

**The Global Initiative against Transnational
Organized Crime
Geneva**

Report of the statutory auditor
To the General Meeting of Members
On the limited statutory examination
For the year ended 31 December 2020

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

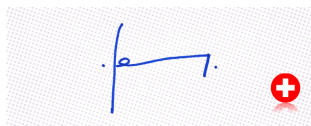
As statutory auditor, we have examined the financial statements (balance sheet, statement of income and expenses and notes) of The Global Initiative against Transnational Organized Crime for the financial year ended 31 December 2020.

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 entity personnel and analytical procedures as well as detailed tests of entity 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.

MAZARS LTD



Jean-Marc Jenny
Licensed audit expert
Auditor in charge



Franck Paucod
Licensed audit expert

Geneva, 30 April 2021

Enclosure

- Financial statements for the year ended 31 December 2020 (Balance sheet, statement of income and expenses, notes)

The Global Initiative Against Transnational Organized Crime Geneva

Balance Sheet as of 31st December 2020
(in Swiss Francs)

	2019	2020
ASSETS		
Current assets		
Cash and cash equivalents	1'659'662	2'088'131
Grants receivables	392'968	13'362
Sister organisation receivables	133'565	183'197
Other current receivables	19'284	46'734
Accrued income	960'706	1'185'898
Short term loan to sister organisation	180'890	0
Transitory expenses	26'139	102'018
Current assets	3'373'214	3'619'340
Non-current assets		
Fixed assets	3'066	16'253
Financial assets	1'885	25'567
Non-current assets	4'951	41'820
Total Assets	3'378'165	3'661'160
LIABILITIES		
Short-term liabilities		
Vendors payables	76'765	138'574
Sister organisation payables	164'528	64'170
Other current payables	40'565	222'414
Accrued expenses	530'604	215'207
Deferred income	2'716'890	2'403'344
Short-term liabilities	3'529'352	3'043'709
Association own funds		
Balance brought forward	-243'422	-151'187
Excess of income over expenditures	92'235	768'638
Total association own funds	-151'187	617'451
Total Liabilities	3'378'165	3'661'160

The Global Initiative Against Transnational Organized Crime Geneva

Statement of Income and Expenses for the year ended 31 December 2020 compared to 2019
(in Swiss Francs)

	2019	2020
INCOME		
Grants received	7'565'500	7'355'324
Revenue from sister organisation	213'246	450'162
Income received in advance	-2'463'687	313'546
Accrued income variation	394'796	217'093
Donations in kind	116'875	141'554
Total Revenues	5'826'730	8'477'679
PROGRAMME EXPENDITURE		
Personnel costs and salary consultants	-2'366'567	-3'549'127
Salary and consultant fees from sister organisation	-274'270	-613'548
Consultant costs	-1'489'779	-2'390'901
Consultant costs in kind	0	-4'853
Travel expenses	-830'165	-223'826
Professional services	-54'467	-102'814
Communications, media and outreach	-155'928	-140'061
Total Expenditure related to programs	-5'171'176	-7'025'130
Net contribution to overheads	655'554	1'452'549
OVERHEAD COSTS		
Rental and maintenance	-23'104	-29'470
Rent in kind	-116'875	-108'742
Administration costs	-124'727	-367'095
VAT not recoverable	-174'316	0
Overhead	-36'652	-195'172
Depreciation	-1'101	-3'308
Total Overhead Costs	-476'775	-703'787
Earnings before financial results	178'779	748'762
FINANCIAL RESULTS		
Interests received	257	12'551
Exchange gain & losses	-62'230	27'262
Bank fees	-28'040	-30'782
Total financial results and expenses	-90'013	9'031
OPERATION FROM PREVIOUS YEARS		
Operating revenue from previous years	11'152	25'922
Operating charge from previous years	-7'683	-15'077
Total revenue and charges from previous years, net	3'469	10'845
Excess of income over expenditures	92'235	768'638

The Global Initiative Against Transnational Organized Crime - Geneva

Notes to the financial statements for the year ended 31st December 2020

(in Swiss Francs)

Association domicile

Avenue de France 23, 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).

In March 2020, the World Health Organization designated a new coronavirus disease (COVID-19) as a global pandemic. In response, governments around the world have implemented various public health and social measures aimed to slow the transmission of the virus, including orders to stay at or work from home, closure of non-essential businesses, cancellation of events and limitations on domestic and international travel.

