

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, 2017

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 2017, 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 2017.

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

2. We executed this commission in our offices in June/July 2018.
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: 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 again recognized for the year 2016 as a non profitable organization by act of the Bavarian State Taxation Department dated 21 July 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 2016.

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 2017 shows a loss of € 731.778,21.

Despite increasing profits in the accounting year of approximately 54 TEUR, a decline of 2,084 TEUR must be noted. Consequently, expenditures increased by 2,138 TEUR.

The main reasons for the augmentation are volatile exchange rates for debt claims against credit institutions and other claims in foreign currencies, mainly in US \$. The reporting year showed an exchange loss of 1,477 TEUR, while in the previous year, exchange profits of 333 TEUR could be generated. As much as 1,810 TEUR of the cost increase can therefore be ascribed to exchange rate fluctuation. Real price gains or price losses only occur if ISSF has expenditures in Euro. For expenditures made in US \$ or CHF, exchange rates differ but are balanced out due to conversion by increasing or decreasing expenditures respectively. It must be mentioned that the headquarters and the management are encouraged to only change foreign currency into Euros as needed.

Higher expenditures are further attributed to rising labor costs (140 TEUR), the ISSF Academy (82 TEUR), expenditures of bodies (30 TEUR), legal fees (28 TEUR) and IT (20 TEUR). Also expenditures for goods mounted by 25 TEUR compared to the previous year and reached the extent of the year 2015 and the previous.

Other cost increases could be balanced out by making savings at other assets due to the continuously strict cost management.

V. Certificate of the Closing of the books as of 31st December 2017

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 2017 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, 18th July 2018

(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 2017 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, 18th July 2018

(Signature)

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

Details of the items of the balance account as of 31st December 2017

A. A S S E T S

1. Establishment ISSF Headquarters

	2017 €	2016 €
Office technology (includes Target Sprint)	15.104,00	14.155,00
Office equipment	47.172,00	59.538,00
	62.276,00	73.693,00

2. Stock of Badges, Rules and Books

	2017 €	2016 €
Stock of books, badges and similar	39.073,83	36.776,84
Stock of rules	374,00	476,00
Stock of DVDs	322,50	322,50
Stock of Equipment Control tools	43.619,00	11.570,00
	83.389,33	49.145,34

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

3. Claims from supplies

	2017 €	2016 €
Other activities	3.756,00	66.806,45
On subscribers ISSF NEWS	1.117,52	1.001,22
On sales of rule books	4.514,00	271,95
On judges licenses	3.400,00	2.395,00
On advertisers ISSF-NEWS	12.102,87	10.033,72
	24.890,39	80.508,34

4. Claims from Membership fees, ID Numbers

	2017 €	2016 €
On Memberships fees	85,55	4.372,09
On ID Numbers	3.050,00	3.830,00
ON Coach Licenses	800,00	0,00
	3.935,55	8.202,09

5. Other claims

	2017 €	2016 €
Claims on various taxes	893,20	8.722,19
Claims on transfers assets	0,00	1.200,60
Claims on transfers assets for 1 year (2016 IOC money received in 2017)	8.672,00	1.807.045,43
	9.565,20	1.816.968,22

6. Cash Account, Postal Account and Bank Account balance

	2017 €	2016 €
Cash Account I Munich €	5.268,88	15.959,43
Cash Account Munich US Dollars \$	1.909,39	3.213,61
Cash Account Swiss Francs SFR	1.578,83	2.093,12
Postal Giro Account (2158 45-801) €	3.981,97	42.811,02
Hypo-Vereinsbank Munich (2719320) €	80.051,79	717.116,44
Hypo-Vereinsbank Munich US Dollar Account (802129106) \$	6.637.018,08	8.743.821,80
Hypo-Vereinsbank Munich Swiss Francs Account (800128390) SFR	45.283,43	40.953,67
Deutsche Bank US Dollar (121093900) \$	38.308,15	3.793.986,94
Deutsche Bank US Dollar Time Deposit	3.379.520,11	0,00
Deutsche Bank Euro (121093900)	<u>5.321,05</u>	<u>5.321,05</u>
	10.198.241,68	13.365.277,08

Proof has been furnished by the cash account book and bank statements of account. The value was established by a rate of exchange of € 1,1689 (TW) for Swiss Francs and 1,1836 for the US Dollar.

	31. Dec 2017 US Dollars / Swiss Francs	Rate of exchange	Balance amount in €
Cash account Munich US Dollar	2.259,95	1,18360	1.909,39
Hypo-Vereinsbank Munich US Dollar Account (802129106)	7.855.574,60	1,18360	6.637.018,08
Deutsche Bank US Dollar (121093900) \$	45.341,53	1,18360	38.308,15
Deutsche Bank US Dollar Time Deposit	4.000.000,00	1,18360	3.379.520,11
Hypo-Vereinsbank Munich Swiss Francs Account (800128390)	52.931,80	1,16890	45.283,43
Cash account Munich Swiss Francs	1.845,50	1,16890	1.578,83

