
***Fédération Equestre
Internationale***

Lausanne

***Report of the
statutory auditor to the
General Assembly
on the financial statements
2017***





Report of the statutory auditor to the General Assembly of Fédération Equestre Internationale Lausanne

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Fédération Equestre Internationale, which comprise the balance sheet, income statement, cash flow statement and notes, for the year ended 31 December 2017.

Secretary General's responsibility

The Secretary General is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the association's articles of incorporation. 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 Secretary General 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 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.

Opinion

In our opinion, the financial statements for the year ended 31 December 2017 comply with Swiss law and the association's articles of incorporation.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 69b paragraph 3 CC in connection with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 69b paragraph 3 CC in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Secretary General.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Philippe Tzaud
Audit expert
Auditor in charge

Nicolas Daehler
Audit expert

Lausanne, 14 March 2018

Enclosure:

- Financial statements (balance sheet, income statement, cash flow statement and notes)

Balance Sheets
(in Swiss Francs)

	Notes	31.12.2017	31.12.2016
Assets			
Current assets			
Cash and cash equivalents		10 019 863	18 747 485
Marketable securities	1	48 106 457	40 289 509
Accounts receivable, net of provision of CHF 1'476'430 (2016: CHF 1'354'588)		3 200 774	2 793 000
Accrued income	2	1 250 820	1 611 775
Prepaid expenses	3	3 550 662	174 767
		<u>66 128 576</u>	<u>63 616 536</u>
Fixed assets (net)			
Building	4	1	1
Furniture and equipment		244 171	446 917
Motor vehicles		1	3 101
Computer hardware		119 710	119 854
Computer software and development		9 768	31 182
		<u>373 651</u>	<u>601 055</u>
Total assets		<u><u>66 502 227</u></u>	<u><u>64 217 591</u></u>
Liabilities and funds			
Current liabilities			
Accounts payable		2 499 215	2 139 923
Accrued expenses		512 029	868 665
Deferred revenues		3 575 119	2 597 081
Provisions and other	5	8 807 909	8 374 503
		<u>15 394 272</u>	<u>13 980 172</u>
Other liabilities			
Sponsorship funds received in advance		<u>5 781 000</u>	<u>6 749 401</u>
Designated Funds			
IOC Contribution Fund	6	11 025 684	11 996 514
Veterinary Research Fund	7	360 919	420 947
Friends of the FEI fund	8	2 336 971	2 563 501
Building Renovation & Maintenance Fund	9	1 619 532	1 624 557
Other funds	10	234 709	228 062
FEI Solidarity Fund	11	8 343 652	7 700 439
		<u>23 921 467</u>	<u>24 534 020</u>
Operating Fund			
Operating Fund, as per statement of changes in Operating Fund balance		18 953 998	17 684 893
Current result		2 451 490	1 269 105
		<u>21 405 488</u>	<u>18 953 998</u>
Total liabilities and funds		<u><u>66 502 227</u></u>	<u><u>64 217 591</u></u>

