
Fédération Internationale de Natation

Lausanne

Report to the General Congress on the verification of the four years 2013-2016 financial statements





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of the Fédération Internationale de Natation

Lausanne

As appointed under Article C25, paragraph 2 of the Constitution and according to our engagement letter dated March 17, 2017, we have verified the four years 2013-2016 financial statements of the Fédération Internationale de Natation, which comprise the balance sheet, income statement, cash flow statement and notes, for the period ended 31 December 2016. The four years 2013-2016 financial statements of the Fédération Internationale de Natation are aggregated from the individual 2013, 2014, 2015, 2016 financial statements that we have audited as the statutory auditor. In each of our reports for the mentioned financial statements dated April 15, 2014, June 23, 2015, June 21, 2016, and May 23, 2017 respectively, we have issued an audit opinion, stating that the financial statements comply with the Swiss law and the requirements of the Constitution and had recommended that the financial statements presented to the FINA Bureau be approved.

The Honorary Treasurer is responsible for the preparation and presentation of the four years financial statements while our responsibility is to express an opinion on these financial statements based on our audit.

Our engagement was undertaken in accordance with the Swiss Auditing Standard. The standard requires us to perform the audit such that material misstatements in the financial statements can be identified with reasonable assurance. 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 four years 2013-2016 financial statements comply with the Swiss principles and the requirements of the Constitution.

PricewaterhouseCoopers SA

Guillaume Nayet

Mathieu Roth

Genève, 23 May 2017

Balance sheet at December 31
(in Swiss Francs)

	Notes	2016	2012
Assets			
Current assets			
Cash at bank and in hand		61 209 627	42 540 019
Short term deposits and derivatives	3	19 565 857	7 856 113
Marketable securities	4	46 617 664	18 670 602
Accounts receivable, net	5	11 049 824	2 352 577
Prepaid expenses and other current assets	6	1 590 605	1 434 403
Total current assets		<u>140 033 577</u>	<u>72 853 714</u>
Non current assets			
Leasing and other non current assets		0	79 600
Real Estate - FINA Headquarters	4,7	<u>17 640 978</u>	<u>49 193</u>
Total non current assets		<u>17 640 978</u>	<u>128 793</u>
Total assets		<u><u>157 674 555</u></u>	<u><u>72 982 507</u></u>
Liabilities, deferred income and funds			
Current liabilities			
Accounts payable and other short term payables	8	4 239 316	4 844 763
Accrued liabilities		6 292 235	2 121 225
Provisions		1 947 536	1 701 359
Unrealised exchange gains		<u>635 199</u>	<u>0</u>
		<u>13 114 286</u>	<u>8 667 347</u>
Deferred income	9	<u>45 192 946</u>	<u>9 406 482</u>
Events restricted funds and guarantees	10	<u>6 927 148</u>	<u>2 417 516</u>
Total liabilities		<u>65 234 380</u>	<u>20 491 345</u>
Equity			
Restricted operating funds and reserves	27	86 000 000	38 000 000
Unrestricted operating funds as per statement attached		<u>6 440 175</u>	<u>14 491 162</u>
Total restricted and unrestricted operating funds as per statement attached		<u>92 440 175</u>	<u>52 491 162</u>
Total liabilities, deferred income and funds		<u><u>157 674 555</u></u>	<u><u>72 982 507</u></u>

**Statement of income and expenditure for the four-year period ended
December 31
(in Swiss Francs)**

	Notes	2013-2016	2009-2012
Income			
IOC and OG related contributions	12	35 994 941	33 005 923
FINA Events Income	13	134 775 728	85 928 353
Communication programmes		204 626	253 683
Penalty fees and other fees	14	8 949 124	2 271 504
Other Income		1 402 942	532 870
		181 327 361	121 992 333
Expenditure			
Olympic Games		4 093 743	5 868 298
FINA Events expenses	15	97 117 169	68 735 169
Development activities		3 506 425	1 527 821
Out of competition doping control		4 247 007	2 740 759
Communication and promotion expenses		3 516 578	2 666 999
Rules and regulations control activities	16	619 004	1 195 736
Administration expenses	17	24 520 202	15 842 142
Movements in provision for doubtful debtors and bad debt expenses		6 792 805	1 952 887
		144 412 933	100 529 811
Excess of income before financial results		36 914 428	21 462 522
Financial activities - Gain (Loss)	18	3 034 585	(5 451 298)
Excess of income for the 4 year period		39 949 013	16 011 224
Unrestricted operating funds at beginning of the four year period		14 491 162	36 479 938
Unrestricted operating funds at end of the four year period, prior allocation to restricted funds		54 440 175	52 491 162

