters Emergency Commission))	2,000,691	-	-	2,000,691
British Red Cross (from Vitol Foundation)	250,916	-	-	250,916
Chilean Red Cross	27,745	-	-	27,745
China Red Cross, Hong Kong branch	347,903	34,656	-	382,559
Costa Rican Red Cross	44,956	-	-	44,956
Credit Suisse Foundation	87,291	-	-	87,291
Croatian Red Cross	33,600	-	-	33,600
Croatian Red Cross (from Croatian Government)	54,400	-	-	54,400
Croatian Red Cross (from Croatia - Private Donors)	72,000	-	-	72,000
Czech Red Cross (from Czech private donors)	82,374	-	-	82,374
Danish Red Cross	245,296	-	37,189	282,485
Danish Red Cross (from Danish Government)	963,281	-	-	963,281
Danish Red Cross (from Facebook)	16,672	-	-	16,672
Ecuadorian Red Cross	14,989	-	-	14,989
Elsevier (Reed)	13,632	-	-	13,632
Sub-totals carried down	27,645,711	1,826,752	667,635	30,140,098

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRPH014) – PHILIPPINES: TYPHOON HAIYAN**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8 NOVEMBER 2013 TO 30 JUNE 2014**

3. Voluntary contributions (continued)

	Cash	Goods	Services	Period from
	CHF	In-Kind	In-Kind	8-Nov-2013 to
	CHF	CHF	CHF	30-Jun-2014
	CHF	CHF	CHF	TOTAL
	CHF	CHF	CHF	CHF
Sub-totals brought down	27,645,711	1,826,752	667,635	30,140,098
European Commission - DGECHO	1,666,037	-	-	1,666,037
Finnish Red Cross	153,021	474,653	285,469	913,143
Finnish Red Cross (from Facebook)	11,085	-	-	11,085
French Red Cross	9,132	140,485	42,347	191,964
German Red Cross	2,100	32,213	1,499	35,812
German Red Cross (from Facebook)	132,221	-	-	132,221
Hellenic Red Cross (from Facebook)	15,888	-	-	15,888
Icelandic Red Cross	75,000	-	-	75,000
IFRC at the UN Inc allocations (from PriceWaterhouseCoopers)	265,566	-	-	265,566
IFRC at the UN Inc allocations (from BNY Mellon)	160,771	-	-	160,771
IFRC at the UN Inc allocations (from Neuberger Berman Foundation)	51,974	-	-	51,974
IFRC at the UN Inc allocations (from Mondelez International Foundation)	255,916	-	-	255,916
IFRC at the UN Inc allocations (from White & Case)	30,318	-	-	30,318
IFRC at the UN Inc allocations (from Pershing LLC)	12,901	-	-	12,901
IFRC at the UN Inc allocations (from Monsanto Company)	18,777	-	-	18,777
IFRC at the UN Inc allocations (from Oracle Corporation)	472,923	-	-	472,923
Irish Red Cross Society	4,690	72,148	-	76,838
Irish Red Cross Society (from Facebook)	37,596	-	-	37,596
Italian Government Bilateral Emergency Fund	431,406	-	-	431,406
Italian Red Cross (from Facebook)	64,348	-	-	64,348
Japanese Government	2,743,795	-	-	2,743,795
Japanese Red Cross Society	1,226,722	571,221	72,292	1,870,235
KPMG International Cooperative (KPMG-I)	11,315	-	-	11,315
Lithuanian Red Cross Society	14,468	-	-	14,468
Luxembourg Red Cross	12,539	192,900	3,171	208,610
Malaysian Red Crescent Society	28,875	-	-	28,875
Marriott International Inc.	22,464	-	-	22,464
Mexican Government	906,454	-	-	906,454
Nestlé	152,265	-	-	152,265
New Zealand Red Cross	635,738	62,328	31,143	729,209
Sub-totals carried down	37,272,016	3,372,700	1,103,556	41,748,272

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRPH014) – PHILIPPINES: TYPHOON HAIYAN**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8 NOVEMBER 2013 TO 30 JUNE 2014**

