

**DV May2021 - Motion 2**  
**EXCO - 02 - May2021 Approval of 2019-20 Accounts etc**

**SI Exco member motion for SI Exco decision**

**Full Version**

**Title of motion (3-5 words):**

SI DV motion to approve SI financial reports

**Heading for motion (No more than 10 words)**

SI DV motion to accept the Audited SI financial reports for 2019-20

**SI Exco member proposing motion:**

Jonny Sägänger (SI P) & Radha B. Radhakrishna (SI T) SI Exco

**Brief summary of the motion:**

To approve the April 1 2019 – March 31 2020 audited accounts (Financial statements, External audit report, Internal audit report, and EXCO response to the internal audit report attached).

**Background information and reasons for proposing the motion:**

This is routine business required under our statutes.

**Likely benefits for Servas International and national groups if the motion is passed:**

Provides transparency on Servas International Finances.

**Resource implications if the motion is passed in terms of time, human resources and specialist expertise:**

Someone needs to write the standard SI DV motion mentioned above.

**What are the budget implications, if any, of the motion for Servas International in the short and longer term?**

None.

**What are the budget implications, if any, of the motion for national groups, in the short and longer term?**

None.

**Identify who should be responsible for the actions arising from the motion in terms of planning, development and management, for example which officer within SI Exco or SI Committee:**

SI Treasurer and/or the SI General Secretary, in cooperation with the SI DVA.

**Would there be any implications for the Servas International statutes if the motion is passed?**

None.

**What is the likely impact if the motion is *not* passed?**

There is a risk of delay in the SI member group acceptance of the audited and approved annual SI accounts (financial reports).



## Independent Auditor's Report

TO THE MEMBERS OF SERVAS INTERNATIONAL, ZURICH, SWITZERLAND

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statement of SERVAS INTERNATIONAL (SI), Zurich, Switzerland which comprise balance Sheet as at 31<sup>st</sup> March 2020, the Statement of Income & Expenditure for the year then ended and a summary of significant Accounting Policies and other Explanatory Information.

### EXECUTIVE COMMITTEE'S (EXCO) RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

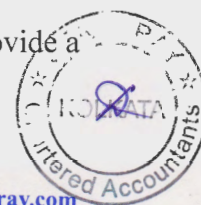
The EXCO is responsible for the preparation of these financial statements that given a true and fair view of the financial position and the financial performance of the SI in accordance with the generally accepted accounting principles. This responsibility includes the design, implementation and maintenance if internal control relevant to the preparation and presentation of the financial statement that gives a true & fair and are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express on opinion on these financial statement based on our Audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute Of Chartered Accountants Of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the organization, preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal Control. An audit also includes evaluation the appropriateness of the accounting polices used and the reasonableness of the accounting estimates made by the EXCO, as well as evaluation the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit opinion.





## Opinion

In our opinion and to the best of our information and explanations give to us, subject to our comments in Para (e) below and it's consequential effect, if any, on the balance Sheet as on 31st march 2020 and the statement of Income and Expenditure for the year 2019-20 which cannot be quantified, the said accounts read together with the Notes to Accounts give a true and fair view in conformity with the generally accepted accounting principles:

- i) In the case of Balance Sheet, of the affairs of Servas International, Zurich, Switzerland as at 31st March 2020.

And

- ii) In the case of the statement of Income & Expenditure, the excess of Income over Expenditure for the year ended on that date.

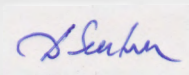
## Report on the other Legal and Regulatory Requirements

### We report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
- b) In our Opinion, traditional books of accounts Viz., Cash/ Bank book, Journal Register and Ledger Accounts only, have been kept by Servas International, Zurich, Switzerland so far as it appears from our examination of those books.
- c) The Balance Sheet and Statement of Income and Expenditure dealt with by this report are in agreement with the books of accounts.
- d) Although Servas International is a Non-profit Organization, it generates revenue by issuing stamps which are used by Servas members on tour.
- e) Attention invited to the following:
- i) Pending registration of Servas International in Switzerland.
- ii) Pending Tax Compliances, if any, till date in Switzerland.

For Sen & Ray  
Chartered Accountants  
Firm Reg. No. 303047E



  
**DEBASHISH SENGUPTA**  
(Partner)  
Membership No. 052099.



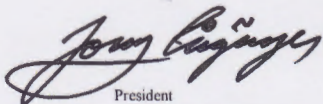
**SERVAS INTERNATIONAL**  
BECKHAMMER 32, 8057 ZURICH, SWITZERLAND

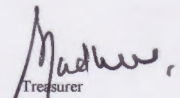
**BALANCE SHEET AS AT 31st MARCH, 2020**

