

UNITED



NATIONS

**UNITED NATIONS RELIEF AND WORKS
AGENCY FOR PALESTINE REFUGEES
IN THE NEAR EAST**

ACCOUNTS

for the financial year ended 30 June 1953

and

Report of the Board of AUDITORS

GENERAL ASSEMBLY

OFFICIAL RECORDS : EIGHTH SESSION

SUPPLEMENT No. 6 B (A/2497)

NEW YORK, 1953

240.

TABLE OF CONTENTS

	<i>Page</i>
Letter of transmittal	1
Note by the Secretary-General	2
Financial statements :	
Notes to the financial statements	3
Statement 1. Statement of assets and liabilities	5
Statement 2. Summary statement of income and expenditure	6
Statement 3. Cash contributions to UNRWA from Near East governments....	7
Statement 4. Cash contributions to UNRWA from other governments.....	8
Statement 5. Cash contributions to UNRWA from other contributors.....	9
Statement 6. Contributions in kind to UNRWA from Near East governments..	10
Statement 7. Contributions in kind to UNRWA from other governments.....	11
Statement 8. Contributions in kind to UNRWA from other contributors.....	12
Statement 9. Memorandum statement of contributions direct to the refugees by Near East governments	12
Statement 10. Memorandum statement of contributions direct to the refugees by other governments	13
Statement 11. Memorandum statement of contributions direct to the refugees by UNICEF	13
Statement 12. Memorandum statement of contributions direct to the refugees by other contributors	14
Statement 13. Statement of expenditure for the relief programme.....	16
Statement 14. Statement of expenditure for the projects programme.....	18
Statement 15. Statement of expenditure for common services.....	20
Report of the Board of Auditors.....	21

**UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN
THE NEAR EAST**

Accounts for the financial year ended 30 June 1953 and report of the Board of Auditors

LETTER OF TRANSMITTAL

New York, 5 October 1953

Sir,

The Board of Auditors of the United Nations has made an examination of the accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the financial year ended 30 June 1953.

Financial statements presented by the Acting Director of the Agency for audit certificate have been examined and certified.

On behalf of the Board, I have the honour to transmit for presentation to the General Assembly the financial statements, as certified by the Board, together with its report thereon.

Respectfully,

*(Signed) Watson SELLAR
For the Board of Auditors*

The Secretary-General of the United Nations,
New York

NOTE BY THE SECRETARY-GENERAL

1. The financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the financial year ended 30 June 1953, together with the report of the Board of Auditors thereon, are presented herewith pursuant to the provisions of resolution 302 (IV) adopted by the General Assembly on 8 December 1949. In paragraph 21 of that resolution, the General Assembly:

“*Requests* the Director to submit to the General Assembly of the United Nations an annual report on the work of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, including an audit of funds . . .”

2. The financial statements and the report of the Board of Auditors have been submitted to the Advisory Committee on Administrative and Budgetary Questions for consideration and report to the General Assembly. A report on financial operations is included in the annual report of the Director to the General Assembly in document A/2470.¹

¹ See *Official Records of the General Assembly, Eighth Session, Supplement No. 12*.

FINANCIAL STATEMENTS

Notes to the financial statements for the financial year ended 30 June 1953

STATEMENT OF ASSETS AND LIABILITIES

Note 1. Cash funds of the Agency, other than US dollars, have been reflected in US dollars at official rates of exchange where exchange restrictions exist, otherwise at free market rates prevailing on 30 June 1953. Other assets and all liabilities based on non-US dollar currencies have been reflected in US dollars at fixed rates employed by the Agency throughout the year. These rates are the same as official currency exchange rates where such exchange rates exist; the remainder are rates chosen by the Agency as approximating the average free market rates for related currencies for the period under review.

Note 2. Cash in banks includes \$7,127 (representing 2,474.644 Egyptian pounds) constituting 50 per cent of a joint account with the District Administration of Gaza which is subject to withdrawal only upon the joint agreement of UNRWA and the District Administration.

Note 3. Supply inventories are valued generally at cost; equipment inventories are valued at cost or at cost less depreciation as appropriate.

Note 4. The major equipment inventory appearing in the statement of assets and liabilities comprises: (a) equipment of various types purchased but not yet issued for use; and (b) equipment purchased for projects, the cost of which is applicable to several projects over a period of more than one fiscal year.

Note 5. The following assets of the Agency are not reflected in the statement of assets and liabilities. The disbursements for these assets and any subsequent recoveries have been treated as expenditure and miscellaneous operating income (or as credits to expenditure in certain cases of loan recoveries) respectively in the current financial statements or in the statements of prior periods:

(a) Loans to refugees totalling \$328,665, of which approximately \$115,000 is believed to be uncollectable;

(b) Capital stock of the Jordan Development Bank, Ltd., at a cost of \$560,000;

(c) Major equipment in use, currently valued at \$1,159,382 (cost less depreciation).

Note 6. In addition to the liabilities appearing in the statement of assets and liabilities, the Agency had contingent liabilities (consisting primarily of commitments on purchase orders issued for goods and services not yet received) at 30 June 1953 of \$2,404,355.

Note 7. Deferred income consists of contributions in cash received during the fiscal year under review but applicable to pledges for the 1953-1954 fiscal year.

Note 8. Details of the adjustments to the Working Fund applicable to the previous financial year are as follows:

	\$
(a) Refundable deposits, not included in statement of assets at 30 June 1952, now included in accounts receivable	6,630
(b) Liabilities overstated at 30 June 1952	12,808
(c) Inventories understated (net) at 30 June 1952	498,782
TOTAL	<u>\$518,220</u>

Of the amount of \$498,782 noted in (c) above, \$452,135 represents adjustment of opening inventory at 1 July 1952 of medical supplies and minor medical equipment in stock. At 30 June 1952, it was necessary to estimate the value of these items, but comparison of closing inventory (valued at cost) at 30 June 1953 with current disbursement for such supplies and equipment revealed that opening inventory at 1 July 1952 had been greatly understated. Examination of physical stock records further revealed that closing stocks at 30 June 1953 were approximately equal to opening stocks at 1 July 1952. Consequently, opening stocks were adjusted, through Working Fund, for the difference between the actual closing stocks and the estimated opening stocks, thus making opening and closing stocks equal.

