11. AIBA Finance Report & Approval 4 Years Audit Report
AGENDA:

A. Intro
   A1. Reports in AIBA.org
   A2. Equity summary
   A3. Profit & Loss summary
   A4. Net Result vs Equity
   A5. Progress Report last 12M
   ➤ Auditors Presentations

B. Audit Recommendations
   B1. Internal Controls
   B2. VAT procedures
   B3. Receivables
   B4. Payables
   B5. Sub ledgers
   ➤ Introduction of new Auditors
   ➤ Approval of 4 years financials

C. Report on Actuals & Budget 2014 to 2021
   C1. Revenue
   C2. Expenses
   C3. Other Non-Operating
   C4. Recap Profit & Loss
   C5. Returning to a positive Equity

D. New Business Plan for 2018 - 2020
   D1. projected Revenue from Jul’18 to Sep’18
   D2. projected Expenses from Jul’18 to Sep’18
   D3. projected Non-Operating from Jul’18 to Sep’18

Finance reports

A1. Reports in AIBA.org:

1. Annual reports:
   a) Auditor reports AIBA, WSB & BMA from 2013 to 2018
      https://www.aiba.org/annual-reports/

2. Budget 2018 to 2021:
   a) Version September 2018
      https://www.aiba.org/annual-reports/

3. Codes, regulations and rules:
   a) Financial regulations

   b) Accounting Policies and Procedures Manual
Equity (or Unrestricted Funds)

A2. Equity summary (CHF)

Assets minus Liabilities equals Equity

equals the Financial Health of a company

Equity moved in 5 years from a positive 4.4M in 2014 to a negative 19.0M in 2018 due to accumulated losses of (23.5M)

Downward Trend has been halted and reversed over the last 5 months and now it is following an upward trajectory

Profit & Loss 2014-2018

A3. Profit & Loss summary: (P&L)

1) OPERATING INCOME (revenue)

2) OPERATING EXPENSES

3) OTHER INCOME & EXPENSES (OIE)

Operating: current exercise operations
Non-Operating: non-current and extraordinary

Act 2014-2015 = (9.5M) in Expenses and (13.7M) in OIE (Benkons Loan)
B) 2016-2017 = (9.6M) in Expenses following receipt of Rio’16 IOC contribution
## Actuals 2014 to 2018

### A4. **Net Results vs Equity**:

Equity moved in 5 years from a positive **4.4M** in 2014 to a negative **(-19.0M)** in 2018.

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Results</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-2015</td>
<td>(16.6) M</td>
<td>(-12.2) M</td>
</tr>
<tr>
<td>2015-2016</td>
<td>2.2 M</td>
<td>-</td>
</tr>
<tr>
<td>2016-2017</td>
<td>(7.2) M</td>
<td>(-17.2) M</td>
</tr>
<tr>
<td>2017-2018</td>
<td>(1.8) M</td>
<td>(-19.0) M</td>
</tr>
</tbody>
</table>

**NET RESULTS VS EQUITY**

![Chart showing net results vs equity]

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## Progress Report

### A5. **Last 12 months**:

1. **2017/Q4**:  
   Expenditure reforms: review of all existing contracts and clearing of prior 9 months dues

2. **2018/Q1**:  
   Expenditure savings allocated to essentials (e.g. Anti-Doping, Ethics, etc.)

3. **2018/Q2**:  
   Expenditure: additional savings (e.g. EC meeting, Travel, etc.)  
   *Sales Prospects: new contracts signed (approved by EC in Jul’18)*

4. **2018/Q3**:  
   - Income + 1.7M (within the quarter)  
   - Income + 2.0M (deferred next 2 years)  
   - Expenditure savings: Congress, Legal Fees, etc.  
   *Sales Prospects: new contracts in negotiation (+5M to +10M)*

n.b. sales prospects = only secured/signed contracts are included in projections
Audit recommendations

B1. Internal controls findings:

E&Y Recommendation:
We recommend AIBA to perform a risk assessment, define and implement key controls in order to mitigate the key risks. These key risks and controls have to be formalized in a proper internal control system matrix. This will help as well the AIBA’s new employees to understand quickly what are the key controls they have to perform in their day-to-day tasks.

