

ANNUAL REPORT
2016

THE DANISH RED CROSS

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Dala and Haya are Syrian refugees. In Hørsholm, they have been teamed up with Benedicte who helps them with their homework, among other things. The three girls have also come up with the idea of a 'food exchange': in turn, they invite each other for a Syrian or a Danish meal, or they go out for a meal together.
Photo: Camilla Stephan



THANK YOU

2016 was a busy year for the Danish Red Cross. We carried out relief work for a total of DKK 1.4 billion and, sadly, we see a growing need for our aid in many parts of the world.

In 2016, our national relief work expenditures increased by more than 20% compared with 2015. The keyword for our national efforts is community. As a refugee arriving in Denmark to a new life situation and without a network, the need to be part of a community is important. The desire to form part of a community is also great for the growing number of Danes – young and old alike – who are lonely. The need for community and support is also felt by families that are in a vulnerable position and need help to move forward. Everywhere, our 33,000 volunteers embrace those who don't have a community to fit into, inviting them inside the Red Cross.

On the international scene, after seven years the war in Syria is still raging with unspeakable brutality. The situation in Yemen is no less grave, and in several parts of Africa conflicts make it difficult to help people with their basic needs.

The Red Cross plays a special role in conflicts. Our mandate gives us access to areas inaccessible to all others. This meant that the Red Cross was asked to provide assistance in the evacuation of parts of Aleppo. We are continuously seeking to gain access to some of the many people living in besieged areas in Syria. These are difficult tasks and come with a lot of risk for our volunteers and staff. In 2016 alone, the lives of 95 relief workers were lost. Nevertheless we will continue to maintain a presence in the areas where the danger is highest – because those are the places we are needed the most!

The Danish Red Cross is part of the Red Cross Movement. There are Red Cross societies in 190 countries, and all together we have 17 million volunteers sharing the goal of making a difference to the most vulnerable people in the world. Volunteers in all these countries are the reason we are able to say that the Red Cross is always present – because the volunteers are already there. We have set up a unique network to support their vital contribution. This means that, as and when disaster strikes, each national Red Cross society contributes what it does best in a coordinated effort.

The Red Cross' assistance is needed in many different places and contexts. Fortunately, lots of people are happy to support us. In 2016, close to 200,000 people supported our work. We want to extend our warmest thanks for every penny and hour donated. We thank the foundations and other donors who support us and, not least, we thank all the Red Cross volunteers and staff for on a daily basis helping those who need the Red Cross the most.



Anders Ladekarl
Secretary General



Hanna Line Jakobsen
President



FOTO: JAKOBDALL



FOTO: HENRIK KASTENSKOV

A SOLID FINANCIAL FOUNDATION

The Danish Red Cross has a solid financial foundation. In 2016, the Danish Red Cross secured an income of DKK 1.6 billion, which was an increase of just above 10% compared with 2015. Along with our 33,000 volunteers, this income is what our relief operations in Denmark and internationally are based on.

Diverse sources of income enable us to act

It is difficult to predict when a humanitarian need will arise. It is essential for the Danish Red Cross to have sufficient resources at all times to act on needs as they arise. We ensure this by maintaining strong financial resources and not being dependent of limited sources of income. Our solid financial foundation is based on a wide range of income sources – from private donors, enterprises, funds and public donors to our own business areas, e.g. second-hand activities and first aid. Also, our equity is solid, amounting to just over 30% of total assets. This means that the Danish Red Cross is always able to provide assistance, whether or not we are able to raise new funds.

We handle the State's asylum activities

Operating asylum centres is a major and important activity for the Danish Red Cross. We undertake this task on behalf of the Danish State. We therefore keep the financial management of the asylum activities separate from the rest of the Red Cross' finances. The asylum activities are financed primarily by the Danish State, and there are two main providers of income: the Danish Immigration Service and the Danish Prison and Probation Service. In addition to this, the Danish Red Cross finances a number of supplementary activities related to the asylum activities through project grants and donations from private individuals and enterprises. No funds donated to the Red Cross' other activities are used to finance the asylum activities.

