

Agenda Item 4.4.1

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LAW ASSISTANT – AUDITOR,
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R E P O R T

Regarding the Closing of the Books

as of December 31st, 2014

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 2014, 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 2014.

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

2. We executed this commission in our offices in July/August 2015.
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: 165 National shooting associations from 152 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 22nd September 2014 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 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 31st December 2013.
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 2014 shows a surplus of € 162.727,59.

Again in 2014 the income could be increased slightly. Compared to the previous year, expenditures increased slightly due to the organization of the great World Championships and the biennially held General Assembly but were largely compensated by currency profits (previous year – losses). Therefore - with the proportionate IOC's subsidies taken into account – accumulated profits could be achieved even after reserves were raised.

With regard to the ISSF NEWS, revenues improved yet again. The number of advertisements augmented mainly due to the digital distribution of the ISSF NEWS. Rising costs can be attributed to a higher number of pages and special issues with reports on the Youth Olympic Games, World Championships and the General Assembly. Besides, slight increases due to inflation also had to be noted.

	2014 €	2013 €	Changes €
Income:			
Subscriptions	19.651,07	28.123,02	-8.471,95
Advertisements	<u>128.683,00</u>	<u>104.532,40</u>	<u>24.150,60</u>
	148.334,07	132.655,42	15.678,65
Expenditures:			
Printing costs	59.462,04	51.823,11	7.638,93
Production Costs for Artworks	137.952,00	113.609,00	24.343,00
Remunerations, Commissions, etc.	93.383,35	87.548,85	5.834,50
Value Adjustment Subscriptions	<u>202,54</u>	<u>850,56</u>	<u>-648,02</u>
	290.999,93	253.831,52	37.168,41
Surplus/Deficit:	-142.665,86	-121.176,10	-21.489,76

V. Certificate of the Closing of the books as of 31st December 2014

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 2014 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, 26th August 2015

(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 2014 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, 24th August 2015

(Signature)

Alfred Reitmeier

Tax Advisor - Chartered Accountant – Law Assistant - Auditor

Details of the items of the balance account as of 31st December 2014

A. A S S E T S

1. Establishment ISSF Headquarters

	2014 €	2013 €
Office technology (includes Target Sprint)	53.193,50	23.754,00
Office equipment	<u>14.665,00</u>	<u>17.809,00</u>
	67.858,50	41.563,00

2. Stock of Badges, Rules and Books

	2014 €	2013 €
Stock of books, badges and similar	29.317,11	37.531,36
Stock of rules	6.435,12	7.288,74
Stock of DVDs	<u>457,50</u>	<u>615,00</u>
	36.209,73	45.435,10

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

3. Claims from supplies

	2014 €	2013 €
Other activities	82.079,73	10.463,89
On subscribers ISSF NEWS	2.183,40	1.494,02
On sales of rule books	1.742,00	615,45
On judges licenses	1.365,00	3.095,00
On advertisers ISSF-NEWS	<u>26.590,97</u>	<u>17.998,22</u>
	113.961,10	33.666,58

4. Claims from Membership fees, ID Numbers

	2014 €	2013 €
On Memberships fees	1.039,41	23.111,47
On ID Numbers	<u>2.930,00</u>	<u>3.330,00</u>
	3.969,41	26.441,47

5. Other claims

	2014 €	2013 €
Claims on various taxes 2014	47.115,12	428,80
Claims on transfers assets	6.030,00	<u>778,23</u>
	53.145,12	1.207,03