The consequences of the COVID-19 pandemic on financial statements in 2020 were assessed, in particular the impacts on key judgments and significant estimates. No significant impact has been identified that would modify our assessment of the presentation of the financial statements for the 2020 financial year.

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.

Contribution

Contributors	in CHF	in %
Agence Française d'Expertise Technique Internationale	31'300	0.37%
Atlantic Council	2'694	0.03%
Belgium	96'652	1.14%
Canada	250'655	2.96%
Europe	1'663'567	19.62%
Germany	46'912	0.55%
Institute for Security Studies as implementing partner for European Commission	350'491	4.13%
In-Kind	17'299	0.20%
Small projects	383'604	4.52%
Norway	1'469'318	17.33%
Switzerland	348'803	4.11%
<i>Core Contribution</i>	<i>91'667</i>	<i>1.08%</i>
<i>Rent in kind</i>	<i>115'290</i>	<i>1.36%</i>
<i>Installation costs</i>	<i>33'849</i>	<i>0.40%</i>
<i>Civil Society Engagement in UNTOC Mechanism</i>	<i>107'997</i>	<i>1.27%</i>
United Kingdom	3'476'409	41.01%
United States of America	339'975	4.01%
Total	8'477'679	100.00%

Contribution received from the United Kingdom

Following the specific requirement of the donor the following projects have been funded by the United Kingdom. Specific exchange rate have been used as stated on the grants agreements.

Projects Name	Contract N°	in GBP
Civil Society Observatory for E and S Africa	204227-109	2'646'303
Europe Serious Organized Crime Joint Analysis	40121500	8'836
Civil Society Observatory of the Illicit economy in Guinea-Bissau	C19800	10'892
Organised Crime and Violence in Jamaica	300358-121	90'370
Political Economy of Organised Crime in the Levant Region	300358-122	111'133
UN TOC Guidelines support	40121497	14'093

Expenditure recognition

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

VAT Affiliation

In December 2020, the organization obtained its affiliation to the Swiss VAT regime. Certain conditions remain underlying. VAT savings for 2020 have already been accounted for in this year financials statements. Further savings related to 2018 and 2019 will be recognised in 2021 once validated by Swiss authorities.

Declaration of full-time equivalents

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

Pension liabilities

	2019	2020
Liability to pension scheme as at 31st December	CHF 8'951.70	CHF 7'834.80

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 31 December 2023.

Exchange Rates applied

Devises	2019	2020
AUD	0.6851	0.6857
CAD	0.7494	0.6987
DKK for 100	14.6703	14.7608
EUR	1.0960	1.0946
GBP	1.2835	1.2130
JPY for 100	0.9007	0.8634
NOK for 100	11.1004	10.4358
PKR for 100	0.6315	0.5552
SEK for 100	10.4687	10.8575
SGD	0.7261	0.6739
THB for 100	3.2731	2.9763
USD	0.9778	0.8908
ZAR	0.0693	0.0609

Operation from previous years

Operating revenue from previous years

2019

Final invoice for services acquired outside Switzerland in 2018 has been reviewed early 2019 by the Swiss authorities with some deductions.

2020

As a result of a VAT affiliation from January 1, 2020 (note VAT affiliation above) the association has reassessed the VAT related to its previous years projects and accordingly adjusted the related recharges for the years 2018 and 2019, along with its own declarations. In addition other minor revenues related to previous years are recognised in this balance.

Operating charge from previous years

2019

Several travel expenses invoices have been received in 2019 related to trips that took place in 2018.

Interest on late payment for the 2016 VAT due has been received mid June 2019.

2020

An exhaustive verification of the expenditure over the last three years has highlighted an incorrect amount of overhead on one of the projects financed by Norway requiring a correction.

Subsequent events

During the reporting year, a third party individual instigated proceedings against three GI staff members alleging defamation for a paper published under the EU-funded ENACT programme in 2018.

The GI-TOC has engaged legal counsel who considers that the claim has no merit, and they have recommended that to defend by all means necessary against the allegations which have been filed in the High Court of Kenya. An interlocutory procedural motion was refused in March 2021. Once the case begins, the process is likely to take upwards of 18-24 months to conclude.

Accordingly, and in line with Swiss regulations, a contingent liability has been made in the financial statements to cover litigation costs and the required percentage of a potential judgement.