

To the Network Committee of

International Federation of the Blue Cross

Gesellschaftsstrasse 78
CH-3012 Berne

Report of the statutory auditor on the limited statutory examination of the financial statements for the year 2012

(for the year ended 31 December 2012)

25 April 2013
170-22-933 / kho

Report of the statutory auditor on the limited statutory examination
to the Network Committee of

International Federation of the Blue Cross, Bern

As statutory auditor, we have examined the financial statements (balance sheet, income statement, cash flow statement, statements of changes in funds and organisation capital, notes) of the International Federation of the Blue Cross for the year ended 31 December 2012. In accordance with Swiss GAAP FER the performance report has not been audited.

These financial statements 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 accompanying 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 or not comply with Swiss law and the association's articles of incorporation.

Berne, 25 April 2013

BDO Ltd



Thomas Stutz

Licensed Audit Expert



Karel Hojac

Licensed Audit Expert
Auditor in Charge

Enclosures

Financial statements

INTERNATIONAL FEDERATION OF THE BLUE CROSS

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	<u>31.12.2012</u> CHF	<u>31.12.2011</u> CHF
ASSETS			
Current assets			
Cash and cash equivalents	1	2'310'590.36	1'672'206.10
Marketable securities	2	0.00	122'144.79
Short term receivables	3	154'816.84	135'505.14
Accrued assets	4	27'253.35	72'365.67
Total Current assets		<u>2'492'660.55</u>	<u>2'002'221.70</u>
 Fixed assets			
Investment	5	0.00	70'000.00
Furniture and equipment	6	3'946.95	3'341.00
Total Fixed assets		<u>3'946.95</u>	<u>73'341.00</u>
 TOTAL ASSETS		 <u><u>2'496'607.50</u></u>	 <u><u>2'075'562.70</u></u>

INTERNATIONAL FEDERATION OF THE BLUE CROSS

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	<u>31.12.2012</u>	<u>31.12.2011</u>
		CHF	CHF
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable		4'259.00	36'680.91
Other liabilities	7	1'186'112.46	1'276'469.12
Accrued liabilities	8	68'437.40	106'896.42
Total Current liabilities		<u>1'258'808.86</u>	<u>1'420'046.45</u>
Funds			
Solidarité		331'129.61	330'762.94
Organisational Development		551'873.71	263'507.03
Total Funds		<u>883'003.32</u>	<u>594'269.97</u>
Equity			
Paid in capital		433.25	433.25
General reserve		10'000.00	10'000.00
Organisation reserve		315'249.67	27'249.67
Retained earnings			
Balance brought forward from prior year		23'563.36	18'920.95
Result for the year		5'549.04	4'642.41
		<u>29'112.40</u>	<u>23'563.36</u>
Total Equity		<u>354'795.32</u>	<u>61'246.28</u>
TOTAL LIABILITIES AND EQUITY		<u><u>2'496'607.50</u></u>	<u><u>2'075'562.70</u></u>

INTERNATIONAL FEDERATION OF THE BLUE CROSS

INCOME STATEMENT 2012

	Notes	<u>2012</u>	<u>2011</u>
		CHF	CHF
INCOME			
Contributions Blue Cross Norway		2'126'800.12	2'820'497.75
Donations and contributions	9	139'940.04	97'629.99
Other income		1'578.73	180.15
Income TV Campaign		<u>2'268'318.89</u>	<u>2'918'307.89</u>
Membership contributions		192'921.15	182'338.76
Donations and contributions		62'372.67	23'501.86
Services		60'000.00	60'000.00
Other income		20'559.74	0.00
Income IFBC		<u>335'853.56</u>	<u>265'840.62</u>
TOTAL INCOME		<u>2'604'172.45</u>	<u>3'184'148.51</u>
EXPENSES			
TV Campaign	9	2'243'160.33	2'918'307.89
Other projects		0.00	23'520.47
Direct project expenses		<u>2'243'160.33</u>	<u>2'941'828.36</u>
Personnel expenses	10	132'891.29	169'076.55
Travel and representation		4'979.09	8'673.98
Rental expenses		9'734.25	10'157.06
Maintenance IT		6'841.03	8'543.88
Administrative expenses		19'512.95	4'890.52
Fundraising expenses		4'699.00	30'626.43
Depreciation		479.20	2'208.00
General secretariat		<u>179'136.81</u>	<u>234'176.42</u>
Travel and representation		21'465.60	9'237.85
Administrative expenses		652.20	0.00
Strategy process		13'125.65	10'989.27
Expenditures General Assembly 2012		12'594.93	0.00
Adjustment of value membership fees		22'988.95	0.00
Federation		<u>70'827.33</u>	<u>20'227.12</u>
TOTAL EXPENSES		<u>2'493'124.47</u>	<u>3'196'231.90</u>
OPERATING RESULT (amount to be carried over)		<u>111'047.98</u>	<u>-12'083.39</u>