STATEMENTS OF INCOME AND EXPENDITURE

Note 9. Contributions (other than US dollars) have, in cases where exchange restrictions were in force, been reflected in US dollars at the official rate of exchange prevailing at the time of receipt. In many cases, conversion of non-dollar currencies (to local currencies in the mission area) in the free money market ruling in Beirut has resulted in exchange differences. In addition, the Agency has generally charged disbursements in French francs to expenditure account at free US dollar valuations based upon prevailing free US dollar/French franc exchange rates. The net adjustment (loss) on exchange resulting from these practices has been shown on statement 2 as a deduction from income rather than as expenditure as being more appropriate to the circumstances under which it arose. Also included in the figure of adjustments on exchange are certain minor variations arising from the Agency practice of reflecting contributions and expenditures in Lebanese and Syrian pounds in US dollars at fixed rates employed by the Agency throughout the year (intended to approximate the average free market exchange rates for these currencies) and from reflecting year-end holdings of these currencies in US dollars in the statement of assets and liabilities at free market rates prevailing on 30 June 1953.

Note 10. Contributions in kind other than used clothing are reported at values designated by contributors or, when not so designated, at estimated values considered by the Agency to be appropriate. Used clothing is valued on the basis of rates employed by the customs authorities of Lebanon.

Note 11. In addition to the activities of UNRWA, certain contributions were made to the Palestine Refu-

gee Programme by governments, voluntary agencies, UNICEF, and others in the form of direct aid to the refugees (including minor quantities of supplies contributed to UNRWA but not utilizable by it in its own programme and consequently generally passed on to the refugees through voluntary agencies). These contributions have not been recognized in the financial statements of UNRWA. For informational purposes, however, they have been shown in memorandum form in statements 9 to 12 inclusive and are recapitulated in the following summary designed to reflect the total of all known contributions to the Palestine Refugee Programme during the period under review:

Contributions to UNRWA (statement 2)	\$	\$
In cash	48,796,776	
In kind	<u>492,330</u>	
		49,289,106
Contributions direct to the refugees		
By Near East governments		
(statement 9)	2,954,312	
By other governments.. (statement 10)	32,573	
By UNICEF	(statement 11) 2,125,447	
By other contributors.. (statement 12)	<u>3,861,016</u>	
		8,973,348
TOTAL CONTRIBUTIONS TO REFUGEE PROGRAMME		<u>\$58,262,454</u>

Except for the minor quantities of supplies contributed to UNRWA but included in contributions direct

to refugees, as noted above, all such contributions reported in the financial statements (numbers 9 to 12) and in the summary above include only those contributions reported to UNRWA by the contributors themselves, and all data shown is based solely upon the reports of the contributors (see also note 10 above concerning valuations where applicable).

Note 12. The budget and expenditure figures appearing in the financial statements are based upon the Agency's gross requirements on an accrual basis (modified to the extent that rehabilitation loans and investments and major equipment put into use have been charged to expenditure in the year of acquisition—see note 5 above). However, the Agency's budget approved by the United Nations General Assembly in its resolution 614 (VII), of 6 November 1952 which provided for an increase in the relief programme from \$18,000,000 to \$23,000,000, represented only the amount of new cash required by the Agency to finance its operations in 1952-1953 and hence did not include estimated expenditures expected to arise from reductions in inventory and in commitments (goods on order) or from contributions in kind. The following table is therefore necessary to compare and reconcile the accrual budget and expenditure figures shown in the financial statements with the new cash figures approved by the General Assembly:

	<i>Relief programme</i>		<i>Projects programme</i>	
	<i>Budget</i>	<i>Expenditure</i>	<i>Budget</i>	<i>Expenditure</i>
	\$	\$	\$	\$
Per statements	25,987,762	23,400,729	99,996,876	3,378,205
Add (deduct) adjustments for:				
(1) Increase (decrease) in commitments	(874,218)	65,382	—	54,913
(2) Increase (decrease) in inventories	(466,908)	326,265	—	16,016
(3) Contributions in kind	(1,339,745)	(492,692)	—	(22,528)
NEW CASH REQUIRED	<u>\$23,306,891</u>	<u>\$23,299,684</u>	<u>\$99,996,876</u>	<u>\$3,426,206</u>

The budget for the projects programme was based upon the expectation that broad project programmes totalling this amount would be negotiated with host governments during the fiscal year (since the Agency follows the practice of reserving funds in the amount contained in programme agreements at the time such agreements are signed with the government, even though it is recognized that a considerable time must elapse before actual expenditures take place). In fact, programme agreements totalling \$111,000,000 had been signed with the Governments of Jordan, Syria and Egypt by 30 June 1953. However, actual expenditures to implement these agreements will not occur in material amounts until 1953-1954 and 1954-1955.

Note 13. Losses on assets of the types mentioned in note 5 above have not been included in the statements of income and expenditure because the assets themselves have already been charged to expenditure, largely in prior periods. Such losses, however, are estimated not to have exceeded \$18,500. Similarly, losses incurred on certain minor quantities of supplies donated in kind to UNRWA but not included in UNRWA's statement of income by reason of being of types not utilizable by UNRWA in its own programme (see note 11 above) have also been excluded from the statements of expenditure. Losses of this category are estimated not to have exceeded \$3,300.

