

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, 2012

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 2012, 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 2011.

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

2. We executed this commission in our offices in September 2013.
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 July 15th, 1998

Register for Societies: District Court in Munich No. 10152 registered on August 5th,
1981, last change on September 8th, 1998

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: 161 National shooting associations from 148 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 recognized as a non profitable organization by act of the Bavarian State Taxation Department dated October 8th, 2012.

Duty to pay taxes is restricted to the business operations (sale of stickers and pins, commissions for video tapes, 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 31 December 2011.

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 2012 - 2015. One quarter will be added each year to the Income. With this budgeting rule the year 2012 shows a surplus of € 54.820,57.

In 2012 the income could slightly be raised and higher expenses could be compensated by the heavily increased IOC Subsidy which was again distributed in a four year term; therefore a balanced profit and loss statement with a slight profit could be reached.

Despite slightly decreased incomes, the profit situation of the ISSF NEWS could be enhanced due to reduced printing costs. The presence of the ISSF on the internet was again expanded with the ISSF NEWS for example now being available online for everyone free of charge. In addition, the ISSF NEWS will also be available for tablet computers (iPads). The resulting decrease of sold printed versions of the ISSF NEWS in the future is planned to be compensated by increasing advertising revenues.

	2012 €	2011 €	Changes €
Income:			
Subscriptions	21.798,33	21.796,46	1,87
Advertisements	<u>93.869,62</u>	<u>99.912,16</u>	<u>-6.042,54</u>
	115.667,95	121.708,62	-6.040,67
Expenditures:			
Printing costs	55.024,20	74.327,94	-19.303,74
Production Costs for Artworks	114.942,00	112.699,00	2.243,00
Remunerations, Commissions, etc.	91.551,07	83.663,20	7.887,87
Value Adjustment Subscriptions	<u>579,04</u>	<u>966,07</u>	<u>-387,03</u>
	262.096,31	271.656,21	-9.559,90
Surplus/Deficit:	-146.428,36	-149.947,59	3.519,23

V. Certificate of the Closing of the books as of December 31st, 2012

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 December 31st, 2012 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, October 24th, 2013

(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 December 31st, 2012 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, December 10th, 2013

(Signature)

Alfred Reitmeier

Tax Advisor - Chartered Accountant – Law Assistant - Auditor

Details of the items of the balance account as of December 31st, 2012

A. A S S E T S

1. Establishment ISSF Headquarters

	2012 €	2011 €
Office technology	21.195,00	31.616,00
Office equipment	<u>20.305,00</u>	<u>24.730,00</u>
	41.500,00	56.346,00

2. Stock of Badges, Rules and Books

	2012 €	2011 €
Stock of books, badges and similar	45.252,43	44.738,25
Stock of rules	16.147,30	8.293,64
Stock of DVDs	<u>877,50</u>	<u>945,00</u>
	62.277,23	53.976,89

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

3. Claims from supplies

	2012 €	2011 €
Sell of Car Mercedes Viano and other activities	14.722,54	11.800,00
On subscribers ISSF NEWS	1.480,92	1.189,44
On sales of rule books	3.004,96	34,10
On judges licenses	1.140,00	1.400,00
On advertisers ISSF-NEWS	<u>17.594,77</u>	<u>19.718,45</u>
	37.943,19	34.141,99

4. Claims from Membership fees, ID Numbers

	2012 €	2011 €
On Memberships fees	21.379,54	11.078,53
On ID Numbers	<u>1.720,00</u>	<u>2.330,00</u>
	23.099,54	13.408,53

5. Other claims

	2012 €	2011 €
IOC Subsidy paid in 2012 (part payment in 2013)	1.025.701,65	0,00
Interest for account Hypo-Vereinsbank	0,00	2.114,52
Claims on various taxes 2010-2012	428,80	4.251,60
Claims on social payments	1.351,63	0,00
Tax refunds 2010 (sales tax)	0,00	6.306,48
Claims on various items (balance in 2011)	<u>0,00</u>	<u>9.411,00</u>
	1.027.482,08	22.083,60

6. Cash Account, Postal Account and Bank Account balance

	2012 €	2011 €
Cash Account I Munich €	5.632,27	3.562,15
Cash Account Munich US Dollars \$	7.249,68	6.090,64
Cash Account Swiss Francs SFR	1.986,56	2.224,26
Postal Giro Account (2158 45-801) €	1.427,73	4.683,81
Hypo-Vereinsbank Munich (2719320) €	151.650,76	125.616,82
Hypo-Vereinsbank Munich US Dollar Account (802129106) \$	3.654.894,92	171.518,82
Hypo-Vereinsbank (802513909) €	500.000,00	318.552,08
Hypo-Vereinsbank Munich Swiss Francs Account (800128390) SFR	13.490,26	19.295,51
Hypo-Vereinsbank Munich (658102320)	0,00	40.477,68
Allianz Park Depot (373740381)	0,00	205.658,93
Hypo-Vereinsbank Munich US Dollar (800332850) \$	<u>4.573.519,32</u>	<u>0,00</u>
	8.909.851,50	897.680,70

Proof has been furnished by the cash account book and bank statements of account. The value was established by a rate of exchange of € 1,20910 (TW) for Swiss Francs and 1,31190 for the US Dollar.

