

UNICEF MICROFICHE INPUT CONTROL AND INSTRUCTIONS RECORD

No.

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(15*) STRIPE COLOUR: White Blue Grey - Yellow - Green - Brown - **Pink** Red

Date 12/Sept/77

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FINANCIAL REPORT AND ACCOUNTS FOR 1966

A (17*) ENGLISH

REPORTS OF THE BOARD OF AUDITORS

UNICEF

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MAY - JUNE 1967 2/2 = 2P. T/C; pp "NR" 45-60

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(19*) ENVELOPE COLOUR: **White** - Blue - Yellow - Pink - Green - Grey

TRAILERS

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Part II
UNICEF GREETING CARD FUND

FOREWORD

1. For the first time the net income of the Greeting Card Fund exceeded \$3 million as a result of record sales in the 1965 campaign. The first sales, fifteen years ago, in 1950, amounted to some 130,000 cards producing a net profit of \$4,200. Sales in the second campaign year, 1951, increased to 460,000 cards with a net profit of \$16,300. In 1952 the Greeting Card Fund was established as a continuing operation, with a working capital of \$15,200.

2. The Greeting Card operation has since expanded far beyond the original expectations. Sales have climbed every year, reaching 46,500,000 cards sold in 1965 in more than 100 countries. The sale of UNICEF engagement calendars, first introduced in 1963, reached total sales of 460,000 copies last year.

3. The Greeting Card Fund has not only furnished an increasing source of income to UNICEF annually, but also has provided people all over the world with a direct link with UNICEF and the United Nations. UNICEF national committees and other voluntary groups have been the main sales agents. With staff and other costs required for sales and distribution kept at a minimum because of extensive voluntary help, a large part of what people pay for cards becomes a contribution to UNICEF.

4. In the efforts of UNICEF to raise its total income from \$35 million in 1966 to \$50 million in 1969, a substantially increased revenue is needed from government contributions, private donations and fund-raising drives. The greeting card campaign should be able to play an increasingly important part in achieving this target.

5. The greeting card operation, and its progress over the past fifteen years, would not have been possible without the devoted efforts of many thousands of volunteers. These efforts have brought benefits to millions of children in developing countries. We have every confidence that these efforts will be continued and increased in the future with even greater results. Great appreciation is also due to the numerous artists of many nationalities who generously contributed their designs for cards and calendars over the years.

(Signed) Henry R. LABOUISE
Executive Director

BRIEF ACCOUNT OF THE 1965 CAMPAIGN

6. The net profit of the 1965 Greeting Card Fund campaign was \$3.2 million. This compared with a net profit of \$2.1 million in 1964. About 46.5 million cards were sold in 112 countries and territories; 460,000 calendars were sold in 85 countries and territories.

7. The tasks of producing tens of millions of greeting cards, distributing them to sales points around the world, and preparing promotional materials make it necessary to begin well in advance of the sales season. Work on the 1965 campaign actually began in 1963 with the search for art work from all over the world. All of the art work in the cards and the calendar was donated, the artists either contributing an original design or granting reproduction rights. Production of the cards and engagement calendars began in June 1964. The work time-table for major items in the 1965 campaign was as follows:

1963/early 1964	Selection of possible designs
May 1964	Meeting of international art committee and final selection
June 1964	Commencement of printing of cards and promotional materials
October/November 1964	Production of envelopes and boxes
December 1964	Printing of poster; preparation of film trailer
January/February 1965	Assembling and boxing of cards; national committees placed orders
May 1965	Initial distribution to 112 countries
August 1965	Start of sales campaign
September/October 1965	Reprinting of cards and calendars
November 1965	Intensification of publicity efforts
December 1965	End of sales campaign.

8. Computer estimating techniques were used in 1965. This made it possible to place a greater reliance on actual sales figures rather than consignment data from early in the campaign, and thus have a better basis for additional production required to meet demands at the end of the campaign. The Fund itself also assembled and boxed cards and envelopes for the first time in 1965 during critical periods. Both of these activities reduced unnecessary production and resulted in a decrease of net production cost per box sold. At the same time, the average selling price per box went up from the equivalent of US \$1.17 in 1964 to \$1.24 in 1965; this was largely due to a greater acceptance by a number of groups to sell "the prestige card" at a higher price, and the adjustment of card prices to conform with rising local costs in general. The printing of cards was done in Austria, Canada, Denmark, Switzerland and the United States. Collating (assembling and boxing of cards and envelopes), one of the most expensive steps of the entire Greeting Card production, was done in Canada, Denmark, the United Kingdom and the United States. The location of printers and of collation points was chosen in the light of cost considerations, including proximity to the major selling points; this brought about an economy in shipment and a reduction in delivery time.