Statement of assets and liabilities

As of 30 June 1953
(Expressed in US dollars)

ASSETS			
		\$	\$
Cash.....			
Cash in banks and on hand.....	39,933,915		
Letters of credit outstanding.....	826,766		
Funds in hands of agents.....	384,529		41,145,210
Accounts receivable			
Claims for refund or damages.....	333,353		
Others.....	43,683		377,036
Advances to vendors.....			648,815
Inventories (including supplies and equipment in transit, \$860,396):			
Supplies.....	4,301,445		
Major equipment.....	193,471		4,494,916
Prepaid expenses.....			7,722
	TOTAL		46,673,699

LIABILITIES AND WORKING FUND			
Liabilities			
Accounts payable.....	568,233		
Funds held on behalf of others.....	46,025		614,258
Deferred income.....			95,000
Reserve for liquidation.....			625,000
Working Fund			
Balance at 30 June 1952.....	22,072,509		
Add subsequent adjustments applicable to previous financial year.	518,220		
	22,590,729		
Add excess of income over expenditure for the financial year ended			
30 June 1953 (statement 2).....	22,748,712		
Balance at 30 June 1953.....			45,339,441
	TOTAL		46,673,699

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Certified correct
(Signed) Elmer E. FEISTEL, Jr.
Acting Comptroller

Approved
(Signed) Leslie J. CARVER
Acting Director

AUDIT CERTIFICATE

The audit certificate is incorporated in the report of the Board of Auditors to the General Assembly.

(Signed) Watson SELLAR
On behalf of the Board of Auditors

September 1953

Summary statement of income and expenditure

For the financial year ended 30 June 1953
(expressed in US dollars)

	\$	\$
Income		
Cash contributions received from:		
Near East governments (statement 3).....	501,774	
Other governments (statement 4).....	48,146,980	
Other contributors (statement 5).....	148,022	
	<hr/>	
TOTAL IN CASH		48,796,776
Contributions in kind received from:		
Near East governments (statement 6).....	318,221	
Other governments (statement 7).....	120,252	
Other contributors (statement 8).....	53,857	
	<hr/>	
TOTAL IN KIND		492,330
TOTAL CONTRIBUTIONS		49,289,106
Miscellaneous operating income.....		446,370
		<hr/>
		49,735,476
Less exchange adjustments.....		207,830
		<hr/>
TOTAL INCOME		49,527,646
	\$	
Less expenditure:		
Relief programme (statement 13):		
Administration.....	234,705	
Basic subsistence.....	15,992,424	
Shelter and camp maintenance.....	1,837,751	
Milk distribution.....	820,044	
Health care.....	1,455,909	
Education.....	828,644	
Social welfare.....	266,768	
	<hr/>	
	21,436,245	
Application of common services.....	1,964,484	
	<hr/>	
TOTAL RELIEF PROGRAMME		23,400,729
Projects programme (statement 14):		
Administration.....	422,686	
Technical assistance.....	18,754	
Project direct costs.....	1,627,108	
	<hr/>	
	2,068,548	
Application of common services.....	1,309,657	
	<hr/>	
TOTAL PROJECTS PROGRAMME		3,378,205
		<hr/>
TOTAL EXPENDITURE		26,778,934
		<hr/>
EXCESS OF INCOME OVER EXPENDITURE		22,748,712
		<hr/>

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Certified correct
(Signed) Elmer E. FEISTEL, Jr.
Acting Comptroller

Approved
(Signed) Leslie J. CARVER
Acting Director

AUDIT CERTIFICATE

The audit certificate is incorporated in the report of the Board of Auditors to the General Assembly.

(Signed) Watson SELLAR
On behalf of the Board of Auditors

Cash contributions to UNRWA from Near East governments

For the financial year ended 30 June 1953

Contributors	Pledged		Received current financial year (expressed in US dollars) \$	Balance expected \$
	Currency	Amount \$		
<i>In respect to pledges for the full fiscal year ended 30 June 1953</i>				
Jordan.....	Jordan dinars	60,000	70,000	98,000
Lebanon.....	US dollars	33,000	—	33,000
Saudi Arabia.....	US dollars	40,000	40,000	—
Syria.....	Syrian pounds	13,869	4,692	—
		245,692	114,692	131,000

In respect to unpaid balances of pledges for the fiscal year ended 30 June 1952

Israel.....	Israel pounds	35,715	-	50,000
Jordan.....	Jordan dinars	30,000	84,000	-
Lebanon.....	US dollars	33,000	-	33,000
Syria.....	Syrian pounds	7,746	2,122	-
		169,122	86,122	83,000

In respect to unpaid balances of pledges for the fiscal year ended 30 June 1951

Egypt.....	Egyptian pounds	104,500	300,960	-
Lebanon.....	Lebanese pounds	108,468	-	28,500
Syria.....	Syrian pounds	64,498	-	17,916
		347,376	300,960	46,416
	TOTAL	762,190	501,774	260,416

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Cash contributions to UNRWA from other governments

For the financial year ended 30 June 1953

Contributors	Pledged		Received current financial year (expressed in US dollars) \$	Balance expected (in US dollars) \$
	Currency	Amount \$		
In respect to pledges for the full financial year ended 30 June 1953				
Australia	Australian pounds	195,912	440,803	—
Austria	US dollars	700	700	—
Belgium	US dollars	30,000	—	30,000
Brazil	US dollars	25,000	—	25,000
Cambodia	US dollars	2,000	2,000	—
Canada	Canadian dollars	600,000	600,000	—
Denmark	Danish kroner	300,000	43,478	—
El Salvador	US dollars	500	—	500
Federal Republic of Germany	Deutsch marks	100,000	23,810	—
Finland	US dollars	1,000	1,000	—
France	French francs	900,000,000	357,143	2,214,286
Haiti	US dollars	2,000	—	2,000
Indonesia	US dollars	60,000	60,000	—
Korea	US dollars	2,000	2,000	—
Laos	Laos piastres	25,000	1,207	—
Luxembourg	US dollars	2,000	1,000	1,000
Monaco	French francs	100,000	285	—
Netherlands	US dollars	25,000	—	25,000
New Zealand	New Zealand pounds	50,000	140,000	—
Norway	Norwegian kroner	157,643	22,141	—
Pakistan	Pakistani rupees	300,000	90,750	90,750
Turkey	Turkish pounds	50,000	17,857	17,857
United Kingdom	Pounds sterling	5,357,200	5,200,000	9,800,160
United States of America	US dollars	60,063,250	16,000,000	44,063,250
Uruguay	US dollars	5,000	—	5,000
Viet-Nam	US dollars	6,000	6,000	—
		79,176,370	22,901,567	56,274,803

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Cash contributions to UNRWA from other contributors

