

# FINANCE REPORT



Congress  
Bangkok April 2017

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Financial Advisor

# Outlook

- **2016** accounts are closing with a **record surplus of income of \$ 13,5 million**, much higher than the budget
- The IWF is **financially very strong** with a total **equity at 31.12.2016 at \$ 37,6 million**
- **Mid-term financial plan (2017-2020)** is **secured** with strategic reserves at \$ 20 million (according to EB decision)



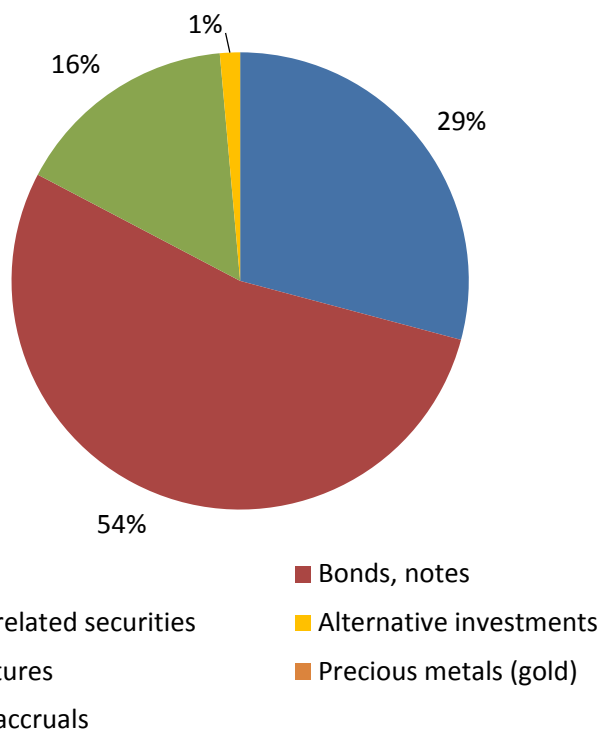
# 2016 Audited Financial Statements



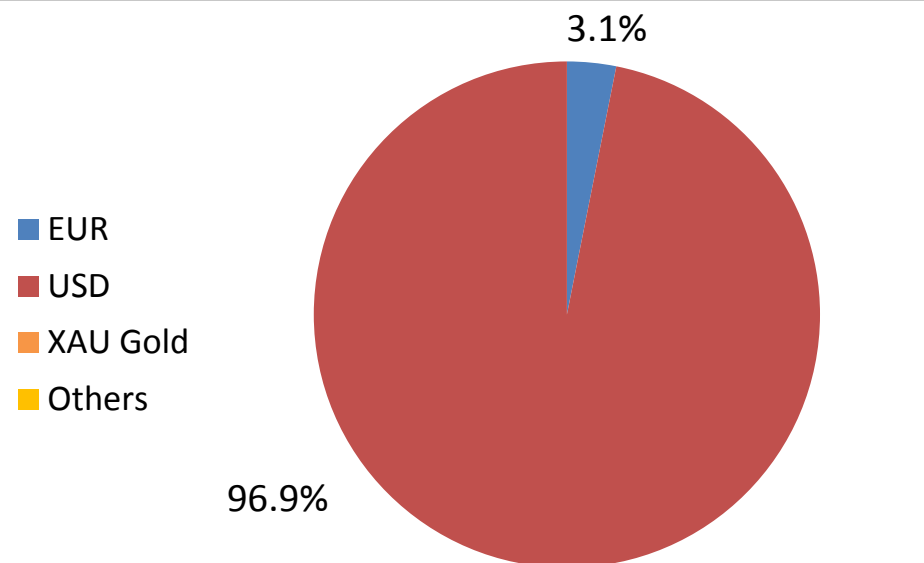
<b>Balance Sheet</b>		<b>31.12.2016</b>	<b>31.12.2015</b>
		<b>USD</b>	<b>USD</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Petty cash		147 514	16 267
Cash at bank		2 136 022	227 658
Short term deposits		-	-
Accounts receivables from :			
- Membership fees		13 500	13 500
- Anti-doping fines		279 500	143 203
- Sponsors (barbell companies)		40 000	80 000
- World Championship		-	99 318
- National Federations		12 122	-
Prepaid expenses		-	168 778
<b>Total current assets</b>		<b>2 628 658</b>	<b>748 724</b>
<b>Non-current assets</b>			
Marketable securities		35 447 054	24 481 647
Deposits		44 569	44 569
<b>Total non-current assets</b>		<b>35 491 623</b>	<b>24 526 216</b>
<b>Total assets</b>		<b>38 120 281</b>	<b>25 274 940</b>

