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***Fédération Equestre  
Internationale***

***Lausanne***

***Report of the  
statutory auditor to the  
General Assembly***

***on the financial statements  
2016***



# ***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 2016.

### ***The 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 2016 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

Marc Ausoni  
Audit expert  
Auditor in charge

Nicolas Daehler  
Audit expert

Lausanne, 14 March 2017

Enclosure:

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

**Balance Sheets**  
(in Swiss Francs)

	Notes	31.12.2016	31.12.2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		18 747 485	11 768 661
Marketable securities	1	40 289 509	37 856 537
Accounts receivable, net of provision of CHF 1'354'588 (2015: CHF 1'336'725)		2 793 000	4 741 000
Accrued income	2	1 611 775	1 171 074
Prepaid expenses	3	174 767	624 891
		<u>63 616 536</u>	<u>56 162 163</u>
<b>Fixed assets (net)</b>			
Building	4	1	1
Furniture and equipment		446 917	654 247
Motor vehicles		3 101	12 401
Computer hardware		119 854	185 104
Computer software and development		31 182	47 068
		<u>601 055</u>	<u>898 821</u>
<b>Total assets</b>		<u><u>64 217 591</u></u>	<u><u>57 060 984</u></u>
<b>Liabilities and funds</b>			
<b>Current liabilities</b>			
Accounts payable		2 139 923	4 509 840
Accrued expenses		868 665	602 996
Deferred revenues		2 597 081	2 236 197
Provisions and other	5	8 374 503	4 802 384
		<u>13 980 172</u>	<u>12 151 417</u>
<b>Other liabilities</b>			
Sponsorship funds received in advance		<u>6 749 401</u>	<u>9 353 249</u>
<b>Designated Funds</b>			
IOC Contribution Fund	6	11 996 514	5 798 963
Veterinary Research Fund	7	420 947	469 195
Friends of the FEI fund	8	2 563 501	2 835 117
Building Renovation & Maintenance Fund	9	1 624 557	1 669 790
Other funds	10	228 062	200 099
FEI Solidarity Fund	11	7 700 439	6 898 260
		<u>24 534 020</u>	<u>17 871 424</u>
<b>Operating Fund</b>			
Operating Fund, as per statement of changes in Operating Fund balance		17 684 893	16 475 244
Current result		1 269 105	1 209 650
		<u>18 953 998</u>	<u>17 684 894</u>
<b>Total liabilities and funds</b>		<u><u>64 217 591</u></u>	<u><u>57 060 984</u></u>