INTERNATIONAL FEDERATION OF THE BLUE CROSS

INCOME STATEMENT 2012

	Notes	<u>2012</u> CHF	<u>2011</u> CHF
OPERATING RESULT (amount carried over)		111'047.98	-12'083.39
Financial income incl. foreign exchange profit		1'720.10	6'239.67
Financial cost incl. foreign exchange loss		-8'330.43	-13'218.28
Financial result		<u>-6'610.33</u>	<u>-6'978.61</u>
Other income		0.00	5'414.78
Net result of sale of share	5	503'003.30	0.00
Other expenses		0.00	-9'484.10
Adjustment of value receivables projects	3	-25'158.56	0.00
Other result		<u>477'844.74</u>	<u>-4'069.32</u>
OPERATING RESULT BEFORE CHANGES IN FUNDS		582'282.39	-23'131.32
Allocation to organisational development fund		-288'000.00	0.00
Withdrawal project expenses other funds		0.00	28'723.73
Financial income to / from funds		-733.35	-950.00
Funds result		<u>-288'733.35</u>	<u>27'773.73</u>
RESULT BEFORE ALLOCATION		293'549.04	4'642.41
Allocation to organisation reserve		-288'000.00	0.00
RESULT FOR THE YEAR		<u><u>5'549.04</u></u>	<u><u>4'642.41</u></u>

INTERNATIONAL FEDERATION OF THE BLUE CROSS

CASH FLOW STATEMENT 2011 and 2012

+ Cash flow in	2012	2011
- Cash flow out	CHF	CHF
RESULT FOR THE YEAR	5'549.04	4'642.41
Depreciation of fixed assets	479.2	2'208.00
Adjustments of value projects	25'158.56	0.00
Profit from sale of share	-503'003.30	0.00
Allocation to funds	576'000.00	0.00
Changes		
Marketable securities	122'144.79	5'875.21
Short term receivables	-44'470.26	154'218.46
Accrued income	45'112.32	15'682.04
Trade accounts payable	-32'421.91	-28'598.75
Liability due to BC Norway	-90'356.66	-112'713.75
Accrued liabilities	-38'459.02	28'169.16
CASH FLOW FROM OPERATIONS	<u>65'732.76</u>	<u>69'482.78</u>
Acquisition of fixed assets	-1'085.15	-3'398.00
Sale of share	573'003.30	0.00
CASH FLOW FROM INVESTING ACTIVITIES	<u>571'918.15</u>	<u>-3'398.00</u>
Changes in funds		
Solidarité	366.67	-15'043.17
Organisational Development	366.68	-10'989.27
BK Nederland	0.00	950.00
Other	0.00	-2'691.29
CASH FLOW FROM FINANCING ACTIVITIES	<u>733.35</u>	<u>-27'773.73</u>
CHANGES OF CASH	<u><u>638'384.26</u></u>	<u><u>38'311.05</u></u>
EVIDENCE OF CHANGES		
Opening balance of cash and cash equivalents as of 1 January 2011	1'672'206.10	1'633'895.05
Closing balance of cash and cash equivalents as of 31 December 2011	2'310'590.36	1'672'206.10
CHANGES OF CASH	<u><u>638'384.26</u></u>	<u><u>38'311.05</u></u>