AIBA status Apr’18:
We have finalized the draft of the “Accounting Policies and procedures” manual which upon approval will be implemented along with our SOPs (standard operating procedures) & SoD (separation of duties) documents.

AIBA status Jun’18:
Policies and procedures have been reviewed and approved by Executive Director in May-Jun’18. Quarterly review will happen in the next year (next version Sep’18) and will be available soon in our website. Since Apr’18, we have implemented new processes for Budget, Cash Flow, Cash Inventory, Analytical Coding, BU approvals, PL report, Travel & Expense, Payroll Rec and Inventory. They are monitored via a monthly check list.

AIBA current status:

Task Complete
### Audit recommendations

#### B2. Sub ledgers:

<table>
<thead>
<tr>
<th><strong>E&amp;Y Recommendation:</strong></th>
<th>Sub ledgers (AR&amp;AP) are on an Excel basis which may lead to manual errors. We recommend to implement automated sub ledgers.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AIBA status Apr’18:</strong></td>
<td>A Sub ledger system has been purchased. It will be implemented in the next 2-3 months.</td>
</tr>
<tr>
<td><strong>AIBA status Jun’18:</strong></td>
<td>Pre-preparation work has been made with supplier name coded within the transactions description. This facilitates analysing all the transactions per supplier. The implementation has been scheduled for Jul’18.</td>
</tr>
<tr>
<td><strong>AIBA current status:</strong></td>
<td>Sub ledger has been launched. We are loading historical transactions. We will be running the sub in parallel until 01.01.2019.</td>
</tr>
</tbody>
</table>

#### B3. VAT procedures:

<table>
<thead>
<tr>
<th><strong>E&amp;Y Recommendation:</strong></th>
<th>Substandard VAT processes lead to recurrent late filings. We recommend to implement formal internal VAT reporting procedures to ensure timely filings.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AIBA status Apr’18:</strong></td>
<td>We had engaged a VAT consultant to assess the situation and also review our new internal procedures. A check list has been prepared to support this process. Implementation will be finalized in May-Jun 2018.</td>
</tr>
<tr>
<td><strong>AIBA status Jun’18:</strong></td>
<td>Several meetings have been conducted with our VAT experts. Followed by actions made with the Authorities (self-declaration). Process documentation is on-going and will be finalized by August. The 4-eye principle is applied over all this section.</td>
</tr>
<tr>
<td><strong>AIBA current status:</strong></td>
<td>Task Complete</td>
</tr>
</tbody>
</table>
Audit recommendations

B4. Receivables:

E&Y Recommendation:
We recommend AIBA to implement a formal review procedure of the outstanding amount on a regular and defined basis. The review should be done by the accounting team and formally reviewed by a supervisor (4-eye principle basis). The aim is to ensure the collect process on a timely manner and identify as soon as possible the appropriated bad debt provision to book.

AIBA status Apr’18:
The review procedure was included in the monthly balance sheet review process with a 4-eye principle (prepared by accountant et review by the finance director).
The procedure was abandoned in May 2017 and has been re-implemented from December 2017.
In addition we had AR tracker including commentaries of all actions made. This will be re-implemented from May 2018.

E&Y Recommendation:
We recommend AIBA to implement a formal review procedure of the outstanding amount on a regular and defined basis.
The review should be done by the accounting team and formally reviewed by a supervisor (4-eye principle basis).
The aim is to ensure the collect process on a timely manner and identify as soon as possible the appropriated bad debt provision to book.

AIBA status Jun’18:
We have a matching process and report fully implemented involving the full accounting team with the Finance Director and the Executive Director.
We also conduct balance sheet reconciliation on Monthly basis.
The 4-eye principle is applied over all this section.