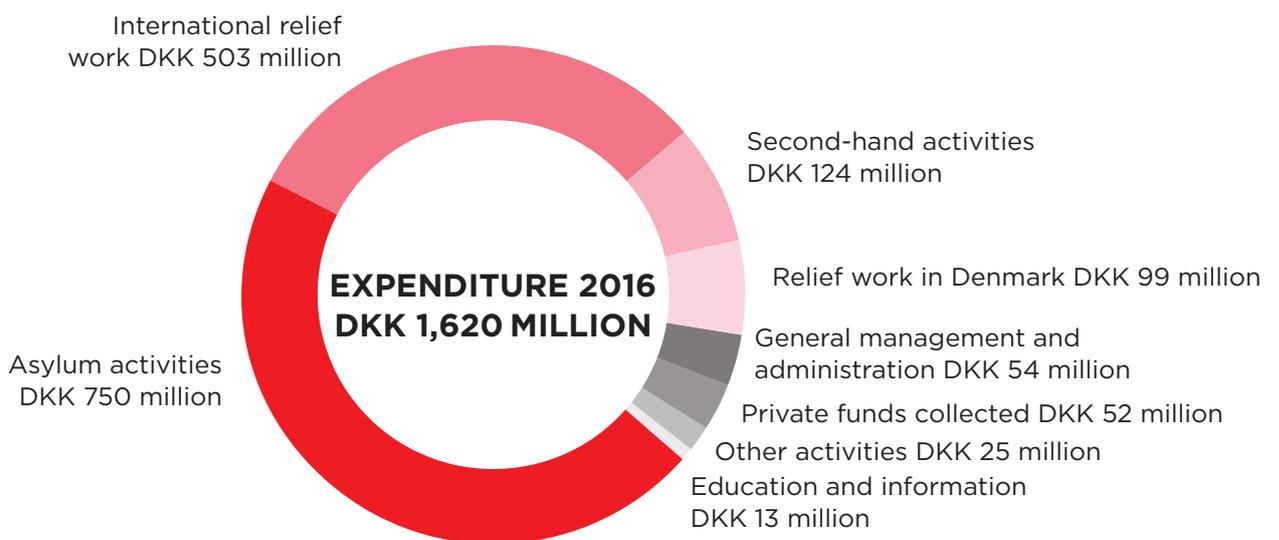
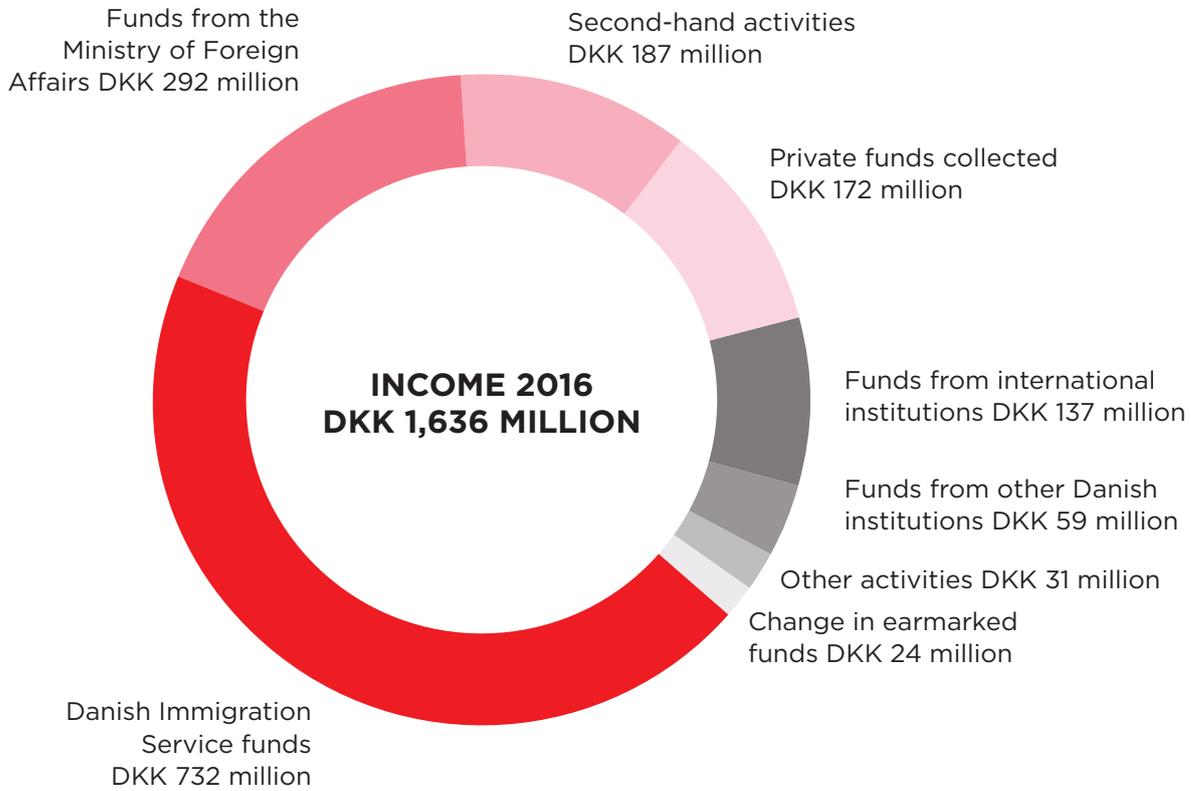
Successful second-hand activities

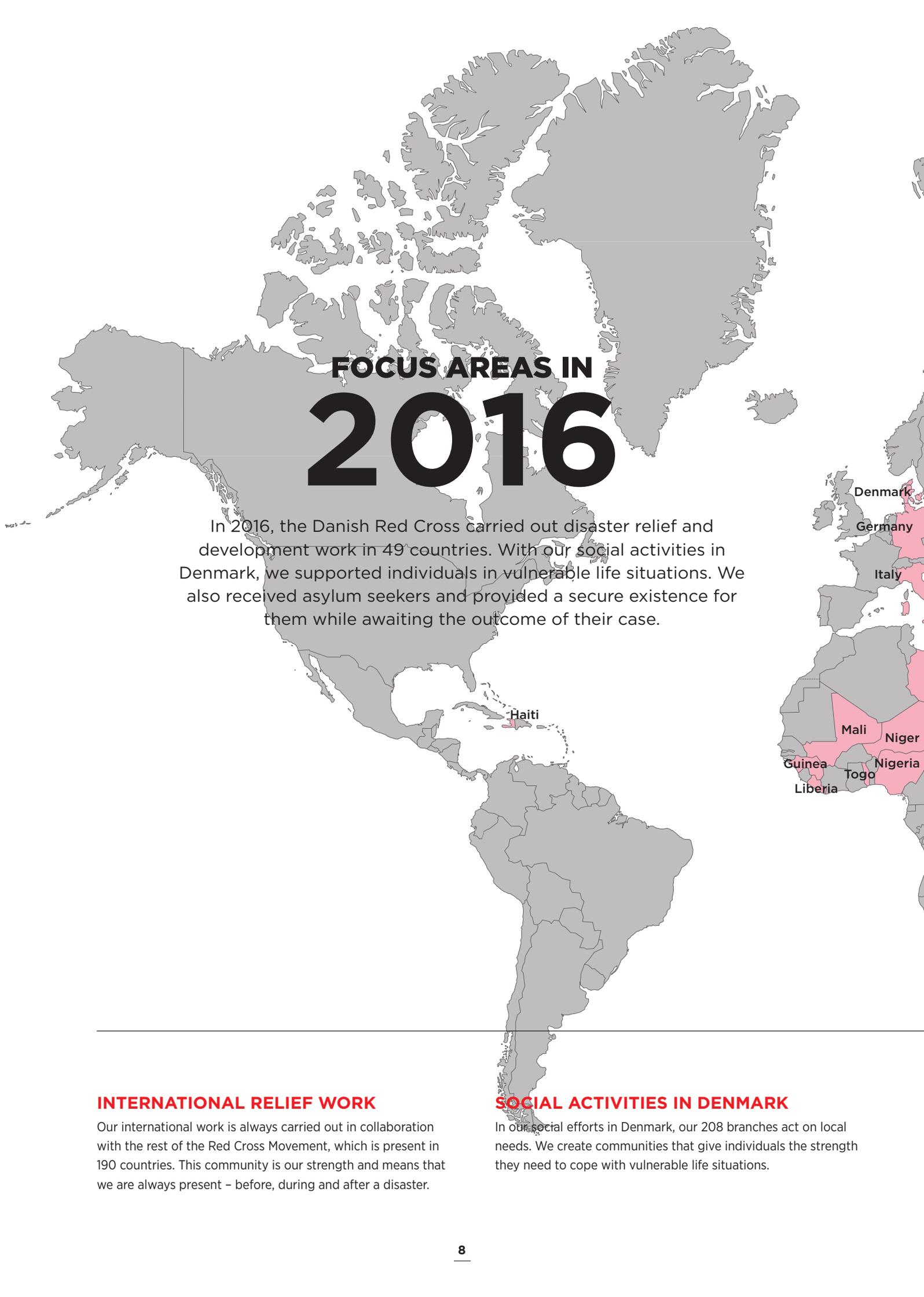
Our 240 second-hand shops are a large and growing source of income. In 2016, they raised DKK 187 million of the Danish Red Cross' total income. The surplus from these activities was DKK 63.1 million, 10% more than in 2015. The surplus from