For the financial year ended 30 June 1953

Contributors	Pledged		Received current financial year (expressed in US dollars)	Balance expected
	Currency	Amount		
<i>In respect to pledges for the full financial year ended 30 June 1953</i>				
Qatar.....			\$	\$
	Rupees	1 Lakh		21,000
UNESCO.....	US dollars	70,000		—
WHO.....	US dollars	42,857		21,429
Miscellaneous contributors under \$500 each.....	Miscellaneous	165		—
		134,022		42,429
<i>In respect to unpaid balances of pledges for the financial year ended 30 June 1952</i>				
UNESCO.....	US dollars	35,000		—
WHO.....	US dollars	21,429		—
		56,429		—
	TOTAL	190,451		42,429

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Contributions in kind to UNRWA from Near East governments

For the financial year ended 30 June 1953
(expressed in US dollars)

Contributors	Pledged		Received current financial year	Balance expected
	Commodity or service	Amount \$	\$	\$
<i>In respect to pledges for the full financial year ended 30 June 1953</i>				
Egypt.....	Rentals, handling of supplies, rail transport, port charges	245,673	245,673	—
Israel.....	Benzine	1,029	1,029	—
Lebanon.....	Rental of camp sites	14,385	14,385	—
Saudi Arabia.....	Kerosene	75,000	—	75,000
Syria.....	Rentals, portorage, guard fees, transport, water and electricity	57,134	57,134	—
	TOTAL	393,221	318,221	75,000

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Contributions in kind to UNRWA from other governments

For the financial year ended 30 June 1953
(expressed in US dollars)

<i>Contributors</i>	<i>Pledged</i>	<i>Amount</i>	<i>Received current financial year</i>	<i>Balance expected</i>
		\$	\$	\$
<i>In respect to pledges for the full financial year ended 30 June 1953</i>	<i>Commodity or service</i>			
France.....	Rental of warehouses and carap sites	25,508	25,508	—
Greece.....	Currants	21,000	—	21,000
India.....	Cotton goods	104,000	—	104,000
Iran.....	Rice	5,138	—	5,138
Norway.....	Smoked herrings	19,956	19,956	—
Sweden.....	Domestic products	58,000	44,788	13,212
Turkey.....	Rice, wheat	35,714	—	35,714
Yugoslavia.....	Timber, food, blankets, tents or roofing materials	40,000	—	40,000
		<u>309,316</u>	<u>90,252</u>	<u>219,064</u>
<i>In respect to unpaid balances of pledges for the financial year ended 30 June 1952</i>				
Belgium.....	Blankets	30,000	30,000	—
Mexico (due from UNKRA).....	Relief supplies	115,600	—	115,600
		<u>145,600</u>	<u>30,000</u>	<u>115,600</u>
	TOTAL	<u>454,916</u>	<u>120,252</u>	<u>334,664</u>

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Contributions in kind to UNRWA from other contributors

*For the financial year ended 30 June 1953
(expressed in US dollars)*

<i>Contributors</i>	<i>Commodity or service</i>	<i>Received \$</i>
Sheikh Ali Abu Midden & Partners.....	Rentals of clinics and schools	1,960
Baalbeck Municipality.....	Water supply, rentals of camp sites	685
Greek Catholic Mission.....	Rentals of milk centres	1,526
Khan Yunis and Gaza Municipalities.....	Water supply	17,625
Haj Freih el Musadder.....	Rentals of schools and clinics	897
Minemneh, Bohsali & Partners.....	Rentals of camp sites	596
Moslem Awqaf.....	Rentals of distribution centres and schools	1,178
Near East Christian Council Committee.....	Rentals of hospitals	13,964
Pontifical Mission.....	Medical services	1,386
Syria-Lebanon Mission.....	Rentals of camp sites	4,932
Turkish Red Crescent.....	Wheat	3,572
Tyre Municipality.....	Water supply	684
Various contributors under \$500 each.....	Various	4,852
	TOTAL	53,857

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Statement 9

Memorandum statement of contributions direct to the refugees by Near East governments

*For the financial year ended 30 June 1953
(expressed in US dollars)*

<i>Contributors</i>	<i>Commodity or service</i>	<i>Value \$</i>
Egypt.....	Education and medical services, organization of "Mercy Train", miscellaneous	1,440,208
Iraq.....	General relief	400,000
Jordan.....	Educational services, cash grants, miscellaneous	572,540
Lebanon.....	Medical and educational services, orphanages	38,356
Syria.....	Medical and educational services, miscellaneous	503,208
	TOTAL	2,954,312

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

**Memorandum statement of contributions direct to the refugees
by other governments**

*For the financial year ended 30 June 1953
(expressed in US dollars)*

<i>Contributors</i>	<i>Commodity or service</i>	<i>Value \$</i>
Italy.....	Clothing and tinned food	11,600
Spain.....	Clothing	973
Venezuela.....	Blankets, shoes, tinned fish	20,000
TOTAL		32,573

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Statement 11

**Memorandum statement of contributions direct to the
refugees by UNICEF**

*For the financial year ended 30 June 1953
(expressed in US dollars)*

<i>Commodity</i>	<i>Quantity</i>	<i>Value \$</i>
Currants.....	113 tons	26,000
Fats.....	619 tons	290,810
Milk powder.....	2,503 tons	1,010,858
Rice.....	2,341 tons	405,172
Polish rye.....	100 tons	22,700
Soap.....	3½ tons	33,640
Sugar.....	2,176 tons	263,175
Clothing.....		5,698
Hut construction.....		46,052
Medical supplies.....		21,342
TOTAL		2,125,447

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Memorandum statement of contributions direct to the refugees by other contributors

