

To the General Meeting of
World Bridge Federation, Lausanne

Lausanne, 7 May 2021

Report of the statutory auditor on the limited statutory examination

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of World Bridge Federation for the financial year ended 31 December 2020.

These financial statements are the responsibility of the Board of Directors. 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 the 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 company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of 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 company's articles of incorporation.

Ernst & Young Ltd

Licensed audit expert
(Auditor in charge)

Enclosure

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

World Bridge Federation, Lausanne

Balance sheet as of 31 December 2020

	2020		2019	
	EUR	CHF	EUR	CHF
CURRENT ASSETS				
Cash and bank balances	1'342'320.13	1'455'878.67	1'802'880.68	1'960'506.54
Financial assets	1'011'064.20	1'096'598.92	1'002'703.43	1'090'369.79
Receivables 1	173'665.64	188'357.53	65'324.32	71'035.63
Other receivables	0.00	0.00	3'576.29	3'888.97
Inventory	3'851.20	4'177.01	3'851.20	4'187.91
Prepaid expenses 2	28'456.07	30'863.42	30'284.28	32'932.03
Total current assets	2'559'357.24	2'775'875.53	2'908'620.20	3'162'920.87
NON-CURRENT ASSETS				
Financial assets 3	0.00	0.00	0.00	0.00
Tangible fixed assets 4	19'920.63	21'605.89	7'808.71	8'491.43
Total non-current assets	19'920.63	21'605.89	7'808.71	8'491.43
TOTAL ASSETS	2'579'277.87	2'797'481.42	2'916'428.91	3'171'412.30
CURRENT LIABILITIES				
Bank overdraft	0.00	0.00	-677.71	-736.96
Trade payables 5	-55'729.88	-60'444.56	-53'269.28	-57'926.61
Trade payables with related party	0.00	0.00	-2'019.05	-2'195.58
Deferred income 6	0.00	0.00	-49'666.67	-54'009.03
Accrued expenses 6	-19'294.60	-20'926.90	-20'209.63	-21'976.56
Rate differences investments 6	-39'008.33	-42'308.38	-31'338.93	-34'078.89
Total current liabilities	-114'032.81	-123'679.84	-157'181.27	-170'923.63
PROVISIONS AND FUNDS				
Provision	-20'000.00	-21'691.97	-42'280.46	-45'977.04
Competitions Fund	-125'000.00	-135'574.84	-125'000.00	-135'928.75
World Championships Book Fund	0.00	0.00	-10'000.00	-10'874.30
Youth Fund	-115'907.02	-125'712.60	-110'421.31	-120'075.45
Bridge Promotion and Development Fund	-97'320.22	-105'553.38	-91'938.19	-99'976.35
Total provisions and funds	-358'227.24	-388'532.80	-379'639.96	-412'831.89
EQUITY				
Capital	-1'939'133.53	-2'082'435.50	-1'939'133.53	-2'082'435.50
Retained earnings	-440'474.15	-492'315.68	-266'785.09	-299'093.38
Surplus/Deficit	272'589.86	291'794.81	-173'689.06	-193'222.30
Translation differences	0.00	-2'312.42	0.00	-12'905.60
Total Equity	-2'107'017.82	-2'285'268.79	-2'379'607.68	-2'587'656.78
TOTAL LIABILITIES	-2'579'277.87	-2'797'481.42	-2'916'428.91	-3'171'412.30