**Statement of income and expenditure for the four-year period ended
December 31
(in Swiss Francs)**

	2013-2016	2009-2012
Unrestricted operating funds at end of the four-year period, prior allocation to restricted funds	<u>54 440 175</u>	<u>52 491 162</u>
Allocation to reserves and funds over the four- year period	27,28	
Events cancellation reserve	10 000 000	20 000 000
FINA Headquarters fund	4 000 000	14 000 000
Development programmes reserves and funds	19 000 000	4 000 000
FINA Anti-doping Foundation	<u>15 000 000</u>	<u>0</u>
Restricted operating funds	48 000 000	38 000 000
Unrestricted operating funds at the end of the four-year period	<u>6 440 175</u>	<u>14 491 162</u>
Restricted and unrestricted operating funds as at	December 31, 2016	December 31, 2012
Events cancellation reserve	30 000 000	20 000 000
FINA Headquarters fund	18 000 000	14 000 000
Development programmes reserves and funds	23 000 000	4 000 000
FINA Anti-doping Foundation	<u>15 000 000</u>	<u>0</u>
Restricted operating funds	86 000 000	38 000 000
Unrestricted operating funds	<u>6 440 175</u>	<u>14 491 162</u>
Restricted and unrestricted operating funds at the end of the four-year period	<u>92 440 175</u>	<u>52 491 162</u>

**Cash flow statement for the period
ended 31 December
(in Swiss francs)**

	2013-2016	2009-2012
Operating activities		
Excess of income for the 4 year period	39 949 013	16 011 224
Net increase/decrease in short and long-term provisions	246 177	1 123 754
Net increase/decrease in accounts receivable	(8 697 247)	2 509 825
Net increase/decrease in accrued income and prepaid expenses	(156 202)	10 523
Net increase/decrease in short-term liabilities (excluding financial liabilities and property related costs)	(605 447)	2 055 195
Net increase/decrease in accrued expenses and deferred income	44 467 106	5 266 456
Other non-cash income and expenses	635 199	
Cash flow from operating activities	75 838 599	26 976 977
Investing activities		
Purchases of property, plant and equipment	(17 591 785)	0
Net increase/decrease in short-term liabilities property related costs		0
Proceeds from property, plant and equipment	79 600	(23 908)
Cash flow from investing activities	(17 512 185)	(23 908)
Financing activities		
Net increase/decrease in short-term financial liabilities	0	0
Cash flow from financing activities	0	0
Net increase/decrease in cash and cash equivalents and short-term investments with a quoted market price	58 326 414	26 953 069
Statement of net increase/decrease in cash at bank and in hand and short-term investments		
As at January 1	69 066 734	42 113 665
As at December 31	127 393 148	69 066 734
Net increase/decrease in cash at bank and in hand and short-term investments	58 326 414	26 953 069

Notes to the financial statements for the four-year period 2013-2016

1. Activity

The Fédération Internationale de Natation (FINA), with legal status as an association in accordance with article 60 ff of the Swiss Civil Code, is the world governing body for the sport of Aquatics; its headquarters are located in Lausanne, Switzerland.

The main objectives of FINA are to promote and encourage the development of Aquatics in all possible manifestations throughout the world, to provide fair and drug free sport, to promote and encourage the development of international relations, to encourage participation in Aquatic disciplines at all levels throughout the world regardless of age, gender or race, to organise World Championships and other FINA competitions, to adopt necessary uniform rules and regulations and to hold competitions in Swimming, Open Water Swimming, Diving, High Diving, Water Polo, Synchronised Swimming and Masters, to encourage the increase of facilities for Aquatic's disciplines throughout the world with the support of other interested parties and to carry out such other activities as may be desirable to promote the sport.

