

SERVAS INTERNATIONAL

Report from the Audit Committee on the Financial Statements

Balance Sheets as of December 31, 2008 and Income Statement for the year 2008

1. Members of the Audit Committee

The Audit Committee, elected in February 2006, consists of:

- a. Florencio Gomez, Venezuela – Convenor 2009
- b. Rita Torsvik, Norway – Convernor 2008
- c. Miroslaw Wasilewski, Poland – Convenor 2007

2. Bookkeeping and External Auditing for the year 2008

The bookkeeping for 2008 has done by K Pramod on contractual. Mr. K Pramod is located in Bangalore, India.

The external auditing is performed by Certified Public Accountant Vasudev Pai who runs a professional business as accountant and consultant named T Vasudev Pai and Company located in Bangalore, India.

The Audit Committee inspected a set of source documentation for bookkeeping entries as presented by LV Subramanian, the Treasurer of Servas International.

The above mentioned source documentation documented expenses and it is considered as accurate by the persons who inspected the documents. All necessary additional explanations were supplied by either the accountant or the Treasurer.

As agreed in previous years, the accounts for the year 2008 are based on the accrual concept.

3. Basis for the Audit Committee report for 2008

The Audit Committee has considered the following:

- a. The Balance Sheets and the Income Statements for the year 2008.
- b. Source documentation delivered by post in a photocopy form.

The review was accomplished in August 2009 but the fact that Florencio Gomez, the Convenor, was not able to obtain source documentation delayed the preparation of the audit report for the year 2008.

The AuC comment summarizing the review is as follows: if advances and fixed assets are confirmed, we find the accounts of Servas International in good order. As of November 16, 2009 the above mentioned confirmations did not reach AuC.

Independent Auditor's Report for the year 2008 was not ready when AuC gave their report,

4. Tax Deducted at Source Receivable:

The tax deduction has been made by the Credit Suisse bank on the interest SI received on the term deposits which SI had lodged with the bank. The Tax deducted and accumulated in the account can be recovered provided the tax deduction certificates need to be provided by the bank and SI needs to officially lodge the claim with the tax authorities there. SI is in the process of registration of SI since the certificate of incorporation is not able to be traced. Hopefully after the registration SI would be able to claim this amount from the tax authorities. If SI is not able to claim the same after these efforts we must write off these amounts.

5. Advances to Reimburse:

We recommend according to the FOP Financial Operating Procedures that the previous advances should be settled before further advances can be given out. Servas International must still try to contact the persons who received the old balances with focus to recover the money. One advance amount from the NS of Servas Thailand has been received and recorded. The others are being contacted. The amounts from Pablo Chufeni on account of Istanbul events were settled by him by giving expense report claims in the recent GA at Mar del Plata Argentina. Omer Ozkan provided the documents relating to Istanbul event relating to 2008. All these pending cases must be followed up very carefully by Servas International.

6. Fixed Assets

The fixed assets cover Laptops with Pramod Kumar former General Secretary and actually Vice-president, and Nandee Amarasinghe and also the Projector which Omer Ozkan has on behalf of the SI which they have confirmed. Since Nandee Amarasinghe completes his term of Peace Secretary, we recommend that he buys back this system at the book value that would appear as on 31st December 2009.

7. Stamp revenues;

The stamp revenues for 2008 have been converted to accrual concept taking into account provisioning for expenses which is distinct from the earlier treatment given in accounts. Now the stamps are invoiced and they are accounted for in the year of dispatch and the revenue is recognized based on the return of unused stamps by the member country, and the revenue recognized into next year.

In this point, Florencio Gomez proposed to change the accounting year to 1st April-31st March, instead of 1st January-31st December; for accounting unused stamps returned and money received into the same year, taking in consideration that the stamps are our main source of income.

8. The Audit Committees Opinion;

Based on the review the Audit Committee is of an opinion that the Balance Sheets and the Income Statements for 2008 present fairly the financial position of Servas International as of December 31, 2008 and the results of its operations for the year 2008.

The Audit Committee did not identify any issue that could have affected the implementation of the 2008 budget in a way that cannot be accepted or justified.

This report is prepared by Florencio Gomez

The report is approved by all the members of Servas International Audit Committee.

Florencio Gomez, Convensor

Rita Torsvik

Miroslaw Wasilewski

http://www.servas.org/siexco/index.php/Executive_Committee