World Bridge Federation, Lausanne

Income statement as of 31 December 2020

		2020		2019	
		EUR	CHF	EUR	CHF
INCOME					
Income from Championships	7	38'972.93	41'718.72	1'215'060.77	1'351'707.72
Membership dues		361'596.79	387'072.61	520'308.04	578'822.40
Miscellaneous income		14'848.26	15'894.37	14'650.30	16'297.89
Total operating income		415'417.98	444'685.70	1'750'019.11	1'946'828.01
EXPENSES					
Competition costs	7	-3'120.32	-3'340.16	-886'189.55	-985'851.31
Salaries	8	-102'982.26	-110'237.74	-98'775.37	-109'883.75
Other committees	9	-7'028.09	-7'523.24	-18'021.13	-20'047.80
Publication and promotion	10	-53'475.61	-57'243.16	-48'003.27	-53'401.77
Depreciation of fixed assets	4	-3'261.93	-3'491.74	-7'641.67	-8'501.06
Other expenses	11	-377'423.19	-404'014.04	-399'911.90	-444'886.39
Other provisions	12	10'000.00	10'704.54	-28'300.00	-31'482.65
Total operating expenses		-537'291.40	-575'145.55	-1'486'842.89	-1'654'054.73
Operating result		-121'873.42	-130'459.85	263'176.22	292'773.28
Financial income		6'523.18	6'982.76	32'208.55	35'830.76
Financial expenses		-119'365.54	-127'775.28	-10'431.43	-11'604.56
Financial result		-112'842.36	-120'792.52	21'777.12	24'226.20
Income relating to other periods	13	3'343.60	3'579.17	5'367.04	5'970.62
Expenses relating to other periods	13	-12'646.25	-13'537.22	-985.57	-1'096.41
Other periods result		-9'302.65	-9'958.06	4'381.47	4'874.21
Funds variation	14	-28'571.43	-30'584.39	-115'645.75	-128'651.39
PROFIT/LOSS OF THE YEAR		-272'589.86	-291'794.81	173'689.06	193'222.30

World Bridge Federation, Lausanne

Notes to the financial statement as of 31 December 2020

Applicable accounting law:

These financial statements have been prepared in accordance with the provisions on commercial accounting laid down in articles 957 – 963b Swiss Code of Obligations (CO) (effective 1 January 2013).

Exchange rates :

World Bridge Federation's books are kept and presented in euros. Transactions in currencies other than the euro are recorded at the daily rate of exchange prevailing on the dates of the transactions.

For the statutory financial statement presentation, assets and liabilities recorded in euros are translated into Swiss francs using the closing rate, while revenue and expenses items are translated at the daily average exchange rate for the period. Undesignated reserves are translated at historical rate.

Currency translation adjustment resulting from the application of this method is classified as reserves and disclosed under translation differences.

Exchange rates used for the balance sheet or resulting from the income statement are as follows:

	2020	2019
Closing rate	1.08	1.09
Average rate	1.07	1.11

Information, breakdowns and explanations relating to balance sheet and income statement items:

	2020		2019	
	EUR	CHF	EUR	CHF
CURRENT ASSETS				
<u>1. Receivables</u>	173'665.64	188'357.53	65'324.32	71'035.63
	173'665.64	188'357.53	65'324.32	71'035.63
<u>2. Prepaid expenses</u>	28'456.07	30'863.42	30'284.28	32'932.03
	28'456.07	30'863.42	30'284.28	32'932.03
NON-CURRENT ASSETS				
<u>3 Financial assets</u>				
Cash guarantees	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00
<u>4 Tangible fixed assets</u>				
- General equipment	80'047.08	86'818.96	64'673.23	70'327.61
- Depreciation General equipment	-62'144.10	-67'401.41	-61'917.94	-67'331.43
- Hard ware - Others than Internet	55'577.16	60'278.92	55'577.16	60'436.27
- Depreciation Hard ware - Others than Internet	-54'169.51	-58'752.18	-51'743.74	-56'267.70
- Small equipment	39'915.85	43'292.68	39'915.85	43'405.69
- Depreciation Small equipment	-39'915.85	-43'292.68	-39'915.85	-43'405.69
- Software - Junior	5'038.67	5'464.93	5'038.67	5'479.20
- Depreciation Software - Junior	-5'038.67	-5'464.93	-5'038.67	-5'479.20
- Software - Other	18'697.87	20'279.69	18'697.87	20'332.62
- Depreciation Software - Other	-18'087.87	-19'618.08	-17'477.87	-19'005.96
	19'920.63	21'605.89	7'808.71	8'491.43
	19'920.63	21'605.89	7'808.71	8'491.43
CURRENT LIABILITIES				
<u>5 Current liabilities comprise</u>				
Various other	-55'729.88	-60'444.56	-55'288.33	-60'122.19
Accounts payable	-55'729.88	-60'444.56	-55'288.33	-60'122.19
	-55'729.88	-60'444.56	-55'288.33	-60'122.19
	-55'729.88	-60'444.56	-55'288.33	-60'122.19
<u>6 Accrued expenses and deferred income</u>				
Accrued expenses	19'294.60	20'926.90	20'209.63	21'976.56
Rate differences investments	39'008.33	42'308.38	7'946.88	8'641.68
Deferred income sponsoring WWBC 2019	0.00	0.00	49'666.67	54'009.03
	58'302.93	63'235.28	77'823.18	84'627.27
	58'302.93	63'235.28	77'823.18	84'627.27

