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MÉDECINS SANS FRONTIÈRES SUISSE EMERGENCY OPERATIONS IN HAÏTI FINANCIAL REPORTING 2010

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To the Board of Directors of Médecins Sans Frontières, Geneva

Lancy, 21 May 2011

Report of the independent auditor on the emergency operations in Haiti

As independent auditor and in accordance with your instructions, we have audited the accompanying Financial Report of MSF Switzerland on the emergency operations in Haiti for the period from 1 January 2010 to 31 December 2010. The Performance report is not subject to the audit of the independent auditor.

This Financial Report is the responsibility of the Médecins Sans Frontières' management. Our responsibility is to express an opinion on the accompanying Financial Report based on our audit.

We conducted our audit in accordance with Swiss Auditing Standards. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Reporting. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall Financial Reporting presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the emergency operations in Haiti for the period from 1 January 2010 to 31 December 2010 and complies with the accounting policies as set out in the notes.

Ernst & Young Ltd

Mark Hawkins
Licensed audit expert
(Auditor in charge)

Thomas Madoery
Licensed audit expert

Enclosures

- Financial Report
- Notes to the Financial Report



MÉDECINS SANS FRONTIÈRES SUISSE
STATEMENT OF INCOME AND EXPENDITURE FOR THE EMERGENCY OPERATION IN HAITI
FOR JANUARY 12, 2010 TO DECEMBER 31, 2010

(in Swiss francs)

Statement of income and Expenditure	Notes	Unrestricted funds	Restricted funds	2010
INCOME				
Private donations contributed in Switzerland		5,093,904	3,130,328	8,224,231
Private donations contributed by other MSF organisations	7a		24,348,111	24,348,111
Contribution from institutional donors	7b		617,771	617,771
Other income			27,907	27,907
TOTAL INCOME		<u>5,093,904</u>	<u>28,124,117</u>	<u>33,218,021</u>
EXPENDITURES				
Programs Expenses				
Personnel costs	8a			8,832,546
Travel and representation	11			1,624,485
Transportation				6,137,609
Medical and nutrition expenses	8c			4,955,975
Logistics, construction, water and sanitation	8d			5,588,821
Purchased services				29,709
Communication				346,612
General and administrative				542,993
Total program expenses				<u>28,058,750</u>
Expenses incurred at the headquarter	9			
Share of the Headquarter programme support costs				3,593,097
Share of the Headquarter Administration costs				1,566,173
TOTAL EXPENDITURES				<u>33,218,021</u>
BALANCE				-



MÉDECINS SANS FRONTIÈRES SUISSE THE EMERGENCY OPERATION IN HAITI NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

(in Swiss francs)

1. Presentation

Médecins Sans Frontières Switzerland (hereinafter, MSF Switzerland) is an international humanitarian aid organisation, private and not-for-profit, founded in July 1981 and established as an association within the meaning of Article 60 *et seq.* of the Swiss Civil Code. The MSF Switzerland headquarters are located in Geneva with support office located in Zurich.

MSF Switzerland's objective is to provide medical assistance to populations in danger in accordance with the principles of the Charter of Médecins Sans Frontières

2. Internal control system

The Board of Directors exercises the highest level of control and supervision at MSF Switzerland. In particular, the Board decides on major policies, the action plan and annual budget for MSF Switzerland. The Board of Directors has delegated the implementation of an internal control system to the management of MSF Switzerland. The Board of Directors has set up a Financial Commission, which is made up of members of the Board and key figures from outside the Board. The Commission is tasked with assisting the Board of Directors in its remit to supervise the financial management of MSF Switzerland.

In accordance with the provisions of the Swiss Obligations Code, the external auditors verify the existence of this internal control system. Ernst & Young confirmed the existence of MSF Switzerland's internal control system in its audit report on the 2010 annual financial statements, dated 21 May 2010.