PARTICULARS	SCH	AS AT 31.03.2020 (Amount in CHF)	AS AT 31.03.2019 (Amount in CHF)
<b>ASSETS</b>			
a) <b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>CURRENT ASSETS</b>	4		
i) Business Bank Accounts		117,358.93	119,092.81
ii) Savings Account		251,317.33	251,292.33
iii) Receivables from Servas Member Organizations		24.34	79.41
		368,700.60	370,464.55
<b>LOANS AND ADVANCES</b>	5		
i) Prepaid Expenses Web Hosting / Printing		1,339.13	1,325.68
ii) Tax Deducted at Source		2,055.08	2,055.08
		3,394.21	3,380.76
b) <b>FIXED ASSETS</b>	3		
i) Dolphin Software		152.00	152.00
ii) ServasOnline Software		641.00	21,792.00
iii) Capital Work-in-progress		1,017.60	
		1,810.60	21,944.00
<b>TOTAL ASSETS</b>		<b>373,905.41</b>	<b>395,789.31</b>
<b>LIABILITIES AND MEMBERSHIP FUNDS</b>			
<b>CURRENT LIABILITIES</b>	2		
i) EXCO Members Expense Claims		159.94	425.00
ii) Advance Receipts - Stamps 2018		6,552.05	6,664.02
iii) Accounts Payable Other		1,604.54	7,503.61
iv) External Audit Fees		1,148.50	2,149.00
v) Book Keeping Fees		1,148.50	2,374.00
		10,613.53	19,115.63
<b>MEMBERSHIP FUNDS AND RESERVES</b>			
a) <b>CORPUS (MEMBERSHIP) FUND</b>			
i) Opening Balance of Corpus		343,308.02	391,206.69
ii) Excess of Expenditure over Income after appropriations		(12,964.10)	(47,898.67)
iii) Appropriations to Development Fund Reserve			
		330,343.92	343,308.02
b) <b>DEVELOPMENT FUND RESERVE</b>	1	32,947.96	33,365.66
<b>MEMBERSHIP FUNDS AND RESERVES</b>		<b>363,291.88</b>	<b>376,673.68</b>
<b>TOTAL LIABILITIES AND MEMBERSHIP FUNDS</b>		<b>373,905.41</b>	<b>395,789.31</b>

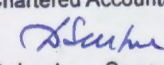
The notes are an integral part of the financial statements.

For and on behalf of Executive Committee

  
President

  
Treasurer

Date 2020-08-19

**For SEN & RAY**  
Chartered Accountants  
  
Debash Sengupta  
Partner  
M. No. 052099  
FRN - 303047E

**SERVAS INTERNATIONAL**  
BECKHAMMER 32, 8057 ZURICH, SWITZERLAND

**STATEMENT OF INCOME & EXPENDITURE FOR THE YEAR ENDED 31st MARCH 2020**

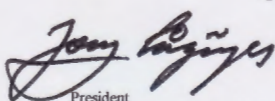
PARTICULARS	SCH	AS AT 31.03.2020 (Amount in CHF)	AS AT 31.03.2019 (Amount in CHF)
<b>INCOME</b>			
a) Stamp Fees received (Net)		56,294.00	54,185.00
b) Interest received on Bank Deposit (Tax Deducted at Source: Nil, PY: Nil)		25.00	25.00
c) SICOGA Fees		0.00	69,051.64
d) Donation (General)		87.37	2.90
e) Donation (Restricted)		2,536.42	2,783.38
		58,942.79	126,047.92
<b>EXPENDITURE</b>			
a) Operational Expenses			
i) Meetings	6		
Executive Committee Meetings		-	1,246.02
Exco Internet/IT		69.47	
AC & Regional Meetings		3,353.58	-
UN Meetings		-	1,294.22
Youth Meetings		2,120.12	1,312.68
		5,543.17	3,852.92
i) Printing - SI Stamps & Newsletters		64.00	247.62
ii) Postage & Courier		278.08	300.76
iii) Web Server Hosting		1,793.26	2,953.65
iv) ServasOnline Maintenance		32,639.55	36,869.62
v) Depreciation/ Amortisation	3	21,151.00	21,151.00
vi) Book Keeping Expenses		1,148.50	1,659.00
vii) Audit Fees Expenses		1,148.50	1,195.00
viii) Bank Fees		407.81	3,219.84
ix) Servas Promotion		-	156.99
xii) Miscellaneous Expenses		69.37	524.02
xiii) Bad debt Provisions/write back		8.59	
xiv) Legal Expenses- SI Registration		1,498.70	
		60,190.18	68,277.50
Total Operating Expenses		65,733.35	72,130.42
b) Other non-operating activities			
i) Legal Expenses (Servas Registration Project)		-	-
ii) Excess Provision for Doubtful Dues written back - Stamp Fees			(90.00)
iii) Forex Gain (Loss)		3,637.12	567.96
iv) SICOGA EXPENSES	7	-	135,374.83
v) Prior Period Expenses (Net)	8	-	180.00
Total Non-Operating Expenses		3,637.12	136,032.79
<b>TOTAL EXPENDITURE</b>		69,370.47	208,163.21
<b>EXCESS OF EXPENDITURE OVER INCOME BEFORE APPROPRIATIONS</b>		(10,427.68)	(82,115.29)
<b>APPROPRIATIONS</b>			
TRANSFER TO DEVELOPMENT FUND RESERVE	9	(2,536.42)	(20,783.38)
SICOGA Reserve Adjustment			55,000.00
<b>NET SURPLUS - TRANSFER TO CORPUS (MEMBERSHIP) FUND</b>		(12,964.10)	(47,898.67)

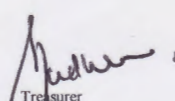
Significant Accounting Policies & Notes on Accounts

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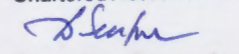
For and on behalf of Executive Committee

The notes are an integral part of the financial statements.

