

Agenda Item 4.4.1

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R E P O R T

Regarding the Closing of the Books

as of December 31st, 2016

of the

International Shooting Sport Federation, ISSF

Munich

I. Commission and Execution thereof

1. We were commissioned by Mr. Franz Schreiber, Secretary General of the International Shooting Sport Federation, to audit the balance as of 31st December 2016, and submit a professional audit report.

The audit of the vouchers was executed by Mrs. Heuner-Piehler, who also is responsible for the accounting for 2016.

The audit of the income and expenditures is effected by the Committee of Auditors.

2. We executed this commission in our offices in May/June 2017.
3. Full particulars were given by: Franz Schreiber, Secretary General
Angelika Heuner-Piehler, accountant
4. All necessary books and vouchers of the International Shooting Sport Federation (registered society) were placed at our disposal.
5. According to the given statements this final balance includes all items of assets and liabilities as well as all transactions subject to the observance of the principles of orderly bookkeeping.

II. Legal Situation

Name of the Federation: International Shooting Sport Federation (registered society), ISSF

Headquarters: 80336 Munich, Bavariaring 21, GER

Statutes: effective as of July 27th, 1980, last change on April 11th, 2008

Register for Societies: District Court in Munich No. 10152 registered on 5th August 1981, last change on 4th September 2012

Financial Year: Calendar Year

Purpose: Promotes and guides the development of the amateur shooting sports, without discrimination on political, racial or religious grounds and strengthens bonds of friendship between shooting associations of all nations.

Members: 163 National shooting associations from 150 countries.

Board: President: Olegario Vázquez Raña, businessman in Mexico

Secretary General: Franz Schreiber, senior executive in Munich

The President and the Secretary General have individual right of representation.

III. Status of Taxation

The International Shooting Sport Federation, legally registered at the Munich court has been again recognized for the year 2015 as a non profitable organization by act of the Bavarian State Taxation Department dated 3rd March 2017 and decision according to § 60a, paragraph 1 AO dated 5th June 2014.

Duty to pay taxes is restricted to the business operations (sale of stickers and pins, commissions of products in the shop, advertisements in the ISSF News or in championships as well as in the internet).

In all other operations the ISSF is exempt from taxes (corporation tax, trade tax, property and capital tax) because of exclusive and direct pursuance of tax aided beneficial objects by promoting the sports.

The ISSF has been audited by the government until 31st December 2015.

Tax office Munich with tax number 143/217/40716.

IV. Financial Situation

For budgeting reasons the IOC Subsidy is divided in 4 equal parts to the years 2016 - 2019. One quarter will be added each year to the Income. With this budgeting rule the year 2016 shows a surplus of € 1.252.372,05.

The profit increase of 1,222 TEUR compared to the previous year can largely be ascribed to the higher pro-rata subsidies of the IOC of 3,996 TEUR in the reporting year (previous year: 2,972 TEUR).

Other profits and revenues (without the IOC's) slightly increased by 5 TEUR, while expenditures could again be reduced due to strict cost management.

Expenditures could particularly be decreased as less goods were ordered and other operational costs were reduced. In particular, savings with regard to TV, legal and professional fees should be named here.

Currency gains decreased in the reporting year. Currency gains decreased in the reporting year from 416 TEUR to 338 TEUR. Cost savings would be even clearer without that decrease of currency gains.

V. Certificate of the Closing of the books as of 31st December 2016

1. Evidence

The fixed assets are entered in the inventory. The inventory audit had been conducted by Franz Schreiber, Secretary General.

The claims and other assets are proven by balance statements.

The cash on hand is shown in the cash amount book and bank statements of accounts.

2. Assessment

The methods of assessment correspond with the principles of orderly bookkeeping.

The general principles of assessment according § 252, line 1 Commercial Code have been observed such as

- balance continuity
- going concern of management activities
- single and effective day assessment
- precaution principle (impartiality and realization principle)
- definition of periods
- constancy principle

3. Certificate

The structure of the annual account was arranged according the rules of commercial law.

