



July 14, 2017

IOF Member Federations

Dear Member Federations;

RE: IOF Financials 2016 to 2018

Attached to this letter is the Annual Financial Report for the IOF for the year 2016. This is being sent to you in the interest of increasing transparency. In the past, this report has only been provided in connection with the following General Assembly (GA) but we will in the future be providing the report annually.

You will note in the 2016 financial report that the finances of the IOF have deteriorated due to investments made in accordance with the 2012-2018 Strategic Plan. The Council would therefore like to make you aware that it is fully aware of the financial situation and would like to take this opportunity to describe the actions which have been taken and the effects seen so far.

Annual report 2016

As of January 1, 2016, the IOF moved its seat and office from Finland to Sweden. The 2016 accounts are therefore prepared in accordance with Swedish accounting standards for sports organisations. The accounts provide additional detail compared with previous accounts when the seat was in Finland. A few items to note regarding these accounts:

- The original financial statement, which is signed by the auditor, is by law required to be in Swedish language and Swedish Kronor (SEK). A copy of the original accounts and auditors statement is posted on <http://orienteering.org/prague-2018/>
- There is one difference in the accounting from previous accounts. In Finland, financial accruals were not made for staff accrued vacation. By Swedish accounting standards this is now done in the accounts and had a one-time effect on the financial result for 2016 (27 TEUR).
- The 2016 accounts include some one-time costs for the move from Finland to Sweden. These costs relate to keeping the Finnish accounting system open during the year and final payments of vacation and pension costs to previous employees in Finland (12 TEUR).



Actions taken for 2017

In October/November 2016 a full review of the budget for 2017 which was set and approved at the 2016 GA. The primary target of the review has been to get costs in line with expected income, and particularly the fact that income from external partnerships, although growing, has not progressed at the desired pace. This review, and subsequent reviews at each Council meeting, resulted in a number of cost saving actions which have been implemented.

A new forecast for 2017 has been set.

INTERNATIONAL ORIENTEERING FEDERATION

BUDGET 2017 (EUR)

| INCOME | RESULT 2016 | GA BUDGET 2017 | NEW FORECAST 2017 |
|---|----------------|----------------|-------------------|
| Membership fees | 168 611 | 167 585 | 170 000 |
| Major Events | 294 715 | 254 200 | 272 650 |
| Other sources | 314 955 | 512 950 | 328 300 |
| <i>IOC</i> | 22 650 | 23 000 | 22 350 |
| <i>TV rights</i> | 142 621 | 100 000 | 120 000 |
| <i>AD Fund (Organisers and Athletes)</i> | 40 567 | 49 450 | 55 450 |
| <i>IOF Services (IOF Eventor, Livecenter)</i> | 30 559 | 40 000 | 40 000 |
| <i>Sponsorships/Other external sources</i> | 78 558 | 300 000 | 90 000 |
| TOTAL | 778 281 | 934 735 | 770 950 |

| EXPENDITURE | | | |
|---|----------------|----------------|----------------|
| Council administration | 22 002 | 20 000 | 12 500 |
| Council projects | 153 020 | 145 000 | 179 430 |
| - <i>Development projects</i> | 23 938 | 20 000 | 10 000 |
| - <i>World Orienteering Day</i> | 594 (RWG) | 10 000 | 20 000 |
| - <i>World Games project</i> | - | 10 000 | 30 000 |
| - <i>SportAccord exhibition</i> | 17 737 | 15 000 | 8 430 |
| - <i>TV project</i> | 110 751 | 90 000 | 111 000 |
| Communications | 19 419 | 26 500 | 27 200 |
| Discipline Commissions | 1 150 | 2 000 | 2 000 |
| Support Commissions | 232 | 3 000 | 3 000 |
| Major Events | 186 549 | 211 000 | 197 853 |
| - <i>Event advising</i> | 53 344 | 50 000 | 60 000 |
| - <i>HLES</i> | 569 | 3 000 | 5 500 |
| - <i>IOF Eventor/WRS</i> | 46 255 | 43 000 | 35 000 |
| - <i>AD Fund (costs)</i> | 40 659 | 55 000 | 55 000 |
| - <i>LIVE Orienteering</i> | 34 279 | 40 000 | 25 000 |
| Administrative services | 461 190 | 457 000 | 339 200 |
| - <i>Staff (salaries, expenses etc...)</i> | 374 660 | 355 000 | 260 000 |
| - <i>Running costs of office</i> | 60 027 | 55 000 | 55 000 |
| - <i>Sponsor research&service of partners</i> | 6 533 | 20 000 | 10 000 |
| - <i>Support for meeting attendance</i> | 4 573 | 10 000 | 3 000 |
| - <i>Liability insurance</i> | 10 493 | 11 500 | 6 000 |
| EXPENDITURE, TOTAL | 843 562 | 864 500 | 761 183 |
| Surplus/Deficit | - 65 281 | 70 235 | 9 767 |
| TOTAL | 778 281 | 934 735 | 770 950 |

Note: The above has been simplified to display significant adjustments only, for the full GA budget see the 2016 GA binder which can be found at <http://orienteering.org/stromstad-2016/>

Items of note in the new forecast related to the GA budget:

- We were aware that income from major events would be less due to the organisation of the World Masters Orienteering Championships (WMOC) in connection with the World Masters Games in New Zealand. Participation numbers were better than budgeted which has resulted in losing less income than expected.
- The main adjustment in income is a reduction of expected income from sponsors and partners. As of June 30, 2017, sponsor income is 73 TEUR (full year 2016 = 64 TEUR).
- IOF LIVE Orienteering gross income from the World Orienteering Championships (WOC) in Estonia was 30,6 TEUR (2016 = 19,7 TEUR). In total LIVE Orienteering has generated gross income of 35 TEUR as of 30 June, 2017. Approximately half of this is paid to event organisers.
- General cost savings have been made in a number of areas through strict prioritization, e.g. cost-reduced SportAccord Convention participation, lower meeting and travel costs, new insurance provider, etc.
- Investments in IOF Eventor and LIVE Orienteering have been reduced somewhat. Focus is on providing reliable platforms for member federations and event organisers. New development projects have been put on hold for the remainder of 2017.
- The main area of cost savings is found in staff costs which have been reduced by 95 TEUR compared to the GA budget. This has been accomplished through a reduction in the number of staff and a new compensation agreement for the IOF CEO. As of June 30, 2017, staff costs were in line with the new forecast (131 TEUR).

It is important to note that important investments as stated in the Strategic Plan for 2012-2018 continue, e.g. investments in Council projects such as development and World Orienteering Day, World Games and the TV project, investments in event quality and investments in communications to gain further visibility for orienteering. The overall financial target for 2017 is to make a slight positive result.

We hope that you find this information valuable. If you have any questions feel free to contact Secretary General/CEO Tom Hollowell.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Leho Haldna'.

Leho Haldna
IOF President

A handwritten signature in blue ink, appearing to read 'Tom Hollowell'.

Tom Hollowell
IOF Secretary General/CEO