9. Among the promotion items produced for the 1965 campaign (exclusive of those produced directly by the national committees) were the following:

	<i>Number</i>
Greeting Card brochures (14 languages, 21 versions)	5,900,000
Posters (3 languages and blanks for local text)	105,500
Glossy photos of cards for press reproduction	63,000
Promotional streamers for sales centres (3 languages)	41,000
Promotion kits containing basic written material for local publicity	3,500
Television promotion spot film prints (3 languages)	373
Prints of the film "Greetings" (3 languages)	236

10. The twenty-one national UNICEF committees which acted as sales agents (or made arrangements with other groups) worked with approximately 10,000 sales outlets and tens of thousands of volunteers. These committees were:

Australia	Ireland	Poland
Austria	Italy	Spain
Belgium	Japan	Sweden
Canada	Luxembourg	Switzerland
Denmark	Netherlands	United Kingdom
Federal Republic of Germany	New Zealand	United States
France	Norway	Yugoslavia

In countries in which there were no UNICEF national committees, UNICEF field offices and voluntary groups handled the sales.

11. The work of seventy-one different artists was used for this campaign. Fifteen artists donated their work for the cards, fifty-four for the engagement calendar, one for the poster, and one for the greeting card box design. The artists came from twenty-three countries. A list of the artists is given below:

<i>Card artists</i>	<i>Name of design</i>	<i>Nationality</i>
André Bouquet	Winter Morning	France
Raoul Dufy (re-issue)	United Nations	France
Christian Larsen	Dreaming of Christmas	Denmark
Hope Meryman	Playtime	United States
Yaroslava Mills	Carol Singers	United States
Beni Montresor	Three Wise Men	Italy
Shalom of Safed	Birds and Trees	Israel
Papa Ibra Tall	Wonders of the Bush	Senegal
Louis Toffoli	Rest in the Desert	France
Paolo Tommasi	The Cathedral	Italy
Mario Toppi	Shepherds' Watch	Italy
Maria Vall	Angels	Spain
Orest Vereisky	Fairy Tale	Union of Soviet Socialist Republics
Brian Wildsmith	A World of Fancy	United Kingdom
Andrew Wyeth	Rural Holiday	United States
 <i>Calendar artists</i>		
P. A. Aizpiri	Le Messenger	France
Irving Amen	Audience	United States
Edward Ardizzone	Boat to Greenwich	United Kingdom
Eugene Baboulene	Foulard Bleu	France
Louis Bastin	The Blue Boy	Sweden
Suzanne Berkson	The Swing	United States
Rita Briansky	Solitude	Canada
R. J. Burn	Strand on the Green	United Kingdom
Robert Cariola	See Not, Hear Not	United States
Christine Chagnoux	Noah's Ark	France
Leonard Creó	Lady with Umbrella	United States
Berute Demkute	Little Shepherds	Union of Soviet Socialist Republics
Irma Diaz	Children with Dove	Mexico
Francisco Dosamantes	Child Dreaming	Mexico
Stella Drabkin	Boy in Jungle	United States
Pierre Dubreuil	Tête d'Enfant	France
Epko	Matinée du Printemps	Netherlands
Walter Ferro	Child with Hat	United States
Shelly Fink	The Paper Crown	United States
Antonio Frasoni	Snowstorm	Uruguay
Françoise Gilot	Interlude	France
Anthony Gross	Kites in Battersea Park	United Kingdom
Robert Gwathmy	Ring Around A-Rosy	United States
Max Hunziker	Mother and Child	Switzerland
Miguel Ibarz	Girl with Birdcage	Spain
Pierre Jacquot	Carrousel	France
Mervin Jules	Recorder	United States
Max Kahn	Girl with Goose	United States
Kawano	Girl with Fan	Japan
Frank Kleinholtz	The Robin	United States
Joe Lasker	Rainy Day	United States
Le Pho	Maternité	Republic of Viet-Nam
Michael Marmelstein	Spirit of Jen	United States
Hope Meryman	Donkey Boy	United States
Keiko Minami	Girl with Dog	Japan
Keiko Moti	The Artist's Daughter	India
Paunchiak	Eskimos Fishing	Canada
Rodolfo Perez	Revelry	Philippines
Leona Pierce	By the Sea	United States
Gregorio Prestopino	Mother and Child	United States
Anton Refregier	Summertime	United States
Etienne Ret	Stephanie	France
Irwin Rosenhouse	Sunday Out	United States
Leonard Rosoman	Boys and Girls in Boats	United Kingdom
Emilio Sanchez	Sunday Afternoon	Cuba
Helen Siegl	Circus	United States
Guillermo Silva	La Niña del Bosque	Colombia
Arnold Singer	Morning Ritual	United States
Lee Hang Sung	Mysterious Echo	Republic of Korea
Julian Trevelyan	Soldiers of Windsor Castle	United Kingdom

