

Agenda Item 4.4.2

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R E P O R T

Regarding the Closing of the Books

as of December 31st, 2013

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 2013, 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 2013.

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

2. We executed this commission in our offices in June 2014.
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: 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 recognized as a non profitable organization by act of the Bavarian State Taxation Department dated June 20th, 2014 and decision according to § 60a, paragraph 1 AO dated June 5, 2014.

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 2012.
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 2013 shows a surplus of € 215.754,556.

Again in 2013 the income could slightly be raised. Despite an increase in almost all fields, the expenses were declining compared to the previous year. This is due to the heavy fall of costs of the bodies. Taking into account the partial subsidies by the IOC, a clear net profit could be reached.

With regard to the ISSF NEWS, the profit situation could further be improved. Despite free digital distribution on the internet, revenues were stable. Expenditures could be reduced by compressing the ISSF NEWS and saving printing costs. That way, for a long time more than 50% expenditures could be generated. The first advertising revenues for the iPad version could already be realized at the end of 2013 and it is planned to obtain further revenues through advertisements on the iPad and soon to come Android version.

	2013 €	2012 €	Changes €
Income:			
Subscriptions	28.123,02	21.798,33	6.324,69
Advertisements	<u>104.532,40</u>	<u>93.869,62</u>	<u>10.662,78</u>
	132.655,42	115.667,95	16.987,47
Expenditures:			
Printing costs	51.823,11	55.024,20	-3.201,09
Production Costs for Artworks	113.609,00	114.942,00	-1.333,00
Remunerations, Commissions, etc.	87.548,85	91.551,07	-4.002,22
Value Adjustment Subscriptions	<u>850,56</u>	<u>579,04</u>	<u>271,52</u>
	253.831,52	262.096,31	-8.264,79
Surplus/Deficit:	-121.176,10	-146.428,36	25.252,26

V. Certificate of the Closing of the books as of December 31st, 2013

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, 2013 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, August 8th, 2014

(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, 2013 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, August 8th, 2014

(Signature)

Alfred Reitmeier

Tax Advisor - Chartered Accountant – Law Assistant - Auditor

Details of the items of the balance account as of December 31st, 2013

A. A S S E T S

1. Establishment ISSF Headquarters

	2013 €	2012 €
Office technology	23.754,00	21.195,00
Office equipment	<u>17.809,00</u>	<u>20.305,00</u>
	41.563,00	41.500,00

2. Stock of Badges, Rules and Books

	2013 €	2012 €
Stock of books, badges and similar	37.531,36	45.252,43
Stock of rules	7.288,74	16.147,30
Stock of DVDs	<u>615,00</u>	<u>877,50</u>
	45.435,10	62.277,23

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

3. Claims from supplies

	2013 €	2012 €
Sell of Car Mercedes Viano and other activities	10.463,89	14.722,54
On subscribers ISSF NEWS	1.494,02	1.480,92
On sales of rule books	615,45	3.004,96
On judges licenses	3.095,00	1.140,00
On advertisers ISSF-NEWS	<u>17.998,22</u>	<u>17.594,77</u>
	33.666,58	37.943,19

4. Claims from Membership fees, ID Numbers

	2013 €	2012 €
On Memberships fees	23.111,47	21.379,54
On ID Numbers	<u>3.330,00</u>	<u>1.720,00</u>
	26.441,47	23.099,54

5. Other claims

	2013 €	2012 €
IOC Subsidy paid in 2012 (part payment in 2013)	0,00	1.025.701,65
Claims on various taxes 2012	428,80	428,80
Claims on social payments	<u>778,23</u>	<u>1.351,63</u>
	1.207,03	1.027.482,08

6. Cash Account, Postal Account and Bank Account balance

	2013 €	2012 €
Cash Account I Munich €	5.839,51	5.632,27
Cash Account Munich US Dollars \$	3.182,18	7.249,68
Cash Account Swiss Francs SFR	889,79	1.986,56
Postal Giro Account (2158 45-801) €	1.136,96	1.427,73
Hypo-Vereinsbank Munich (2719320) €	228.735,66	151.650,76
Hypo-Vereinsbank Munich US Dollar Account (802129106) \$	4.813.188,86	3.654.894,92
Hypo-Vereinsbank (802513909) €	0,00	500.000,00
Hypo-Vereinsbank Munich Swiss Francs Account (800128390) SFR	1.774,22	13.490,26
Hypo-Vereinsbank Munich US Dollar (800332850) \$	729.713,95	4.573.519,32
Deutsche Bank US Dollar (121093900) \$	<u>1.459.882,46</u>	<u>0,00</u>
	7.244.343,59	8.909.851,50

Proof has been furnished by the cash account book and bank statements of account. The value was established by a rate of exchange of € 1,2245 (TW) for Swiss Francs and 1,3704 for the US Dollar.

