

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 2014

(for the year ended 31 December 2014)

20 May 2015
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, Berne

As statutory auditor, we have examined the financial statements (balance sheet, income statement, cash flow statement, statements of changes in funds and organisation capital and notes) of the International Federation of the Blue Cross for the year ended 31 December 2014. In accordance with Swiss GAAP FER 21 the performance report has not been audited.

These financial statements in accordance with Swiss GAAP FER 21 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 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 21 or not comply with Swiss law and the association's articles of incorporation.

We further confirm that the requirements of the ZEW0 foundation, which have to be tested according to the implementing regulations concerning Article 12 of the Regulation on the ZEW0 quality seal, are met.

Berne, 20 May 2015

BDO Ltd



Karel Hojac

Licensed Audit Expert
Auditor in Charge



Thomas Stutz

Licensed Audit Expert

Enclosures

Financial statements

INTERNATIONAL FEDERATION OF THE BLUE CROSS

BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	<u>31.12.2014</u>	<u>31.12.2013</u>
		CHF	CHF
ASSETS			
Current assets			
Cash and cash equivalents	1	1'529'633.80	2'022'751.22
Short term receivables	2	33'235.35	51'666.82
Accrued assets	3	27'835.21	15'210.10
Total Current assets		<u>1'590'704.36</u>	<u>2'089'628.14</u>
Fixed assets			
Financial assets		0.00	2'100.00
Furniture and equipment	4	2'094.65	2'720.65
Total Fixed assets		<u>2'094.65</u>	<u>4'820.65</u>
TOTAL ASSETS		<u><u>1'592'799.01</u></u>	<u><u>2'094'448.79</u></u>

INTERNATIONAL FEDERATION OF THE BLUE CROSS

BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	<u>31.12.2014</u>	<u>31.12.2013</u>
		CHF	CHF
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable		41'854.99	24'967.92
Other liabilities	5	55'000.00	618'093.11
Accrued liabilities	6	110'880.28	142'930.11
Total Current liabilities		<u>207'735.27</u>	<u>785'991.14</u>
Funds			
Chad		34'882.49	0.00
Congo Brazzaville		60'949.80	0.00
Brasil		23.99	0.00
Namibia		9'225.28	0.00
Eastern Europe		1'850.00	0.00
General Assembly		1'190.00	0.00
Total Funds		<u>108'121.56</u>	<u>0.00</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	331'129.61
Organisational Development		616'873.71	616'873.71
Retained earnings			
Balance brought forward from prior year		34'771.41	29'112.40
Result for the year		-31'686.52	5'659.01
		<u>3'084.89</u>	<u>34'771.41</u>
Total Equity		<u>1'276'942.18</u>	<u>1'308'457.65</u>
TOTAL LIABILITIES AND EQUITY		<u><u>1'592'799.01</u></u>	<u><u>2'094'448.79</u></u>

INTERNATIONAL FEDERATION OF THE BLUE CROSS

INCOME STATEMENT 2014

	Notes	<u>2014</u>	<u>2013</u>
		CHF	CHF
INCOME			
Contributions Blue Cross Norway		1'177'086.51	2'084'761.20
Donations and contributions	7	172'469.00	113'759.69
Other income		0.00	12'413.12
Income TV Campaign		<u>1'349'555.51</u>	<u>2'210'934.01</u>
Membership contributions		158'002.87	196'590.76
Donations and contributions		141'884.88	51'553.13
Services		0.00	61'662.15
Other income		12'565.60	0.00
Income IFBC		<u>312'453.35</u>	<u>309'806.04</u>
TOTAL INCOME		<u>1'662'008.86</u>	<u>2'520'740.05</u>
EXPENSES			
TV Campaign	8	1'381'450.92	2'206'329.06
Other projects	9	18'496.98	0.00
Direct project expenses		<u>1'399'947.90</u>	<u>2'206'329.06</u>
Personnel expenses	10	64'657.33	129'639.54
Travel and representation		2'056.02	2'386.66
Rental expenses		8'338.22	9'712.92
Maintenance IT		6'232.43	8'094.49
Administrative expenses		5'036.55	4'744.49
Fundraising expenses	11	57'192.13	16'197.79
Depreciation		368.40	3'173.72
General secretariat		<u>143'881.08</u>	<u>173'949.61</u>
Travel and representation		11'753.50	7'791.10
Administrative expenses		516.30	3'482.87
Provision for General Assembly 2016		25'000.00	30'000.00
Adjustment of value membership fees		-1'000.00	24'753.15
Federation		<u>36'269.80</u>	<u>66'027.12</u>
TOTAL EXPENSES		<u>1'580'098.78</u>	<u>2'446'305.79</u>
OPERATING RESULT (amount to be carried over)		<u>81'910.08</u>	<u>74'434.26</u>

