



Financial Statements

2006



Who we are

The International Planned Parenthood Federation (IPPF) is the strongest global voice safeguarding sexual and reproductive health and rights for people everywhere. Today, as these important choices and freedoms are seriously threatened, we are needed now more than ever.

What we do

IPPF is both a service provider and an advocate of sexual and reproductive health and rights. We are a worldwide network of 151 Member Associations and are active in 180 countries.

What we believe

We see a world where women, men and young people everywhere have control over their own bodies, and therefore their destinies. A world where they are free to choose parenthood or not; free to decide how many children they'll have and when; free to pursue healthy sexual lives without fear of unwanted pregnancies and sexually transmitted infections, including HIV. A world where gender or sexuality are no longer a source of inequality or stigma. We will not retreat from doing everything we can to safeguard these important choices and rights for current and future generations.

Contents

Executive summary	2
Annual report of the Governing Council	3
Report of the independent auditors	17
Statement of financial activities	18
Balance sheets	19
Cash flow statement	21
Notes to the financial statements	23
Contact names and addresses	59

Executive summary

Income in 2006 of US\$107.4 million

Income received from governments, foundations and other sources has increased over the past five years by 34%.

Donors continue to support unrestricted activities with over 76% of funds being available for IPPF to allocate to Strategic Priority areas.

Expenditure in 2006 of US\$98.3 million

Expenditure on grants to Member Associations and partner organizations increased between 2005 and 2006 by 9%.

The costs of our staff involved in raising resources continues to be below 3% of our expenditure.

Audit opinion

Our auditors, KPMG LLP have provided an unqualified audit opinion on our 2006 financial results.

Figure 1: IPPF Income 2001-2006

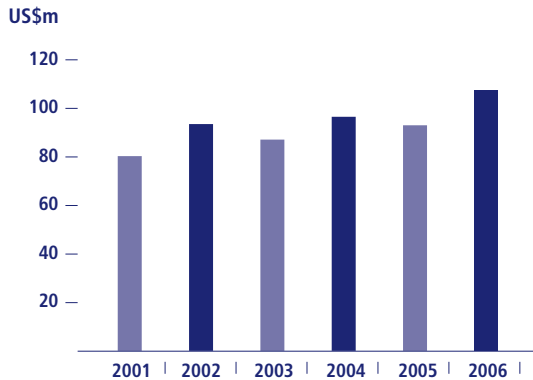


Figure 2: Expenditure in 2006 of US\$98.3 million

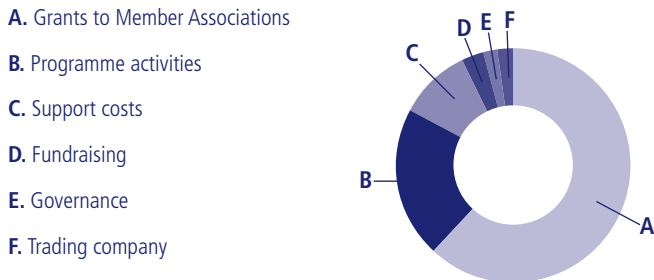
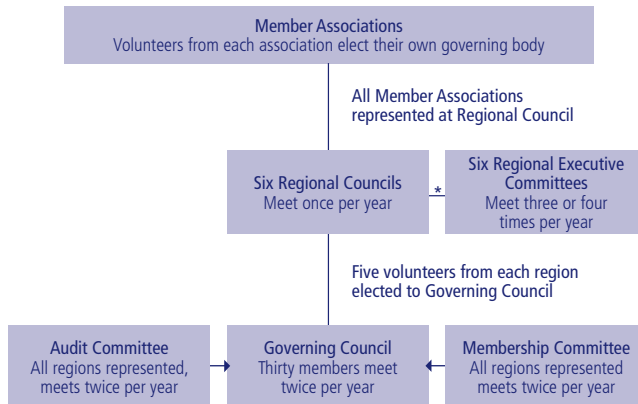


Figure 3: IPPF Governance Overview



*REC members elected by RC

Annual report of the Governing Council

The International Planned Parenthood Federation (IPPF) is a global network of 151 Member Associations working in 180 countries¹ and the world's foremost voluntary, non-governmental provider and advocate of sexual and reproductive health and rights.

The Member Associations of IPPF are autonomous and report independently, therefore their accounts are not presented here.

The accounts contained herein have been prepared in accordance with the Statement of Recommended Practice (SORP), Accounting and Reporting by Charities as issued by the Charity Commissioners in 2005.

Structure, governance and management

Governing document

IPPF was formed in 1952 and incorporated in 1977 under a UK Act of Parliament: **The International Planned Parenthood Federation Act 1977**. The Governing Council confirm that the Strategic Framework is in alignment with the purposes stated in the Act.

Governance

IPPF is governed by a Governing Council composed of 30 volunteers from the governing bodies of the membership organizations, and appoints a Director-General as its chief executive officer responsible for managing the affairs of the Federation as determined by the Governing Council. Governing Council members are elected for a period of three years. Each Regional Council elects five members to serve as Governing Council members.

Each Member Association has a volunteer Board of Directors (elected by the membership of the Association) and sends one or more as a delegate to one of six Regional Councils.

The Governing Council meets twice per year, for three days at a time. This Council has two sub-committees; the Membership Committee and the Audit Committee which meet twice per year for one day at a time.

Following the election of a new Governing Council, members receive a comprehensive induction pack outlining the responsibilities as UK charity trustees. In addition, an interactive session is held where members are provided with background in relation to strategy, policies and finances as well as practical elements concerning the role distinctions between volunteers and staff.

¹ Including the Caribbean Affiliation which has an additional 17 country members. In addition, IPPF is active in a further 13 countries where there is not currently a Member Association. This brings the total number of countries in which IPPF is working to 180.



IPPF is a global network
of Member Associations
working in

180
countries

Charity Registration Number 229476



Members of the Governing Council entitled to vote at its 2006 meetings

Africa Region

Ms Aku Xornam Adzraku	Ghana
Mr Bebe Fidaly	Madagascar
Mrs Hannatu L Ibrahim	Nigeria
Dr Malefetsane Ngatane	South Africa
Dr Naomi Seboni	Botswana

Arab World Region

Mrs Mariam Mint Ahmed Aicha	Mauritania
Mrs Kawthar Al-Khaier	Syria
Dr Moncef Ben Brahim	Tunisia
Prof Said Badri Kabouya	Algeria
Ms Abeer Ghaleb	Yemen

East, South East Asia and Oceania Region

Mrs Sally Betham	Samoa
Mrs Helen Eskett (Treasurer)	New Zealand
Prof Ho Pak Chung	Hong Kong
Prof Dr Mary Huang Soo Lee	Malaysia
Mr Tang Kun	China

Europe Region

Mr Gert-Inge Brander	Sweden
Ms Elena Dmitrieva	Russia
Ms Eva Palasthy	Switzerland
Mr Paul Soemer	Germany
Ms Lene Stavngaard	Denmark

South Asia Region

Mr Dinidu De Alwis	Sri Lanka
Mr Syed Munir Husain	Pakistan
Ms Fathimath Shafeega	Maldives
Dr Safieh Shahriari	Iran
Dr Nozer Sheriar	India

IPPF is governed by a
Governing Council composed of

30
volunteers



Members of the Governing Council entitled to vote at its 2006 meetings

Western Hemisphere Region

Ms Diana Barco	Colombia
Ms Andrea Cohen	Canada (appointed August 2006)
Ms Blanca Esponda	Mexico (resigned August 2006)
Mr Moisés Russo	Chile
Dr Jacqueline Sharpe (President)	Trinidad and Tobago
Ms Esther Vicente	Puerto Rico

Members of the Audit Committee

Mrs Khadiga Ismail Magzoub	Sudan
Prof Barbro Lenner-Axelsson (Chair)	Sweden
Ms Bernadetta Ndunguru	Tanzania
Mr Saeed Ahmand Qureshi	Pakistan

Members of the Membership Committee

Mr Gert-Inge Brander	Sweden
Prof Dr Mary Huang Soo Lee	Malaysia
Prof Said Badri Kabouya	Algeria
Dr Malefetsane Ngatane	South Africa
Ms Fathimath Shafeega (Chair)	Maldives
Ms Esther Vicente	Puerto Rico

Annual report of the Governing Council

The responsibilities of the Governing Council

Under charity law, the members of the Governing Council are responsible for preparing the Trustee Report and the financial statements for each financial year which show a true and fair view of the state of affairs of IPPF and the result for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Governing Council members:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the recommendations of the Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- State whether the financial statements comply with **The International Planned Parenthood Act 1977**, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue its activities;
- Safeguard the assets of IPPF and hence take reasonable steps for the prevention and detection of fraud and other irregularities.

The Governing Council members are required to act in accordance with **The International Planned Parenthood Act 1977**, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable Governing Council members to ensure that, where any statements of

accounts are prepared by them under section 42(1) of **The Charities Act 1993**, those statements of accounts comply with the requirements of regulations under that provision.

The Governing Council members are responsible for the maintenance and integrity of the financial and other information included on the IPPF website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Organization

IPPF has a Secretariat that carries out the policies and functions as approved by the Governing Council. The Secretariat has its headquarters in London and is divided into Central and Regional functional units.

There are six Regional Offices: Africa (Nairobi, Kenya), Arab World (Tunis, Tunisia), East/South East Asia & Oceania (Kuala Lumpur, Malaysia), Europe (Brussels, Belgium), South Asia (New Delhi, India) and Western Hemisphere (New York, USA). These Regional Offices all act as branches of IPPF and in accordance with **The International Planned Parenthood Federation Act 1977** constitute IPPF as the entity.

The Director-General and Deputy Director-General are based in Central Office, London. There are six Regional Directors who report to the Director-General together with three Central Office Directors and the Financial Controller.

In 2006, Dr Steven Sinding retired as Director-General after four successful years. He was replaced by Dr Gill Greer who is a highly experienced and committed sexual and reproductive health professional and has been the Executive Director of the New Zealand Family Planning Association since 1998.

IPPF has a trading subsidiary, Icon Ltd, based in Central Office, London. The company primarily engages in commodity supply services and with the social marketing of contraceptives in conjunction with Member Associations.

Within the Western Hemisphere Region there are two entities, the Regional Office, IPPF Western Hemisphere Inc and a separate entity used for investing significant bequests, the IPPF WHR Fund. The results of both these entities are reported within these accounts.

Risk management

Whilst no system of internal control can provide absolute assurance against material misstatement or loss, the IPPF risk management system has been developed to provide reasonable assurance to the Governing Council that there are proper procedures in place and that they are operating effectively.

The key elements of the system of internal control are:

- Delegation: there is a clear organizational structure with lines of authority and responsibility for control; and procedures for reporting decisions, actions and issues;
- Reporting: the Governing Council approves and reviews the annual work programme budget and income predictions and monitors actual and forecast income and expenditure on a regular basis;
- Risk management: there are processes in place for identifying, evaluating and managing significant risks faced by IPPF. Each Regional Office and the Central Office prepare individual risk maps. These risks are classified according to type (governance, strategic, operational, financial, compliance and external/reputational). From these the Top 10 Organizational Risks are identified together with the assessment of the impact and likelihood of the risk occurring,

Africa, Arab World, East & South East Asia and Oceania, Europe, South Asia and the Western Hemisphere are IPPF's

6 Global Regions



together with any action still required to improve the management of that risk and the person who will be responsible to undertake this. These are reviewed annually by the Audit Committee and the Governing Council who believe that all the major risks to which IPPF is exposed have been identified and reviewed and that systems have been established to mitigate those risks;

- Internal audit: an internal audit function assesses risks and reviews controls within IPPF; and
- Review: the Audit Committee is comprised of four members elected by Governing Council from a list of persons who are either volunteer members of a member organization but who are not members of Governing Council, as well as the President and Treasurer. The Committee oversees the adequacy of the system of internal control, and IPPF compliance with relevant statutory and other finance regulations and advises the Governing Council of any relevant matters.

Objectives and activities

Vision and mission statement

Our vision

IPPF envisages a world in which every woman, man and young person has access to the information and services they need; in which sexuality is recognized both as a natural and precious aspect of life and as a fundamental human right; a world in which choices are fully respected and where stigma and discrimination have no place.

Our mission

- IPPF aims to improve the quality of life of individuals by campaigning for sexual and reproductive health and rights through advocacy and services, especially for poor and vulnerable people.
- We defend the right of all young people to enjoy their sexual lives free from ill-health, unwanted pregnancy, violence and discrimination.
- We support a woman's right to choose to terminate her pregnancy legally and safely.
- We strive to eliminate STIs and reduce the spread and impact of HIV/AIDS.

Our core values

- IPPF believes that sexual and reproductive rights should be guaranteed for everyone because they are internationally recognized basic human rights.
- We are committed to gender equality, and to eliminating the discrimination which threatens individual well-being and leads to the widespread violation of health and human rights, particularly those of young women.
- We value diversity and especially emphasise the participation of young people and people living with HIV/AIDS in our governance and in our programmes.
- We consider the spirit of volunteerism to be central to achieving our mandate and advancing our cause.
- We are committed to working in partnership with communities, governments, other organizations and donors.

IPPF envisages a world in which every woman, man and young person has access to the information and services they need

Annual report of the Governing Council

Strategic framework

The November 2003 Governing Council approved the IPPF Strategic Framework, 2005-2015. This framework is built around five priority focus areas called the 'Five A's':

Adolescents/Young People Providing youth friendly services to meet the needs and rights of young people.

HIV/AIDS Increasing access to prevention, care, support and treatment globally, and to reduce barriers that make people vulnerable to infection.

Abortion To advocate for the right to safe abortion services and provide them to the fullest extent permitted by law.

Access Ensuring access to information and services to improve sexual and reproductive health with particular focus on marginalized communities.

Advocacy To strengthen recognition of the importance of sexual and reproductive health within the context of international development and to increase resources in support of sexual and reproductive health services.

The **Strategic Framework** is not intended to impose a rigid set of rules or constraints. Rather, it embraces the diversity of situations Member Associations and regions face. Whilst providing this flexibility, the framework unites the Federation in a common vision on which we are compelled to act if we are to meet the needs of women, men and young people throughout the world.

Underpinning the Five A's is an overarching commitment to mainstreaming gender and rights approaches and a commitment to organizational accountability, efficiency and effectiveness. A new accreditation system is dedicated to ensuring that Member Associations are well governed and managed and that they provide relevant

up-to-date information and high quality training and clinical services. Accreditation will help IPPF to meet the ultimate challenge – to ensure that vulnerable populations are, and continue to be, serviced to a high standard all over the world. Accreditation is achieved through a rigorous review process once every five years. There is also an emphasis on building Member Associations' capacity and the Federation as a whole to develop the skills and technical knowledge needed to implement and resource the new framework.

A crucial element of this Framework is the measurement of its implementation and impact. For this we have developed a series of Global Indicators for each of the five priority areas. Gathered across the Federation, these indicators enable us to review, monitor and evaluate our performance against the key goals as a more effective way of reporting on our successes, measuring progress, and assessing the human impact of our work.

Grant making procedures

IPPF revised the system of resource allocation which up to 2004 had been based on the UNFPA's (United Nations Fund for Population Activities) classification list of global unmet needs for sexual and reproductive health services. The revised system incorporates criteria relating to the level of need in each of the five strategic priority areas, using internationally recognized data to assess these needs and then assigning a specific core grant to each Member Association. This system is used to allocate the unrestricted grants each year. The Governing Council have established the level of unrestricted funding which should be allocated to each Region. The Regions then make decisions on the individual funding to their Member Associations.