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

	Notes	2016	2015
<b>Revenues</b>			
<b><u>Commercial Revenue</u></b>			
Sponsorship Revenue		24 082 581	21 473 496
TV Revenue		3 384 777	3 646 696
Other Marketing Revenue/Licensing/Online Shop		20 640	94 267
<b>Total Commercial Revenue</b>		<b>27 487 998</b>	<b>25 214 459</b>
<b><u>Operational Revenue</u></b>			
Annual Subscr & GA, SF Registrations		779 885	686 658
Calendar Fees & Organising Dues	12	6 216 558	5 822 798
Hosting Fees		764 000	1 498 710
Horse & Rider Registrations Fees		1 170 320	1 051 870
Passports		4 418 117	4 134 830
Fines & Other Legal Contrib.		240 673	157 332
Medication Control Prog.		4 257 631	2 175 432
<b>Total Operational Revenue</b>		<b>17 847 184</b>	<b>15 527 630</b>
<b><u>Non-Operational Revenue</u></b>			
IOC Contribution		16 200 330	2 600 000
- of which allocated to IOC Fund		(13 400 330)	-
Olympic Solidarity		67 200	66 990
Rental Revenues		604 143	621 300
Donations	13	-	10 000
Other Revenue	14	697 770	122 026
Contribution From Funds	15	4 630 811	1 926 627
<b>Total Non-Operational Revenue</b>		<b>8 799 924</b>	<b>5 346 943</b>
<b>TOTAL REVENUES</b>		<b>54 135 106</b>	<b>46 089 032</b>
<b>Expenses</b>			
<b><u>Commercial Expense</u></b>			
Sponsorship Expense		17 581 123	14 768 476
TV Expense		3 894 290	4 712 921
Other Marketing Expense/Licensing/Online Shop		443 728	326 340
<b>Total Commercial Expense</b>		<b>21 919 141</b>	<b>19 807 737</b>
<b><u>Operational Expenses</u></b>			
Professional Fee/Consulting	16	3 602 272	3 279 374
Education		660 600	522 756
Printing Expenses		222 917	171 625
Integrity Unit		358 258	424 599
Medication Control Prog.	17	4 009 801	1 657 610
Solidarity		1 045 201	1 132 390
<b>Total Operational Expense</b>		<b>9 899 049</b>	<b>7 188 354</b>
<b><u>General &amp; Administration Expenses</u></b>			
Staff Charges	18	12 820 619	12 070 749
Travel & Expenses			
-FEI Staff		869 256	769 387
-Others		1 323 369	943 422
Facilities Charges		329 159	374 042
General Services		317 409	326 693
Purchase Of Cups & Medals		229 215	160 227
Insurance		116 495	109 838
Depreciation		340 333	375 219
Tax		70 035	65 951
Allocation To Funds	19	1 380 234	294 451
Other Expenses	20	3 411 631	1 194 094
<b>Total General &amp; Administration Expense</b>		<b>21 207 755</b>	<b>16 684 073</b>
<b>TOTAL EXPENSES</b>		<b>53 025 945</b>	<b>43 680 164</b>
<b>Net Financial Results</b>	21	<b>159 944</b>	<b>(1 199 218)</b>
<b>NET RESULT</b>		<b>1 269 105</b>	<b>1 209 650</b>

Fédération Equestre Internationale, Lausanne

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

	2016	2015
<b><u>Cash flow from operating activities</u></b>		
Excess of income over expenditure (expenditure over income)	1 269 105	1 209 650
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Depreciation on fixed assets	340 333	375 219
Provisions	3 572 118	(2 566 708)
<b>Changes in operating assets and liabilities</b>		
Accounts receivable	1 948 000	3 315 843
Accrued income	( 440 702)	1 011 031
Prepaid expenses	450 125	( 429 931)
Accounts payable	(2 369 917)	1 883 956
Accrued expenses	265 669	139 008
Deferred revenues	360 883	( 455 703)
Sponsorship funds received in advance	(2 603 848)	34 274
Olympic Solidarity fund	0	( 9 184)
Variation from IOC Fund	6 197 552	(2 640 762)
Variation Veterinary Research Fund	( 48 248)	0
Variation Friends of FEI fund	(271 617)	( 498 309)
Variation from Building Renovation Fund (net)	( 45 233)	( 144 204)
Variation from Other fund (net)	27 963	( 19 283)
Variation from FEI Solidarity fund	802 179	( 945 934)
<b>Net cash generated from operating activities</b>	<b>9 454 362</b>	<b>258 963</b>
<b><u>Cash flow from investing activities</u></b>		
Increase in fixed assets - gross	( 42 566)	( 202 440)
<b>Net cash used in investing activities</b>	<b>( 42 566)</b>	<b>( 202 440)</b>
<b><u>Cash flow from financing activities</u></b>		
Not applicable	0	0
	0	0
<b>Net cash used in financing activities</b>	<b>0</b>	<b>0</b>
<b>Net increase in cash and cash equivalents</b>	<b>9 411 796</b>	<b>56 523</b>
Cash and cash equivalents, Term deposits with banks and marketable securities:		
at beginning of year	49 625 198	49 568 675
at end of year	59 036 994	49 625 198
<b>Net increase in cash and cash equivalents</b>	<b>9 411 796</b>	<b>56 523</b>

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 2016, the number of full-time equivalents at the FEI did not exceed 250.