  
President

  
Treasurer

**For SEN & RAY**  
Chartered Accountants

  
Debash Sengupta  
Partner

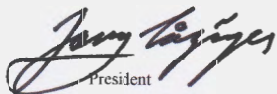
M. No. 052099  
FRN - 303047E

Date  
2020-08-19

SERVAS INTERNATIONAL BECKHAMMER 32, 8057 ZURICH, SWITZERLAND		
STATEMENT OF CASH FLOWS FOR YEAR ENDED 31st March 2020		
PARTICULARS	AS AT 31.03.2020	AS AT 31.03.2019
<b>Receipts</b>		
Member receipts	56,415	60,648
SICOGA Fees	-	57,658
Donations	2,454	2,786
Interest	25	25
Total receipts	58,894	121,117
<b>Payments</b>		
Youth/Regional Meetinigs	5,474	2,828
Information Technology Maintenance Expenses	40,345	36,916
Other operating expenses	7,175	13,437
Development reserve disbursements	2,954	6,264
SICOGA Expenses	-	128,037
Capital Work in Progress	1,018	-
FX Loss	3,637	(0)
Total payments	60,603	187,482
Excess of payments over receipts	(1,709)	(66,365)
Bank balance (beginning of the year)	370,385	436,750
Bank balance (end of the year)	368,676	370,385

The notes are an integral part of the financial statements.

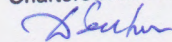
For and on behalf of Executive Committee

  
President

Date 2020-08-19

  
Treasurer

For SEN & RAY  
Chartered Accountants



Debash Sengupta  
Partner

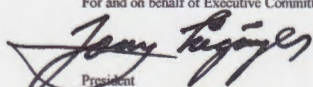
M. No. 052099  
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SERVAS INTERNATIONAL BECKHAMMER 32, 8057 ZURICH, SWITZERLAND BUDGET VS ACTUAL FOR THE YEAR ENDED 31st MARCH, 2020		
	Budget (Approved at SICOGA 2018)	Actual
INCOME	(Amount in CHF)	(Amount in CHF)
Stamp Fees	55,000	56,294.00
Bank Interest Income	25	25.00
Donation-Restricted	-	2,536.42
Donation-General	-	87.37
SICOGA Fees	-	-
<b>TOTAL INCOME</b>	<b>55,025</b>	<b>58,942.79</b>
EXPENDITURE		
Operating Expenses		
EXCO		
Face to Face Meetings	6,500	-
Internet	1,000	69.47
Miscellaneous	-	69.37
Total Exco	7,500	138.84
DEVELOPMENTAL PROJECTS		
Area / Youth Meetings	7,000	5,473.70
DC Projects	-	-
Total Developmental Project	7,000	5,473.70
SI COMMITTEES		
Audit	150	-
UN Peace related activities	2,000	-
Conflict Resolution	-	-
Host List Validation	-	-
Total SI Committee	2,150	-
ICT		
Website Hosting	3,000	1,793.26
Servas online Maintenance	72,450	32,639.55
Total ICT	75,450	34,432.81
OTHER OPERATING EXPENSES		
Printing/ Newsletter/ Postage/ Courier	800	342.08
Bank Charges	1,000	407.81
Forex (gain)/Loss	-	3,637.12
Auditor fees	1,200	1,148.50
Accounting fees	1,200	1,148.50
Miscellaneous Expenses (recoveries)	1,000	(8.59)
ONE-OFF GRANT APPROVALS		
Commission for organizational change	1,000	-
Procedures for recruiting new members	200	-
Improve SICOGA ecological footprint	200	-
Outreach to like-minded organizations	1,000	-
Feasibility of paid administrator	500	-
One-off contribution to Development Fund	18,000	-
Youth and Family opportunities	667	-
<b>Total Operating Expenses</b>	<b>118,867</b>	<b>46,720.77</b>
Special Projects		
Servas Registration	10,000	1,498.70
Servas Online Capital Projects	-	1,017.60
<b>Total Special Projects</b>	<b>10,000</b>	<b>2,516.30</b>
<b>TOTAL EXPENSES (INCLUDING SPECIAL PROJECTS)</b>	<b>128,867</b>	<b>49,237.07</b>
<b>Excess of Income over Expenditure</b>	<b>(73,842)</b>	<b>9,705.72</b>
RECONCILIATION TO REPORTED INCOME (DEFICIT)		
Subtract: Depreciation/Amortisation for the year		(21,151.00)
Subtract: Transfer to Development Fund Reserve		(2,536.42)
Add back: Capital work in progress		1,017.60
<b>Reported Surplus/ (Deficit) - Income Statement</b>		<b>(12,964.10)</b>

For and on behalf of Executive Committee

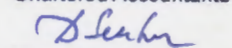
The notes are an integral part of the financial statements.