Unrestricted grants are awarded on an annual basis with Member Associations submitting an Annual Programme Budget which outlines the activities and funding in relation to the Strategic Framework. This process is undertaken by many Associations using the electronic Integrated Management System (eIMS). Once approved, Member Associations receive funding in five instalments during the year based on satisfactory submission of half yearly and annual reports, audited financial statements and management letters. The Regional Offices act as the main agents in monitoring individual Member Associations and providing technical assistance as required.

In relation to restricted grants, these are organized for a diverse range of donors and project activities and the Secretariat acts as the implementing partner and reporting mechanism for Member Associations receiving the funding. The specific procedures in relation to issuing grants are guided by the donor funding agreement.

Areas of IPPF's work

The following provides a brief overview of some IPPF activities and achievements in 2006. Further information is available from our website (www.ippf.org) and in our **Annual Performance Report** which has more extensive information regarding each of the strategic areas and what we have achieved under each of the 22 objectives set to help achieve our Strategic Goals. The performance report also contains case studies from individual Associations and a commentary on the outcome of the 2005 Global Indicators.

Adolescents and young people

IPPF has a long history of working with young people. In May 2006 we published the **IPPF Framework for Comprehensive Sexuality Education**. This aims to move away from the reductive aspects of

IPPF works to ensure that vulnerable populations are, and continue to be, serviced to a high standard all over the world



adolescent sexuality education towards sexual expression, fulfilment and pleasure. The framework provides guidance on assessing current programmes, the key aspects of a comprehensive approach as well as useful links and assistance.

In September 2006 we launched **Ending Child Marriage: A guide for policy action**. This publication highlighted the persistent neglect of the plight of child brides in parts of South Asia, the Middle East and Latin America and the lack of protection of the human rights of vulnerable young women. In order to end child marriage we need unambiguous political commitment, visionary leadership, and support for grassroots advocacy to address many of the cultural practices and behaviours which place young women and girls at increased multiple health risks, including HIV.

In November 2006, as part of the in-depth Five A's discussion topics, the Governing Council held a planning session to explore ways of taking forward many of the current ideas and initiatives planned by the Secretariat staff. Issues such as how to provide sexuality education to those out of school, or young married people were addressed. As successful youth participation is essential to the design and implementation of programmes, methods to encourage and expand this were explored.

HIV/AIDS

The **Sixteenth International AIDS Conference** was held in Toronto, Canada in August 2006. The conference, attended by almost 25,000 people was an opportunity for those within the HIV/AIDS communities to share ideas, showcase new work, meet with colleagues and hear the latest news and developments. IPPF was able to provide a greater contribution to the event this year, with involvement in 18 sessions. In **Two Steps Forward: One Step Back** we examined the ABC (Abstinence, Be faithful, use a

Condom) prevention model and whether it met the demands of today's epidemic. In particular the IPPF philosophy of ensuring condom provision (both male and female) was emphasized as essential to the prevention package.

The **Global Fund** to fight AIDS, Tuberculosis and Malaria was launched in 2002 and is one of the largest international mechanisms for disbursing funds to meet these diseases. IPPF commissioned research to see how involved the sexual and reproductive health community was in accessing the funds available through this mechanism. In a report published in early 2006 we highlighted that of the 59% of Associations who had submitted proposals to the Global Fund only just over a half have had them approved. There is a need for further work to highlight the important linkages between HIV/AIDS and sexual and reproductive health, as well as a need to involve people living with HIV, within a strengthened civil society lobby within individual Country Coordinating Mechanisms.

In early 2006, our East South East Asia and Oceania Regional Office was selected by UNAIDS to establish a technical support facility in the South East Asia and Pacific Region. This facility will strengthen local and regional competency to respond to HIV/AIDS by offering services to national AIDS coordinating authorities, government ministries and departments, civil society, NGOs, the business sector and development agencies. With funding of US\$2 million for an initial two year period IPPF has welcomed this opportunity to provide quality HIV/AIDS services to a wider range of stakeholders within countries it has been working with for many years.

Abortion

In the 2006 publication **Death and Denial: Unsafe Abortion and Poverty**, IPPF demonstrates that unsafe abortion is one of

the most neglected public health and human rights issues facing women throughout the developing world. This preventable human tragedy, highlights the failure of national governments and the international community to address a public health issue that perpetuates one of the greatest social injustices separating rich and poor nations. The report suggests that it is time for a reasoned discussion on maternal mortality; it is time for world leaders to translate their commitments to reducing maternal mortality and improving women's health into a currency that will guarantee the successful achievement of the Millennium Development Goal on maternal health. In response to this report, the UK Government established a Global Abortion Fund in early 2006. The Safe Abortion Action Fund will support initiatives and programmes that are focused on increasing access to safe abortion care within a comprehensive package of reproductive health services.

IPPF are acting as the Secretariat for this fund and called for proposals from NGOs and civil society during 2006. By the October deadline almost two hundred applications had been received for total funding well in excess of the funding currently available. Projects are going through a selection process and the successful organizations will commence work in 2007.

Access

In June 2006 we completed a five year programme to **Strengthen the Quality of Reproductive Health Care** through our service delivery points in individual Member Associations. Thirty-four Associations from across the six regions were involved in the programme. The programme was developed around a strong system of self-assessment in order to identify relevant and effective solutions to improve the quality of care in very diverse situations. The outcomes have been wide ranging, from greater appreciation by service providers

Annual report of the Governing Council

of the rights of clients, greater infection prevention measures, more integrated and comprehensive services, to increased access to information by clients, as well as an ability to make more informed choices from the range of services provided. Following the completion of the funding for this project by the Bill and Melinda Gates Foundation, IPPF is keen to keep the momentum from this initiative alive. The process is now being undertaken in a range of additional Associations and integrated into the core work within the Access strategy.

IPPF contributed at the 18th **World Congress of the Federation of Obstetricians and Gynaecologist (FIGO)** held in November in Kuala Lumpur. This event brings together over 8,000 delegates, many of whom are the world's leading experts on sexual and reproductive health issues. A pre-congress workshop on the theme of 'Women's Sexual and Reproductive Rights on Access' was held together with a symposium/ satellite session based on the IPPF Five A's.

Advocacy

IPPF plays an important role in raising the profile of sexual and reproductive health on the poverty and international development agendas, and in protecting legislation and policies that support sexual and reproductive health and rights. IPPF has increased public, political and financial commitment to and support for sexual and reproductive health and rights at national and international levels.

In September 2006, IPPF participated in the **Special Session of the Conference of African Union Ministers of Health**, Maputo, Mozambique. The positive outcome saw Ministers agreeing to adopt a plan which will help African nations reduce poverty levels with an uncompromising evidence-based approach to achieving the Millennium Development Goals (MDGs) to reduce maternal mortality, combat HIV/AIDS and

reduce infant and child mortality. The plan's main focus is the integration of sexual and reproductive health services into primary healthcare; its implementation will improve reproductive health conditions for millions of women across the continent. Maternal and child death and illness is decimating communities across Africa and stalling economic progress. The lifetime risk of maternal death in Africa is a staggering 1 in 20, higher than any other region of the world, and Africa accounts for nearly 50% of all global maternal deaths. IPPF, through its Africa Regional Office in Nairobi, UNFPA and other key organizations, collaborated with the African Union in the process which led to the adoption of this plan. Different from previous efforts, this plan provides cost estimates for the implementation of programmes which will help Ministers plan their country's health budgets and target priorities.

Further progress was welcomed in October 2006 with the adoption of a new target, "to achieve universal access to reproductive health by 2015", under **Millennium Development Goal 5**, to reduce by three quarters the maternal mortality ratio, by the United Nations General Assembly. The new target ensures the centrality of universal access to reproductive health in improving maternal and infant health and reducing poverty in the Millennium Development Goals (MDGs). The importance of reproductive health to maternal and infant health, addressing the HIV/AIDS epidemic, gender equality, human rights and poverty reduction, has been recognised by the global community since the International Conference on Population and Development at Cairo in 1994, where 179 countries agreed to achieve universal access to sexual and reproductive health by 2015.

Yet when the MDGs were adopted in 2000 these logical and intimate links were ignored; nowhere did the MDGs set targets for universal access to reproductive health.

Fortunately, many governments, NGOs and other organizations recognized this omission, and began to call for increased commitment – political and financial – to reproductive health services, culminating in the General Assembly's adoption of the universal access target.

Health experts believe that **human papilloma virus (HPV)** is among the fastest-growing sexually transmitted infections worldwide. Approximately 500,000 new cases of cervical cancer are reported annually. In industrialized countries, expanded screening and treatment have dramatically reduced cervical cancer rates over the last 60 years. But in developing countries, where more than 95% of women never have a pap smear, the death rate from cervical cancer continues to rise. In December 2006 IPPF was a key organizer of a conference 'Stop Cervical Cancer: Accelerating Global Access to HPV Vaccines'. In addition to raising awareness in developing countries and building donor support, the meeting launched a larger movement working to ensure access to HPV vaccines. The meeting brought together more than 60 key leaders from multi-lateral agencies, civil society, government, philanthropists and the pharmaceutical industry.

Accreditation

IPPF launched a systematic and comprehensive accreditation system during 2003. This scheme reviews and measures the extent to which all Member Associations comply with IPPF's 65 essential standards of membership. These standards cover issues of governance, management, programming and service delivery. The accreditation reviews continued during 2006 and covered 29 Member Associations in all six regions. This brings the total number of reviews since 2003 to 100. At the end of 2006, 40 Member Associations had received IPPF Accreditation. The Secretariat staff continue to work with the remainder in order to resolve outstanding issues.



Achievements and performance

Global indicators

IPPF is aware of the increasing need to demonstrate to donors and other stakeholders our collective achievements and performance. On an annual basis we hold a Donors' Meeting with representatives from each of our large donors (governments, foundations). This is an opportunity for us to engage in dialogue on progress made

in meeting the goals and objectives of our Strategic Framework, and on the future programme and funding challenges. In December 2006 we published an Annual Performance Report, including the results for 30 Global Indicators. These are summarized below, however, further information showing regional results and greater details are provided in the Performance Report.

The 30 Global indicators are:

Adolescents		2005 results
1	Proportion of Member Associations with 20% or more young people aged under 25 on their Governing Board, by sex	16.7%
2	Percentage of Member Association staff who are under 25 years of age, by sex	4.0%
3	Proportion of Member Associations providing sexuality information and education to young people	95.2%
4	Proportion of Member Associations providing sexual and reproductive health services to young people	93.7%
5	Proportion of Member Associations advocating for improved access to services for young people	98.4%
6	Number of sexual and reproductive health services (including family planning) provided to young people under 25 years of age	7,869,331
HIV/AIDS		
7	Proportion of Member Associations with integrated HIV/AIDS services	7.9%
8	Proportion of Member Associations providing services along the prevention to care continuum	3.2%
9	Proportion of Member Associations advocating for increased access to HIV/AIDS prevention, treatment and care, and reduced discriminatory policies and practices for those affected by HIV/AIDS	31.0%
10	Proportion of Member Associations with strategies to reach people particularly vulnerable to HIV/AIDS infection	69.8%
11	Proportion of Member Associations conducting behaviour change communication activities to reduce stigma and promote health seeking behaviours	66.7%
12	Number of HIV-related services provided	1,320,599
13	Number of condoms distributed	97,855,691
Abortion		
14	Proportion of Member Associations advocating for reduced restrictions and/or increased access to safe legal abortion	74.6%
15	Proportion of Member Associations conducting IEC activities on the nature of abortion, abortion legal status and the availability of abortion services	43.7%
16	Proportion of Member Associations providing abortion-related services	82.5%
17	Number of abortion-related services provided	219,229

Annual report of the Governing Council

	Access	2005 results
18	Proportion of Member Associations conducting programmes aimed at increased access to SRH services by poor, marginalized, socially excluded and/or under-served groups	78.6%
19	Estimated percentage of Member Associations' clients who are poor, marginalized and/or socially excluded	56.6%
20	Number of couple years of protection (CYP)	6,121,077
21	Number of family planning services provided	17,335,608
22	Number of sexual and reproductive health services (excluding family planning) provided	13,416,374
23	Number of service delivery points	58,470
24	Proportion of Member Associations with gender-focused policies and programmes	72.2%
25	Proportion of Member Associations with quality of care assurance systems, using a rights-based approach	65.0%
Advocacy		
26	Proportion of Member Associations involved in influencing public opinion on sexual and reproductive health and rights	71.4%
27	Proportion of Member Associations involved in advancing national policy and legislation on sexual and reproductive health and rights	90.4%
28	Number of successful national policy initiatives and/or positive legislative changes in support of sexual and reproductive health and rights to which the Member Association's advocacy efforts have contributed	51
29	Proportion of Member Associations involved in counteracting opposition to sexual and reproductive health and rights	80.2%
30	Proportion of Member Associations advocating for national governments to commit more financial resources to sexual and reproductive health and rights	86.5%

The results from the 2005 data will act as a benchmark in order to monitor annual performance in future years. The 2006 data is not available at the time of approving these accounts. The results will be available in December 2007 and published within the IPPF Annual Performance Report.

Resource mobilization

Resource Mobilization within IPPF involves developing long term donor relationships with the key governments and foundations who support our work. The staff involved are required to compile funding proposals and regular progress reports. With over 100 individual restricted projects at any one time, significant efforts are made to

ensure that donor funding requirements are complied with, and that reporting is provided on a timely basis. IPPF continues to explore the opportunities to widen the pool of government donors who contribute. They also increasingly work in expanding foundation support, particularly in the US.

With donors decentralizing funding and decision making, a key role is now supporting Member Associations to apply for funds allocated via Sector Wide Approaches and through local embassies/delegations. In 2005 the total income for our grant receiving Member Associations was US\$264.3 million. Of this funding, IPPF represented 21%, local income was 63% with other international sources providing

16%. Whilst this global picture masks large regional differences (for example in Africa the IPPF support represented 57% of income sources) we are seeing long term trends of slowly increasing income levels overall, and positive diversification of that funding base. Therefore considerable resource mobilization efforts are made to increase funding to the sector as a whole and not just the funding which flows directly through IPPF.

In the Western Hemisphere there is a well developed public fundraising initiative which realizes well over US\$1 million per annum. This is through direct mailing and credit card commitments. Efforts continue to maintain this crucial fundraising and advocacy resource.

Financial review

Statement of reserves

The members of the Governing Council have reviewed the level of reserves. Note 16 to the financial statements shows the funds of IPPF. This indicates the split of reserves between the general, designated, restricted and endowment funds.

Over the longer term, the members of the Governing Council aim to have a general reserve balance of 25% of the next year's approved unrestricted expenditure. This percentage represents three months of unrestricted expenditure. This recognizes the timing of the majority of annual unrestricted government grants which are received in the second half of each year, and the need for IPPF to meet the commitments to Member Associations and the Secretariat (Regional and Central Offices).

At the time of approving the 2007 budget in November 2006, the general reserve at 1 January 2007 was estimated to be US\$22 million. The unrestricted expenditure programme budget approved for 2007 was US\$70.2 million. The general reserve therefore reflected 31% against our ideal position of 25%. The actual level of the general reserve at 1 January 2007 was US\$28.2 million. This represents 40% or 4.8 months of the budgeted 2007 unrestricted expenditure. Given uncertainty regarding the exchange rate impact on the 2007 income this surplus of general fund is likely to be required to meet funding commitments.

