

**THE GLOBAL INITIATIVE AGAINST TRANSNATIONAL ORGANIZED CRIME
GENEVA**

STATUTORY AUDITORS' REPORT
To the General Meeting of Members
On the limited examination of the
financial statements
for the year ended 31 December 2018

Report of the statutory auditor to the General Meeting of Members on the limited examination of The Global Initiative against Transnational Organized Crime, Geneva


As statutory auditor, we have examined the financial statements (balance sheet, statement of income and expenses and notes) of The Global Initiative against Transnational Organized for the financial year ended 31 December 2018. The limited examination of the prior year financial statements was performed by another auditor who expressed an unqualified audit opinion on those financial statements in his report dated 13 April 2018.

These financial statements are the responsibility of the Board. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

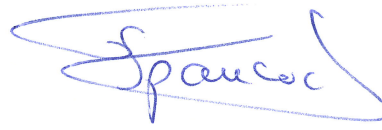
We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the association's articles of incorporation.

Without qualifying our opinion, we draw attention to the note "Deficit and going concern" to the financial statements describing the over-indebtedness financial position of the association at year-end 2018 and the projects' contracts and results that would offset the over-indebtedness in the future. If the forecasts could not be realized as expected, there would be a material uncertainty that may cast doubt about the association's ability to continue as a going concern and potentially about its solvency. Should the going concern assumption no longer be appropriate, the financial statements would have to be prepared based on liquidation values and/or the association dissolved.

MAZARS SA

Jean-Marc Jenny
Licensed Audit Expert
Auditor in Charge



Franck Paucod
Licensed Audit Expert

Vernier, 18 June 2019

Enclosures:

Financial statements for the year ended 31 December 2018 (Balance sheet, statement of income and expenses, notes)

The Global Initiative Against Transnational Organized Crime - Geneva

Balance Sheet as of 31st December 2018

(in Swiss Francs)

	2017	2018
ASSETS		
Current assets		
Cash and Cash equivalents	606'213	550'711
Grants receivables	144'413	50'947
Accrued income	145'545	588'620
Other current receivables	889	7'172
Global Initiative - Verein Gegen	-	30'817
Transitory expenses	2'992	24'479
Current assets	900'051	1'252'745
Fixed assets		
Fixed assets	877	2'551
Financial assets	2'500	819
Fixed assets	3'377	3'369
Total Assets	903'428	1'256'115
LIABILITIES		
Short-term liabilities		
Vendors payables	32'409	185'053
Accrued expenses	180'324	343'475
Other current payables	70'849	81'958
Deferred income	724'739	889'051
Short-term liabilities	1'008'321	1'499'537
Association own funds		
Balance brought forward	-60'150	-104'893
(Lack) Excess of income over expenditures	-44'743	-138'529
Total association own funds	-104'893	-243'422
Total Liabilities	903'428	1'256'115

The Global Initiative Against Transnational Organized Crime - Geneva

Statement of Income and Expenses for the year ended 31 December 2018
compared to 2017
(in Swiss Francs)

	2017	2018
INCOME		
Grants received	2'989'909	5'028'896
Income received in advance	-674'318	-889'051
Accrued income variation	145'545	443'075
Donations in kind	107'085	169'115
Total Revenues	2'568'221	4'752'034
PROGRAMME EXPENDITURE		
Personnel costs and salary consultants	-998'562	-2'147'929
Consultant costs	-437'344	-1'436'048
Consultant costs in kind	-13'585	-75'614
Travel expenses	-631'880	-699'492
Professional services	-59'365	-59'672
Website - Publications and pamphlets	-25'596	-29'507
Total Expenditure related to programs	-2'166'332	-4'448'261
Net contribution to overheads	401'889	303'773
OVERHEAD COSTS		
Rental and maintenance	-9'031	-20'002
Rent in kind	-93'501	-93'501
Administration costs	-121'082	-125'276
VAT not recoverable	-82'844	-132'338
Amortization	-490	-750
Total Overhead Costs	-306'948	-371'868
Earnings before financial result	94'940	-68'094
FINANCIAL RESULT		
Exchange gain & losses	-23'110	-86'859
Bank fees	-12'607	-22'729
Total financial results and expenses	-35'717	-109'588
OPERATION FROM PREVIOUS YEARS		
Operating revenue from previous years	19'016	65'128
Operating charge from previous years	-122'983	-25'975
Total revenue and charges from previous years, net	-103'966	39'153
Income over expenditures - Lack of income	-44'743	-138'529

