

Report of the statutory auditor

with financial statements as of 31 December 2015 of

Fédération Internationale des Echecs (FIDE), Lausanne

To the General Assembly of
Fédération Internationale des Echecs (FIDE), Lausanne

Lausanne, 27 July 2016
mg/4.3

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Fédération Internationale des Echecs (FIDE), which comprise the balance sheet, income statement and notes for the year ended 31 December 2015.

Committee's responsibility

The Presidential Board and Treasurer are responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and FIDE Handbook. 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 Committee 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 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 the 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 2015 comply with Swiss law (article 957 et seqq. Code of Obligations) and FIDE Handbook Financial regulations.

Ernst & Young Ltd



Serge Clément
Licensed audit expert
(Auditor in charge)



Monia-Sarah Hocine

Enclosure

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

**FEDERATION INTERNATIONALE DES ECHECS
LAUSANNE
BALANCE SHEET AS AT 31st DECEMBER 2015**

	31st Dec 15 Actual EUR	31st Dec 14 Actual EUR	31st Dec 15 Actual CHF	31st Dec 14 Actual CHF
CURRENT ASSETS				
CASH	58	175	63	213
BANK ACCOUNTS				
- UBS CHF Account	2'742	8'021	2'982	9'742
- UBS US \$ Account	5'498	262'585	5'979	318'935
- UBS EUR Account	56'715	822'545	61'672	999'063
- NBG EUR Account	12'374	10'340	13'455	12'559
- UBS EUR Visa	24'888	24'964	27'063	30'322
SECURITIES HELD				
- UBS Investments	152'099	623'271	165'392	757'025
DEBTORS FEDERATIONS	678'122	889'524	737'389	1'080'416
- net of provision for bad debts (54485€) provision (1292.44€)				
INCOME	308'580	306'616	335'550	372'416
TOTAL CURRENT ASSETS	<u>1'241'076</u>	<u>2'948'040</u>	<u>1'349'546</u>	<u>3'580'689</u>
LESS CURRENT LIABILITIES				
UPCOMING YEAR'S EVENTS	663'929	1'324'441	721'956	1'608'666
OTHER CREDITORS	187'031	265'556	203'378	322'545
PROVISION FOR INCOME TAX	7'332	9'000	7'973	10'931
PREPAYMENTS BY FEDERATIONS	15'019	29'723	16'332	36'102
TOTAL CURRENT LIABILITIES	<u>873'311</u>	<u>1'628'720</u>	<u>949'639</u>	<u>1'978'244</u>
NET CURRENT ASSETS	<u>367'764</u>	<u>1'319'319</u>	<u>399'907</u>	<u>1'602'445</u>
FIXED ASSETS, at Cost				
- Office Furniture	14'716	14'716	16'002	17'874
- Machines & Equipment	362'031	339'574	393'673	412'447
	376'747	354'290	409'675	430'321
LESS ACCUMULATED DEPRECIATION	<u>276'210</u>	<u>239'907</u>	<u>300'351</u>	<u>291'391</u>
	<u>100'537</u>	<u>114'383</u>	<u>109'324</u>	<u>138'930</u>
LESS NON CURRENT LIABILITIES				
Upcoming year's events	110'000	125'000	119'614	151'825
Staff retirement indemnities	25'958	21'152	28'227	25'691
Currency translation difference			-36'825	21'116
TOTAL NON CURRENT LIABILITIES	<u>135'958</u>	<u>146'152</u>	<u>111'016</u>	<u>198'632</u>
NET ASSETS	<u>332'343</u>	<u>1'287'551</u>	<u>398'215</u>	<u>1'542'743</u>
NET ASSETS REPRESENTED BY:				
FIDE RESERVE FUND	<u>332'343</u>	<u>1'287'551</u>	<u>398'213</u>	<u>1'542'743</u>