INTERNATIONAL FEDERATION OF THE BLUE CROSS

INCOME STATEMENT 2014

Notes	2014	2013
	CHF	CHF
OPERATING RESULT (amount carried over)	81'910.08	74'434.26
Financial income incl. foreign exchange profit	422.74	1'017.10
Financial cost incl. foreign exchange loss	-5'726.73	-187.40
Financial result	-5'303.99	829.70
Net result of sale of share	0.00	0.00
Adjustment of value receivables projects	0.00	-4'604.95
Other result	0.00	-4'604.95
OPERATING RESULT BEFORE CHANGES IN FUNDS	76'606.09	70'659.01
Allocation to project funds	-289'710.56	0.00
Transfer from funds	181'589.00	0.00
Funds result	-108'121.56	0.00
RESULT BEFORE ALLOCATION	-31'515.47	70'659.01
Allocation to Solidarité	-171.05	0.00
Allocation to organisational development	0.00	-65'000.00
RESULT FOR THE YEAR	-31'686.52	5'659.01

INTERNATIONAL FEDERATION OF THE BLUE CROSS

CASH FLOW STATEMENT 2014

	2014	2013
	CHF	CHF
+ Cash flow in		
- Cash flow out		
RESULT FOR THE YEAR	-31'686.52	5'659.01
Depreciation of fixed assets	2'305.00	2'912.00
Adjustments of value projects	0.00	4'604.95
Allocation to funds	289'881.61	65'000.00
Changes		
Short term receivables	18'431.47	98'545.07
Accrued income	-12'625.11	12'043.25
Trade accounts payable	16'887.07	20'708.92
Liability due to BC Norway	-563'093.11	-568'019.35
Accrued liabilities	-32'049.83	74'492.71
CASH FLOW FROM OPERATIONS	-311'949.42	-284'053.44
Acquisition of fixed assets	-1'679.00	-1'685.70
Disposal of financial assets	2'100.00	-2'100.00
CASH FLOW FROM INVESTING ACTIVITIES	421.00	-3'785.70
Expenses in funds		
Brasil	-19'000.00	0.00
Chad	-67'694.50	0.00
Congo	-83'394.50	0.00
Namibia	0.00	0.00
Eastern Europe	-11'500.00	0.00
General Assembly	0.00	0.00
CASH FLOW FROM PROJECT ACTIVITIES	-181'589.00	0.00
CHANGES OF CASH	-493'117.42	-287'839.14
EVIDENCE OF CHANGES		
Opening balance of cash and cash equivalents as of 1 January	2'022'751.22	2'310'590.36
Closing balance of cash and cash equivalents as of 31 December	1'529'633.80	2'022'751.22
CHANGES OF CASH	-493'117.42	-287'839.14

INTERNATIONAL FEDERATION OF THE BLUE CROSS

STATEMENT OF CHANGES IN FUNDS

	Brasil	Chad	Congo	Namibia	Eastern Europe	General Assembly	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Opening balance 1.1.2013	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Closing balance 31.12.2013	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Allocation	19'023.99	102'576.99	144'344.30	9'225.28	13'350.00	1'190.00	289'710.56
Withdrawal	-19'000.00	-67'694.50	-83'394.50	0.00	-11'500.00	0.00	-181'589.00
Closing balance 31.12.2014	<u>23.99</u>	<u>34'882.49</u>	<u>60'949.80</u>	<u>9'225.28</u>	<u>1'850.00</u>	<u>1'190.00</u>	<u>108'121.56</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 1.1.2013	433.25	10'000.00	315'249.67	331'129.61	551'873.71	29'112.40	1'237'798.64
Allocation					65'000.00		65'000.00
Result for the year						5'659.01	5'659.01
Closing balance 31.12.2013	433.25	10'000.00	315'249.67	331'129.61	616'873.71	34'771.41	1'308'457.65
Allocation				171.05			171.05
Result for the year						-31'686.52	-31'686.52
Closing balance 31.12.2014	<u>433.25</u>	<u>10'000.00</u>	<u>315'249.67</u>	<u>331'300.66</u>	<u>616'873.71</u>	<u>3'084.89</u>	<u>1'276'942.18</u>

INTERNATIONAL FEDERATION OF THE BLUE CROSS

NOTES TO THE ANNUAL FINANCIAL STATEMENT 2014

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 "Norwegian 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. 2014 was the final year of TV Campaign funding. During 2014 IFBC has invested on networking, PR events and fundraising in order to create a new funding base for the organisation and change from single donor emphasis to multiple donor model. As a result of lower income there have been staff- and cost reductions in all aspects of the work.

