

To the Network Committee of

**International Federation of the
Blue Cross**

Lindenrain 5a
3012 Berne

**Report of the statutory auditor on the limited statutory examination
of the financial statements for the year 2017 in accordance with
Swiss GAAP FER**

(for the year ended 31.12.2017)

20 April 2018
170-22-933 / nma/ kes

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 organization capital and notes) of the International Federation of the Blue Cross for the financial year ended 31 December 2017. In accordance with Swiss GAAP FER 21 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 Board of Foundation. 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 do not comply with Swiss law and the association's articles of incorporation.

Berne, 20 April 2018

BDO Ltd

Simon Kehrli
Auditor in Charge
Licensed Audit Expert

i.V. Fabian Mollet

Enclosure
Financial statements

INTERNATIONAL BLUE CROSS

BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	<u>31.12.2017</u> CHF	<u>31.12.2016</u> CHF
ASSETS			
Current assets			
Cash and cash equivalents	1	985'350.93	895'177.22
Short term receivables	2	140'207.23	43'318.76
Accrued assets	3	35'375.29	51'271.41
Total Current assets		<u>1'160'933.45</u>	<u>989'767.39</u>
Fixed assets			
Furniture and equipment	4	<u>3'156.30</u>	<u>1'971.30</u>
Total Fixed assets		<u>3'156.30</u>	<u>1'971.30</u>
TOTAL ASSETS		<u><u>1'164'089.75</u></u>	<u><u>991'738.69</u></u>

INTERNATIONAL BLUE CROSS

BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	<u>31.12.2017</u>	<u>31.12.2016</u>
		CHF	CHF
LIABILITIES AND EQUITY			
Current liabilities			
Trade accounts payable		31'299.35	5'298.75
Other liabilities	5	20'000.00	0.00
Accrued liabilities	6	27'915.28	41'346.16
Total Current liabilities		<u>79'214.63</u>	<u>46'644.91</u>
Funds			
Chad		0.00	32'288.47
Congo Brazzaville		0.00	9'804.25
Brasil		0.00	0.00
Namibia		0.00	0.00
Eastern Europe		8'247.06	7'147.06
General Assembly		0.00	0.00
Lesotho		0.00	0.00
Denmark, Finland, Greenland		2'265.21	286.12
Lifeskills Programm		194'280.96	0.00
Total Funds		<u>204'793.23</u>	<u>49'525.90</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		223'098.31	238'584.30
Retained earnings			
Balance brought forward from prior year		0.00	-1'227.95
Result for the year		0.00	1'227.95
		<u>0.00</u>	<u>0.00</u>
Total Equity		<u>880'081.89</u>	<u>895'567.88</u>
TOTAL LIABILITIES AND EQUITY		<u><u>1'164'089.75</u></u>	<u><u>991'738.69</u></u>

INTERNATIONAL BLUE CROSS

INCOME STATEMENT 2017

	Notes	<u>2017</u> CHF	<u>2016</u> CHF
INCOME			
Membership contributions		156'377.15	155'667.92
Donations and contributions	7	582'656.29	309'200.12
Other income		773.11	80'845.40
Income IBC		<u>739'806.55</u>	<u>545'713.44</u>
TOTAL INCOME		<u>739'806.55</u>	<u>545'713.44</u>
EXPENSES			
Projects	8	381'672.46	377'238.29
Direct project expenses		<u>381'672.46</u>	<u>377'238.29</u>
Personnel expenses	9	108'045.57	186'742.59
Travel and representation		6'874.00	1'668.05
Rental expenses		12'404.72	14'847.60
Maintenance IT		4'018.92	3'498.41
Administrative expenses		11'181.42	8'317.84
Fundraising expenses	10	41'449.00	36'227.81
Depreciation		2'069.00	1'544.00
General secretariat		<u>186'042.63</u>	<u>252'846.30</u>
Travel and representation		19'012.50	19'219.91
Administrative expenses		2'174.45	912.90
Provision for General Assembly 2020		20'000.00	0.00
General Assembly 2016		0.00	21'014.13
Adjustment of value membership fees		0.00	-630.45
Federation		<u>41'186.95</u>	<u>40'516.49</u>
TOTAL EXPENSES		<u>608'902.04</u>	<u>670'601.08</u>
OPERATING RESULT (amount to be carried over)		<u>130'904.51</u>	<u>-124'887.64</u>