  
President

  
Treasurer

Date: 2020-04-19

For SEN & RAY  
Chartered Accountants

  
Debast Sengupta  
Partner  
M. No. 052099  
FRN - 303047E

SCHEDULE TO BALANCE SHEET AS AT 31st MARCH, 2020

PARTICULARS	AS AT 31.03.2020 (Amount in CHF)	AS AT 31.03.2019 (Amount in CHF)
<b>SCHEDULE - 1</b>		
<b>DEVELOPMENT FUND RESERVE</b>		
Opening Balance	33,365.66	18,846.38
Add : Amount transferred from Corpus (Membership) Fund	-	18,000.00
Add : Donation from Member Organizations	2,536.42	2,783.38
	<u>35,902.08</u>	<u>39,629.76</u>
Less: Expenses charged to Fund		
a) Servas Portugal Youth Meetings	-	(1,162.88)
b) Youth grants for SICOCA 2018	-	(5,101.22)
c) Asia Meeting disbursements	(587.10)	-
d) Africa Meeting disbursements	(2,367.02)	-
	<u><u>32,947.96</u></u>	<u><u>33,365.66</u></u>
<b>SCHEDULE - 2</b>		
<b>CURRENT LIABILITIES</b>		
<b>a) EXCO Members Expense Claims</b>		
i) Exco Members - Jonny Seganger, Member	159.94	13.50
ii) Exco Members - R.Radhakrishana, Member	-	411.50
	<u>159.94</u>	<u>425.00</u>
<b>b) Advance Receipts - Stamps 2018</b>		
i) From Austria	30.00	-
ii) From Finland	-	170.02
iii) From Brazil	0.30	-
iv) From Spain	130.00	130.00
v) From Germany	6,094.84	6,324.00
vi) From Great Britain	-	30.00
vii) From New Zealand	1.91	-
viii) From Korea	285.00	-
ix) From Georgia	10.00	10.00
	<u>6,552.05</u>	<u>6,664.02</u>
<b>c) Accounts Payable Other</b>		
i) Andreas Becker	105.84	-
ii) Argo	549.30	-
iii) RenèSteimer	949.40	-
iv) Talorig Portage Salarial	-	4,459.00
v) PixNGraph	-	2,900.00
vi) Danielle serres	-	144.61
	<u>1,604.54</u>	<u>7,503.61</u>
<b>d) External Audit Fees</b>		
i) Sen & Ray., Chartered Accountants, Kolkata, India.	1,148.50	1,195.00
ii) Vasudev Pai & Co., Chartered Accountants, Bangalore, India.	-	954.00
	<u>1,148.50</u>	<u>2,149.00</u>
<b>e) Book Keeping Expenses</b>		
i) S.R. Consultancy, Kolkata, India.	1,148.50	1,195.00
ii) KP Associates, Proprietor: K Pramod, Bangalore, India.	-	1,179.00
	<u>1,148.50</u>	<u>2,374.00</u>
	<u><u>18,613.53</u></u>	<u><u>19,115.63</u></u>





**SERVAS INTERNATIONAL**

BECKHAMMER 32, 8057 ZÜRICH, SWITZERLAND

**SCHEDULE - 3****FIXED ASSETS AS AT 31st MARCH, 2020**

Sl.No.	Description	Gross Block as on 01.04.2019	Additions during the year	Disposals during the year	Gross Block as at 31.03.2020	Opening accumulated depreciation/amortisation as on 01.04.2019	Depreciation/Amortisation for the year	Accumulated depreciation/amortisation on Disposals during the year	Closing accumulated depreciation/amortisation as on 31.03.2020	Net Block as at 31.03.2020	Net Block as at 31.03.2019
		CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
1	Dolphin Software	15,234.84	-	-	15,234.84	15,082.84	-	-	15,082.84	152.00	152.00
2	Servas Online Software	64,094.00	-	-	64,094.00	42,302.00	21,151.00	-	63,453.00	641.00	21,792.00
3	Capital Work-in-progress	-	1,017.60	-	1,017.60	-	-	-	-	1,017.60	-
		<b>79,328.84</b>	<b>1,017.60</b>	<b>-</b>	<b>80,346.44</b>	<b>57,384.84</b>	<b>21,151.00</b>	<b>-</b>	<b>78,535.84</b>	<b>1,810.60</b>	<b>21,944.00</b>



PARTICULARS	AS AT 31.03.2020 (Amount in CHF)	AS AT 31.03.2019 (Amount in CHF)
<b>SCHEDULE - 4</b>		
<b>CURRENT ASSETS</b>		
<b>a) Business Bank Accounts</b>		
i) CHF Current Account No. 239330-21-1 with Credit Suisse, Zurich	50,585.60	40,254.81
ii) USD Current Account No. 239330-22-1 with Credit Suisse, Zurich	42,936.67	34,726.39
iii) Euro Current Account No. 239330-22-3 with Credit Suisse, Zurich	23,836.66	44,111.61
	117,358.93	119,092.81
<b>b) Savings Account</b>		
i) Swiss Francs Savings Account No. 239330-20-1 with Credit Suisse, Zurich	251,317.33	251,292.33
<b>c) Receivables from Servas Member Organizations</b>		
i) Member Fees	35.75	99.41
Less: Provision for Doubtful Receivables	(11.41)	(20.00)
	24.34	79.41
	<u>368,700.60</u>	<u>370,464.55</u>
<b>SCHEDULE - 5</b>		
<b>LOANS &amp; ADVANCES</b>		
<b>a) Prepaid Expenses Web Hosting/Printing</b>	1339.13	1,325.68
<b>b) Tax Deducted at Source</b>	2055.08	2,055.08
	<u>3,394.21</u>	<u>3,380.76</u>