INTERNATIONAL FEDERATION OF THE BLUE CROSS

STATEMENT OF CHANGES IN FUNDS

	<u>Solidarité</u> CHF	<u>Organisational Development</u> CHF	<u>Street children Madagascar</u> CHF	<u>BC Netherland</u> CHF	<u>Other Funds</u> CHF	<u>Total</u> CHF
Opening balance 1.1.2011	77'412.10	0.00	12'368.90	517'388.79	14'873.91	622'043.70
Use	-15'043.17	-10'989.27			-2'691.29	-28'723.73
Financial income				950.00		950.00
Transfer	<u>268'394.01</u>	<u>274'496.30</u>	<u>-12'368.90</u>	<u>-518'338.79</u>	<u>-12'182.62</u>	<u>0.00</u>
Closing balance 31.12.2011	330'762.94	263'507.03	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	594'269.97
Financial income	366.67	366.68				733.35
Allocation		<u>288'000.00</u>				<u>288'000.00</u>
Closing balance 31.12.2012	<u>331'129.61</u>	<u>551'873.71</u>				<u>883'003.32</u>

STATEMENT OF CHANGES IN ORGANISATION CAPITAL

	<u>Paid in capital</u> CHF	<u>General reserve</u> CHF	<u>Organisation reserve</u> CHF	<u>Retained earnings</u> CHF	<u>Total</u> CHF
Opening balance 1.1.2011	433.25	10'000.00	27'249.67	18'920.95	56'603.87
Result for the year				<u>4'642.41</u>	<u>4'642.41</u>
Closing balance 31.12.2011	433.25	10'000.00	27'249.67	23'563.36	61'246.28
Allocation			288'000.00		288'000.00
Result for the year				<u>5'549.04</u>	<u>5'549.04</u>
Closing balance 31.12.2012	<u>433.25</u>	<u>10'000.00</u>	<u>315'249.67</u>	<u>29'112.40</u>	<u>354'795.32</u>

INTERNATIONALER FEDERATION OF THE BLUE CROSS

NOTES TO THE ANNUAL FINANCIAL STATEMENT 2012

THE ORGANISATION

The International Federation of the Blue Cross (IFBC), founded in 1886, is a non-governmental umbrella organisation for health development supported by qualified specialists who, either as regular employees or on a voluntary basis, have dedicated themselves to the aim of helping people who suffer from alcohol or drug addiction. The IFBC assists its member organisations in acquiring expertise and has implemented projects around the world which have a sustainable impact. These have been financed since 2009 mainly by the funds of the "TV Campaign". The TV Campaign is a national fundraising event which is conducted annually by the Norwegian Broadcast NRK. In 2008 the earnings of the TV campaign was given to the Blue Cross of Norway, which generously gave half of these funds to the IFBC to finance its projects.

ACCOUNTING BASIS

In the reporting year initially 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".

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.

Marketable securities

Securities listed on the stock exchange are valued at the rate of exchange 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.

Financial investment

Financial investment and financial assets without market value are presented in the balance sheet at acquisition costs. The necessary provision for impairment losses will be deducted.

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.

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.

INTERNATIONALER FEDERATION OF THE BLUE CROSS

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

The purposes of the funds are as follows:

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 Federation of the 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.

ORGANISATION CAPITAL

The organisation capital comprises the following:

- free paid-in capital
- free general reserve
- free organisation reserve
- free retained earnings

INTERNATIONALER FEDERATION OF THE BLUE CROSS

ADDITIONAL INFORMATION TO THE BALANCE SHEET

	31.12.2012	31.12.2011
	CHF	CHF
1 Cash and cash equivalents		
Divided in foreign currencies this position is as follows:		
in CHF	1'063'153.55	907'041.77
in EUR	15'681.71	228'820.21
in NOK	1'230'953.17	534'815.65
Other various currencies	801.93	1'528.47
Total	2'310'590.36	1'672'206.10

<i>There of cash flow of TVC</i>	1'285'146.19	1'314'914.40
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These funds have been provided from funds of the TV Campaign of the Norwegian Blue Cross and are to be used exclusively for the realization of TVC Projects.

