

**Report of the statutory auditor
on the limited statutory examination**

with financial statements as of 31 December 2016 of

International Judo Federation, Lausanne



Building a better
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Ernst & Young Ltd
Avenue de la Gare 39a
P.O. Box
CH-1002 Lausanne

Phone +41 58 286 51 11
Fax +41 58 286 51 01
www.ey.com/ch

To the Executive Committee of
International Judo Federation, Lausanne

Lausanne, 23 May 2017
mg/10.3

Report of the statutory auditor on the limited statutory examination

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of International Judo Federation for the year ended 31 December 2016.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the limited statutory examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Ernst & Young Ltd

Serge Clément
Licensed audit expert
(Auditor in charge)

Michael Ackermann
Licensed audit expert

Enclosure

- ▶ Financial statements (balance sheet, income statement and notes)

INTERNATIONAL JUDO FEDERATION, ASSOCIATION, LAUSANNE

BALANCE SHEET AS OF 31 DECEMBER 2016

		31.12.2016	31.12.2015
	Note	<u>CHF</u>	<u>CHF</u>
ASSETS			
Current assets			
Cash and cash equivalents and current assets with a stock exchange price		34'063'345	2'845'741
Trade receivables	3	2'009'370	1'018'564
Accrued income and prepaid expenses	4	385'716	1'141'601
Total current assets		<u>36'458'431</u>	<u>5'005'906</u>
Non-current assets			
Tangible fixed assets			
Real estate	5	4'398'612	4'403'056
Total non-current assets		<u>4'398'612</u>	<u>4'403'056</u>
TOTAL ASSETS		<u>40'857'043</u>	<u>9'408'962</u>

INTERNATIONAL JUDO FEDERATION, ASSOCIATION, LAUSANNE

BALANCE SHEET AS OF 31 DECEMBER 2016

		31.12.2016	31.12.2015
		<u>CHF</u>	<u>CHF</u>
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables			
to third parties		-2'170'231	-1'010'125
to participants & bodies		-1'237'919	-1'047'732
Deferred income and accrued expenses	6	-28'284'911	-3'115'973
Total current liabilities		<u>-31'693'061</u>	<u>-5'173'830</u>
Non-current liabilities			
Non-current interest-bearing liabilities			
Other non-current liabilities	7	-5'641'828	-1'567'628
Unrealised translation gain		-289'320	-223'364
Total non-current liabilities		<u>-5'931'148</u>	<u>-1'790'992</u>
Total liabilities		<u>-37'624'210</u>	<u>-6'964'822</u>
Equity			
Opening balance		-2'444'141	-1'078'833
Net income for the year		-788'692	-1'365'308
Retained earnings	8	<u>-3'232'833</u>	<u>-2'444'140</u>
Total equity		<u>-3'232'833</u>	<u>-2'444'140</u>
TOTAL EQUITY AND LIABILITIES		<u>-40'857'043</u>	<u>-9'408'962</u>

INTERNATIONAL JUDO FEDERATION, ASSOCIATION, LAUSANNE

INCOME STATEMENT AS OF 31 DECEMBER 2016

	31.12.2016	31.12.2015
	<u>CHF</u>	<u>CHF</u>
Income statement		
Contribution from Olympiad	13'189'488	197'631
Sponsorship income	2'813'653	1'577'509
Licensing fees	2'880'548	8'993'418
Suppliers fees	2'198'118	2'626'921
Broadcasting rights	2'600'903	2'270'200
Others	183'251	973'041
Travelling expenses	-7'947'317	-6'790'955
Office expenses	-1'543'785	-1'446'670
Donations	-7'531'248	-1'894'852
Professional fees	-408'844	-154'279
Competition expenses	-1'466'603	-1'036'235
Personnel expenses	-1'671'752	-1'875'091
Other operating expenses	-2'292'410	-1'878'107
<i>amortization (EBITDA)</i>	1'004'001	1'562'529
Depreciation and impairment of tangible fixed assets	-69'711	-68'311
<i>Earnings before interest and tax (EBIT)</i>	934'290	1'494'217
Financial cost	-145'731	-130'188
Financial income	133	1'278
Net income for the year	788'692	1'365'308

INTERNATIONAL JUDO FEDERATION, ASSOCIATION, LAUSANNE

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2016

1. Activities

International Judo Federation is a non for profit association under Swiss law with seat in Lausanne Switzerland. It started its operations in Switzerland as of 1 January 2010. The Federation is composed of National Judo Federations acting as members, officially affiliated through one of the five Continental Judo Unions of Africa, Europe, Oceania, Asia and Pan America. The Federation is engaged in the organization and development of the sport and practice of Judo.