World Bridge Federation, Lausanne

Notes to the financial statements as of 31 December 2020

7 Income from championships

This comprises the results of the following championships:

	Income EUR	Expenses EUR	Result 2020 EUR	Result 2020 CHF
IOC grant	28'571.43	0.00	28'571.43	30'584.39
Zonal organisations	0.00	-2'961.59	-2'961.59	-3'170.24
Robot games-Ebridge	6'908.50	-158.73	6'749.77	7'225.32
Online Bridge Champ Ourgame/WWBC	3'493.00	0.00	3'493.00	3'739.09
	<u>38'972.93</u>	<u>-3'120.32</u>	<u>35'852.61</u>	<u>38'378.56</u>

This comprises the results of the following championships in prior year:

	Income EUR	Expenses EUR	Result 2019 EUR	Result 2019 CHF
World Wide Bridge Contest	20'097.49	-21'228.93	-1'131.44	-1'258.68
WBF simultaneous pairs supporting youth	2'276.35	-648.48	1'627.87	1'810.94
IMSA World Masters Hengshui 2019	351'650.00	-280'565.33	71'084.47	79'078.70
IOC grant	14'017.88	0.00	14'017.88	15'594.34
Zonal organisations	0.00	-23'034.95	-23'034.95	-25'625.48
Robot games-Ebridge	2'110.17	-6'204.38	-4'094.21	-4'554.65
2019 Wuhan World Teams Champ & Transnat	725'302.19	-453'675.59	271'626.60	302'174.00
2019 World Youth Open Champ Opatija	99'606.69	-99'606.69	0.00	-
University Bridge Internet	0.00	-1'225.00	-1'225.00	-1'362.76
	<u>1'215'060.77</u>	<u>-886'189.35</u>	<u>328'871.22</u>	<u>365'856.41</u>

8 Salaries

	2020		2019	
	EUR	CHF	EUR	CHF
Milano office personel	-46'876.59	-50'179.22	-46'891.84	-52'165.34
Lausanne office personel	-56'105.67	-60'058.52	-51'883.53	-57'718.40
	<u>-102'982.26</u>	<u>-110'237.74</u>	<u>-98'775.37</u>	<u>-109'883.74</u>

9 Other committees

These expenses can be summarised as follows:

WBF Women Committee	0.00	0.00	-2'000.00	-2'224.92
Economical & Financial Committee	-1'678.61	-1'796.87	-5'239.75	-5'829.02
Law Committee	0.00	0.00	-1'590.17	-1'769.00
Credential committee	0.00	0.00	-398.18	-442.96
Disiplinary Committee	0.00	0.00	-1'576.93	-1'754.27
Bridge & Science committee	0.00	0.00	0.00	0.00
Other Committees	-4'603.42	-4'927.75	-1'443.68	-1'606.04
TD committee	-494.10	-528.91	-683.11	-759.93
Medical & anti-doping Committee	-251.96	-269.71	-4'180.08	-4'650.18
Technical Committee	0.00	0.00	-909.23	-1'011.48
	<u>-7'028.09</u>	<u>-7'523.24</u>	<u>-18'021.13</u>	<u>-20'047.80</u>

10 Publication and promotion expenses

This comprises the following:

Communication & Web management	-45'080.12	-48'256.18	-44'176.54	-49'144.68
Internet & WFB website	-8'395.49	-8'986.98	-3'826.73	-4'257.09
	<u>-53'475.61</u>	<u>-57'243.16</u>	<u>-48'003.27</u>	<u>-53'401.77</u>

