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**Report of the President of the ANOC Finance and Audit Commission
to the XX ANOC General Assembly in Washington on October 29th, 2015**

This report covers the period since the 1st Report of the ANOC Finance and Audit Commission to the ANOC General Assembly in Bangkok, Thailand on November 7th, 2014. The report is based on the audited Financial Statements of ANOC for the year ended December 31, 2014 and includes the Operating Results for 2014, the Operating Budget for 2015, and the activities of the Commission since our last report.

OPERATING RESULTS IN 2014

The table below shows the audited results for the year ended December 31, 2014, along with the approved budget for 2014 and the actual operating results for the year ended December 31, 2013.

Expressed in US\$000's	Actual 2014	Budget 2014	Actual 2013
IOC subsidies for ANOC Activities	12,000	12,000	12,000
IOC subsidies for ANOC Headquarters	7,000	8,000	12,000
Operating expenditure	(9,314)	(12,000)	(5,669)
Investment income and exchange	(29)	-	43
<i>Operating surplus</i>	9,657	8,000	18,374
<i>Fund Balance at December 31, 2014</i>	34,695	25,038	25,038

The IOC subsidies for 2014 were in accordance with the Budget except for the final \$1 million subsidy for ANOC's Headquarters in Lausanne, which was not received until January 2015. Operating expenditure in 2014 was lower than budgeted due mainly to lower expenditure on International Forums and ANOC Offices running expenses. Investment income was higher than in 2013 but were offset by negative exchange differences.

During the year ANOC incurred expenditure of \$7,487,987 on its headquarters, Les Charmettes, bringing the total cost of the acquisition, building and renovations, indoor fittings and equipment to \$18,648,042 at December 31, 2014. The total cost of this project, including final expenditure in 2015, was \$19,759,045 resulting in an overall surplus of \$240,955 on the subsidy of \$20 million provided by the IOC. This surplus will be used for some finishing works which are still pending.

OPERATING EXPENDITURE IN 2014

Expressed in United States dollars	Actual 2014	Budget 2014	Actual 2013
Meetings:			
General Assembly	3,450,823	3,500,000	3,025,579
Executive Council meetings	716,661	900,000	757,299
Commissions, Working Groups and Seminars	726,295	1,000,000	6,841
International Events:			
International and Continental Meetings	660,468	500,000	106,010
International Forums	140,033	1,500,000	-
ANOC Offices Running Expenses:	3,149,236	4,280,000	1,688,610
Auditors' fees	47,277	50,000	12,545
Depreciation	419,909	170,000	65,578
Miscellaneous	3,676	100,000	6,122
Total expenditure	9,314,378	12,000,000	5,668,584

The cost of the ANOC General Assembly and the 1st Gala Awards Dinner in Bangkok was lower than budget due primarily to a contribution of \$587,394 from the Sport Authority of Thailand towards accommodation costs. Executive Council meetings includes the costs of the meetings held in Kuwait in March 2014, and Lausanne in July and December 2014. The Executive Council meeting held in Bangkok is included in General Assembly costs.

Expenditure on Commissions, Working Groups and Seminars includes the costs of the Commissions meetings in Kuwait in March 2014, and in Bangkok in November 2014, and also the meetings of the Debriefing of the Sochi Winter Olympic Games in Lausanne in May, the Juridical Commission in Lausanne in May, the Athletes Commission in Nanjing in August, the Youth Working Group in London in September, the Medical Commission in Incheon in September, and the Marketing Commission in New York in October.

International and Continental Meeting expenses includes ANOC Executive Council travel insurance costs, the cost of ANOC's contribution to the expenses of the UNESCO meeting in Paris in March, 50% of the costs of the UNOSDP meeting in July and the costs of ANOC's participation at the Winter Games in Sochi. It also includes ANOC's contribution of 50% of the accommodation expenses of the Chef de Mission seminar in Nanjing, as well as ANOC's participation at the OCA and ONOC Continental General Assemblies in 2014, and the IOC Session in Monaco in December 2014.

International Forum expenses include ANOC's contribution to the organization of the CAS Seminar for the NOCs of the 3 Continents of Asia, Africa and Oceania, held in Kuwait on 4th and 5th of June 2014. The total cost of the seminar was approximately \$560,000 and 50% was covered by Olympic Solidarity and 25% each by ANOC and Olympic Council of Asia.

ANOC Offices running expenses include the salaries and employment costs of ANOC's staff in Lausanne, communications and office overheads, property insurance, rent for the previous office in Lausanne, subscription expenses, public relation advisory expenses and costs related to the design of the new logo and the registration of the new trademarks, emblems and domain. Also included are the costs for the ANOC office in Kuwait and approved reimbursements to the Chairpersons of the Juridical and Finance and Audit Commissions.

Expenditure for ANOC Offices running expenses are higher than incurred in 2013 but lower than budgeted for 2014 as there were no increases in the anticipated level of staffing of the Lausanne Office during the year due to the delayed completion of the new headquarters, which was not opened until the end of August. The provision for depreciation now includes a provision for the last four months of the year on the new building and equipment.