2. Summary of significant accounting policies

2.1 Basis of accounting

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1st January 2013). Significant balance sheet items are accounted for as follows:

2.2 Short term deposits and derivatives

Term deposits are deposits held in currencies other than Swiss Francs and valued at exchange rates ruling at year-end.

Structured products are short term deposits including derivative financial instruments to hedge exposure against currency fluctuations. At year end these deposits are valued at fair value, being the market value on balance sheet date of the quoted structured product.

2.3 Marketable securities

Marketable securities are valued on an item by item basis at the lower of costs and market values.

2.4 Deferred income, prepaid expenses and other current assets

Any funds received for events to be held in the future or invoiced on a contractual basis, where reimbursement of these funds would be necessary in the case of event cancellation, are deferred in the balance sheet and not recognized as income until the event for which the funds were received has taken place. Costs incurred for future events are capitalized within "Prepaid expenses and other current assets" and are amortized in line with the recognition of the related revenue. Deferred income is recorded applying the exchange rate prevailing on the date of invoicing. Provision has been recorded where FINA's liability has increased due to exchange rate fluctuation.

Notes to the financial statements for the four-year period 2013-2016

2.5 Accounting for foreign currencies

Assets and liabilities denominated in currencies other than Swiss francs are recorded based on exchange rates ruling at the year-end. Transactions denominated in other than Swiss francs are recorded at average rates for the year. All exchange losses and realized exchange gains are recognized in the statement of income and expenditure.

Unrealized exchange gains are deferred and recognized under current liabilities.

2.6 Provision for doubtful accounts

Provision is made for accounts whose collection is considered by management to be uncertain; this is described as provision for doubtful accounts in the financial statements.

2.7 Off balance sheet items and guarantees

Over the period a guarantee of CHF 650 000 was issued by the bank Julius Baer in relation with the acquisition of real estate property for FINA headquarters. This acquisition option had been extended to December 2013, where FINA finalised the acquisition of the property.

A rent guarantee letter had been issued by UBS Switzerland SA as a guarantee for the rent of the FINA temporary offices in Lausanne. This guarantee was cancelled at the end of December 2016.

	December 31, 2016 CHF	December 31, 2012 CHF
3. Short term deposits and derivatives		
Short term deposits	4 080 706	1 832 505
Deposits with derivatives	15 493 446	6 096 639
Provision on deposits with structured products as per note 2.2	(8 295)	(73 031)
	<u>19 565 857</u>	<u>7 856 113</u>
4. Marketable securities		
Marketable securities at cost value	47 019 658	19 661 087
Provision on marketable securities as per note 2.3	(401 994)	(990 485)
	<u>46 617 664</u>	<u>18 670 602</u>
Market value of marketable securities	49 310 197	19 268 327

Notes to the financial statements for the four-year period 2013-2016

	December 31, 2016 CHF	December 31, 2012 CHF
5. Accounts receivable		
Accounts receivable		
Federations and host cities	2 592 870	3 281 234
Host cities - World Championships organisers and LOCOG	5 805 669	110 088
Broadcasters and sponsors	4 991 855	1 077 351
Other debtors	115 993	63 481
	<u>13 506 387</u>	<u>4 532 154</u>
Provision for doubtful accounts	(2 456 863)	(2 179 577)
	<u>11 049 524</u>	<u>2 352 577</u>

6. Prepaid expenses and other current assets

Accrued income on short term deposits and marketable securities	320 294	230 769
Prepaid expenses for events	1 088 275	819 592
Swiss VAT and Withholding tax to claim	21 020	0
Blocked bank account - Note 11	0	238 732
Rent and other third parties guarantee deposits accounts	70 145	38 856
Other prepaid items	90 871	106 454
	<u>1 590 605</u>	<u>1 434 403</u>

7. Real Estate acquisition for FINA Headquarters

In June 2013, FINA acquired a real estate to build the FINA Headquarter. To finance this acquisition, FINA raised a lombard loan bearing interest. This loan is renewed on a monthly basis and guaranteed by pledged cash at bank and marketable securities.

As at December 31, 2016 the value of the loan was nil. FINA moved to its new Headquarters on October 1, 2016.