7. Deferred charges

	2017 €	2016 €
Deferred charges	6.050,75	5.415,31

B. LIABILITIES

1. Capital

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

	2017 €	2016 €
General Capital		
Situation 1 st January 2017	2.233.686,43	981.314,38
./. loss 2017 (profit 2016)	<u>-731.778,21</u>	<u>1.252.372,05</u>
Situation 31 st December 2017	1.501.908,22	2.233.686,43
Capital according § 62 (1) Nr. 3 AO (Tax Law)		
Situation 1 st January 2017	725.000,00	625.000,00
Surplus exchange differences	<u>0,00</u>	<u>100.000,00</u>
Situation 31 st December 2017	725.000,00	725.000,00
Special Capital (EUR 15.983.770,83) (Subsidy IOC 2016-2019)		
Situation 1 st January 2017	11.987.828,12	15.983.770,83
Closing 1/4 of € 15.983.770,83	<u>-3.995.942,71</u>	<u>-3.995.942,71</u>
Situation 31 st December 2017	7.991.885,41	11.987.828,12
	10.218.793,63	14.964.514,55

2. Set back

	2017 €	2016 €
Set back for charges of Audit and Tax declaration	7.500,00	7.500,00
Set back for taxes	<u>395,90</u>	<u>7.045,83</u>
	7.895,90	14.545,83

3. Liabilites on account of advance payments

	2017 €	2016 €
Membership fees	1.372,93	4.781,92
Subscription fees ISSF NEWS	<u>307,00</u>	<u>282,74</u>
	1.679,93	5.064,66

4. Other Liabilities

	2017 €	2016 €
Olympic Solidarity for Asia Qualifying Competition	0,00	322.488,86
Other Liabilities (invoices paid in 2017)	116.790,33	72.199,45
Wage Tax and Social Security	23.167,86	19.844,93
VAT current year 2016	<u>20.020,25</u>	<u>18.551,10</u>
	159.978,44	433.084,34

Details to the items of the Profit and Loss Account for the period of 1st January 2017 to 31st December 2017

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

	2017 €	2016 €
ISSF Membership fees	102.857,09	103.134,22

Entry fees/ID Numbers

	2017 €	2016 €
Entry fees	39.421,00	34.450,00
ISSF ID Numbers	9.113,57	8.001,83
	48.534,57	42.451,83

ISSF-NEWS

	2017 €	2016 €
Invoices subscription	11.860,54	13.708,04
Advertisements (foreign countries)	111.693,50	102.720,00
Advertisements (domestic)	40.608,50	33.672,35
postage refund	5.508,11	2.357,34
	169.670,65	152.457,73

Rules

	2017 €	2016 €
Rules	94.258,73	71.108,78

Fees from "official suppliers of ISSF"

	2017 €	2016 €
Fees from "official suppliers of ISSF"	12.500,00	16.000,00

Training Academy

	2017 €	2016 €
Reimbursements Training Academy (course fees)	117.059,81	86.217,12
Reimbursements Training Academy “Coach Packages”	<u>14.027,93</u>	<u>13.600,00</u>
	131.087,74	99.817,12

Donations and subsidies (reimbursements)

	2017 €	2016 €
Subsidy GER Ministry of the Interior	10.000,00	10.000,00
Subsidy from IOC for Training Academy	62.338,59	61.886,66
Income from ISSF TV production	2.564,49	5.268,80
Reimbursements Ad Hoc Committee	54.768,93	73.673,95
Income Sponsoring (Sius)	93.958,47	88.191,20
Other reimbursements	<u>2.126,55</u>	<u>0,00</u>
	225.757,03	239.020,61

B. Expenditures

Expenditures for Personal charges

	2017 €	2016 €
Salaries	426.241,66	348.117,12
Social security costs	162.543,96	148.872,33
Withholding wage and church tax	233.117,81	181.193,48
Temporary time sharing employees	3.507,87	3.685,23
	825.411,30	681.868,16

Value adjustment

	2016 €	2016 €
Amount written of to bad debts from ISSF NEWS	22,50	316,90

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

	2017 €	2016 €
Loss on exchange rates	1.477.065,97	-338.329,85
Bank fees	0,00	-115,60
Parcel and courier service costs (DHL)	18.067,64	17.194,63
Costs for cars	38.503,70	43.671,67
I-Pad production costs	56.762,32	68.728,53
External Translation costs	26.763,86	29.768,06
Inventory correction, close out of unusable office and computer equipment	7.120,00	2.408,50
Representation costs	1.856,49	1.411,99
Costs for production for shop equipment	15.600,00	16.996,04
	1.641.739,98	-158.266,03

Training Accademy

	2017 €	2016 €
Income for Training Academy (See page 15)	117.059,81	86.217,12
Income for Training Academy Coach Packages (See page 15) Note: In the previous year report shown under EST.	14.027,93	13.600,00
Subsidy from IOC for Training Academy (see page 12)	62.338,59	61.886,66
Expenditures Training Academy (See page 16)	-174.416,73	-92.718,36
	19.009,60	68.985,42

