

2006 FINANCIAL STATEMENTS



Building trust across the world's divides

Initiatives of Change International

INITIATIVES OF CHANGE INTERNATIONAL
Report and accounts
For the year ended 31 December 2006

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INITIATIVES OF CHANGE INTERNATIONAL

General Information

For the year ended 31 December 2006

General Assembly

The supreme authority of the Association is a General Assembly, consisting of all Initiatives of Change National Organisations that have been admitted as Members. It meets at least once every year. An Executive Committee consisting of nine persons carries forward day to day operations. The Executive Committee is accountable to the General Assembly.

Executive Committee

Mohamed Sahnoun, Algeria and Switzerland, President
 Richard W B Ruffin, USA, Executive Vice President
 Christopher Evans, UK, Treasurer
 Michael Brown, Australia
 Antoine Jaulmes, France
 Andrew Lancaster, Australia
 Haridas Nair, Malaysia
 Inese Voika, Latvia
 Richard Weeks, Canada

Secretariat

Tehmina Siganporia, India

Counsel

David Forbes, Secretan Troyanov, Geneva

Headquarters

Initiatives of Change International,
 Mountain House,
 Rue du Panorama, 1824 Caux,
 Switzerland

Correspondence

Secretariat, IofC International,
 Asia Plateau
 Panchgani, District Satara
 Maharashtra 412 805
 India

Bankers

UBS	PostFinance
1800 Vevey	1631 Bulle
Switzerland	Switzerland

Auditors

Ashwin Brothers
 Certified Public Accountants (Kenya)
 156 Matundu Lane - Westlands
 P.O. Box 14208 - 00800
 Nairobi, Kenya

INITIATIVES OF CHANGE INTERNATIONAL

Principles & Purposes

For the year ended 31 December 2006

Initiatives of Change (IofC) is a world wide network of people of diverse races, nations, creeds and backgrounds committed to transforming society through change in individuals, starting with themselves.

It proposes standards of absolute honesty, purity, unselfishness and love as guidelines to private and public conduct.

It affirms that there is a divine purpose for humanity and encourages people to seek this purpose through listening to their inner voice and conscience and through making what they know of God and eternal moral values central in their lives.

These ideas have given rise to an international movement bound together by trust, common experiences and a common commitment. It generates initiatives on every continent. Since 1946 it has held world conferences at its centre in Caux, Switzerland.

Diverse teams in over sixty countries carry forward these initiatives. In many countries, legal entities have been formed to facilitate the work of these teams. Each is independent and organised under the laws of that country.

Initiatives of Change International was created to facilitate the global operations of the movement and to safeguard its purposes.

The specific purposes of the Association are:

- 1) To promote the principles and purposes of the movement,
- 2) To represent the universality and multi-faith character of the movement,
- 3) To facilitate the relationships with international institutions and organisations,
- 4) To provide a common point of reference for all national organisations,
- 5) To regulate the admission of members and associates,
- 6) To regulate the international use of the name "Initiatives of Change" and of the movement's prior names, "Moral Re-Armament" and the acronym "MRA".

INITIATIVES OF CHANGE INTERNATIONAL

Statement of Executive Committee's Responsibilities

For the year ended 31 December 2006

The General Assembly requires the Executive Committee to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Association and of the income and expenditure for that period. It also requires the Committee to ensure that the Association keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Association. The Executive Committee is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Committee accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards. The Executive Committee is required to select suitable accounting policies and then apply them consistently. The Executive Committee is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Association and of its income and expenditure of the Association. The Executive Committee further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Executive Committee is required to prepare the accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in its activities.

Nothing has come to the attention of the Executive Committee to indicate that the Association will not remain a going concern for at least the twelve months from the date of this statement.

PRESIDENT

MOHAMED SAHNOUN

VICE PRESIDENT

RICHARD W B RUFFIN

Date:

INITIATIVES OF CHANGE INTERNATIONAL

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
INITIATIVES OF CHANGE INTERNATIONAL**

1) We have audited the accompanying financial statements of Initiatives of Change International set out on pages 5 to 13 which, comprise the balance sheet as at 31 December 2006 and income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

2) Executive Committee's Responsibility for the Financial Statements

The Executive Committee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

3) Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk and material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

4) Opinion

In our opinion, proper books of account have been kept and the financial statements, which are in agreement therewith give a true and fair view of financial position of Initiatives of Change International as of 31 December 2006 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

ASHWIN BROTHERS**CERTIFIED PUBLIC ACCOUNTANTS (K)****Nairobi - Kenya****Dated 6th July 2007**

INITIATIVES OF CHANGE INTERNATIONAL

Income and Expenditure Account

For the year ended 31 December 2006

	Notes	2006 CHF	2005 CHF
INCOME			
Membership Fees	1	11,619	11,569
Donations from IofC National Associations	2	198,892	155,159
Other Donations Received	3	53,715	25,489
Donation of Office Space		6,000	6,000
Income from Transnational Projects	4	227,462	29,710
Interest and Exchange Differences	5	(2,853)	148
		494,835	228,075
EXPENDITURE			
Work with International Organisations	6	136,102	130,387
International Website		20,938	9,947
Communications		11,156	-
International Council	7	56,667	21,490
Transnational Projects (See Note 4)		212,794	28,068
Administration & Overheads	8	6,906	3,571
		444,563	193,463
SURPLUS FROM OPERATION		50,272	34,612

Note:

(1) All the figures are rounded up to the nearest Swiss Franc.