	31. Dec 2013 US Dollars / Swiss Francs	Rate of exchange	Balance amount in €
Cash account Munich US Dollar	4.360,86	1,37040	3.182,18
Hypo-Vereinsbank Munich US Dollar Account (802129106)	6.595.994,01	1,37040	4.813.188,86
Hypo-Vereinsbank Munich US Dollar Account (800332850)	1.000.000,00	1,37040	729.713,95
Deutsche Bank US Dollar (121093900)	2.000.622,92	1,37040	1.459.882,46
Hypo-Vereinsbank Munich Swiss Francs Account (800128390)	2.172,53	1,22450	1.774,22
Cash account Munich Swiss Francs	1.089,55	1,22450	889,79

7. Deferred charges

	2013 €	2012 €
Deferred charges	8.702,50	4.728,87

B. LIABILITIES

1. Capital

For budgeting reasons the IOC subsidy was divided in 4 equal parts. The first part is added to 2013.

	2013 €	2012 €
General Capital		
Situation 1 st January 2013	697.001,14	642.180,57
./. profit 2013 (profit 2012)	<u>215.754,56</u>	<u>54.820,57</u>
Situation 31 st December 2013	912.755,70	697.001,14
Capital according § 58 Nr. 7a AO (Tax Law)		
Situation 1 st January 2013	400.000,00	400.000,00
Situation 31 st December 2013	400.000,00	400.000,00
Special Capital (US \$ 15.596.471,05) (Subsidy IOC 2012-2015)		
Situation 1 st January 2013	8.916.345,22	11.888.460,29
Closing 1/4 of € 11.888.460,29	<u>-2.972.115,07</u>	<u>-2.972.115,07</u>
Situation 31 st December 2013	5.944.230,15	8.916.345,22
	7.256.985,85	10.013.346,36

2. Set back

	2013 €	2012 €
Set back for charges of Audit and Tax declaration	7.450,00	5.400,00
Set back for taxes	3.801,48	0,00
	11.251,48	5.400,00

3. Liabilites on account of advance payments

	2013 €	2012 €
Membership fees	1.573,92	3.239,79
Subscription fees ISSF NEWS	<u>1.212,96</u>	<u>455,28</u>
	2.786,88	3.695,07

4. Other Liabilities

	2013 €	2012 €
Other Liabilities	67.095,30	46.139,47
Wage Tax and Social Security	10.358,39	12.999,47
Sales Tax 2012, 2013	<u>52.881,37</u>	<u>25.302,04</u>
	130.335,06	84.440,98

Details to the items of the Profit and Loss Account for the period of 1st January 2013 to 31st December 2013

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

	2013 €	2012 €
ISSF Membership fees	91.800,96	98.416,38

Entry fees/ID Numbers

	2013 €	2012 €
Entry fees	37.540,00	38.813,00
ISSF ID Numbers	8.969,95	9.351,02
	46.509,95	48.164,02

ISSF-NEWS

	2013 €	2012 €
Invoices subscription	16.281,46	18.778,24
Advertisements (foreign countries)	69.012,90	66.093,12
Advertisements (domestic)	35.519,50	27.776,50
postage refund	11.841,56	3.020,09
	132.655,42	115.667,95

Rules

	2013 €	2012 €
Rules	94.162,93	55.763,98

Fees from "official suppliers of ISSF"

	2013 €	2012 €
Fees from "official suppliers of ISSF"	10.500,00	15.000,00

Donations and subsidies (reimbursements)

	2013 €	2012 €
Subsidy GER Ministry of the Interior	10.000,00	10.000,00
Subsidy from IOC for Training Academy	53.516,82	55.643,88
Income from written off asset	45,00	0,00
Income from ISSF TV production	2.972,07	4.498,35
Reimbursements Ad Hoc Committee	31.025,29	57.011,85
Income Sponsoring (Sius)	55.005,50	0,00
Reimbursements WCH	<u>11.515,00</u>	<u>0,00</u>
	164.079,68	127.154,08

B. Expenditures

Expenditures for Personal charges

	2013 €	2012 €
Salaries	272.697,25	246.164,25
Social security costs	115.966,93	110.498,35
Withholding wage and church tax	120.832,71	100.743,32
Temporary time sharing employees	<u>8.230,59</u>	<u>8.077,09</u>
	517.727,48	465.483,01

Value adjustment

	2013 €	2012 €
Amount written of to bad debts from ISSF NEWS	850,56	579,04

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

	2013 €	2012 €
Loss on exchange rates	339.158,20	204.463,11
Parcel and courier service costs (DHL)	14.497,05	19.225,24
Costs for cars	27.186,61	16.960,86
I-Pad production costs	57.649,98	0,00
External Translation costs	30.916,10	6.513,93
Inventory correction, close out of unusable office and computer equipment	<u>8.571,00</u>	<u>2.220,00</u>
	477.978,94	249.383,14

Training Academy

	2013 €	2012 €
Income for Training Academy (See page 15)	46.250,00	51.304,50
Subsidy from IOC for Training Academy (see page 12)	53.516,82	55.643,88
Expenditures Training Academy (See page 16)	<u>-103.230,37</u>	<u>-90.969,53</u>
	-3.463,55	15.978,85