PARTICULARS	AS AT 31.03.2020 (Amount in CHF)	AS AT 31.03.2019 (Amount in CHF)
<b>SCHEDULE - 6</b>		
<b>MEETING EXPENSES</b>		
<b>a) Meetings</b>		
<b>Executive Committee Meetings</b>		
i) Internet & Telephone	-	940.50
ii) Travel Expense Reimbursements	-	305.52
	-	1,246.02
<b>b) AC &amp; Regional Meetings</b>		
i) Meeting Expenses (Grants Sanctioned by EXCO)	3,353.58	-
	3,353.58	-
<b>c) UN Meetings</b>		
i) Travel Expense Reimbursements	-	1,210.22
ii) Expenses related to Sustained Development Project	-	84.00
	-	1,294.22
<b>d) Youth Meetings</b>		
i) Grant paid to SI-Spain	633.00	-
ii) Grant paid to SI-Italy	1,487.12	-
iii) Grant to Servas Portugal/Others		1,312.68
	2,120.12	1,312.68
	2,120.12	1,312.68
<b>SCHEDULE - 7</b>		
<b>SICOGA EXPENSES</b>		
i) SICOGA-Admin Expenses	-	2,019.65
ii) SICOGA- Button Expenses	-	315.52
iii) SICOGA- Food Expenses	-	8,951.62
iv) SICOGA- Gift Expenses	-	1,666.02
v) SICOGA- Misc.& Prepaid Expenses	-	2,826.05
vi) SICOGA- Room Expenses	-	75,556.30
vii) SICOGA- Sightseeing Expenses	-	7,526.38
viii) SICOGA- Travel Refund Expenses	-	36,513.29
	-	135,374.83
<b>SCHEDULE - 8</b>		
<b>PRIOR PERIOD EXPENSES (NET)</b>		
(Ref: Note No.10.D.13)		
<b>a) Stamp Returns of earlier years</b>		
i) Stamp 2016 Returns	0	80.00
ii) Stamp 2017 Returns	0	100.00
<b>Total</b>	-	180.00





**SERVAS INTERNATIONAL**  
Beckhammer 32, 8057 Zurich, Switzerland.

**SCHEDULE - 9**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2020:**

**A. Corporate Information – Build World Peace:**

Servas International (Servas or "the Organization") is a worldwide, non-profit and non-governmental Organization, promoting peace through a co-operative network of hosts and travelers. The Organization aims to provide and improve personal contacts between individuals of diverse cultures and encourages UN peace representation. The purpose of the network is to help build world peace, goodwill and understanding.

**B. Basis of presentation of Financial Statements:**

**a) Basis of Preparation:**

The Organization is located and has its headquarters in Switzerland, maintains its books of account and prepares its statutory financial statements in accordance with the Generally Accepted Accounting Principles (GAAP). The financial statements have been prepared from the financial records of the Organization and presented in Swiss Francs (CHF) with adjustments and reclassifications for the purpose of fair presentation.

**b) Measurement Currency and Reporting Currency:**

The reporting currency of the Organization operating in Switzerland is Swiss Francs (CHF).

**C. Significant Accounting Policies:**

**1) Recognition of Income and Expenditure:**

The income and expenditure which have material bearing on the financial statements are accounted on accrual basis.

**2) Fixed Assets:**

The Fixed assets are valued at cost of acquisition less accumulated depreciation/amortisation.

**3) Depreciation/ Amortisation:**

The depreciation/amortisation has been provided on fixed assets using Straight Line Method considering the life of the assets. Depreciation/ amortisation on additions/deletions are accounted on a pro-rata basis.

**4) Foreign Currency Transactions and Translation:**

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of these transactions. Balance Sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the income or expense accounts as appropriate. The foreign exchange rates used by the Organization as at 31.03.2020 are as follows:

<u>Currency</u>	<u>CHF</u>	<u>Currency</u>	<u>CHF</u>
USD	0.95684	EUR	1.05807

**5) Use of Estimates:**

The preparation of financial statements in conformity with Accounting Standards requires the Servas Intentional Executive Committee (hereafter "EXCO") to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of significant changes in expenses and revenues during the reporting periods. Actual results could differ from those estimates.



**D. Notes on Accounts****1. Development Fund Reserve:**

During the year, the Development Committee approved the following grants as a part of Development Fund Reserve deductions:

Period	Nature of Event	Amount of Grant (CHF)	Amount of Reimbursement (CHF)
Aug-2019	South East Asia Regional Meetings	587.10	587.10
Oct-2019	Africa Regional Meetings	2,367.02	2,367.02

**2. Contingent Liabilities and Law Suits:****A. Contingent Liabilities**

(a) Probability of Personal Injury and Sexual Harassment claims by Servas Hosts/Travelers on Servas International.

(b) Possibility of Penalties by the Swiss Tax authorities for late filing of Tax returns claiming refund of the Tax Deducted at Source.

**B. Law-Suits:**

There was no law-suit pending in favor or against the Organization as at March 31'st 2020.

**3. Fixed Assets:**

During the year, work commenced on a new project to build a Drupal 8 system for Member Activities. Amount spent on this project is reported as Capital Work-In-Progress. The existing Servas Online software is being amortized over a period of 3 years with retrospective effect from 01.04.2017.

**4. Receivables – Stamp Fees (Net of Provisions – Ref: Schedule 4(c):**

- i. Receivables include Stamp fees for the period prior to 31 December 2018. Following a decision in the General Assembly in 2018, membership fees are collected at a predetermined amount (as described in Schedule 9 (9)). Receivables for 2019 refer to the portion of this set membership amount not yet received.
- ii. The stamp returns and unused stamps for 2018 have been accounted for based on the confirmation from the Treasurer.
- iii. **Stamp Fees** of earlier years are still pending for recovery amounting to CHF 11.41 and provision has been made for the same during FY 2019-20.