AIBA current status:

Task
Complete

Audit

B5. Payables:

E&Y Recommendation:
Trade payables with aging above 5 years were identified.
We recommend to implement a formal review the trade payables position on a regular basis.

AIBA status Apr’18:
For the current AP (same as AR) the review procedure was included in the monthly balance sheet review process with a 4-eye principle (prepared by accountant et review by the finance director). We have an Internal review process that monitors the current trade payables (AP) updated every week. We acknowledge that old items (4-7 years old) were booked but not dealt with. We will review and clear all old items in the next 4-6 weeks.

AIBA status Jun’18:
Several daily, weekly and monthly processes are now running.
A new staff has been hired to complete the team and focus on Account payable.
A report is presented twice a month to the Finance Director, to the Executive Director and to the Interim President.
The 4-eye principle is applied over all this section.

AIBA current status:

Task
Complete
Approval Financials
2014 to 2018

Introduction of New Auditors
Moore Stephens Presentation
– AIBA audit engagement –

Moore Stephens Presentation
Oct 18

Moore Stephens International
- A global network of independent professional service firms
- First office opened in London in 1907
- Top 10 globally
- 271 independent firms and 614 offices in 112 countries
- Moore Stephens member firms across the globe share common values: integrity, personal service, quality, knowledge and a global view.
Moore Stephens Refidar SA
located in Geneva, Nyon, Lausanne

- 9 partners, over 40 employees, 3 offices
- 'Licensed audit expert' certification by the Federal Audit Oversight Authority (FAOA)
- Member of 'EXPERT Suisse' (Swiss Chamber of CPA's)
- Engagement partner: Laurent Rigoli, Swiss chartered accountant, Licensed audit expert
- Reviewing partner: Yanick Platel, Swiss fiduciary expert, Licensed audit expert

New Business Plan
2018 to 2020
Actuals & Budget 2014 to 2021

C1. **REVENUE** (Operating-Income)

Income 2014 to 2018: 4 years cycle
Olympics = 17.2M
Other Revenue = 12M
Total Income = 28.3M

Next years
**Minimum Target 2018-2021**
(excluding current sales prospects)*

Average Year
= 4.1M
= 3.0M
= 7.1M

Target Year
= 7.1M

*Sales prospects = only secured/signed contracts are included in projections

Actuals & Budget 2014 to 2021

C2. **EXPENSES**: (Operating-Expenses)

Expenses: past 4 years = (32.7M)

Next years
**Spend Limit 2018-2022**

Limit p/Year = (6.0M)
Actuals & Budget 2014 to 2021

C3. **OIE** (Non-Operating)

**Expenses 2014-2018:**  past 4 years  
**Total**  = (19.1M)

OIE was driven by litigations, interest, forex and other one off items (e.g. 10M loan).

**Presidential directives:**
- Development revenue streams
- Strictly secured revenues will be included in our projections
- Keep Expenses as low as possible and always below the spend limit
- Eliminate litigations and related costs

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**C4. Recap P&L and Equity:**

**Losses (23.5 M)** 30.06.2014  
**Equity 4M** 30.06.2014

**Equity (19M)** 30.06.2018  
**Gains (7.8 M)** 30.06.2021

**Equity (11.3M)** 30.06.2021

Progress report Jan’18 to Sep’18:  
Equity’2021 projection went from (15.5M) to (11.3M)
Actuals & Budget 2014 to 2021

C5. Returning to positive Equity:

Assuming:

<table>
<thead>
<tr>
<th>Target</th>
<th>Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Revenue</td>
<td>7.1M</td>
</tr>
<tr>
<td>2-Expenses</td>
<td>(6.0M)</td>
</tr>
<tr>
<td>3-OIE</td>
<td>(0.1M)</td>
</tr>
<tr>
<td>Net Result</td>
<td>1.0M</td>
</tr>
</tbody>
</table>