Headquarter building costs	11 302 085	0
Property purchase costs	6 338 893	49 193
	<u>17 640 978</u>	<u>49 193</u>

8. Accounts payable and accruals

General suppliers		
Federations	790 729	164 939
Other suppliers	1 465 881	2 716 830
Real Estate construction - suppliers	73 082	0
Swiss VAT	1 909 624	1 962 994
	<u>4 239 316</u>	<u>4 844 763</u>

Notes to the financial statements for the four-year period 2013-2016

	December 31, 2016 CHF	December 31, 2012 CHF
9. Deferred income		
Affiliation fees	13 400	4 325
Bid and registration fees	134 845	440 495
Host Cities (WCH) partnership rights and fees	33 135 365	6 462 750
Host Cities (WCH) HB and TV budgeted costs	3 582 424	137 865
Broadcasters and sponsors	5 337 456	2 356 513
Olympic Games related & other income	4 485	4 534
Exchange rate fluctuation impact on deferred income	2 984 971	0
	<u>45 192 946</u>	<u>9 406 482</u>

10. Events restricted funds and guarantees for events

Swimming World Cup restricted fund for World Records	37 284	37 284
Guarantees and deposits for forthcoming events		
World Championships, World Swimming Championships and other Events	6 527 243	2 380 232
Exchange rate fluctuation impact on restricted funds and guarantees	362 621	0
	<u>6 927 148</u>	<u>2 417 516</u>

11. ISL Bankruptcy

The bankruptcy of ISL and its related subsidiaries, who provided marketing services to FINA was declared on April 21, 2001.

Following the official closing of this bankruptcy in 2016, cleared the unrecovered amount against the provision provided in previous years.

	December 31, 2013-2016 CHF	December 31, 2009-2012 CHF
12. IOC Contributions and other OG related income		
Television and marketing rights	29 277 628	28 440 099
Other Olympic Games related income	1 263 278	3 650 812
IF Development programmes	5 454 035	915 012
	<u>35 994 941</u>	<u>4 565 824</u>

13. Events income

Bid and registration fees	5 661 526	7 159 005
Host Cities World Championships partnership rights and fees	16 186 150	2 707 630
Broadcast and sponsorship income	77 998 130	55 052 511
Value in kind	24 954 253	7 621 321
Other Income	9 975 669	13 387 886
	<u>134 775 728</u>	<u>85 928 353</u>

Notes to the financial statements for the four-year period 2013-2016

	December 31, 2013-2016 CHF	December 31, 2009-2012 CHF
14. Penalty fees and other fees		
Affiliation fees	162 595	158 063
Penalty fees and fines	7 440 449	369 731
Coaches seminar certificates	9 089	24 779
Aquatics apparel submission fees	1 336 991	1 718 931
	<u>8 949 124</u>	<u>2 271 504</u>
15. FINA Events expenses		
FINA Family Expenses (Bureau, Committees, Commissions and others)		
Hotel, travel and per diem	18 074 096	13 886 403
Members medical insurance	648 497	491 249
Professional and liability insurance	234 085	183 555
Protocol awards	1 652 281	1 522 645
Other expenses	1 208 652	1 368 514
	<u>21 817 611</u>	<u>17 452 366</u>
Third parties services		
Marketing agent	13 368 493	11 247 128
Value in kind	19 426 394	7 372 419
Legal services	710 668	3 425 231
Other third parties services	1 669 157	804 677
	<u>35 174 712</u>	<u>22 849 455</u>
Federations support		
Travel support and other contributions	16 699 166	15 584 052
Athletes support		
Prize monies	23 425 680	12 849 296
	<u>97 117 169</u>	<u>68 735 169</u>
16. Rules and regulation control activities		
Aquatics apparel related expenses	<u>619 004</u>	<u>1 195 736</u>

Expenses linked to FINA's objectives as fixed in the Constitution rule C 5.e, "to adopt necessary uniform rules and regulations and to hold competitions (...)".

