



Statement of Income and Expenditure
of Japanese Red Cross Society
for the Great East Japan Earthquake and Tsunami
International Donation

For the Years ended March 31,
2019 with Independent
Auditors' Report

KPMG AZSA LLC
June 2019



Independent Auditors' Report

To the Japanese Red Cross Society

Opinion

We have audited the statement of Income and Expenditure of Japanese Red Cross Society for the Great East Japan Earthquake and Tsunami International Donation of the Japanese Red Cross Society ("the JRCS") for the period from April 1, 2018 to March 31, 2019 and a summary of significant accounting policies and other explanatory information (together "the financial statement").

In our opinion, the accompanying financial statement of the JRCS for the period from April 1, 2018 to March 31, 2019 is prepared, in all material respects, in accordance with "Significant accounting policies" described in Note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the JRCS in accordance with *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Japan and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

"Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statement, which describes the basis of accounting. The financial statement is prepared to provide information to the donors. As a result, the financial statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation of the financial statement in accordance with "Significant accounting policies" described in Note 2, for determining the acceptability of the basis of accounting, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.



In preparing the financial statement, management is responsible for assessing the JRC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the JRCS or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing the JRC's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 JRC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the JRC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the JRC to cease to continue as a going concern.



Other Matter

The Financial Statement of the JRCS for the period from March 16, 2011 to March 31, 2016 accumulated the Financial Statements of the JRCS for the periods from March 16, 2011 to March 31, 2015 and from April 1, 2015 to March 31, 2016, respectively. These Financial Statements were audited by another auditor who expressed an unmodified opinion on these statements on June 10, 2016.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG AZSA LLC
Tokyo, Japan
June 6, 2019

KPMG AZSA LLC

**Statement of Income and Expenditure
of the Japanese Red Cross Society
for the Great East Japan Earthquake and Tsunami
International Donation
from 1 April 2018 to 31 March 2019**

The Japanese Red Cross Society
for the Great East Japan Earthquake and Tsunami International Donation

Statement of Income and Expenditure

Unit: Japanese Yen

	Note	Period from 1 April 2018 to 31 March 2019	Period from 16 March 2011 to 31 March 2018
1. INCOME			
Voluntary contributions	2.3(a) & 3	3,236,523	60,145,116,359
Interest income	2.3(b)	0	63,046,924
Total INCOME		3,236,523	60,208,163,283
2. OPERATING EXPENDITURE			
Supplies	2.4(a)	2,230,702,369	49,881,052,201
Land, vehicles & equipment	2.4(b)	12,851,862	1,976,316,691
Transport and storage	2.4(c)	37,204	1,415,175,810
Personnel expenditure	2.4(d)	70,059,207	2,020,867,856
Workshops & training		–	3,562,584
Information & public relations	2.4(e)	4,486,315	826,956,576
Travel		24,638,079	312,330,124
Professional fees		4,224,040	42,749,275
Office costs		9,182,858	51,958,109
Communications		4,788,769	18,309,471
Other general expenditures		21,081,518	147,467,685
Depreciation & Amortization	2.4(f)	2,156,400	127,780,745
Services support from the IFRC	2.4(g)	22,832,171	378,252,407
Total OPERATING EXPENDITURE		2,407,040,792	57,202,779,534
3. INCOME/(LOSS) FOR THE PERIOD		(2,403,804,269)	3,005,383,749
4. FUNDS HELD FOR OPERATIONS	2.5		
Brought forward		3,005,383,749	–
Income/(loss) for the period		(2,403,804,269)	3,005,383,749
FUNDS HELD FOR OPERATIONS		601,579,480	3,005,383,749

The Japanese Red Cross Society
for the Great East Japan Earthquake and Tsunami International Donation

Notes to the Statement of Income and Expenditure

For the period from 1 April 2018 to 31 March 2019

1. Background

The Great East Japan Earthquake and Tsunami (GEJET) left hundreds of thousand people displaced. Although they were accommodated in temporary houses in various locations, some have been moved out to settle in the permanent housings while others are still living in the temporary houses even after eight years. The Japanese Red Cross Society (JRCS) has been supporting those who were affected by this disaster from the onset of emergency phase through recovery phase with the help of financial contributions made by sister Red Cross and Red Crescent Societies and other organizations.