2.1 Basis preparation

These financial statements have been prepared in accordance with the provisions on commercial accounting laid down in articles 957 – 963b Swiss Code of Obligations (CO) (effective 1 January 2013). Presentation adjustments were made to 2015 figures for comparison purpose.

2.2 Principles applied in these financial statements (where these are not specified by law):

Accounting records are maintained in US Dollars (USD), which is the functional currency of the Federation. Financial statements are translated from USD into Swiss Franc (CHF) for statutory purpose. Items of the balance sheet are translated at closing rate and income statements items are translated at average rate. Members' fund are recorded at historical rate. Net translation differences resulting in a loss are taken to income statement. Translation gains are deferred to balance sheet.

2.3 Significant accounting policies

Revenue recognition

Revenue from sponsorship income and membership is recognized when the outcome of the transaction can be estimated reliably.

Donation income is recognized on receipt.

Property

Property is stated at cost less accumulated depreciation and any impairment in value.

Account receivables

Account receivables are stated at amount agreed with sponsors less a provision for uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Account payables and accruals

Liabilities are recognised for amounts to be paid in the future for services received, whether billed by the supplier or not.

INTERNATIONAL JUDO FEDERATION, ASSOCIATION, LAUSANNE

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2016

Provision

Provisions are recognised when the Federation has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the statements of comprehensive income.

The financial statements are presented in CHF but the accounting is in USD because this is the main currency used by the organization.

The assets and liabilities are translated into CHF at the rate of exchange prevailing at the reporting date and their income statement is translated at the yearly average rate.

In 2016, at the end of the year, the exchange rate is 1 \$ = 1.01887 CHF and the average rate is 1 \$ = 0.9849 CHF.

In 2015, at the end of the year, the exchange rate is 1 \$ = 1.001012 CHF and the average rate is 1 \$ = 0.96526 CHF.

3. Account receivables

	December 31, 2016	December 31, 2015
Accounts receivable third parties	3'120'448	1'533'388
Accounts receivable participants and bodies	359 789	77 605
Accounts receivable	3 480 237	1 610 993
Bad debt allowance	1 470 868	592 429
Accounts receivable, net	<u>2 009 370</u>	<u>1 018 564</u>

4. Accrued income and prepaid expenses

	December 31, 2016	December 31, 2015
Accrued income	206 038	281 432
Prepaid expenses	179 679	860 169
	<u>385 716</u>	<u>1 141 601</u>

5. Real estate

	December 31, 2016	December 31, 2015
Ouchy residence	2'831'796	2'833'585
Budapest office	370'568	372'471
Budapest residence	1'196'249	1'197'000
Real estate, net	<u>4'398'612</u>	<u>4'403'056</u>

INTERNATIONAL JUDO FEDERATION, ASSOCIATION, LAUSANNE
 NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2016

6. Accrued expenses and deferred income

	December 31, 2016	December 31, 2015
Accrued expenses	50'462	11'785
Deferred revenue	28'234'449	3'104'188
	28'284'911	3'115'973
	28'284'911	3'115'973

7. Long term debt

	CHF
Balance as at 31.12.15	1'567'627
Long term debt with continental federations	4'090'825
Repayment 2016	-40'650
Currency translation adjustment	24'026
Final balance as at 31.12.16	5'641'828
	5'641'828

The International Judo Federation contracted a loan in 2013 for a total amount of 1.6 MCHF, with interest rate of 1.65%. The amortisation is equal to 1% per year.

8. Other information required by law

In 2015 and 2016, the number of full time equivalent employees is less than 50.