

## COMMITTEE REPORT

# Finance & Audit Board

### Committee members:

Rolf Lind, Hilda Gibson, David Tan

### Report by:

Rolf Lind, Chair

## First some general information

The Finance and Audit Board continues its work as constituted by the decision of Congress in 2009. The Board meets twice yearly in the World Archery Office, Lausanne, Switzerland. Also, in attendance during our meetings are Mr Tom Dielen, WA Secretary General, and Ms Caroline Murat, WA Head of finance, both of whom are essential to the working of the Board.

The Board functions within the scope of budgetary matters on a long-term basis and with reviews of recent past performance. Professionals, who are better able to determine the appropriateness or legality of financial dealings, do the technical audit of the books and accounts on an annual basis.

World Archery's banking transactions have for several years now been handled by Banque Cantonale de Vaud, a Swiss regional bank centred in Lausanne.

WA continues to budget and plan in Swiss francs since the largest portion (on the order of 75–80%) of WA expenditures is paid in Swiss francs. Investments have been very conservative as WA has a very little tolerance for loss of principal. These investments have been in fixed income bonds and in Dual Currency Certificates. The return on principal reflects the nature of these investments and provides WA with its greatest level of safety.

The primary sources of income to WA are distributions from the Olympic Games. The chief source of revenue between Olympic Games is commercial revenue. Our sponsorship program is a substantial source of on-going income to WA. Much of our income from the Olympic Games and commercial revenues is paid in US dollars and this currency, relative to the Swiss franc, has not been consistent over the years.

Our accounting principle regarding Olympic revenue has changed. In 2020 and before we recognized it as income when it is received, mainly in the years the Olympic Games are held. From 2021 the Olympic Revenues are split over 4 years. Income from the Olympics in 2020 (postponed to 2021) is recognized as income in the years 2021-2022-2023-2024.

This means that World Archery still must budget continuously for ongoing 4-year periods, to ensure that throughout the period there is coverage both operationally and in terms of liquidity to pay for the activities that are desired to be carried out.

## Comments to statement of income and expenditure for the year 2021

### The result of the year

Total income in 2021 is CHF 7.050.494, the total expenses is CHF 9.206.652, and extraordinary income is CHF 344.791 so the loss for 2021 is CHF 1.811.367.

The result is significantly affected by a payment of CHF 2.200.000 which has been entered in the income statement. See further below under financial costs.

### Income

The income of the year is CHF 7.050.494. This included Olympic Revenue CHF 4.090.814, due to the new accounting principle, where Olympic Revenue is split over 4 years.

We have received CHF 351.970 in associate members fee which is CHF 92.000 more than the previous year.

Rebilling Travel/Accommodation CHF 494.739 reflects income associated with the World Cup hosted by World Archery in Lausanne

The commercial revenue has gone up from CHF 652.376 in 2020 to CHF 1.754.896 in 2021.

### Expenses

#### Administration expenses

The Administration expenses were in 2021 CHF 1.745.861 against CHF 1.593.170 in 2020.

In 2020 we received unemployment reimbursement for CHF 320.000 and for 2021 77.600.

#### Operating expenses

The operating expenses for 2021 is CHF 4.947.703 against CHF 1.178.895 which is an increase on CHF 3.769.000.

When you go through the accounts, you can see that the increase in expenses refers to costs related to events.

	2020	2021	Delta
Communications/Marketing/Sponsorship	122.598	233.695	111.097
Audiovisual Production	151.592	629.718	478.126
Olympic games	28.414	470.415	442.001
Paralympic Games	9.023	70.099	61.076
World Championships Costs	9.067	349.046	339.979
World Cups	288.900	1.909.061	1.620.161
<b>Total</b>	<b>609.594</b>	<b>3.662.034</b>	<b>3.052.440</b>

In operating expenses, you also see an increase in Executive Board & Executive expenses. In 2021 there has been a remuneration to the president on CHF 141.955.

The contribution to World Archery Excellence Center was in 2020 reduced with CHF 500.000 because of the pandemic. In 2021 this amount is paid again.

## Financial expenses

In 2021 WA have paid CHF 2.200.000 according to a contract to finance the construction of the World Archery Excellence Centre owned by FIDTA. This is formally a loan to the center, but it is not likely that they will be able to repay the loan within the next several years, which is why a provision has been made to cover a loss.

## Comments to statement of income and expenditure for the year 2022

### The result of the year

Total income in 2022 is CHF 7.018.463, the total expenses are CHF 5.282.345, and extraordinary income is CHF 11.958 so the profit for 2022 is CHF 1.748.076.

In the budget for 2022 we had a result on CHF -1.022.431 so we came out better with CHF 2.770.507 which is very satisfying.

### Income

The income for the year is CHF 7.018.463 against budget CHF 6.472.863.

The income includes Olympic Revenue CHF 4.134.582, due to the new accounting principle, where Olympic Revenue is split over 4 years.

### Operating income

We have received CHF 355.500 from international license which is CHF 205.500 more than budget.

The Associate Members fee, CHF 440.140 is up with CHF 140.140 against budget.

### Administration expenses

In total CHF 2.031.194 against budget CHF 2.350.918. A saving of CHF 319,723.

This is mainly due to a saving on wages of CHF 295,480, which is partly due to fewer employees, but also a payment of wages due, which was budgeted as an expense in 2022, but already allocated due in 2021.

Insurance is CHF 34.915 over budget due to the international licenses and is offset by the income from the international licenses.

Accounting and audit fee is CHF 25.327 over budget due to higher cost to PWC and work with the WA payroll for 2022.

### Operating expenses

Total for 2022 CHF 3.274.149 which is CHF 1.144.460 under budget on CHF 4.418.609.

On broadcast and distribution there is a saving of CHF 355.000 due to more remote production.

In recent years, WA has worked to reduce costs for events, e.g. on broadcast and distribution but also in other areas. In the total event budget, there are thus savings of CHF 548.000. From broadcast and distribution of CHF 355,000 and on other items CHF 193,000 compared to the budget for 2022.

A review of all accounts under Operating Expenses shows that almost everywhere less has been consumed than budgeted. Everyone in WA has thus shown great financial responsibility and consideration in disposing of expenses.

After the first review of the 2022 budget, all budget officers were asked to find savings of at least 5%. This has been fully successful.

### Financial result

The financial result is CHF 133.958 better than in budget. The reason is a significant better profit on investment in 2022 which is difficult (or impossible) to predict in the present market.

### Exchange Rates Result

We do not budget for losses or gains on exchange rates, as it is impossible to predict movements in the foreign exchange market. On this point too, 2022 has been with us, so that we can ascertain a profit of CHF 317,790 regarding exchange rates.

### Extraordinary Expenses

Extraordinary expenses show a saving of CHF 308,849 compared to the budget. This is mainly due to a smaller contribution to WAEC than budgeted.

We hope this report will be of use to Congress in its deliberations.

On behalf of the Finance and Audit Board, it has been an honour and a pleasure to serve World Archery in this capacity.