6. Cash Account, Postal Account and Bank Account balance

	2014 €	2013 €
Cash Account I Munich €	25.718,58	5.839,51
Cash Account Munich US Dollars \$	6.996,40	3.182,18
Cash Account Swiss Francs SFR	3.566,90	889,79
Postal Giro Account (2158 45-801) €	10.050,42	1.136,96
Hypo-Vereinsbank Munich (2719320) €	296.568,36	228.735,66
Hypo-Vereinsbank Munich US Dollar Account (802129106) \$	2.066.026,47	4.813.188,86
Hypo-Vereinsbank Munich Swiss Francs Account (800128390) SFR	18.129,93	1.774,22
Hypo-Vereinsbank Munich US Dollar (800332850) \$	243.289,27	729.713,95
Deutsche Bank US Dollar (121093900) \$	255,16	1.459.882,46
Deutsche Bank US Dollar (121093900 financial account) \$	812.737,84	0,00
Deutsche Bank US Dollar (121093900 financial account) \$	<u>810.964,24</u>	<u>0,00</u>
	4.294.303,57	7.244.343,59

Proof has been furnished by the cash account book and bank statements of account. The value was established by a rate of exchange of € 1,20260 (TW) for Swiss Francs and 1,23310 for the US Dollar.

	31. Dec 2014 US Dollars / Swiss Francs	Rate of exchange	Balance amount in €
Cash account Munich US Dollar	8.627,26	1,23310	6.996,40
Hypo-Vereinsbank Munich US Dollar Account (802129106)	2.547.617,24	1,23310	2.066.026,47
Hypo-Vereinsbank Munich US Dollar Account (800332850)	300.000,00	1,23310	243.289,27
Deutsche Bank US Dollar (121093900) \$	314,64	1,23310	255,16
Deutsche Bank US Dollar (121093900 financial account) \$	1.002.187,03	1,23310	812.737,84
Deutsche Bank US Dollar (121093900 financial account) \$	1.000.000,00	1,23310	810.964,24
Hypo-Vereinsbank Munich Swiss Francs Account (800128390)	21.803,05	1,20260	18.129,93
Cash account Munich Swiss Francs	4.289,55	1,20260	3.566,90

7. Deferred charges

	2014 €	2013 €
Deferred charges	6.217,04	8.702,50

B. LIABILITIES

1. Capital

For budgeting reasons the IOC subsidy was divided in 4 equal parts. The first part is added to 2014.

	2014 €	2013 €
General Capital		
Situation 1 st January 2014	912.755,70	697.001,14
./. profit 2014 (profit 2013)	<u>62.727,59</u>	<u>215.754,56</u>
Situation 31 st December 2014	975.483,29	912.755,70
Capital according § 58 Nr. 7a AO (Tax Law)		
Situation 1 st January 2014	400.000,00	400.000,00
Surplus exchange differences	<u>100.000,00</u>	<u>0,00</u>
Situation 31 st December 2014	500.000,00	400.000,00
Special Capital (US \$ 15.596.471,05) (Subsidy IOC 2012-2015)		
Situation 1 st January 2014	5.944.230,15	8.916.345,22
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	2.972.115,08	5.944.230,15
	4.447.598,37	7.256.985,85

2. Set back

	2014 €	2013 €
Set back for charges of Audit and Tax declaration	7.500,00	7.450,00
Set back for taxes	0,00	3.801,48
	7.500,00	11.251,48

3. Liabilites on account of advance payments

	2014 €	2013 €
Membership fees	6.049,97	1.573,92
Subscription fees ISSF NEWS	<u>1.089,26</u>	<u>1.212,96</u>
	7.139,23	2.786,88

4. Other Liabilities

	2014 €	2013 €
Other Liabilities	100.609,43	67.095,30
Wage Tax and Social Security	12.817,44	10.358,39
Sales Tax 2014 and others	0,00	<u>52.881,37</u>
	113.426,87	130.335,06

Details to the items of the Profit and Loss Account for the period of 1st January 2013 to 31st December 2014

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

	2014 €	2013 €
ISSF Membership fees	99.145,79	91.800,96

Entry fees/ID Numbers

	2014 €	2013 €
Entry fees	44.340,00	37.540,00
ISSF ID Numbers	<u>12.243,66</u>	<u>8.969,95</u>
	56.583,66	46.509,95