The Global Initiative Against Transnational Organized Crime - Geneva

Notes to the financial statements for the year ended 31st December 2018

(in Swiss Francs)

Association domicile

Avenue de la Paix 7bis 1202 Genève

Scope of the association

Promote cross-border and catalytic processes that attract new players and facilitate remodeling of reflection, coordination and responses to transnational organized crime; invigorate the global debate around transnational organized crime in order to promote sustainable translation and implementation of new approaches within a multilateral framework, regional and national levels; undertake research and develop new policy options to help inform a strategic development at national, regional and international levels; create the basic materials of a global strategy on organized transnational crime.

Accounting principles applied in the preparation of the financial statements

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO)

Revenue recognition

Since 2015, revenues are recognised on the basis of donor specific contracts using the percentage of completion method and related accruals have been booked in the balance sheet.

Expenditure recognition

Expenses are recognized in the financial statements on an accrual basis.

Declaration of full-time equivalents

The association employs about forty consultants - employees of which less than ten are located in Switzerland

Pension liabilities

	2018	2017
Liability to pension scheme as at 31st December	CHF 7063.50	CHF 6843.30

Lease commitment not considered in the financials

None at end of the period.

The Swiss confederation is providing an in-kind contribution covering the rent for the Geneva's office space. This contractual agreement ends by 30 April 2020

The Global Initiative Against Transnational Organized Crime - Geneva

Notes to the financial statements for the year ended 31st December 2018

(in Swiss Francs)

Exchange Rates applied

Devises	2018	2017
AUD	0.7025	0.7707
CAD	0.7301	0.7869
DKK for 100	15.8051	15.9107
EUR	1.1373	1.1808
GBP	1.2616	1.3298
NOK for 100	11.4333	11.9917
PKR for 100	0.7111	0.8937
SEK for 100	11.0837	12.0407
THB for 100	3.0570	
USD	0.9943	0.9883
ZAR	0.0689	0.0797

Operation from previous period

Operating revenue from previous years

2017

Four smaller projects that were finalized in 2016 have only been invoiced in 2017

In May 2018, decision has been obtained from VAT authorities with regards to services acquired from countries outside Switzerland

Discussion has been finalized in early 2018 related to a project that has been performed back in 2017

2018

Ruling has been obtained from VAT authorities on how to account for services acquired from outside Switzerland, enhance reducing the VAT charges for 2016 and 2017

Revenue in dispute lately in 2017 has finally been agreed on early 2018 with the supplier

Operating charge from previous years

2017

Several projects in 2016 were able to benefit from pre-financing disbursement. These prepayments were not taken into consideration when establishing final invoices in 2016. These revenues were reversed in 2017 when reconciliation of those projects were made.

2018

One project funded by GIZ has been aborted.

Several invoices related to ENACT's consultant have been presented to us lately in 2018

The Global Initiative Against Transnational Organized Crime - Geneva

Notes to the financial statements for the year ended 31st December 2018

(in Swiss Francs)

Subsequent events

An additional project, unearmarked, has been signed for CHF 125 000 approx.

Three projects have been signed with the GI Vienna office, which will increase the rate of recharge for some core Geneva personnel, and also allow the transfer of core staff currently paid for in Geneva to be transferred to the Vienna payroll.

Deficit and going concern

The association over-indebtedness financial position at year-end 2018 relates to the small deficit carried-over from last year and to the implementation of a large lump sum contract, for which the revenue has been conservatively estimated on basis of the progress of the project and for which the total revenue will not be recognized in full until its end in mid-2020. Based on current delivery and expenditure patterns, management is anticipating the realization of a significant surplus from this project (which is likely to be increased in part due to further contracts being signed that will allow economies of scale for the implementation team in question) that would not only offset the indebtedness currently indicated, but as well would allow for the building of a reserve.

In addition, four new multi-year contracts are currently being concluded for GI Geneva, that will result in additional revenues of approximately CHF 10million over the next three financial years and should generate overheads contributions for the core costs, as well as covering some substantive project staff whose salaries are currently paid under the core secretariat, or piecemeal under smaller projects. As always, liquidity is carefully managed to meet all commitments in a timely manner.

In the view of management, the continuation of the operations for the foreseeable future is assured, and prudent policies towards financial management are being employed.