3. 2010 annual financial statements

In its capacity as the auditor for MSF Switzerland, Ernst & Young audited the accounting and the annual financial statements for MSF Switzerland for the 2010 financial year, in accordance with Swiss Audit Standards, which require the audit to be planned and performed in order to obtain reasonable assurance that the financial statements are free of material misstatement.

In its report dated 21 May 2011, Ernst & Young stated "the MSF Switzerland annual financial statements for the financial year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP RPC, and comply with Swiss law and the articles of association".

4. Management of financial risks

a. Foreign exchange risk

MSF Switzerland is exposed to exchange rate fluctuations, insofar as 91% of its income and 90% of its expenses are in foreign currencies. MSF Switzerland has no active foreign exchange risk hedging policy and tends to convert currencies as and when they are required. The reserves are kept in Swiss francs.

b. Banking risk

After the earthquake, the banking system needed several weeks before becoming operational again. Subsequently, MSF Switzerland primarily worked with two banks in Port-au-Prince and one bank in Santo Domingo.

A major portion of the expenses was paid from Geneva; the volume of bank deposits was strictly limited to operational requirements.

5. Significant accounting policies

a. Revenue recognition

Revenue is recognised when it is probable that the economic benefits that are associated with the transaction will flow to MSF Switzerland and that they can be reliably estimated.

Gifts and donations

Gifts and donations are recognised in the income statement once they definitively benefit to MSF Switzerland. They are considered as unrestricted funds, unless the donor stipulates a specific restriction.

When the donor wishes to see a gift or a donation allocated to a specific cause, the gift or donation is considered to be an allocated fund. Allocated funds that have not been used at the end of the year are presented in a separate section of the balance sheet.

Financing contracts

Income from financing contracts entered into with moneylenders is recognised as revenue under the year in which the financed expenditures are incurred.

Amounts that are collected or received for a specific project and that were not used on the date the financial statements were closed off but that will be used in future years are now recognised under the section "Financing Contracts" (financing obtained or prepaid), provided that there are contractual provisions that specify the possibility of returning the asset in question to the seller.

b. Programmes expenditures

As a precaution, goods and equipment related to programmes are recorded in the operating account at the time of acquisition and at cost.

Under this principle, acquisition of vehicles and capital equipment are recorded as expenses in the year. Although these assets have typical value, their duration of use is limited and their residual value is low.

c. Foreign exchange

The functional currency of MSF Switzerland is the Swiss franc, used to establish both budget and financial statement.

Field transactions in foreign currencies are recorded in Swiss francs at the average exchange rate prevailing at the month preceding the transactions. Headquarters transactions in foreign currencies are translated in Swiss francs using at the closing rate prevailing at the month preceding the transaction.

d. Classification of expenditures

Programme expenses include all the expenses that are directly linked to coordination and project work.

Expenses known as "Headquarters support for programmes" include all the expenses incurred at headquarters in order to manage, coordinate, assist and assess the projects implemented. They include, in particular, expenses linked to headquarters staff members, whose responsibility is to support the field teams. When a staff member who works at the headquarters replaces a field worker, the direct costs associated with the staff member can be allocated to the programme expenditure.



The administrative expenses include expenditures incurred at headquarters for the management, communication and administrative functions of MSF Switzerland, but exclude fund collection expenses.

e. Presentation of the expenditures in the Report

In this Report, the programme expenditures represent all the expenses directly linked to operations in Haiti.

The "Headquarters support for programmes" expenses and the administrative expenses mentioned in the Report represent a percentage of the expenses incurred at the headquarters, in order to reflect the indirect costs linked to operations in Haiti.

6. Vehicles used in programmes Haiti

In accordance with our accounting principles, acquisitions of vehicles are recognised as expenses for the financial year. If these vehicles were capitalised and depreciated on a straight-line basis over three years, their net book value would amount to CHF 507,964.

Purchases of vehicles expensed for financial years 2010 are presented in the table below.