The Plan of Action (PoA) and budget funded the international donations were approved at the first Partner National Societies (PNS) Meeting on 9 May 2011. The revised PoA and budget were presented at the Monitoring Meeting on 31 October 2011 and later approved at the second PNS Meeting on 18 May 2012. The budget of the programme stands at JPY 60.0 billion.

The JRCS relief and recovery programme consists of 10 areas: 1) distribution of emergency relief supplies, 2) emergency medical services and psychological support programme, 3) regional health care support, 4) assistance for nuclear power plant disaster victims, 5) rehabilitation of health infrastructure, 6) improving living conditions of affected people, 7) social welfare support, 8) children's education support, 9) community based disaster preparedness and 10) the capacity building of JRCS in the area of disaster management.

2. Significant accounting policies

2.1 Basis of accounting

The Statement of Income and Expenditure of the Japanese Red Cross Society for the Great East Japan Earthquake International Donation (hereinafter "The Statement") is presented in Japanese Yen. The financial statement is prepared for providing information to the donors contributing for the Great East Japan Earthquake International Donation. The Statement, with respect to the presentation and disclosure, is prepared in accordance with the Financial Rules for the Statement of Income and Expenditure of the Japanese Red Cross Society for the Great East Japan Earthquake International Donation (hereinafter, "the rules"). With respect to the recognition or measurement, the Statement is prepared in accordance with the significant policies based on the rules, which are described below.

The Statement has been prepared to report and disclose income and expenditures resulting from the international donations made to the JRCS for earthquake and tsunami relief activities during the period from 1 April 2018 to 31 March 2019.

The "Period from 16 March 2011 to 31 March 2018" column shows accumulated income and expenditure during the period from 16 March 2011 to 31 March 2018

The Statement is not applicable for any other purposes nor is it intended to present the financial position, results of operations or cash flows of the JRCS.

Income reflects the total amount received from the remittances made by the Red Cross and Red Crescent movement and other organizations, and the interest revenue earned on such remittances. The international donations are exclusively allocated to the recovery support projects approved by the recovery task force, established within JRCS NHQ and led by the President of the JRCS.

The donations received from the State of Kuwait through the sale of crude oil and the donations made by the public allocated for the cash distribution scheme are not included in this Statement.

2.2 Foreign currency transactions

Foreign currency transactions are translated into Japanese Yen using rates which approximate the prevailing rate at the date of the transactions.

2.3 Income

a) Voluntary contributions

Unearmarked cash contributions are recognized as income when a confirmed written pledge has been received from the donor or when cash has been received from the donor (if there is no confirmed written pledge from the donor) unless: either the contributions are earmarked for a future accounting period, in which case they are booked as deferred income and taken to the Statement of Income and Expenditure in the period for which they were earmarked or; in the case of earmarked contributions made which are subject to a specific service contract, income is recognized as the contractual obligations are fulfilled and expenditure is incurred.

b) Interest income

Interest income is recognized as it is earned, in the period to which it relates.

2.4 Operating expenditure

Operating expenditures are recognized as incurred, in the period to which they relates. The details of main items are as follows.

a) Supplies

This category is used for supplies and cash distribution made to beneficiaries. While the cash distribution is made through the publicly-established system, supplies are not only made to direct beneficiaries, but may instead be made indirectly through other organizations to targeted people who benefit from Red Cross operations.

b) Land, vehicles & equipment

This category is used for tangible assets used in the project, acquired for less than JPY 200,000, and tangible assets for JPY 200,000 or more, purchased from the project funds for immediate donation to third party or over which the project will not be in a position to exercise management control.

c) Transport and storage

Transport and storage includes all warehousing, distribution/monitoring and transport costs.

d) Personnel expenditure

Personnel expenditure principally includes the costs of outsourcing staff, consulting staff and temporary staff, and excludes staffing costs of the Japanese Red Cross Society.

e) Information & public relations

Information & public relations principally include publicity costs for newspaper advertising.

f) Depreciation & Amortization

Tangible and Intangible assets used in the project, acquired for JPY 200,000 or more and having an estimated useful life exceeding one year (except for “Land, Vehicles & equipment”) are capitalized and depreciated over their estimated useful lives on the straight-line method, as follow:

Vehicles	5 years
Computer equipment	4 years
Other equipment	3 years
Intangible assets(software)	3 years

g) Services support from the IFRC

Services support from the IFRC relates to disbursements made to the IFRC for services support activities.