The balance is established in the form of accounts.

The order according to § 266, line 2 and 3 of the German Commercial Code was observed.

The profit-and-loss account was established in progressive rates according to the total-cost-procedure according to § 266 of the German Commercial Code.

VI. Completeness and signing

1. Completeness

I declare, that the documents and statements for the bookkeeping and for the closing of the books as of 31st December 2016 and all informations and evidence are complete and correct.

2. Signing

The statement of completeness and the following report on the closing of the books are herewith signed.

Munich, 20th June 2017

(signature)

Franz Schreiber

VII. The Bookkeeping

The financial bookkeeping is prepared with the DATEV-bookkeeping system by Mrs. Heuner-Piehler. The vouchers are orderly remitted, sufficiently explained and filed clearly.

According to our audit the bookkeeping corresponds to the legal regulations.

The annual report was produced on the basis of the submitted bookkeeping.

VIII. Final comment and closing certificate

In reference to our audit on the closing of the books as of 31st December 2016 we give the following certificate:

The establishment of the annual report according statement and valuation of the assets was conducted under strict observance of legal regulations. No objections exist to the organisation of the bookkeeping.

The report regarding the closing of the books was produced by us on the basis of the submitted bookkeeping, the submitted documents and the given particulars. The outcome certifies completeness and correctness of given particulars and statements.

The annual report was produced under strict observance of the principles of orderly bookkeeping according to the regulations of the commercial law.

Munich, 20th June 2017

(Signature)

Alfred Reitmeier
Tax Advisor - Chartered Accountant – Law Assistant - Auditor

Details of the items of the balance account as of 31st December 2016

A. A S S E T S

1. Establishment ISSF Headquarters

	2016 €	2015 €
Office technology (includes Target Sprint)	14.155,00	14.383,00
Office equipment	<u>59.538,00</u>	<u>44.150,50</u>
	73.693,00	58.533,50

2. Stock of Badges, Rules and Books

	2016 €	2015 €
Stock of books, badges and similar	36.776,84	34.279,36
Stock of rules	476,00	4.620,40
Stock of DVDs	322,50	412,50
Stock of Equipment Control tools	<u>11.570,00</u>	<u>30.599,00</u>
	49.145,34	69.911,26

The stock on hand is made by physical inventory on the setting day of the closing of the books.

3. Claims from supplies

	2016 €	2015 €
Other activities	66.806,45	67.048,10
On subscribers ISSF NEWS	1.001,22	1.285,60
On sales of rule books	271,95	101,95
On judges licenses	2.395,00	4.600,00
On advertisers ISSF-NEWS	<u>10.033,72</u>	<u>12.907,12</u>
	80.508,34	85.942,77

4. Claims from Membership fees, ID Numbers

	2016 €	2015 €
On Memberships fees	4.372,09	17.133,09
On ID Numbers	<u>3.830,00</u>	<u>3.380,00</u>
	8.202,09	20.513,09

5. Other claims

	2016 €	2015 €
Claims on various taxes	8.722,19	70.527,44
Claims on transfers assets	1.200,60	0,00
Claims on transfers assets IOC money received in 2017	<u>1.807.045,43</u>	<u>0,00</u>
	1.816.968,22	70.527,44

6. Cash Account, Postal Account and Bank Account balance

	2016 €	2015 €
Cash Account I Munich €	15.959,43	19.908,63
Cash Account Munich US Dollars \$	3.213,61	6.276,79
Cash Account Swiss Francs SFR	2.093,12	3.256,77
Postal Giro Account (2158 45-801) €	42.811,02	40.573,84
Hypo-Vereinsbank Munich (2719320) €	717.116,44	456.432,50
Hypo-Vereinsbank Munich US Dollar Account (802129106) \$	8.743.821,80	1.031.009,26
Hypo-Vereinsbank Munich Swiss Francs Account (800128390) SFR	40.953,67	18.424,89
Deutsche Bank US Dollar (121093900) \$	3.793.986,94	-2,72
Deutsche Bank Euro (121093900)	<u>5.321,05</u>	<u>5.203,75</u>
	13.365.277,08	1.581.083,71

Proof has been furnished by the cash account book and bank statements of account. The value was established by a rate of exchange of € 1,07500 (TW) for Swiss Francs and 1,05430 for the US Dollar.