Vehicles used in Haiti	2010
Purchases of vehicles	608,340

Fleet	2010
4-wheel drive vehicles	12
Regular cars	3
Other vehicles	1
Total	<u>16</u>

7. Detail of income

7a. Private donations contributed from MSF organisations

Private donations contributed from abroad	2010
MSF USA	12,384,429
MSF Germany	5,634,161
MSF Italia	4,439,725
MSF Austria	1,598,852
MSF in Czech Republic	207,075
MSF in Mexico	83,869
Total	<u>24,348,111</u>

7b. Contribution from institutional donors

Contribution from institutional donors	2010
City of Prague (Czech Republic)	225,600
Canton of Geneva (Switzerland)	200,000
Others Municipalities (Switzerland)	186,250
DANIDA (Denmark)	5,921
Total	<u>617,771</u>

DANIDA Danish agency of the international development (Denmark)

8. Details of programmes expenditures

8a. Personnel costs

Personnel costs	2010
Salaries, charges, living expenses	2,753,772
Accommodation	527,436
Other expenses (healthcare, training, etc)	216,352
Total, international expatriate personnel	<u>3,497,560</u>
Salaries, charges, living expenses (personnel under contract)	4,922,105
Daily workers	412,882
Total, personnel employed locally	<u>5,334,986</u>
Total	<u>8,832,546</u>

8b. Transportation costs

Transportation costs	2010
International freight	3,190,981
Vehicles	890,124
Other local means of transport	1,693,345
Warehouse expenses	363,158
Total	<u>6,137,608</u>

8c. Medical & nutrition expenses

Medical and nutrition expenses	2010
Small items of medical equipment	1,056,472
Medication	937,015
Medical kits	885,192
Medical equipment	807,672
Food	599,475
Health infrastructure	325,416
Laboratory equipment (reagents)	183,786
Vaccines, syringes, cool chain	138,789
Other medical costs	22,157
Total	<u>4,955,975</u>

8d. Logistics, construction, water & sanitation

Logistics, construction, water and sanitation	2010
Emergency items (non-food) for distribution	1,540,747
Construction equipment & materials	972,629
Sub-contracted work	716,622
Temporary structures	625,815
Water, hygiene & sanitation equipment	617,658
Others	1,115,349
Total	<u>5,588,821</u>

9. Expenditures incurred at headquarters

In order to be able to assess the total cost of operations in Haiti, a portion of the support expenses and the administrative costs is included in the statement of income and expenditure.

9a. Headquarter programmes support

Headquarter programmes support included all headquarter expenses incurred for conducting, coordinating, assisting and evaluating realised projects. The following table provides details of the expenditures incurred by MSF Switzerland for all its operations, as well as the percentage allocated to operations in Haiti.

Headquarters programmes support	2010	2009
Programme management	2,599,648	2,223,938
Human Resources of missions	4,641,653	4,246,262
Medical support	3,003,946	2,719,403
Logistical support	1,928,646	1,848,074
Operational financing	1,011,897	952,616
Other activities	1,736,126	1,096,716
Total	14,921,916	13,087,009

MSF Switzerland, financial statements 2010

Percentage of expenses allocated to Haiti	3,593,097	NA
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9b. Management et communication

This item included expenses incurred at headquarters and related to the management, communication and administration, of MSF Switzerland. The following table presents details of the expenditures incurred by MSF Switzerland for all its operations, as well as the percentage allocated to operations in Haiti.

Management & communication	2010	2009
General management	822,330	775,955
Finance and accountancy	1,233,544	1,102,409
Human resources	695,876	579,784
Communication	1,116,418	948,971
Expenditures of the association	457,828	460,168
Other headquarters expenses	1,379,601	1,219,823
Sub-total headquarters	5,705,596	5,087,110
Contribution to the MSF International Office	502,122	460,180
Delegated offices	296,505	442,798
Total	6,504,223	5,990,088

MSF Switzerland, financial statements 2010

Percentage of expenses allocated to Haiti	1,566,173	NA
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10. In-kind contributions (Off-balance-sheet)

In-kind contributions	2010	2009
Haiti	237,431	-

The main contributions received in 2010 concern medical equipment donated by the DDC.