(2) The notes on page 8 to 13 form an integral part of these accounts.

INITIATIVES OF CHANGE INTERNATIONAL

Balance Sheet

as at 31 December 2006

	Notes	2006	2005
		CHF	CHF
<u>ASSETS</u>			
Current Assets			
Accounts Receivable	9	34,654	26,376
Cash at Bank and in Hand	10	223,677	164,985
TOTAL ASSETS		258,331	191,361
<u>RESERVES & LIABILITIES</u>			
General Reserves Fund Account			
Balance as at 1 January 2005		78,568	(2,237)
International Council Reserves Introduced		-	46,193
Surplus for the Year		50,272	34,612
Balance at 31 December 2006		128,840	78,568
Current Liabilities			
Accounts Payable & Advance Receipts	11	129,491	112,793
		129,491	112,793
TOTAL EQUITY & LIABILITIES		258,331	191,361

The Financial Statements were approved by the Executive Committee of the Association on

..... 2007, and signed on its behalf by :-

PRESIDENT

MOHAMED SAHNOUN

VICE PRESIDENT

RICHARD W B RUFFIN

TREASURER

CHRISTOPHER EVANS

INITIATIVES OF CHANGE INTERNATIONAL

Cash flow Statement

For the year ended 31 December 2006

	2006	2005
	CHF	CHF
Cash Flow From Operating Activities:		
Surplus from Operation	50,272	34,612
Operating Surplus Before Working Capital Charges:	50,272	34,612
(Increase) in Accounts Receivable	-8,278	-24,059
Increase in Accounts Payable and Advance Receipts	16,698	63,361
Cash Flow From Operating Activities	58,692	73,914
FINANCING ACTIVITIES		
Reserves Introduced	-	46,193
Net Cash Used In Financing Activities	-	46,193
Increase in Cash and Cash Equivalents	58,692	120,107
<u>MOVEMENT IN CASH AND CASH EQUIVALENTS - NOTE 12</u>		
At 1 January 2006	164,985	44,878
Increase in Cash and Cash Equivalents	58,692	120,107
At 31 December 2006	CHF 223,677	164,985

INITIATIVES OF CHANGE INTERNATIONAL**Notes to the Accounts****For the year ended 31 December 2006**

Accounting Policies

The principal accounting policies adopted in the preparation of these statements are set out below.

Basis of Preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards. The financial statements are prepared under the historical cost convention.

Income

Membership fees are recognised as income in the period they relate to. Donations and interest income are recognised on receipt basis.

Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified.

Tax

No tax has been provided for in the accounts.

Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Swiss Francs at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Swiss Francs at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the Income and Expenditure account in the year in which they arise.

Retirement Benefits

The Association contributes to a statutory defined contribution pension scheme, Caisse AVS De La Federation Patronale Vaudoise. Contributions are determined by local statute and shared equally between employer and employee.

INITIATIVES OF CHANGE INTERNATIONAL

Notes to the Accounts

For the year ended 31 December 2006

1	<u>MEMBERSHIP FEES</u>	2006	2005
		CHF	CHF
	Australia	1,000	1,000
	Canada	1,000	1,000
	Denmark	500	500
	Finland	-	181
	France	1,000	1,000
	Germany	200	195
	India	1,000	1,000
	Japan	1,000	1,000
	Kenya	194	93
	Netherlands	1,000	1,000
	New Zealand	200	200
	Nigeria	200	200
	Norway	500	500
	South Africa	200	200
	Sweden	500	500
	Switzerland	1,000	1,000
	UK	1,000	1,000
	USA	1,000	1,000
	Uganda	125	-
		11,619	11,569
2	<u>DONATIONS FROM IC/MRA BODIES</u>	2006	2005
		CHF	CHF
	Australia	11,413	2,000
	Denmark	900	-
	Finland	-	614
	France	20,813	17,416
	Germany	519	406
	Japan	300	-
	Netherlands	12,246	11,021
	New Zealand	-	409
	Nigeria	178	105
	South Africa	3,115	1,052
	Sweden	6,051	7,025
	Switzerland	31,000	29,586
	UK	59,265	61,646
	USA	53,092	23,879
		198,892	155,159

INITIATIVES OF CHANGE INTERNATIONAL

Notes to the Accounts

For the year ended 31 December 2006

3 OTHER DONATIONS RECEIVED

	2006	2005
	CHF	CHF
Individual Donors (incl. CHF 8,850 in memory of Marcel Grandy)	11,261	1,136
Irene Prestwich Trust	18,100	24,353
Tirley Garth Trust	24,354	-
	<u>53,715</u>	<u>25,489</u>

4 INCOME FROM TRANSNATIONAL PROJECTS

When grant-funded transnational projects are undertaken by the International Association a small percentage of the grant is retained towards the Association's own overhead costs.