second-hand activities is the most important contribution to the 208 local Red Cross branches' finances, enabling them to arrange activities to help people in vulnerable life situations in their local areas. It is also an important source of financing of the Red Cross' international relief work in the world's hotspots.

Administration and relief work

It is essential to the Danish Red Cross that as large a percentage as possible of the funds we collect and earn is spent on relief work. Of our total income of just above DKK 1.6 billion, almost DKK 750 million related directly to the asylum activities. Of the remaining income – close to DKK 890 million – 23% was spent on developing and operating areas such as second-hand and first aid activities and on our fundraising activities. Additionally, just above 1% was spent on education and advocacy activities and 6% was spent on administration and general management. The rest of our funds were spent on developing, supporting and carrying out international and national relief work.





FOCUS AREAS IN 2016

In 2016, the Danish Red Cross carried out disaster relief and development work in 49 countries. With our social activities in Denmark, we supported individuals in vulnerable life situations. We also received asylum seekers and provided a secure existence for them while awaiting the outcome of their case.

INTERNATIONAL RELIEF WORK

Our international work is always carried out in collaboration with the rest of the Red Cross Movement, which is present in 190 countries. This community is our strength and means that we are always present – before, during and after a disaster.

SOCIAL ACTIVITIES IN DENMARK

In our social efforts in Denmark, our 208 branches act on local needs. We create communities that give individuals the strength they need to cope with vulnerable life situations.



ASYLUM

We work to give asylum seekers in Denmark a safe, meaningful and dignified existence while they await the outcome of their case.

17

million Red Cross volunteers help vulnerable people around the world on a daily basis.

ALWAYS THERE

The Red Cross has a presence in 190 countries and more than 17 million volunteers. By virtue of our volunteers and our establishment in the Geneva Conventions, we are able to maintain a presence in areas where it is very difficult, if not impossible, for others to deliver aid. This is particularly the case in war and conflict zones. We teach local communities disaster preparedness to mitigate the impact of disasters and we are on site to help them rebuild when disaster does strike. In 2016, the Danish Red Cross contributed DKK 503 million to development and execution of international relief work.

Special role in the Middle East

The war in Syria has entered its seventh year, and the human costs have been immense. Meanwhile, the conflict in neighbouring Iraq is continuing at undiminished strength and the battle for Mosul is raging at the time of writing.

The Red Cross plays a special role in conflicts like that in the Middle East. Under the Geneva Conventions, the Red Cross plays a unique and central role in the distribution of first aid, negotiations and evacuation of people. Therefore our international relief work in 2016 focused particularly on Syria and the Middle East.

Our primary focus is helping civilians – both those trapped inside their own country and those who fled to neighbouring countries. In close collaboration with the Syrian Arab Red Crescent, the Danish Red Cross participated in distributing aid in besieged areas, we set up health clinics and gave aid and psychological help to almost 60,000 people – 50,000 of them children.

In total, the Danish Red Cross contributed DKK 90 million to Syria and Iraq in 2016.

Health, emergency aid and psycho social support

The Danish Red Cross is present in eastern, western and southern Africa. We focus particularly on health and emergency aid when drought or flooding strikes and millions of people are threatened by famine.

South Sudan is one of the countries in Africa plagued by war. Internally displaced people hide in swamp areas in order to escape. In 2016, we helped provide emergency aid, airdropping food rations which our volunteers on the ground then distributed. And we provided psycho social support for the thousands of people traumatised by living in a country plagued by war for years.

We contributed a total of DKK 19 million for relief work in South Sudan in 2016.

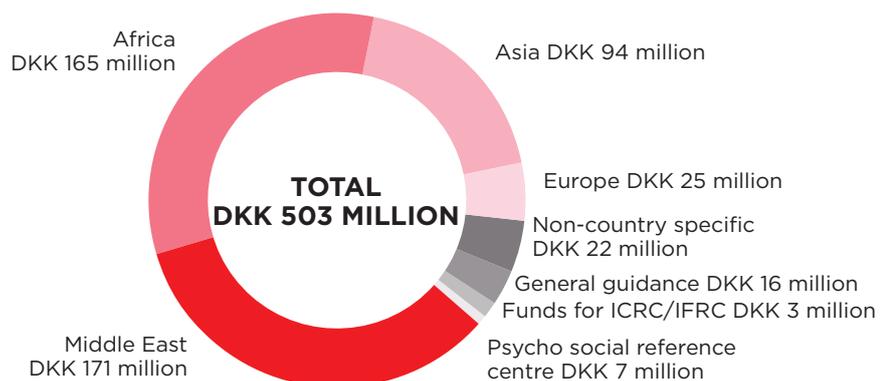
We make local communities strong

2016 was not least a year of rebuilding. We continuously strive to find ways of helping our partners in Asia and Africa to be able to provide better assistance when disaster strikes. We are increasingly aware of the areas which are exposed, and this makes it possible for us to prepare local populations for ways to mitigate the damage.