11. Statement of expenditures classified by type of projects

The following table presents details of the programme expenses by project.

PROGRAMME EXPENSES	Coordination Port-au-Prince & Santo-Domingo	Project after earthquake Port-au-Prince	Project after earthquake Léogane	Construction of the Léogane's hospital	Emergency project epidemic of cholera Cap-Haitien & Léogane	Total
Personnel cost	1,360,592	1,031,999	4,702,998	428,723	1,308,234	<u>8,832,546</u>
Travel and representation expenses	300,757	260,594	675,044	57,699	330,391	<u>1,624,485</u>
Transportation	504,004	1,090,796	2,546,963	444,843	1,551,002	<u>6,137,609</u>
Medical & nutrition	1,579	1,151,974	2,827,655	51,899	922,868	<u>4,955,975</u>
Logistics, construction, water & sanitation	5,022	479,588	2,410,636	1,466,730	1,226,845	<u>5,588,821</u>
Purchased services	7,676	842	17,808	3,383	-	<u>29,709</u>
Communications costs	71,155	64,390	103,850	2,109	105,108	<u>346,612</u>
General & administrative expenses	252,158	28,299	131,017	265	131,254	<u>542,993</u>
TOTAL PROGRAMME EXPENSES	2,502,943	4,108,482	13,415,971	2,455,652	5,575,703	28,058,750



MÉDECINS SANS FRONTIÈRES SUISSE PERFORMANCE REPORT

The purpose of this *Report* is to inform readers of the financial statements about the activities of MSF Switzerland. The information presented in this *Report* has not been audited.

A. Context of the intervention

The MSF movement has been present in Haiti since 1991. In a country where the majority of the population did not have access to the healthcare system, MSF France, MSF Holland and MSF Belgium offered primary and secondary healthcare, surgical and obstetrical care, physical therapy programmes and psychological support through hospital structures.

The organisation thus had the benefit of an existing presence in and experience of this country.

On 12 January 2010, an earthquake destroyed the capital Port-au-Prince and the surrounding towns, causing 217,000 deaths and injuring around 300,000 people.

The earthquake destroyed around 60% of the local healthcare structures, and caused long-term disorganisation in the medical service units.

B. MSF movement operations

The three MSF operational centres that were present on site made every effort to provide relief to the victims of the earthquake. Given the extent of the disaster, MSF Spain and MSF Switzerland immediately sent teams to Haiti.

Initially, the emergency activities focused on caring for the injured, setting up surgical units and responding to the needs of displaced populations.

With more than 3,000 international and Haitian employees, at the end of March 2010 the five MSF operational centers managed 19 healthcare centers in the country, representing more than 1,000 available beds.

Between 12 January and 31 May, the organisation thus provided emergency medical care to more than 173,000 patients.

The MSF teams quickly completed the care offered, in order to provide a more general response to the medical needs of the populations affected by the earthquake.

The MSF organisations had to set up temporary healthcare centers, deploy mobile clinics and ultimately build semi-permanent hospital structures that were adapted to local conditions. In 2011, MSF will manage six hospitals, and will provide support to the two hospitals run by the Health Ministry.

In the autumn of 2010, a cholera epidemic broke out in the Artibonite area, in northwest Haiti. In a context that favoured the growth of the epidemic, the number of victims increased rapidly and cholera spread throughout the country.

The five MSF operational centers were mobilised to contain this epidemic, through the installation of 47 cholera treatment centers, with a capacity of 3,200 beds at the height of the intervention, treating a total of 91,383 patients, representing more than half of those identified as suffering from cholera.