**5. Advances to EXCO Members, SI Officers & Others:**

No advances were given to EXCO members or SI Officers during FY 2019-20.

**6. Prepaid Expenses:**

Represent an amount of CHF 1,339.13 being the payment for Domain Name Registration charges (CHF 41.54), & Web hosting Charges (CHF 1,297.59) pertaining to the financial year 2019-20.



**7. Tax Deducted at Source Receivable:**

Represent the cumulative tax deduction by Credit Suisse Bank on interest receipts amounting to CHF 2,055.08 which is pending to be claimed from Tax Authorities. This is the accumulated amount of tax deducted on interest receipts since 2004. Servas International needs to be registered/ incorporated in Switzerland before returns can be filed and refunds claimed. Some of these claims may be time barred and could invite penalties for late filing of Tax returns.

**8. Expenses Recognition:**

Expenses have been recognized on accrual basis based on the Claim Forms/ Supplier Invoices/ emails submitted by SI Officials/ EXCO Members/Vendors.

**9. Stamp Fees and Member Fees from Servas Member Organizations:*****Member Fees from Servas Member Organizations (2019):***

During the General Assembly held in October 2018, it was decided that members would be charged a fixed membership fee for each of the next three years 2019-2021, after which it will be reviewed for further approval at the next General Assembly. The fixed fee would be based on the average stamp fee payment in the previous three years (2016-18). Membership fees was calculated and collected on this basis for 2019.

***Stamp fee collections from Servas Member Organizations (2018):***

Servas International issues stamps authorising the Letter of Introduction for Servas Travellers.

During the year, stamp fees have been collected on the following principles as confirmed by the EXCO.

Up to 10 Stamps	-	Free of Cost
11 - 50 Stamps	-	CHF 10/-
51 - 300 Stamps	-	CHF 15/-
301 - 550 Stamps	-	CHF 18/-
551 Stamps and above-	-	CHF 20/-

For the year 2018, SI has recognized its stamp fee collections net of returns from Servas Countries, on accrual basis.

**10. Prior Year Expenses (Net):**

There were no Prior Year expenses in 2019. For 2018, it includes cost of Stamp returns netted with recovery towards loss of stamps of earlier years (CY: CHF 0.00; PY: CHF 180.00).

**11. Statement of Budget:**

Represent the actual income & expenditure as compared to the budget for the relevant period.

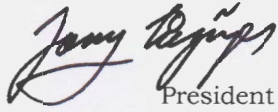
**12. Internal Audit Committee Review:**

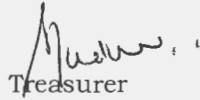
The Internal Audit Committee has reviewed the Financial Statements and, except as noted in its Internal Audit Committee report, the Financial Statements reasonably represent the activities of the Organization as at 31.03.2019.





For and on behalf of  
Executive Committee

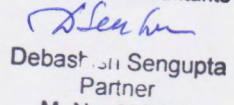
  
President

  
Treasurer

Place : *Stockholm, Sweden*  
Dated : *2020-08-19*

As per our report of even date  
for SEN & RAY.  
Chartered Accountants  
Firm Registration No. 303047E

For SEN & RAY  
Chartered Accountants

  
Debashish Sengupta  
Partner

M. No. 052099  
Place : *Kolkata, India.*  
Dated : *2020-08-19*



## **SERVAS INTERNATIONAL - INTERNAL AUDIT REPORT** **FOR THE YEAR ENDED MARCH 31, 2020**

### **The Internal Audit Committee**

Rick Wolfe (Convenor of IAC)  
Phyllis Chinn (Member of IAC)  
Gülşen Elyak (Member of IAC)

We received the following documents from the Treasurer on 27<sup>th</sup> May 2019 for the financial year ending 31<sup>st</sup> March 2020 for our review:

1. Tally Files.
2. SI Draft BS, IE Statement
3. Preliminary Draft Cash Flow Statement.
4. Budget vs Actual comparative statement.
5. Preliminary Draft SI Notes.
6. A late journal entry for a payable has been sent to the Internal Audit Committee (IAC).

Based on the above, we have reviewed the financial statements and we find that these present a true and fair view of the transactions conducted during the year commencing on 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 vide the Income & Expenditure Account and also of the SI finances as reflected by the Balance Sheet as of 31<sup>st</sup> March 2020 subject to our following observations.

1. Increase in SOL maintenance allocations were approved at the GA despite the fact that Income and Expenditure statement reflected year-wise accumulated deficit. SI contracted external agencies at high costs for SOL maintenance owing to absence of in-house expertise. SOL has been operational for the past three years and the SOL maintenance expenses has grown from CHF 9,434 in FY17/18 to CHF 36,870 in FY18/19 and now CHF 39,810 for the year under review. The proposed yearly budget for each the FY 19/20, 20/21 and 21/22 is CHF 72,450. SI Currently has two six month contracts with Talorig Portage Salarial (Web Maintenance) and Cyprien Roudet (Web Development) €16,800 and €14,000 respectively for the time period 4/1/20-9/30/2020 which total €30,800. This being the largest budget line item, the cost benefit should be looked at closely. IAC suggests the budget schedule FRA-001 be revised.
2. It is noted that Dolphin CHF 152 is still in the Assets schedule. Please review the response last year and verify that it still has value.
3. The Stamp revenue of CHF 56,294 this year increased slightly from last year. Stamp revenue was consistent with the budget.