# Assets – portfolio UBP

## Asset allocation



## Currency allocation



# 2016 Audited Financial Statements



<b>Balance Sheet</b>		<b>31.12.2016</b>	<b>31.12.2015</b>
		<b>USD</b>	<b>USD</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Account payables - general operations		289 409	322 088
Account payables - development programs		14 250	188 685
Accrued expenses		83 700	48 700
Advances received		-	34 754
Deferred revenue		5 000	504 000
Provision		150 000	100 000
<b>Total current liabilities</b>		<b>542 359</b>	<b>1 198 227</b>
<b>Equity (unrestricted funds)</b>			
Net excess of -expenditure/income for the period		13 501 209	-1 575 510
Equity brought forward		24 076 713	25 652 223
<b>Total equity</b>		<b>37 577 922</b>	<b>24 076 713</b>
<b>Total liabilities and equity</b>		<b>38 120 281</b>	<b>25 274 940</b>

# 2016 Balance Sheet



- **Comments:**

- Very strong financial situation with Equity at \$ 37.5 million
- AD fines recovery rather good with “only” k\$ 280 pending
- Assets managed by UBP : total \$ 35,4 million, 83 % invested in cash and bonds (risk profile low)

# 2016 Audited Financial Statements



## Summarised Incomes Statement

<i>kUSD</i>	Audited 2016	Budget 2016	Variance
Revenues	19 015	16 499	+ 2 516
Expenses	-5 268	-7 820	+ 2 552
Financial result	-245	-25	- 220
<b>Net result</b>	<b>13 501</b>	<b>8 654</b>	<b>+ 4 847</b>



# 2016 Audited Financial Statements



REVENUE	Audited 2016	Budget 2016	Variance vs Budget 2016		Audited 2015
MEMBERSHIP FEES	77 500	73 000	+ 4 500	+6%	100 000
TV AND MARKETING RIGHTS	1 934 117	1 885 000	+ 49 117	+3%	2 300 362
FEES FOR ORGANISATION OF WCH.	171 996	30 000	+ 141 996	+83%	181 739
IOC REVENUES	15 457 258	14 070 000	+ 1 387 258	+9%	79 269
REIMBURSEMENTS OF ADVANCED COSTS	405 572	245 000	+ 160 572	+40%	32 609
ANTI-DOPING REVENUES	901 933	125 000	+ 776 933	+86%	415 402
IWF TECHNOLOGIES (TIS, NCMS, TL)	14 674	25 000	- 10 326	-70%	8 975
REFEREE CARDS AND LICENSES	24 653	15 000	+ 9 653	+39%	13 534
IWF SHOP SALES	8 451	1 000	+ 7 451	+88%	4 721
SUBSCRIPTIONS TO WWM	84	0	+ 84	-	1 122
OTHERS	18 654	30 000	- 11 346	-61%	0
<b>TOTAL</b>	<b>19 014 892</b>	<b>16 499 000</b>	<b>+ 2 515 892</b>	<b>+13%</b>	<b>3 137 733</b>



# 2016 Incomes



- **Comments:**

- Total incomes : \$ 19' 015k (budget 16' 499)
- Rio 2016 OG revenue : \$ 15' 457k, + 1' 387 vs budget (before final settlement to be received in 2017)
- Anti-doping revenue : actual \$ 902k vs budget 125 (no AD fines budgeted)

# 2016 Audited Financial Statements



EXPENSES	Audited 2016	Budget 2016	Variance vs Budget 2016		Audited 2015
DEVELOPMENT & EDUCATION	1 037 465	1 775 000	+ 737 535	+71%	1 260 569
MEETINGS	330 460	430 000	+ 99 540	+30%	70 177
PARTICIPATION IN MEETINGS	29 845	50 000	+ 20 155	+68%	34 135
COSTS RELATED TO COMPETITIONS	1 173 617	1 200 000	+ 26 383	+2%	343 258
ANTI-DOPING ACTIVITY	703 834	1 450 000	+ 746 166	+106%	866 167
PUBLICATIONS / PR	44 210	330 000	+ 285 790	+646%	92 277
IWF LOGO ITEMS (Diplomas, etc.)	27 547	30 000	+ 2 453	+9%	100 656
IWF TECHNOLOGIES (TIS, NCMS, TL)	40 839	40 000	- 839	-2%	16 584
CONTRIBUTION TO IWF OFFICIALS	575 000	600 000	+ 25 000	+4%	575 000
OPERATION COSTS OF SECRETARIAT - BUD	761 120	1 025 000	+ 263 880	+35%	741 885
OPERATION COSTS OF SECRETARIAT - LSN	222 868	470 000	+ 247 132	+111%	216 167
OPERATION COSTS OF GS OFFICE	143 844	150 000	+ 6 156	+4%	153 047
LEGAL AND ADMINISTRATIVE ASSISTANCE	114 378	180 000	+ 65 622	+57%	96 021
MEMBERSHIP AND SUBSCRIPTION FEES	41 750	10 000	- 31 750	-76%	16 707
IWF MARKETING	6 626	50 000	+ 43 374	+655%	70 119
OTHERS, MISCELLANEOUS	15 027	30 000	+ 14 973	+100%	40 824
<b>TOTAL</b>	<b>5 268 430</b>	<b>7 820 000</b>	<b>+ 2 551 570</b>	<b>+48%</b>	<b>4 693 593</b>