Nepal is one of the countries that have been hard hit by earthquakes. In 2016, we rebuilt 31 schools in Nepal, ensuring that 4,000 children have access to education in earthquake-proofed schools where they don't have to worry about the school collapsing when the next earthquake strikes.

We provided aid in Nepal for an amount of almost DKK 34 million in 2016.

International relief work 2016



Like millions of others, Aaa and her family have fled Syria. They are now in Tripoli, Lebanon, where we helped them set up a new life. They receive a monthly amount of DKK 1,250 which covers monthly rent of DKK 930 and electricity.
Photo: Lene Vendelbo



Effie and Mary are volunteers in Malawi Red Cross, with which the Danish Red Cross has a close collaboration. Our primary focus in Malawi is on healthcare.
Photo: IFRC



In January, the Red Cross succeeded in getting desperately needed emergency aid to people living in besieged cities in Syria.
Photo: Zaher Barazi



Sagar, 11, and friends on their way to a school which was earthquake-proofed by the Red Cross.
Photo: Sallendra Kharel

Tesfamikel (second from right) is a refugee from Eritrea. He meets other refugees and Danes at the Red Cross' integration cafe in Ulstrup. He also attends language school and is a trainee at a nursing home. Photo: Mathilde Bech



Oskar visits Lisbet once a week. They discuss the events of the week and exchange stories from their pasts. Photo: Thomas Evaldsen



Henrietta, four, and her mother became part of the Red Cross' family network after receiving Christmas help. Here, they have made lots of new friends. Photo: Henrik Kastenskov



John was supported by a vigil volunteer from the Red Cross as his mother passed away in her sleep one early summer morning. Photo: Peter Sørensen



23,000

people received help through the Red Cross' social activities in Denmark in 2016.

WE CREATE LOCAL COMMUNITIES

33,000 volunteers form the fundament of the Red Cross' work in Denmark. The volunteers operate through the 208 local Red Cross branches, the asylum centres and the Red Cross Youth.

There is a growing need for the Red Cross' efforts in Denmark. More people are lonely, more families with children are suffering deprivation and refugees have to be integrated in local communities around the country.

Through our local branches, we act on the needs we see locally. Our efforts range from cafés for battered women to visitor services, networks for vulnerable families and our vigil service, offering a hand to the dying.

In 2016, we spent DKK 99 million on supporting volunteer services for people in vulnerable life situations in Denmark and on supporting and developing new initiatives.

Every refugee needs a friend

In 2015, Denmark received a record number of refugees. Reception and integration of refugees was therefore one of the primary tasks undertaken by the Danish Red Cross in 2016.

We have a large network of volunteers who are ready to support new citizens professionally as well as socially and help them become an active part of society.

We know that social relations and local community networks are essential to successful integration. In 2016, we therefore launched the buddy programme 'Friends pave the way' (Venner viser vej) in collaboration with the Danish Refugee Council.

The aim of this project is that all refugees are offered a volunteer buddy or family when they get their residence permit and move out into a local community.

We also arrange outings, holiday camps and cafés. In addition, we have volunteer guardians for unaccompanied minor refugees.

In 2016, close to 8,000 people participated in the integration activities of the Red Cross.

Join the community

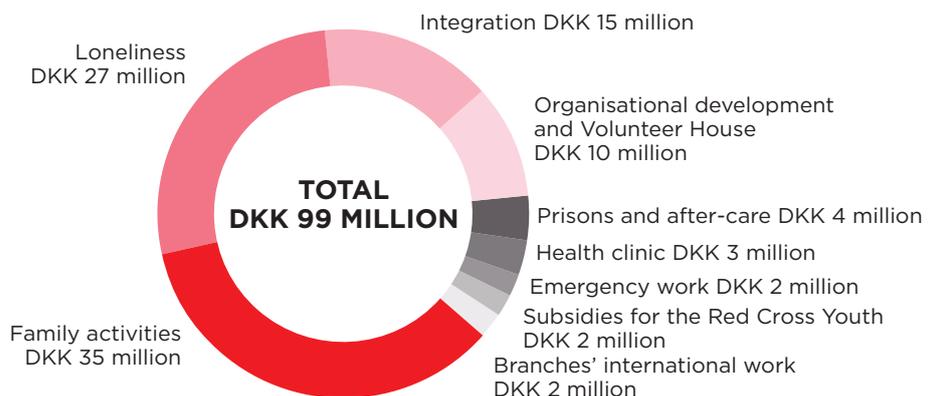
Our efforts to help families with children in vulnerable life situations are also centred around networks and community. Increasing numbers of families come to us for help with problems such as a strained financial situation, illness or the lack of a social network. When a family is in trouble, the children are affected worst of all. We know that children who are excluded from

participating in social activities are far more vulnerable than other children.

When, as part of our family assistance, we help arrange communal meals, outings or holiday camps, we are helping to break down the social isolation of the children and their families. At our family camps, we share tools and inspiration to create a positive framework for family life to make it easier for the families to cope.

One of the ways we get in contact with the families in need of support is through our annual distribution of Christmas help. In 2016, we provided Christmas help to over 8,000 families who for one reason or another did not have the resources to celebrate Christmas. Our Christmas help provides more than just a good Christmas eve. When we help vulnerable families at Christmas, we also reach out to them the rest of the year.

Relief work in Denmark in 2016



1,537

volunteers helped provide a secure existence for asylum seekers in 2016.

A MEANINGFUL EXISTENCE FOR ASYLUM SEEKERS

As operator for the Danish State, the Danish Red Cross runs a number of centres housing asylum seekers while the authorities are processing their case. In 2016, the number of asylum seekers dropped considerably compared with 2015. While this affects the number of centres we operate, our asylum activities remain the same: The Danish Red Cross strives to give asylum seekers in Denmark a safe, meaningful and dignified existence while they await the outcome of their case.