3. Voluntary contributions (continued)

	Cash	Goods	Services	Period from
	CHF	In-Kind	In-Kind	8-Nov-2013 to
	CHF	CHF	CHF	30-Jun-2014
	CHF	CHF	CHF	TOTAL
	CHF	CHF	CHF	CHF
Sub-totals brought down	37,272,016	3,372,700	1,103,556	41,748,272
New Zealand Red Cross (from New Zealand Government)	111,975	-	-	111,975
Norwegian Red Cross	4,818	74,124	42,809	121,751
Norwegian Red Cross (from Facebook)	35,463	-	-	35,463
Norwegian Red Cross (from Norwegian Government)	658,587	-	-	658,587
Online donations	764,781	-	-	764,781
OPEC Fund For International Development	363,934	-	-	363,934
Other donors (including those with contributions less than CHF 10,000)	618,707	-	4,560	623,267
Polish Red Cross (from Poland - Private Donors)	40,955	-	-	40,955
Portuguese Red Cross (from Facebook)	20,968	-	-	20,968
Red Crescent Society of Islamic Republic of Iran	18,159	-	-	18,159
Red Cross of Monaco	98,087	-	-	98,087
Red Cross of Viet Nam	45,455	-	-	45,455
Republic of Korea Government	89,206	-	-	89,206
Shell	14,035	-	-	14,035
Singapore Red Cross Society	732,723	-	-	732,723
Singapore Red Cross Society (from Facebook)	25,354	-	-	25,354
Smith & Nephew UK Ltd	43,840	-	-	43,840
Spanish Red Cross	2,027	31,192	17,014	50,233
Spanish Red Cross (from Facebook)	62,513	-	-	62,513
Swedish Red Cross	5,345,350	-	-	5,345,350
Swedish Red Cross (from Facebook)	30,680	-	-	30,680
Swiss Red Cross	16,640	140,240	26,378	183,258
Swiss Red Cross (from Facebook)	25,194	-	-	25,194
Swiss Red Cross (from Swiss Government)	700,000	-	-	700,000
Syngenta International AG	50,041	-	-	50,041
Taiwan Red Cross Organisation	27,216	-	-	27,216
The Canadian Red Cross Society	3,024,530	155,540	89,974	3,270,044
The Canadian Red Cross Society (from Canadian Government)	6,498,521	-	-	6,498,521
The Netherlands Red Cross	338,936	1,470,332	749,182	2,558,450
The Netherlands Red Cross (from Facebook)	17,517	-	-	17,517
The Netherlands Red Cross (from Netherlands Government)	4,935,414	-	-	4,935,414
The Netherlands Red Cross (from Netherlands Red Cross Silent Emergencies Fund)	61,050	-	-	61,050
Sub-totals carried down	62,094,692	5,244,128	2,033,473	69,372,293

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRPH014) – PHILIPPINES: TYPHOON HAIYAN**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8 NOVEMBER 2013 TO 30 JUNE 2014**

3. Voluntary contributions (continued)

	Cash	Goods	Services	Period from
	CHF	In-Kind	In-Kind	8-Nov-2013 to
	CHF	CHF	CHF	30-Jun-2014
	CHF	CHF	CHF	TOTAL
	CHF	CHF	CHF	CHF
Sub-totals brought down	62,094,692	5,244,128	2,033,473	69,372,293
The Philippine National Red Cross	11,862	-	-	11,862
The Republic of Korea National Red Cross	2,000,000	-	-	2,000,000
The Russian Red Cross Society	25,670	-	-	25,670
The Thai Red Cross Society	38,051	-	-	38,051
The Trinidad and Tobago Red Cross Society	34,373	-	-	34,373
United States - Private Donors	18,863	-	-	18,863
	64,223,511	5,244,128	2,033,473	71,501,112

The Cash column above includes movements in outstanding pledges between 8 November 2013 and 30 June 2014, together with the revaluation of outstanding foreign currency pledges as at 30 June 2014.

4. Corporate donation fees

In accordance with IFRC financial policy, a service fee of 5.0% is recovered on corporate donations. This service fee is recovered upon the receipt of the relevant contributions, in order to fund the costs of relationship management associated with corporate donors.

5. 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 30 June 2014 was CHF 61,171.

6. 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 7). Such recoveries include specific logistics services recoveries based on the value of procurement services provided, together with 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 8 November 2013 to 30 June 2014 such fees charged to the Philippines: Typhoon Haiyan Emergency Appeal amounted to CHF 377,337.

**INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES
EMERGENCY APPEAL (MDRPH014) – PHILIPPINES: TYPHOON HAIYAN**

**NOTES TO THE APPEAL FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8 NOVEMBER 2013 TO 30 JUNE 2014**

7. 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 8 November 2013 to 30 June 2014 amounted to CHF 1,476,726.

8. 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. During the period from 8 November 2013 to 30 June 2014 no such reallocations were made.