Unrestricted funds are designated at the discretion of the trustees. The largest designated fund relates to the Western Hemisphere Sustainability Fund. This fund of US\$26.7 million was created in 2002 following the receipt of a legacy for use in the Western Hemisphere Region, as such it has been designated for that purpose. Since 2002 further legacies have been added to the fund.

Statement on investments

There are no restrictions under the 1977 Act in relation to the charity's powers to invest. IPPF currently hold investments in terms of shares and securities as well as cash deposits.

Shares and securities

All shares and securities held are traded on the New York Stock Exchange. The Western Hemisphere Regional Board have appointed an Investment Committee to monitor these investments. The Committee is comprised of seven members independent of the Board and who have relevant investment experience. A review of the investment managers performance was undertaken during 2004 and following a tender review of four managers, Merrill Lynch Asset Management were replaced on the bulk of the portfolio by GMO (Grantham, Mayo, Otterloo & Co). The investment managers provide quarterly performance reports to the Investment Committee detailing all asset information as well as investment returns against appropriate indices. The investments within the GMO Balanced Allocation Fund are held in at least 25% US equity and at least 25% fixed income. No specific social, environmental or ethical considerations are placed on the investment managers.

IPPF continue to closely monitor the performance of their investments and in 2006 the stock market continued to improve. A benchmark of 13.39% yield return (net of fees) was set for the GMO Balanced Allocation Strategy in 2006. Actual performance at 12.11% was slightly below the target.



In 2005 the total income for our grant receiving Member Associations was

US\$264.3 million

Annual report of the Governing Council

Cash

Regular cash-flow predictions for both unrestricted and restricted income and expenditure are prepared. Given the historical timing of receipts the level of cash on deposit varies significantly during the year. In order to obtain sufficient returns on such balances, yet allowing for reaction to emergencies, surplus liquid assets are placed on short-term deposit on a weekly basis. Investment options are regularly reviewed and IPPF have identified deposit accounts which allow the maximum interest to be generated from cash balances whilst giving the flexibility of access to those funds at short notice and these accounts are used when the cash reserves warrant such investment.

Financial summary

During 2006, IPPF provided US\$61.3 million to Member Associations and partner organizations in the form of grants. Through the Regional and Central Offices a further US\$29.8 million was provided in direct technical assistance and support, enhancing the quality of services of all IPPF Member Associations.

Income

The overall income received by IPPF in 2006 was US\$107.4 million, compared with US\$92.5 million in the previous year. This increase of 16% reflects both unrestricted and restricted income growth. It also includes a significant foreign exchange gain of US\$3.0 million in relation to revaluation of the balance sheet at the year-end (prior year exchange loss of \$2.6 million was charged to expenditure). Since 2001, our income has seen a very welcome increase from US\$80.2 million, representing 34% growth.

IPPF's main source of funding is government contributions which accounted for 66% of the total incoming resources. Unrestricted government grants showed an increase of 9.9% or US\$6.4 million. This was due to increased contributions from the Governments of Canada, Finland, Sweden and the United Kingdom. In addition the further weakening of the US dollar against European currencies increased the value of local currency contributions.

Restricted government grants amounted to US\$5.8 million, up from US\$4.0 million in 2005. The Japanese Government provided a further US\$1 million for the IPPF Japan Trust Fund. The Danish Government also provided US\$850,000 to pilot capacity building initiatives. In addition IPPF holds the funding for the Safe Abortion Action Fund established in 2006 to which a number of European donor governments contribute.

Grants from multilaterals and other income sources amounted to US\$24.7 million compared with US\$21.0 million in the previous year. The support of a number of US Foundations who provide unrestricted funding along with support from the European Commission, the UK Big Lottery Fund, UNFPA and income raised by the IPPF private sector fundraising programme from the general public has allowed IPPF to diversify funding and see support for a number of innovative projects being undertaken.

Expenditure

The overall expenditure in 2006 was US\$98.3 million. This compared with US\$95.4 million in the previous year.

Grants to Member Associations increased by almost 9% to US\$61.3 million. This was due to an increase in unrestricted grants which went up by 7% from \$43.1 million

to US\$46.2 million. Restricted grant expenditure increased to US\$15.0 million.

Restricted income received was greater than the restricted expenditure during the year reflecting multi-year agreements where funding is received at the start of a project with expenditure continuing for a number of subsequent years.

Funds (including pension fund deficit)

When compared with 2005, IPPF's total funds and reserves increased from US\$71.3 million to US\$83.4 million.

The general fund increased by US\$5.8 million in 2006, to an overall level of US\$28.2 million. This allows the organization to maintain a reserve sufficient to meet the cash flow needs during the year, but not to hold excess funds which could be available for programme activities. US\$3.0 million of the general fund increase reflects the revaluation of the balance sheet and is therefore a paper movement rather than representing cash or other assets. The lowest level of the cash unrestricted reserve was in August when it was necessary to temporarily borrow from designated funds due to later than predicted receipt of donor funding.

The largest designated reserve (US\$26.7 million) relates to a substantial individual legacy received by Western Hemisphere Region in 2002 which is being invested and the income used to fund projects within that region (3.5% of the capital is released per annum).

The restricted fund balance of US\$16.9 million reflects funds received in advance of the projects taking place. These funds will be used in 2007 and beyond. Any funds showing a negative balance at the year-end (where expenditure to date has exceeded



income) have funding secured per project agreement and will be cleared when funds are received in 2007. Income has not been recorded for these projects as the funding agreements stipulate that the funds are only eligible for reimbursement in 2007.

The balance sheet in 2006 includes the pension liability of US\$20.7 million. Whilst the liability decreased by 5% in sterling terms from £11.2 million to £10.6 million under the FRS17 calculations the impact of the US dollar exchange rate has the effect of increasing the liability on the balance sheet. This liability forms part of the unrestricted funds and represents the total future liability arising from the Central Office Defined Benefit Scheme. Like most UK organizations with such a scheme, IPPF have a deficit of long-term funding. Having taken early action in 2003 to close the scheme to new members, IPPF developed a long-term strategy during 2006 to find manageable ways of addressing this funding liability. Whilst the performance of the assets continues to increase, this is more than offset by the increased life expectancy of members, which increases the liabilities. The triennial valuation will be finalized in early 2007, with a recovery plan showing how the deficit will be eliminated over the next 10-15 years being submitted to the UK Pension Regulator.

Trading subsidiary

2006 was the fifth year in which the trading subsidiary of IPPF, ICON Ltd operated. The company primarily engages in commodity supply services and with the social marketing of contraceptives in conjunction with Member Associations. In 2006 the company made a trading profit after tax of US\$87.3k for the year to 31 December 2006. US\$60k will be gifted to IPPF during 2007, the remaining profits retained in order to fund cash flow and expansion.

Plans for future periods

Plans for 2007

The vision for 2007 and beyond is a Federation strongly committed to delivering the **Five A's**. The on-going challenge is to strengthen the organization at every level in order to ensure effective implementation, evaluate progress in fulfilling our goals and objectives and ultimately to make a difference to people's lives through service delivery and advocacy. As a learning organization we want to share models across the Federation that can be adapted to situations in other countries.

Our Quality of Care initiative in 2007 will focus on adapting the quality improvement model to **community based services** with a special focus on mobile health units.

As these units are often used by Associations to reach the marginalized, the most vulnerable and the poorest of the poor it is key that the services they offer and provide are of the very highest levels of quality in order to encourage greater access. Central and Regional Offices will work on methods of implementing this initiative in as many Associations as possible.

The Governing Council have identified the need to determine whether the **contribution of volunteers**, one of IPPF's biggest assets, is being maximized in pursuit of the Federation's strategic goals and objectives. For instance, what lessons have been learned by Associations on how to attract new 'brave and angry' volunteers in support of their vision and mission? Once volunteers are involved, what kinds of volunteer / staff partnerships are most effective? What kinds of specific support do volunteers value? With all of these in mind a Task Force was established in 2006 which will continue to meet during 2007. The outcome will be

recommendations on how to strengthen the governance of Member Associations in order to maintain IPPF as an effective sexual and reproductive health and rights volunteer movement over the next ten year period.

During 2007 a High Level Panel on Sexual Rights involving Governing Council members and external experts will meet. The outcome in 2008 will be a **Bill of Sexual Rights** which will define sexual rights within a human rights context, and thereby inform advocacy and programme interventions so as to advance sexual health and rights. Whilst the IPPF Charter on Sexual and Reproductive Rights has been a seminal document for programming within many Member Associations there are several issues that have emerged and taken on greater relevance and urgency in the last 10 years. The Bill will address the more pressing issues and hopefully be a programme tool which will lead to modified service delivery. The Bill will be unique in promoting sexuality, not reproduction, as the basis for core value to promote, respect and protect sexual rights.

Having implemented a new **Accreditation** system over the past five years an evaluation of the current model will be undertaken during 2007. This will guide how the system should evolve and be modified for the future. This review will involve feedback from those who have been accredited, volunteers and staff who undertake the reviews as well as looking at learning from what other organizations with similar systems have to offer.



IPPF acknowledges the immense on-going contribution it receives from its volunteers

Future funding

IPPF continues to try to increase longer term stability and income. Government donors do not generally confirm their contributions until shortly before they are paid and usually only for the particular year in question. Indications for 2007 are generally positive with many government donors committing to the same level of funding as 2006.

IPPF continues to work on diversifying its funding base by increasing the number of fundraising opportunities among non-governmental organizations including trusts, foundations, the private sector and individual giving.

Disclosure of information to auditors

The Governing Council members who held office at the date this report was approved, confirm that, so far as they are each aware, there is no relevant audit information of which the Charity's auditors are unaware; and each Governing Council member has taken all steps that s/he ought to have taken to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Thanks

IPPF thanks all its donors for their continuing and generous support. It also wishes to acknowledge the immense on-going contribution it receives from its volunteers, in terms of the time, hard work, and personal commitment. Volunteers provide a huge range of help to the organization from assisting in clinics, sitting as Board members, acting as peer educators, meeting donors etc. Without this volunteer commitment IPPF could not achieve its mission or be the strong voice it currently is within the field of sexual and reproductive health and choices.

Approved on behalf of the Governing Council on 11 May 2007.

Dr Jacqueline Sharpe
President

Mrs Helen Eskett
Treasurer

Report of the independent auditors

Report of the independent auditors, KPMG LLP, to the Governing Council of the International Planned Parenthood Federation

We have audited the group and charity financial statements (the 'financial statements') of the International Planned Parenthood Federation for the year ended 31 December 2006 which comprise the group statement of financial activities, the group and charity balance sheets, the group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's Governing Council members, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's Governing Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the Governing Council members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the members of the Governing Council and auditors

The Governing Council members' responsibilities for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Governing Council Members' Responsibilities on page 6.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993 and the International Planned Parenthood Federation Act 1977. We also report to you if, in our opinion, the Governing Council's Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Annual Report of the Governing Council and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governing Council in the preparation of the financial statements, and of whether the accounting policies are

appropriate to the group's and charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and charity's affairs as at 31 December 2006 and of the group's incoming resources and application of resources in the year then ended; and have been properly prepared in accordance with the Charities Act 1993 and the International Planned Parenthood Federation Act 1977.



**KPMG LLP, Chartered Accountants
& Registered Auditor,
London, 11 May 2007**

Statement of financial activities

Consolidated statement of financial activities for the year ended
31 December 2006

	Notes	Unrestricted \$'000	Donor restricted \$'000	Endowment \$'000	2006 total \$'000	2005 total \$'000
Incoming resources						
Incoming resources from generated funds:						
Voluntary income:						
Grants from governments	2	71,421	5,798	–	77,219	69,000
Grants from multilaterals and other income sources	3	5,157	19,569	–	24,726	21,063
Investment income and interest	4	1,386	246	–	1,632	1,447
Incoming resources from charitable activities:						
Income of subsidiary trading company		789	–	–	789	964
Other incoming resources:						
Foreign exchange gains		3,033	11	–	3,044	–
Other incoming resources		25	–	–	25	49
Total incoming resources		81,811	25,624	–	107,435	92,523
Resources expended						
Cost of generating funds:						
Central fundraising	7	1,149	–	–	1,149	1,234
Regional fundraising	6	1,590	–	–	1,590	1,292
Investment management costs		19	–	–	19	32
Expenditure of subsidiary trading company		1,516	61	–	1,577	1,897
Charitable activities:						
Grants to Member Associations and Partners	5	46,268	15,020	–	61,288	56,358
Central expenditure	7	8,984	1,792	–	10,776	14,263
Regional expenditure	6	14,613	4,404	–	19,017	17,728
Governance costs	8	2,241	10	–	2,251	2,285
Pension finance charge	20	585	–	–	585	348
Total resources expended		76,965	21,287	–	98,252	95,437
Net incoming/(outgoing) resources before transfers		4,846	4,337	–	9,183	(2,914)
Transfers between funds	16	(25)	25	–	–	–
Net incoming/(outgoing) resources before other recognised gains and losses		4,821	4,362	–	9,183	(2,914)
Gains on investment assets	11	3,567	369	124	4,060	2,808
Actuarial gains/(losses) on defined benefit pension scheme	20	1,396	–	–	1,396	(5,965)
Foreign exchange movements on pension liability	20	(2,614)	–	–	(2,614)	1,578
Net movement in funds		7,170	4,731	124	12,025	(4,493)
Funds brought forward at 1 January	16	58,054	12,228	1,019	71,301	75,772
Unrealised foreign exchange movements taken to reserves		99	–	–	99	22
Funds carried forward at 31 December	16	65,323	16,959	1,143	83,425	71,301

There are no recognized gains and losses other than those indicated above. All the above results arise from continuing operations. The notes on pages 23 to 58 form part of these accounts.