INVESTMENT AND OTHER INCOME

The Bank deposits of \$17 million at December 31, 2014 million increased by \$5,250,000 during 2014 and are invested with Credit Suisse in Guernsey, and denominated in US dollars. We also held \$145,875 in current accounts with Credit Suisse denominated in both US dollars and Swiss Francs. The deposits earned an average annual interest rates of 0.22% per annum, the same average rate as in 2013, but are also subject to bank charges and commissions which reduce the effective yield to 0.10%

These investments earned interest income of \$27,265 during 2014 due mainly to the increase in deposits as a result of the operating surplus. The deposits, which are denominated in US dollars, were unaffected by the Swiss Central Bank's removal, in December, of its policy of capping the value of the Swiss Franc versus the Euro, but the operating results include exchange differences of \$55,765 due to the strengthening of the Swiss Franc against the US\$ during 2014.

FINANCE AND AUDIT COMMISSION CHANGES AND ACTIVITIES

In accordance with ANOC policy, there were changes in the composition of the Finance and Audit Commission effective January 1, 2015. Members **Ricardo Blas** (Guam) and **Raja Randhir Singh** (India) were appointed to other Commissions, and new members **Elena Anikina** (Russian Federation), **H.R.H Prince Haji Sufri Bolkiah** (Brunei Darussalam), **Kenneth Kramer** (Marshall Islands), **Negroes Malealea Kgosietsile** (Botswana), **Ariel Antonio Sanchez** (Panama) and **Mohammed Shaweed** (Maldives) were appointed to the Commission.

The Commission met in Lausanne on June 8th, 2015 and again on October 27th in Washington D.C. Matters discussed included the revision of the audited financial statements for 2014, engagement terms of the external auditors for 2015, financial reporting standards, risk management and compliance issues and investment policies. Meetings were held with ANOC's Bankers (Credit Suisse and UBS) and External Auditors (PricewaterhouseCoopers) during the year on a range of issues. Recommendations have been communicated to the Executive Council and Management to mitigate financial risks, promote good governance and compliance, and implement investment policies that would have the right balance of risk and return, while maintaining adequate currency and liquidity requirements.

OPERATING BUDGET FOR 2015

The operating budget approved at the General Assembly in Bangkok has been amended by the Executive Council to reflect a more realistic allocation of expenditure in line with actual expenditure in 2014 and new proposals and developments in 2015. While the income budget is unchanged at \$12 million in subsidies from the IOC, the main changes in the revised budget for operating expenditure are:

- An increase of \$500,000 in the budget for the ANOC General Assembly and ANOC Awards 2015 in Washington as costs are expected to be higher than the General Assembly and the 1st Gala Awards Dinner in Bangkok.
- An allocation of \$500,000 for the planning and preparation of the World Beach Games.
- An increase in the provision for depreciation to reflect depreciation on the new buildings and equipment for an entire year.
- Reductions in other operating expenses based on revised projections for 2015.

The approved and revised operating budgets for 2015 are now as follows:

ANOC Operating Expenditure Expressed in United States dollars	Revised Budget 2015	Approved Budget 2015
Meetings:		
General Assembly	4,500,000	4,000,000
Executive Council meetings	700,000	900,000
Commission and Working Group meetings	600,000	1,000,000
International Events:		
International and Continental Meetings	500,000	500,000
International Forums	300,000	1,000,000
World Beach Games	500,000	-
ANOC Offices Running expenses	4,000,000	4,280,000
Depreciation	800,000	170,000
Auditors' fees	50,000	50,000
Miscellaneous (including bank charges)	50,000	100,000
Total expenditure	12,000,000	12,000,000

OPERATING EXPENDITURE FOR 2016

In order to plan the expenses for next year the draft budget for 2016 was presented for the approval of the ANOC Executive Council. The Budget is similar to the 2015 Budget, except for an increase in the budgeted expenditure for the ANOC World Beach Games, and compensating reductions in expenditure for ANOC Commissions, Working Groups and seminars and International Forums.

CONCLUSION

In accordance with the 40 recommendations adopted and being implemented by the IOC, the Commission is promoting compliance with the Basic Universal Principles of Good Governance of the Olympic and Sports Movement and the need of transparency and compliance with the Olympic Charter and the global legislative environment under which ANOC operates.

We will continue to research and provide recommendations on the impact of the adoption of International Financial Reporting Standards (IFRS) for the preparation of ANOC's audited financial statements, and on measures to further mitigate credit and currency risk and increase the return on our investments.

This report has been made possible by the valuable input of the Members of the Finance and Audit Commission and ANOC Management, Gunilla Lindberg and Manuela Palos.



Richard Peterkin

Chairman – ANOC Finance and Audit Commission

Enclosure: Audited Financial Statements of ANOC 2014