In 2016, the Danish Red Cross spent DKK 750 million on asylum activities. DKK 558 million was spent on accommodation and sustenance. Of this amount, almost half went to receiving and accommodating asylum seekers. Other activities included education and leisure activities for children, including operation of schools, kindergartens and clubs for all asylum seekers aged 6-16. Refugee children is an area in which the Danish Red Cross has special competencies and years of experience – an expertise which is in increasing demand from the municipalities. The Danish Red Cross also provides health services to asylum seekers. These include screening of arriving refugees, health clinics staffed by physicians and nurses and visiting nurses for families with children.

Identification of competences and employment

The vast majority of asylum seekers want to be active and take care of themselves and their families, and so the work at asylum centres is all about creating a good and active existence for asylum seekers,

giving them hope for the future.

One of the most important things to people who are refugees is to enter the workforce. In 2016, we focused our efforts on identifying competences and seeking employment in the asylum phase – for the benefit of both the asylum seekers themselves and the municipalities receiving the refugees who have obtained residence permits. For example, the Red Cross entered a number of employment-oriented partnerships with municipalities and enterprises to ensure that asylum seekers are equipped to re-enter the workforce either in Denmark or in their own country when their case has been decided.

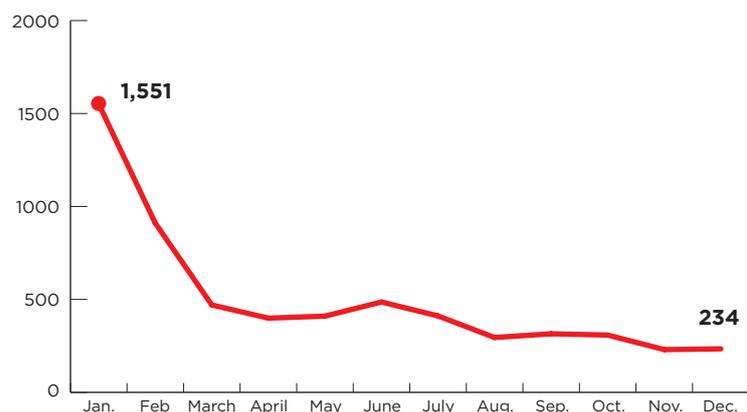
Good physical environment promotes well-being

The physical environment at asylum

centres is very important for the well-being of the residents. Recognising this, the Danish Red Cross in 2016 launched the project ‘Our Centre’ (Vores Center) in a dedicated effort to make improvements. In a close collaboration, residents, staff and volunteers joined forces to create a better physical environment at the asylum centres and a better communicative expression to make it easier for residents and guests to find their way.

We also worked with a number of enterprises on donations and CSR initiatives. This resulted for instance in a large amount of good quality furniture for the centres, Christmas presents for all children at the Red Cross asylum centres and laptops for all unaccompanied minors.

Number of asylum seekers arriving in 2016





Renat, 53, from Turkmenistan tends the vegetable garden with other asylum seekers at the Auderød centre. The vegetable garden was created to provide a meaningful activity for the residents at the centre. It also helps create a bond between the asylum seekers. Photo: Camilla Stephan



In the kindergarten at Center Sandholm, they focus on playing games and creating a secure and recognisable environment for the children. Photo: Tomas Bertelsen



Before becoming a refugee, Alaa was a professor of chemistry in Baghdad. Thanks to the competence screening at the asylum centre in Rønne, Alaa is now in work placement teaching chemistry to youths on the island of Bornholm. Photo: Kasper Fruergaard Nissen



All asylum seekers arriving in Denmark are received at Center Sandholm. Photo: Mathilde Bech

Ali, 43, and his family managed to escape the Yarmouk refugee camp near Damascus, which ISIS tried to besiege. Here, his three children and he receive aid from Syrian Arab Red Crescent volunteers. Photo: Ibrahim Malla



FINANCIAL STATEMENTS
2016

INCOME STATEMENT (DKK'000)	Note	2016	2015
Income			
Funds from Danish institutions	1	1,083,360	997,987
Funds from international institutions	2	137,457	128,988
Private funds collected	3	171,851	199,991
Second-hand activities	4	187,481	168,775
Other activities	5	31,314	24,991
Change in earmarked funds	6	24,348	-34,606
Total income		1,635,811	1,486,126
Expenditure			
International relief work	7	-502,849	-545,366
Relief work in Denmark	8	-99,096	-80,128
Asylum activities	9	-749,763	-601,800
Information and disclosure		-13,237	-13,169
Private funds collected	3	-51,658	-47,507
Second-hand activities	4	-124,371	-111,426
Other activities	5	-24,695	-22,142
General management and administration		-53,929	-52,791
Total expenditure		-1,619,598	-1,474,329
Operating profit before financial items		16,213	11,797
Financial items	10	1,169	41
Surplus for the year		17,382	11,838

BALANCE SHEET at 31 December (DKK'000)	Note	2016	2015
ASSETS			
Non-current assets			
Intangible assets		9,656	11,655
Property, plant and equipment		133,727	110,891
Financial assets		15,871	14,875
Total non-current assets	11	159,254	137,421
Current assets			
Inventories		1,685	2,975
Receivables	12	238,911	283,737
Prepayments		2,745	8,122
Securities*		112,251	109,677
Cash and cash equivalents	13	311,709	272,569
Total current assets		667,301	677,080
Total assets		826,555	814,501
EQUITY AND LIABILITIES			
Equity			
Capital funds		87,314	83,126
Reserves		103,476	69,107
Retained earnings		79,322	77,822
Total equity	14	270,112	230,055
Non-current liabilities			
Mortgage debt		6,814	7,795
Accrued subsidies for recognised assets	15	27,675	8,138
Total non-current liabilities		34,489	15,933
Current liabilities			
Change in earmarked funds	6	295,959	342,981
Trade payables		82,183	133,578
Other payables		143,812	91,954
Total current liabilities		521,954	568,513
Total equity and liabilities		826,555	814,501

*In addition to its own securities, the Danish Red Cross manages restricted legacies. The value of these at 31 December 2016 was DKK 4,846 thousand, which is included in the DKK 112,251 thousand.