**Statement of Income and Expenditure
for the year ended December 31
(in Swiss Francs)**

	Notes	2017	2016
Revenues			
Commercial Revenue			
Sponsorship Revenue		19 318 291	24 082 581
Tv Revenue		3 434 954	3 384 777
Other Marketing Revenue/Licensing/Online Shop		20 233	20 640
Total Commercial Revenue		22 773 478	27 487 998
Operational Revenue			
Annual Subscr & GA, SF Registrations		768 705	779 885
Calendar Fees & Organising Dues	12	6 712 130	6 216 558
Hosting Fees		1 186 700	764 000
Horse & Rider Registrations Fees		1 195 873	1 170 320
Passports		4 411 608	4 418 117
Fines & Other Legal Contrib.		349 599	240 673
Anti-Doping and Welfare Programmes		4 418 794	4 257 631
Total Operational Revenue		19 043 409	17 847 184
Non-Operational Revenue			
IOC Contribution		2 600 000	16 200 330
- of which allocated to IOC fund		-	(13 400 330)
Olympic Solidarity		70 000	67 200
Rental Revenues		617 752	604 143
Other Revenue	13	1 888 631	697 770
Contribution From Funds	14	1 015 601	4 630 811
Total Non-Operational Revenue		6 191 984	8 799 924
TOTAL REVENUES		48 008 871	54 135 106
Expenses			
Commercial Expense			
Sponsorship Expense		14 880 347	17 581 123
Tv Expense		4 539 719	3 894 290
Other Marketing Expense/Licensing/Online Shop		734 782	443 728
Total Commercial Expense		20 154 848	21 919 141
Operational Expenses			
Professional Fee/Consulting	15	2 701 612	3 602 272
Education		806 804	660 600
Printing Expenses		45 694	222 917
Integrity Unit		318 974	358 258
Veterinary Research		60 028	-
Anti-Doping & Welfare Programmes	16	3 616 100	4 009 801
Solidarity		1 061 184	1 045 201
Total Operational Expense		8 610 396	9 899 049
General & Administration Expenses			
Staff Charges	17	13 182 702	12 820 619
Travel & Expenses			
-FEI Staff		713 359	869 256
-Others		1 083 001	1 323 369
Facilities Charges		364 716	329 159
General Services		289 991	317 409
Purchase Of Cups & Medals		148 053	229 215
Insurance		119 652	116 495
Depreciation		320 168	340 333
Tax		55 890	70 035
Allocation To Funds	18	1 371 848	1 380 234
Other Expenses	19	643 042	3 411 631
Total General & Administration Expense		18 292 422	21 207 755
TOTAL EXPENSES		47 057 666	53 025 945
Net Financial Results	20	1 500 285	159 944
NET RESULT		2 451 490	1 269 105

Fédération Equestre Internationale, Lausanne

**Statement of Cash Flows
for the year ended December 31
(in Swiss Francs)**

	2017	2016
<u>Cash flow from operating activities</u>		
Excess of income over expenditure (expenditure over income)	2 451 490	1 269 105
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation on fixed assets	320 168	340 333
Provisions	433 406	3 572 118
Changes in operating assets and liabilities		
Accounts receivable	(407 774)	1 948 000
Accrued income	360 955	(440 702)
Prepaid expenses	(3 375 895)	450 125
Accounts payable	359 292	(2 369 917)
Accrued expenses	(356 636)	265 669
Deferred revenues	978 038	360 883
Sponsorship funds received in advance	(968 401)	(2 603 848)
Olympic Solidarity contribution	-	-
Variation from IOC Fund	(970 830)	6 197 552
Variation Veterinary Research Fund	(60 028)	(48 248)
Variation Friends of FEI fund	(226 530)	(271 617)
Variation from Building Renovation Fund (net)	(5 025)	(45 233)
Variation from Other fund (net)	6 647	27 963
Variation from FEI Solidarity fund	643 212	802 179
Net cash generated from operating activities	(817 911)	9 454 362
<u>Cash flow from investing activities</u>		
Increase in fixed assets - gross	(92 764)	(42 566)
Net cash used in investing activities	(92 764)	(42 566)
<u>Cash flow from financing activities</u>		
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	(910 674)	9 411 796
Cash and cash equivalents, Term deposits with banks and marketable securities:		
at beginning of year	59 036 994	49 625 198
at end of year	58 126 320	59 036 994
Net increase in cash and cash equivalents	(910 674)	9 411 796

Year ended December 31

Summary of significant accounting policies

(a) Basis of accounting

FEI uses the accruals basis of accounting.

The 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 963 CO, effective January 1, 2013).

(b) Marketable securities

The method to be applied is to use the market value of the securities. Fluctuations are recognised in the Statement of Income and Expenditures for the year.

(c) Olympic Solidarity

Funds received from Olympic Solidarity (OS) in the form of grants for the purpose of the development of the sport are available for expenditure exclusively on purposes defined by OS. Such funds are recognised as income only when expenditure in line with the defined purpose is incurred. The balance of unexpended funds received from OS is reported under other liabilities and is held in cash and bank deposit accounts of FEI.

(d) Designated funds

Designated funds represent funds which are subject to no externally imposed restrictions but which require internal approval for their use.

(e) Operating Fund

Operating Funds are those funds of the FEI that have not been designated for any particular purpose and that are freely available for the use of FEI.

(f) Taxation

FEI has been granted exoneration from Swiss taxation on its result and net assets.

(g) Salaries and social charges

Salaries and social charges have not been allocated to the various activities of FEI and its Departments.

