International Weightlifting Federation

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

Financial Statements 2012

KPMG SA
Geneva, 15 March 2013
Ref. PHP/CR

KPMG SA
Audit
111, rue de Lyon
CH-1203 Geneva

P.O. Box 347
1211 Geneva 13

Telephone +41 22 704 15 15
Fax +41 22 347 73 13
Internet www.kpmg.ch

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

International Weightlifting Federation

As independent auditor, we have been engaged to audit the accompanying financial statements of the International Weightlifting Federation which comprise the balance sheet, statement of income and expenditures, statement of cash-flow and notes for the year ended 31 December 2012.

Federation's Responsibility
The President and the Secretary General are responsible for the preparation of the financial statements in accordance with the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The treasurer is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law.

KPMG SA

Pierre-Henri Pingeon
Licensed Audit Expert
Auditor in Charge

Cédric Rigoli
Licensed Audit Expert

Geneva, 15 March 2013

Enclosure:
Financial statements (balance sheet, statement of income and expenditures, statement of cash-flow and notes)

Enclosure 1

Balance Sheet as at 31 December		**2012**	**2011**
	Note	USD	USD
ASSETS			
Current assets			
Petty Cash		14,508	22,554
Cash at bank		158,667	308,443
Short term deposits		700,000	-
Accounts receivables from:			
- Sponsoring activities		-	-
- Membership fees		96,500	87,500
- Anti-doping fines		516,282	897,744
Accrued income		-	314,842
Prepaid expenses		9,637	122,479
Total current assets		1,495,594	1,753,562
Non-Current assets			
Marketable securities	3	27,122,376	14,919,818
Total assets		**28,617,970**	**16,673,380**
LIABILITIES AND UNRESTRICTED FUNDS			
Current liabilities			
Account payables		319,569	286,902
Accrued expenses		153,558	218,001
Deferred revenue		5,000	16,146
Total current liabilities		478,127	521,049
Unrestricted funds			
Net excess of revenue/(expenditure) for the reporting year		11,987,512	(1,809,202)
Unrestricted funds brought forward		16,152,331	17,961,533
Total unrestricted funds		28,139,843	16,152,331
Total liabilities and unrestricted funds		**28,617,970**	**16,673,380**

Enclosure 2

Statement of income and expenditures
for the year ended 31 December

	Notes	2012	2011
		USD	USD
Olympic Contribution		14,087,581	2,380
Membership fees		94,500	93,000
Referee card and licenses fees		36,119	23,731
Anti-doping fund & fines		77,518	1,017,402
Marketing, sponsorship and TV revenues	5	924,712	1,253,192
Bidding fees for IWF Championships		69,320	99,902
Reimbursements		261,124	83,904
Other income		111,130	76,849
Total Income		**15,662,004**	**2,650,360**
Doping controls costs		790,400	983,082
Competitions organization expenses	6	913,878	247,000
Conferences and transportation expenses	7	94,986	118,490
Executive Board members and Committee meetings expenses	8	587,831	655,422
Contribution to Continental Federations		250,000	250,000
IWF development program expenses		675,401	302,022
Publications expenses		166,626	137,573
Administrative expenses		339,683	311,251
Personnel expenses		416,115	459,898
Professional and legal expenses		232,883	116,328
Other expenses		159,566	120,269
Total Expenditure		**4,627,369**	**3,701,335**
Excess of revenue/(expenditure) before financial items		**11,034,635**	**(1,050,975)**
Financial revenue/(expense), net	4	952,877	(758,227)
Net excess of revenue/(expenditure) for the reporting year		**11,987,512**	**(1,809,202)**

Enclosure 3

Statement of cash flows

31 December		**2012**	**2011**
	Notes	USD	USD
Cash flows from operating activities			
Olympic contributions		14,087,581	2,380
Membership fees		81,962	72,290
Referee card and licenses fees		36,119	23,731
Anti-doping fund & fines		573,823	370,002
Marketing, sponsorship and TV revenues		1,124,712	638,192
Championships organization fees		69,320	139,902
IWF technologies		3,420	73,644
Reimbursements of advanced costs		251,978	87,159
Subscriptions to World Weightlifting magazine		2,099	2,371
IWF shop		735	833
Bank interests for operating activities		15,156	12,448
Cash received from operating activities		***16,246,905***	***1,422,952***
IWF Development program expenses		(341,354)	(184,146)
Contributions to Continental Federations		(524,649)	(250,000)
Doping control costs		(767,029)	(729,743)
Competition organization expenses		(888,421)	(271,641)
IWF meetings (Congress, EB and council, commissions)		(114,846)	(170,318)
Participation in meetings		(30,003)	(80,826)
Publication expenses		(161,348)	(119,073)
Contributions to IWF officials		(549,000)	(551,000)
Administrative expenses		(307,089)	(296,338)
Personnel expenses		(330,401)	(378,080)
IWF Beijing office, net of remaining cash		(118,344)	(105,344)
Professional and legal assistance		(196,530)	(72,568)
Membership and subscription fees		(19,114)	(10,604)
IWF technologies		(2,847)	(13,178)
Merchandising with IWF logo		(55,586)	(28,101)
IWF Marketing		(45,504)	-
Other expenses		(37,824)	(80,840)
Bank changes for operating activities		(22,391)	(21,507)
Cash paid for operating activities		***(4,512,280)***	***(3,363,307)***
Net cash from/(used in) operating activities		**11,734,625**	**(1,940,355)**
Cash flows (used in)/from investing activities			
(Increase)/Decrease in investing funds		(11,890,343)	1,617,602
Bank charges for investing activities		(2,104)	(17,602)
Net cash (used in)/from investing activities		**(11,892,447)**	**1,600,000**
Net decrease in cash and cash equivalents		**(157,822)**	**(340,355)**
Cash and cash equivalents at beginning of period		**330,997**	**671,352**
Cash and cash equivalents at end of period		**173,175**	**330,997**

