

To the General Assembly of

International Blue Cross

Lindenrain 5a
3012 Berne

**Report of the statutory auditor on the limited statutory examination
of the financial statements for the year 2018 in accordance with
Swiss GAAP FER**

(for the period from 1.1. to 31.12.2018)

24 April 2019
17022933/kes/mof

Report of the statutory auditor on the limited statutory examination
to the General Assembly of

International Blue Cross, Berne

As statutory auditor, we have examined the financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity and notes) of the International Blue Cross for the financial year ended 31 December 2018. In accordance with Swiss GAAP FER 21, the information in the performance report is not subject to the obligation of examination of auditors.

These financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law and the association's articles of incorporation are the responsibility of the Network Committee. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and do not comply with Swiss law and the association's articles of incorporation.

Berne, 24 April 2019

BDO Ltd

Simon Kehrli
Auditor in Charge
Licensed Audit Expert

ppa. Fabian Mollet
Licensed Audit Expert

Enclosure
Financial statements

INTERNATIONAL BLUE CROSS

BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	<u>31.12.2018</u> CHF	<u>31.12.2017</u> CHF
ASSETS			
Current assets			
Cash and cash equivalents	1	1'047'746.73	985'350.93
Short term receivables	2	129'686.02	140'207.23
Accrued assets	3	5'911.39	35'375.29
Total Current assets		<u>1'183'344.14</u>	<u>1'160'933.45</u>
Fixed assets			
Furniture and equipment	4	<u>3'829.50</u>	<u>3'156.30</u>
Total Fixed assets		<u>3'829.50</u>	<u>3'156.30</u>
TOTAL ASSETS		<u><u>1'187'173.64</u></u>	<u><u>1'164'089.75</u></u>

INTERNATIONAL BLUE CROSS

BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	31.12.2018 CHF	31.12.2017 CHF
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable		31'005.74	31'299.35
Accrued liabilities	6	24'391.74	27'915.28
Total Current liabilities		<u>55'397.48</u>	<u>59'214.63</u>
Long-term liabilities			
Provisions	5	40'000.00	20'000.00
Total Long-term liabilities		<u>40'000.00</u>	<u>20'000.00</u>
Funds			
Chad		0.00	0.00
Congo Brazzaville		8'475.49	0.00
Brasil		0.00	0.00
Togo		25'500.00	0.00
Eastern Europe		8'247.06	8'247.06
Denmark, Finland, Greenland		95.27	2'265.21
Lifeskills Programm		195'033.84	194'280.96
Burkina Faso		25'236.39	0.00
Total Funds		<u>262'588.05</u>	<u>204'793.23</u>
Equity			
Paid in capital		433.25	433.25
General reserve		10'000.00	10'000.00
Organisation reserve		315'249.67	315'249.67
Solidarité		331'300.66	331'300.66
Organisational Development		172'204.53	223'098.31
Retained earnings			
Balance brought forward from prior year		0.00	0.00
Result for the year		0.00	0.00
		<u>0.00</u>	<u>0.00</u>
Total Equity		<u>829'188.11</u>	<u>880'081.89</u>
TOTAL LIABILITIES AND EQUITY		<u><u>1'187'173.64</u></u>	<u><u>1'164'089.75</u></u>

INTERNATIONAL BLUE CROSS

INCOME STATEMENT 2018

	Notes	<u>2018</u> CHF	<u>2017</u> CHF
INCOME			
Membership contributions		157'748.10	156'377.15
Donations and contributions	7	542'382.45	582'656.29
Other income		4'380.87	773.11
Income IBC		<u>704'511.42</u>	<u>739'806.55</u>
TOTAL INCOME		<u>704'511.42</u>	<u>739'806.55</u>
EXPENSES			
Projects	8	455'034.33	381'672.46
Direct project expenses		<u>455'034.33</u>	<u>381'672.46</u>
Personnel expenses	9	114'026.57	108'045.57
Travel and representation		9'113.25	6'874.00
Rental expenses		7'713.70	12'404.72
Maintenance IT		1'794.47	4'018.92
Administrative expenses		11'736.90	11'181.42
Fundraising expenses	10	49'963.50	41'449.00
Depreciation		3'438.90	2'069.00
General secretariat		<u>197'787.29</u>	<u>186'042.63</u>
Travel and representation		20'162.60	19'012.50
Administrative expenses		1'539.85	2'174.45
Provision for General Assembly 2020		20'000.00	20'000.00
Adjustment of value membership fees		0.00	0.00
Federation		<u>41'702.45</u>	<u>41'186.95</u>
TOTAL EXPENSES		<u>694'524.07</u>	<u>608'902.04</u>
OPERATING RESULT (amount to be carried over)		<u>9'987.35</u>	<u>130'904.51</u>