Balance sheets

Consolidated balance sheet as at 31 December 2006

	Notes	Unrestricted \$'000	Donor restricted \$'000	Endowment \$'000	2006 total \$'000	2005 total \$'000
Fixed assets						
Tangible assets	10	10,884	–	–	10,884	10,699
Investments	11	35,622	2,801	1,143	39,566	35,473
Long-term loans	12	583	828	–	1,411	1,326
Total fixed assets		47,089	3,629	1,143	51,861	47,498
Current assets						
Stock of goods		1,366	410	–	1,776	1,158
Receivable from donors	13	1,830	3,760	–	5,590	9,071
Receivable from associations		679	162	–	841	1,046
Receivable from others		610	–	–	610	892
Prepayments		475	52	–	527	535
Cash at bank		41,993	12,771	–	54,764	41,660
Total current assets		46,953	17,155	–	64,108	54,362
Creditors: amounts falling due within one year						
Accounts payable		2,726	115	–	2,841	2,764
Payable to associations		2,662	2,781	–	5,443	4,515
Accruals and other creditors		1,769	358	–	2,127	2,004
Deferred income	14	636	571	–	1,207	2,025
Total current liabilities		7,793	3,825	–	11,618	11,308
Net current assets excluding pension liability		39,160	13,330	–	52,490	43,054
Provisions for liabilities and charges	15	182	–	–	182	–
Pension liability	20	20,744	–	–	20,744	19,251
Total net assets including pension liability		65,323	16,959	1,143	83,425	71,301
Represented by:						
Unrestricted:						
General		28,163	–	–	28,163	22,354
Designated		57,904	–	–	57,904	54,951
Restricted		–	16,959	–	16,959	12,228
Endowment		–	–	1,143	1,143	1,019
Total funds and reserves excluding pension liability	16	86,067	16,959	1,143	104,169	90,552
Pension reserve	20	(20,744)	–	–	(20,744)	(19,251)
Total funds and reserves including pension liability		65,323	16,959	1,143	83,425	71,301

Approved on behalf of the Governing Council on 11 May 2007



Dr Jacqueline Sharpe
President



Mrs Helen Eskett
Treasurer

Balance sheets

Balance sheet (charity) as at 31 December 2006

	Notes	2006 total \$'000	2005 total \$'000
Fixed assets			
Tangible assets		10,880	10,698
Investments	11	39,566	35,473
Long-term loans		1,658	1,573
Total fixed assets		52,104	47,744
Current assets			
Stock of goods		1,772	1,076
Receivable from donors	13	5,590	9,071
Receivable from associations		841	1,046
Receivable from others		553	599
Prepayments		527	535
Cash at bank		54,125	41,415
Total current assets		63,408	53,742
Creditors: amounts falling due within one year			
Accounts payable		2,445	2,629
Payable to associations		5,443	4,515
Accruals and other creditors		2,127	1,799
Deferred income	14	1,207	2,025
Total current liabilities		11,222	10,968
Net current assets excluding pension liability			
		52,186	42,774
Provisions for liabilities and charges	15	182	–
Pension liability	20	20,744	19,251
Total net assets including pension liability		83,364	71,267
Represented by:			
Unrestricted:			
General		28,106	22,321
Designated		57,900	54,950
Restricted		16,959	12,228
Endowment		1,143	1,019
Total funds and reserves excluding pension liability		104,108	90,518
Pension reserve		(20,744)	(19,251)
Total funds and reserves including pension liability		83,364	71,267

Approved on behalf of the Governing Council on 11 May 2007



Dr Jacqueline Sharpe
President



Mrs Helen Eskett
Treasurer

Cash flow statement

Consolidated cash flow statement for the year ended 31 December 2006

	Note	\$'000	2006 \$'000	\$'000	2005 \$'000
Net cash inflow/(outflow) from operating activities	a		9,501		(1,208)
Returns on investments					
Interest received and similar income			1,578		1,442
Capital expenditure					
Purchase of tangible assets		(457)		(10,710)	
Purchase of marketable securities		(4,581)		(3,020)	
Long-term loans issued		(546)		–	
Sale of tangible assets		9		2	
Sale of marketable securities		4,731		3,362	
Long-term loan repayments received		461		309	
			(383)		(10,057)
Increase/(decrease) in cash	b		10,696		(9,823)

Note a: Reconciliation of net incoming resources to net cash inflow from operating activities

Net incoming/(outgoing) resources		9,183		(2,914)
Interest receivable and similar income		(1,632)		(1,447)
Depreciation		1,094		735
Exchange movement on tangible assets		(832)		859
Exchange movement on pension liability		(2,614)		1,578
Increase in pension liability		1,493		4,286
Actuarial gain/(loss) on pension scheme		1,396		(5,965)
Loss on disposal of fixed assets		1		153
Donations in kind		(183)		(959)
(Increase) in stock		(618)		(549)
Decrease in receivables from donors		3,481		814
Decrease in receivables from associations		205		638
Decrease in receivables from others		336		350
Decrease in prepayments		8		486
Increase in accounts payable		77		5
Increase in payable to associations		928		1,557
Increase in accruals and other creditors		123		169
(Decrease) in deferred income		(818)		(2,700)
Increase in provisions		182		–
Exchange movement on net funds		(2,309)		1,696
Net cash inflow/(outflow) from operating activities		9,501		(1,208)

Cash flow statement

Consolidated cash flow statement for the year ended 31 December 2006 (continued)

	Note	2006 \$'000	2005 \$'000
Note b: Reconciliation of net cash flow to movements in net funds			
Increase/(decrease) in cash in the year		10,696	(9,823)
Movement on foreign exchange		2,408	(1,696)
Movement in net debt for the period		13,104	(11,519)
Net funds at 1 January		41,660	53,179
Net funds at 31 December	c	54,764	41,660

At 1 Jan 2006 \$'000	Cash flows \$'000	Exchange movements \$'000	As 31 Dec 2006 \$'000
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Note c: Analysis of changes in net funds

Cash in hand and at bank	41,660	10,696	2,408	54,764
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Note of explanation

Cash balances are historically higher at 31 December each year due to the timing of government receipts, many of which are received in the last quarter of the financial year. However, the timing of grant payments to Member Associations means that the cash funds are significantly reduced in the first quarter of each financial year. The cash balance also includes restricted funds for use in the following years.

Notes to the financial statements

1 Accounting policies

Basis of accounting

These financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain investments, and in accordance with applicable United Kingdom accounting standards, applicable United Kingdom law and the Statement of Recommended Practice ("SORP"), Accounting and Reporting by Charities (revised 2005), issued by the Charity Commissioners.

Basis of preparation

IPPF exists as an entity under the provisions of the IPPF Act. There are six regions within the Federation and the accounts of these are combined to form the IPPF. All of the Regional Offices act as branches of IPPF and therefore fall under the term 'branches' in accordance with FRS2 'Accounting for Subsidiary Undertakings' and the Charities SORP.

IPPF Arab World Regional Office (Tunis, Tunisia), IPPF East and Southeast Asia and Oceania Regional Office (Kuala Lumpur, Malaysia) and IPPF South Asia Regional Office (New Delhi, India) are not separate entities and their results are included in those of the Central Office (London, UK).

IPPF Africa Regional Office (Nairobi, Kenya) and IPPF Europe Regional Office (Brussels, Belgium) are separate legal entities in their respective regions, and are treated as branches of the Central Office in London. Their results are included with those of the Charity.

The IPPF Western Hemisphere Regional Office (New York, US) – IPPF Western Hemisphere Inc. is a separate company incorporated in the State of New York, USA, as a membership corporation with not-for-profit status. All its results are combined with those of the charity, on the basis that its members are also members of IPPF, and are in a Regional Office pursuing the same objectives and policies as the rest of IPPF.

IPPF WHR is not a trading subsidiary, and therefore its results have not been separately disclosed. In addition to the Regional Office, there are two other entities within this region – The IPPF WHR Fund and IPPF Worldwide Inc.

The IPPF WHR Fund is a separate entity used for investing significant bequests, the results of which are reported within these accounts. This entity is also considered to be a branch of IPPF.

IPPF Worldwide Inc (established in 2006) is a separately registered not-for-profit organization. This is established for the purpose of receiving funding from United States of America based organizations with income received being reflected within these financial statements.

IPPF has a trading subsidiary, ICON Ltd. This primarily engages in commodity supply services and social marketing of contraceptives in conjunction with Member Associations. Its results for the trading period to 31 December 2006 have been consolidated in accordance with FRS2 'Accounting for Subsidiary Undertakings' on a line by line basis.

Incoming resources

Income is recognized in the period to which it is receivable (see separate deferred income policy).

Commercial trading activities

Income from commercial trading activities is included in the period in which the group is entitled to receipt.

Donations and grants

Grants from governments and other agencies have been included as donations and similar incoming resources as these relate to core funding or are provided for a general purpose rather than being service agreements. These are included in incoming

resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods;
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

Legacies

Legacies are recognized when the charity is advised by the personal representatives of an estate that payment will be made or property transferred and the amount involved can be quantified.

Investment income and interest

Investment income in the form of dividends together with interest is included when receivable by the charity.

Intangible income

Donations in kind are included in donations and similar incoming resources where the amounts are material and an estimated market value is readily attainable. Commodities donated to IPPF for distribution to Member Associations are recognised as incoming resources to the extent that they have been distributed (or allocated for distribution) in the year.

IPPF wishes to acknowledge the immense on-going contribution it receives from its volunteers, in terms of the time, hard work, and personal commitment given to IPPF and its objectives. IPPF does not believe it is possible, or desirable, to place a monetary value on this contribution, and subsequently does not recognize volunteer time as incoming resources in the Financial

Notes to the financial statements

1 Accounting policies (continued)

Statements. IPPF does not believe there is a concise, workable, or accurate method of quantifying this contribution, or establishing how this contribution is expressed in financial terms.

Resources expended and basis of allocation of costs

Grants payable to associations of cash and commodities (being contraceptives and related goods) represent direct aid to affiliated and non-affiliated organizations. These grants are given on an annual basis. Amounts not yet given at the year end relating to commodities are accrued for as liabilities on the basis that a commitment exists to supply these remaining commodities or cash.

Expenditure other than Grants is classified between Regional and Central activities. Regional activities are those carried out by the Regional Offices serving local Member Associations. Central activities are exclusively, those of the Central Office, London, which serve IPPF as a whole.

Costs of generating voluntary income comprise the costs incurred in commercial trading activities and fundraising. Fundraising costs include all direct costs including personnel costs, publicity material and direct mailing material.

Programme activities represent expenses directly attributable to the issuing or monitoring of grants to Member Associations as well as providing technical assistance to allow the grant recipients to implement programmes effectively. At the Regional Offices most staff will be involved as focal points for a selected number of Associations as well as being an expert in a technical area e.g. HIV/AIDs, Access, Accreditation etc. At the Central Office staff are not involved in issuing grants to Associations but provide technical support to Regional Office staff and Associations.

Support costs represent expenses on activities that are not directly attributable to the issuing or monitoring of grants to Member Associations and include general management, finance, office facilities, human resources and information technology.

Governance costs include the costs of governance arrangements relating to IPPF as a UK registered charity. Direct costs include internal and external audit, financial statement publication costs, legal advice for the Governing Council members and costs associated with constitutional and statutory requirements such as Governing Council meetings as well as the supporting committee meetings. As a Federation, the costs associated with Regional governance structures (Regional Council Meetings and Regional Executive Meetings) are also included.

Where IPPF acts as an agent for another party upon specific projects, all costs and overheads recovered are netted off against those costs.

Where overheads on IPPF's own projects are recovered by way of donations and grants, these and their related costs are not netted off but are shown separately.

Deferred income

Deferred income comprises amounts received in the period which the donor has given for use in future accounting periods only. Other forms of income, such as lease benefits, are also deferred in order to match the income with the periods that they are intended to benefit.

Fixed assets

All assets costing more than \$1,000 are capitalized. All assets are stated at cost. All assets are depreciated in line with their expected useful lives using the straight line method at the following rates:

Land	no depreciation
Freehold buildings	2%
Office furniture	10%
Office equipment	20%
Computer hardware	33%
Vehicles	33%
Freehold improvements	10%
Leasehold improvements	Period of lease

Any realized gains or losses on disposals of fixed assets are taken to the Statement of Financial Activities in the year in which they occur.

The transitional rules of FRS15 'Tangible Fixed Assets' have been adopted.

Investments

Investments are valued at market value as at 31 December 2006. All gains and losses are taken to the Statement of Financial Activities as they arise.

Stock of goods

Stock is valued at the lower of cost and net realizable value and consists of contraceptives and related medical equipment.

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and the gains and losses on translation are included in the statement of financial activities.

1 Accounting policies (continued)

The results from overseas branches with operations denominated in foreign currency are translated into US Dollars at the average rate of exchange during the year for the statement of financial activities, and the year end rate for the assets and liabilities. Gains and losses arising on these translations are taken to the General Reserve.

Leased assets

The annual payments in relation to lease arrangements, known as operating leases, are charged to the Statement of Financial Activities on an accruals basis.

Provisions

Provision is made, where material, for the present value of future liabilities and losses which have occurred during the financial year and up to the date on which the financial statements are approved by Governing Council. The recognition of a provision is in accordance with FRS12 'Provisions, Contingent Liabilities and Contingent Assets'. The charge for a provision is made against the appropriate resources expended category to which it relates.

Contingent liabilities

Contingent liabilities are disclosed in accordance with FRS12, 'Provisions, Contingent Liabilities and Contingent Assets'. No recognition is made in the Statement of Financial Activities. Where it becomes probable that there will be a future outflow of resources the liability will cease to be contingent and is accrued in the financial statements. Full details on each contingent liability are disclosed in note 18.

Pension contributions

IPPF contributes to both defined benefit and defined contribution pension schemes (see note 20).

Defined contribution scheme costs are charged to the Statement of Financial Activities as they are incurred.

IPPF makes contributions to the Central Office defined benefit pension scheme (closed to new members from 1 September 2003) based on the advice from triennial actuarial valuations. Any material deficiencies or surpluses that arise are dealt with by changes to the level of contributions. In accordance with FRS17 'Retirement Benefits', the Statement of Financial Activities includes: the cost of benefits accruing during the year in respect of current and past service (charged against net outgoing resources); the expected return on the scheme's assets and the increase in the present value of the scheme's liabilities arising from the passage of time (shown as pensions finance charge); actuarial gain recognized in the pension scheme (shown within net movement of funds).

The balance sheet includes the deficit in the scheme taking assets at their year-end market value and liabilities at their actuarially calculated values.

Funds

IPPF maintains five types of fund:

- Permanent Endowment – where the capital is held in perpetuity to generate income to further the charitable objects of IPPF;
- Restricted – where the purposes for which the funds can be used have been restricted by donors or the terms of an appeal;
- Pension Reserve – in accordance with FRS17 'Retirement Benefits', the liability attributed to the Central Office Defined Benefit Scheme is shown as a separate fund. As the scheme is currently in deficit this is a negative reserve. No designation of unrestricted funds to meet pension commitments at the balance sheet date is in place as IPPF anticipates meeting such commitments through future cash flows;
- Designated – where the funds are unrestricted, but where the Governing Council have designated them for a specific purpose;
- Unrestricted – where the funds are not restricted as to use but may be applied for any purpose within the charity's objects.

Transfers between funds are made where the donor restrictions allow with appropriate disclosure in note 16.