**1. Marketable Securities**

	2016 CHF	2015 CHF
Market value	40 289 509	37 856 537

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

	2016 CHF	2015 CHF
<b>2. Accrued income</b>		
Organising dues accrual	463 833	382 813
MCP fees to receive	321 138	168 038
Calendar fees to receive	9 300	-
Franchising fees to receive	112 500	-
Passport & Chg of Names	200 122	219 700
Registration Fees (Riders & Horses)	141 740	106 620
TV Rights (IMG)	157 059	169 853
Internet TV (Perform)	179 414	92 288
Others	26 669	31 762
<b>Balance at December 31</b>	<b>1 611 775</b>	<b>1 171 074</b>

	2016 CHF	2015 CHF
<b>3. Prepaid Expenses</b>		
Advances miscellaneous	48 864	31 209
Prepaid expenses	125 903	593 682
<b>Balance at December 31</b>	<b>174 767</b>	<b>624 891</b>

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
<b>Cost</b>							
Balance as at							
January 1, 2016	1	1 845 398	396 407	46 501	1 655 174	2 056 463	5 999 944
Additions in year		0	0	0	29 894	12 672	42 566
Balance as at							
December 31, 2016	<u>1</u>	<u>1 845 398</u>	<u>396 407</u>	<u>46 501</u>	<u>1 685 068</u>	<u>2 069 135</u>	<u>6 042 510</u>
<b>Depreciation</b>							
Balance as at							
January 1, 2016	0	1 195 736	391 822	34 100	1 470 070	2 009 395	5 101 123
Charge for the year		202 745	4 585	9 300	95 144	28 558	340 333
Disposals							
Balance as at							
December 31, 2016	<u>0</u>	<u>1 398 481</u>	<u>396 407</u>	<u>43 400</u>	<u>1 565 214</u>	<u>2 037 953</u>	<u>5 441 455</u>
Net book value as at							
December 31, 2016	<u>1</u>	<u>446 917</u>	<u>0</u>	<u>3 101</u>	<u>119 854</u>	<u>31 182</u>	<u>601 055</u>
Net book value as at							
December 31, 2015	<u>1</u>	<u>649 662</u>	<u>4 585</u>	<u>12 401</u>	<u>185 104</u>	<u>47 068</u>	<u>898 821</u>
Useful life (years)	-	8	5	5	3	3	

Year ended December 31

Notes to the financial statements

5. Provisions and other	2016 CHF	2015 CHF
Provision for litigations	550 000	550 000
Provision for financial risks	1 073 838	1 050 000
TV Campaign 2014 - 2016	-	1 055 600
Projects (NC, Archiving, EADCMP)	3'800'000	-
FOREX edging	679'280	-
ESPG	-	210 760
ECS Project	247'111	247 111
WEG	1'500'000	1 500 000
Other	524 274	188 913
<b>Balance at December 31</b>	<b>8 374 503</b>	<b>4 802 384</b>

  

6. IOC Contribution Fund	2016 CHF	2015 CHF
Balance at January 1	5 798 963	8 439 725
Funds received from IOC during the year	12'825'000	-
Usage of fund (2 hearts campaign + Olympic games Rio)	(3 827 449)	-
Attributed during the year to income	(2 800 000)	(2 640 762)
<b>Balance at December 31</b>	<b>11 996 514</b>	<b>5 798 963</b>

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**

	2016 CHF	2015 CHF
Balance at January 1	469 195	469 195
Usage of fund	( 48 248)	-
<b>Balance at December 31</b>	<b>420 947</b>	<b>469 195</b>

**8. Friends of the FEI Fund**

	2016 CHF	2015 CHF
FOF fund - FEI Project - IT	813 141	924 967
FOF fund - FEI project - Internet TV	91 229	91 229
FOF Clean sport	1 363 078	1 412 483
FOF fund for Development - Eventing Program	146 535	242 790
Education	130 801	130 801
Eventing Audit	18 717	32 847
<b>Balance at December 31</b>	<b>2 563 501</b>	<b>2 835 117</b>