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

Enclosure 1

**Balance Sheet as of 31st December, 2013
of the International Shooting Sport Federation, Munich**

ASSETS		
	2013 €	2012 €
I. INVESTED CAPITAL		
Establishment of ISSF Headquarters (see page 7)	41.563,00	41.500,00
II. WORKING CAPITAL	0,00	0,00
1. Stock of badges, rules and books (see page 7)	45.435,10	62.277,23
2. Claims on supplies and services (see page 7)	33.666,58	37.943,19
3. Claims on Membership fees (see page 7)	26.441,47	23.099,54
4. Other claims (see page 7)	1.207,03	1.027.482,08
5. Cash, Postal and Bank Account (see page 8)	7.244.343,59	8.909.851,50
III. Interests	<u>8.702,50</u>	<u>4.728,87</u>
	7.401.359,27	10.106.882,41

LIABILITIES		
	2013 €	2012 €
I. CAPITAL (see page 9)	7.256.985,85	10.013.346,36
II. OUTSTANDING DEBTS	0,00	0,00
Set back (see page 9)	11.251,48	5.400,00
III. LIABILITIES	0,00	0,00
1. Advance payments on Membership fees (see page 10)	1.573,91	3.239,79
2. Advance payments on ISSF NEWS (see page 10)	1.212,96	455,28
3. Other Liabilities (see page 10)	130.335,06	84.440,98
	7.401.359,26	10.106.882,41

Enclosure 2

**Profit-and-Loss Account for the period
of 1st January to 31st December 2013**

INCOME		
	2013 €	2012 €
Membership fees	91.800,96	98.416,38
Issue of Judges Licenses	12.578,44	8.599,02
Regulations, Rules and Books	94.162,93	55.763,98
Income for ISSF NEWS (see page 3)	132.655,42	115.667,95
Entry Fees	46.509,95	48.164,02
Olympic Games	0,00	68.252,90
Income of interests	28.340,97	1.092,58
Fees for licenses "official suppliers of ISSF"	10.500,00	15.000,00
Income of Training Accademy (see page 13)	46.250,00	51.304,50
Subsidy IOC for Training Academy (see page 13)	53.516,82	55.643,88
Subsidy GER Ministry of the Interior (see page 12)	10.000,00	10.000,00
Reimbursements Ad Hoc Committee (see page 12)	31.025,29	57.011,85
Income from ISSF TV production	2.972,07	4.498,35
Income from written off asset (see page 12)	45,00	0,00
Income Sponsoring (Sius)	55.005,50	0,00
Reimbursements WCH	<u>11.515,00</u>	<u>0,00</u>
Income	626.878,35	553.395,47
	=====	=====

EXPENDITURES		
	2013 €	2012 €
Personal charges (see page 13)	517.727,48	465.483,01
Premises	69.560,21	52.821,81
Postage, Telephone, Telefax	55.262,83	54.068,23
Expenses for the Internet	61.515,80	45.099,02
Expenses for ISSF TV	496.602,36	459.809,24
Expenses for Press News and Public Relations	79.774,61	89.698,27
Travelling and promotion expenses	11.343,57	10.802,78
Expenses General Assembly	1.179,88	270.824,47
Expenses Administrative Council	66.179,99	174.285,55
Expenses Section Committees	44.871,43	56.002,14
Expenses Ad Hoc Committees	76.360,96	95.546,55
Olympic Games	23.008,20	212.224,02
Expenses for Technical Committee	4.395,91	0,00
Executive Committee	58.265,56	150.346,06
IOC/ASOIF/AGFIS/WADA	197.764,14	112.029,39
World Cups	51.205,78	40.930,21
World Cup Final	99.593,03	63.087,36
World Championships	25.853,25	1.844,13
Continental and other Championships/Games	11.224,19	11.812,14
Charges for machines on lease	10.381,20	19.678,85
Depreciation equipment	16.144,32	16.676,20
Costs of upkeep headquarters	35.937,38	25.437,81
Charges for book and cash audit	19.823,10	13.210,20
Charges for legal advises	50.885,47	40.206,50
Office costs through external services	33.248,84	33.241,07
Taxes	147.698,26	120.637,75
Contributions to insurances	11.926,20	14.258,26
Variations on exchange rates and bank fees	7.567,84	5.674,17
Printed Matters, forms, Office supplies	19.581,88	11.844,64
Other liabilities (see page 13)	477.978,94	249.383,14
Charges for ISSF NEWS (see page 3) a) Printing	51.823,11	55.024,20
b) Production of artworks	113.609,00	114.942,00
c) Remunerations, commissions	87.548,85	91.551,07
Coordination costs	85.550,00	92.823,28
Value adjustments on claims	850,56	579,04
Books, Rules, Medals, etc.	157.764,36	143.857,82
Training Accademy (see page 13)	<u>103.230,37</u>	<u>90.969,53</u>
Expenditures	3.383.238,86	3.506.709,910
Deficit of the year	-2.756.360,51	-2.917.294,50
IOC Subsidy Part (see page 9)	+2.972.115,07	+2.972.115,07
Capital according § 58 Nr. 7a AO (Tax Law)	0,00	0,00
Balance Surplus (see page 9)	215.754,56	54.820,57