Notes to the financial statements

2 Grants from governments

	Local currency (LC)	2006 LC'000	2005 LC'000	2006 \$'000	2005 \$'000
Unrestricted					
Australia	Australian \$	2,000	2,000	1,435	1,564
Barbados	US \$	4	4	4	4
Canada	Canadian \$	5,000	4,100	4,338	3,545
China	US \$	160	160	160	160
Denmark	Danish Krone	40,000	40,000	6,900	6,566
Finland	Euro	450	400	565	492
Germany	Euro	3,000	3,000	3,839	3,639
Japan	US \$	12,278	13,922	12,278	13,922
South Korea	US \$	100	100	100	100
Malaysia	US \$	15	15	15	15
The Netherlands	Euro	4,311	4,311	5,356	5,321
New Zealand	New Zealand \$	1,300	1,145	868	926
Norway	Norwegian Krone	41,000	40,000	6,628	6,065
Pakistan	Pakistan Rupees	–	100	–	2
Sweden	Swedish Krona	100,000	85,000	14,136	10,607
Switzerland	Swiss Franc	1,000	1,000	814	792
Thailand	US \$	2	2	2	2
United Kingdom	£ Sterling	7,500	6,000	13,983	11,272
Total unrestricted				71,421	64,994
Restricted					
Australia	Australian \$	250	–	179	–
Denmark	Danish Krone	9,000	5,000	1,533	783
Finland	Euro	225	130	288	167
Germany	Euro	631	710	775	939
Japan	US \$	1,022	1,022	1,022	1,022
States of Jersey	£ Sterling	48	35	84	67
South Korea	US \$	–	500	–	500
Sweden	Swedish Krona	10,000	–	1,440	–
Sweden	US \$	–	38	–	38
Switzerland	Swiss Franc	75	–	60	–
United Kingdom	£ Sterling	227	261	417	490
Total restricted				5,798	4,006
Total restricted and unrestricted grants from governments				77,219	69,000

3 Grants from multilaterals and other income sources

	Unrestricted \$'000	Donor restricted \$'000	2006 total \$'000	2005 total \$'000
Erik E and Edith H Bergstrom Foundation	–	201	201	437
Big Lottery Fund	–	243	243	615
Liz Claiborne and Art Ortenberg Foundation	20	–	20	–
A and R Contorer	–	–	–	100
Elton John AIDS Foundation	–	102	102	44
EngenderHealth	–	25	25	–
European Commission	–	3,575	3,575	3,916
Ford Foundation	–	144	144	173
Bill and Melinda Gates Foundation	–	1,255	1,255	2,867
Gesellschaft fur Technische. Zusammenarbeit (GTZ)	–	288	288	293
Good Gifts	–	138	138	62
The R H and Esther Goodrich Foundation	21	–	21	–
The William and Flora Hewlett Foundation	1,300	3,390	4,690	5,225
International AIDS Vaccine Initiative (IAVI)	–	25	25	–
JHPEIGO	–	25	25	–
Levi Strauss Foundation	–	55	55	–
Libra Foundation	50	–	50	–
London School of Hygiene and Tropical Medicine	–	9	9	–
The John D and Catherine T MacArthur Foundation	–	701	701	396
Nike Foundation	–	58	58	50
Overbrook Foundation	40	–	40	40
Sir David Owen Memorial Fund	–	–	–	61
David and Lucile Packard Foundation	–	1,025	1,025	–
Planned Parenthood Federation of America	–	23	23	12
L and H Price Foundation	–	–	–	40
Program for Appropriate Technology in Health (PATH)	–	25	25	–
Prospect Hill Foundation	–	–	–	105
Rutgers Nisso Groep (RNG)	–	–	–	80
The Scherman Foundation	30	–	30	–
Helen Seymour Fund	–	–	–	189
Summit Foundation	–	50	50	–
United Nations Development Programme	–	12	12	–
United Nations Foundation	–	50	50	–
United Nations Fund for Population Activities (UNFPA)	–	3,228	3,228	1,332
United Nations Programme on HIV/AIDS (UNAIDS)	–	1,098	1,098	–
Westwind Foundation	200	60	260	195
World Bank	–	(75)	(75)	75
World Health Organization	–	–	–	5
Anonymous	750	3,665	4,415	1,380
Legacies	858	–	858	612
Other <\$5,000, or individuals	1,888	174	2,062	2,759
Total	5,157	19,569	24,726	21,063

Notes to the financial statements

4 Investment income and interest

	Unrestricted \$'000	Donor restricted \$'000	2006 total \$'000	2005 total \$'000
Interest receivable from cash deposits	1,245	246	1,491	1,289
Dividends and similar income from US listed securities	141	–	141	158
Total	1,386	246	1,632	1,447

5 Grants to Member Associations and partner organizations

	Unrestricted			Donor restricted		Endowment cash grants \$'000	2006 total \$'000	2005 total \$'000
	Cash grants \$'000	Commodity grants \$'000	Technical assistance \$'000	Cash grants \$'000	Commodity grants \$'000			
Africa	16,163	1,309	1,675	1,455	1,083	–	21,685	20,790
Arab World	3,154	395	351	759	339	–	4,998	5,343
E & SE Asia and Oceania	4,761	539	–	1,092	182	–	6,574	6,781
Europe	1,980	132	71	3,021	90	–	5,294	3,946
South Asia	7,248	17	–	1,717	147	–	9,129	8,850
Western Hemisphere	6,240	1,495	738	4,195	940	–	13,608	10,648
Total 2006	39,546	3,887	2,835	12,239	2,781	–	61,288	56,358
Total 2005	37,498	3,108	2,542	11,933	1,277	–		

Commodity grants consist of contraceptives and related goods.

Technical assistance represents advisory services provided by IPPF and funded by Member Associations from unrestricted core grants and locally generated income sources.

Negative values arise where amounts accrued in previous years at the year end are reversed/paid in the following year at a lower value.

Grants to Member Associations and partner organisations by IPPF strategic priorities and supporting strategies – 2006

	Unrestricted \$'000	Restricted \$'000	2006 total \$'000	2005 total \$'000
Strategic priorities				
Adolescents	5,418	4,420	9,838	10,536
HIV/AIDS	2,918	1,048	3,966	5,216
Access	20,829	6,500	27,329	21,165
Abortion	2,164	1,630	3,794	2,746
Advocacy	4,431	1,087	5,518	6,070
Supporting strategies				
Accreditation and governance	3,872	–	3,872	1,714
Resource mobilization	1,144	–	1,144	1,230
Capacity building	3,947	335	4,282	6,390
Evaluation	1,545	–	1,545	1,291
Total Strategic priorities and Supporting strategies	46,268	15,020	61,288	56,358

The above figures are based on funding agreements. They are indicative in the sense that ensuring global standards of classifying projects is still something IPPF is refining. For example a Member Association undertaking projects to increase clinical services to young people and with an emphasis on HIV/AIDS prevention will generally classify this as 'access'. This can lead to other priority areas being lower than we expect.

Notes to the financial statements

5 Grants to Member Associations and partner organizations (continued)

The following associations received cash and commodity grants as shown below. They are ranked in order of total unrestricted grants.

Rank	Country	Association	Unrestricted \$	Restricted \$	Total \$
Grants to Member Associations (Full and Associate Members)					
1	Pakistan	Family Planning Association of Pakistan	1,779,414	99,787	1,879,201
2	India	Family Planning Association of India	1,705,178	181,493	1,886,671
3	Nepal	Family Planning Association of Nepal	1,490,573	309,966	1,800,539
4	Bangladesh	Family Planning Association of Bangladesh	1,242,375	428,715	1,671,090
5	Nigeria	Planned Parenthood Federation of Nigeria	1,224,741	150,393	1,375,134
6	Zambia	Planned Parenthood Association of Zambia	1,059,459	6,907	1,066,366
7	Ghana	Planned Parenthood Association of Ghana	902,569	211,833	1,114,402
8	Uganda	Family Planning Association of Uganda	887,561	47,641	935,203
9	Tanzania	Uzazi na Malezi Bora Tanzania	869,197	4,415	873,612
10	Ethiopia	Family Guidance Association of Ethiopia	828,425	214,308	1,042,733
11	Egypt	Egyptian Family Planning Association	797,450	95,698	893,148
12	Kenya	Family Planning Association of Kenya	784,274	61,532	845,806
13	Caribbean	Caribbean Family Planning Affiliation comprising of:			
	Anguilla	Anguilla Family Planning Association	2,146	–	2,146
	Antigua & Barbuda	Antigua Planned Parenthood Association	63,856	7,073	70,929
	Aruba	Foundation for the Promotion of Responsible Parenthood	5,617	1,372	6,990
	Bahamas	Bahamas Family Planning Association	3,761	13,421	17,182
	Bermuda	Teen Services	3,111	–	3,111
	Caribbean	Caribbean Family Planning Affiliation Ltd	209,082	10,000	219,082
	Curacao	Foundation for the Promotion of Responsible Parenthood	25,759	6,436	32,195
	Dominica	Dominica Planned Parenthood Association	87,937	5,113	93,050
	Grenada	Grenada Planned Parenthood Association	94,608	1,217	95,825
	Guadeloupe	Association Guadeloupeenne pour de Planning Familial	1,485	–	1,485
	St Kitts	St Kitts Family Life Services Association Ltd	(2,400)	–	(2,400)
	St Lucia	Saint Lucia Planned Parenthood Association	137,259	146,368	283,627
	St Maarten	Foundation for the Promotion of Responsible Parenthood – SMX	93,872	9,496	103,368
	Martinique	Martinique Planned Parenthood Association	998	–	998
	Nevis	Nevis Family Planning Association	5	–	5
	St Vincent	St Vincent Planned Parenthood Association	39,990	3,721	43,711
14	Brazil	Sociedade Civil Bem-Estar Familiar no Brasil	653,573	115,665	769,238
15	Colombia	Asociación Pro-Bienestar de la Familia Colombiana	614,727	167,480	782,207
16	Burkina Faso	Association Burkinabé pour le Bien-Etre Familial	577,411	58,767	636,178
17	Senegal	Association Sénégalaise pour le Bien-Etre Familial	566,271	8,330	574,602
18	Togo	Association Togolaise pour le Bien-Etre Familial	538,001	18,733	556,734
19	Madagascar	Fianakaviana Sambatra	534,443	121,118	655,561
20	Angola	Associação Angolana para o Bem Estar da Família	525,258	15,462	540,719
21	Sudan	Sudan Family Planning Association	505,224	640,671	1,145,895
22	Lesotho	Lesotho Planned Parenthood Association	502,569	418,176	920,744

5 Grants to Member Associations and partner organizations (continued)

Rank	Country	Association	Unrestricted \$	Restricted \$	Total \$
Grants to Member Associations (Full and Associate Members)					
23	Dominican Republic	Asociación Dominicana Pro-Bienestar de la Familia	502,046	230,072	732,117
24	Cote D'Ivoire	Association Ivoirienne pour le Bien-Etre Familial	500,673	238,885	739,558
25	Mexico	Fundación Mexicana para la Planeación Familiar	500,078	427,790	927,868
26	Mali	Association Malienne pour la Promotion et la Protection de la Famille	498,556	14,536	513,092
27	Peru	Instituto Peruano de Paternidad Responsable	497,795	628,099	1,125,894
28	Benin	Association Béninoise pour la Promotion de la Famille	491,952	26,008	517,960
29	Indonesia	The Indonesian Planned Parenthood Association	489,447	278,709	768,156
30	Bolivia	Centro de Investigación, Educación y Servicios	463,065	140,917	603,982
31	South Africa	Planned Parenthood Association of South Africa	462,592	–	462,592
32	Sierra Leone	Planned Parenthood Association of Sierra Leone	457,771	35,332	493,102
33	Mozambique	Associação Moçambicana para Desenvolvimento da Família	451,680	(854)	450,827
34	Dem Rep of Congo	Association pour le Bien-Etre Familial/Naissances Désirables	441,479	38,507	479,986
35	Guatemala	Asociación Pro-Bienestar de la Familia de Guatemala	429,219	318,751	747,970
36	Venezuela	Asociación Civil de Planificación Familiar	426,896	101,322	528,219
37	Gambia	The Gambia Family Planning Association	424,274	155,965	580,239
38	Cuba	Sociedad Científica Cubana para el Desarrollo de la Familia	421,536	186,367	607,903
39	China	China Family Planning Association	408,705	68,683	477,387
40	Palestine	Palestinian Family Planning and Protection Association	407,156	5,750	412,906
41	Nicaragua	Asociación Pro Bienestar de la Familia Nicaragüense	396,412	83,689	480,101
42	Congo	Association Congolaise pour le Bien-Etre Familial	395,191	181,298	576,489
43	Tunisia	Association Tunisienne du Planning Familial	390,113	11,934	402,046
44	Iran	Family Planning Association of the Islamic Republic of Iran	381,839	–	381,839
45	Cameroon	Cameroon National Association for Family Welfare	370,634	11,558	382,191
46	Afghanistan	Afghan Family Planning Association	370,200	393,343	763,543
47	Thailand	Planned Parenthood Association of Thailand	349,865	136,800	486,665
48	Philippines	Family Planning Organization of the Philippines	344,758	39,512	384,270
49	Niger	Association Nigérienne pour le Bien-Etre Familial	322,543	6,292	328,835
50	Paraguay	Centro Paraguayo de Estudios de Población	321,827	56,502	378,329
51	Guinea Conakry	Association Guinéenne pour le Bien-Etre Familial	320,927	9,817	330,744
52	Haiti	Association pour la Promotion de la Famille Haïtienne	320,664	551,455	872,119
53	Liberia	Family Planning Association of Liberia	315,996	27,996	343,992
54	Chad	Association Tchadienne pour le Bien-Etre Familial	315,465	12,301	327,766
55	Swaziland	Family Life Association of Swaziland	310,518	–	310,518
56	Central African Republic	Association Centrafricaine pour le Bien-Etre Familial	310,353	32,836	343,189
57	Burundi	Association Burundaise pour le Bien-Etre Familial	304,990	34,530	339,520
58	Rwanda	Association Rwandaise pour le Bien-Etre Familial	304,861	121,845	426,706
59	Syria	Syrian Family Planning Association	303,918	13,142	317,060
60	Mauritania	Association Mauritanienne pour la Promotion de la Famille	293,482	174,142	467,624

Notes to the financial statements

5 Grants to Member Associations and partner organizations (continued)

Rank	Country	Association	Unrestricted \$	Restricted \$	Total \$
Grants to Member Associations (Full and Associate Members)					
61	Malawi*	National Family Welfare Council of Malawi	291,245	71,684	362,929
62	Djibouti	Association Djiboutienne pour l'équilibre et la promotion de la famille	286,573	–	286,573
63	Morocco	Association Marocaine de Planification Familiale	267,470	16,083	283,553
64	Honduras	Asociación Hondureña de Planificación de la Familia	266,097	87,641	353,737
65	Guinea Bissau	Associação Guineense para o Bem-Estar Familiar	255,636	19,039	274,675
66	Gabon	Le Mouvement Gabonais pour le bien-etre familial	253,947	7,266	261,213
67	Yemen	Yemen Family Care Association	242,998	13,488	256,487
68	Surinam	Stichting Lobi	238,176	17,038	255,214
69	Papua New Guinea*	Papua New Guinea Family Health Association	231,173	30,595	261,768
70	Vietnam	Vietnam Family Planning Association	227,900	100,911	328,811
71	Malaysia	Federation of Family Planning Associations of Malaysia	225,758	75,670	301,428
72	Russia	Russian Family Planning Association	209,915	118,509	328,424
73	Comoros	Association Comorienne pour le Bien-Etre de la Famille	207,021	8,269	215,291
74	Belize	Belize Family Life Association	202,387	39,701	242,088
75	Guyana	Guyana Responsible Parenthood Association	200,718	23,289	224,007
76	Trinidad & Tobago	Family Planning Association of Trinidad and Tobago	198,695	169,608	368,303
77	Algeria	Association Algérienne pour la Planification Familiale	183,869	1,313	185,182
78	Bosnia Herzegovina	Family Planning Association (UG APP XY)	183,733	3,960	187,694
79	Botswana	Botswana Family Welfare Association	182,900	–	182,900
80	Sri Lanka	Family Planning Association of Sri Lanka	181,747	495,860	677,606
81	El Salvador	Asociación Demográfica Salvadoreña	180,415	123,453	303,867
82	Cape Verde Islands	Associação Caboverdiana para a Protecção da Família	169,303	11,826	181,130
83	Armenia	The Family Planning Association of Armenia – “For Family and Health”	168,793	12,400	181,193
84	Solomon Islands	Solomon Islands Planned Parenthood Association	168,311	873	169,183
85	Equatorial Guinea*	Association Bienestar Familiar de Guinea Equatorial	168,181	4,915	173,095
86	Namibia	Namibia Planned Parenthood Association	156,723	–	156,723
87	Tajikistan	Tajik Family Planning Alliance “Matin”	155,951	70,035	225,986
88	Panama	Asociación Panameña para el Planeamiento de la Familia	149,643	180,321	329,965
89	Chile	Asociación Chilena de Protección de la Familia	148,356	50,622	198,978
90	Jamaica	Jamaica Family Planning Association	147,502	5,087	152,589
91	Bulgaria	Bulgarian Family Planning and Sexual Health Association	147,254	22,078	169,331
92	North Korea	Korean Family Planning and Maternal Child Health Association	146,571	44,389	190,960
93	Portugal	Associação para o Planeamento da Família	142,941	23,108	166,049
94	Mongolia	Mongolian Family Welfare Association	142,033	5,910	147,943
95	Kazakhstan	Kazakstan Association on Sexual and Reproductive Health	134,362	–	134,362
96	Samoa	Samoa Family Health Association	134,294	6,256	140,550
97	South Korea	Planned Population Federation of Korea	131,902	996	132,898
98	Vanuatu	Vanuatu Family Health Association	123,382	1,276	124,658

