

UNICEF MICROFICHE INPUT CONTROL AND INSTRUCTIONS RECORD

No. 581 (1)

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Date 7/Sept. /77 (2)

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NO (X)

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UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



DISTR.  
LIMITED

E/ICEF/AB/L.48  
13 May 1965  
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UNITED NATIONS CHILDREN'S FUND  
Committee on Administrative Budget

UNICEF GREETING CARD FUND

FINANCIAL REPORT FOR THE YEAR 1 SEPTEMBER 1963 TO 31 AUGUST 1964\*

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\* The report of the Board of Auditors will be issued as addendum 1.

FINANCIAL REPORT FOR THE YEAR 1 SEPTEMBER 1963 TO 31 AUGUST 1964

SUMMARY

1. The financial statements of the UNICEF Greeting Card Fund for the financial year 1 September 1963 to 31 August 1964, covering the 1963 sales campaign, are presented herewith. They comprise the following statements:
  - I. Statement of assets and liabilities as at 31 August 1964;
  - II. Statement of income and expenditure for the financial year from 1 September 1963 to 31 August 1964;
  - III. Statement of budgetary authorizations, obligations incurred and unobligated balances of authorizations for the financial year ended 31 August 1964.
  
2. As mentioned in previous reports, the Greeting Card Fund produces greeting cards from designs contributed by contemporary artists and illustrators of many nationalities. They acquaint people throughout the world with UNICEF, and raise money for the Fund. They show to the public the designs of other countries. Many designs are related to children and reflect some of the common elements of the life of children everywhere. The cards are sold through the efforts of national committees and other voluntary agencies by mail order and direct sale. An engagement calendar is published in addition.
  
3. In the 1963 campaign, eleven different boxes containing 18 new designs by eleven artists were offered for sale. 30.6 million cards and 222,867 calendars were sold (compared with 26.4 million cards and 177,276 calendars in 1962). The campaign brought a net income of \$1.7 million (compared with \$1.6 million in 1962). Preliminary estimates for the 1964 campaign indicate that 38 million cards and 350,000 calendars were sold with a net income of \$2.4 million.

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4. The following tabulation shows the volume of sales, gross income, costs and net income of the Greeting Card Fund over the three years 1961 to 1963:

Table 1

Sales, costs and income, 1961 - 1963

<u>Campaign year</u>	<u>Cards sold</u>	<u>Gross income<sup>a/</sup> (less commission, duties and taxes)</u> \$	<u>Production, promotion and administrative costs</u> \$	<u>Net income</u> \$
1961	21,651,000	1,954,552	837,949	1,116,603
1962	26,415,000	2,623,051	1,010,168	1,612,883
1963	30,575,000	2,973,982	1,242,658	1,731,324

NOTES:

- (i) The "campaign year" ends on 31st August of the following calendar year.
- (ii) Inventory at 31 August 1964 was valued at \$21,698 above the corresponding valuation at 31 August 1963. This increase has been credited as a deduction from the production costs for 1963. In 1961 and earlier years the inventory was not carried as an asset.

a/ Includes: cards, the book "The Children Come Running" (see para. 16) and in 1962 and 1963 also the engagement calendar (see paras.2 and 16), interest on investments and other miscellaneous income.

5. Table 2 shows the breakdown of sales as between countries in 1961, 1962 and 1963; it also shows the percentage of increase or decrease in sales for 1963 over 1962:

Table 2  
Breakdown of sales by countries and areas 1961-1963

Country	1961		1962		1963		Percentage of increase 1963 over 1962
	Cards sold	Percentage of total sales	Cards sold	Percentage of total sales	Cards sold	Percentage of total sales	
<u>North America</u>							
United States of America	9,609,035	44.4	10,556,988	40.0	12,615,400	41.3	19.5
Canada	1,800,000	8.3	2,360,935	8.9	3,782,904	12.4	60.2
<u>Europe</u>							
United Kingdom of Great Britain and Northern Ireland	2,484,416	11.5	2,971,663	11.3	2,898,749	9.5	(2.5)
Federal Republic of Germany	1,291,011	6.0	1,416,571	5.4	1,633,027	5.3	15.3
France	848,950	3.9	1,144,036	4.3	1,081,120	3.5	(5.5)
Denmark	652,691	3.0	697,264	2.6	890,442	2.9	27.7
Netherlands	700,000	3.2	845,110	3.2	858,890	2.8	1.6
Sweden	547,830	2.5	758,030	2.9	788,590	2.6	4.0
Switzerland	385,770	1.8	690,380	2.6	684,480	2.2	(0.9)
Norway	505,092	2.3	750,287	2.8	617,478	2.0	(17.7)
Other European countries	732,094	3.4	940,484	3.6	1,314,250	4.3	39.7
Asia	632,265	3.0	1,113,247	4.2	1,085,353	3.5	(2.5)
Australia and New Zealand	691,111	3.2	936,150	3.5	1,062,221	3.5	13.5
Middle and South America	489,238	2.2	691,533	2.6	848,343	2.8	22.7
Africa and Eastern Mediterranean	281,784	1.3	542,033	2.1	413,868	1.4	(23.6)
TOTALS	21,651,287	100.0	26,414,711	100.0	30,575,115	100.0	15.8

### ASSETS AND LIABILITIES

#### Assets

6. Funds with banks amounted to \$12,645.

7. Investments consisted of a deposit of \$680,000 in a bank account, bearing interest at  $3\frac{1}{2}$  per cent per annum.

/...

8. Accounts receivable totalled \$1,129,361 of which \$1,108,574 had been collected by April 1965.

9. Inventories of cards and books have been valued at \$67,397 (cards \$60,679; books \$6,718). The valuation is based on average production costs less depreciation.

10. Prepaid expenses amounted to \$766,014 of which \$759,778 was in respect of the 1964 campaign, and \$6,236 in respect of the 1965 campaign. The expenses for the 1964 campaign consisted of \$528,107 in respect of the cost of production of cards, \$78,916 for the cost of production of calendars, \$94,494 for the printing of brochures, \$24,266 for duties and taxes and \$33,995 in respect of miscellaneous costs (posters, promotion kits, other publicity material and office equipment). The prepaid expenses for the 1965 campaign were all in respect of publicity material.

#### Liabilities

11. Accounts payable and other unliquidated obligations totalling \$23,381 comprised the following items:

a) Duties and taxes	\$11,112
b) Refunds due to staff members for Federal and State income taxes	7,490
c) Obligations outstanding in respect of administrative costs	3,459
d) Amounts due to sundry creditors	1,320

12. The surplus of assets over liabilities, \$2,632,035, consisted of the working capital of \$900,711 brought forward from the 1962 campaign, and the net profit of \$1,731,324 earned in the campaign under review. Under the authority of the Executive Director, a sum of \$1,700,000 was transferred in September 1964 to the general resources of UNICEF, leaving a balance of \$932,035 to be used as working capital for the 1964 campaign.

WORKING CAPITAL AND TRANSFERS TO THE GENERAL RESOURCES OF UNICEF

13. At its September 1959 session, the Executive Board on the recommendation of the Committee on Administrative Budget, authorized the Executive Director to finance the approved budget of the Greeting Card Fund from the net income of the previous year's campaign and to transfer to the general resources of UNICEF any surplus of income remaining over and above the authorized budgetary estimates. The Board also agreed that this procedure should be followed in subsequent years (E/ICEF/391, Rev.1, para. 197).

14. The table below shows, for the three years 1961 to 1963, the working capital at the beginning of each financial year, the net income, transfers to the general resources of UNICEF and the working capital retained for the campaign in the following year.

Table 3

Working capital, net income and transfers to the general resources of UNICEF, 1961 - 1963  
 (in US dollars)

Campaign year	Working capital at the beginning of the financial year (1)	Net income (2)	Surplus of assets over liabilities at the end of the financial year (total of columns (1) and (2)) (3)	Transfer to general resources of UNICEF <sup>a/</sup> (4)	Working capital for the following year (5)
1961	671,225	1,116,603	1,787,828	1,100,000	687,828
1962	687,828	1,612,883	2,300,711	1,400,000	900,711
1963	900,711	1,731,324	2,632,035	1,700,000	932,035
1964	932,035				

a/ These amounts are shown in UNICEF accounts in the subsequent calendar year.