*For the financial year ended 30 June 1953
(expressed in US dollars)*

<i>Contributors</i>	<i>Commodity or service</i>	<i>Value \$</i>
Abeith Orphanage, Lebanon.....	Educational services	1,315
American Colony, Jerusalem.....	Used clothing, cash, medical services	2,702
American Friends' Service Committee.....	Used clothing, shoes, educational services, technical assistance	96,350
American Middle East Relief, Inc.....	Used clothing, literature, car, medical supplies	48,325
American Presbyterian Mission.....	Medical and educational services	37,000
Anglican Bishop, Jerusalem.....	Cash, food, housing, used clothing and various services	27,927
Arab Evangelical Episcopal, Jerusalem.....	Cash, clothing, shelter and various services	34,675
Arab National Hospital, Beit Jalah.....	Used clothing, medical services	7,140
Arab Women's League, Nablus.....	Cash, food, clothing, medical and educational supplies	2,590
Arabian-American Oil Company.....	Used clothing	649
Armenian Patriarchate, Jerusalem.....	Cash, food, clothing, medical and educational supplies and services	11,248
Berachah Tuberculosis Sanatorium.....	Medical services, clothing	32,650
Bible Society, Beirut.....	Social welfare services	1,483
British Red Cross Society, London.....	Used clothing, medical books, hospital equipment	25,937
British Syrian-Lebanese Mission, Beirut.....	Educational services, clothing	7,200
Canadian Red Cross.....	New clothing	14,756
Christian Approach Mission, Bethlehem.....	Cash, clothing, medical and educational supplies	27,356
Church Missionary Society.....	Used clothing, bedding, cash, food and various services	30,650
Church of the Nazarene.....	Clothing, educational services	3,500
Church World Service, USA.....	Used clothing, soap, food, drugs, school supplies, generator	128,518
Congregational Christian Service Committee..	Cash, food, clothing and various services	42,177
Coptic Orthodox Church, Jerusalem.....	Educational and social welfare services	5,000
Council of Organizations for Relief Service Overseas, New Zealand.....	Used clothing	14,372
Danish Birds' Nest, Jbeil.....	Educational services	3,250
Dar el Awlad Orphanage, Lebanon.....	Educational services	4,219
Dar el Tifl, Jerusalem.....	Medical and educational services, food, clothing, cash	17,735
Edinburgh Medical Missionary Society.....	Food, medical supplies and services	4,250
Egyptian people.....	"Mercy Train" contributions	779,501
Evangelical Hospital, Nablus.....	Cash, clothing, medical services	2,996
Franciscan Mission, Jerusalem.....	Food, clothing, medical and educational supplies	2,632
French Faculty of Medicine.....	Medical services	986
French Hospital, Bethlehem.....	Cash, clothing, medical services	7,630
Friends' School, Ramallah.....	Medical services, education, cash	14,266
Greek Catholic Mission, Amman.....	Educational services, cash	9,414
Greek Orthodox Convent, Jerusalem.....	Cash, educational and social welfare services	31,820
Iraq Petroleum Company Ltd., Lebanon.....	Educational supplies	1,644
Jihad Hospital, Tulkarm.....	Medical services	1,218
Dr. Lambie, Jerusalem.....	Cash, food, clothing, medical services	3,705

Statement 12 (continued)

<i>Contributors</i>	<i>Commodity or service</i>	<i>Value \$</i>
Lebanese emigrants in United States	Cash	1,859
Lebanese students.....	Clothing	9,534
Lutheran World Federation	Used clothing, food, bedding, cash, medical and educational services	751,243
Mennonite Central Committee, USA.....	Used clothing, bedding, food, medical and educational services	176,389
Moslem Awqaf, Jerusalem	Food, cash, educational services, shelter, water, electricity	18,588
Moslem Brethren, Hebron	Cash, food	2,716
Near East Christian Council Committee.....	Cash, clothing, food and various services	628,283
Ophthalmic Hospital, Jerusalem	Medical services, cash, clothing	12,230
Orphanage, Daniel and Emily Oliver, Ras el Metn.....	Educational services	8,428
Ottoman Bank, Jordan	Cash	2,800
Palestine Permanent Bureau	Medical services	2,158
Pontifical Mission.....	Medical supplies, baby food, used clothing, cash	377,760
Red Crescent Societies	Used clothing, cash, medical services	33,625
Refugee Girls' Home, Jerusalem.....	Cash, food, clothing, medical and educational services	1,003
Save the Children Fund	Used clothing, food, supplies, medical services	74,900
Schneller's Orphanage.....	Educational services	12,857
Sisters of Charity, Bethany.....	Cash, food, clothing, medical and educational services	7,006
Sisters of Nazareth, Amman.....	Cash, clothing, medical and educational services	10,492
Sisters of the Rosary, Jerusalem.....	Medical services	1,204
Sisters of St. Joseph, Nablus.....	Cash, food, clothing, medical and educational services	2,117
Sisters of St. Joseph, Ramallah.....	Food, clothing, medical and educational services	1,117
Social Nucleus, Beirut.....	Clothing	2,192
Society of Friends	Used clothing, shoes, tools	4,162
Society of St. Vincent de Paul.....	Cash, food, clothing, medical services	902
Swedish Red Cross.....	Used clothing	12,850
Syrian Orthodox Church.....	Cash, medical, educational and social welfare services	5,094
Tapline Ladies, Saida.....	Clothing	699
Trans-Arabian Pipeline Company.....	Dehydrated food	34,412
Trappist Convent, Latroun.....	Cash, food, clothing, medical services	3,556
United Church of Canada Committee on Overseas Relief.....	Used clothing, shoes	11,548
War Relief Service, USA.....	Used clothing, medical supplies	109,244
Women's Auxiliary, UNRWA.....	Cash, educational supplies, social welfare, tools, clothing, toys	2,693
World Relief Commission.....	Used clothing	1,579
YMCA.....	Educational and social welfare services	27,300
YWCA.....	Educational and social welfare services	9,092
Various contributors under \$500 each.....	Miscellaneous goods and services	10,598
	TOTAL	<u>3,861,016</u>

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Statement of expenditure for the relief programme