# 2016 Expenses



- **Comments:**

- Development programs : actual expenses \$ 1' 037 (budget available 1,7), as often all the budget available was not spent
- Basically all the costs are below the budget, with significant savings in AD costs, PR and publication and secretariat/administrative expenses
- About personnel costs (salaries) : budgeted additional hires have been postponed both in Budapest and Lausanne

# 2016 Audited Financial Statements



<b>SUMMARY</b>	<b>Audited 2016</b>	<b>Budget 2016</b>	<b>Variance vs Budget 2016</b>		<b>Audited 2015</b>
TOTAL REVENUES	19 014 892	16 499 000	+ 2 515 892	+13%	3 137 733
TOTAL EXPENSES	-5 268 430	-7 820 000	+ 2 551 570	-48%	-4 693 593
<b>OPERATING RESULT</b>	<b>13 746 462</b>	<b>8 679 000</b>	<b>+ 5 067 462</b>	<b>-37%</b>	<b>-1 555 860</b>
FINANCIAL REVENUE (NET)	-201 138	0	- 201 138	-	52 806
BANK CHARGES	-44 115	-25 000	- 19 115	+43%	-72 456
FINANCIAL PROFIT / - LOSS (NET)	-245 253	-25 000	- 220 253	+90%	-19 650
<b>NET SURPLUS OF REVENUES (- EXPENSES)</b>	<b>13 501 209</b>	<b>8 654 000</b>	<b>+ 4 847 209</b>	<b>-36%</b>	<b>-1 575 510</b>

# 2016 Audited Financial Statements



- **Comments:**

- Financial performance slightly negative in markets still very difficult (very uncertain and volatile, interest rates close to zero, FOREX markets unstable, ...)
- Bank charges increasing (closure of UBS accounts, FOREX losses on HUF, etc.)

- **Conclusion:**

- ☒ Net result better than budgeted
- ☒ Very strong financial position (equity)
- ☒ Budget assumptions were generally very conservative

# 2016 Auditors' report (KPMG)



**International Weightlifting Federation,  
Lausanne**

**Report of the Independent Auditor  
on the Financial Statements  
to the Executive Board  
Financial Statements 2016**

In our opinion, the financial statements for the year ended 31 December 2016 comply with Swiss law.

KPMG SA

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Pierre-Henri Pigeon  
*Licensed Audit Expert  
Auditor in Charge*

A handwritten signature in black ink on a light blue dotted background. The signature is stylized and appears to be 'C. Rigoli'. A small red circular stamp with a white cross is visible in the top right corner of the signature area.

Cédric Rigoli  
*Licensed Audit Expert*

Lausanne, 27 March 2017

# 2017 Budget

## Reminder (approved by EB in Penang)

<i>kUSD</i>	Budget 2017
Revenues	2 926
Expenses	-6 660
Financial result	-30
<b>Net result</b>	<b>-3 764</b>