	31. Dec 2016 US Dollars / Swiss Francs	Rate of exchange	Balance amount in €
Cash account Munich US Dollar	3.388,11	1,05430	3.213,81
Hypo-Vereinsbank Munich US Dollar Account (802129106)	9.218.611,32	1,05430	8.743.821,80
Deutsche Bank US Dollar (121093900) \$	4.000.000,43	1,05430	3.793.986,94
Hypo-Vereinsbank Munich Swiss Francs Account (800128390)	44.025,19	1,07500	40.953,67
Cash account Munich Swiss Francs	2.250,10	1,07500	2.093,12

7. Deferred charges

	2016 €	2015 €
Deferred charges	5.415,31	67.400,39

B. LIABILITIES

1. Capital

For budgeting reasons the IOC subsidy was divided in 4 equal parts.

	2016 €	2015 €
General Capital		
Situation 1 st January 2016	981.314,38	975.483,29
./. profit 2016 (profit 2015)	<u>1.252.372,05</u>	<u>5.831,09</u>
Situation 31 st December 2015	2.233.686,43	981.314,38
Capital according § 62 (1) Nr. 3 AO (Tax Law)		
Situation 1 st January 2016	625.000,00	500.000,00
Surplus exchange differences	<u>100.000,00</u>	<u>125.000,00</u>
Situation 31 st December 2016	725.000,00	625.000,00
Special Capital (EUR 15.983.770,83) (Subsidy IOC 2016-2019)		
Situation 1 st January 2016	15.983.770,83	2.972.115,08
Closing 1/4 of € 15.983.770,83	<u>-3.995.942,71</u>	-2.972.115,08
Situation 31 st December 2016	11.987.828,12	0,00
	14.964.514,55	1.606.314,38

2. Set back

	2016 €	2015 €
Set back for charges of Audit and Tax declaration	7.500,00	6.500,00
Set back for taxes	7.045,83	265,60
	14.545,83	6.765,60

3. Liabilites on account of advance payments

	2016 €	2015 €
Membership fees	4.781,92	1.035,28
Subscription fees ISSF NEWS	<u>282,74</u>	<u>567,31</u>
	5.064,66	1.602,59

4. Other Liabilities

	2016 €	2015 €
Olympic Solidarity for Asia Qualifying Competition	322.488,86	322.224,27
Other Liabilities (invoices paid in 2017)	72.199,45	3.910,34
Wage Tax and Social Security	19.844,93	13.094,98
VAT current year 2016	<u>18.551,10</u>	<u>0,00</u>
	433.084,34	339.229,59

Details to the items of the Profit and Loss Account for the period of 1st January 2016 to 31st December 2016

Reference is made to the enclosure 2. In view of the extensive specification of income and expenditures in the Profit-and-Loss Account, a detailed report may be dispensed with.

A. Income

ISSF-Membership Fees

	2016 €	2015 €
ISSF Membership fees	103.134,22	104.881,18

Entry fees/ID Numbers

	2016 €	2015 €
Entry fees	34.450,00	73.317,50
ISSF ID Numbers	8.001,83	9.023,66
	42.451,83	82.341,16

ISSF-NEWS

	2016 €	2015 €
Invoices subscription	13.708,04	14.141,57
Advertisements (foreign countries)	102.720,00	93.852,00
Advertisements (domestic)	33.672,35	32.729,50
postage refund	<u>2.357,34</u>	<u>3.299,43</u>
	152.457,73	144.022,50