INTERNATIONAL BLUE CROSS

INCOME STATEMENT 2017

	Notes	<u>2017</u> CHF	<u>2016</u> CHF
OPERATING RESULT (amount carried over)		130'904.51	-124'887.64
Financial income incl. foreign exchange profit		9'368.80	5'853.47
Financial cost incl. foreign exchange loss		-491.97	-1'573.46
Financial result		<u>8'876.83</u>	<u>4'280.01</u>
 OPERATING RESULT BEFORE CHANGES IN FUNDS		 139'781.34	 -120'607.63
Allocation to project funds		-466'539.11	-261'275.95
Transfer from funds		311'271.78	313'822.12
Funds result		<u>-155'267.33</u>	<u>52'546.17</u>
 RESULT BEFORE ALLOCATION		 -15'485.99	 -68'061.46
Allocation to Solidarité		0.00	0.00
Transfer from organisational development		15'485.99	69'289.41
 RESULT FOR THE YEAR		 <u><u>0.00</u></u>	 <u><u>1'227.95</u></u>

INTERNATIONAL BLUE CROSS

CASH FLOW STATEMENT 2017

	2017	2016
	CHF	CHF
+ Cash flow in		
- Cash flow out		
RESULT FOR THE YEAR	0.00	1'227.95
Depreciation of fixed assets	2'069.00	1'544.00
Allocation to funds	466'539.11	261'275.95
Changes		
Short term receivables	-96'888.47	-7'133.30
Accrued income	15'896.12	-11'791.77
Trade accounts payable	26'000.60	3'269.33
Other liabilities	20'000.00	-80'000.00
Accrued liabilities	-13'430.88	12'494.60
	420'185.48	180'886.76
CASH FLOW FROM OPERATIONS		
Acquisition of fixed assets	-3'254.00	-2'953.65
Disposal of financial assets	0.00	0.00
	-3'254.00	-2'953.65
CASH FLOW FROM INVESTING ACTIVITIES		
Expenses in funds		
Brasil	-15'088.32	-17'183.36
Chad	-86'495.68	-168'510.17
Congo	-65'104.25	-118'784.55
Lesotho	0.00	-248.20
Denmark, Finland, Greenland	0.00	-1'235.55
Benin Workshop	-2'678.32	0.00
General Assembly	0.00	-7'860.29
Finland Lifeskills	-9'234.90	0.00
Lifeskills Programm	-28'670.31	0.00
DEZA	-104'000.00	0.00
Organisational Development	-15'485.99	-69'289.41
	-326'757.77	-383'111.53
CASH FLOW FROM PROJECT ACTIVITIES		
CHANGES OF CASH	90'173.71	-205'178.42
EVIDENCE OF CHANGES		
Opening balance of cash and cash equivalents as of 1 January	895'177.22	1'100'355.64
Closing balance of cash and cash equivalents as of 31 December	985'350.93	895'177.22
	90'173.71	-205'178.42
CHANGES OF CASH		

