

# International Golf Federation

Lausanne

Report of the statutory auditors to the  
Board of Directors

on the financial statements 2019



# Report of the statutory auditors

## on the limited statutory examination to the Board of Directors of International Golf Federation Lausanne

As statutory auditors, we have examined the financial statements of International Golf Federation, which comprise the balance sheet, statement of income and expenditures and notes, for the year ended 31 December 2019.

These financial statements are the responsibility of the Management. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of foundation personnel and analytical procedures as well as detailed tests of foundation documents as considered appropriate in the circumstances. However, the testing of the operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the association's articles of incorporation.

We draw your attention to the fact that the financial statements of International Golf Federation disclose an excess of liabilities over assets.

PricewaterhouseCoopers SA

Philippe Tzaud  
Audit expert  
Auditor in charge

Nicolas Daehler  
Audit expert

Lausanne, 17 April 2020

Enclosure:

- Financial statements (balance sheet, statement of income and expenditures and notes)

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**International Golf Federation, Lausanne**

**Balance sheet at December 31**

**In Swiss Francs with convenience translation into US dollar**

	Notes	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>		<b>CHF</b>	<b>CHF</b>	<b>USD</b>	<b>USD</b>
<b>Current assets</b>					
Cash at bank and in hand		598'970	340'552	616'796	345'871
Accounts receivable		0	0	0	0
Prepaid expenses & other assets	3	474'305	29'481	488'420	29'942
		<u>1'073'275</u>	<u>370'033</u>	<u>1'105'216</u>	<u>375'813</u>
<b>Fixed assets</b>					
Tangible fixed assets	4	1'313	1'040	1'352	1'056
Intangible fixed assets	5	7'609	17'979	7'836	18'260
		<u>8'922</u>	<u>19'019</u>	<u>9'188</u>	<u>19'316</u>
<b>Total assets</b>		<u><u>1'082'197</u></u>	<u><u>389'052</u></u>	<u><u>1'114'403</u></u>	<u><u>395'129</u></u>
<b>Liabilities and funds</b>					
<b>Current liabilities</b>					
Accounts payable		215'855	284'627	222'279	289'073
Accrued and other payables	6	448'554	117'858	461'900	119'699
		<u>664'408</u>	<u>402'485</u>	<u>684'179</u>	<u>408'772</u>
<b>Non-current liabilities</b>					
Subordinated long term loans	7	2'209'253	0	2'275'000	0
		<u>2'209'253</u>	<u>0</u>	<u>2'275'000</u>	<u>0</u>
<b>Funds</b>					
Accumulated income/(losses)		- 1'791'464	- 13'433	- 1'844'778	- 13'643
<b>Total liabilities and funds</b>		<u><u>1'082'197</u></u>	<u><u>389'052</u></u>	<u><u>1'114'401</u></u>	<u><u>395'129</u></u>

**International Golf Federation, Lausanne**

**Statement of income and expenditure for the years  
2019 and 2018**

**In Swiss Francs with convenience translation into US dollar**

	Notes	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>CHF</b>	<b>CHF</b>	<b>USD</b>	<b>USD</b>
<b>Income</b>					
IOC Contribution		74'901	68'456	76'600	70'000
Youth Olympic Games Contribution		0	137'038	0	140'130
Subscription for Championship		0	98'977	0	101'210
Other income		0	249'510	0	255'139
		<u>74'901</u>	<u>553'981</u>	<u>76'600</u>	<u>566'479</u>
<b>Expenditure</b>					
Staff costs	8	1'037'331	1'100'726	1'060'868	1'125'559
Travel and representation		197'665	222'193	202'150	227'206
Olympic games related expenditures		43'786	45'109	44'779	46'127
YOG relative expenses		0	145'520	0	148'803
Marketing and communication		26'952	167'681	27'564	171'463
Office costs		96'406	88'203	98'593	90'193
Fees		198'266	262'059	202'765	267'971
Interest expenses		43'354	0	44'337	0
Exchange loss / (gain)		43'402	32'240	44'385	32'967
Translation adjustment	-	12'478	75'755	0	0
Other expenditure		166'701	80'206	170'484	82'016
Amortisation		11'546	11'245	11'807	11'498
		<u>1'852'931</u>	<u>2'230'937</u>	<u>1'907'733</u>	<u>2'203'803</u>
<b>Excess of income over expenditure (expenditure over income) for the year</b>					
		-1'778'030	-1'676'956	-1'831'133	-1'637'324
Accumulated income/(loss) at beginning					
		- 13'433	1'663'523	- 13'645	1'623'680
<b>Accumulated income/(loss) at end of the period</b>					
		<u>- 1'791'464</u>	<u>- 13'433</u>	<u>- 1'844'777</u>	<u>- 13'645</u>

## **International Golf Federation, Lausanne**

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### **Notes to the financial statements 2019 and 2018 In Swiss Francs with convenience translation into US dollar**

#### **1. Activity**

The International Golf Federation (IGF) is the world-wide Golf sports organisation, the headquarters of which are located in Lausanne, Switzerland.