17. Administration Expenses

Payroll	19 784 358	13 520 739
Communications	498 713	541 596
Premises and insurance	1 395 867	839 453
Moving costs	180 036	0
Office equipment Headquarters	405 181	0
General administration costs	2 256 047	940 354
	<u>24 520 202</u>	<u>15 842 142</u>

Notes to the financial statements for the four-year period 2013-2016

	December 31, 2013-2016 CHF	December 31, 2009-2012 CHF
18. Financial activities		
Income		
Interest on bonds	3 043 179	2 890 421
Interest on money market and derivatives	1 048 260	1 245 996
Gain on bonds sold prior redemption	970 394	0
Release marketable securities provision	1 091 898	0
	<u>6 153 731</u>	<u>4 136 417</u>
Expenditure		
Custody fee, commissions and bank charges	917 906	549 197
Interests charges on loan for FINA Headquarters	98 403	0
Fluctuations on marketable securities reimbursed value	512 473	350 105
Provision on marketable securities	0	2 668 779
Provision on derivatives and long term fiduciary	511 702	0
Foreign exchange difference	1 078 662	6 019 634
	<u>3 119 146</u>	<u>9 587 715</u>
Net result on financial items	<u>3 034 585</u>	<u>(5 451 298)</u>

19. Full-time positions

The number of full time equivalents did not exceed 50 on an average basis.

20. Lease liabilities

At the end of the period, there was no lease liability (2012 : CHF 79'600).

21. Fees paid to the auditors

Audit services	133 132	138 095
Other services	16 200	0
	<u>149 332</u>	<u>138 095</u>

22. Foreign currencies

Monetary and non-monetary items in foreign currency are translated into Swiss francs at the following exchange rates:

Notes to the financial statements for the four-year period 2013-2016

Balance sheet items as at		December 31, 2016	December 31, 2012
<i>Foreign currency</i>			
US dollars	1 USD	1.016354	0.915350
EURO	1 EUR	1.072000	1.206797
Japanese Yen	100 Yen	0.008713	0.010586
British Pound	1£	1.255857	1.487855
Russian Roubles	100 Rub	0.016649	0.029964

The exchange rates used for balance sheet items are the rates prevailing on December 31; the exchange rates used for transactions conducted during the course of the year and for items in the profit and loss statement are the monthly AFC published exchange rates.

23. Pension Liabilities

FINA Employees are covered for pension by a pension insurance in agreement with the Federal law on occupational benefit plans (LOB), which covers the entire risk. The federation's responsibility is limited to the annual contributions. As at December 31, there were no liabilities towards the pension fund.

24. Contingent liabilities

The Federation is involved in claims and legal disputes. Wherever a loss is possible and determinable, management has set up adequate provision.

25. Significant events occurring after the balance sheet date

None

26. Deviations from the going concern principle, the principle of consistency in presentation and valuation and from the prohibition to offset

Where necessary, comparative 2009-2012 figures have been revised to conform with the current period 2013-2016 presentation.

27. Reserves

The purpose of the reserves is to protect FINA against risks and unforeseen events, in particular in relation to the organisation of the FINA's World Championships. Management's objective is to cover also other FINA activities such as Development Programmes. The aim of the reserves is to secure the "going concern" for a full period where income might be limited.

- Events cancellation reserve: Reserve to secure the organisation of FINA events, in particular the FINA World Championships against unforeseen events;
- FINA Headquarters fund: Fund to cover commitments in relation with FINA's future Headquarters;
- Development programmes reserves : Reserve to secure the Development activities.

The use of the reserves is restricted to FINA's objectives such as described in the FINA Constitution C5.

Notes to the financial statements for the four-year period 2013-2016

	December 31, 2016 CHF	December 31, 2012 CHF
Event cancellation reserve	30 000 000	20 000 000
FINA Headquarters funds	18 000 000	14 000 000
Development programme reserves and funds	23 000 000	4 000 000
FINA Antidoping Foundation	15 000 000	0
	<u>86 000 000</u>	<u>38 000 000</u>

28. Allocation of result

In line with past years practices, FINA Executives propose to allocate the excess of Income over expenses to restricted reserve. In view of the creation of an Anti-Doping Foundation, the Bureau has allocated a total of CHF 15'000'000 to this future entity; the Development programme fund was granted a total of CHF 19'000'000 over the period.

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