5 Grants to Member Associations and partner organizations (continued)

Rank	Country	Association	Unrestricted \$	Restricted \$	Total \$
Grants to Member Associations (Full and Associate Members)					
99	Myanmar*	Myanmar Maternal and Child Welfare Association	118,271	–	118,271
100	Uzbekistan	UARH – Uzbek Association of Reproductive Health	118,200	–	118,200
101	Mauritius	Mauritius Family Planning Association	116,253	4,269	120,523
102	Maldives	Society for Health Education	114,075	(39,844)	74,231
103	Zimbabwe*	Zimbabwe National Family Planning Council	111,012	8,117	119,129
104	Sao Tome & Principe*	Associação Santomense para o Planeamento Familiar	107,179	2,455	109,634
105	Tonga	Tonga Family Planning Association	104,756	–	104,756
106	Puerto Rico	Asociación Puertorriqueña Pro-Bienestar de la Familia	103,517	194,000	297,517
107	Laos*	Lao Womens Union	102,716	13,416	116,132
108	Kyrgyzstan	Reproductive Health Alliance of Kyrgyzstan	100,788	9,785	110,574
109	Tuvalu*	Tuvalu Family Health Association	94,611	39,573	134,184
110	Georgia	The Family Planning Association in Georgia	93,223	–	93,223
111	Fiji	Reproductive and Family Health Association of Fiji	90,339	–	90,339
112	Costa Rica	Asociación Demográfica Costarricense	87,708	20,000	107,708
113	Kiribati*	Kiribati Family Health Association	85,244	2,524	87,768
114	Latvia	Latvian Association for Family Planning and Sexual Health	82,896	–	82,896
115	Jordan	Jordan Association for Family Planning and Protection	75,143	–	75,143
116	Albania	Family Planning Association of Albania	72,912	49,471	122,383
117	Bahrain	Bahrain Family Planning Association	70,850	–	70,850
118	Cook Islands	Cook Islands Family Welfare Association	69,305	155	69,460
119	Hong Kong	Family Planning Association of Hong Kong	68,172	487	68,659
120	Canada	Canadian Federation for Sexual Health	68,098	–	68,098
121	Singapore	Singapore Planned Parenthood Association	66,776	–	66,776
122	Slovak Republic	PORADNA	65,873	2,357	68,230
123	Moldova	Family Planning Association of Moldova	63,983	–	63,983
124	Lithuania	Family Planning and Sexual Health Association of Lithuania	55,330	41,694	97,024
125	Irish Republic	Irish Family Planning Association	51,955	16,697	68,652
126	Barbados	The Barbados Family Planning Association	45,068	301,708	346,776
127	Spain	Federacion de Planificacion Familiar de Espana	44,814	–	44,814
128	France	Mouvement français pour le Planning Familial	38,000	–	38,000
129	Germany	Pro Familia Bundesverband	38,000	–	38,000
130	Austria	Österreichische Gesellschaft für familienplanung	37,431	27,705	65,136
131	Uruguay	Asociación Uruguaya de Planificación Familiar	25,138	223,051	248,189
132	Norway	Norsk forening for seksualitet, samliv og reproduktiv helse	25,000	–	25,000
133	Macedonia	Z.G. "H.E.R.A." – Skopje	20,068	–	20,068
134	Africa	Planned Parenthood Federation of America	20,000	–	20,000
135	Switzerland	Fondation Suisse pour la santé Sexuelle et Reproductive	20,000	–	20,000
136	Iraq	Iraq Family Planning Association	13,092	52,760	65,852

Notes to the financial statements

5 Grants to Member Associations and partner organizations (continued)

Rank	Country	Association	Unrestricted \$	Restricted \$	Total \$
Grants to Member Associations (Full and Associate Members)					
137	Cyprus	Family Planning Association of Cyprus	12,325	2,486	14,812
138	Belgium	SENSOA VZW	10,000	4,351	14,351
139	Argentina	Asociacion Argentina de Proeccion Familiar	9,565	3,151	12,716
140	Hungary	Pro Familia Hungarian Scientific Society	9,096	2,059	11,155
141	Estonia	Family Planning Association of Estonia	7,069	–	7,069
142	Finland	Väestöliitto	5,000	905,471	910,471
143	USA	Planned Parenthood Federation of America	3,530	–	3,530
144	Various	Other grants < \$5,000	2,485	–	2,485
145	Sweden	Riksförbundet för Sexuell Upplysning	–	768,137	768,137
146	Denmark	Foreningen Sex & Samfund	–	566,264	566,264
147	New Zealand	NZ Family Planning Association	–	355,000	355,000
148	Cambodia	Reproductive Health Association of Cambodia	–	71,950	71,950
149	Poland	Towarzystwo Rozwoju Rodziny	–	15,475	15,475
150	Czech Republic	Czech Society for Family Planning and Sex Education	–	5,659	5,659
151	Italy	Unione Italiana dei Centri di Educazione Matrimoniale e Prematrimoniale	–	2,059	2,059
152	Eritrea	Planned Parenthood Association of Eritrea	(58,842)	–	(58,842)
Total Grants to Member Associations			44,315,150	13,911,048	58,226,198

*Non-member countries in which IPPF is active

5 Grants to Member Associations and partner organizations (continued)

The following Partner Associations received cash and commodity grants as shown below.

Rank	Country	Association	Unrestricted \$	Restricted \$	Total \$
Grants to partner organizations					
1		Japanese Organisation for International Cooperation in Family Planning (JOICFP)			
	China	– Grants to China	250,000	–	250,000
	Africa (Various)	– Grants to Sub-Saharan Africa	200,000	–	200,000
	Mexico	– Grants to Mexico	70,000	–	70,000
	Japan	– Information and Campaigning	235,000	–	235,000
	Japan	– International Advocacy	745,000	–	745,000
2	Kenya	Centre for African Family Studies	201,840	–	201,840
3	Japan	Asian Population and Development Association	100,000	–	100,000
4	Thailand	Asian Forum of Parliamentarians on Population and Development	35,000	–	35,000
5	Belgium	Inter-European Parliamentary Forum on Population and Development	30,000	–	30,000
6	Tunisia	Center of Arab Women for Research and Training	26,628	–	26,628
7	Serbia & Montenegro	Omladinski Informativni Centar Jugoslavije	20,000	–	20,000
8	USA	Inter-American Parliamentary Group on Population and Development	20,000	–	20,000
9	United Kingdom	All Party Parliamentary Group on Population, Development and Reproductive Health	18,433	–	18,433
10	Algeria	United Nations Population Fund – Safe Motherhood Initiative	16,230	–	16,230
11	Malaysia	FIGO World Congress of Gynecology and Obstetrics	10,000	–	10,000
12	USA	Population Council	10,000	–	10,000
13	USA	Catholics for a Free Choice	9,924	182,340	192,264
14	Various	Other grants <\$5,000	34,124	(29,228)	4,896
15	Colombia	Fundacion para la Salud Reproductiva	–	128,500	128,500
16	Nigeria	Health Reform Foundation of Nigeria	–	110,990	110,990
17	Yemen	Marie Stopes International	–	105,695	105,695
18	Belgium	Marie Stopes International	–	104,183	104,183
19	Mexico	Catolicas por el Derecho a Decidir	–	86,835	86,835
20	Netherlands	World Population Foundation	–	78,529	78,529
21	France	Equilibre & Population	–	70,818	70,818
22	Germany	Deutsche Stiftung Weltbevölkerung	–	63,940	63,940
23	Belgium	Inter European Parliamentary Forum on Population & Development	–	48,931	48,931
24	United Kingdom	Interact Worldwide	–	40,484	40,484
25	Argentina	Fundacion Para Estudio y Investigacion de la Mujer	–	30,000	30,000
26	Netherlands	Young Positives Foundation	–	25,000	25,000
27	Uruguay	Centro de Comunicacion Virginai Woolf	–	25,000	25,000
28	Uruguay	Mujer y Salud en Uruguay	–	12,000	12,000
29	Peru	Centro de Promocion y Defensa de los Derechos Sexuales y Reproductivos	–	10,000	10,000
30	Belgium	European Public Health Alliance	–	9,261	9,261
31	Kenya	Network of African People Living with HIV/AIDS	–	5,035	5,035
32	Yemen	Yemen Dental Clinic	(13,360)	–	(13,360)
33	Ecuador	Asociación Pro Bienestar de la Familia Ecuatoriana	(29,330)	–	(29,330)
34	Seychelles	Alliance of Solidarity for the Family	(36,232)	–	(36,232)
Total Grants to Partner Associations			1,953,257	1,108,314	3,061,571
Total Grants to Member and Partner Associations			46,268,407	15,019,362	61,287,769

Notes to the financial statements

6 Regional activities – 2006

	Unrestricted				Donor restricted programme activities \$'000	Total \$'0000
	(1) Programme activities \$'000	(2) Support costs \$'000	Charitable activities Sub total \$'000	(3) Regional fundraising \$'000		
Personnel costs	6,309	2,921	9,230	666	1,643	11,539
Consultancies	655	117	772	49	352	1,173
Travel	2,086	197	2,283	46	1,505	3,834
Occupancy	447	640	1,087	106	429	1,622
Communications	115	243	358	176	59	593
Other costs	312	571	883	547	416	1,846
Total 2006	9,924	4,689	14,613	1,590	4,404	20,607

- 1) Programme activities represent expenses directly attributable to the issuing or monitoring of grants to Member Associations as well as providing technical assistance to allow the grant recipients to implement programmes effectively. At the Regional Offices most staff will be involved as focal points for a selected number of Associations as well as being an expert in a technical area e.g. HIV/AIDs, Access, Accreditation etc.

Regional activities by IPPF strategic priorities and supporting strategies – 2006

	Total support costs \$'000	Programme activities & support \$'000	Regional fundraising \$'000	Total \$'000
Strategic priorities				
Adolescents	411	1,728	–	2,139
HIV/AIDS	309	1,120	–	1,429
Access	403	1,792	–	2,195
Abortion	358	1,395	–	1,753
Advocacy	403	2,111	–	2,514
Supporting strategies				
Accreditation and governance	633	888	–	1,521
Resource mobilization	225	118	1,590	1,933
Capacity building	1,694	4,084	–	5,778
Evaluation	253	1,092	–	1,345
Total Strategic priorities and Supporting strategies 2006	4,689	14,328	1,590	20,607

6 Regional activities – 2005

	Unrestricted				Donor restricted programme activities \$'000	Total \$'0000
	(1) Programme activities \$'000	(2) Support costs \$'000	Charitable activities Sub total \$'000	(3) Regional fundraising \$'000		
Personnel costs	5,596	2,802	8,398	579	1,425	10,402
Consultancies	724	135	859	75	485	1,419
Travel	1,459	176	1,635	36	1,903	3,574
Occupancy	613	652	1,265	88	13	1,366
Communications	159	248	407	165	15	587
Other costs	393	287	680	349	643	1,672
Total 2005	8,944	4,300	13,244	1,292	4,484	19,020

- 2) Support costs represent expenses on activities that are not directly attributable to the issuing or monitoring of grants to Member Associations and include general management, finance, office facilities, human resources and information technology. These are allocated across the Strategic Priorities and Supporting Strategies based on a proportion of direct personnel costs attributable the implementation of the activities. This is the methodology used as part of the budget cycle in order to correctly measure the overall costs of undertaking projects on the internal electronic Integrated Management System. This methodology is applied to all areas of the IPPF and has been selected for consistency of use and ease of implementation.
- 3) Fundraising costs comprise of activities related to Regional income generation and resource development.

Regional activities by IPPF strategic priorities and supporting strategies – 2005

	Total support costs \$'000	Programme activities & support \$'000	Regional fundraising \$'000	Total \$'000
Strategic priorities				
Adolescents	409	1,372	–	1,781
HIV/AIDS	293	724	–	1,017
Access	584	2,054	–	2,638
Abortion	420	1,258	–	1,678
Advocacy	668	2,464	–	3,132
Supporting strategies				
Accreditation and governance	627	583	–	1,210
Resource mobilization	35	219	1,292	1,546
Capacity building	1,052	3,938	–	4,990
Evaluation	212	816	–	1,028
Total Strategic priorities and Supporting strategies 2005	4,300	13,428	1,292	19,020

Notes to the financial statements

7 Central activities – 2006

	Unrestricted				Donor restricted programme activities \$'000	Total \$'0000
	(1) Programme activities \$'000	(2) Support costs \$'000	Charitable activities sub total \$'000	(3) Central fundraising \$'000		
Personnel costs	3,619	2,804	6,423	960	512	7,895
Consultancies	170	445	615	20	218	853
Travel	607	428	1,035	167	340	1,542
Occupancy	–	65	65	–	–	65
Communications	55	71	126	28	25	179
Other costs	(174)	894	720	(26)	697	1,391
Total 2006	4,277	4,707	8,984	1,149	1,792	11,925

- 1) Programme activities represent expenses directly attributable to the issuing or monitoring of grants to Member Associations as well as providing technical assistance to allow the grant recipients to implement programmes effectively. At the Central Office staff are not involved in issuing grants to Associations but provide technical support to Regional Office staff and Associations.

Central activities by IPPF strategic priorities and supporting strategies – 2006

	Total support costs \$'000	Programme activities & support \$'000	Central fundraising \$'000	Total \$'000
Strategic priorities				
Adolescents	278	384	–	662
HIV/AIDS	400	1,204	–	1,604
Access	319	270	–	589
Abortion	254	317	–	571
Advocacy	670	1,224	–	1,894
Supporting strategies				
Accreditation and governance	632	803	–	1,435
Resource mobilization	887	–	1,149	2,036
Capacity building	405	614	–	1,019
Evaluation	862	1,253	–	2,115
Total Strategic priorities and Supporting strategies 2006	4,707	6,069	1,149	11,925

7 Central activities – 2005

	Unrestricted				Donor restricted programme activities \$'000	Total \$'0000
	(1) Programme activities \$'000	(2) Support costs \$'000	Charitable activities sub total \$'000	(3) Central fundraising \$'000		
Personnel costs	2,831	2,713	5,544	798	632	6,974
Consultancies	276	691	967	225	281	1,473
Travel	495	282	777	158	512	1,447
Occupancy	–	1,676	1,676	–	1	1,677
Communications	48	119	167	23	90	280
Other costs	(120)	3,354	3,234	30	382	3,646
Total 2005	3,530	8,835	12,365	1,234	1,898	15,497

- 2) Support costs represent expenses on activities that are not directly attributable to the issuing or monitoring of grants to Member Associations and include general management, finance, office facilities, human resources and information technology. These are allocated across the Strategic Priorities and Supporting Strategies based on a proportion of direct personnel costs attributable the implementation of the activities. This is the methodology used as part of the budget cycle in order to correctly measure the overall costs of undertaking projects on the internal electronic Integrated Management System. This methodology is applied to all areas of the IPPF and has been selected for consistency of use and ease of implementation.
- 3) Fundraising costs comprise of activities related to Regional income generation and resource development.

