

International Golf Federation

Lausanne

Report of the statutory auditors to the
Board of Directors

on the financial statements 2020



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 expenditure and notes, for the year ended 31 December 2020.

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, 5 mai 2021

Enclosure:

- Financial statements (balance sheet, statement of income and expenditure 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets		CHF	CHF	USD	USD
Current assets					
Cash at bank and in hand		1,243,428	598,970	1,408,145	616,796
Prepaid expenses & other assets	3	454,271	474,305	514,448	488,420
		<u>1,697,698</u>	<u>1,073,275</u>	<u>1,922,593</u>	<u>1,105,216</u>
Fixed assets					
Tangible fixed assets	4	1,589	1,313	1,800	1,352
Intangible fixed assets	5	10,484	7,609	11,873	7,836
		<u>12,073</u>	<u>8,922</u>	<u>13,673</u>	<u>9,188</u>
Total assets		<u><u>1,709,772</u></u>	<u><u>1,082,197</u></u>	<u><u>1,936,265</u></u>	<u><u>1,114,403</u></u>
Liabilities and funds					
Current liabilities					
Accounts payable		33,750	215,855	38,220	222,279
Accrued and other payables	6	466,734	448,554	528,562	461,902
		<u>500,483</u>	<u>664,408</u>	<u>566,782</u>	<u>684,181</u>
Non-current liabilities					
Subordinated long term loans	7	3,399,649	2,209,253	3,850,000	2,275,000
Loan from IOC		551,891	0	625,000	0
COVID 19 Loan		338,000	0	382,775	0
		<u>4,289,540</u>	<u>2,209,253</u>	<u>4,857,775</u>	<u>2,275,000</u>
Funds					
Accumulated income/(losses)		- 3,080,251	- 1,791,464	- 3,488,292	- 1,844,778
Total liabilities and funds		<u><u>1,709,772</u></u>	<u><u>1,082,197</u></u>	<u><u>1,936,265</u></u>	<u><u>1,114,403</u></u>

International Golf Federation, Lausanne

**Statement of income and expenditure for the years
2020 and 2019**

In Swiss Francs with convenience translation into US dollar

	Notes	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		CHF	CHF	USD	USD
Income					
IOC Contribution		64,748	74,901	70,000	76,600
Other income		127,652	0	138,008	0
		<u>192,400</u>	<u>74,901</u>	<u>208,008</u>	<u>76,600</u>
Expenditure					
Staff costs	8	1,110,252	1,037,331	1,200,316	1,060,868
Travel and representation		88,599	197,665	95,786	202,150
Olympic games related expenditures		17,060	43,786	18,444	44,779
Marketing and communication		21,671	26,952	23,429	27,564
Office costs		81,546	96,406	88,161	98,593
Fees		104,219	198,266	112,673	202,765
Interest expenses		103,570	43,354	111,971	44,337
Exchange loss / (gain)		9,188	43,402	9,933	44,385
Translation adjustment	-	231,409	- 12,478	0	0
Other expenditure		168,081	166,701	181,716	170,484
Amortisation		8,411	11,546	9,093	11,807
		<u>1,481,187</u>	<u>1,852,931</u>	<u>1,851,522</u>	<u>1,907,733</u>
Excess of income over expenditure (expenditure over income) for the year					
		-1,288,787	-1,778,030	-1,643,514	-1,831,133
Accumulated income/(loss) at beginning	-	1,791,464	- 13,433	- 1,844,777	- 13,645
Accumulated income/(loss) at end of period		<u>- 3,080,251</u>	<u>- 1,791,464</u>	<u>- 3,488,291</u>	<u>- 1,844,777</u>

**Notes to the financial statements 2020 and 2019
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 2020 and 2019
In Swiss Francs with convenience translation into US dollar**

	2020	2019	2020	2019
	CHF	CHF	USD	USD
3. Prepaid expenses and other current assets				
Taxes	28,461	45,011	32,231	46,351
Tokyo prepaid expenses	382,110	422,144	432,729	434,707
Other prepaid expenditures	43,699	7,149	49,488	7,362
	<u>454,271</u>	<u>474,305</u>	<u>514,448</u>	<u>488,420</u>
4. Tangible fixed assets, net of depreciation				
IT equipment	609	1,270	690	1,307
Furnitures and office equipment	980	43	1,110	44
	<u>1,589</u>	<u>1,313</u>	<u>1,800</u>	<u>1,352</u>
5. Intangible fixed assets, net of depreciation				
Software	10,484	7,609	11,873	7,836
	<u>10,484</u>	<u>7,609</u>	<u>11,873</u>	<u>7,836</u>
6. Accrued and other payables				
Social charges	13,814	33,543	15,644	34,542
Interest accrual	138,025	43,056	156,309	44,337
Tokyo deferred income	305,861	336,368	346,379	346,379
Other accruals	5,500	5,500	6,229	5,664
other payables	3,533	30,086	4,002	30,979
	<u>466,734</u>	<u>448,554</u>	<u>528,562</u>	<u>461,900</u>
7. Subordinated Long-term loans				
Europa Tour	309,059	339,885	350,000	350,000
LPGA	309,059	169,943	350,000	175,000
PGA of America	618,118	339,885	700,000	350,000
PGA Tour	309,059	339,885	350,000	350,000
R & A	618,118	339,885	700,000	350,000
USGA	618,118	339,885	700,000	350,000
Master Tournament Foundation Inc.	618,118	339,885	700,000	350,000
	<u>3,399,649</u>	<u>2,209,253</u>	<u>3,850,000</u>	<u>2,275,000</u>
Accumulated losses are fully covered by the subordinated loans.				
8. Staff costs				
Gross salary	953,097	879,623	1,030,412	899,581
Social charges	157,155	157,708	169,904	161,287
	<u>1,110,252</u>	<u>1,037,331</u>	<u>1,200,316</u>	<u>1,060,868</u>
9. Impact of the pandemic situation				

Following the spread of the new Coronavirus COVID-19 and the restrictions imposed by the Swiss Federal Council, the International Golf Federation has implemented several measures to ensure its continuity of operations. In view of the International Golf Federation activity and the current situation, management believes that the repercussions related to COVID-19, while important are under control.

To manage the impact on our cash flow, we were able to obtain the following loans which will be reimbursed according to the agreement put in place:

-IOC Loan: TUSD.625 (TCHF.552)

-Swiss confederation support - credit COVID-19: TCHF.338