Rules

	2016 €	2015 €
Rules	71.108,78	68.093,55

Fees from "official suppliers of ISSF"

	2016 €	2015 €
Fees from "official suppliers of ISSF"	16.000,00	10.000,00

Training Academy

	2016 €	2015 €
Reimbursements Training Academy (course fees)	86.217,12	39.910,43
Reimbursements Training Academy “Coach Packages”	<u>13.600,00</u>	<u>8.100,00</u>
	99.817,12	48.010,43

Donations and subsidies (reimbursements)

	2016 €	2015 €
Subsidy GER Ministry of the Interior	10.000,00	10.000,00
Subsidy from IOC for Training Academy	61.886,66	62.611,81
Income from ISSF TV production	5.268,80	2.972,43
Reimbursements Ad Hoc Committee	73.673,95	43.126,02
Income Sponsoring (Sius)	88.191,20	67.048,10
Insurance refund	0,00	4.109,25
	239.020,61	189.867,61

B. Expenditures

Expenditures for Personal charges

	2016 €	2015 €
Salaries	348.117,12	355.406,04
Social security costs	148.872,33	139.743,50
Withholding wage and church tax	181.193,48	187.445,13
Temporary time sharing employees	<u>3.685,23</u>	<u>3.277,34</u>
	681.868,16	685.872,01

Value adjustment

	2016 €	2015 €
Amount written of to bad debts from ISSF NEWS	316,90	949,56

Other Liabilities, loss on exchange rates, charges for parcel costs, advertisement etc.

	2016 €	2015 €
Loss on exchange rates	-338.329,85	-415.543,99
Bank fees	-115,60	115,60
Parcel and courier service costs (DHL)	17.194,63	7.849,64
Costs for cars	43.671,67	45.296,20
I-Pad production costs	68.728,53	62.938,38
External Translation costs	29.768,06	29.101,31
Inventory correction, close out of unusable office and computer equipment	2.408,50	241,00
Representation costs	1.411,99	1.173,20
Costs for production for shop equipment	<u>16.996,04</u>	<u>14.300,00</u>
	-158.266,03	-254.528,66

Training Accademy

	2016 €	2015 €
Income for Training Academy (See page 15)	86.217,12	39.910,43
Income for Training Academy Coach Packages (See page 15) Note: In the previous year report shown under EST.	13.600,00	8.100,00
Subsidy from IOC for Training Academy (see page 12)	61.886,66	62.611,81
Expenditures Training Academy (See page 16)	<u>-92.718,36</u>	<u>-151.033,45</u>
	68.985,42	-40.411,21

For more details reference is made to Enclosures 1 and 2.

Enclosure 1

**Balance Sheet as of 31st December 2016
of the International Shooting Sport Federation, Munich**

ASSETS		
	2016 €	2015 €
I. INVESTED CAPITAL		
Establishment of ISSF Headquarters (see page 7)	73.693,00	58.533,50
II. WORKING CAPITAL	0,00	0,00
1. Stock of badges, rules and books (see page 7)	49.145,34	69.911,26
2. Claims on supplies and services (see page 7)	80.508,34	85.942,77
3. Claims on Membership fees (see page 7)	8.202,09	20.513,09
4. Other claims (see page 7)	1.816.968,22	70.527,44
5. Cash, Postal and Bank Account (see page 8)	13.365.277,08	1.581.083,71
III. Interests	<u>5.415,31</u>	<u>67.400,39</u>
	15.399.209,38	1.953.912,16

LIABILITIES		
	2016 €	2015 €
I. CAPITAL (see page 9)	14.946.514,55	1.606.314,38
II. OUTSTANDING DEBTS	0,00	0,00
Set back (see page 9)	14.545,83	6.765,60
III. LIABILITIES	0,00	0,00
1. Advance payments on Membership fees (see page 10)	4.781,92	1.035,28
2. Advance payments on ISSF NEWS (see page 10)	282,74	567,31
3. Other Liabilities (see page 10)	<u>433.084,34</u>	<u>339.229,59</u>
	15.399.209,38	1.953.912,16