Without realizing new sales prospects
It will take 15 years to regain a positive equity position

NET RESULTS VS EQUITY

New Budget 2018-2020

D1. projected Revenue from Jul’18 to Jun’21:

numbers posted on AIBA’s website:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>300.Olympics</td>
<td>4'305.4</td>
<td>4'408.6</td>
<td>2'152.7</td>
<td>4'500.0</td>
</tr>
<tr>
<td>310. Advertising</td>
<td>757.6</td>
<td>1'583.3</td>
<td>2'000.0</td>
<td>2'000.0</td>
</tr>
<tr>
<td>320. Licensing</td>
<td>2.2</td>
<td>315.9</td>
<td>338.2</td>
<td>338.2</td>
</tr>
<tr>
<td>330. Sport Events</td>
<td>2098.1</td>
<td>800.0</td>
<td>400.0</td>
<td>480.0</td>
</tr>
<tr>
<td>335. Subsidies</td>
<td>53.2</td>
<td>203.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>340. Membership Fees</td>
<td>49.5</td>
<td>48.8</td>
<td>48.8</td>
<td>48.8</td>
</tr>
<tr>
<td>360. Sales of Products</td>
<td>10.1</td>
<td>4.0</td>
<td>3.6</td>
<td>3.6</td>
</tr>
<tr>
<td>365. Examination Fees</td>
<td>133.6</td>
<td>266.6</td>
<td>320.0</td>
<td>320.0</td>
</tr>
<tr>
<td>345. Miscellaneous</td>
<td>19.2</td>
<td>32.7</td>
<td>20.4</td>
<td>20.4</td>
</tr>
<tr>
<td>703. Provision for bad debts</td>
<td>(803.7)</td>
<td>(885.6)</td>
<td>(120.0)</td>
<td>(120.0)</td>
</tr>
<tr>
<td>Total Operating Income</td>
<td><strong>6'625.3</strong></td>
<td><strong>6'777.8</strong></td>
<td><strong>8'763.7</strong></td>
<td><strong>7'591.6</strong></td>
</tr>
</tbody>
</table>

Remarks:
Sponsorship = +2M deal signed Jul’18 included, +3M deal in negotiation (not included)
### New Budget 2018-2021

