

To the Board of Directors of  
**International Disability Alliance, Le Grand-Saconnex**

Lausanne, 13 May 2019

## **Comprehensive report of the auditor to the Board of Directors in accordance with article 728b CO [Swiss Code of Obligations]**

The annual general meeting of International Disability Alliance on 28 October 2017 elected us as auditor for the fiscal year 2018 in accordance with article 727 CO.

As auditors we have audited the financial statements of International Disability Alliance, comprising the balance sheet, the income statement and the notes to the financial statements for the fiscal year ended 31 December 2018 and submitted them together with our report dated 13 May 2019 to the general meeting with a recommendation for approval of the financial statements without qualification.

In the following, we submit our comprehensive report, which is prepared in accordance with article 728b CO. Our comments are structured as follows:

1. Performance of the audit
2. Comments on the financial reporting
3. Comments on the internal control system

This report is addressed to your company's Board of Directors and may therefore not be used outside of the company.

### **1 Performance of the audit**

#### **1.1 Independence**

We meet the legal requirements with regard to independence. The following non-audit engagements, which are permitted on the basis of legal and professional requirements, were carried out during the past year:

<u>Work carried out</u>	<u>Fees</u>
Agreed Upon Procedures	CHF 12'000

In our view these engagements did not impair our independence as auditors.

## **1.2 Schedule**

### **1.2.1 Interim and Year-end audit**

The interim and year-end audits were conducted in the period from 1 April 2019 to 5 April 2019. On 5 April 2019, we presented the results of our audit to Mr. Nicolas Bach during a closing meeting.

## **1.3 Audit principles / audit approach**

The scope and purpose of the audit engagement are based on the legal engagement of the auditor. We have set out the precise details of the audit engagement and how it is to be conducted in the engagement letter for years 2017 to 2019 dated 10 August 2017 which you countersigned on 30 October 2017. Our audit was conducted in accordance with Swiss law and the Swiss Auditing Standards.

## **1.4 Risk assessment / audit approach / key audit procedures**

Our risk assessment for the audit indicated the following main risks:

- ▶ Cutoff for revenues and expenses of the grants

We chose the following audit approach:

Substantive approach by obtaining and verifying the date and the value of the contracts, the payments and a selection of expenses invoices for the main grants. The selection of the grants and the related expenses were performed in order to obtain a reasonable assurance on the accounts.

## **1.5 Audit focus / rotation of audit areas**

For the following key processes, we assessed only the existence of an internal control system and therefore give no opinion with regard to the continuing effective functioning of the controls. Here, the testing of the existence of the key controls may be rotated:

- ▶ Financial Statement Closing Process
- ▶ Revenues
- ▶ Purchase
- ▶ Payroll

## **1.6 Meetings with Management**

As part of our audit, the closing meeting of interim and final audits were held with the Management. During the meeting, we provided you with the Management letter document.

## **1.7 Limitations of an audit**

A statutory audit provides reasonable assurance, but is not a guarantee that it will detect a material misstatement in the financial statements that exists whether due to fraud or error.

Confirmation of the existence of the internal control system (ICS) in the report to the General Meeting and a comprehensive report to the Board of Directors also form part of the statutory audit. The Board of Directors is responsible for the design, implementation and maintenance of a suitable and appropriate system of internal controls. The existence of an internal control system does not provide a guarantee, but only reasonable assurance that the financial statements do not contain any material misstatements that could arise due to the absence or deficiency of internal controls. The inherent limitations of internal control include, for example, human judgment, human error, or a deliberate override of internal control by employees of any level in the entity, including management. At smaller entities, there may also be a lack of controls due to the limited human resources available.

Misstatements or misrepresentations are considered to be material if they, individually or in aggregate, could be reasonably expected to influence the economic decisions of users taken on the basis of the financial statements. In a statutory audit, we examine the financial statements with a view to identifying material misstatements with a high degree of probability. The audit is not geared to identifying immaterial misstatements.

The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity (Board of Directors) and management. It is important that management place a strong emphasis on fraud prevention. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed. The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud. Material misstatement resulting from fraud is even harder to detect when it involves the collusion of others or when management committed fraud.

## **2 Comments on the financial reporting**

### **2.1 Financial reporting standards**

The financial statements comply with the regulations of the Swiss Code of Obligations. These allow excess reserves to be set up and released, which can lead to significant differences in the earnings reported compared to those actually generated. However, International Disability Alliance did not set up any excess reserves and the earnings reported correspond to those actually generated.

### **2.2 Valuation basis and explanatory notes on the ability to continue as a going concern**

The financial statements have been prepared on the basis of going concern values.

### **3 Comments on the internal control system**

#### **3.1 Extent of structure and documentation of the internal control system**

International Disability Alliance opted up for a statutory control instead of a limited statutory examination as requested by the law in order to obtain more security and build stakeholders trust. Consequently and in accordance with the Swiss Code of Obligations, the validation of the existence of the internal control system is performed during our intervention.

#### **3.2 Results of the audit**

We validate the existence of the internal control system.  
The documentation level is appropriate for the size and the complexity of the entity.

Ernst & Young Ltd

Licensed audit expert  
(Auditor in charge)

Licensed audit expert