	31. Dec 2012 US Dollars / Swiss Francs	Rate of exchange	Balance amount in €
Cash account Munich US Dollar	9.510,86	1,31190	7.249,68
Hypo-Vereinsbank Munich US Dollar Account (802129106)	4.794.856,65	1,31190	3.654.894,92
Hypo-Vereinsbank Munich US Dollar Account (800332850)	6.000.000,00	1,31190	4.573.519,32
Hypo-Vereinsbank Munich Swiss Francs Account (800128390)	16.311,07	1,20910	13.490,26
Cash account Munich Swiss Francs	2.401,95	1,20910	1.986,56

7. Deferred charges

	2012 €	2011 €
Deferred charges	4.728,87	8.189,30

B. LIABILITIES

1. Capital

For budgeting reasons the IOC subsidy was divided in 4 equal parts. The first part is added to 2012.

	2012 €	2011 €
General Capital		
Situation 1 st January 2012	642.180,57	1.295.410,17
./. profit 2012 (loss 2011)	<u>54.820,57</u>	<u>-653.229,60</u>
Situation 31 st December 2011	697.001,14	642.180,57
Capital according § 58 Nr. 7a AO (Tax Law)		
Situation 1 st January 2012	400.000,00	400.000,00
Situation 31 st December 2012	400.000,00	400.000,00
Special Capital (US \$ 15.596.471,05) (Subsidy IOC 2012-2015)		
Situation 1 st January 2012	0,00	1.530.136,83
Subvention income 2012	11.888.460,29	0,00
Closing 1/4 of € 11.888.460,29	<u>-2.972.115,07</u>	<u>-1.530.136,83</u>
Situation 31 st December 2012	8.916.345,22	0,00
	10.013.346,36	1.042.180,57

2. Set back

	2012 €	2011 €
Set back for charges of Audit and Tax declaration	5.400,00	5.000,00
Set back for freelancers 12/2011	0,00	3.000,00
	5.400,00	8.000,00

3. Liabilites on account of advance payments

	2012 €	2011 €
Membership fees	3.239,79	1.550,91
Subscription fees ISSF NEWS	<u>455,28</u>	<u>661,16</u>
	3.695,07	2.212,07

4. Other Liabilities

	2012 €	2011 €
Other Liabilities	46.139,47	3.669,35
Wage Tax and Social Security	12.999,47	12.557,05
Sales Tax 2012	<u>25.302,04</u>	<u>17.207,97</u>
	84.440,98	33.434,37

Details to the items of the Profit and Loss Account for the period of 1st January 2012 to 31st December 2012

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

	2012 €	2011 €
ISSF Membership fees	98.416,38	96.953,42

Entry fees/ID Numbers

	2012 €	2011 €
Entry fees	38.813,00	43.759,00
ISSF ID Numbers	<u>9.351,02</u>	<u>8.776,15</u>
	48.164,02	52.535,15

ISSF-NEWS

	2012 €	2011 €
Invoices subscription	18.778,24	19.566,10
Advertisements (foreign countries)	66.093,12	70.617,42
Advertisements (domestic)	27.776,50	29.294,74
postage refund	<u>3.020,09</u>	<u>2.230,36</u>
	115.667,95	121.708,62

Rules

	2012 €	2011 €
Rules	55.763,98	31.389,83

Fees from "official suppliers of ISSF"

	2012 €	2011 €
Fees from "official suppliers of ISSF"	15.000,00	18.000,00

Donations and subsidies (reimbursements)

	2012 €	2011 €
Subsidy GER Ministry of the Interior	10.000,00	10.000,00
Subsidy from IOC for Training Academy	55.643,88	48.783,88
Income from written off asset	0,00	1.401,20
Income from ISSF TV production	4.498,35	0,00
Reimbursements Ad Hoc Committee	57.011,85	6.350,00
	127.154,08	66.535,08

B. Expenditures

Expenditures for Personal charges

	2012 €	2011 €
Salaries	246.164,25	257.170,10
Social security costs	110.498,35	122.175,39
Withholding wage and church tax	100.743,32	99.595,37
Temporary time sharing employees	<u>8.077,09</u>	<u>15.993,93</u>
	465.483,01	494.934,79

Value adjustment

	2012 €	2011 €
Amount written of to bad debts from ISSF NEWS	579,04	966,07

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

	2012 €	2011 €
Loss on exchange rates	204.463,11	55.181,67
Parcel and courier service costs (DHL)	19.225,24	13.545,02
Costs for cars	16.960,86	11.755,60
External Translation costs	6.513,93	18.306,40
Inventory correction, close out of unusable office and computer equipment	<u>2.220,00</u>	<u>4,00</u>
	249.383,14	98.792,69

Training Accademy

	2012 €	2011 €
Income for Training Academy (See page 15)	51.304,50	52.907,00
Subsidy from IOC for Training Academy (see page 12)	55.643,88	48.783,88
Expenditures Training Academy (See page 16)	<u>-90.969,53</u>	<u>-97.351,80</u>
	15.978,85	4.339,08