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

Enclosure 1

**Balance Sheet as of 31st December 2017
of the International Shooting Sport Federation, Munich**

ASSETS		
	2017 €	2016 €
I. INVESTED CAPITAL		
Establishment of ISSF Headquarters (see page 7)	62.276,00	73.693,00
II. WORKING CAPITAL	0,00	0,00
1. Stock of badges, rules and books (see page 7)	83.389,33	49.145,34
2. Claims on supplies and services (see page 7)	24.890,39	80.508,34
3. Claims on Membership fees (see page 7)	3.935,55	8.202,09
4. Other claims (see page 7)	9.565,20	1.816.968,22
5. Cash, Postal and Bank Account (see page 8)	10.198.241,68	13.365.277,08
III. Interests	<u>6.050,75</u>	<u>5.415,31</u>
	10.388.348,90	15.399.209,38

LIABILITIES		
	2017 €	2016 €
I. CAPITAL (see page 9)	10.218.793,63	14.946.514,55
II. OUTSTANDING DEBTS	0,00	0,00
Set back (see page 9)	7.895,90	14.545,83
III. LIABILITIES	0,00	0,00
1. Advance payments on Membership fees (see page 10)	1.372,93	4.781,92
2. Advance payments on ISSF NEWS (see page 10)	307,00	282,74
3. Other Liabilities (see page 10)	<u>159.979,44</u>	<u>433.084,34</u>
	10.388.348,90	15.399.209,38

Enclosure 2

**Profit-and-Loss Account for the period
of 1st January to 31st December 2017**

INCOME		
	2017 €	2016 €
Membership fees	102.857,09	103.134,22
Issue of Judges Licenses	12.963,06	7.615,84
Regulations, Rules and Books	94.258,73	71.108,78
Income for ISSF NEWS	169.670,65	152.457,73
Entry Fees	48.534,57	42.451,83
Olympic Games	0,00	95.872,37
Income of interests	84.432,54	542,00
Fees for licenses "official suppliers of ISSF"	12.500,00	16.000,00
Income of Training Accademy (see page 12)	117.059,81	86.217,12
Reimbursements Training Academy "Coach Packages" (see page 12)	14.027,93	13.600,00
Subsidy IOC for Training Academy (see page 13)	62.338,59	61.886,86
Subsidy GER Ministry of the Interior (see page 12)	10.000,00	10.000,00
Reimbursements Ad Hoc Committee (see page 12)	54.768,93	73.673,95
Income from ISSF TV production	2.564,49	5.268,80
Income Sponsoring (Sius)	93.958,47	88.191,20
Insurance refund	<u>2.126,55</u>	<u>0,00</u>
Income	882.061,41	828.020,70
	=====	=====

EXPENDITURES		
	2017 €	2016 €
Personal charges (see page 13)	825.411,30	681.868,16
Premises	59.360,64	59.005,23
Postage, Telephone, Telefax	40.349,24	47.651,70
Expenses for the Internet	49.011,59	54.656,92
Expenses for ISSF TV	319.706,81	343.155,94
Expenses for Press News and Public Relations	310.126,71	290.175,91
Travelling and promotion expenses	15.326,75	10.724,43
Expenses General Assembly	316.534,23	62.917,79
Expenses Administrative Council	77.233,60	31.356,29
Expenses Section Committees	42.287,09	65.821,29
Expenses Ad Hoc Committees	144.383,00	136.796,52
Olympic Games	21.215,99	405.477,33
Expenses for Technical Committee	29.737,89	17.654,98
Executive Committee	127.295,22	54.433,72
IOC/ASOIF/AGFIS/WADA	132.785,01	146.340,81
Ethics Commission	54.648,95	0,00
World Cups	98.281,18	88.247,60
World Cup Final	99.909,70	107.808,02
Junior World Cups	8.568,06	29.442,45
World Championships	44.990,58	12.693,53
Continental and other Championships/Games	4.119,42	10.590,20
Charges for machines on lease	10.379,39	11.758,26
Depreciation equipment	21.437,37	19.863,99
Costs of upkeep headquarters	54.278,17	30.384,69
Charges for book and cash audit	18.265,70	14.318,30
Charges for legal advises	155.675,53	115.652,91
Office costs through external services	43.178,19	44.075,25
Taxes	190.673,57	179.223,02
Contributions to insurances	17.270,77	13.222,81
Variations on exchange rates and bank fees	10.238,31	14.314,46
Printed Matters, forms, Office supplies	14.446,93	16.412,50
Other liabilities (see page 13)	1.641.739,98	-158.266,03
Charges for ISSF NEWS a) Printing	44.812,80	49.364,60
b) Production of artworks	113.521,00	138.401,00
c) Remunerations, commissions	102.218,19	103.445,25
Coordination costs	96.415,00	74.300,00
Value adjustments on claims	22,50	316,90
Books, Rules, Medals, etc.	79.509,24	55.266,07
Training Accademy (see page 13)	174.416,73	92.718,36
Expenditures	5.609.782,33	3.471.591,16
Deficit of the year	4.727.720,91	-2.643.570,66
IOC Subsidy Part (see page 9)	+3.995.942,71	+3.995.942,71
Capital according § 58 Nr. 7a AO (Tax Law)	0,00	-100.000,00
Balance Loss (2016 Surplus) (see page 9)	-731.788,21	1.252.372,05