**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

	2016 CHF	2015 CHF
Balance at January 1	1 669 790	1 813 994
Usage of fund for renovation of building	( 45 233)	( 144 204)
<b>Total usage of funds at December 31</b>	<b>1 624 557</b>	<b>1 669 790</b>
<b>Balance at December 31</b>	<b>1 624 557</b>	<b>1 669 790</b>

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

	2016 CHF	2015 CHF
(A) Sports Grant IPC	118 761	124 582
Additional fund received	25 540	19 326
Transfer of Fund - IPC Training	-	353
Usage of fund	( 2 555)	( 25 500)
<b>Fund at December 31</b>	<b>141 746</b>	<b>118 761</b>
(B) Dressage Book Fund	81 338	94 800
Revenue from sale of dressage handbook	8 317	7 600
Usage of fund	( 3 339)	( 21 062)
<b>Fund at December 31</b>	<b>86 316</b>	<b>81 338</b>
<b>Balance at December 31</b>	<b>228 062</b>	<b>200 099</b>

Year ended December 31

Notes to the financial statements

	2016 CHF	2015 CHF
<b>11. FEI Solidarity Fund</b>		
<b>Balance at January 1</b>	<b>6 898 260</b>	<b>7 844 194</b>
<b>Received funds</b>		
Other donations	-	10'000
FEI yearly operational contribution to Solidarity	500 000	500 000
Olympic Solidarity contribution	67 200	76 174
Licensee Revenues & Online Shop Revenues 50%	10 320	37 815
Extraordinary contribution to Solidarity	1 000 000	-
Sub-total received funds	<u>1 577 520</u>	<u>623 989</u>
<b>Usage of funds</b>		
Challenge Expenses	( 78 732)	( 192 783)
Coaching Expenses	( 136 152)	( 128 320)
FEI Solidarity Committee	( 16 260)	( 26 531)
Contribution to Solidarity projects*	( 307 864)	(1 008 441)
Contribution to FEI Campus	( 236 333)	( 213 848)
Sub-total usage of funds	<u>( 775 341)</u>	<u>(1 569 923)</u>
<b>Balance at December 31</b>	<u><b>7 700 439</b></u>	<u><b>6 898 260</b></u>

\* For 2016, projects in the amount of 717'279 were not deducted from the fund.

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

	CHF
<b>FEI Solidarity Expenses (2017 - onwards)</b>	
FEI Campus - Online Education Project	1 437 698
2012 NF's Projects remaining balance to be paid (2017)	209 603
2013 NF's Projects remaining balance to be paid (2017)	3 000
2015 NF's Projects remaining balance to be paid (2017)	148 000
2016 NF's Projects remaining balance to be paid (2017 - 2018)	245 309
2017 NF's Projects remaining balance to be paid (2017 - 2019)	554 500
FEI Solidarity Department Projects	425 134
Transport & Quarantine	619 666
FEI Solidarity Officer Expenses (2017)	221 284
FEI Solidarity Emergency Fund	50 000
Total allocated funds for approved projects	<u>3 914 194</u>
<b>Remaining unused Funds</b>	<b>3 786 245</b>