INTERNATIONAL BLUE CROSS

STATEMENT OF CHANGES IN FUNDS

	Brasil	Chad	Congo	Lifeskills Finland	Benin Workshop	Lifeskills Programm	DEZA	Eastern Europe	General Assembly	Lesotho	Denmark, Fin- land, Greenland	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Opening balance 1.1.2016	-0.35	70'972.36	22'764.80	0.00	0.00	0.00	0.00	6'647.06	1'440.00	248.20	0.00	102'072.07
Allocation	17'183.71	129'826.28	105'824.00	0.00	0.00	0.00	0.00	500.00	6'420.29	0.00	1'521.67	261'275.95
Withdrawal	-17'183.36	-168'510.17	-118'784.55	0.00	0.00	0.00	0.00	0.00	-7'860.29	-248.20	-1'235.55	-313'822.12
Closing balance 31.12.2016	0.00	32'288.47	9'804.25	0.00	0.00	0.00	0.00	7'147.06	0.00	0.00	286.12	49'525.90
Allocation	15'088.32	54'207.21	55'300.00	9'234.90	2'678.32	222'951.27	104'000.00	1'100.00	0.00	0.00	1'979.09	466'539.11
Withdrawal	-15'088.32	-86'495.68	-65'104.25	-9'234.90	-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	0.00	0.00	0.00	0.00	0.00	194'280.96	0.00	8'247.06	0.00	0.00	2'265.21	204'793.23

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 1.1.2016	433.25	10'000.00	315'249.67	331'300.66	307'873.71	-1'227.95	963'629.34
Withdrawal					-69'289.41		-69'289.41
Result for the year						1'227.95	1'227.95
Closing balance 31.12.2016	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	433.25	10'000.00	315'249.67	331'300.66	223'098.31	0.00	880'081.89

INTERNATIONAL BLUE CROSS

NOTES TO THE ANNUAL FINANCIAL STATEMENT 2017

THE ORGANISATION

International Blue Cross is a non-governmental umbrella organisation founded in 1886, that brings together 40 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 a 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 selfhelp group activities and general substance abuse work around the world. The new approach in fundraising is bringing good results and together with careful cost management the financial situation is more satisfactory during 2017.

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.

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

INTERNATIONAL BLUE CROSS

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.

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, Benin Workshop, Lifeskills Programm, Eastern Europe, Alcohol Policy, Lesotho

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.

INTERNATIONAL BLUE CROSS

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.

ADDITIONAL INFORMATION TO THE BALANCE SHEET

	31.12.2017	31.12.2016
	CHF	CHF
1 Cash and cash equivalents		
Divided in foreign currencies this position is as follows:		
in CHF	949'364.67	699'907.33
in EUR	34'674.35	62'086.88
in NOK	0.00	132'497.61
Other various currencies	1'311.91	685.40
Total	985'350.93	895'177.22
2 Short term receivables		
Membership fees	6'133.60	1'031.10
Local organisations projects	28'332.51	14'763.16
Donors	93'685.90	0.00
Various	17'626.45	27'524.50
Total	145'778.46	43'318.76
3 Accrued assets		
Prepaid flight tickets	2'720.40	7'252.05
Prepaid accommodation	0.00	349.55
Prepaid insurance contribution	3'879.89	3'999.41
Donation from "Sie helfen wir helfen" 2016, 2017	15'500.00	19'900.00
Contribution Bread for all 2016	0.00	12'000.00
Tranches for Chad and Congo	13'000.00	7'373.40
Various	275.00	397.00
Total	35'375.29	51'271.41

INTERNATIONAL BLUE CROSS

4 Furniture and equipment

	Office Equipment CHF	IT Systems CHF	Total CHF
<i>Acquisition value</i>			
Opening balance 1.1.2017	1.00	26'871.30	26'872.30
Increase	0.00	3'254.00	3'254.00
Decrease	0.00	0.00	0.00
Closing Balance 31.12.2017	<u>1.00</u>	<u>30'125.30</u>	<u>30'126.30</u>
<i>Depreciation</i>			
Opening balance 1.1.2017	0.00	24'901.00	24'901.00
Increase	0.00	2'069.00	2'069.00
Closing balance 31.12.2017	<u>0.00</u>	<u>26'970.00</u>	<u>26'970.00</u>
Balance Sheet Value as at 31.12.2017	<u>1.00</u>	<u>3'155.30</u>	<u>3'156.30</u>
Balance Sheet Value as at 31.12.2016	<u>1.00</u>	<u>1'970.30</u>	<u>1'971.30</u>