4. Due to the current COVID 19 pandemic, travelling is restricted and will have a direct impact on revenues. It appears very few expenses may be reduced. The IAC suggests that a revised 3 year budget should be planned.
5. The Development Fund Reserve has a current balance of CHF 32,948. The IAC questions why the GA vote to set aside extra money for the development fund when the group had not even spent what was allocated. In reading the response to this same issue last year, The GA has set this reserve as a restricted fund. The notes to the FS should explain what the actual restriction is.
6. The IAC notes that the bank charges have reverted back to historical costs and are in line with the budget.
7. The registration of SI remains incomplete despite EXCO having obtained legal consultation from the Swiss legal attorneys. This year, CHF 1,499 of the CHF 10,000 budget was spent. Do we expect to incur any further legal fees and what is the status?
8. To date, there is no insurance policy in place for any liabilities that may occur for any actions made by SI.
9. The IAC suggests the Capitol WIP for software should be considered an expense.
10. The IAC notes that transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of these transactions, except for 2 of them. It was explained that these two transactions were recorded at a different rate in order to correct an error committed in a previous year when the two EUR invoices were booked at a rate different from the prevailing exchange rate. As a result of the correction, the financial reports presented for the year are now correct. In light of this policy, there should be a line item added to the budget for these costs.
11. The IAC notes that some expenses are low since there are no regional meetings and EXCO travel has stopped at this time. IOC questions if all countries will be able to meet the current charges -- if it were still based on use of stamps, countries would owe less. Individual countries are certainly getting less income when people are not requesting LOIs.
12. IOC suggests that EXCO seriously consider a four year gap to the next GA since that is a major expense.
13. The IOC notes There were seven one-off grants, none of them were expended.
14. The IOC notes the budgeted SOL expenses for the next two years are CHF 72,450 each. This will reduce cash reserves of CHF 368,700 in the amount of CHF 90,684.

**The non sustainable budget trend of expenditures for the coming years 2020-21 and 2021-22 will further deplete the corpus funds.**



**Our recommendations:**

- (a) Control all the expenses especially the SOL Maintenance costs with better contractual terms benefitting SI. Also evaluate in-house expertise so that the outside agency costs can be brought down. EXCO to exercise financial prudence and austerity measures like cutting down travel costs and face to face meetings to be replaced by skype meetings.
- (b) Contact an insurance broker to request quotes for protection of assets.
- (c) Develop new revenue streams like donations to SI subject to the conditions laid out in the Financial Operating Practices (FOP). This is possible after SI's formal registration.
- (d) Critically review the expenditure budgets from the various committees and check vis-à-vis their committed activities and curtail expense allocation wherever possible.
- (e) Extend the GA from the 3 year gap to 4 years so that the incidence of additional deficit can be deferred.
- (f) Continue and complete the SI registration on timely basis so that the benefits of registration will accrue to SI. The formal registration of SI will permit it (a) to move bank accounts to ethical banking institutions offering higher rates of interest on deposit account, lower bank remittance charges and other banking privileges, (b) may claim refund of income tax deducted from interest income (c) seek donations and financial help from core agencies like UN and other support groups. It is therefore imperative that SI registration is to be taken with utmost urgency as considerable delay has already occurred.

We are confident that the above measures go towards stabilizing the SI finances.

We appreciate responses from the EXCO to our observations.

Respectively Submitted

Internal Audit Committee



Dear Internal Audit Committee:

Thank you for your report for the year ended 31 March, 2020.

Given below are the responses to IAC's observations.

1. Increase in SOL maintenance allocations were approved at the GA despite the fact that Income and Expenditure statement reflected year-wise accumulated deficit. SI contracted external agencies at high costs for SOL maintenance owing to absence of in-house expertise. SOL has been operational for the past three years and the SOL maintenance expenses has grown from CHF 9,434 in FY17/18 to CHF 36,870 in FY18/19 and now CHF 39,810 for the year under review. The proposed yearly budget for each the FY 19/20, 20/21 and 21/22 is CHF 72,450. SI Currently has two six month contracts with Talorig Portage Salarial (Web Maintenance) and Cyprien Roudet (Web Development) €16,800 and €14,000 respectively for the time period 4/1/20-9/30/2020 which total €30,800. This being the largest budget line item, the cost benefit should be looked at closely. IAC suggests the budget schedule FRA-001 be revised.

Response: SI EXCO agrees that this is the largest cost on our budget. As such, it continuously gets SI EXCO's attention. An example of that is that the budget for 2019-20 was CHF 72,450, but we spent only CHF 39,810 based on need, as a result we were CHF 32,640 below budget for the year. The amount of CHF 72,450 that was approved at the GA in 2018 is a consolidated budget for both maintenance, and for building a new version of Servas Online. Our current platform is approaching its end of life. For the period 2020-21, we have identified some major projects relating to building the next generation of Servas Online. Consequently, we anticipate that we will spend the full budgeted amount of CHF 72,450 this year, most of which will be spent on capital projects. That is reflected in the contracts of € 30,800 for the first six months of the current fiscal year, most of which are directed towards the new build. These contracts were approved because they were within the amount that was budgeted in the 2018 GA. We expect that once we move to the next generation of Servas Online, we can bring our annual maintenance to a significantly lower level. For the next budget cycle, we will separate out the build costs from the maintenance costs in our budgets.