2.5 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 funds cannot be spent, the Japanese Red Cross Society obtains agreement from the donor for a reallocation of those funds for a different use, or reimburses them to the donor.

2.6 Reclassification

Certain prior-year amounts have been reclassified to conform to the presentation of the period from 1 April 2018 to 31 March 2019.

3. Voluntary contributions

	Donations	Outstanding Pledges (Revalued)	Period from 1 April 2018 to 31 March 2019 TOTAL	Period from 16 March 2011 to 31 March 2018 TOTAL
Afghan Red Crescent Society	-	-	-	4,879,150
Albanian Red Cross	-	-	-	1,682,400
American Red Cross	-	-	-	23,096,375,050
Andorran Red Cross	-	-	-	29,058
Argentine Red Cross	-	-	-	4,382,045
Armenian Red Cross Society	-	-	-	102,874
Australian Red Cross	-	-	-	2,180,588,839
Austrian Red Cross	-	-	-	380,734,402
Austrian Red Cross (Austrian Gov't)	-	-	-	116,040,000
Red Crescent Society of Azerbaijan	-	-	-	13,453
Bahamas Red Cross Society	-	-	-	405,200
Bangladesh Red Crescent Society	-	-	-	8,681,211
Belarus Red Cross	-	-	-	3,481,200
Belgian Red Cross (Flanders)	-	-	-	72,927,814
Belgian Red Cross (French)	-	-	-	56,695,792
Belize Red Cross Society	-	-	-	779,896
Bolivian Red Cross	-	-	-	104,429
The Red Cross Society of Bosnia and Herzegovina	-	-	-	11,597,299
Brazilian Red Cross	-	-	-	13,234,664
British Red Cross	-	-	-	1,834,380,375
Bulgarian Red Cross	-	-	-	14,926,315
Burkinabe Red Cross Society	-	-	-	1,464,945
Cambodian Red Cross Society	-	-	-	1,584,772
The Canadian Red Cross Society	-	-	-	4,027,776,967
Chilean Red Cross	-	-	-	14,779,794
Red Cross Society of China	-	-	-	902,799,574
Red Cross Society of China Ezhou Branch	-	-	-	1,238,748
Red Cross Society of China, Hong Kong Branch	-	-	-	1,669,068,154
Red Cross Society of China, Macau Branch	-	-	-	44,305,000
Colombian Red Cross Society	-	-	-	1,277,721
Cook Islands Red Cross	-	-	-	175,098
Costa Rican Red Cross	-	-	-	11,889,223
Croatian Red Cross	-	-	-	85,775,140
Cyprus Red Cross Society	-	-	-	5,618,812
Czech Red Cross	-	-	-	47,342,500
Danish Red Cross	-	-	-	53,362,250
Danish Red Cross (Faroe Islands Red Cross)	-	-	-	681,500
Dominican Red Cross	-	-	-	335,291
Ecuadorian Red Cross	-	-	-	2,590,860
Estonia Red Cross	-	-	-	3,302,936
Finnish Red Cross	-	-	-	119,570,000
French Red Cross	-	-	-	1,850,669,146
Red Cross Society of Georgia	-	-	-	4,031,550
German Red Cross	-	-	-	3,335,437,740
Honduran Red Cross	-	-	-	367,398
Hungarian Red Cross	-	-	-	6,688,594
Icelandic Red Cross	-	-	-	19,113,287
Indonesian Red Cross Society	-	-	-	79,118,244