NOTE 1	2016	2015
Funds from Danish institutions (DKK'000)		
Danish Immigration Service	732,334	621,900
Ministry of Foreign Affairs (Danida)	292,145	338,647
Other ministries and government agencies	45,981	24,440
Tips and Lotto, LOTFRI*	7,500	7,500
Secretariat grant**	5,400	5,500
Total funds	1,083,360	997,987

* The subsidy from LOTFRI was used during the subsidy period and was used as authorised, mainly to cover expenditure on relief work in Denmark and expenses for general management and administration.

** The subsidy under the secretariat grant, which relates to the asylum activities of the Danish Red Cross, was used during the subsidy period and was used as authorised, mainly to cover expenditure on relief work in Denmark and expenses for general management and administration.

NOTE 2	2016	2015
Funds from international institutions (DKK'000)		
Red Cross societies/IFRC/ICRC	74,401	43,540
EU institutions	52,157	72,835
Other institutions	10,899	12,613
Total funds	137,457	128,988

NOTE 3			2016	2015
Private funds collected (DKK'000)				
	Income	Expenditure	Total	Total
Private donations	58,511	-19,339	39,172	32,457
Fundraising efforts	53,164	-22,619	30,545	65,380
Funds grants	20,930	-2,650	18,280	24,304
Legacies	19,858	-106	19,752	17,212
Business cooperation	14,729	-6,454	8,275	8,859
Membership fees	4,659	-491	4,168	4,272
Total collected funds	171,851	-51,659	120,192	152,484

NOTE 4	2016	2015
Second-hand activities (DKK'000)		
Income	187,481	168,775
Expenditure	-124,371	-111,426
Total second-hand activities	63,110	57,349

NOTE 5			2016	2015
Other activities (DKK'000)				
	Income	Expenditure	Total	Total
First aid	20,306	-17,901	2,405	2,114
First aiders	5,033	-6,794	-1,761	-1,404
Other activities	5,975	0	5,975	2,140
Total other activities	31,314	-24,695	6,619	2,850

NOTE 6	2016					
Change in earmarked funds (DKK'000)						
	1 Jan.	Adjustment	Received	Used	31 Dec.	Changes for the period
Humanitarian partnership grant (Danida)	8,374	0	115,000	-118,072	5,302	-3,072
Frame grant (Danida)	6,929	0	59,100	-65,386	643	-6,286
Other Danida grants	77,168	0	118,045	-98,073	97,140	19,972
EU grants	64,132	0	52,157	-48,023	68,266	4,134
Other ministries and government agencies	11,506	0	43,931	-34,234	21,203	9,697
Red Cross societies/IFRC/ICRC	72,962	0	74,401	-78,598	68,765	-4,197
Other international institutions	10,688	0	10,899	-11,695	9,892	-796
Collected earmarked funds	68,548	0	69,901	-113,701	24,748	-43,800
Relief and Disaster Fund	21,579	-21,579	0	0	0	0
National Fund	1,095	-1,095	0	0	0	0
Total	342,981	-22,674	543,434	-567,782	295,959	-24,348

NOTE 7			2016	2015
Used for international relief work (DKK'000)				
	Disaster	Development	Total	Total
Middle East	153,797	17,548	171,345	183,201
Africa	90,317	74,962	165,279	141,607
Asia	33,828	59,706	93,534	109,716
Europe	11,380	13,488	24,868	48,375
Non-country specific	20,099	1,572	21,671	29,383
General guidance and monitoring	6,165	9,591	15,756	16,849
Funds for IFRC/ICRC	1,685	1,685	3,370	3,131
Psycho-social reference centre	0	7,026	7,026	13,104
Total international relief work	317,271	185,578	502,849	545,366

NOTE 8	2016	2015
Used for relief work in Denmark (DKK'000)		
Family activities	34,514	33,722
Loneliness	27,427	11,882
Integration	14,782	12,673
Organisational development & Volunteer House	10,040	12,115
Prisons and after-care	3,940	3,260
Health clinic	3,263	3,002
Branches' international work	1,745	1,537
Subsidies for the Red Cross Youth	1,700	1,845
Emergency work	1,685	92
Total relief work in Denmark	99,096	80,128

NOTE 9	2016	2015
Used for asylum activities (DKK'000)		
Accommodation and sustenance	557,710	414,900
Property operation, transport, inventories, maintenance, etc.	115,869	100,100
Benefits in kind (clothing and hygiene packets, food, etc.)	29,657	59,300
Asylum agreement	25,461	19,500
Counselling services	7,002	0
Pedagogical pool funds	2,351	3,000
Other operations	11,713	5,000
Total asylum activities	749,763	601,800

NOTE 10			2016	2015
Financial items (DKK'000)				
	Income	Expenditure	Total	Total
Interest	254	-1,045	-791	-179
Securities	4,378	-2,234	2,144	-218
Foreign exchange	694	-878	-184	438
Total financial items	5,325	-4,157	1,169	41

NOTE 11**Non-current assets** (DKK'000)

	Intangible assets	Operating equipment	Land and buildings	Financial* assets	Total
Acquisition cost at 1 January	25,834	30,859	106,141	14,875	177,710
Additions during the year	1,386	5,980	24,240	996	32,602
Disposals during the year	0	-2,359	-890	0	-3,248
Acquisition cost at 31 December	27,221	34,481	129,491	15,871	207,064
Depreciation/amortisation at 1 Jan.	14,122	19,488	7,080	0	40,690
Depreciation/amortisation for the year	3,443	4,108	607	0	8,158
Depreciation/amortisation re. year's disposals	0	-1,038	0	0	-1,038
Depreciation/amortisation at 31 Dec.	17,565	22,558	7,687	0	47,810
Total non-current assets	9,656	11,923	121,804	15,871	159,254

* Financial assets comprise cooperatively owned property (DKK 3,604 thousand) and deposits on leases regarding second-hand activities (DKK 12,267 thousand)

*Apart from one property mortgaged in the amount of DKK 14,760 thousand as security for a bank facility, the properties are not encumbered beyond mortgage debt, stated as non-current debt.

