

5 AUDIT REPORT

MAZARS SA
Rue du Conseil-Général 20
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TVA N° 643477
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Report of the independent auditor to the General Assembly of CUTS International

As independent auditor, we have audited the accompanying financial statements of **CUTS INTERNATIONAL**, which comprise the balance sheet, statement of income and expenditure and notes for the year ended March 31, 2013.

Executive Committee's Responsibility for the Financial Statements

The Executive Committee is responsible for the preparation of the financial statements in accordance with the requirements of the articles of Association and with Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Executive Committee is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conduct our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating 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.

GENEVE

LAUSANNE

FRIBOURG

ZURICH

Membre CHAMBRÉ DES CHARGÉS DE FONCTION

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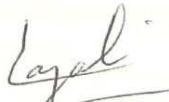
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Opinion


In our opinion, the financial statements of CUTS International for the year ended March 31, 2013 comply with the articles of Association and with Swiss law.

Geneva, June 10, 2013

MAZARS LTD



Lionel Cazali
Licensed Audit Expert



Daniel Dumas
Licensed Audit Expert
(Auditor in Charge)

Enclosures :

Financial statements (balance sheet, statement of income and expenditure and notes)

GENEVE

LAUSANNE

FRIBOURG

ZURICH

Membre CHAMBRE FIDUCIAIRE

CUTS INTERNATIONAL

BALANCE SHEET AT MARCH 31, 2013

	Notes	March 31, 2013 CHF	March 31, 2012 CHF
ASSETS			
Current assets			
Cash and bank balances	2e	781'924.76	778'003.98
Debitors		5'806.65	315.80
		<u>787'731.41</u>	<u>778'319.78</u>
Fixed assets			
Fixed assets		7'160.00	9'083.00
		<u>7'160.00</u>	<u>9'083.00</u>
TOTAL ASSETS		<u><u>794'891.41</u></u>	<u><u>787'402.78</u></u>
LIABILITIES			
Short term liabilities			
Due charges		4'600.00	-
		<u>4'600.00</u>	<u>-</u>
Grants received in advance			
Pact project	2d 6	772'861.16	688'750.51
Fead project		-	74'466.93
		<u>772'861.16</u>	<u>763'217.44</u>
General Reserve			
General Reserve (undesignated)	7	24'185.34	(77'510.12)
Initial balance correction	7a		103'396.37
Net deficit for the period		(6'755.09)	(1'700.91)
		<u>17'430.25</u>	<u>24'185.34</u>
TOTAL LIABILITIES		<u><u>794'891.41</u></u>	<u><u>787'402.78</u></u>

CUTS INTERNATIONAL

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2013

	Notes	2013/2012 CHF	2012/2011 CHF
INCOME			
Grants			
Undesignated	4a	-	10'000.00
Designated	4b	2'056'227.41	1'667'124.08
% Received in advance	6	(772'861.16)	(763'217.44)
Extraordinary income		864.20	-
Other Income		4'045.90	-
Interest received		259.75	492.10
Total income		1'288'536.10	914'398.74
EXPENDITURE			
Salaries & employer's contribution		612'626.60	591'625.05
Direct charges on projects	5	614'069.10	256'707.73
Office costs	2a		
Rent		43'883.46	48'603.86
Electricity		741.00	542.90
Phone/fax/internet		2'381.80	2'118.40
Office supplies		1'529.55	1'282.15
Postage		365.00	339.00
Cleaning and pantry supplies		2'041.45	1'826.90
Printer		4'049.15	2'478.20
Computer maintenance / web		2'586.90	-
Office insurance		296.80	664.60
Audit & accounting		2'500.00	2'808.00
Bank charges		605.30	700.47
Misc. Expenses		698.20	482.85
Misc. Networking for advocacy		-	-
		61'678.61	61'847.33
Seminars & Workshops			
Travels		4'331.64	2'520.20
Meetings		583.20	1'293.25
		4'914.84	3'813.45
Assets purchased		-	-
Depreciation fixed assets		1'923.00	2'423.25
Currency fluctuation gain/loss		79.10	(317.16)
Total expenditure		1'295'291.25	916'099.65
NET DEFICIT FOR THE PERIOD		(6'755.09)	(1'700.91)
Proposed allocation of excess income over expenditure			
		2013/2012 CHF	2012/2011 CHF
Net deficit for the period		(6'755.09)	(1'700.91)
Allocation to General reserve	7	6'755.09	1'700.91
Net deficit carried forward		-	-