ISSF-NEWS

	2014 €	2013 €
Invoices subscription	15.503,32	16.281,46
Advertisements (foreign countries)	95.453,50	69.012,90
Advertisements (domestic)	33.229,50	35.519,50
postage refund	<u>4.147,75</u>	<u>11.841,56</u>
	148.334,07	132.655,42

Rules

	2014 €	2013 €
Rules	70.950,30	94.162,93

Fees from "official suppliers of ISSF"

	2014 €	2013 €
Fees from "official suppliers of ISSF"	13.000,00	10.500,00

Donations and subsidies (reimbursements)

	2014 €	2013 €
Subsidy GER Ministry of the Interior	6.000,00	10.000,00
Subsidy from IOC for Training Academy	51.538,80	53.516,82
Income from written off asset	765,69	45,00
Income from ISSF TV production	3.320,58	2.972,07
Reimbursements Ad Hoc Committee	19.881,01	31.025,29
Income Sponsoring (Sius)	61.855,67	55.005,50
Reimbursements WCF (WCH)	21.036,21	11.515,00
Insurance refund	3.715,45	0,00
	168.113,41	164.079,68

B. Expenditures

Expenditures for Personal charges

	2014 €	2013 €
Salaries	347.264,30	272.697,25
Social security costs	157.076,50	115.966,93
Withholding wage and church tax	169.025,33	120.832,71
Temporary time sharing employees	<u>8.571,48</u>	<u>8.230,59</u>
	681.937,61	517.727,48

Value adjustment

	2014 €	2013 €
Amount written of to bad debts from ISSF NEWS	202,54	850,56

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

	2014 €	2013 €
Loss on exchange rates	-516.895,21	339.158,20
Parcel and courier service costs (DHL)	14.330,05	14.497,05
Costs for cars	38.466,29	27.186,61
I-Pad production costs	63.208,34	57.649,98
External Translation costs	56.843,67	30.916,10
Inventory correction, close out of unusable office and computer equipment	178,50	8.571,00
Representation costs	1.044,23	0,00
Costs for production for shop equipment	<u>11.700,00</u>	<u>0,00</u>
	-331.124,13	477.978,94

Training Accademy

	2014 €	2013 €
Income for Training Academy (See page 15)	83.641,18	46.250,00
Subsidy from IOC for Training Academy (see page 12)	51.538,80	53.516,82
Expenditures Training Academy (See page 16)	<u>-117.014,65</u>	<u>-103.230,37</u>
	18.165,33	-3.463,55

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

Enclosure 1

**Balance Sheet as of 31st December 2014
of the International Shooting Sport Federation, Munich**

ASSETS		
	2014 €	2013 €
I. INVESTED CAPITAL		
Establishment of ISSF Headquarters (see page 7)	67.858,50	41.563,00
II. WORKING CAPITAL	0,00	0,00
1. Stock of badges, rules and books (see page 7)	36.209,73	45.435,10
2. Claims on supplies and services (see page 7)	113.961,10	33.666,58
3. Claims on Membership fees (see page 7)	3.969,41	26.441,47
4. Other claims (see page 7)	53.145,12	1.207,03
5. Cash, Postal and Bank Account (see page 8)	4.294.303,57	7.244.343,59
III. Interests	<u>6.217,04</u>	<u>8.702,50</u>
	4.575.664,47	7.401.359,27

LIABILITIES		
	2014 €	2013 €
I. CAPITAL (see page 9)	4.447.598,37	7.256.985,85
II. OUTSTANDING DEBTS	0,00	0,00
Set back (see page 9)	7.500,00	11.251,48
III. LIABILITIES	0,00	0,00
1. Advance payments on Membership fees (see page 10)	6.049,97	1.573,91
2. Advance payments on ISSF NEWS (see page 10)	1.089,26	1.212,96
3. Other Liabilities (see page 10)	<u>113.426,87</u>	<u>130.335,06</u>
	4.575.664,47	7.401.359,26