	31.12.2017 CHF	31.12.2016 CHF
5 Other liabilities		
General assembly	20'000.00	0.00
Total	<u>20'000.00</u>	<u>0.00</u>

6 Accrued liabilities

Unused holiday and overtime	10'926.58	13'153.92
Audit fees IBC and projects	16'880.00	15'830.40
Salaries and Service fee BC Germany	0.00	12'144.44
Various	108.70	217.40
Total	<u>27'915.28</u>	<u>41'346.16</u>

INTERNATIONAL BLUE CROSS

ADDITIONAL INFORMATION TO THE INCOME STATEMENT

	<u>2017</u>	<u>2016</u>
	CHF	CHF
7 Donation and contribution		
a non earmarked	286'117.18	47'924.17
b earmarked		
Bread for All	20'000.00	33'159.00
DEZA (SDC)	104'000.00	141'648.00
Lotteriefonds Bern	0.00	20'000.00
SDW	15'000.00	15'000.00
Other	<u>157'539.11</u>	<u>51'468.95</u>
Subtotal	<u>296'539.11</u>	<u>261'275.95</u>
Total	<u><u>582'656.29</u></u>	<u><u>309'200.12</u></u>
8 Other project expenses		
Brasil	18'502.05	16'192.06
Chad	150'766.34	156'714.45
Congo	109'135.08	110'469.63
Alcohol Policy	25'322.37	7'390.56
Organisational Development	0.00	84'987.84
Finland Lifeskills	8'944.46	0.00
Evaluation Conference	6'609.38	0.00
Selfhelp Workshop Lesotho	0.00	248.20
Workshop Benin	5'255.32	0.00
Knowledge Skills transfer and Sensibilisation MO's	51'509.03	0.00
Greenland	0.00	127.40
Denmark	0.00	704.55
Finland	0.00	403.60
Assessment Togo	57.20	0.00
Wertberichtigung Namibia, Lesotho	<u>5'571.23</u>	<u>0.00</u>
Total	<u><u>381'672.46</u></u>	<u><u>377'238.29</u></u>
The direct project expenses are divided as follows:		
Project expenses	304'856.82	309'403.82
Personnel expenses	71'244.41	65'539.72
Travel and representation expenses	0.00	2'294.75
Maintenance expenses	0.00	0.00
Value adjustment Namibia, Lesotho	5'571.23	0.00
Total direct project expenses	<u><u>381'672.46</u></u>	<u><u>377'238.29</u></u>

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 15'844.00 were reimbursed (previous year CHF 17'240.66).

	2017	2016
	CHF	CHF
Salary of General Secretary incl. social security	90'240.00	96'000.00
Other salaries including social security	190'022.76	199'637.35
Other personnel expenses and training	1'681.35	2'016.50
Total personnel expenses	281'944.11	297'653.85
Therof IBC projects	145'803.69	89'228.30
Thereof Fundraising	28'094.85	21'682.96
Personnel expenses IBC	108'045.57	186'742.59

The total cost of wages of the General Secretary in 2017 amounted to CHF 90'240 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 the General Secretary.

10 Fundraising

PR material, call for donation, Zewo fees	13'354.15	14'545.19
Salary incl. social security part time fundraising and networking officer	28'094.85	21'682.96
	41'449.00	36'227.81

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 and translation. During 2017 volunteers supported IBC with 500 hours.

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

Gratuitous services to third parties

In both reporting years no gratuitous services were provided.

	2017	2016
Payments to Blue Cross Organisation	CHF	CHF
Blue Ribbon Finland - Service Fee General Secretary mandate	90'240.00	96'000.00
Blaues Kreuz Kantonalverband, Bern, Switzerland - Service Fee Finance assistant mandate	0.00	509.00
Treffpunkt Azzurro (Kantonalverband Bern), Packing Call for donation	150.80	138.00
Blue Cross Germany for payroll service fee 4th quarter 2016 and year 2017	1'248.35	0.00

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 Finance Commission on 26th March 2018 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 2017.