Enclosure 2

**Profit-and-Loss Account for the period
of 1st January to 31st December 2016**

INCOME		
	2016 €	2015 €
Membership fees	103.134,22	104.881,18
Issue of Judges Licenses	7.615,84	13.780,59
Regulations, Rules and Books	71.108,78	68.093,55
Income for ISSF NEWS	152.457,73	144.022,50
Entry Fees	42.451,83	82.341,16
Olympic Games	95.872,37	161.919,68
Income of interests	542,00	6.862,96
Fees for licenses "official suppliers of ISSF"	16.000,00	10.000,00
Income of Training Accademy (see page 12)	86.217,12	39.910,43
Reimbursements Training Academy "Coach Packages" (see page 12)	13.600,00	8.100,00
Subsidy IOC for Training Academy (see page 13)	61.886,86	62.611,81
Subsidy GER Ministry of the Interior (see page 12)	10.000,00	10.000,00
Reimbursements Ad Hoc Committee (see page 12)	73.673,95	43.126,02
Income from ISSF TV production	5.268,80	2.972,43
Income Sponsoring (Sius)	88.191,20	67.048,10
Insurance refund	0,00	4.109,25
Income	828.020,70	829.779,66
	=====	=====

EXPENDITURES		
	2016 €	2015 €
Personal charges (see page 13)	681.868,16	685.872,01
Premises	59.005,23	54.874,13
Postage, Telephone, Telefax	47.651,70	52.307,32
Expenses for the Internet	54.656,92	47.178,24
Expenses for ISSF TV	343.155,94	446.610,52
Expenses for Press News and Public Relations	290.175,91	278.851,31
Travelling and promotion expenses	10.724,43	16.064,42
Expenses General Assembly	62.917,79	3.461,68
Expenses Administrative Council	31.356,29	66.426,59
Expenses Section Committees	65.821,29	65.905,50
Expenses Ad Hoc Committees	136.796,52	115.304,82
Olympic Games	405.477,33	325.526,45
Expenses for Technical Committee	17.654,98	26.148,05
Executive Committee	54.433,72	51.299,93
IOC/ASOIF/AGFIS/WADA	146.340,81	299.058,42
World Cups	88.247,60	83.668,53
World Cup Final	107.808,02	95.951,24
Junior World Cups	29.442,45	10.644,38
World Championships	12.693,53	47.243,27
Continental and other Championships/Games	10.590,20	19.251,43
Charges for machines on lease	11.758,26	9.145,25
Depreciation equipment	19.863,99	22.094,34
Costs of upkeep headquarters	30.384,69	29.573,74
Charges for book and cash audit	14.318,30	13.876,20
Charges for legal advises	115.652,91	204.059,71
Office costs through external services	44.075,25	43.664,35
Taxes	179.223,02	175.549,88
Contributions to insurances	13.222,81	16.556,84
Variations on exchange rates and bank fees	14.314,46	7.565,18
Printed Matters, forms, Office supplies	16.412,50	12.100,34
Other liabilities (see page 13)	-158.266,03	-254.528,66
Charges for ISSF NEWS a) Printing	49.364,60	51.325,82
b) Production of artworks	138.401,00	112.836,00
c) Remunerations, commissions	103.445,25	99.864,35
Coordination costs	74.300,00	63.550,00
Value adjustments on claims	316,90	949,56
Books, Rules, Medals, etc.	55.266,07	120.199,16
Training Academy (see page 13)	92.718,36	151.033,45
Expenditures	3.471.591,16	3.671.063,75
Deficit of the year	-2.643.570,66	-2.841.283,99
IOC Subsidy Part (see page 9)	+3.995.942,71	+2.972.115,08
Capital according § 58 Nr. 7a AO (Tax Law)	-100.000,00	-125.000,00
Balance Surplus (see page 9)	1.252.372,05	5.831,09