<i>Calendar artists (continued)</i>	<i>Name of design (continued)</i>	<i>Nationality (continued)</i>
Friedrich Vordemberge	Clown	Federal Republic of Germany
Sadao Watanabe	Christmas	Japan
Walter Williams	Girl with Butterflies	United States
Abraham Yakim	Child	Israel
<i>Box cover artist</i>		
Roger Duvoisin		United States
<i>Poster artist</i>		
Tom Eckersley		United Kingdom

COMPARISON WITH PREVIOUS YEARS

12. In 1962 a total of 26.4 million cards was sold; by 1965 the sales had increased by over 75 per cent. The sale of calendars, when first introduced in 1963, totalled 177,000. By 1965, sales reached 460,000, an increase of 160 per cent.

TABLE 1. GREETING CARDS AND CALENDARS SOLD 1963, 1964 AND 1965 CAMPAIGNS

<i>Campaign year</i>	<i>Cards sold</i>	<i>Percentage increase over previous year</i>	<i>Calendars sold</i>	<i>Percentage increase over previous year</i>
1963.....	30,575,000	16	223,000	26
1964.....	37,768,000	24	342,000	53
1965.....	46,473,000	23	460,000	35

13. Table 2 below shows the gross and net income from the last three campaigns. The net income in the 1965 campaign rose to 49 per cent of gross income as compared to 43 per cent in the previous two years. This was despite the general rise in production costs for maintaining the same quality standards. A factor in the percentage increase of net income was the decrease in the average of sales commissions paid to national committees. This was possible as a result of improved distribution procedures in some areas of large volume sales.

TABLE 2. GROSS AND NET INCOME, 1963 TO 1965

<i>Campaign year</i>	<i>Gross income</i>	<i>Commission, duties and taxes</i>	<i>Commission, etc., as percentage of gross income</i>	<i>Production staff and sales costs</i>	<i>Production staff and sales costs as percentage of gross income</i>	<i>Net income</i>	<i>Net income as percentage of gross income</i>
	\$	\$	%	\$	%	\$	%
1963.....	3,930,948	992,511	25	1,242,658	32	1,695,779	43
1964.....	5,002,183	1,327,929	26	1,539,952	31	2,134,302	43
1965.....	6,537,457	1,443,332	22	1,865,637	29	3,228,488	49

14. Table 3 below shows the growth of card sales in various areas of the world in the last three campaigns; figures are given both in terms of the total numbers of cards sold and in percentages of cards sold per area out of the total of global sales. Table 4 on page 51 shows the card sales on a *per capita* basis in the major selling countries.