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Notes to the financial statements as of 31 December 2020

	2020		2019	
	EUR	CHF	EUR	CHF
<u>11 Other expenses</u>				
This comprises the following:				
President per diem, travel, meals and other expenses	-35'504.56	-38'005.99	-34'469.22	-38'345.66
Treasurer per diem, travel, meals and other expenses	-22'000.00	-23'549.98	-22'000.00	-24'474.14
Secretary per diem, travel, meals and other expenses	0.00	0.00	0.00	0.00
External consultants	-44'960.61	-48'128.25	-41'907.27	-46'620.21
Audit, accounting & legal charges	-66'201.04	-70'865.15	-42'119.20	-46'855.97
Insurance charges	-13'912.51	-14'892.70	-15'487.49	-17'229.23
Hearing commission(German,Monaco,Swiss)	-74'267.98	-79'500.43	-39'013.66	-43'401.18
World Bridge News	0.00		-110.90	-123.37
WBFF directory communication	0.00	0.00	-6'000.00	-6'674.77
Travel and Public relations	-16'629.83	-17'801.46	-28'825.83	-32'067.61
Relations IOC, IMSA, IBPA	-8'150.53	-8'724.76	-20'329.05	-22'615.28
Meeting expenses	-12'796.23	-13'697.77	-77'207.66	-85'890.51
Milano office expenses	-40'592.96	-43'452.88	-39'599.78	-44'053.21
Lausanne office expenses	-18'390.63	-19'686.32	-20'231.80	-22'507.09
Warehouse expenses	-4'619.30	-4'944.75	-7'120.95	-7'921.78
Bad debt allowance	0.00	0.00	-5'489.08	-6'106.39
Miscellaneous expenses	-1'023.28	-1'095.37	0.00	0.00
Litigations	-3'239.03	-3'467.23	0.00	0.00
Prepaid expenses canceled championships	-15'134.70	-16'201.00	0.00	0.00
	-377'423.19	-404'014.04	-399'911.89	-444'886.40
<u>12 Other provisions</u>				
Provision VAT payments 2019	0.00	0.00	-3'300.00	-3'671.12
German case reversal provision	10'000.00	10'704.54	-25'000.00	-27'811.53
	10'000.00	10'704.54	-28'300.00	-31'482.65
<u>13 Result relating to other periods</u>				
Various costs relating to previous years unanticipated	-12'646.25	-13'537.22	-985.57	-1'096.41
Cancelation of prior year fees due by members	0.00	0.00	0.00	0.00
Recuperations of cost	3'343.60	3'579.17	3'460.86	3'850.07
Various incomes for member accounts regularisation	0.00	0.00	1'906.18	2'120.55
	-9'302.65	-9'958.06	4'381.47	4'874.21
<u>14 Funds variation</u>				
Bridge promotion and development fund	-14'285.72	-15'292.20	-64'017.88	-71'217.39
Youth development fund	-14'285.71	-15'292.19	-1'627.87	-1'810.94
General provision	0.00	0.00	-50'000.00	-55'623.05
	-28'571.43	-30'584.39	-115'645.75	-128'651.38

15 The average number of full-time equivalents for the year was:

The average number of full-time equivalents for the year was below 10.

16 Significant events of FY 2020

COVID-19 impact

As many other International Sport Federations (IFs), the World Bridge Federation has been severely struck by the COVID 19 pandemic. Because, by nature, bridge is a social activity, involving many physical contracts through which the virus may spread, very soon in the crisis it has been decided to cancel all physical competitions foreseen to take place during the year 2020. The 16th World Bridge Games, the Youth Championships, both at the WBF level, but also all competitions to be organized by the Zones and by the National Bridge Organizations, have all been delayed till better times.

Because of the absence of income-generating competitions and given the "COVID 19" discount we have conceded to our member NBOs (minus 30% on the normal dues) the year 2020 is marked by a substantial financial deficit, representing almost 10% of the financial reserves. Hopes are that, in 2021, some physical competitions will again take place, in safe circumstances. The organization of the next World Championships is foreseen for Q4-2021. Overall, at the financial level, we aim at achieving a break-even result in 2021.