Central activities by IPPF strategic priorities and supporting strategies – 2005

	Total support costs \$'000	Programme activities & support \$'000	Central fundraising \$'000	Total \$'000
Strategic priorities				
Adolescents	681	553	–	1,234
HIV/AIDS	925	973	–	1,898
Access	651	231	–	882
Abortion	639	420	–	1,059
Advocacy	1,298	1,237	–	2,535
Supporting strategies				
Accreditation and governance	1,053	580	–	1,633
Resource mobilization	1,715	–	1,234	2,949
Capacity building	445	368	–	813
Evaluation	1,428	1,066	–	2,494
Total Strategic priorities and Supporting strategies 2005	8,835	5,428	1,234	15,497

Notes to the financial statements

8 Governance costs

	Unrestricted \$'000	Donor restricted \$'000	2006 total \$'000	2005 total \$'000
External audit fees	267	6	273	235
Other fees paid to external auditor	9	4	13	7
Other audit/accountancy fees	20	–	20	44
Publishing financial statements	8	–	8	3
Cost of trustee meetings	1,937	–	1,937	1,996
Total	2,241	10	2,251	2,285

	2006 total \$'000	2005 total \$'000
Cost of trustee meetings comprises:		
Air fares	764	780
Hotels	418	466
Per diems	198	172
Other	557	578
Total	1,937	1,996

	Frequency	Volunteers attending	2006 total \$'000	2005 total \$'000
Governing Council	Twice per annum	30	506	474
Audit Committee	Twice per annum	6	46	49
Membership Committee	Twice per annum	6	74	52
Regional Councils	Once per annum	353	950	1,036
Regional Executive Committees	Twice per annum	57	361	385
Total			1,937	1,996

The above costs are based on volunteer and staff costs associated with attending the meetings. The number of volunteers attending the meetings are indicated. Only the 30 Governing Council members are UK trustees of IPPF.

9 Employee numbers and emoluments

The average total number of staff employed during the year on full time contracts were:

	2006	2005
Central Office		
Technical knowledge and support	17	17
Strategic planning, external affairs and communications	11	11
Management, governance and policy	15	14
Resource mobilization	7	6
Support services – finance, information technology, human resources and administration	16	18
Trading subsidiary (ICON)	6	7
Regional Offices		
Technical knowledge and support	116	110
Resource mobilization	14	11
Support services – finance, information technology, human resources and administration	73	64
Total	275	258

	\$'000	\$'000
The cost of employing these staff was:		
Gross salaries of individuals on IPPF payroll	13,917	12,825
Social security costs	1,500	1,319
Pension	1,531	1,071
Temporary staff employed through third party agencies	608	460
Other employee benefits	1,587	1,566
Redundancy costs	291	135
Staff employed through trading subsidiary	601	644
Total	20,035	18,020

Notes to the financial statements

9 Employee numbers and emoluments (continued)

	2006	2005
The numbers of staff whose emoluments were over \$100,000 (i.e. £50,000) fell into the following bands:		
\$100,000 to \$110,000	9	11
\$110,000 to \$120,000	6	1
\$120,000 to \$130,000	1	1
\$130,000 to \$140,000	–	2
\$140,000 to \$150,000	2	2
\$150,000 to \$160,000	2	2
\$160,000 to \$170,000	1	1
\$180,000 to \$190,000	2	2
\$190,000 to \$200,000	1	1
\$200,000 to \$210,000	3	2
\$220,000 to \$230,000	1	1
\$230,000 to \$240,000	1	–
\$240,000 to \$250,000	–	1
\$270,000 to \$280,000	2	–
\$340,000 to \$350,000	1	–
\$500,000 to \$510,000	–	1

Contributions were made to defined benefit pension schemes on behalf of 6 higher paid employees (2005:3) and contributions amounting to \$284,442 (2005:\$247,314) were made to defined contribution schemes on behalf of 22 higher paid employees (2005:19).

No Ex-gratia payments were made during the year (2005:Nil)

No trustee received remuneration during the year (2005:Nil)

10 Tangible fixed assets

	Freehold property \$'000	Short leasehold property & improvements \$'000	Fixtures, fittings, equipment & computers \$'000	Total \$'000
Cost or valuation				
At 1 January 2006	8,996	1,395	3,827	14,218
Exchange adjustments	810	9	28	847
Additions	9	–	448	457
Disposals	–	(47)	(398)	(445)
At 31 December 2006	9,815	1,357	3,905	15,077
Depreciation and amortization				
At 1 January 2006	264	868	2,387	3,519
Exchange adjustments	11	7	(3)	15
Charge for the year	498	102	494	1,094
Released on disposal	–	(47)	(388)	(435)
At 31 December 2006	773	930	2,490	4,193
Net book values				
At 31 December 2006	9,042	427	1,415	10,884
At 31 December 2005	8,732	527	1,440	10,699

All tangible fixed assets are held for charity use.

The Transitional rules of FRS15 "Tangible Fixed Assets" were adopted by IPPF which allows fixed assets not to be subject to regular revaluations. Freehold property relates to land and buildings held in Kuala Lumpur and London. The Kuala Lumpur, Malaysia property was valued at 30 September 2006 by Jones Lang Wootton, external qualified valuers. The market value using the comparison method was RM7,800,000 (\$2,209,005). The London, UK property was valued at 20 November 2006 by Atisreal, external qualified valuers. The market value using the comparison method was £4,275,000 (\$8,370,878).

Notes to the financial statements

11 Investments

	Listed on the American and New York Stock Exchanges			
	Unrestricted \$'000	Donor restricted \$'000	Endowment \$'000	Total \$'000
Shares and securities at market value:				
At 1 January 2006	31,313	3,141	1,019	35,473
Additions	4,764	–	–	4,764
Disposal proceeds	(4,022)	(709)	–	(4,731)
Unrealised/realised gains for the year	3,567	369	124	4,060
At 31 December 2006	35,622	2,801	1,143	39,566
Shares and securities at historical cost:				
At 31 December 2006	26,742	1,869	1,000	29,611
At 31 December 2005	26,492	2,580	1,000	30,072

The above figures include no cash held as part of the investment portfolio (2005:\$233,765).

IPPF owns one £1 ordinary share in ICON Ltd. This wholly owned trading subsidiary is incorporated and registered in England and Wales. The principal activity of the subsidiary is the supply of commodity services and social marketing of contraceptives in conjunction with Member Associations.

Financial statements for the period ending 31 December 2006 have been prepared. The company intends to transfer its taxable profits to IPPF via gift aid during 2007. Summary of the turnover and expenditure and its profit for the year:

	2006 \$'000	2005 \$'000
Turnover	3,919	2,494
Cost of sales	(2,907)	(1,392)
Gross profit	1,012	1,102
Total expenses	(921)	(991)
Profit on ordinary activities before taxation	91	111
Corporation tax	(4)	(6)
Profit on ordinary activities after taxation	87	105
Gift Aid to IPPF	(60)	(72)
Retained profit for the year	27	33

These results have been adjusted on consolidation into IPPF's financial statements for intra-group transactions.

11 Investments (continued)

	2006 \$'000	2005 \$'000
The aggregate amount of assets, liabilities and funds was:		
Assets	1,245	989
Liabilities	(1,184)	(955)
Funds	61	34

IPPF has an interest bearing loan of \$247,500 to the company repayable in 2009. Interest receivable on the loans in the year amounted to \$13,614 (2005:\$14,231).

12 Long-term loans

	Unrestricted \$'000	Donor restricted \$'000	2006 total \$'000	2005 total \$'000
Loans to Member Associations	583	828	1,411	1,314
Housing loans to staff	-	-	-	12
Total	583	828	1,411	1,326

Loans of \$433,287 to Member Associations are interest free. All other Member Association loans are fixed at market rates of interest at the time of issue.

Notes to the financial statements

13 Receivable from donors

	Unrestricted \$'000	Donor restricted \$'000	2006 total \$'000	2005 total \$'000
Eric E and Edith H Bergstrom Foundation	–	–	–	181
European Commission	–	797	797	3,564
Gesellschaft fur Technische Zusammenarbeit (GTZ)	–	44	44	150
Government of Canada	–	–	–	3,545
Government of United Kingdom, British Embassy Tunisia	–	13	13	–
The William and Flora Hewlett Foundation	1,300	2,850	4,150	–
The John D and Catherine T MacArthur Foundation	–	–	–	90
Prospect Hill Foundation	–	35	35	70
United Nations Fund for Population Activities (UNFPA)	–	16	16	200
Westwind Foundation	100	–	100	–
Other	430	5	435	1,271
Total	1,830	3,760	5,590	9,071

14 Deferred income

	Unrestricted \$'000	Donor restricted \$'000	2006 total \$'000	2005 total \$'000
Deferred income balances brought forward	774	1,251	2,025	4,725
Recognition of prior year's deferred income	(2)	(1,251)	(1,253)	(3,851)
Income received for activities in future periods	–	571	571	1,252
Movement on lease benefits to be amortised over the lease period	(136)	–	(136)	(101)
Deferred income balances carried forward	636	571	1,207	2,025

15 Provisions

	2006 \$'000	2005 \$'000
Opening balance	–	–
Utilized in year	–	–
Arising in year	156	–
Reclassification from accruals and other creditors	26	–
Closing balance	182	–

Following an investigation by the Kenyan Revenue Authority in relation to unpaid employment taxes, IPPF have provided \$157,127. The remaining balance relates to other claims that are ongoing.

Notes to the financial statements

16 Funds and reserves

Restricted funds

The use of these funds has been restricted by the donor indicated below.

	Balance at 1 Jan \$'000	Income \$'000	Expenditure \$'000	Balance at 31 Dec \$'000
Government				
Australia – Capacity Building in the Pacific	–	179	–	179
Denmark – Capacity Building the 5 A's	719	–	708	11
Finland – Meeting Young People's Sexual and Reproductive Health Needs (Nepal)	(142)	288	118	28
Germany				
European Network	(26)	(7)	17	(50)
Improving Sexual and Reproductive Health of Young People in Haiti	–	428	282	146
Reproductive Health in Sudan	20	372	308	84
Japan – HIV/STI/AIDS Trust Fund	1,856	1,095	691	2,260
States of Jersey – Protecting Young Girls at Risk of Child Marriage (Ethiopia)	–	84	84	–
South Korea – Emergency Reproductive Health Services in Banda Aceh (post Tsunami)	385	–	260	125
The Netherlands – Youth Incentives Funds	42	–	32	10
Sweden – Africa Region	24	–	–	24
United Kingdom				
British Embassy, Tunis – Braille Equipment for Tunisia	–	13	12	1
Eastern Europe	193	–	15	178
Safe Motherhood Gender Based Violence in South Asia Region	(247)	404	117	40
United States of America (USAID) ¹				
Vision 2000 Africa Region, Cape Verde MA	1,019	124	–	1,143
Western Hemisphere Region – Sustainability Endowment Fund	4,588	426	1,410	3,604
Multi-donor Fund – Safe Abortion Action Fund	–	3,042	6	3,036
Total government restricted funds	8,431	6,448	4,060	10,819
Multilateral and other sources				
Asia Pacific Alliance for Reproductive Health	8	–	–	8
Erik E and Edith H Bergstrom Foundation				
Promoting Real Options	–	201	201	–
WHR Clinic Services (Bolivia)	34	–	30	4
Big Lottery Fund				
Brongo-ahafo project, Ghana	45	162	207	–
Capacity Building in Europe Region	224	–	–	224
Saving Mothers' Lives in Yemen MA	(69)	81	10	2
Youth Education on Sexuality Project, India	170	–	170	–
Compton Foundation – Mainstreaming EC into Reproductive Healthcare, Ghana	64	–	–	64
Elton John AIDS Foundation – Colours of the Rainbow (Brazil)	–	102	42	60
European Commission				
Building a Civil Society Platform on SRH&R	(6)	129	123	–
Countdown 2015	57	–	57	–
Europe Region Youth SRH&R Promotion	86	242	242	86

¹ Income represents interest earned on capital funds granted by USAID before the re-imposition of the Global Gag Rule

16 Funds and reserves (continued)

	Balance at 1 Jan \$'000	Income \$'000	Expenditure \$'000	Balance at 31 Dec \$'000
Family Based Violence in Afghanistan	–	459	393	66
Improving SRH&R for Street Kids	–	587	329	258
Safe Motherhood in South Asia	374	12	359	27
Vision 2000 Fund Project	(443)	2,188	1,683	62
Equilibres et Population – Emergency Contraception	10	–	–	10
Ford Foundation				
Bill of Sexual Rights	–	144	–	144
Indicators Development – Western Hemisphere Region	1	–	1	–
Bill and Melinda Gates Foundation				
Europe Champions RH Champions Worldwide	282	907	851	338
South Africa MA Gates Youth Centre	147	5	3	149
Strengthen the Quality of Reproductive Health Care	656	347	1,002	1
Gerbode Foundation – Abortion Strategy	8	–	–	8
Gesellschaft fur Technische. Zusammenarbeit (GTZ) – BackUp Initiative	(78)	293	215	–
Good Gifts – Bicycles for Midwives/Micro-credit for Women in India	32	138	16	154
William and Flora Hewlett Foundation				
Emergency Assistance for RH in Tsunami Affected Areas	130	–	57	73
Getting Closer: HIV/AIDS and SRH	–	375	80	295
Global Advocacy Africa Region	(48)	48	–	–
Global Advocacy Europe Region	128	–	24	104
Global Advocacy Umbrella grant	1,755	2,802	3,407	1,150
Maputo: Conference for African Health Minister	–	100	100	–
Video Conferencing Equipment	–	65	–	65
The International Foundation – WHR Trainees Guide to HIV	10	–	10	–
Levi Strauss Foundation	–	55	40	15
The John D and Catherine T MacArthur Foundation				
ASTECS	122	150	144	128
Europe Region – Strengthening ICPD	66	50	112	4
International Advocacy to Advance SRH&R	–	300	–	300
SRH Youth Mexico	(46)	201	121	34
Nike Foundation	29	58	76	11
Overbrook Foundation	40	–	–	40
Sir David Owen Memorial Fund	58	4	–	62
The David and Lucile Packard Foundation				
Country Global Pathways	–	875	141	734
Southern Advocacy and ICPD Co-ordinator	37	98	112	23
L and H Price Foundation	120	–	40	80
Prospect Hill Foundation – SRH Guatemala	70	–	35	35
The Rockefeller Foundation – Concept Paper Europe Region	68	–	–	68
Margaret Sanger Centre International – Gender Based Violence	67	–	25	42

Notes to the financial statements

16 Funds and reserves (continued)

	Balance at 1 Jan \$'000	Income \$'000	Expenditure \$'000	Balance at 31 Dec \$'000
Helen Seymour Fund	182	10	–	192
Summit Foundation – Youth Friendly Services (Belize)	–	50	50	–
United Nations Development Programme Malaysia – ESEAO Region Activities	17	–	–	17
United Nations Foundation – BWF Total Market Initiative	–	50	35	15
United Nations Fund for Population Activities (UNFPA)				
Adolescent Reproductive Health Myanmar	(3)	–	–	(3)
Adolescent Reproductive Health WHR	5	–	5	–
Implementing Rights Based RH Programmes for and with Young People	–	53	19	34
Improving Social and Economic Opportunities – Adolescent Girls (Bangladesh/Ethiopia)	(5)	10	5	–
Integrated HIV/AIDS and SRH Services for Young People in Cross Border Communities	1	47	48	–
Reproductive Health Africa Regional Office	12	(15)	(3)	–
Reproductive Health Europe Central Asian Republics	40	–	–	40
Reproductive Health Korea DPR	60	–	60	–
Reproductive Health Mozambique	24	6	(2)	32
Reproductive Health Sri Lanka	–	377	377	–
Reproductive Health Syria	–	(33)	(33)	–
Strengthening HIV/AIDS prevention for Girls and Young Women	22	153	175	–
Support IEFPD Europe	17	–	–	17
Support to IPPF for Reproductive Health Commodity Security	–	2,598	2,545	53
United Nations Programme on HIV/AIDS (UNAIDS)				
Global Coalition Report Cards	42	–	70	(28)
PLWA Index Workshop	–	23	31	(8)
SRH and HIV/AIDS: Framework for Priority Linkages	29	–	19	10
Technical Support Facility (ESEAOR)	–	1,100	293	807
Wallace Global Fund – Testimonies ICPD, Lome, Europe Region	34	–	–	34
The Westwind Foundation – WHR	–	50	50	–
The Westwind Foundation – London	74	10	14	70
The World Bank – Countdown 2015: The Global Roundtable	75	(75)	–	–
Multi-donor Fund – EuroNGOs	36	67	74	29
Multi-donor Fund – Leadership Transition	2	–	2	–
Multi-donor Fund – NPOKI	–	173	164	9
Anonymous donors	(440)	3,666	2,631	595
Other	384	171	140	415
Total other restricted funds	4,816	19,669	17,227	7,258
Total restricted funds	13,247	26,117	21,287	18,077
Transfer to Endowment Fund – Cape Verde Vision 2000 (USAID)	(1,019)	(124)	–	(1,143)
IPPF transfer to NPOKI project	–	25	–	25
Total restricted funds adjusted	12,228	26,018	21,287	16,959

16 Funds and reserves (continued)

Unrestricted funds and reserves

Unrestricted funds and reserves are those free of any donor restriction on their use. All unrestricted funds and reserves, apart from the General Fund, are designated by IPPF for specific purposes as noted below.