TABLE 3. GREETING CARD SALES BY AREA AND MAJOR SELLING COUNTRY, 1963-1965

	1963		1964		1965		<i>Percentage of increase 1965 over 1964</i>
	<i>Cards sold</i>	<i>Percentage of total sales</i>	<i>Cards sold</i>	<i>Percentage of total sales</i>	<i>Cards sold</i>	<i>Percentage of total sales</i>	
<i>North America</i>							
United States of America.....	12,615,400	41.3	16,152,420	42.8	22,053,937	47.4	36.5
Canada.....	3,782,904	12.4	4,501,367	11.9	4,185,810	9.0	(7.0)
<i>Europe</i>							
United Kingdom of Great Britain and Northern Ireland.....	2,898,749	9.5	3,084,581	8.2	3,714,311	8.0	20.4
Federal Republic of Germany.....	1,633,027	5.3	2,021,772	5.4	2,904,270	6.2	43.6
France.....	1,081,120	3.5	1,562,450	4.1	1,796,510	3.9	15.0
Denmark.....	890,442	2.9	1,127,667	3.0	1,104,697	2.4	(2.0)
Norway.....	617,478	2.0	796,806	2.1	1,085,622	2.3	36.2
Switzerland.....	684,480	2.2	850,360	2.2	1,065,000	2.3	25.2
Sweden.....	788,590	2.6	1,059,078	2.8	1,057,490	2.3	(0.1)
Netherlands.....	858,890	2.8	934,200	2.5	907,280	2.0	(2.9)
Other European countries.....	1,314,250	4.3	1,688,731	4.5	2,286,401	5.0	35.4

TABLE 3. GREETING CARD SALES BY AREA AND MAJOR SELLING COUNTRY, 1963-1965 (continued)

	1963		1964		1965		Percentage of increase 1965 over 1964
	Cards sold	Percentage of total sales	Cards sold	Percentage of total sales	Cards sold	Percentage of total sales	
Central and South America	848,343	2.8	1,088,371	2.9	1,363,404	2.9	25.3
Australia and New Zealand	1,062,221	3.5	1,182,521	3.1	1,188,935	2.5	0.5
Asia	1,085,353	3.5	1,151,401	3.0	1,068,590	2.3	(7.2)
Africa and Eastern Mediterranean	413,868	1.4	566,207	1.5	690,906	1.5	22.0
TOTALS	30,575,115	100.0	37,767,932	100.0	46,473,163	100.0	23.0

TABLE 4. CARD SALES OF MAJOR SELLING COUNTRIES ON A POPULATION BASIS, ^a 1963-1965

Country	Card sales per 1,000 of population		
	1963	1964	1965
Luxembourg	325	334	327
Norway	171	215	293 ^b
Denmark	194	240	234
Canada	207	234	213
Switzerland	125	141	181
Sweden	104	138	138
United States of America	68	84	113
New Zealand	102	110	106
Iceland	105	122	92
Belgium	39	58	81
Australia	77	80	79
Netherlands	73	77	74
United Kingdom of Great Britain and Northern Ireland	55	57	68
Federal Republic of Germany	29	34	49
Ireland	34	42	48
France	23	32	37
Chile	20	29	35
Austria	13	19	27
Finland	3	15	24
Peru	12	12	15
Argentina	9	13	14

^aThe list includes countries where sales exceeded 10 cards per 1,000 of the population.

^bExcludes special sales of cards in connexion with the Nobel Peace Prize Award.

**A. FINANCIAL REPORT AND ACCOUNTS FOR THE PERIOD
FROM 1 SEPTEMBER 1965 TO 30 APRIL 1966**

15. The financial accounts of the UNICEF Greeting Card Fund for the period from 1 September 1965 to 30 April 1966 cover the 1965 sales campaign and comprise the following:

- I. Statement of income and expenditure for the period from 1 September 1965 to 30 April 1966;
- II. Statement of assets and liabilities at 30 April 1966;
- III. Statement of budgetary authorizations, obligations incurred and unobligated balances of authorizations for the period from 1 September 1965 to 30 April 1966.

FINANCIAL REPORT

16. The 1965 greeting card sales campaign, which extended to 112 countries and territories, resulted in gross sales of \$5.8 million (\$4.4 million in 1964). Card sales reached 46,500,000, an increase of 8,700,000 over the 1964 campaign. Engagement calendar sales in 85 countries and territories amounted to 460,000 copies, producing a gross income of \$784,000 (\$579,000 in 1964). Sales of the book "The Children Come Running" amounted to \$1,925 and stocks of these will be exhausted in 1966.

17. After deducting expenditures, net operating income amounted to \$3.2 million compared with \$2.1 million for the 1964 campaign, and the sum of \$2.0 million therefrom was transferred to the general resources of UNICEF in April 1966.