**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 Statement.

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	2016 CHF	2015 CHF
Organising dues	5 454 558	5 103 698
Calendar fees	762 000	719 100
	<u>6 216 558</u>	<u>5 822 798</u>
13. Donations	2016 CHF	2015 CHF
Donation - FEI Solidarity	-	10 000
	<u>0</u>	<u>10 000</u>
14. Other Revenue	2016 CHF	2015 CHF
Release of Provision - Endurance Championships	605 000	-
Social Security Reimbursement	32 121	26 729
Other	60 649	95 297
	<u>697 770</u>	<u>122 026</u>
15. Contribution From Funds	2016 CHF	2015 CHF
FEI Solidarity Projects	307 864	1 008 441
FEI Campus	236 334	213 848
Global Education Program - Eventing	96 255	125 902
FOF - Clean Sport Fund	49 405	79 622
Eventing Audit	1 480	267 153
Buliding Renovation Fund	45 233	144 204
IOC Fund - (2 hearts campaign + Olympic games Rio)	3 827 448	40 762
IT - Fan Website	-	25 633
Dressage Handbook	3 339	21 062
Veterinary Research Fund	48 248	-
Eventing Safety Group	12 650	-
IPC Expenses	2 555	-
	<u>4 630 811</u>	<u>1 926 627</u>
16. Professional Fee/Consulting	2016 CHF	2015 CHF
Agency Expenses	1 387 977	1 138 684
IT Expenses/Hardware	965 167	636 348
Journalistic Support	239 852	328 172
Corporate PR Expenses	125 472	152 425
Corporate Photography	84 632	59 585
FEI Awards	28 243	60 578
Social Media Assets	40 491	25 459
Exhibitions/FEI Gallery	53 883	127 445
Legal Fees	220 269	623 196
Other Consulting	456 286	127 482
	<u>3 602 272</u>	<u>3 279 374</u>

Year ended December 31

Notes to the financial statements

17. Medication control programme details of expenditure	2016 CHF	2015 CHF
Veterinarians Fees (including 1'400'000 provision)	2 839 689	388 665
Transport of samples	125 566	149 253
Lab Testing (Analysis costs+Athletes Testing)	188 575	781 431
Kits' Expenses	525 867	102 565
Veterinary Travel Expenses	268 140	235 597
MCP Seminar	540	99
Veterinary Research	61 424	-
<b>Cost of MCP*</b>	<b>4 009 801</b>	<b>1 657 610</b>

\* not covering the administration cost of the program

18. Staff Charges	2016 CHF	2015 CHF
Staff charges	10 334 656	9 576 751
Social charges	2 278 862	1 998 423
Other Staff Charges	207 101	495 575
	<b>12 820 619</b>	<b>12 070 749</b>

19. Allocation To Funds	2016 CHF	2015 CHF
Donation - FEI Solidarity	-	10 000
Unspent balance of yearly Contribution from FEI operational	268 857	152 367
IOC/IF's Dev Prog Contribution	67 200	66 990
Licensing Revenue & Online Shop Revenues	10 320	37 815
Dressage Handbook	8 317	7 600
Extraordinary contribution to Solidarity	1 000 000	-
IPC Grant	25 540	19 679
	<b>1 380 234</b>	<b>294 451</b>

20. Other Expenses	2016 CHF	2015 CHF
Provision for Doubtful A/R	( 8 784)	1 001 873
Representation Expenses	40 317	37 885
Building Renovation Fund	45 233	113 574
IOC Fund - Olympic Campaign (2 hearts)	3 334 865	40 762
	<b>3 411 631</b>	<b>1 194 094</b>

21. Net Financial Results	2016 CHF	2015 CHF
Bank Charges	( 51 433)	( 53 997)
NF late interest	76 566	76 934
Portfolio result	134 811	(1 222 155)
<b>Net financial result</b>	<b>159 944</b>	<b>(1 199 218)</b>

## **Comments to FEI financial results for the fiscal year 2016**

(Numbers in '000 CHF unless specified)

### **REVENUES**

#### **Commercial revenue**

- Sponsorship revenue  
Sponsorship revenue amounted to **24'082** vs a budget of **20'782**. The difference is due to an invoice of 3'584 that we made to our top partner who is located in Switzerland for the time keeping which is normally value in kind. The invoice allows our partner to recover the VAT on the value in kind sponsorship. This invoice is mirrored by a cost invoice in the same amount in Sponsorship Expense. The impact on the FEI books is neutral.  
The rest of the difference with the revised forecast 2016 comes from the EUR vs CHF actual exchange rate that was lower than forecast, for 160, and a different split compared to budget for the Dressage sponsorship, which crosses the year-end, amounting to 124.