2. It is noted that Dolphin CHF 152 is still in the Assets schedule. Please review the response last year and verify that it still has value.

Response: As noted last year, we are waiting for all functionality from Dolphin to move to Servas Online before deactivating Dolphin. At that time, we will be writing off the remaining account balance in Dolphin.

3. The Stamp revenue of CHF 56,294 this year increased slightly from last year. Stamp revenue was consistent with the budget.

Response: Agreed.

4. Due to the current COVID 19 pandemic, travelling is restricted and will have a direct impact on revenues. It appears very few expenses may be reduced. The IAC suggests that a revised 3 year budget should be planned.

Response: Agreed.

5. The Development Fund Reserve has a current balance of CHF 32,948. The IAC questions why the GA vote to set aside extra money for the development fund when the group had not even spent what was allocated. In reading the response to this same issue last year, The GA has set this reserve as a restricted fund. The notes to the FS should explain what the actual restriction is.

Response: This was a decision by the General Assembly and it is outside the ability or remit of the SI EXCO to comment on why the General Assembly took such a decision. The funds are restricted in the sense that they are set aside for disbursement by the development committee (based on their remit).

6. The IAC notes that the bank charges have reverted back to historical costs and are in line with the budget.

Response: Agreed.

7. The registration of SI remains incomplete despite SI EXCO having obtained legal consultation from the Swiss legal attorneys. This year, CHF 1,499 of the CHF 10,000 budget was spent. Do we expect to incur any further legal fees and what is the status?

Response: SI EXCO's remit is to do the following (a) To explore the conditions for registering Servas International with the Commercial Registry Office of the Canton of Zurich, and identify needed changes in the statutes for registration, and (b) To apply for tax exemption with the Cantonal Tax Office of the Canton of Zurich. At the moment, we are awaiting a response from the Commercial Registry office in Zurich on the approved wording of our statutes for registration. Simultaneously we are exploring the requirements for filing for tax-exempt status. Progress has been delayed because of COVID restrictions. We are likely to incur additional legal fees as we continue to work on the registration and filing for tax-exempt status.

8. To date, there is no insurance policy in place for any liabilities that may occur for any actions made by SI.



Response: Earlier this year, SI EXCO reached out to insurance companies / brokers to conduct a review of our insurance needs. Unfortunately, shortly thereafter, we entered a global period of lockdown and there has not been much progress on our enquiries. Once things return to normal, we will be following up. The previous time SI EXCO conducted an insurance review was before SICOGA 2018. At that time it was determined that the only risk that needs to be insured is event insurance for the general assembly and conference organized by SI. SI EXCO decided to self-insure and we did not purchase insurance for SICOGA 2018. We did not incur any loss from uncovered risks during SICOGA 2018.

9. The IAC suggests the Capitol WIP for software should be considered an expense.

Response: The Capital WIP is planned to be folded into the larger project that we referred to under Point 1 above. When we complete the project we will be capitalizing it. Consequently, we feel that it is best to keep it as Capital Work in Process till the project is complete and set up a depreciation schedule for the asset after completion.

10. The IAC notes that transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of these transactions, except for 2 of them. It was explained that these two transactions were recorded at a different rate in order to correct an error committed in a previous year when the two EUR invoices were booked at a rate different from the prevailing exchange rate. As a result of the correction, the financial reports presented for the year are now correct. In light of this policy, there should be a line item added to the budget for these costs.

Response: All transactions are recorded at the prevailing exchange rates at the time of the transaction. We report the effect of the FX changes in our report each year. However, it would be very difficult to budget for such gains or losses since that would require predicting the movement of these currency exchange rates in the future.

11. The IAC notes that some expenses are low since there are no regional meetings and SI EXCO travel has stopped at this time. IOC questions if all countries will be able to meet the current charges -- if it were still based on use of stamps, countries would owe less. Individual countries are certainly getting less income when people are not requesting LOIs.

Response: That is an important question, and there is a funding proposal (proposed by Servas France) being discussed currently with that question in mind.

12. IAC suggests that SI EXCO seriously consider a four year gap to the next GA since that is a major expense.

Response: SI EXCO is already considering it and will be making a decision on it.

13. The IAC notes there were seven one-off grants, none of them were expended.

Response: Agreed.

14. The IAC notes the budgeted SOL expenses for the next two years are CHF 72,450 each. This will reduce cash reserves of CHF 368,700 in the amount of CHF 90,684.

Response: Agreed. Quite likely that cash reserves will be reduced assuming there are no other changes.

Given below is the response to IAC recommendations:

We agree with the recommendations and reiterate that we are already following such procedures. For example (a) we do not have any travel costs, since all meetings are virtual. (b) A lot of work is done in-house and we are continuously doing more and more in-house. (c) Also, we are constantly evaluating our contractual terms. (d) We have an ongoing process of reviewing insurance needs. (e) We are engaged with member groups around the world to ensure that funding for SI is adequate to meet our needs, and have undertaken several initiatives to increase memberships and improve our finances. (f) We have procedures to maintain a very tight control over costs. (g) We are already reviewing the option of deferring the next GA. (h) Finally, we are closely following up on the SI registration process.

On behalf of SI EXCO, I thank you for your report and all the work you do on behalf of Servas.

Sincerely,

Radha Radhakrishna

Treasurer,

Servas International Executive Committee