18. A further transfer to the general resources of UNICEF will be made before the end of 1966 in the amount of \$750,000 making a total of \$2,750,000 transferred from the 1965 campaign.

19. After effecting this second transfer of \$750,000 to the general resources of UNICEF, the working capital will stand at \$1.5 million, a figure which is considered adequate to finance the 1966 campaign.

B. FINANCIAL STATEMENTS

**I. Income and expenditure for the period from
1 September 1965 to 30 April 1966***

(In US dollars)

	\$	\$
<i>Sales</i>		
Greeting cards.....	5,751,146.13	
Calendars.....	784,385.90	
Books.....	1,924.73	
	<hr/>	
	6,537,456.76	
 <i>Less:</i>	\$	
Commissions paid.....	1,348,448.44	
Duties and taxes.....	94,883.61	
	<hr/>	
	1,443,332.05	5,094,124.71
 <i>Cost of sales</i>		
Inventory — 1 September 1965.....	100,655.45	
Production costs.....	1,220,837.22	
	<hr/>	
	1,321,492.67	
 <i>Less: Inventory — 30 April 1966.....</i>	132,894.00	1,188,598.67
	<hr/>	
<i>Gross profit on sales</i>		3,905,526.04
 <i>Other expenditure</i>		
Staff costs.....	120,270.30	
Sales promotion costs and other expenses.....	556,767.35	
	<hr/>	
		677,037.65
<i>Net operating income</i>		3,228,488.39
 <i>Other income.....</i>		9,940.45
		<hr/>
<i>Excess of income over expenditure</i>		3,238,428.84
		<hr/> <hr/>

CERTIFIED CORRECT
(Signed) W. G. MIDDELMANN
Comptroller

APPROVED
(Signed) Henry R. LABOUISSÉ
Executive Director

*For notes on statement I see paras. 20 to 22 below.

II. Assets and liabilities as at 30 April 1966*

(In US dollars)

	ASSETS	\$		LIABILITIES	
Cash at bank		25,957.54	Accounts payable		
			UNICEF	\$ 586,243.27	\$
			Other	42,175.32	628,418.59
Accounts receivable					
UNICEF National Committees	\$	2,426,674.98	Working capital		
Others		62,015.63	Balance at 1 September 1965	3,099,400.19	
		2,488,690.61	Add:		
			Excess of income over expenditure for the period from 1 September 1965 to 30 April 1966	3,238,428.84	
Inventories		132,894.00		6,337,829.03	
Prepaid expenses		318,705.47	Less:		
		2,966,247.62	Transfers to UNICEF:	\$	
		2,966,247.62	From 1964 Campaign	2,000,000.00	
			From 1965 Campaign	2,000,000.00	4,000,000.00
				4,000,000.00	2,337,829.03
				2,966,247.62	2,966,247.62

CERTIFIED CORRECT
 (Signed) W. G. MIDDELMANN
 Comptroller

APPROVED
 (Signed) Henry R. LABOUISSÉ
 Executive Director

*For notes on statement II, see paras. 23 to 31 below.

**III. Budgetary authorizations, obligations incurred and unobligated
balances of authorizations as at 30 April 1966***

(In US dollars)