INCOME AND EXPENDITURE

Income

Sales of greeting cards

15. During the 1963 campaign \$2,713,660 was realized from sales of cards in all countries (gross proceeds \$3,547,545, less commission \$833,885 (23.5 per cent)), for a total of 30,575,115 cards sold. The highest sales were in the United States of America (12,615,400 cards), Canada (3,782,904 cards) and the United Kingdom (2,898,749 cards). As in previous campaigns, the sale of greeting cards in the United States was the responsibility of the United States Committee for UNICEF, and the campaign in Canada was conducted by the National UNICEF Committee of the United Nations Association in Canada. In many countries the campaign is conducted by national committees; in others, sales are made by the Greeting Card Fund directly. The able cooperation of national committees and countless voluntary organizations all over the world contributes greatly to the success of the campaigns.

Sales of calendars and books

16. During the 1963 campaign, the second edition of the engagement calendar was produced and sold. Sales were made primarily in the United States of America, Canada, the United Kingdom and the Netherlands and realized a total of \$273,867 (gross proceeds \$375,266, less commission \$101,399) for a total of 222,867 calendars sold. In view of the success of the engagement calendar for the second year, future plans call for its production as a continuing feature. It should be noted that the gross proceeds shown above represent 85 per cent of the total revenue from calendar sales; the production costs of the remaining 15 per cent were financed by and revenue accruing to the Revolving Fund for UNICEF Public Information. Sales of the book "The Children Come Running"<sup>1/</sup> continued in 1963 and realized a total of \$5,487 (gross proceeds \$8,138, less commission \$2,651) for the 5,651 books sold. The production costs and the proceeds of this book are divided equally between the Greeting Card Fund and the Revolving Fund for UNICEF Public Information.

<sup>1/</sup> Published in 1960: this book contains reproductions of greeting card designs sold over the years and the text written and contributed by Elizabeth Coatsworth.



17. Interest on investments and other income: these totalled \$35,545, namely:
- a) Interest on investments (\$15,103);
  - b) Other income (\$20,442) consisting of: income from staff assessment plan (\$12,883), profit on imprinting of cards (\$7,462) and sundry receipts (\$97).

Expenditure

18. About one-third of the cost of production of a card is incurred for printing in sheet form, and about two-thirds for collating with envelopes, into boxes. During the 1963 campaign 41,623,975 cards (32,461,000 in 1962) were printed (approximately 55 per cent printed in the United States, 21 per cent in Denmark, 11 per cent each in Canada and the Netherlands and 2 per cent in Switzerland). 34,534,684 cards were collated (approximately 46 per cent in the United States, 32 per cent in Denmark, 12 per cent in Canada and 10 per cent in the United Kingdom). Table 4 below shows the unit cost per card sold:

Table 4  
Unit cost per card sold, 1961-1963

	1963 Campaign (30,575,115 cards sold)		1962 Campaign (26,414,711 cards sold)		1961 Campaign (19,851,287 cards sold) <sup>a/</sup>	
	Total Expenditure <sup>b/</sup> \$	Cost per card Cents	Total Expenditure <sup>b/</sup> \$	Cost per card Cents	Total Expenditure <sup>b/</sup> \$	Cost per card Cents
Staff costs	170,891	0.56	143,790	0.54	122,507 <sup>c/</sup>	0.62
Production costs	637,342 <sup>d/</sup>	2.08	519,720	1.97	393,249	1.98
Sales promotion costs and other expenses	323,684 <sup>e/</sup>	1.06	295,736	1.12	158,356 <sup>f/</sup>	0.80
	1,131,917	3.70	959,246	3.63	674,112	3.40

NOTE: "Cost per card" is the total cost divided by the number of cards sold, and therefore includes the cost of unsold cards except to the small extent that this is credited to an increase in the value of the inventory.

a/ In the 1961 campaign, the bulk of the cards sold in Canada was produced by the United Nations Association in Canada, and the costs thereof were not included in expenditure. Canadian sales, therefore, have been excluded.

b/ Payments of duties and taxes excluded.

c/ 12/19 of actual staff costs (\$193,969). At its December 1961 session, the Committee on Administrative Budget of the Executive Board, on the recommendation of the Chairman of the Board of Auditors, approved a change in the financial year of the Greeting Card Fund so that it would end each year on 31 August rather than on 31 January (E/ICEF/AB/L.15, paras. 4-6). The Board of Auditors suggested that the end of the financial year should not coincide with the busiest quarter of operations and that more time should be available for the receipt of the results of all financial transactions from local voluntary committees in various countries. Accordingly the financial statements of the Greeting Card Fund for 1961 campaign covered the nineteen-month period from 1 February 1961 to 31 August 1962.

d/ Consists of inventory value \$37,891 as at 1 September 1963 plus production costs \$660,130 for the period of 1 September 1963 to 31 August 1964 less inventory value \$60,679 as at 31 August 1964.

e/ After deduction of promotion costs (posters) totalling \$361 in respect of the book, "The Children Come Running"

f/ 12/19 of actual sales promotion costs (\$250,731).