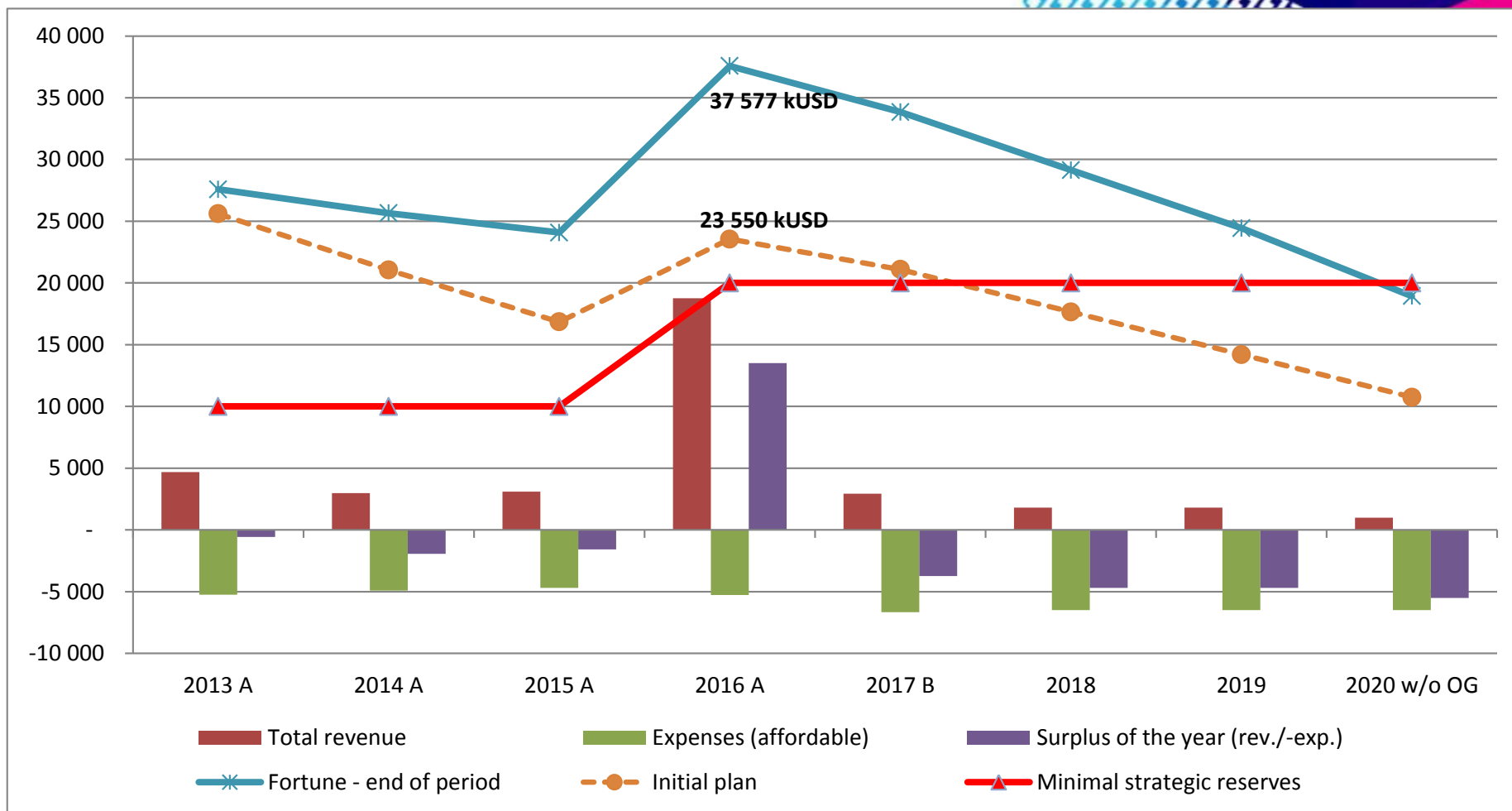
## Update

- OG final instalment : \$ 1,9m (budget 1,2m)
- AD fines : budgeted at zero, actual income ? legal costs ?
- AD controls : budget 1'000 k\$, actual costs might be lower
- Financial result : at 28.02 + 1.38 % = + 490 k\$, next months ?
- WC hosting fee : budget 300 k\$, development Anaheim ?
- Globally : conservative estimation of expenses (some margin)





# 2017-2020 Financial planning



# 2017-2020 Financial planning



## Comments :

- Actual level of reserves (31.12.2016) exceeds by \$ 14 million the level targeted originally (2012). This is due to :
  - Very conservative management of expenses
  - AD fines (never budgeted)
  - Additional revenue (KMG's marketing contract, barbell contract Rio 2016, OG revenue higher than original forecast)
- Plan 2020 confirmed - strategic reserves \$ 20m OK

# Risk analysis

1. TV and marketing future revenue
2. Financial market still very volatile
3. Diversification of revenue (OG dependence)
4. Tax situation in Switzerland
5. Potential changes in the structure/organisation after the electoral congress



# Conclusion / recommendation



## **Marketing strategy :**

Invest in a more professional and long term oriented valorisation of the IWF assets to diversify the revenue stream

## **Reserve strategy :**

Maintain and secure a conservative financial management approach to ensure the continuity of the development and sport management activities even in bad times

## **Change management:**

Any decision affecting the structure and the organisation of the IWF should be assessed considering all the financial aspects (people, skills/knowledge, IT systems, tax, costs, etc.)

# 2016 Audited Financial Statements



- **Proposal to the Congress :**

The IWF Executive Board proposition to the Congress is to approve the 2016 audited financial report

Thank you for your attention !