C. MSF Switzerland operations

The first MSF Switzerland teams arrived in Haiti on 15 January 2010 via the Dominican Republic, and set up coordination facilities in Port-au-Prince and an office in Santo Domingo.

Operations in Léogâne

On 17 January, MSF Switzerland set up a surgical care centers with a capacity of 80 beds in Léogâne, the closest town to the epicentre of the earthquake, where around 80% of homes had been destroyed.

In order to meet the needs of displaced populations, other activities were set up in the following weeks: two ambulatory care centers, maternity services, gynaecological/obstetrical and neonatal services, a paediatrics facility and general medical care services in the temporary cloth sheller hospital.

At the end of February, MSF began the construction of a semi-permanent hospital with a capacity of 120 beds that is capable of housing these services. The "Chatuley" hospital was inaugurated on 8 October 2010 and since then, on average, has around 730 admissions, 400 births and 200 surgical procedures per month, for all categories of patient.

Operations in Port-au-Prince

At the end of January, in light of the considerable numbers of injured persons in Port au Prince, MSF progressively opened five healthcare structures in the capital, with a total of 180 beds. These were designed to complement the surgical and primary care facilities offered by the four other MSF operational centers. These structures were closed in April 2010, in order to focus efforts on the Léogâne region.

Cholera epidemic

At the start of November 2010, following the declaration of the cholera epidemic in Haiti and the increase in the number of cases in the northern area of the island, an emergency team was deployed in Cap Haïtien in order to assess the situation and provide an adapted response. During the last two months of the year, MSF Switzerland treated more than 24,000 cases of cholera in the 19 treatment centers that had opened in northern Haiti and in the Léogâne region, with a lethality rate of around 1%.

Perspective for 2011

The activities devoted to caring for cholera victims continued in early 2011 at a sustained pace: at the end of April, MSF Switzerland had cared for 35,000 patients.

MSF Switzerland is working on setting up a surveillance system, complemented by a transfer of skills to the Health Ministry. The pre-positioning of equipment will enable efficient redeployment if the epidemic breaks out again.

In Léogâne, MSF Switzerland continues to work at the Chatuley hospital, and has no plans to reduce the level of its activities in the short term.

D. Medical data

Medical activities	2010
<u>General data</u>	
Consultations (OPD)	88 937
Hospitalisation (IPD)	5 708
<u>Gynaecology - Obstetrics</u>	
Pre-natal consultations	8 830
<i>Of which first visits</i>	<i>4 480</i>
Births	3 306
C-sections	395
<u>Response to the cholera epidemic</u>	
Number of patients treated for cholera	24 616
<u>Surgery</u>	
Number of surgical operations	2 307
<u>Mental health care</u>	
Number of individual consultations	Est. 7 300

Moreover, during the first months of the intervention, MSF Switzerland was involved in distributing drinking water to displaced populations: around 27,500 m³ of water in Port-au-Prince during three months of work in the capital and around 63,000 m³ in Léogâne, during the first six months of 2010.

MSF Switzerland also distributed 2,500 tents in the days following the earthquake, around 25,000 plastic sheets, in order to build shelters, and basic necessities (12,000 hygiene kits, 15,000 jerricans, blankets, mosquito nets, etc.).

E. MSF Switzerland's employees

MSF Switzerland employs staff in Switzerland, expatriate volunteers and workers recruited locally, who get involved on various projects.

Expatriate volunteers

As concerns the expatriate volunteers in Haiti MSF Switzerland recorded 414 departures for missions.

Departures for missions	2010
Medical staff	95
Paramedical staff	162
Non-medical workers	157
Total	414
<i>Of which: First departure</i>	<i>107</i>

The table below shows the number of positions filled in 2010, as full-time equivalent (FTE), for all the projects of MSF Switzerland in Haiti.

Number of positions (FTE)	2010
Expatriate volunteers	54
Local workers	Est 720
Total	Est 774