#### D2. Projected Expenses from Jul’18 to Jun’21:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>420.Personnel costs</td>
<td>(2,045.3)</td>
<td>(2,274.2)</td>
<td>(2,436.3)</td>
<td>(2,436.3)</td>
</tr>
<tr>
<td>400.President's Office</td>
<td>(184.6)</td>
<td>(36.0)</td>
<td>(48.0)</td>
<td>(48.0)</td>
</tr>
<tr>
<td>425.Rent &amp; Utilities</td>
<td>(153.7)</td>
<td>(140.8)</td>
<td>(157.4)</td>
<td>(157.4)</td>
</tr>
<tr>
<td>426.Office expenses</td>
<td>(329.5)</td>
<td>(176.0)</td>
<td>(180.0)</td>
<td>(180.0)</td>
</tr>
<tr>
<td>427.External services</td>
<td>(1,152.5)</td>
<td>(490.5)</td>
<td>(147.0)</td>
<td>(132.0)</td>
</tr>
<tr>
<td>428.Travel &amp; Expenses</td>
<td>(84.5)</td>
<td>(104.5)</td>
<td>(120.0)</td>
<td>(120.0)</td>
</tr>
<tr>
<td>450.AIBA Representatives Expenses</td>
<td>(248.3)</td>
<td>(194.9)</td>
<td>(244.8)</td>
<td>(180.0)</td>
</tr>
<tr>
<td>470.Marketing Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>490.Communication expenses</td>
<td>(665.5)</td>
<td>(577.3)</td>
<td>(276.0)</td>
<td>(276.0)</td>
</tr>
<tr>
<td>500.Continental Confederations</td>
<td>(243.5)</td>
<td>(285.1)</td>
<td>(250.0)</td>
<td>(250.0)</td>
</tr>
<tr>
<td>510.Commissions</td>
<td>(20.2)</td>
<td>(210.9)</td>
<td>(120.0)</td>
<td>(120.0)</td>
</tr>
<tr>
<td>550.AIBA Meetings</td>
<td>(417.9)</td>
<td>(623.6)</td>
<td>(200.0)</td>
<td>(700.0)</td>
</tr>
<tr>
<td>660.AOB Events</td>
<td>(283.4)</td>
<td>(278.1)</td>
<td>(714.2)</td>
<td>(200.0)</td>
</tr>
<tr>
<td>610.Ethics &amp; Antidoping</td>
<td>(191.4)</td>
<td>(327.2)</td>
<td>(618.7)</td>
<td>(553.3)</td>
</tr>
<tr>
<td>620.Development Expenses</td>
<td>(187.6)</td>
<td>(159.9)</td>
<td>(200.0)</td>
<td>(220.0)</td>
</tr>
<tr>
<td>770.Purchases</td>
<td>(5.1)</td>
<td>(2.3)</td>
<td>(3.0)</td>
<td>(3.0)</td>
</tr>
<tr>
<td>770.Miscellaneous Expenses</td>
<td>(2.2)</td>
<td>(0.3)</td>
<td>(0.3)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>790.Expenses from WSB</td>
<td>(170.7)</td>
<td></td>
<td>(120.0)</td>
<td>(120.0)</td>
</tr>
<tr>
<td>770.Depreciation</td>
<td>(139.3)</td>
<td>(120.3)</td>
<td>(120.0)</td>
<td>(120.0)</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>(7,546.7)</td>
<td>(5,683.8)</td>
<td>(5,835.4)</td>
<td>(5,696.0)</td>
</tr>
</tbody>
</table>

Remarks:
2018-Q3 savings versus prior forecast = **253K** (Communication, Ext-Services & President)

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### New Budget 2018-2021

#### D3. Projected Non-Operating from Jul’18 to Jun’21:

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Income</td>
<td>22.4</td>
<td>0.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Expense</td>
<td>(363.5)</td>
<td>(24.6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Exchange Gain</td>
<td>181.2</td>
<td>(23.8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Exchange Loss</td>
<td>(182.7)</td>
<td>(23.4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income related to previous period</td>
<td>54.9</td>
<td>1,866.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extraordinary Income</td>
<td>(578.6)</td>
<td>(300.0)</td>
<td>(150.0)</td>
<td></td>
</tr>
<tr>
<td>Extraordinary Expenses</td>
<td>(450.0)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax</td>
<td>(2.9)</td>
<td>(2.9)</td>
<td>(2.9)</td>
<td>(2.9)</td>
</tr>
<tr>
<td><strong>Total OIE</strong></td>
<td>(869.2)</td>
<td>2,289.2</td>
<td>(302.9)</td>
<td>(152.9)</td>
</tr>
</tbody>
</table>

**NET RESULT (CHF '000)**

<table>
<thead>
<tr>
<th></th>
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</tr>
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<tbody>
<tr>
<td>Total Operating Income</td>
<td>6,625.3</td>
<td>6,777.8</td>
<td>8,763.7</td>
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<tr>
<td>Total Operating Expenses</td>
<td>(7,546.7)</td>
<td>(5,683.8)</td>
<td>(5,835.4)</td>
</tr>
<tr>
<td><strong>NET RESULT</strong></td>
<td>(1,790.8)</td>
<td>3,381.3</td>
<td>2,825.4</td>
</tr>
</tbody>
</table>

**ACCUMULATED LOSSES (CHF '000)**

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>(19,015.4)</td>
<td>(15,632.1)</td>
<td>(13,096.7)</td>
<td>(11,264.6)</td>
</tr>
</tbody>
</table>

Remarks:
Income previous period = **+1.9M** Interest waives on Benkons Loan