INTERNATIONAL BLUE CROSS

INCOME STATEMENT 2018

	Notes	<u>2018</u> CHF	<u>2017</u> CHF
OPERATING RESULT (amount carried over)		9'987.35	130'904.51
Financial income incl. foreign exchange profit		761.00	9'368.80
Financial cost incl. foreign exchange loss		-3'847.31	-491.97
Financial result		<u>-3'086.31</u>	<u>8'876.83</u>
 OPERATING RESULT BEFORE CHANGES IN FUNDS		 6'901.04	 139'781.34
Allocation to project funds		-425'816.20	-466'539.11
Transfer from funds		368'021.38	311'271.78
Funds result		<u>-57'794.82</u>	<u>-155'267.33</u>
 RESULT BEFORE ALLOCATION		 -50'893.78	 -15'485.99
Transfer from organisational development		50'893.78	15'485.99
RESULT FOR THE YEAR		<u><u>0.00</u></u>	<u><u>0.00</u></u>

INTERNATIONAL BLUE CROSS

CASH FLOW STATEMENT 2018

+ Cash flow in - Cash flow out	2018 CHF	2017 CHF
RESULT FOR THE YEAR	0.00	0.00
Depreciation of fixed assets	3'438.90	2'069.00
Allocation to funds	425'816.20	466'539.11
Changes		
Short-term receivables	10'521.21	-96'888.47
Accrued income	29'463.90	15'896.12
Trade accounts payable	-293.61	26'000.60
Accrued liabilities	-3'523.54	-13'430.88
Long-term liabilities	20'000.00	20'000.00
CASH FLOW FROM OPERATIONS	485'423.06	420'185.48
Acquisition of fixed assets	-4'112.10	-3'254.00
Disposal of financial assets	0.00	0.00
CASH FLOW FROM INVESTING ACTIVITIES	-4'112.10	-3'254.00
Expenses in funds		
Brasil	-15'365.53	-15'088.32
Chad	-103'399.09	-86'495.68
Congo	-63'516.91	-65'104.25
Togo	-32'395.00	0.00
Denmark, Finland, Greenland	-6'801.22	0.00
Benin Workshop	0.00	-2'678.32
Skills and Knowledge Transfer MO's	-1'079.86	0.00
Finland Lifeskills	-3'504.60	-9'234.90
Lifeskills Programm	-31'079.17	-28'670.31
DEZA	-110'000.00	-104'000.00
Organisational Development	-50'893.78	-15'485.99
Eastern Europe	-880.00	0.00
CASH FLOW FROM PROJECT ACTIVITIES	-418'915.16	-326'757.77
CHANGES OF CASH	62'395.80	90'173.71
EVIDENCE OF CHANGES		
Opening balance of cash and cash equivalents as of 1 January	985'350.93	895'177.22
Closing balance of cash and cash equivalents as of 31 December	1'047'746.73	985'350.93
CHANGES OF CASH	62'395.80	90'173.71

INTERNATIONAL BLUE CROSS

STATEMENT OF CHANGES IN FUNDS

	Lifeskills												Total CHF
	Brasil	Chad	Congo	Finland	Togo	Benin Workshop	Lifeskills Programm	DEZA	Knowl./Skills Transfer, Sensibilisation	Eastern Europe	Burkina Faso	Denmark, Fin- land, Greenland	
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	
Opening balance 1.1.2017	0.00	32'288.47	9'804.25	0.00	0.00	0.00	0.00	0.00	0.00	7'147.06	0.00	286.12	49'525.90
Allocation	15'088.32	54'207.21	55'300.00	9'234.90	0.00	2'678.32	222'951.27	104'000.00	0.00	1'100.00	0.00	1'979.09	466'539.11
Withdrawal	-15'088.32	-86'495.68	-65'104.25	-9'234.90	0.00	-2'678.32	-28'670.31	-104'000.00	0.00	0.00	0.00	0.00	-311'271.78
Closing balance 31.12.2017	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>194'280.96</u>	<u>0.00</u>	<u>0.00</u>	<u>8'247.06</u>	<u>0.00</u>	<u>2'265.21</u>	<u>204'793.23</u>
Allocation	15'365.53	103'399.09	71'992.40	3'504.60	57'895.00	0.00	31'832.05	110'000.00	1'079.86	880.00	25'236.39	4'631.28	425'816.20
Withdrawal	-15'365.53	-103'399.09	-63'516.91	-3'504.60	-32'395.00	0.00	-31'079.17	-110'000.00	-1'079.86	-880.00	0.00	-6'801.22	-368'021.38
Closing balance 31.12.2018	<u>0.00</u>	<u>0.00</u>	<u>8'475.49</u>	<u>0.00</u>	<u>25'500.00</u>	<u>0.00</u>	<u>195'033.84</u>	<u>0.00</u>	<u>0.00</u>	<u>8'247.06</u>	<u>25'236.39</u>	<u>95.27</u>	<u>262'588.05</u>