*For the financial year ended 30 June 1953
(expressed in US dollars)*

	<i>Budget</i> \$	<i>Expenditure</i> \$
Relief administration:		
International staff salaries and allowances.....	15,080	6,498
Area staff salaries and allowances.....	228,457	213,343
Related international staff costs (recruitment, repatriation and home leave travel, terminal indemnities, etc.).....	315	2,456
Supplies.....	4,464	3,262
Rental and maintenance of physical facilities.....	9,763	7,511
Travel.....	9,060	1,510
Repairs to equipment.....	—	12
Capital acquisitions.....	837	113
	<u>267,976</u>	<u>234,705</u>
Basic subsistence:		
International staff salaries and allowances.....	3,561	3,448
Area staff salaries and allowances.....	357,932	332,473
Related international staff costs.....	1,218	47
Food supplies.....	14,480,163	13,512,277
Blankets.....	276,000	281,885
Domestic fuel and soap.....	511,068	411,707
Other supplies.....	2,284	3,424
Rental and maintenance of physical facilities.....	33,536	35,576
Travel.....	2,512	2,463
Freight not included in supply costs.....	780,359	1,105,258
Professional services.....	12,000	6,964
Repairs to equipment.....	—	209
Miscellaneous services (port handling charges, etc.).....	302,972	274,075
Capital acquisitions.....	30,876	22,618
	<u>16,794,481</u>	<u>15,992,424</u>
Shelter and camp maintenance:		
International staff salaries and allowances.....	30,083	17,862
Area staff salaries and allowances.....	342,964	332,597
Related international staff costs.....	9,703	7,673
Shelter (huts and tents).....	1,355,253	1,241,633
Sanitation supplies.....	13,100	8,906
Other supplies.....	74,026	84,258
Rental and maintenance of physical facilities.....	89,979	134,191
Travel.....	15,660	7,902
Freight costs within the mission area.....	—	790
Repairs to equipment.....	1,281	590
Miscellaneous services.....	56	1,349
Capital acquisitions.....	315	—
	<u>1,932,420</u>	<u>1,837,751</u>
Milk distribution:		
Area staff salaries and allowances.....	157,458	169,784
Milk.....	1,322,280	604,996
Other supplies.....	11,855	8,792
Rental and maintenance of physical facilities.....	34,401	31,082
Travel.....	2,817	309
Capital acquisitions.....	1,145	5,081
	<u>1,529,956</u>	<u>820,044</u>

Statement 13 (continued)

	<i>Budget</i> \$	<i>Expenditure</i> \$
Health care:		
International staff salaries and allowances.....	138,855	92,614
Area staff salaries and allowances.....	608,528	596,292
Related international staff costs.....	24,360	11,765
Food supplies.....	19,556	20,438
Medical supplies.....	573,674	211,394
Other supplies.....	60,514	9,655
Rental and maintenance of physical facilities.....	33,137	43,638
Travel.....	28,335	15,213
Professional services.....	19,570	1,925
Repairs.....	548	208
Miscellaneous services.....	329	1,030
Medical grants and subsidies.....	408,462	430,697
Capital acquisitions.....	20,092	21,040
	<u>1,935,960</u>	<u>1,455,909</u>
Education:		
International staff salaries and allowances.....	3,425	3,514
Area staff salaries and allowances.....	660,131	588,556
Related international staff costs.....	275	76
Supplies.....	157,288	103,489
Rental and maintenance of physical facilities.....	32,123	40,752
Travel.....	5,858	3,238
Miscellaneous services.....	840	720
Educational grants and subsidies.....	20,742	25,554
Capital acquisitions.....	106,445	62,745
	<u>987,127</u>	<u>828,644</u>
Social welfare:		
International staff salaries and allowances.....	18,103	2,400
Area staff salaries and allowances.....	96,603	99,316
Related international staff costs.....	2,910	590
Food supplies.....	89,532	79,692
Other supplies.....	15,633	34,509
Rental and maintenance of physical facilities.....	4,020	7,724
Travel.....	5,819	3,361
Miscellaneous services.....	—	546
Grants and subsidies.....	30,153	28,672
Capital acquisitions.....	3,592	9,958
	<u>266,365</u>	<u>266,768</u>
Operational reserve.....	500,000	—
TOTAL DIRECT EXPENDITURE ON RELIEF PROGRAMME	<u>24,214,285</u>	<u>21,436,245</u>
Application of common service costs (statement No. 15).....	1,773,477	1,964,484
TOTAL EXPENDITURE APPLICABLE TO RELIEF PROGRAMME	<u><u>25,987,762</u></u>	<u><u>23,400,729</u></u>

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Statement of expenditure for the projects programme

*For the financial year ended 30 June 1953
(expressed in US dollars)*

	Budget \$	Expenditure \$
Projects administration:		
International staff salaries and allowances.....	285,715	186,184
Area staff salaries and allowances.....	242,710	147,477
Related international staff costs.....	41,575	23,858
Supplies.....	10,956	7,161
Rental and maintenance of physical facilities.....	23,534	12,731
Travel.....	28,778	12,378
Communications.....	-	355
Professional services.....	-	25,833
Repairs to equipment.....	-	388
Miscellaneous services.....	336	333
Hospitality and public relations.....	-	200
Capital acquisitions.....	8,252	5,788
	<hr/> 641,856	<hr/> 422,686
Technical assistance:		
International staff salaries and allowances.....	4,623	7,112
Area staff salaries and allowances.....	3,579	5,456
Related international staff costs.....	5,142	4,517
Travel.....	2,200	1,669
	<hr/> 15,544	<hr/> 18,754
Project direct costs:		
Headquarters:		
Research, experimentation and planning.....		64,668
Placement.....		4,953
Training.....		112,606
Direct loans and grants.....		18,955
		<hr/> 201,182
Egypt (including Gaza):		
Research, experimentation and planning.....		12,735
Training.....		39,640
Commercial and industrial.....		1,573
Direct loans and grants.....		463
		<hr/> 54,411
Iraq:		
Commercial and industrial.....		101,631
		<hr/>
Jordan:		
Research, experimentation and planning.....		285,437
Training.....		121,328
Commercial, industrial and banking.....		397,131
Agricultural and land development.....		116,470
Direct loans and grants.....		25,635
		<hr/> 946,001
Libya:		
Direct loans and grants.....		4,787