2 Marketable securities		
EUR 50'000 3 % Bonds Eurohypo AG	0.00	60'839.57
EUR 50'000 4 1/8 % Bonds Rabobank Nederland	0.00	61'305.22
Total	0.00	122'144.79

The securities were repaid in the year of the report.

3 Short term receivables		
Membership fees	153'926.30	70'152.80
Allowance for outstanding fees	-89'361.55	-66'372.60
Local organisations TVC projects	111'762.11	124'300.76
Adjustment of value projects	-25'158.56	0.00
Various	3'648.54	7'424.18
Total	154'816.84	135'505.14

The allowance for outstanding membership fees were decided by the finance commission as a result of the high outstanding amounts of the membership fees from the years 2010 and 2011. The IFBC relies on timely payment of the membership fees to support the member organisations. The value adjustment does not mean that defaulting members are released from their duty to pay membership fees which are still outstanding.

The adjustment of value of short-term receivables projects addresses the Kenya Good Hope Rehabilitation Centre project.

4 Accrued assets		
Prepaid flight tickets	4'720.05	12'492.60
Prepaid insurance contribution	22'468.30	21'923.60
Consulting fees	0.00	30'000.00
Accrued interest bonds	0.00	3'595.20
Various	65.00	4'354.27
Total	27'253.35	72'365.67

INTERNATIONALER FEDERATION OF THE BLUE CROSS

	<u>31.12.2012</u>	<u>31.12.2011</u>
5 Investment	CHF	CHF
37.03 % share on Société Immobilière La Radieuse B SA in Carouge	<u>0.00</u>	<u>70'000.00</u>

The shares of the Société Immobilière La Radieuse B SA in Carouge were sold during the year of the report. The profit of the sale was CHF 503'003.30.

6 Furniture and equipment	Office		
	Equipment	IT Systems	Total
	CHF	CHF	CHF
<i>Acquisition value</i>			
Opening balance 1.1.2012	1.00	17'551.00	17'552.00
Increase	0.00	4'167.95	4'167.95
Decrease	<u>0.00</u>	<u>-1'166.00</u>	<u>-1'166.00</u>
Closing Balance 31.12.2012	<u>1.00</u>	<u>20'552.95</u>	<u>20'553.95</u>
 <i>Depreciation</i>			
Opening balance 1.1.2012	0.00	14'211.00	14'211.00
Increase	<u>0.00</u>	<u>2'396.00</u>	<u>2'396.00</u>
Closing balance 31.12.2012	<u>0.00</u>	<u>16'607.00</u>	<u>16'607.00</u>
 Balance Sheet Value as at 31.12.2012	<u>1.00</u>	<u>3'945.95</u>	<u>3'946.95</u>
Balance Sheet Value as at 31.12.2011	<u>1.00</u>	<u>3'340.00</u>	<u>3'341.00</u>

	<u>31.12.2012</u>	<u>31.12.2011</u>
	CHF	CHF
7 Other liabilities		
This position consists of received prepayments from Blue Cross Norway and other liabilities towards projects (Czech Rep./Lesotho)	1'172'185.03	1'276'469.12
	<u>13'927.43</u>	<u>0.00</u>
Total	<u>1'186'112.46</u>	<u>1'276'469.12</u>

8 Accrued liabilities		
Unused holiday and overtime	0.00	8'340.50
Audit fees TVC projects and IFBC	61'734.84	78'472.40
Various	<u>6'702.56</u>	<u>20'083.52</u>
Total	<u>68'437.40</u>	<u>106'896.42</u>