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

Enclosure 1

**Balance Sheet as of 31st December, 2012
of the International Shooting Sport Federation, Munich**

ASSETS		
	2012 €	2011 €
I. INVESTED CAPITAL		
Establishment of ISSF Headquarters (see page 7)	41.500,00	56.346,00
II. WORKING CAPITAL	0,00	0,00
1. Stock of badges, rules and books (see page 7)	62.277,23	53.976,89
2. Claims on supplies and services (see page 7)	37.943,19	34.141,99
3. Claims on Membership fees (see page 7)	23.099,54	13.408,53
4. Other claims (see page 7)	1.027.482,08	22.083,60
5. Cash, Postal and Bank Account (see page 8)	8.909.851,50	897.680,70
III. Interests	<u>4.728,87</u>	<u>8.189,30</u>
	10.106.882,41	1.085.827,01

LIABILITIES		
	2012 €	2011 €
I. CAPITAL (see page 9)	10.013.346,36	1.042.180,57
II. OUTSTANDING DEBTS	0,00	0,00
Set back (see page 9)	5.400,00	8.000,00
III. LIABILITIES	0,00	0,00
1. Advance payments on Membership fees (see page 10)	3.239,79	1.550,91
2. Advance payments on ISSF NEWS (see page 10)	455,28	661,16
3. Other Liabilities (see page 10)	84.440,98	33.434,37
	10.106.882,41	1.085.827,01

Enclosure 2

**Profit-and-Loss Account for the period
of 1st January to 31st December 2012**

INCOME		
	2012 €	2011 €
Membership fees	98.416,38	96.953,42
Issue of Judges Licenses	8.599,02	7.956,28
Regulations, Rules and Books	55.763,98	31.389,83
Income for ISSF NEWS (see page 3)	115.667,95	121.708,62
Entry Fees	48.164,02	52.535,15
Olympic Games	68.252,90	89.759,78
Income of interests	1.092,58	15.650,31
Fees for licenses "official suppliers of ISSF"	15.000,00	18.000,00
Income of Training Accademy (see page 13)	51.304,50	52.907,00
Subsidy IOC for Training Academy (see page 13)	55.643,88	48.783,88
Subsidy GER Ministry of the Interior (see page 12)	10.000,00	10.000,00
Reimbursements Ad Hoc Committee (see page 12)	57.011,85	6.350,00
Income from ISSF TV production	4.498,35	0,00
Income from written off asset (see page 12)	<u>0,00</u>	<u>1.401,20</u>
Income	589.415,41	553.395,47
	=====	=====

EXPENDITURES		
	2012 €	2011 €
Personal charges (see page 13)	465.483,01	494.934,79
Premises	52.821,81	55.006,89
Postage, Telephone, Telefax	54.068,23	50.946,20
Expenses for the Internet	45.099,02	48.266,26
Expenses for ISSF TV	459.809,24	424.435,18
Expenses for Press News and Public Relations	89.698,27	60.614,08
Travelling and promotion expenses	10.802,78	8.463,40
Expenses General Assembly	270.824,47	1.830,90
Expenses Administrative Council	174.285,55	80.876,79
Expenses Section Committees	56.002,14	48.652,42
Expenses Ad Hoc Committees	95.546,55	82.234,85
Olympic Games	212.224,02	221.560,52
Expenses for Technical Committee	0,00	10.913,43
Executive Committee	150.346,06	76.441,66
Indemnification and reimbursement	0,00	0,00
IOC/ASOIF/AGFIS/WADA	112.029,39	91.408,56
World Cups	40.930,21	42.693,10
World Cup Final	63.087,36	69.347,36
World Championships	1.844,13	5.935,79
Continental and other Championships/Games	11.812,14	0,00
Charges for machines on lease	19.678,85	16.951,77
Depreciation equipment	16.676,20	21.035,22
Costs of upkeep headquarters	25.437,81	26.032,12
Charges for book and cash audit	13.210,20	7.664,00
Charges for legal advises	40.206,50	20.665,50
Office costs through external services	33.241,07	31.923,21
Taxes	120.637,75	119.749,82
Contributions to insurances	14.258,26	11.653,63
Variations on exchange rates and bank fees	5.674,17	6.045,95
Printed Matters, forms, Office supplies	11.844,64	13.257,81
Other liabilities (see page 13)	249.383,14	98.792,69
Charges for ISSF NEWS (see page 3) a) Printing	55.024,20	74.327,94
b) Production of artworks	114.942,00	112.699,00
c) Remunerations, commissions	91.551,07	83.663,20
Coordination costs	92.823,28	82.225,00
Value adjustments on claims	.579,04	966,07
Books, Rules, Medals, etc.	143.857,82	37.194,99
Training Accademy (see page 13)	90.969,53	97.351,80
Expenditures	3.506.709,91	2.736.761,90
Deficit of the year	-2.917.294,50	-2.183.366,43
IOC Subsidy Part (see page 9)	+2.972.115,07	+1.530.136,83
Capital according § 58 Nr. 7a AO (Tax Law)	0,00	0,00
Balance Surplus (see page 9)	54.820,57	-653.229,60