INVENTORY

19. As shown in tables 1 and 2 above, sales have increased substantially over the years. A wider selection of designs, combined with an increasing number of sales outlets has resulted in large stocks spread throughout the world. As at 31 August 1964, the total inventory amounted to 21,170,663 cards<sup>2/</sup> (as compared with the inventory at 31 August 1963 of 13,861,814 cards); the major portion of the inventory was held in Europe and the United States. Losses in transit, shortages and free issues (samples) totalled 740,365 cards (approximately 1.3 per cent of the total cards to be accounted for); 2,999,646 cards of old designs were found to be unmarketable and were destroyed. Inventories at 31 August 1964 were valued at \$67,397, of which \$60,679 in respect of cards and \$6,718 in respect of stocks of the book "The Children Come Running". This valuation was based on average production costs less depreciation which was taken at 80 per cent, reflecting a conservative estimate of future sales.

CONTINGENT LIABILITIES

20. At 31 August 1964 unfulfilled contracts placed with suppliers in regard to the 1964 campaign (\$315,949) and the 1965 campaign (\$206,231) totalled \$522,180.

BUDGETARY AUTHORIZATIONS, OBLIGATIONS INCURRED  
AND UNOBLIGATED BALANCES OF AUTHORIZATIONS

21. The Committee on Administrative Budget at its thirty-second session (E/ICEF/AB/L.34) approved the budget estimates of the Greeting Card Fund for the twelve-month period 1 September 1963 to 31 August 1964, totalling \$1,213,300 (gross), and authorized the Executive Director to spend an additional amount of up to 10 per cent of the gross budget, if necessary, to meet unpredictable costs of production and distribution, should they occur. Due to the increased demand for cards and calendars it was necessary for the Executive Director to act on this

<sup>2/</sup> Apart from cards in sheet form, printed in 1963 and prior years.

authorization, and to increase the gross budget from \$1,213,300 to \$1,334,630. Obligations incurred during the financial year amounted to \$1,264,356, leaving unobligated balances of authorizations totalling \$70,274, which surplus has been cancelled.

22. The approved budget for the 1963 campaign provided for 19 established posts, nine in New York and ten in Europe (London and Paris). During the sales season additional temporary staff was employed when the volume of sales warranted it.

6 May 1965

(Signed) E. J. R. Heyward  
Acting Executive Director

UNITED NATIONS CHILDREN'S FUND

GREETING CARD FUND

I. Statement of Assets and Liabilities as at 31 August 1964

<u>Assets</u>			<u>Liabilities</u>	
Cash on hand and at banks		\$ 12,644.79	Accounts payable and other unliquidated obligations	\$ 23,381.47
Investments		680,000.00		
Accounts Receivable:			Working Capital:	
UNICEF	\$846,390.08		Balance as at 1 September 1963	\$2,300,711.02
UNICEF National Committees	258,860.80		Less: Transfer to UNICEF	<u>1,400,000.00</u>
Miscellaneous	<u>24,110.56</u>	1,129,361.44		900,711.02
Inventories		67,396.80	Add: Excess of Income over Expenditure	
Prepaid Expenses		766,013.79	for the financial year ended 31 August	
		<u>\$2,655,416.82</u>	1964 as per Statement of Income and	
			Expenditure	<u>1,731,324.33</u>
				<u>2,632,035.35</u>
				<u>\$2,655,416.82</u>

CERTIFIED CORRECT:

APPROVED:

(Signed) Stanley Sroka  
Comptroller

(Signed) E. J. R. Heyward  
Acting Executive Director

AUDIT CERTIFICATE

The above Statement of Assets and Liabilities has been examined in accordance with our directions. We have obtained all the information and explanations that we have required, and we certify, as a result of the audit, that, in our opinion, the above Statement is correct.