NOTE 12**Receivables** (DKK'000)

	2016	2015
Sale of goods and services	12,895	12,489
Grants	155,660	152,633
Danish Immigration Service	0	55,487
Other receivables	70,356	63,128
Total receivables	238,911	283,737

NOTE 13	2016	2015
Cash and cash equivalents (DKK'000)		
Own funds	102,371	88,230
Donor funds	209,338	184,339
Total cash and cash equivalents	311,709	272,569

NOTE 14					
Equity (DKK'000)					
	1 Jan.*	Additions/ disposals	Distribution of surplus for the year	Other adjustments	31 Dec.
Capital funds	83,127	4,187	0	0	87,314
Reserve, Disaster Fund	44,188	0	1,625	21,579	67,392
Reserve, National Fund	16,824	0	1,217	1,095	19,136
Reserve, Development Fund	10,147	0	4,853	0	15,000
Reserve, local branch funds	1,948	0	0	0	1,948
Retained earnings	73,821	-4,187	9,688	0	79,322
Total equity	230,055	0	17,383	22,674	270,112

* Reserve, National Fund at 1 January has been increased by the appropriated surplus for 2015 (DKK 4 million) as approved by the National Executive Committee on 13 June 2016.

NOTE 15	
Accrued subsidies for recognised assets	
Accrued subsidies for recognised assets under non-current liabilities consists of subsidies received for the construction of the Red Cross Volunteer House.	

ACCOUNTING POLICIES

The financial statements cover the Danish Red Cross, comprising local branches and county districts (inter-branch collaboration on activities) and the national office including the Asylum Department.

Accounting items of a uniform nature are consolidated and income and expenses and balances between the Danish Red Cross and local branches and county districts are eliminated.

The financial statements of the Danish Red Cross are presented in accordance with the accounting policies described.

The Annual Report 2016 is presented in a new layout with special focus on enhancing transparency and reader friendliness. Comparative figures have been restated accordingly. As a Danish non-profit humanitarian organisation, the Red Cross is not subject to any specific requirements regarding presentation, recognition, measurement or the like, but the financial statements are prepared in accordance with what is considered generally accepted accounting practice for organisations in Denmark.

INCOME STATEMENT

Income

Income mainly consists in collected funds and grants.

Income from the sale of goods and services is recognised in the income statement provided that delivery and invoicing have taken place before year end.

Income from fundraising activities, legacies and gifts is recognised as the funds are received.

Grants are recognised as income when a binding commitment has been received from the appropriating party.

Earmarked funds not used are recognised as a liability under Change in earmarked funds. The change for the year in earmarked funds carried forward is recognised in the income statement as a net amount corresponding to the earmarked funds used. Change in earmarked funds thus represents the difference between earmarked grants received and the amount of such funds used in the financial year.

Like other international non-profit organisations, the Red Cross includes the value of non-cash donations in the income statement. Donations, e.g. in the form of consignments of goods, ancillary equipment or consulting services related to specific projects, with a value in excess of DKK 0.1 million are included. On recognition and use of the included donations etc., the value of non-cash donations is included to the extent that the value of the donation can be reliably measured and exceeds DKK 0.1 million.

The value of the work of Red Cross volunteers is not recognised in the financial statements.

Expenditure

Funds for international projects are expensed when the funds are transferred.

Income and expenses are accounted for on an accruals basis.

Financial items

Financial income and expenses are recognised in the income statement in the amounts relating to the financial year. These items comprise interest income and expenses, realised and unrealised capital gains and losses on securities, debt and transactions in foreign currency.

Tax on surplus/loss for the year

The Danish Red Cross is exempt from taxation pursuant to section 1(1)(vi) of the Danish Corporation Tax Act.

BALANCE SHEET

Intangible assets

Intangible assets with a value exceeding the minimum amount determined by the National Executive Committee of the Danish Red Cross, currently DKK 0.1 million, are recognised at cost and amortised on a straight-line basis in the income statement over a period of 5-7 years.

The cost of intangible assets received as donations or the like is measured at estimated fair value at the recognition date to the extent that such value can be reliably measured. The fair value reflects the amount that the Red Cross would have paid to acquire the asset on normal market terms. The value of such assets is written off in the year in which the donation is received.

Property, plant and equipment

Buildings and land are measured at cost

less accumulated depreciation effective from the financial year 2015. Land is not depreciated. Cost is determined at the original acquisition cost plus any improvements. Where no other value can be determined, the cost of individual properties is stated at the most recent official property value for 2014.

Depreciation is provided on a straight-line basis, over 100 years for the properties of the national office and over 50 years for the properties of the local branches, to expected residual value. Depreciation is recognised in the income statement under 'General management and administration'.

Generally, machinery is expensed in the year of acquisition. Costs in connection with major acquisitions or creations may, however, (upon specific assessment) be capitalised and depreciated over the asset's useful life if the acquisition cost of the asset exceeds DKK 0.1 million and the useful life is at least five years.

The cost of property, plant and equipment received as donations or the like is measured at fair value at the recognition date, to the extent that such value can be reliably measured. The fair value reflects the amount that the Red Cross would have paid to acquire the asset on normal market terms.

Subsidies etc. received for the construction or acquisition of property, plant and equipment are not set off against the cost of the asset but are recognised as a separate liability in the balance sheet and recognised as income over the useful life of the asset.

Financial assets

Financial assets, comprising capital contributions on purchase of cooperatively owned properties and deposits on leases regarding second-hand activities, are recognised at cost.

Inventories

Inventories of first aid products and books are measured at the lowest of cost or net realisable value. Other inventories are not recognised, including the value of goods received as donations.

Receivables

Receivables are recognised less provision for bad debt losses.

Prepayments

Prepayments comprise prepaid expenses relating to subsequent financial years.

Securities

Securities comprise listed bonds and unit certificates measured at fair value. Realised and unrealised gains on securities are recognised as financial items.

Cash and cash equivalents

Cash and cash equivalents are measured at market value at the balance sheet date and comprise own funds and funds received from various donors, earmarked for specific purposes.

Equity

Amounts designated by the National Executive Committee for specific purposes are recognised as reserves under internal funds in equity. Grants to and from the internal funds are treated as either unre-

stricted or earmarked funds, depending on their nature, in accordance with the general accounting policy in this respect.