**Statement of expenditure for the projects programme
(continued)**

	<i>Budget</i> \$	<i>Expenditure</i> \$
Project direct costs (continued):		
Syria:		
Research, experimentation and planning.....		91,597
Training.....		167,459
Agricultural and land development.....		36,524
Direct loans and grants.....		23,516
		<hr/> 319,096
TOTAL PROJECT DIRECT COSTS	<hr/> 97,566,000	<hr/> 1,627,108
TOTAL DIRECT EXPENDITURE ON PROJECTS PROGRAMME	98,223,400	2,068,548
Application of common service costs (statement 15).....	1,773,476	1,309,657
TOTAL EXPENDITURE APPLICABLE TO PROJECTS PROGRAMME	<hr/> <hr/> 99,996,876	<hr/> <hr/> 3,378,205

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Statement of expenditure for common services

*For the financial year ended 30 June 1953
(expressed in US dollars)*

	<i>Budget</i> \$	<i>Expenditure</i> \$
General administration:		
International staff salaries and allowances.....	560,877	492,185
Area staff salaries and allowances.....	401,398	390,866
Related international staff costs.....	109,208	112,306
Supplies.....	74,675	69,843
Rental and maintenance of physical facilities.....	59,103	88,959
Travel.....	48,147	61,955
Hire of aeroplane.....	96,000	82,625
Communications.....	63,256	66,249
Professional services and auditing.....	15,102	16,781
Repairs to equipment.....	3,358	2,480
Banking and miscellaneous services.....	20,853	11,056
Hospitality and public relations.....	25,067	20,182
Capital acquisitions.....	18,244	35,723
Provision for liquidation.....	—	175,000
Losses (principally supplies).....	—	69,786
Operational reserve.....	100,000	—
	<u>1,595,288</u>	<u>1,695,996</u>
Supply and transport:		
International staff salaries and allowances.....	156,297	135,307
Area staff salaries and allowances.....	667,383	615,680
Related international staff costs.....	28,658	14,445
Fuel, lubricants and other automotive supplies.....	257,235	252,308
Other supplies.....	19,585	16,621
Rental and maintenance of physical facilities.....	34,990	57,938
Travel.....	127,699	97,527
Freight costs within the mission area.....	5,753	4,082
Professional services.....	1,428	5,378
Repairs to equipment.....	25,240	11,397
Miscellaneous services.....	5,968	5,285
Capital acquisitions.....	207,786	176,198
	<u>1,538,022</u>	<u>1,392,166</u>
Registration and investigation:		
International staff salaries and allowances.....	27,147	22,386
Area staff salaries and allowances.....	151,222	152,373
Related international staff costs.....	4,536	2,324
Supplies.....	3,112	2,714
Travel.....	12,441	6,182
Miscellaneous services.....	15,000	—
Capital acquisitions.....	185	—
Operational reserve.....	200,000	—
	<u>413,643</u>	<u>185,979</u>
TOTAL EXPENDITURE ON COMMON SERVICES	<u><u>3,546,953</u></u>	<u><u>3,274,141</u></u>
Application to:		
Relief programme.....	1,773,477	1,964,484
Projects programme.....	1,773,476	1,309,657
	<u><u>3,546,953</u></u>	<u><u>3,274,141</u></u>

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

REPORT OF THE BOARD OF AUDITORS

1. The audit has been made of the accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the year ended 30 June 1953. All explanations and other information required for purposes of the audit were provided and the Board now records its appreciation to the assistance thus extended by officers of the Agency.

2. *Income.* Cash contributions received in the year amounted to \$48,796,776, while contributions in kind and miscellaneous income totalled \$938,700. Thus, after deducting exchange adjustments of \$207,830, the total income of the year was \$49,527,646.

3. *Expenditures.* Relief programme costs were \$23,400,729 and those in connexion with the projects programme, \$3,378,205. Total expenditures of the year, therefore, were \$26,778,934.

4. *Year-end financial position.* Total income being \$49,527,646 and expenditures incurred, \$26,778,934, the excess of income over expenditures was \$22,748,712. When the \$22,590,729 balance on hand as at 30 June 1952 is added, the result is that the Agency ended the year with \$45,339,441 available for activities after 30 June 1953.

5. *Common services costs.* It is the practice of the Agency to charge directly to the relief and projects programmes salaries, allowances, outlays for supplies, etc., that are directly associated with the implementation of the respective programmes. Headquarters administrative costs, as well as those associated with supply and transport services, etc., are incurred for the common benefit of both programmes, and collectively amounted to \$3,274,141 in the year—particulars are given in No. 15 of the Agency's financial statements. The Agency, for report purposes, made allocations of these costs to the programmes. The Board inquired as to the reason why 40 per cent of the total was allocated to the projects programme. It was explained that agreements with governments are estimated to involve future outlays of \$111 million on projects, consequently, extensive engineering and other planning costs were necessarily incurred in advance of direct expenditures on various large projects.

6. *Relief programme.* In June 1952, there were 881,673 recorded refugees. In the same month in 1953 the number was 871,748. A comparison, by locations, is:

	<u>Lebanon</u>	<u>Syria</u>	<u>Jordan</u>	<u>Gaza</u>	<u>Israel</u>	<u>Total</u>
June 1952	103,901	84,224	469,576	204,356	19,616	881,673
June 1953	102,095	85,473	475,620	208,560	—	871,748

7. The Agency budgeted \$25,987,762 for relief programme costs, and expenditures amounted to \$23,400,729, an analysis being:

	\$	\$
Basic subsistence supplies, including milk	14,814,289	
Freight, port-handling, etc.	1,380,123	
Shelter	1,241,633	
Medical, educational, etc., supplies	561,133	
Grants and subsidies	484,923	
Rentals and maintenance	292,963	
Capital acquisitions	121,442	
Miscellaneous	46,027	18,942,533

Salaries and allowances:

	\$	\$
Area staff	2,332,361	
International staff	148,943	
Miscellaneous office, etc., costs	12,408	
Allocation of common services costs	1,964,484	4,458,196
TOTAL		\$23,400,729

8. *Projects programme.* In planning for the requirements of the year it was estimated that about \$100 million might be committed to finance projects to reintegrate refugees. While agreements were entered into with several governments, resulting direct expenditures on projects were not substantial in the year under review.