The objectives of International Golf Federation are:

- (a) to encourage the international development of the sport of golf;
- (b) to foster friendship and sportmanship among the peoples of the world by organising biennially amateur team championships for the Eisenhower Trophy (for men) and the Espirito Santo trophy (for women);
- (c) to promote golf as an Olympic sport; and
- (d) to act as the international federation for golf in the Olympic Games and thereby to establish and enforce, in accordance with the Olympic spirit, the rules concerning the playing of golf in the Olympic Games and to fulfil in respect of the sport of golf the mission and role of an international federation within the Olympic movement.

#### **2. Summary of significant accounting policies**

##### **2.1 Basis of accounting**

IGF uses the accruals basis of accounting in preparing the financial statements.

##### **2.2 Fixed assets**

Fixed assets are stated at acquisition cost. When assets are retired or otherwise disposed of, the cost of the asset and the related accumulated depreciation are removed from the accounts. Any profit or loss on retirement is reflected in the earnings for the period.

##### **2.3 Depreciation**

Depreciation is calculated on the basis of the cost of the assets and on their estimated useful lives using the reducing balance method.

##### **2.4 Deferred income**

Any funds received for events to be held in the future, where reimbursement of these funds would be necessary in the case of event cancellation, are deferred in the balance sheet and not recognised as income until the event for which the funds were received has taken place.

##### **2.5 Accounting for foreign currencies**

The functional currency of IGF is the US Dollar. Assets and liabilities denominated in currencies other than US Dollar are recorded based on exchange rates ruling at the year-end. Transactions denominated in currencies other than US Dollar are recorded at average rates for the year. All exchange losses and realised exchange gains are recognised in the statement of income and expenditure.

Financial statements are converted for presentation purpose into Swiss Francs as of the year end. Assets and liabilities are converted using the exchange rate at the year end whereas elements of the statement of income and expenditure are converted using the average exchange rate over the period. The difference arising from the conversion is recognised as conversion gain or loss of the period in the statement of income and expenditure.

**International Golf Federation, Lausanne**

**Notes to the financial statements 2019 and 2018**  
**In Swiss Francs with convenience translation into US dollar**

	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>CHF</b>	<b>CHF</b>	<b>USD</b>	<b>USD</b>
<b>3. Prepaid expenses and other current assets</b>				
Taxes	45'011	5'074	46'351	5'153
Tokyo prepaid expenses	422'144	0	434'707	0
Other prepaid expenditures	7'149	24'407	7'362	24'789
	<u>474'305</u>	<u>29'481</u>	<u>488'420</u>	<u>29'942</u>
<b>4. Tangible fixed assets, net of depreciation</b>				
IT equipment	1'270	0	1'307	0
Furnitures and office equipment	43	1'040	44	1'056
	<u>1'313</u>	<u>1'040</u>	<u>1'352</u>	<u>1'056</u>
<b>5. Intangible fixed assets, net of depreciation</b>				
Software	7'609	17'979	7'836	18'260
	<u>7'609</u>	<u>17'979</u>	<u>7'836</u>	<u>18'260</u>
<b>6. Accrued and other payables</b>				
Social charges	33'543	50'160	34'542	50'944
Interest accrual	43'056	0	44'337	0
Tokyo deferred income	336'368	0	346'379	0
Other accruals	5'500	5'500	5'664	5'586
other payables	30'086	62'198	30'979	63'169
	<u>448'554</u>	<u>117'858</u>	<u>461'900</u>	<u>119'699</u>
<b>7. Subordinated Long-term loans</b>				
Europa Tour	339'885	0	350'000	0
LPGA	169'943	0	175'000	0
PGA of America	339'885	0	350'000	0
PGA Tour	339'885	0	350'000	0
R & A	339'885	0	350'000	0
USGA	339'885	0	350'000	0
Master Tournament Foundation Inc.	339'885	0	350'000	0
	<u>2'209'253</u>	<u>0</u>	<u>2'275'000</u>	<u>0</u>
Accumulated losses are fully covered by the subordinated loans.				
<b>8. Staff costs</b>				
Gross salary	879'623	884'013	899'581	903'956
Social charges	157'708	142'720	161'287	145'939
Other staff costs	0	73'994	0	75'663
	<u>1'037'331</u>	<u>1'100'726</u>	<u>1'060'868</u>	<u>1'125'559</u>
<b>9. Significant event occurring after the balance sheet date</b>				

In January 2020, coronavirus outbreak occurred in China and has now been spread to Europe and other regions. This is impacting the federation's business operation to a certain extent. The actual financial impact, in particular linked to the postponement of the Olympic Games in Japan, will depend on the situation and duration of coronavirus outbreak, which is hard to estimate now. Nevertheless, the Board of Directors believe that there is no material uncertainty that may cast significant doubt upon the federation's ability to continue as a going concern.