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".

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.

INTERNATIONAL FEDERATION OF THE 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 IFBC 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, Namibia, Eastern Europe

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

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 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.

INTERNATIONAL FEDERATION OF THE BLUE CROSS

ADDITIONAL INFORMATION TO THE BALANCE SHEET

	31.12.2014	31.12.2013
1 Cash and cash equivalents	CHF	CHF
Divided in foreign currencies this position is as follows:		
in CHF	1'194'753.07	1'154'817.38
in EUR	63'318.70	98'974.69
in NOK	269'161.49	767'775.93
Other various currencies	2'400.54	1'183.22
Total	1'529'633.80	2'022'751.22

There of cash flow of TVC 0.00 803'080.87

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. On 31 December 2014 the TV Campaign funding has ended. Therefore the cash flow is 0.00 CHF.

2 Short term receivables		
Membership fees	19'535.50	114'164.70
Allowance for outstanding fees	-3'669.25	-114'114.70
Local organisations TVC projects	16'601.35	50'485.35
Various	767.75	1'131.47
Total	33'235.35	51'666.82

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, 2011, 2012 and 2013. The IFBC relies on timely payment of the membership fees to run the federational activities and 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. However, once payment level is negotiated with IFBC for any one year and MO has fulfilled this level, there is no remaining balance recorded.

3 Accrued assets		
Prepaid flight tickets	1'042.60	652.50
Prepaid insurance contribution	8'263.01	11'188.00
Donation from "Sie helfen wir helfen 2014"	18'444.60	0.00
Various	85.00	3'369.60
Total	27'835.21	15'210.10

INTERNATIONAL FEDERATION OF THE BLUE CROSS

4 Furniture and equipment

	Office Equipment CHF	IT Systems CHF	Total CHF
<i>Acquisition value</i>			
Opening balance 1.1.2014	1.00	22'238.65	22'239.65
Increase	0.00	1'679.00	1'679.00
Decrease	0.00	0.00	0.00
Closing Balance 31.12.2014	<u>1.00</u>	<u>23'917.65</u>	<u>23'918.65</u>
<i>Depreciation</i>			
Opening balance 1.1.2014	0.00	19'519.00	19'519.00
Increase	0.00	2'305.00	2'305.00
Closing balance 31.12.2014	<u>0.00</u>	<u>21'824.00</u>	<u>21'824.00</u>
Balance Sheet Value as at 31.12.2014	<u>1.00</u>	<u>2'093.65</u>	<u>2'094.65</u>
Balance Sheet Value as at 31.12.2013	<u>1.00</u>	<u>2'719.65</u>	<u>2'720.65</u>

	31.12.2014 CHF	31.12.2013 CHF
5 Other liabilities		
This position consists of received prepayments from Blue Cross Norway and	0.00	572'496.06
Other liabilities towards projects (Chile / Prev. Manual Sub Saharan Africa)	0.00	15'597.05
General assembly	55'000.00	30'000.00
Total	<u>55'000.00</u>	<u>618'093.11</u>

6 Accrued liabilities

Unused holiday and overtime	7'729.78	10'368.00
Audit fees TVC projects and IFBC	49'158.90	44'646.31
Support costs closing TVC at IFBC during audit	40'000.00	72'459.60
Various	13'991.60	15'456.20
Total	<u>110'880.28</u>	<u>142'930.11</u>