INTERNATIONALER FEDERATION OF THE BLUE CROSS

ADDITIONAL INFORMATION TO THE INCOME STATEMENT

	<u>31.12.2012</u>	<u>31.12.2011</u>
	CHF	CHF
9 TV Campaign		
a) Donation and contribution		
Bread for All	72'104.31	67'535.08
Forum Syd	24'466.53	0.00
SDW	15'031.58	15'000.00
Stichting SAB	11'461.63	12'355.84
Other	16'875.99	2'739.07
Total	<u>139'940.04</u>	<u>97'629.99</u>
9 b) Expenses		
Romania	428'177.12	244'194.96
Poland	-110.56 *	274'705.91
Poland SAB	5'933.79	0.00
Ukraine	-1'006.52 *	107'773.29
Russia	-1'047.88 *	73'774.00
Czech Republic	292'486.20	160'405.53
Brazil	295'192.45	282'610.63
Group A	<u>1'019'624.60</u>	<u>1'143'464.32</u>
Negative project costs: audit fees lower than originally budgeted.		
Chad	94'791.94	92'034.13
Chad SAB	2'149.25	0.00
Chad other	4'982.10	0.00
Congo	55'787.25	108'852.23
Congo Forum Syd	35'717.55	0.00
Latvia	2'808.52	0.00
India	5'182.16	77'022.67
Namibia	150'140.99	255'556.66
Namibia SAB	9'309.20	0.00
Lesotho ICDP	22'440.94	8'874.73
BCRC	118'578.96	161'669.34
Kenya	145'393.88	141'943.34
Kenya SDW	25'798.71	19'525.30
South Africa	22'003.12	8'055.80
Group B	<u>695'084.57</u>	<u>873'534.20</u>
Leadership Development	2'891.55	185'894.42
Multinational Training	183'705.91	362'997.29
Alcohol Policy Training	246'342.00	239'141.47
Portfolio of Stories	-53.29 *	13'209.20
Alcohol Prevention Ressource Sub Sahara Afrika	1'412.84	3'866.11
Core Training Congo / Chad	0.00	36'315.75
Group C	<u>434'299.01</u>	<u>841'424.24</u>
* Negative project costs: costs lower than originally budgeted.		
Cambodia	7.75	12'916.66
Africa Coordinator	0.00	57'234.98
Other projects	<u>7.75</u>	<u>70'151.64</u>
Total direct project expenses (amount to be carried over)	<u>2'149'015.93</u>	<u>2'928'574.40</u>

INTERNATIONALER FEDERATION OF THE BLUE CROSS

	31.12.2012	31.12.2011
	CHF	CHF
Total direct project expenses (amount carried over)	2'149'015.93	2'928'574.40
 <i>The direct project expenses are divided as follows:</i>		
Project expenses	1'349'427.24	980'392.74
Personnel expenses	623'329.45	1'428'811.61
Travel and representation expenses	176'259.24	480'250.42
Maintenance expenses	0.00	39'119.63
Total direct project expenses	2'149'015.93	2'928'574.40
Administrative expenses	69'837.37	73'009.50
Finance income incl. foreign exchange profit	-8'268.33	-95'976.85
Finance expense incl. foreign exchange loss	32'575.36	12'700.84
Total	2'243'160.33	2'918'307.89

10 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 11'851.29 was reimbursed (previous year CHF 35'670.65).

The total cost of wages of the General Secretary (until 31.5.2012 and from 1.10.2012) and the Deputy Secretary (up to 31.3.2012) in 2012 amounted to CHF 119'671.75 (previous year: CHF 235'897). The salary for the new General Secretary includes the employers' contribution for social security and other insurances as well as travel and accomodation costs to/from and in Berne of the General Secretary based in Finland.

11 Gratuitous services by third party

No significant gratuitous services were provided by third parties.

12 Gratuitous services to third parties

In both reporting years no gratuitous services were provided.

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Fire insurance value of fixed assets

Office equipment and IT-systems	60'000.00	60'000.00
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Risk assessment

The Network Committee has carried out risk assessments periodically. The measures resulting from it were initiated so that the identifiable risks could be avoided, lessened or passed on.

Events after the balance sheet date

The present Annual Financial Statement was approved by the Finance Commission on 23rd April, 2013 and released for publication. Since the publication no event has occurred which will have a significant impact on the Annual Financial Statement of 2012.