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NETHERLANDS

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COLOMBIA

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PAKISTAN

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ENGLISH  
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United Nations Children's Fund

Greeting Card Fund

II. Statement of Income and Expenditure

for the financial year 1 September 1963 to 31 August 1964

Proceeds of Sale:

Greeting Cards	\$3,547,544.69	
Calendars	375,265.81	
Books	<u>8,137.75</u>	
	3,930,948.25	
Less Commission	<u>937,934.66</u>	\$2,993,013.59

Cost of Goods Sold:

Inventories - 1 September 1963	45,698.88	
Production Costs	<u>769,420.38</u>	
	815,119.26	
Less Inventories - 31 August 1964	<u>67,396.80</u>	<u>747,722.46</u>
Gross Profit on Sales		2,245,291.13

Staff Costs	170,891.13	
Sales Promotion Costs and other expenses	324,044.54	
Duties and Taxes	<u>54,576.21</u>	<u>549,511.88</u>
Net Operating Income		1,695,779.25

Interest on Investments	15,103.26	
Other Income	<u>20,441.82</u>	<u>35,545.08</u>
Excess of Income over Expenditure		<u>\$1,731,324.33</u>

CERTIFIED CORRECT:

APPROVED:

(Signed) Stanley Sroka  
Comptroller

(Signed) E. J. R. Heyward  
Acting Executive Director

AUDIT CERTIFICATE

The above Statement of Income and Expenditure has been examined in accordance with our directions. We have obtained all the information and explanations that we have required, and we certify, as a result of the audit, that, in our opinion, the above Statement is correct.

\_\_\_\_\_  
NETHERLANDS

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COLOMBIA

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PAKISTAN

## UNITED NATIONS CHILDREN'S FUND

## GREETING CARD FUND

III. Statement of Budgetary Authorizations, Obligations Incurred and Unobligated Balances of Authorizations for the financial year ended 31 August 1964

	Budgetary Authorizations \$	Obligations Incurred \$	Unobligated Balances of Authorizations \$
<u>Chapter I - Staff Costs</u>			
Salaries and wages	182,900.00	154,528.33	28,371.67
Contributions Staff Pension Fund	12,800.00	10,508.05	2,291.95
Dependency Allowances	4,200.00	2,587.88	1,612.12
Contributions Medical and Social Insurance	<u>3,700.00</u>	<u>3,266.87</u>	<u>433.13</u>
	203,600.00	170,891.13	32,708.87
<u>Chapter II - Productions Costs</u>			
Greeting Cards	661,000.00	660,129.77	870.23
Calendars	110,000.00	108,736.43	1,263.57
Books	<u>1,000.00</u>	<u>554.18</u>	<u>445.82</u>
	772,000.00	769,420.38	2,579.62
<u>Chapter III - Sales Promotion Costs and Other Expenses</u>			
Addressing Services	1,000.00	372.31	627.69
Brochures Printing	135,000.00	132,049.56	2,950.44
External and Internal Audit Costs	8,000.00	8,000.00	-
Freight	75,000.00	70,568.27	4,431.73
Miscellaneous	3,500.00	2,505.08	994.92
Office Equipment	2,500.00	1,350.56	1,149.44
Packing and Mailing Services	10,230.00	6,104.64	4,125.36
Postage	16,450.00	9,333.07	7,116.93
Publicity and Promotion	35,000.00	33,752.12	1,247.88
Rental of Premises	18,000.00	12,400.06	5,599.94
Stationery and Office Supplies	6,000.00	4,854.52	1,145.48
Storage	37,650.00	36,103.41	1,546.59
Telephone and Cables	2,200.00	1,547.96	652.04
Travel on Official Business	<u>8,500.00</u>	<u>5,102.98</u>	<u>3,397.02</u>
	359,030.00	324,044.54	34,985.46
GRAND TOTAL	<u>1,334,630.00</u>	<u>1,264,356.05</u>	<u>70,273.95</u>

CERTIFIED CORRECT:

(Signed) Stanley Sroka  
Comptroller

APPROVED:

(Signed) E. J. R. Heyward  
Acting Executive Director

## AUDIT CERTIFICATE

The above Statement of Budgetary Authorizations, Obligations Incurred and Unobligated Balances of Authorizations has been examined in accordance with our directions. We have obtained all the information and explanations that we have required, and we certify, as a result of the audit, that, in our opinion, the above Statement is correct.

NETHERLANDS

COLOMBIA

PAKISTAN