STATEMENT OF CHANGES IN ORGANISATION CAPITAL

	Paid in capital	General reserve	Organisation reserve	Solidarité	Organisational Development	Retained earnings	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Opening balance 1.1.2017	433.25	10'000.00	315'249.67	331'300.66	238'584.30	0.00	895'567.88
Withdrawal					-15'485.99		-15'485.99
Result for the year						0.00	0.00
Closing balance 31.12.2017	<u>433.25</u>	<u>10'000.00</u>	<u>315'249.67</u>	<u>331'300.66</u>	<u>223'098.31</u>	<u>0.00</u>	<u>880'081.89</u>
Withdrawal					-50'893.78		-50'893.78
Result for the year						0.00	0.00
Closing balance 31.12.2018	<u>433.25</u>	<u>10'000.00</u>	<u>315'249.67</u>	<u>331'300.66</u>	<u>172'204.53</u>	<u>0.00</u>	<u>829'188.11</u>

INTERNATIONAL BLUE CROSS

NOTES TO THE ANNUAL FINANCIAL STATEMENT 2018

THE ORGANISATION

International Blue Cross is a non-governmental umbrella organisation founded in 1886 as a society, that brings together during 2018 38 national organizations in Africa, Asia, Europe and Latin America. It has a governing board – called the Network Committee – and a secretariat with official address in Bern, Switzerland. IBC functions as a network organisation with staff in different countries to connect member organisations around the world. IBC runs bilateral development and cooperation programmes with organisations that fulfil development cooperation standards taking a role of project management and implementation. In addition it is involved in alcohol policy lobbying with consultative status at the UN ECOSOC. The international team coordinates projects and advises our national partner organisations worldwide in the implementation and financing of the projects. The focus is on prevention of health related harm and social exclusion.

IBC is ZEWO certified and has especially emphasised effectiveness and sustainability of its activities by creating good governance structures and multi- dimensional fundraising concept with donor reporting that covers institutions, private donors, foundations and member organisation support. Fundraising campaigns use verifiable facts and are based on raising funds to IBC programmes mainly in the fields of life skills, alcohol policy, mutual- and self help group activities and general substance abuse work around the world.

During 2018 IBC has invested in developing policies and support mechanisms that guide good conduct and quality service delivery. It is our uttermost important task to protect vulnerable people and find professional ways to support delivery of SDG's by leaving nobody behind and preventing future harm. Increased focus on social accountability as a tool for welcoming feedback from our partners and service users has brought us more insides of service user experiences. In addition during 2018 IBC has started on-line coaching for all interested member organisations in order to develop strong civil society within Blue Cross countries all over the world.

ACCOUNTING BASIS

In the reporting year the Annual Financial Statement was prepared according to Swiss GAAP FER (Swiss accounting and reporting regulations), in particular Standard 21 "The accounting for charitable, social non-profit organizations" and Swiss law.

ACCOUNTING AND VALUATION PRINCIPLES

The balance sheet items are valued according to uniform rules. Nominal values and the acquisition costs generally form the basis for the valuation. The most important valuation principles are explained as follows:

Cash and cash equivalents

Cash and cash equivalents include cash balance, postal and bank accounts with a period of up to 3 months. The valuation is done at nominal value. Bank accounts in foreign currency are translated at the exchange rate on the balance sheet date.

Short term receivables

Receivables of the current assets are reported in the balance sheet at their nominal value minus allowance for doubtful debts.

Accrued assets

The balances include prepaid expenses and deferred income of the following year and earnings that have not yet been received.

Fixed assets

The fixed assets are valued at acquisition cost less depreciation. An acquisition value of CHF 1'000 was specified as lower threshold for capitalization. The depreciation is provided using the scheduled straight line method over the expected useful life of the assets:

IT-Systems	3 years
Office equipments	5 years

Liabilities

Liabilities that are to be paid within a year are reported in the balance sheet at their nominal value.

INTERNATIONAL BLUE CROSS

Accrued liabilities

This includes accruals and deferrals for services already rendered, for which however no invoices have yet been received in the reporting period. The accounting is done at estimated nominal values.