(h) IOC Contribution

FEI receives in the year of the Olympic Summer Games a Contribution from the International Olympic Committee (IOC). It is considered that these proceeds, which are only received once every four years, represent a core financing of FEI both for the year of the Games and the succeeding three years.

The contribution is allocated initially to the IOC Contribution Fund. Following the recommendation of IOC and ASOIF, the FEI has exceptionally proceeded to have a reserve fund for the year of Games.

Any contributions received after the initial contribution are added to the balance of the Fund and also credited to revenue over the remaining years of the quadrennium.

Year ended December 31

Notes to the financial statements

Activity

The "Fédération Equestre Internationale" (FEI) is an association established in Switzerland under the Swiss Civil Code. Its main aims include acting as the sole authority for all international equestrian events and as the international representative body for the National Federations and established equestrian disciplines. In 2017, the number of full-time equivalents at the FEI did not exceed 250.

1. Marketable Securities

	2017 CHF	2016 CHF
Market value	48 106 457	40 289 509

The FEI portfolio is composed of marketable securities, cash and other investments and is multi-currency.

	2017 CHF	2016 CHF
2. Accrued income		
Organising dues accrual	267 267	463 833
MCP fees to receive	180 245	321 138
Calendar fees to receive	-	9 300
Franchising fees to receive	70 500	112 500
Passport & Chg of Names	201 266	200 122
Registration Fees (Riders & Horses)	6 410	141 740
TV Rights (IMG)	421 705	157 059
Internet TV	91 384	179 414
Others	12 043	26 669
Balance at December 31	1 250 820	1 611 775

	2017 CHF	2016 CHF
3. Prepaid Expenses		
Advances miscellaneous	401 492	48 864
Prepaid expenses	3 149 170	125 903
Balance at December 31	3 550 662	174 767

Year ended December 31

Notes to the financial statements

4. Fixed Assets

	Building	Furniture and equipment	Fixtures and fittings	Vehicles	Computer hardware	Computer software & development	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Cost							
Balance as at							
January 1, 2017	1	1 845 398	396 407	46 501	1 685 068	2 069 135	6 042 510
Additions in year		-	-	-	92 764	-	92 764
Balance as at							
December 31, 2017	<u>1</u>	<u>1 845 398</u>	<u>396 407</u>	<u>46 501</u>	<u>1 777 832</u>	<u>2 069 135</u>	<u>6 135 274</u>
Depreciation							
Balance as at							
January 1, 2017	-	1 398 481	396 407	43 400	1 565 214	2 037 953	5 441 455
Charge for the year		202 746	-	3 100	92 908	21 414	320 168
Disposals							
Balance as at							
December 31, 2017	<u>-</u>	<u>1 601 227</u>	<u>396 407</u>	<u>46 500</u>	<u>1 658 122</u>	<u>2 059 367</u>	<u>5 761 623</u>
Net book value as at							
December 31, 2017	<u>1</u>	<u>244 171</u>	<u>-</u>	<u>1</u>	<u>119 710</u>	<u>9 768</u>	<u>373 651</u>
Net book value as at							
December 31, 2016	<u>1</u>	<u>446 917</u>	<u>-</u>	<u>3 101</u>	<u>119 854</u>	<u>31 182</u>	<u>601 055</u>
Useful life (years)	-	8	5	5	3	3	

Year ended December 31

Notes to the financial statements

5. Provisions and other	2017 CHF	2016 CHF
Provision for financial, litigation and oper. risks*	2 596 795	550 000
Provision for financial risks	-	1 073 838
Future Projects (NC, Archiving, EADCMP)	2 745 187	3 800 000
FOREX edging	-	679 280
ECS Project	233 153	247'111
WEG	2 700 000	1500 000
Other	532 774	524 274
Balance at December 31	8 807 909	8 374 503

* By decision of the Bureau on 18 November 2018 the provisions for Litigation, Edging and Financial risks were merged into a single provision for financial, litigation and operational risks.

6. IOC Contribution Fund	2017 CHF	2016 CHF
Balance at January 1	11 996 514	5 798 963
Funds received from IOC during the year	1 635 828	12 825 000
Usage of fund (2 hearts campaign + Olympic games Rio)	(6 658)	(3 827 449)
Attributed during the year to income	(2 600 000)	(2 800 000)
Balance at December 31	11 025 684	11 996 514

Following recommendations from ASOIF the FEI decided to have a conservative approach in attributing amounts to yearly income until reasonable assurance can be obtained on the next contribution from IOC.