Enclosure 4.1

Notes to Financial Statements
31 December 2012

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1 General

The International Weightlifting Federation (hereafter called "IWF") is a Swiss association registered in Lausanne, established as a non-profit legal entity controlled by art. 60 and further of the Swiss Civil Code.

The IWF is the controlling body of the sport of weightlifting and is composed of 186 affiliated National Federations.

2 Summary of significant accounting policies

The significant accounting policies adopted by the IWF in the preparation of the financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Swiss Code of Obligations. They are presented in United States Dollars (USD), since the majority of the IWF's activities is conducted in this currency. They are prepared on the historical cost basis.

2.2 Foreign currencies

With the exception of the investment portfolio at UBP, transactions in currencies other than USD are recorded at the approximating exchange rate on the date of the transaction. At the balance sheet date monetary assets and liabilities denominated in foreign currency are converted into USD at the prevailing exchange rate at that date. Realized and unrealized foreign currency exchange differences are reported in the statement of income and expenditures.

During 2012, the reference currency of the investment portfolio at UBP was changed from EUR to USD. Hence, the accounting records related to the investment portfolio at UBP were maintained in EUR in 2011 and USD in 2012. At the end of the year 2011, the balances in EUR are translated to USD at the exchange rate prevailing at that date.

2.3 Recognition of revenues

Sponsoring and TV revenues

Sponsoring and TV revenues are recorded as income when they are due, as the contractual commitment has been realized. Revenue related to future events are deferred to the period to which it relates.

Doping fines

Doping fines are recorded as revenue at the moment the case is closed, the fine is due and time and rights for appeal have been exhausted.

Affiliation fees

Affiliation fees income is recognized the year they are due.

Enclosure 4.2

Notes to Financial Statements
31 December 2012

2.4 Recognition of expenses

Expenses are recognized in the financial statements on an accrual basis. Expenses are recognized over the period to which they relate.

2.5 Income taxes

As the IWF is a non-profit making association, it benefits from tax exemption available to public usefulness bodies.

2.6 Tangible fixed assets

Tangible fixed assets are recognized as an expense during the period in which they were purchased.

2.7 Reclassification of prior year comparative figures

Certain prior year comparatives have been reclassified to conform to the current year's presentation.

3 Marketable securities

	USD 2012	**USD** 2011
Investment portfolio at UBP	7,642,057	9,943,325
Investment portfolio at UBS	19,480,319	4,976,493
	27,122,376	**14,919,818**

4 Financial revenue, net

Net revenue/(expense) from investment portfolio at UBP	794,951	(642,171)
Net revenue from investment portfolio at UBS	167,264	158,459
Interest from bank account and short term deposit	15,157	12,448
Financial revenue/(expense)	**977,372**	**(471,264)**
Bank charges	(24,495)	(39,111)
Foreign exchange loss on UBP portfolio	-	(247,852)
Financial expense	**(24,495)**	**(286,963)**
Financial revenue/(expense), net	**952,877**	**(758,227)**

Investments portfolios are booked at market fair-value including any accrued interest.

Enclosure 4.3

Notes to Financial Statements
31 December 2012

		USD 2012	USD 2011
5	**Marketing, sponsorship and TV revenues**		
	Marketing and barbell licenses	864,712	598,192
	TV revenues	60,000	655,000
		924,712	**1,253,192**
6	**Competitions organization expenses**		
	Organization of World Championships & Olympic Games	881,049	217,184
	Competition equipment, electronic program	2,847	13,178
	Expenses of qualification competitions	29,982	16,638
		913,878	**247,000**
7	**Conferences and transportation expenses**		
	Participation costs of IWF delegates in conferences	40,739	37,664
	Transportation cost for Championship, congresses & meetings	54,247	80,826
		94,986	**118,490**
8	**Executive Board members and Committee meetings expenses**		
	IWF Executive Board honorarium	524,000	526,000
	Executive Board and Committee meetings expenses	63,831	129,422
		587,831	**655,422**