	Somali Training Project	Great Lakes (Burundi) Project	2006 Total	2005 Total
	CHF	CHF	CHF	CHF
Brought forward from 2005	2,800	-	2,800	-
Funded by Irene Prestwich Trust & Karl Popper Foundation		-	-	19,730
Funded by Swiss Federal Department of Foreign Affairs	-	227,462	227,462	19,000
Total Grants Received			<u>230,262</u>	<u>38,730</u>
Expenditure	-	-212,794	(212,794)	(28,068)
5% Retained	-	-	-	(806)
7% Retained	-	(14,668)	(14,668)	(836)
Recorded as Income			<u>(227,462)</u>	<u>(29,710)</u>
Carried forward to 2007 (See Note 11)	<u>2,800</u>	<u>-</u>	<u>2,800</u>	<u>9,020</u>

5 INTEREST & EXCHANGE DIFFERENCES

	2006	2005
	CHF	CHF
Bank Interest	23	109
Exchange Gain	2,803	76
Exchange Loss	(5,679)	(37)
	<u>(2,853)</u>	<u>148</u>

INITIATIVES OF CHANGE INTERNATIONAL

Notes to the Accounts

For the year ended 31 December 2006

6 <u>WORK WITH INTERNATIONAL ORGANISATIONS</u>	2006	2005
Geneva	CHF	CHF
Gross Wages	83,794	88,825
Social Insurance	10,652	10,453
Representation	17,287	8,714
Conferences	2,072	2,295
Office Rent	6,000	6,000
Travel	5,014	6,552
Accountancy Cost	-	1,690
Printing and Office Costs	9,876	5,858
Total for Geneva	134,695	130,387
New York	209	-
Strasbourg	1,198	-
	136,102	130,387

7 INTERNATIONAL COUNCIL

2006 was the first entire year for which the International Council accounts were included in this financial statement.

	2006	2005
	CHF	CHF
Council Meeting, Caux	15,218	7,059
Council Meeting, India	-	4,998
Council Meeting, Malaysia	18,480	-
Council Meeting , UK	14,609	-
Outreach Services	2,363	1,968
Developing Global Communication Strategy	4,446	2,377
Carbon Offset	1,150	-
Developing Tools for Change	-	4,475
Overheads and Office Costs	401	613
	56,667	21,490

8 ADMINISTRATION AND OVERHEADS

	2006	2005
	CHF	CHF
Accountancy Fees	6,300	2,300
Bank Charges	96	102
Others	510	1,169
	6,906	3,571

INITIATIVES OF CHANGE INTERNATIONAL

Notes to the Accounts

For the year ended 31 December 2006

9 ACCOUNTS RECEIVABLE	2006	2005
	CHF	CHF
Advance Strasbourg Contribution	-	360
2006 Contribution Caux Foundation	-	20,000
Sundry Debtors	2,303	5,980
Withholding Tax on Interest Received	36	36
Swiss Department of Foreign Affairs	19,954	-
Advance - International Website	12,361	-
	34,654	26,376

10 CASH AT BANK AND IN HAND

The Cash at Bank and in hand of Swiss Francs 223,676 includes three foreign currencies translated at the rate existing at the Balance Sheet date. The currencies are: Sterling pounds, US Dollars and Euros.

	2006	2005
	CHF	CHF
Cash at Bank and in hand	223,677	164,985
	223,677	164,985

11 ACCOUNTS PAYABLE AND ADVANCE RECEIPTS

	2006	2005
	CHF	CHF
Grants Received in Advance For Year 2007		
- From IofC-France	12,841	25,683
- From IofC-USA	8,362	27,888
- From Irene Prestwich Trust	-	24,354
- Communication Strategy	22,206	-
Transnational Projects		
- Owed to IofC France (Projects)	63,577	10,763
- Owed to Agenda for Reconciliation	-	12,767
- Grants carried forward to 2007 (See Note 4)	2,800	9,020
Accounts Payable	19,705	2,318
	129,491	112,793

12 CASH AND CASH EQUIVALENTS

	At 1 January 2006	Cash Flows	At 31 December 2006
	CHF	CHF	CHF
Cash at Bank and on Hand	164,985	58,692	223,677

INITIATIVES OF CHANGE INTERNATIONAL**Notes to the Accounts****For the year ended 31 December 2006**

164,985	58,692	223,677
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13 CURRENCY

For the purposes of reporting, these accounts have been denominated in Swiss Francs (CHF).

14 COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.