Year ended December 31

Notes to the financial statements

FUNDS:

7. Veterinary Research Fund

	2017	2016
	CHF	CHF
Balance at January 1	420 947	469 195
Usage of fund	(60 028)	(48 248)
Balance at December 31	360 919	420 947

8. Friends of the FEI Fund

	2017	2016
	CHF	CHF
FOF fund - FEI Project - IT	704 595	813 141
FOF fund - FEI project - Internet TV	91 229	91 229
FOF Clean sport	1 356 715	1 363 078
FOF fund for Development - Eventing Program	53 631	146 535
Education	130 801	130 801
Eventing Audit	-	18 717
Balance at December 31	2 336 971	2 563 501

Notes:

The FOF (Friends of FEI Fund) was created from donations raised by the FEI Honorary President, HRH Princess Haya Bint Al Hussein (CHF 15'048'000). In 2012, the balance of the fund amounting to CHF 3'321'704 was designated to different projects. Here above is the evolution of the various funds allocated to these projects, including donations earmarked for specific projects.

Year ended December 31

Notes to the financial statements

9. Building Renovation & Maintenance Fund

	2017 CHF	2016 CHF
Balance at January 1	1 624 557	1 669 790
Usage of fund for renovation of building	(5 025)	(45 233)
Balance at December 31	1 619 532	1 624 557

The Building fund was created from donations raised by the FEI Honorary President, HRH Princess Haya Bint Al Hussein (CHF 24'775'000) in 2008. It has been used to renovate the FEI headquarters building. The fund is in addition to the donation of the building to the FEI by the FEI Honorary President.

10. Other funds

	2017 CHF	2016 CHF
(A) Sports Grant IPC	141 746	118 761
Additional fund received	25 884	25 540
Usage of fund	(25 808)	(2 555)
Fund at December 31	141 822	141 746
(B) Dressage Book Fund	86 316	81 338
Revenue from sale of dressage handbook	11 200	8 317
Usage of fund	(4 629)	(3 339)
Fund at December 31	92 887	86 316
Balance at December 31	234 709	228 062

Year ended December 31

Notes to the financial statements

	2017 CHF	2016 CHF
11. FEI Solidarity Fund		
Balance at January 1	7 700 439	6 898 260
Received funds		
Other donations	250	-
FEI yearly operational contribution to Solidarity	500 000	500 000
Olympic Solidarity contribution	70 000	67 200
Licensee Revenues & Online Shop Revenues 50%	10 117	10 320
Extraordinary contribution to Solidarity	1 000 000	1 000 000
Sub-total received funds	<u>1 580 367</u>	<u>1 577 520</u>
Usage of funds		
Challenge Expenses	(61 177)	(78 732)
Coaching Expenses	(155 208)	(136 152)
FEI Solidarity Committee	(29 217)	(16 260)
Contribution to Solidarity projects*	(337 575)	(307 864)
Olympic Solidarity Contribution	(34 521)	-
Contribution to FEI Campus	(319 456)	(236 333)
Sub-total usage of funds	<u>(937 154)</u>	<u>(775 341)</u>
Balance at December 31	<u>8 343 652</u>	<u>7 700 439</u>

* For 2017, projects in the amount of 662'143 were not deducted from the fund.

From the remaining net balance at December 31, the following allocation is provisioned for specific projects

FEI Solidarity Expenses (2018 - onwards)	CHF
FEI Campus - Online Education Project	1 118 242
Olympic Solidarity Contribution	35 479
2013 NF's Projects remaining balance to be paid (2018)	3 000
2015 NF's Projects remaining balance to be paid (2018)	53 000
2016 NF's Projects remaining balance to be paid (2018)	107 579
2017 NF's Projects remaining balance to be paid (2018 - 2019)	271 769
2018 NF's Projects remaining balance to be paid (2018 - 2020)	621 000
FEI Solidarity Department Projects	315 767
Transport & Quarantine	432 281
FEI Solidarity Officer Expenses (2017)	228 549
FEI Solidarity Emergency Fund	50 000
Total allocated funds for approved projects	<u>3 236 666</u>
Remaining unused Funds	5 106 986

Note:

Further to the decision of the FEI Bureau in 2011, the operation of FEI Solidarity all together are reflected in the FEI Solidarity Fund Statment.