9. Projects programme expenditures amounted to \$3,378,205 in the year, an analysis being:

	\$	\$
Commercial, industrial and banking	500,335	
Research, experimentation and planning	454,437	
Training	441,033	
Agricultural and land development	152,994	
Assistance to refugees	73,356	
Technical assistance	18,754	
Placement	4,953	1,645,862
Salaries, allowances, etc.:		
International staff	210,042	
Area staff	147,477	
Miscellaneous office, etc., expenses	65,167	
Allocation of common services costs	1,309,657	1,732,343
TOTAL		\$3,378,205

10. Included in "Commercial, industrial and banking" is \$257,131 advanced towards the cost of establishing a manufacturing plant capable of producing between 500 and 1,000 tents a month. While a few tents had been manufactured by the year-end, the plant was just coming into production. The next largest outlay under the heading was a payment of \$140,000 for 50,000 shares of the Development Bank of Jordan, Limited. This bank was incorporated in 1951 with a capital of J.d. 500,000 (\$1,400,000). The Agency is the principal shareholder and, up to 30 June 1953, had paid \$560,000 for capital stock. The Bank makes loans for industrial and agricultural purposes and these represented J.d. 190,434 as of 30 June 1953. The fiscal year of the Bank ends 31 March and in the last fiscal year there was a deficit of J.d. 602 (\$1,686). In accordance with the terms of an agreement, this loss is shared by the Government of the Hashemite Kingdom of the Jordan and the Agency.

11. *Procurement of supplies.* During the year, 2,560 purchase orders were issued, with forty-four orders for flour representing 60 per cent of supplies expenditures of the year. The financial rules of the Agency provide that tenders for equipment, supplies, and other requirements be invited by advertisement, but the Director may authorize an exception where he deems it to be in the interests of the Agency. When an exception is authorized, purchases are to be made, to the extent possible, at competitive prices which take into calculation alternative sources of supply.

12. Contracts committees exist at headquarters and field offices to review all major procurement operations, in particular, (a) to ensure compliance with regulations and rules of the Agency; (b) to ascertain that an adequate number of tenders were invited; and (c) all other conditions being equal, the lowest bid is accepted. Where a bid other than the lowest is accepted, the contracts committee is required to document its reasons in the committee's minutes.

13. The Board's examinations disclosed that, in general, procurements of supplies were effected in accordance with the financial rules and administrative instructions of the Agency and that, subject to restrictive conditions beyond the Agency's control, purchases appear to have been made economically. It was, however, noticed that the headquarters contracts committee had on more than one occasion recorded its dissatisfaction at the failure either (a) to obtain its prior approval for the placing of orders; or (b) to give adequate notice of contract submissions. In addition, at one field office it could not be established during the audit that a local contracts committee had properly functioned over a period of months. Remedial measures were taken by the Agency. Attention was also drawn to other aspects of financial control in the office, and the Agency has given an assurance that the internal audit branch will examine all procedures in this, as well as other, offices and will include in its survey the practices relating to local procurements of supplies.

14. In June 1953, the Agency made an agreement with the United Nations International Children's Emergency Fund whereby future procurements of supplies outside the Middle Eastern area will be negotiated by UNICEF as the agent of the Agency.

STATEMENT OF ASSETS AND LIABILITIES

15. *Accounts receivable.* Included among the recorded assets are accounts receivable of \$333,353, representing claims for refunds or damages. The major item is a \$170,517 claim in connexion with a procurement order for blankets. The order was placed in a previous year with a French supplier. Deliveries being unsatisfactory, legal proceedings were commenced in the French courts, but a decision has not yet been rendered. Two claims for refunds of taxes and excess rail charges are the other major accounts receivable: approximately \$91,000 from the Lebanese Government and \$56,000 from the Government of Syria.

16. *Reserve for liquidation.* Among the "Liabilities" items is this \$625,000 reserve, which is \$175,000 larger than the comparable item in the 1952 statement. The most substantial component in the reserve is the provision for payment of accrued leave; as of 30 June 1953, it was estimated that accrued leave credits approximated \$275,000, of which about \$180,000 would be payable to area staff and \$95,000 to international staff members.

17. *Items not listed as assets.* The recorded assets of \$46,673,699 do not include \$560,000 paid for capital

stock of the Development Bank of Jordan, nor are direct loans to refugees, amounting to \$328,665, recorded as assets. Reference has already been made in paragraph 10 above to the Bank. Direct loans to refugees have been, in the main, for small projects whereby refugees hope to make themselves independent of relief assistance. At the year-end, only two outstanding loans were for amounts exceeding \$10,000, and both were made for projects to give employment to a substantial number of refugees. One loan was for \$44,800 and was made to establish a candy factory. This loan was negotiated in November 1952 and is repayable over two years. Advances under the other loan were \$56,000 as of 30 June 1953. Its purpose is that of establishing a clothing factory and it is repayable over a period of eight years.

18. In harmony with United Nations practice, the current value of capital equipment in use is not set up as an "Assets" item; instead, the cost of the equipment was charged to "Expenditure" in the year in which payment was made. The Board was informed that the current worth of the equipment was estimated as being \$1,159,382 as of 30 June 1953.

19. No audit exception is taken to the omission of the foregoing three items from the statement of assets and liabilities and reference is now made to them solely by way of information.

AUDIT CERTIFICATE

20. The Acting Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East submitted the following statements for audit certificate:

Statement of Assets and Liabilities as at 30 June 1953; and

Summary Statement of Income and Expenditure for the fiscal year ended 30 June 1953.

These statements are supported by notes and schedules prepared by the Agency.

21. Examinations of books of account and other records having been made to the extent deemed necessary, the Board of Auditors now gives the following certificate:

The Statement of Assets and Liabilities and the related Summary Statement of Income and Expenditure of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the year ended 30 June 1953 have 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 financial statements are correct.

(Signed) Watson SELLAR, *Canada*

Cesar GARRIDO, *Colombia*

Otto F. REMKE, *Denmark*

September 1953.