	<i>Budgetary authorizations \$</i>	<i>Obligations incurred \$</i>	<i>Unobligated balances of authorizations \$</i>
<i>Chapter I. Staff costs</i>			
Salaries and wages	101,900.00	100,163.66	1,736.34
Travel and removal	1,000.00	961.04	38.96
Installation payments	1,400.00	1,320.00	80.00
Separation payments	3,000.00	2,863.81	136.19
Contributions, Pension Fund	12,000.00	11,890.06	109.94
Dependency allowances	1,900.00	1,811.20	88.80
Contributions, medical and social insurance	1,200.00	1,020.78	179.22
Travel on home leave	300.00	239.75	60.25
TOTAL, CHAPTER I	<u>122,700.00</u>	<u>120,270.30</u>	<u>2,429.70</u>
 <i>Chapter II. Production costs</i>			
Greeting cards	1,015,350.00	1,014,720.06	629.94
Calendars	207,000.00	206,117.16	882.84
TOTAL, CHAPTER II	<u>1,222,350.00</u>	<u>1,220,837.22</u>	<u>1,512.78</u>
 <i>Chapter III. Sales promotion costs and other expenses</i>			
Brochure printing	224,000.00	223,543.90	456.10
Publicity and promotion	81,000.00	80,449.41	550.59
Packing and mailing supplies and services	500.00	421.57	78.43
Postage	3,200.00	3,030.65	169.35
Travel on official business	12,800.00	12,623.17	176.83
Freight	95,500.00	94,929.98	570.02
Stationery and office supplies	2,700.00	2,487.21	212.79
Office equipment	6,100.00	6,087.10	12.90
Storage and rental of premises	93,000.00	92,513.49	486.51
Telephone and cables	6,400.00	6,258.26	141.74
Miscellaneous	8,300.00	8,093.37	206.63
Other equipment	19,000.00	18,329.24	670.76
External and internal audit costs	8,000.00	8,000.00	—
TOTAL, CHAPTER III	<u>560,500.00</u>	<u>556,767.35</u>	<u>3,732.65</u>
GRAND TOTAL	<u><u>1,905,550.00</u></u>	<u><u>1,897,874.87</u></u>	<u><u>7,675.13</u></u>

CERTIFIED CORRECT
(Signed) W. G. MIDDELMANN
Comptroller

APPROVED
(Signed) Henry R. LABOUISSSE
Executive Director

*For notes on statement III see paras. 32-34 below.

Notes on the the financial statements

NOTES ON STATEMENT I. INCOME AND EXPENDITURE

20. Gross income from sales in the 1965 campaign amounted to \$6,537,457, with commissions paid of \$1,348,448, or an average of 20.6 per cent on sales. The average rate of commission paid was lower than in previous years (1964: 25.2 per cent; 1963: 23.8 per cent) as a result of a reduction to 18 per cent of the commission paid to the United States Committee for UNICEF, the largest seller of cards and calendars. This reduction was one factor which helped to produce the considerably higher net operating income, although the main one was a 30.7 per cent increase in global sales receipts.

21. Other income included \$5,599 in respect of bank interest and \$4,339 from the Staff Assessment Plan.

22. In accordance with a sharing agreement between the Greeting Card Fund and the UNICEF Public Information Revolving Fund (see E/ICEF/AB/L.50, para. 20), the latter received the amount of \$75,967 net from the 1965 sales campaign (\$74,755 from calendar sales and \$1,212 from book sales). The financial statements of the Greeting Card Fund do not include income and expenditure in respect of this sharing agreement; this is reported elsewhere.

NOTES ON STATEMENT II. ASSETS AND LIABILITIES

Assets

23. The advancement of the date of closure of the accounts of the Greeting Card Fund this year from 31 August to 30 April results in considerable changes in the liquid position of the assets shown on this financial statement compared with previous ones.

24. Cash and investments at 31 August 1965 amounted to \$433,820 against \$25,958 at 30 April 1966, while accounts receivable from UNICEF National Committees and others rose to \$2,488,691 compared with an amount of \$565,221 at 31 August 1965. This is due to the fact that, by agreement, for some time past, transfers of proceeds of sales have been made to UNICEF between March and August of the following year. As sales increase and the organization of distribution is strengthened, it will become possible for more Committees to make their remittances before 30 April each year.

25. At 30 April 1966, stocks totalled 27,035,211 boxed cards and the equivalent of 19,717,710 cards in an unfinished state. On 31 August 1965 there were 33,481,188 boxed and 2,240,780 equivalent cards unfinished. There is an economy in restricting the financing and collating of cards to the actual sales requirements of the last weeks of the campaign. Some 1,200,000 cards of earlier years were found to be unusable and were destroyed during this financial period. There remained at the end of the period a large quantity of cards of earlier years which cannot be sold. These are now being decollated to recover boxes and envelopes. The valuation of the inventory has been made on a conservative basis both as regards boxed and unfinished cards and raw materials, and the figure of \$132,894 is considered to be a realistic estimate of the value of stocks that can be used in the 1966 campaign.

26. Prepaid expenses amounting to \$318,705 were in respect of production costs of cards and calendars for the 1966 campaign and were made in accordance with the authorization given to the Executive Director (E/ICEF/AB/L.54, para. 78).