	Donations	Outstanding Pledges (Revalued)	Period from 1 April 2018 to 31 March 2019 TOTAL	Period from 16 March 2011 to 31 March 2018 TOTAL
Red Crescent Society of the Islamic Republic of Iran	-	-	-	7,653,000
Irish Red Cross Society	-	-	-	65,045,681
Italian Red Cross	-	-	-	446,934,713
Jamaica Red Cross	-	-	-	45,034
Red Cross Society of the Democratic People's Republic of Korea	-	-	-	8,090,000
The Republic of Korea National Red Cross	-	-	-	2,977,101,031
Lao Red Cross	-	-	-	636,563
Latvian Red Cross	-	-	-	18,391,430
Lithuanian Red Cross Society	-	-	-	12,205,182
Luxembourg Red Cross	-	-	-	23,705,000
The Red Cross of The Former Yugoslav Republic of Macedonia	-	-	-	1,529,982
Malaysian Red Crescent Society	-	-	-	370,787,362
Maldivian Red Crescent	-	-	-	2,718,135
Mexican Red Cross	-	-	-	72,535,786
Micronesia Red Cross	-	-	-	8,223,912
Red Cross of Monaco	-	-	-	5,156,582
Mongolian Red Cross Society	-	-	-	12,301,960
Red Cross of Montenegro	-	-	-	956,661
Myanmar Red Cross Society	-	-	-	4,309,161
Nepal Red Cross Society	-	-	-	3,580,216
The Netherlands Red Cross	-	-	-	752,925,547
New Zealand Red Cross	-	-	-	57,809,560
Nicaraguan Red Cross	-	-	-	200,527
Norwegian Red Cross	-	-	-	161,780,204
Pakistan Red Crescent Society	-	-	-	8,340,626
Palau Red Cross Society	-	-	-	2,428,894
The Palestine Red Crescent Society	-	-	-	840,563
Red Cross Society of Panama	-	-	-	1,092,949
Peruvian Red Cross	-	-	-	2,519,291
Philippine Red Cross	-	-	-	167,000,000
Polish Red Cross	-	-	-	12,420
Portuguese Red Cross	-	-	-	6,169,630
Qatar Red Crescent Society	-	-	-	67,526,838
Romanian Red Cross	-	-	-	11,443,454
The Russian Red Cross Society	-	-	-	163,836,124
Rwandan Red Cross	-	-	-	8,183,902
Salvadorean Red Cross Society	-	-	-	3,258,180
Samoa Red Cross Society	-	-	-	1,752,769
Red Cross of the Republic of San Marino	-	-	-	1,017,100
The Red Cross of Serbia	-	-	-	191,253,450
Singapore Red Cross Society	-	-	-	817,708,385
Slovak Red Cross	-	-	-	2,872,219
Slovenian Red Cross	-	-	-	19,304,221
South African Red Cross Society	-	-	-	10,829,000
Spanish Red Cross	-	-	-	416,304,782
The Sri Lanka Red Cross Society	-	-	-	395,169
Swedish Red Cross	-	-	-	51,600,000
Swiss Red Cross	-	-	-	1,999,210,672
Taiwan Red Cross Organization	-	3,222,437	3,222,437	7,024,138,521
The Thai Red Cross Society	-	-	-	748,707,214
Tonga Red Cross Society	-	-	-	11,534,778
Trinidad and Tobago Red Cross Society	-	-	-	5,999,459

	Donations	Outstanding Pledges (Revalued)	Period from 1 April 2018 to 31 March 2019 TOTAL	Period from 16 March 2011 to 31 March 2018 TOTAL
Turkey Red Crescent Society	14,086	–	14,086	0
Uganda Red Cross Society	–	–	–	108,047
Ukrainian Red Cross Society	–	–	–	7,100,000
Red Crescent Society of the United Arab Emirates	–	–	–	15,968,619
Uruguayan Red Cross	–	–	–	1,872,938
Vanuatu Red Cross Society	–	–	–	297,234
Vietnam Red Cross Society	–	–	–	608,584,747
Alwaleed Bin Talal Foundation	–	–	–	8,376,000
Embassy of Belgium	–	–	–	9,107,700
European Commission – DG ECHO	–	–	–	943,464,578
Irish Aid, Ireland	–	–	–	121,450,000
Japan-America Society of Hawaii	–	–	–	245,975,395
New Zealand Ministry of Finance and Trade	–	–	–	60,730,000
State of Kuwait	–	–	–	157,420,000
Stavros Niarchos Foundation	–	–	–	20,212,500
IFRC	–	–	–	4,902,319
IFRC at the UN Inc.	–	–	–	232,932,738
Individuals, corporations and other organizations	–	–	–	854,302,995
	<u>14,086</u>	<u>3,222,437</u>	<u>3,236,523</u>	<u>60,145,116,359</u>

The Outstanding Pledges (Revalued) column shows movements in outstanding pledges between 1 April 2018 and 31 March 2019, together with the revaluation of outstanding foreign currency pledges as at 31 March 2019.

(*) Donations that were earmarked for a future accounting period, which will be recognized in the period for which they are earmarked (see Note 2.3 (a)), are listed below:

	as of 1 April 2018 Deferred	as of 31 March 2019 Deferred	Period from 1 April 2018 to 31 March 2019 Net
Taiwan Red Cross Organization	3,222,437	0	3,222,437