	Note	Fixed asset reserve \$'000	Staff reserve \$'000	Translation reserve \$'000	Other designated funds \$'000	WHR sustain- ability Fund \$'000	Innovation fund \$'000	General fund \$'000	Total \$'000
Balance at 1 January 2006		10,676	1,224	2,532	11,609	24,845	4,065	22,354	77,305
Regional savings	a	–	–	–	154	–	–	(154)	–
IPPF allocation to Innovation Fund	b	–	–	–	–	–	2,000	(2,000)	–
Transfer from Sustainability Fund	c	–	–	–	–	(968)	–	968	–
WHR fundraising income surplus	d	–	–	–	1,329	–	–	(1,329)	–
Fixed asset purchase	e	480	–	–	–	–	–	(480)	–
Other transfers	f	–	–	–	(578)	–	–	553	(25)
Total transfers between funds		480	–	–	905	(968)	2,000	(2,442)	(25)
Net incoming (outgoing) resources		(281)	–	–	(1,141)	–	(1,415)	7,958	5,121
Net gains (losses) on investment assets		–	–	–	554	2,810	–	203	3,567
Foreign exchange movement arising upon consolidation		9	–	–	–	–	–	90	99
Balance at 31 December 2006		10,884	1,224	2,532	11,927	26,687	4,650	28,163	86,067

Explanations of movements on unrestricted funds and reserves in the year:

- a During the year regions made savings of US\$153,500. These funds are allocated to a designated fund for utilization in projects occurring in 2006;
- b US\$2 million was allocated to the Innovation Fund to allow the completion of the former, Vision 2000 projects as well as provide new funds for projects selected for funding under the new Innovation Fund criteria;
- c The WHR Board allowed 3.5% of the Sustainability Fund to be realised and this was split 50% to programmes in Member Associations and 50% to WHR office activities;

- d Surplus funds generated by the Western Hemisphere were transferred to a designated fund for Member Associations in their region;
- e The fixed asset reserve represents the net book value of the fixed assets. The transfer of \$480,000 represents a transfer from the general fund in order to meet purchase costs of new assets;
- f A number of smaller transfers (\$578,000) represent funding transferred from the general fund to a designated reserve to be utilized in 2007. \$25,000 has been transferred to the restricted reserve, representing IPPF's contribution to the NPOKI project.

Notes to the financial statements

16 Funds and reserves (continued)

Unrestricted funds and reserves (continued)

Fixed asset reserve	This represents the value of IPPF funds invested in unrestricted fixed assets (see note 10) or allocated for their replacement.
Staff reserve	These funds have been set aside to provide for redundancy and other separation costs in the event that IPPF should terminate its activities. This requirement only applies to the staff within the Western Hemisphere Regional Office.
Translation reserve	This reserve is used to absorb unexpected movements in the exchange rate which adversely affect the IPPF income forecasts.
Other designated funds	These include the 21st Century Fund (for sustainability projects in South American Member Associations) and various funds set aside for use by specific IPPF Regional Offices.
WHR sustainability fund	This fund was established by the Western Hemisphere Region during 2002 following the receipt of a single legacy to be used within that Region. The WHR Board have agreed to keep the legacy intact and to use the income generated for activities within the region. 3.5% of the fund is released per-annum, 50% of which funds Regional Office projects and 50% funds Member Association projects.
Innovation fund	Established in 1994, the Vision 2000 Fund was created to increase the proportion of IPPF's resources available to priority countries, with high unmet needs in reproductive and sexual health, by up to fifty percent of its annual unrestricted income. In 2004 the fund was reviewed and re-established as the Innovation Fund. This is now used to develop innovative projects centred around the IPPF 5 A's.
General fund	This contains the unrestricted funds of IPPF which are free of donor restrictions for specific activities or countries. These will fund future activities.

17 Forward commitments

	2006 \$'000	2005 \$'000
Orders for contraceptives and services due within one year	151	4

The commitments recognized are orders placed by the year-end but not yet delivered to IPPF, for which there is a legal obligation to make payment to the supplier.

Operating lease commitments:

At 31 December, the following annual non-cancellable operating lease rental commitments existed:

Expiring		
In the next 1-2 years	234	304
Between 2-5 years	590	58
Over 5 years	–	392

18 Contingent liability

The Kenyan Revenue Authority is currently requesting payment of taxes on employment income which IPPF believed was exempt by the Ministry of Foreign Affairs. Following similar claims relating to other tax periods which were successfully defended, management disclose a contingent liability of \$257,800.

In the ordinary course of business IPPF is subject to certain legal actions. In the opinion of management, such matters will not have a material effect on the financial position of IPPF.

19 Funds held on behalf of third parties

At the 31 December 2006, IPPF held funds on behalf of the Member Association of Guatemala amounting to \$9,244,467 (2005:\$8,246,141). These funds are held by IPPF WHR as part of the overall investment portfolio.

The funds are not included in the balance sheet as the trustees do not have a legal obligation to ensure their charitable application. The funds are invested as a separate fund, managed by the investment managers GMO.

Notes to the financial statements

20 Pension schemes

IPPF operates four pension schemes as described below:

The Central Office defined benefit pension scheme

This is a defined benefit scheme covering full-time staff in the Central Office, London. The scheme is closed to new members from 1 September 2003. New staff are provided with alternative defined contribution pension arrangements. The assets of the fund are managed by independent professional investment managers. The current funding policy is for employees to contribute 8% of pensionable salaries (increased from 6% per annum with effect from 1 January 2004) and for IPPF to make up for the balance of costs on actuarial advice based on a full valuation every three years. IPPF's contribution rate during 2006 was 7.7% per annum of pensionable salaries plus \$568,828 per annum. This contribution rate is applicable until 30 September 2007.

The scheme's assets and liabilities are calculated by professional actuaries. The most recent formal actuarial valuation as at 1 July 2006 was performed using the Projected Unit Credit Method. Under this method the current service cost will increase as the members of the Fund approach retirement. The main assumptions used in the valuation were:

- Investment return 6.6% per annum pre retirement and 4.8% per annum post retirement
- Pension increases 2.75% per annum
- Salary growth 3.75% per annum

The report for the actuarial valuation as at 1 July 2006 showed the fund to have an asset value of \$29.841 million under the ongoing valuation method. This is equivalent to a funding level of 62% (market value of assets versus liabilities).

A pension strategy was approved in October 2006 which commits IPPF to funding the deficit over the next 10 to 15 years. Discussions are on-going with the Scheme Trustee in order to agree the recovery plan due to be submitted to the UK Pension Regulator by October 2007. This recovery plan will require substantial increases in the annual costs associated with currently operating the scheme.

The Central Office defined contribution pension scheme

Since 2003, a defined contribution pension scheme has been offered to full-time staff in the Central Office, London. IPPF contributes 7% of salary (2005:5%), and it is non-contributory for staff.

The 2006 pension charge for this scheme is \$238,625 (2005:\$145,209).

The Western Hemisphere Regional Office pension scheme

Most full-time staff in the Western Hemisphere Regional Office are members of this defined contribution scheme. It is non-contributory for staff, and IPPF contributes 11.37% of eligible employee compensation.

The 2006 pension charge for this scheme is \$441,827 (2005:\$378,237).

The overseas staff pension scheme

Most full-time staff in the Africa Regional Office and some members of the Arab World and South Asia Regional Offices are members of this scheme. It is a defined contribution scheme under which IPPF contributes 12% of basic salary, and is non-contributory for staff.

The 2006 pension charge for this scheme is \$221,372 (2005:\$213,597).

At 31 December 2006 there were no outstanding or prepaid contributions for any of the defined contribution schemes.

20 Pension schemes (continued)

FRS17 disclosure note

There is one defined benefit pension scheme providing benefits on final pensionable salary, the Central Office pension scheme. The latest full actuarial valuation of this scheme was carried out at 1 July 2006 and was updated for FRS17 purposes to 31 December 2006 by a qualified independent actuary.

The pension cost charge for the period represents contributions payable by IPPF to the scheme and were as follows:

	2006 \$'000	2005 \$'000
Pension cost charge	678	687

There were no outstanding or prepaid contributions at the year end (2005:nil).

The major assumptions used in the FRS17 valuation were:

	2006 per annum	2005 per annum	2004 per annum
Inflation	2.75%	2.5%	2.5%
Salary increases	3.75%	3.5%	3.0%
Rate of discount	5.1%	4.75%	5.25%
Pension increases:			
Pre 88 GMP	Nil	Nil	Nil
Post 88 GMP	2.75%	2.5%	2.5%
Excess over GMP accrued pre 1/3/1998	6.0%	6.0%	6.0%
Excess over GMP accrued between 1/3/1998 and 31/7/2002	5.5%	5.5%	5.5%
Excess over GMP accrued between 1/8/2002 and 5/4/2005	2.5%	2.5%	2.5%
Excess over GMP accrued from 5/4/2005	2.25%	2.0%	2.5%

The present value of the scheme liability was calculated using the updated PMA/PFA92 year of birth series adjusted for the medium cohort.

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Notes to the financial statements

20 Pension schemes (continued)

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short-term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2006 \$'000	2005 \$'000	2004 \$'000
Equities	18,347	16,010	14,763
Bonds	12,322	9,316	9,640
Cash	668	354	11
Total market value of assets	31,377	25,680	24,414
Present value of scheme liabilities	(52,081)	(44,931)	(39,379)
Deficit in scheme – Pension liability	(20,744)	(19,251)	(14,965)

The expected rates of return on the assets in the scheme were:

	Long-term rate of return expected at 31/12/2006	Long-term rate of return expected at 31/12/2005	Long-term rate of return expected at 31/12/2004
Equities	7.75%	7.5%	8.0%
Bonds	4.75%	4.25%	5.0%
Cash	4.5%	4.5%	4.25%

Movement in pension fund liability during the year:

	2006 \$'000	2005 \$'000
Deficit in scheme at 1 January 2006	(19,251)	(14,965)
Movement in year:		
Current service cost	(368)	(238)
Contributions	678	687
Other finance income	(585)	(348)
Actuarial gain/(loss)	1,396	(5,965)
Exchange rate movement	(2,614)	1,578
Deficit in scheme at 31 December 2006	(20,744)	(19,251)

The exchange rate movement represents the difference in the exchange rate used to value the balance sheet in 2005 and 2006.

The actuary has confirmed that the valuations made above under the requirements of FRS17 do not indicate that there is an immediate funding requirement or that there is any need to change the current funding rates made by the employer to the pension scheme. The pension fund liability of \$20.744 million does not exceed the unrestricted funds balance.

20 Pension schemes (continued)

Charge to the Statement of Financial Activities over the financial year:

	\$'000	2006 \$'000	\$'000	2005 \$'000
Operating charge:				
Current service cost	368		238	
Total operating charge		368		238
Pension finance costs:				
Expected return on pension fund assets	(1,837)		(1,491)	
Interest on pension funds liabilities	2,422		1,839	
Net Return		585		348
Total charge to the Statement of Financial Activities		953		586

History of experience gains and losses:

	2006	2005	2004	2003	2002
Difference between the actual and expected return on scheme assets					
Amount (\$'000)	227	2,224	431	1,623	(4,570)
Percentage of year end scheme assets	1%	9%	2%	8%	(30%)
Experience gains and losses on scheme liabilities					
Amount (\$'000)	1,848	(368)	(314)	(1,292)	N/a
Percentage of year end present value of the scheme liabilities	4%	(1%)	(1%)	(4%)	N/a
Total amount recognized in the statement of total recognized gains and losses					
Amount (\$'000)	1,396	(5,965)	(1,578)	(707)	(5,410)
Percentage of year end present value of scheme liabilities	3%	(13%)	(4%)	(2%)	(21%)

Notes to the financial statements

21 Related parties

IPPF require each Governing Council member and Audit Committee member to complete an annual declaration of material transactions and interest form. These are reviewed by Senior Management and the Audit Committee.

All IPPF staff are also required to complete such a form on joining the organization which is then up-dated as individual circumstances change. These forms are reviewed by Senior Management.

These procedures are part of the policy which aims to ensure that people act in the best interests of IPPF at all times and that there is openness and transparency concerning any actual or potential conflict of interest.

Some members of the Governing Council are Presidents of Member Associations who receive grants from IPPF in accordance with the volunteer governance structure of IPPF.

One trustee, Mrs Mariam Mint Ahmed Aicha has a brother who is a senior staff member in the Member Association of Mauritania. The total grant to the Member Association in 2006 was \$467,624.

The Treasurer, Mrs Helen Eskett served as a Board member and Chair of the IPPF subsidiary company, ICON Ltd during 2006.

The Audit Committee of IPPF have reviewed the above disclosures and do not consider that any indicate a conflict of interest. There are no other related party interests or transactions that require disclosure.

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Deputy Director-General: **Lyn Thomas**

Director, External Affairs: **Valerie DeFillipo**

Director, Organizational Effectiveness and Governance: **Garry Dearden**

Director, Technical Knowledge and Support: **Nono Simelela**

Africa Regional Director: **Tewodros Melesse**

Arab World Regional Director: **Mohamed Kamel**

East and South East Asia and Oceania Regional Director: **Raj Karim**

European Network Regional Director: **Vicky Claeys**

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Solicitor

IPPF uses the services of several law firms, each one in accordance with their area of expertise.

Further information is available on request.

How to donate

This can be done by cheque or by visiting our web-site which contains a section on how to give to the work of IPPF.

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