Provisions

Provisions are recognised, when a present obligation exists from a past event, probably a cash outflow and its amount and / or settlement date still uncertain, but is estimable.

Foreign currency translation

Transactions and finance items in foreign currency are translated at the monthly exchange rates at the time of the transaction. In case of annual financial statements of the projects in foreign currencies, the balance sheet and the income statement are translated at the rate of exchange on the balance sheet date.

FUNDS

Since IBC has received the ZEWO Seal in 2014 we have changed the principles for Funds. For transparency reasons all earmarked income is transferred to the dedicated funds. The withdrawal for use of this funds is shown separately in the income statement. The Solidarité and Organisational development funds have been reallocated to the organisation capital.

The purposes of the new funds are as follows:

Brasil, Chad, Congo, Finland Lifeskills, Togo, Benin Workshop, Lifeskills Programm, Eastern Europe, DEZA, Knowledge/Skills Transfer, Burkina Faso

These funds were set up for income from earmarked donations and contribution for recent IBC projects.

General Assembly

The purpose of this fund is to support the participation of small member organisations at the General Assembly and the Training during General Assembly. The income includes small earmarked donations to the MO countries.

Denmark, Finland, Greenland

The purpose of this fund is to support projects of this Member organisations with co-funding for published projects on Globalgiving.

ORGANISATION CAPITAL

The organisation capital comprises the following:

- free paid-in capital
- free general reserve
- free organisation reserve
- Solidarité Fonds
- Organisational Development Fonds
- free retained earnings

Solidarité

This fund is supposed to support the introduction and development of new member organizations in countries without previous Blue Cross activities, assist national BC federations which experience difficulties due to special circumstances or a catastrophe. Besides, projects within the scope of the program "HIV / Aids and Alcohol" and the development of the pilot projects are to be supported. Nevertheless, 50% of the current projects are to be financed by other means.

Organisational Development

Serves the purpose of stabilization of the work of the International Blue Cross according to the TV Campaign and is supposed to compensate possible losses. It can be used for financing fund-raising projects, sharing of knowledge between the member organizations and for lobbying for the international health and alcohol legislation.

INTERNATIONAL BLUE CROSS

ADDITIONAL INFORMATION TO THE BALANCE SHEET

	31.12.2018	31.12.2017
1 Cash and cash equivalents	CHF	CHF
Divided in foreign currencies this position is as follows:		
in CHF	1'028'022.02	949'364.67
in EUR	19'379.09	34'674.35
Other various currencies	345.62	1'311.91
Total	1'047'746.73	985'350.93
2 Short term receivables		
Membership fees	8'676.64	6'133.60
Local organisations projects	15'288.53	28'332.51
Donors	90'852.30	93'685.90
Various	14'868.55	17'626.45
Total	129'686.02	145'778.46
3 Accrued assets		
Prepaid flight tickets	1'756.50	2'720.40
Prepaid insurance contribution	4'154.89	3'879.89
Donation from "Sie helfen wir helfen" 2017	0.00	15'500.00
Tranches for Chad and Congo	0.00	13'000.00
Various	0.00	275.00
Total	5'911.39	35'375.29

INTERNATIONAL BLUE CROSS

4 Furniture and equipment

	Office Equipment CHF	IT Systems CHF	Total CHF
<i>Acquisition value</i>			
Opening balance 1.1.2018	1.00	30'125.30	30'126.30
Increase	0.00	4'112.10	4'112.10
Decrease	0.00	0.00	0.00
Closing Balance 31.12.2018	<u>1.00</u>	<u>34'237.40</u>	<u>34'238.40</u>
<i>Depreciation</i>			
Opening balance 1.1.2018	0.00	26'970.00	26'970.00
Increase	0.00	3'438.90	3'438.90
Closing balance 31.12.2018	<u>0.00</u>	<u>30'408.90</u>	<u>30'408.90</u>
Balance Sheet Value as at 31.12.2018	<u>1.00</u>	<u>3'828.50</u>	<u>3'829.50</u>
Balance Sheet Value as at 31.12.2017	<u>1.00</u>	<u>3'155.30</u>	<u>3'156.30</u>

	31.12.2018 CHF	31.12.2017 CHF
5 Provisions		
General assembly 2020	<u>40'000.00</u>	<u>20'000.00</u>
Total	<u>40'000.00</u>	<u>20'000.00</u>

In 2017 20'000 CHF where reported under "other liabilities", because of maturities it is now reported under "Provisions".