INTERNATIONAL FEDERATION OF THE BLUE CROSS

ADDITIONAL INFORMATION TO THE INCOME STATEMENT

	2014	2013
	CHF	CHF
7 TV Campaign		
a) Donation and contribution		
Bread for All	18'189.00	110'000.94
DEZA (SDC)	112'900.00	0.00
SDW	15'000.00	0.00
Stichting SAB	0.00	3'758.75
Lotteriefonds Bern	20'000.00	0.00
Other	6'380.00	0.00
Total	172'469.00	113'759.69
8 b) Expenses		
Romania	-34.22 *	228'059.73
Romania Donation	0.00	1'015.65
Poland SAB	0.00	5'827.19
Russia BC Nyon	0.00	2'100.09
Czech Republic	46.69	253'151.98
Brazil	60'682.04	281'533.82
Chile	67'290.09	51'369.76
Group A	127'984.60	823'058.22
*Negative project costs: audit fees lower than originally budgeted.		
Chad	177'789.87	136'188.05
Congo	193'285.05	40'227.59
Congo Forum Syd	0.00	483.49
Latvia	1'196.35	103'387.84
India	0.00	1'788.24
Namibia	219'042.08	178'661.23
Namibia SAB	0.00	6'779.95
Lesotho ICDP	0.00	51.23
Kenya	0.00	69'198.81
South Africa	1'068.86	62'242.97
Group B	592'382.21	599'009.40
Internetbased E-Learning	0.00	16'096.06
Multinational Training	157'769.61	253'097.49
Alcohol Policy Training	235'296.20	253'648.18
Portfolio of Stories	257'598.54	77'808.82
Alcohol Prevention Ressource Sub Saharan Africa	0.00	18'518.71
Prevention Regional Workshop Uganda	0.00	34'459.93
Self Help	0.00	89'773.21
Group C	650'664.35	743'402.40
Total direct project expenses	1'371'031.16	2'165'470.02
The direct project expenses are divided as follows:		
Project expenses	1'099'956.22	1'428'295.11
Personnel expenses	241'773.04	545'332.06
Travel and representation expenses	24'437.75	191'174.53
Maintenance expenses	4'864.15	668.32
Total direct project expenses	1'371'031.16	2'165'470.02
Administrative expenses	8'769.79	72'876.98
Finance income incl. foreign exchange profit	-2'712.76	-41'090.65
Finance expense incl. foreign exchange loss	4'362.73	9'072.71
Total	1'381'450.92	2'206'329.06

INTERNATIONAL FEDERATION OF THE BLUE CROSS

	2014	2013
9 Other project expenses	CHF	CHF
ECOR	496.45	0.00
Madagascar	500.53	0.00
Portugal	6'000.00	0.00
Romania	1'500.00	0.00
Ukraine	10'000.00	0.00
Total	18'496.98	0.00

The direct project expenses are divided as follows:

Project expenses	10'865.65	0.00
Personnel expenses	7'631.33	0.00
Travel and representation expenses	0.00	0.00
Maintenance expenses	0.00	0.00
Total direct project expenses	18'496.98	0.00

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 30'323.31 were reimbursed (previous year CHF 35'202.06).

Salary of General Secretary incl. social security	125'000.00	150'000.00
Other salaries including social security	341'480.70	531'336.79
Other personnel expenses and training	4'173.83	11'892.20
Total personnel expenses	470'654.53	693'228.99
Thereof TVC projects	381'287.75	563'589.45
Thereof IFBC projects	1'209.45	0.00
Thereof Fundraising	23'500.00	0.00
Personnel expenses IFBC	64'657.33	129'639.54

The total cost of wages of the General Secretary in 2014 amounted to CHF 125'000 for a work level of 80 % (previous year: CHF 150'000 General Secretary for a work level of 100 %). The salary for the 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 Fundraising

PR material, call for donation	15'692.13	16'197.79
External fundraiser	18'000.00	0.00
Salary incl. social security part time fundraising and networking officer	23'500.00	0.00
	57'192.13	16'197.79

The salary of the fundraising and networking officer was reallocated to fundraising in 2014 for the first time. The mandate for the external fundraiser was for 2014 only.

INTERNATIONAL FEDERATION OF THE BLUE CROSS

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Gratuitous services by third party

No significant gratuitous services were provided by third parties.

Gratuitous services to third parties

In both reporting years no gratuitous services were provided.

	<u>2014</u>	<u>2013</u>
	CHF	CHF
Payments to Blue Cross Organisation		
Blue Ribbon Finland - Service Fee General Secretary mandate	125'000.00	150'000.00
Blaukreuz Familienferienstätte, Holzhausen Germany - NC meeting 2013, 2014 & Multinationaltraining Europe 2014	7'648.85	3'818.60
Blaues Kreuz Kantonalverband, Bern, Switzerland - Service Fee Finance assistant mandate	19'259.10	20'478.90
Roundabout, Kanton Aargau Luzern - PR-Event April 2014	200.00	0.00
Roundabout, Kanton Bern - PR Event April 2014	300.00	0.00
Blaukreuz Ferienzentrum, Aeschiried, Switzerland - Team retreat	857.40	1'492.40
Fire insurance value of fixed assets		
Office equipment and IT-systems	60'000.00	60'000.00

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 7th of May, 2015 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 2014.