The revenue of the FEI Solidarity Fund is composed by:

Remainings of existing Funds (Friends of FEI, FEI Development, USEF/FEI)

Fundraising Contributions

Yearly contribution from FEI Operational Fund (500 000 CHF)

Year ended December 31

Notes to the financial statements

12. Organising dues and calendar fees	2017	2016
	CHF	CHF
Organising dues	5 980 330	5 454 558
Calendar fees	731 800	762 000
	6 712 130	6 216 558

13. Other Revenue	2017	2016
	CHF	CHF
Release of Provision - Endurance Championships	-	605 000
Release of Provision - Nations Cup Prize Money*	1 782 500	-
Social Security Reimbursement	46 886	32 121
Other	59 245	60 649
	1 888 631	697 770

*This amount was expensed in Sponsorship expenses

14. Contribution From Funds	2017	2016
	CHF	CHF
FEI Solidarity Projects	541 148	307 864
FEI Campus	150 405	236 334
Global Education Program - Eventing	92 903	96 255
FOF - Clean Sport Fund	6 363	49 405
Eventing Audit	-	1 480
Buliding Renovation Fund	5 025	45 233
IOC Fund - (2 hearts campaign + Olympic games Rio)	6 659	3 827 448
IT - Fan Website	108 546	-
Dressage Handbook	-	3 339
Veterinary Research Fund	60 028	48 248
Eventing Safety Group	18 716	12 650
IPC Expenses	25 808	2 555
	1 015 601	4 630 811

15. Professional Fee/Consulting	2017	2016
	CHF	CHF
Agency Expenses	1 166 869	1 387 977
IT Expenses/Hardware	604 644	965 167
Journalistic Support	92 015	239 852
Corporate PR Expenses	154 269	125 472
Corporate Photography	126 516	84 632
FEI Awards	91 058	28 243
Social Media Assets	68 019	40 491
Exhibitions/FEI Gallery	4 002	53 883
Legal Fees	93 026	220 269
Other Consulting	301 194	456 286
	2 701 612	3 602 272

Year ended December 31

Notes to the financial statements

16. Anti-Doping & Welfare programmes	2017	2016
	CHF	CHF
Lab Testing (Analysis costs+Athletes Testing - incl provision of 628'000 in 2017 and 1'400'000 in 2016)	2 212 043	2 839 689
Kits' Expenses	194 808	125 566
Transport of samples	224 547	188 575
Veterinarians Fees	597 756	525 867
Veterinary Travel Expenses	360 673	268 140
MCP Seminar	26 273	540
Veterinary Research	-	61 424
Cost of Anti-Doping & Welfare programmes*	3 616 100	4 009 801

* not covering the administration cost of the programmes

17. Staff Charges	2017	2016
	CHF	CHF
Staff charges	10 737 931	10 334 656
Social charges	1 997 079	2 278 862
Other Staff Charges	447 692	207 101
	13 182 702	12 820 619

18. Allocation To Funds	2017	2016
	CHF	CHF
Donation - FEI Solidarity	250	-
Unspent balance of yearly Contribution from FEI operational	254 397	268 857
IOC/IF's Dev Prog Contribution	70 000	67 200
Licensing Revenue & Online Shop Revenues	10 117	10 320
Dressage Handbook	11 200	8 317
Extraordinary contribution to Solidarity	1 000 000	1 000 000
IPC Grant	25 884	25 540
	1 371 848	1 380 234

19. Other Expenses	2017	2016
	CHF	CHF
Provision for Doubtful A/R	17 616	(8 784)
Representation Expenses	11 145	40 317
Building Renovation Fund	5 025	45 233
IOC Fund - Olympic Campaign (2 hearts)	6 659	3 334 865
Caribbean Equine Relief Fund	48 000	-
Equiratings	33 890	-
Provision litigations, financial & operational risks	430 882	-
Others	89 825	-
	643 042	3 411 631

20. Net Financial Results	2017	2016
	CHF	CHF
Bank Charges	(47 361)	(51 433)
NF late interest	35 869	76 566
Portfolio result	1 511 777	134 811
	1 500 285	159 944