6 Accrued liabilities

Unused holiday and overtime	10'686.74	10'926.58
Audit fees IBC and projects	13'705.00	16'880.00
Various	<u>0.00</u>	<u>108.70</u>
Total	<u>24'391.74</u>	<u>27'915.28</u>

INTERNATIONAL BLUE CROSS

ADDITIONAL INFORMATION TO THE INCOME STATEMENT

	2018	2017
7 Donation and contribution	CHF	CHF
a non earmarked	116'566.25	286'117.18
b earmarked		
Bread for All	40'672.28	20'000.00
DEZA (SDC)	110'000.00	104'000.00
Lotteriefonds Bern	34'000.00	0.00
SDW	15'000.00	15'000.00
Other	226'143.92	157'539.11
Subtotal	425'816.20	296'539.11
Total	542'382.45	582'656.29
8 Other project expenses		
Brasil	24'738.28	18'502.05
Chad	157'633.04	150'766.34
Congo	110'220.72	109'135.08
Assessment and Pilot Togo	37'579.32	57.20
Alcohol Policy	35'627.90	25'322.37
Finland Lifeskills	4'558.43	8'944.46
Lifeskills Manual	9'830.74	0.00
Evaluation Conference	0.00	6'609.38
Sensibilisation general	10'516.66	0.00
Workshop Benin	0.00	5'255.32
Knowledge Skills transfer and Sensibilisation MO's	56'648.02	51'509.03
Greenland	997.61	0.00
Denmark	4'716.92	0.00
Finland	1'086.69	0.00
Romania	880.00	0.00
Wertberichtigung Namibia, Lesotho	0.00	5'571.23
Total	455'034.33	381'672.46
The direct project expenses are divided as follows:		
Project expenses	224'619.86	304'856.82
Personnel expenses	230'414.47	71'244.41
Travel and representation expenses	0.00	0.00
Maintenance expenses	0.00	0.00
Value adjustment Namibia, Lesotho	0.00	5'571.23
Total direct project expenses	455'034.33	381'672.46

Project expenses have been calculated with Zewo-Methode.

INTERNATIONAL BLUE CROSS

9 Personnel expenses and compensation

The members of the Network Committee do not receive any compensation for their work for the respective institutions. In the reporting year actual travel expenses of CHF 17'273.85 were reimbursed (previous year CHF 15'844).

	2018	2017
	CHF	CHF
Salary of General Secretary incl. social security	93'049.66	90'240.00
Other salaries including social security	205'903.76	190'022.76
Other personnel expenses and training	3'359.20	1'681.35
Total personnel expenses	302'312.62	281'944.11
Therof IBC projects	161'941.15	145'803.69
Thereof Fundraising	26'344.90	28'094.85
Personnel expenses IBC	114'026.57	108'045.57

The total cost of wages of the General Secretary in 2018 amounted to CHF 93'049.66 for a work level of 80%. The salary for the General Secretary includes the employers' contribution for social security and other insurances. From 2017 IBC pays travel and accomodation costs to/from and in Berne of the General Secretary based in Finland. Before it was paid by the General Secretary.

The staff at IBC works part-time. In full-time equivalent IBC employed 3.2 staff member in 2018 and 3 in 2017.

10 Fundraising

PR material, call for donation, Zewo fees	23'618.60	13'354.15
Salary incl. social security part time fundraising and networking officer	26'344.90	28'094.85
	49'963.50	41'449.00

Fundraising and Administration expenses have been calculated with Zewo-Methode.

INTERNATIONAL BLUE CROSS

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Gratuitous services by third party

In June 2017 IBC started a Volunteer programm. The volunteers support in the field of communication, fundraising, administration, translation and Knowledge and Skills Transfer of Member Organisations. During 2018 volunteers supported IBC with 1'007 hours (2017: 500 hours)

The members of the Network Committee (board) supported IBC voluntarily for preparation and attending of Network Committee and Finance Commission meetings with 514 hours (2017:450 hours)

Gratuitous services to third parties

In both reporting years no gratuitous services were provided.

	<u>2018</u>	<u>2017</u>
Payments to Blue Cross Organisation	CHF	CHF
Blue Ribbon Finland - Service Fee General Secretary mandate	93'049.66	90'240.00
Blaues Kreuz Schweiz, Rent for archive	408.00	0.00
Treffpunkt Azzurro (Kantonalverband Bern), Packing Call for donation	186.88	150.80
Blue Cross Germany for payroll service fee 2017 and year 2018	1'044.50	1'248.35

Performance Report

Reference is made to the annual report and narrative project reports.

Events after the balance sheet date

The present Annual Financial Statement was approved by Network Committee on 26th March 2019 and released for publication. Since the balance sheet date no event has occurred which will have a significant impact on the Annual Financial Statement of 2018.