Under equity, an amount equal to the difference between the value of land and buildings less mortgage debt and accrued subsidies for recognised assets is recognised as capital funds.

Liabilities

Liabilities are measured at amortised cost, which usually corresponds to nominal value.

Earmarked funds to be carried forward

Earmarked funds to be carried forward are donations received that are earmarked for a specific purpose but have yet to be used for that purpose.

Recognition of the Asylum Department's financial statements

The Asylum Department prepares its financial statements in accordance with the Danish State's cost accounting principle. Costs are accounted for on an accruals basis, and costs due for later payment or settlement are provided for under liabilities. The result for the year in respect of the asylum activities is not recognised in the income statement of the Danish Red Cross but is considered a balance with the Danish Immigration Service and recognised in equity under other payables.

STATEMENT BY MANAGEMENT

The general management and the National Executive Committee have today discussed and approved the financial statements of the Danish Red Cross for the financial year 1 January - 31 December 2016.

The financial statements have been prepared in accordance with the described accounting policies.

It is our opinion that the financial statements give a true and fair view of the Danish Red Cross' financial position at 31 December 2016 and of the results of the Danish Red Cross' operations for the financial year 1 January - 31 December 2016.

Further, in our opinion, the management's review on pages 6-17 includes a fair review of the developments in the Danish Red Cross' activities and financial position.

In our opinion, the arrangements comprised by the financial reporting are in accordance with the grants received, legislation and other regulations as well as with agreements entered into and common practice. Also, in our opinion, we have set up business procedures which ensure financially appropriate management of the funds reported on in the financial statements.

Copenhagen, 19 June 2017

On behalf of the general management



Anders Ladekarl
Secretary General



Marie Degn Bertelsen
CFO

On behalf of the National Executive Committee of the Danish Red Cross



Hanna Line Jakobsen
President



Benny Schwartz
Chairman of the Finance
and Audit Committee

INDEPENDENT AUDITOR'S REPORT

To the National Executive Committee of the Danish Red Cross

AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the Danish Red Cross for the financial year 1 January – 31 December 2016. The financial statements comprise accounting policies, income statement, balance sheet and notes to the financial statements, pages 18-27. The financial statements have been prepared in accordance with the accounting policies.

In our opinion, the financial statements give a true and fair view of the Danish Red Cross' financial position at 31 December 2016 and of the results of the Danish Red Cross' operations for the financial year 1 January – 31 December 2016 in accordance with the accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing and additional requirements applicable in Denmark and in accordance with generally accepted public accounting practice as the audit is conducted on the basis of the provisions of Executive Order no. 98 of 27 January 2014 on financial reporting and auditing, etc. of the financial statements of recipients of grants from the Danish Ministry of Social Affairs, Children and Integration's funds pursuant to the Danish Act on Allocation of Revenue from Lotteries and Horse and Dog Betting. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the accounting policies and for such internal control as Management determines is necessary to enable the preparation of financial

statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 International Standards on Auditing and additional requirements applicable in Denmark and in accordance with generally accepted public accounting practice, see the provisions of Executive Order no. 98 of 27 January 2014 on financial reporting and auditing, etc. of the financial statements of recipients of grants from the Danish Ministry of Social Affairs, Children and Integration's funds pursuant to the Danish Act on Allocation of Revenue from Lotteries and Horse and Dog Betting, 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 the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and additional requirements applicable in Denmark as well as generally accepted public accounting practice, see the provisions of Executive Order no. 98 of 27 January 2014 on financial reporting and auditing, etc. of the financial statements of recipients of grants from the Danish Ministry of Social Affairs, Children and Integration's funds pursuant to the Danish Act on Allocation of Revenue from Lotteries and Horse and Dog Betting, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 organisation'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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view in accordance with the accounting policies.

We communicate with those charged with governance 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required in accordance with the accounting policies.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the accounting policies. We did not identify any material misstatements of the Management's review.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Statement on compliance and performance audit

Management is responsible for ensuring that the transactions covered by the financial reporting comply with appropriations granted, legislation and other regulations and with agreements entered into and usual practice and that due financial consideration has been taken of the management of the funds and the operation of the activities comprised by the financial statements.

In connection with our audit of the financial statements, our responsibility is in accordance with generally accepted public accounting practice to select relevant subjects for the compliance audit and the performance audit, respectively. In a compliance audit, we verify with reasonable assurance whether the transactions covered by the financial reporting comply with appropriations granted, legislation and other regulations and with agreements entered into and usual practice. In a performance audit, we assess with reasonable assurance whether the examined systems, processes or transactions support due financial consideration of the management of the funds and the operation of the activities comprised by the financial statements.

If, on the basis of the work performed, we conclude that this gives rise to material critical comments, we are required to report thereon.

We have no material critical comments to report in that respect.

Copenhagen, 19 June 2017

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33 96 35 56



Lars Kronow
State authorised
public accountant



Peter Z. Skanborg
State authorised
public accountant

I, the undersigned Merete Bert-Lassen, translator (MA in translation and interpreting), hereby certify the preceding text to be a true and faithful translation of the attached document in the Danish language produced to me on the date set forth below.

Copenhagen, 25 August 2017

Merete Bert-Lassen

The Danish Chamber of Commerce do hereby confirm that the company is a member of our organization and know to us as worthy of confidence.

25 AUG 2017

Danish Chamber of Commerce
Pernille Hellesøe

APOSTILLE
(Convention de La Haye du 5 octobre 1961)

1. **Land: Danmark**
Country: Denmark
- Dette offentlige dokument /** This public document
2. **er underskrevet af /** has been signed by
Pernille Hellesøe
3. **i egenskab af /** acting in the capacity of
Konsulent / Consultant
4. **er forsynet med segl/stempel af /** bears the seal/stamp of
Dansk Erhverv / Danish Chamber of Commerce

Attesteret / Certified

5. **i København**
at Copenhagen
6. **den 25. august 2017**
the 25 August 2017
7. **af Udenrigsministeriet**
by the Ministry of Foreign Affairs of Denmark
8. **Nr. / N° DNK-00580527**
9. **Segl/stempel /** Seal/stamp:
10. **Underskrift /** Signature:

Lotte Grøve