Liabilities

27. Advances totalling \$586,243 made from UNICEF funds were necessitated partly by the non-liquid position of the Greeting Card Fund assets at 30 April 1966, as outlined in paragraph 24 above, and partly due to the working capital being insufficient for the expansion of operations that took place during the period in question. The attention of the Executive Board was drawn to this at its May 1966 session (E/ICEF/AB/L.57, para. 12). The UNICEF advances will be repaid from transfers of funds made by UNICEF National Committees.

28. 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).

29. The approved budget estimates for the year to 30 April 1967 totalled \$2.3 million. This includes production costs, estimated at \$1.5 million, which are largely obligated long before income is earned. Because of this, and to avoid drawing on general UNICEF resources to bridge this gap, the working capital is being increased to \$1,587,829.

30. The table below shows for the three campaign years 1963 to 1965 the working capital at the beginning of the financial period, the net income during the period, transfers effected or proposed to the general resources of UNICEF, and the working capital retained for the campaign in the following year.

TABLE 5. WORKING CAPITAL, NET INCOME AND TRANSFERS TO THE GENERAL RESOURCES OF UNICEF, 1963-1965

<i>Campaign year</i>	<i>Working capital at beginning of the financial period</i> (1)	<i>Net income for the financial period</i> (2)	<i>Surplus of assets over liabilities at end of financial period</i> (3)	<i>Transfer to general resources of UNICEF^a</i> (4)	<i>Working capital for following year</i> (5)
	\$	\$	\$	\$	\$
1963.....	900,711	1,731,324	2,632,035	1,700,000	932,035
1964.....	932,035	2,167,365	3,099,400	2,000,000	1,099,400
1965.....	1,099,400	3,238,429	4,337,829	2,750,000 ^b	1,587,829

^aThese amounts are shown in the UNICEF accounts for the subsequent calendar year.

^bIncludes the additional transfer of \$750,000 to UNICEF referred to in para. 17.

31. At 30 April 1966, unfulfilled contracts placed with suppliers in regard to the 1966 campaign totalled \$785,239. These contracts, together with the prepaid expenses of \$318,705 shown on the statement of assets and liabilities, are the total obligations made by the Greeting Card Fund as of that date against the authorization given to the Executive Director to spend up to \$1,250,000 for advance production costs (E/ICEF/AB/L.54, para. 78).

NOTES ON STATEMENT III. BUDGETARY AUTHORIZATIONS, OBLIGATIONS INCURRED AND UNOBLIGATED BALANCES OF AUTHORIZATIONS

32. The Executive Board at its session in June 1965 approved budget estimates of the Greeting Card Fund for the year to 31 August 1966 totalling \$1,859,550 (E/ICEF/528/Rev.1, para. 225). At its May 1966 session the Executive Board approved the proposal to change the end of the financial year of the Greeting Card Fund to 30 April (E/ICEF/548/Rev.1, para. 229).

33. As a result of this change, the present accounting period became one of eight months against budgetary estimates for twelve months, so that funds allotted for staff costs and certain other expenses exceeded requirements. However, increased sales demands over estimates brought expenditures for production and promotion costs above the budgetary estimates, making it necessary for the Executive Director to increase the gross budget to \$1,905,550 in accordance with the authorization given to him (E/ICEF/AB/L.54, para. 77).

34. Obligations incurred against this revised budget of \$1,905,550 amounted to \$1,897,875, and the unobligated balance of the allocation of \$7,675, being no longer required, has been cancelled.

C. REPORT OF THE BOARD OF AUDITORS

1. The Executive Director of the United Nations Children's Fund submitted the following statements for certification:

- I. Statement of income and expenditures;
- II. Statement of assets and liabilities;
- III. Statement of budgetary authorizations, obligations incurred and unobligated balances of authorizations for the financial year ended 30 April 1966.

2. The Board had suggested in recent years that a study of the Fund's operational and structural organization be made.

3. The Executive Director of UNICEF has requested the Controller's Management Services of the United Nations to undertake a detailed study of the Fund. This study has been initiated, and the Board is awaiting its final outcome.

4. The Board is appreciative of the co-operation and assistance received from UNICEF and the Greeting Card Fund personnel.

Roger PELTOT, *Belgium*
Reginaldo MENDOZA, *Colombia*
S. M. RAZA, *Pakistan*

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