#### **Operational revenue**

- Calendar Fees & Organising Dues amounted to **6'216** vs a budget of **5'000**. The difference comes from a conservative budgeting on this number and a 5.4% increase in the number of FEI events vs last year (+217 events).
- Horse & Rider registration is in line with 2015 numbers.
- Passports number is in line with 2015. The difference with the budget comes from a conservative assessment at time of budget.
- The Medication Control Programme revenue **was budgeted at 3'000 and generated 4,257** in revenues. 2016 was the first year of implementation of EADMCP on a worldwide basis and estimation on revenues was very cautious as there was an element of uncertainty as to how the implementation would unfold. Also, only the 2013 events were available when we prepared these estimates.

#### **Non-operational revenue**

- The main item in this section is the IOC contribution amounting to **16'200** which includes the new Olympic cycle contribution of **13'400** that was allocated to the IOC fund. Net of that effect, the contribution to the 2016 P&L amounted to **2'800** as budgeted.
- Contribution from funds represents how much was used from the various funds from the FEI balance sheet in 2016 to cover expenses financed by funds. The main items are:
  - **3'827** from IOC fund to pay for the TwoHearts campaign and expenses related to the Rio 2016 Olympic Games
  - 307 to finance Solidarity projects.
  - 236 for the Online Campus.
  - 96 for Eventing (Global Education Programme).
  - 49 from the Clean Sport Fund.

## **EXPENSES**

### **Commercial expenses**

- Sponsorship expenses amounted to 13'997 once the value in kind invoice from our top partner is deducted (3'584), 1,323 above budget. This difference is entirely due to a provision of 2'000 made for the prize money of the NC Final 2017. Without this provision, expenses would have been about 675 lower than budget.
- TV expenses are 1'179 below budget.

### **Operational expenses**

- Professional fees/consulting are 122 below the revised budget. The breakdown of the professional fees is indicated in Note 16 of the audited financial statements.
- Education – Savings come mainly from spending delays in the development of the Online Campus.
- The Medical Control Programme expenses are 1'044 above budget. This is due to a provision of 1'400 that was taken for future EADMCP and human anti-doping development.

### **G&A expenses**

- The main item to comment in this section is the allocation to funds which includes, among others, the following items:
  - 13'400 IOC contribution for the new Olympic Cycle.
  - 269 net unused balance FEI allocation of 500 to Solidarity for operations.
  - 1'000 extraordinary contribution from the FEI to the Solidarity Fund.
- The other expenses consist mainly of the TwoHearts campaign which was paid by the IOC fund balance of the previous Olympic cycle (2012).
- Staff charges are slightly lower than budget and travel expenses for staff are about 200 below budget.

### **Net financial results**

- Unlike 2015, the number is positive in 2016 and includes following items:
  - 265 positive performance of the portfolio
  - -100 cost of options to hedge the 13'400 IOC contribution vs USD.

## **PROPOSAL FOR THE BUREAU**

Strict expense control and a conservative budgeting approach in operational revenues have resulted in an exceptional result for the FEI in 2016 of 6'800. As the FEI is a not-for-profit organisation, the FEI management, after discussions with the Executive Board, is proposing to the Bureau to approve the following allocation of this exceptional surplus:

- 717 : decision not to use the Solidarity Fund to pay for the 2016 projects.
- 1,000 : extraordinary allocation to Solidarity Fund.
- 414 : decision not to use the IT fund to pay for the fan website.
- 2,000 : provision for the prize money for NC Final 2017.
- 1,400 : provision to promote increased EADMCP controls and further develop human anti-doping.
- **Grand Total : 5'531**

This allocation has been reviewed and approved by the auditors and is included in the 2016 books. Therefore, the net profit of 1'269 already accounts for the above mentioned allocated amounts.

Due to the nature of the FEI (not for profit association) under Swiss law, there cannot be, as would be the case in a regular corporation, a "dividend" or "profit distribution" proposal for approval by the Bureau and the GA. We need to include these expenses in the books in the form of provisions.

Should the Bureau not agree with either of these proposals, the corresponding amount will be released to profit and loss statements in fiscal year 2017.

Claude Praz  
CFO  
14.03.2016