Enclosure 2

**Profit-and-Loss Account for the period
of 1st January to 31st December 2014**

INCOME		
	2014 €	2013 €
Membership fees	99.145,79	91.800,96
Issue of Judges Licenses	10.823,15	12.578,44
Regulations, Rules and Books	70.950,30	94.162,93
Income for ISSF NEWS (see page 3)	148.334,07	132.655,42
Entry Fees	56.583,66	46.509,95
Olympic Games	56.265,25	0,00
Income of interests	10.704,06	28.340,97
Fees for licenses "official suppliers of ISSF"	13.000,00	10.500,00
Income of Training Accademy (see page 13)	83.641,18	46.250,00
Subsidy IOC for Training Academy (see page 13)	51.538,80	53.516,82
Subsidy GER Ministry of the Interior (see page 12)	6.000,00	10.000,00
Reimbursements Ad Hoc Committee (see page 12)	19.881,01	31.025,29
Income from ISSF TV production	3.320,58	2.972,07
Income from written off asset (see page 12)	765,69	45,00
Income Sponsoring (Sius)	61.855,67	55.005,50
Reimbursements WCH	21.036,21	11.515,00
Insurance refund	<u>3.715,45</u>	<u>0,00</u>
Income	717.560,87	626.878,35
Differenz 3715,45 muss richtig 717560,87	=====	=====

EXPENDITURES		
	2014 €	2013 €
Personal charges (see page 13)	681.937,61	517.727,48
Premises	53.350,29	69.560,21
Postage, Telephone, Telefax	45.412,62	55.262,83
Expenses for the Internet	61.621,01	61.515,80
Expenses for ISSF TV	559.959,75	496.602,36
Expenses for Press News and Public Relations	107.556,93	79.774,61
Travelling and promotion expenses	24.484,94	11.343,57
Expenses General Assembly	403.040,08	1.179,88
Expenses Administrative Council	62.497,20	66.179,99
Expenses Section Committees	42.756,72	44.871,43
Expenses Ad Hoc Committees	63.273,60	76.360,96
Olympic Games	107.788,64	23.008,20
Expenses for Technical Committee	4.141,99	4.395,91
Executive Committee	56.014,90	58.265,56
IOC/ASOIF/AGFIS/WADA	181.317,62	197.764,14
World Cups	51.012,75	51.205,78
World Cup Final	46.902,21	99.593,03
World Championships	221.639,58	25.853,25
Continental and other Championships/Games	4.816,78	11.224,19
Charges for machines on lease	11.711,01	10.381,20
Depreciation equipment	18.195,26	16.144,32
Costs of upkeep headquarters	32.487,16	35.937,38
Charges for book and cash audit	15.771,89	19.823,10
Charges for legal advises	83.342,98	50.885,47
Office costs through external services	35.373,77	33.248,84
Taxes	159.550,72	147.698,26
Contributions to insurances	15.387,58	11.926,20
Variations on exchange rates and bank fees	8.498,81	7.567,84
Printed Matters, forms, Office supplies	17.031,48	19.581,88
Other liabilities (see page 13)	-331.124,13	477.978,94
Charges for ISSF NEWS (see page 3) a) Printing	59.462,04	51.823,11
b) Production of artworks	137.952,00	113.609,00
c) Remunerations, commissions	93.383,35	87.548,85
Coordination costs	72.300,00	85.550,00
Value adjustments on claims	202,54	850,56
Books, Rules, Medals, etc.	200.882,02	157.764,36
Training Accademy (see page 13)	117.014,65	103.230,37
Expenditures	3.526.948,35	3.383.238,86
Deficit of the year	-2.809.387,48	-2.756.360,51
IOC Subsidy Part (see page 9)	+2.972.115,07	+2.972.115,07
Capital according § 58 Nr. 7a AO (Tax Law)	-100.000,00	0,00
Balance Surplus (see page 9)	62.727,59	215.754,56