**FEDERATION INTERNATIONALE DES ECHECS
LAUSANNE
STATEMENT of INCOME & EXPENDITURE
PERIOD ENDED 31st DECEMBER 2015**

INCOME	31st Dec 15 Actual EUR	31st Dec 15 Budget EUR	31st Dec 14 Actual EUR	31st Dec 15 Actual CHF	31st Dec 14 Actual CHF
Fees from Federations					
Membership Fees	133'100	132'500	131'580	142'166	161'766
Entry Fees	247'210	350'000	236'990	264'049	291'357
Registered Tournaments	471'548	450'000	428'906	503'667	527'301
Late Tournament report charges	2'240	2'500	2'940	2'393	3'614
Change of Federation	31'750	30'000	50'540	33'913	62'134
FIDE Title Application Fees	227'975	200'000	220'915	243'503	271'595
Restoration of ratings	450	0	25	481	31
FIDE share from prize funds					
- Candidates Matches	0	0	121'406	0	149'257
- World Cup	412'352	300'000	0	440'439	0
- World Rapid and Blitz Championship	0	55'000	58'320	0	71'699
- Olympiad	0	0	692'500	0	851'365
- Women's World Rapid and Blitz Championship	0	0	33'712	0	41'446
- World Champ Match	0	0	251'640	0	309'369
- Grand Prix series	57'256	48'000	67'315	61'156	82'758
- Womens' Grand Prix	16'159	30'000	98'548	17'260	121'156
- Womens' World Championship	91'154	120'000	0	97'363	0
- Women's Teams	0	0	0	0	0
-Tournament Income	0	0	176'815	0	217'378
Other Income					
- ARISF	5'581	5'000	5'328	5'961	6'550
- Clock testing fees	2'700	0	1'900	2'884	2'336
- Interest from bank	79	0	212	84	261
- Investment income	5'000	2'000	5'000	5'341	6'147
- International Olympic Committee	22'325	20'000	21'000	23'846	25'818
- Royalties - DGT	50'000	50'000	30'712	53'406	37'757
- Arbiters seminar fees	13'780	0	24'180	14'719	29'727
- Arbiters licence fees	43'750	40'000	36'560	46'730	44'947
- Trainers licence fees	23'570	30'000	17'435	25'175	21'435
- Trainers seminars	25'800	0	5'600	27'557	6'885
- Organisers seminar fees	540	0	1'800	577	2'213
- Trainers academy annual and registration fees	13'600	0	8'000	14'526	9'835
- World Championship Olympiad Commission	85'905	0	50'000	91'756	61'470
CNC web FIDE online arena	21'299	0	5'875	22'750	7'223
Event bidding fees	7'000	5'000	5'440	7'477	6'688
Rental of software	3'000	0	0	3'204	0
Chess in Schools	402	0	2'907	429	3'574
Income tax minus provision	0	0	25'010	0	30'747
Gain on investments	9'258	0	0	9'888	0
Securities/Bonds at market value	0	0	26'197	0	32'207
Reduced in 2year arrears provision	5'921	0	0	6'324	0
TOTAL INCOME	2'030'703	1'870'000 0	2'845'306	2'169'023	3'498'043

**FEDERATION INTERNATIONALE DES ECHECS
LAUSANNE
ANNUAL STATEMENT OF INCOME & EXPENSES
PERIOD ENDED 31st DECEMBER 2015**

EXPENSES	31st Dec 15 Actual EUR	31st Dec 15 Budget EUR	31st Dec 14 Actual EUR	31st Dec 15 Actual CHF	31st Dec 14 Actual CHF
Athens					
Staff Costs	338'300	335'000	278'793	361'343	342'751
Staff Travel	13'675	20'000	14'693	14'607	18'063
Postage & Carriage	3'287	7'000	5'070	3'511	6'232
Photocopying & Printing	1'910	10'000	12'501	2'040	15'368
Office Supplies / Stationery	5'898	5'000	6'276	6'300	7'716
Telecommunications	13'401	15'000	18'586	14'313	22'850
Secretariat Hospitality	16'183	15'000	13'141	17'286	16'155
Repairs, Maintenance & Renewals	375	2'000	1'367	401	1'681
Rent	16'660	18'000	16'378	17'795	20'135
Utilities	4'701	4'000	5'444	5'021	6'693
Office Cleaning	6'500	5'500	4'800	6'943	5'901
Elista					
Staff and Other Costs	137'359	120'000	206'163	146'715	253'458
Moscow					
Staff Costs	82'132	80'000	74'838	87'726	92'006
Staff travel and office expenses	72'045	50'000	96'201	76'953	92'224
Office expenses	0	0	21'186	0	26'046
General					
Bank Charges	33'980	30'000	35'607	36'294	43'776
Electronic Boards	38'082	15'000	37'716	40'676	46'368
Insurance	43'266	40'000	44'421	46'213	54'612
Subscriptions	6'374	5'000	4'902	6'808	6'027
Audit & Tax Accountant	31'255	25'000	28'230	33'384	34'706
Legal Costs	187'883	30'000	207'949	200'681	255'654
Treasurer's Expenses /General Secretary	42'259	25'000	15'741	45'137	19'352
Travel & Meetings					
-PBs and Congress	78'263	40'000	84'702	83'594	104'133
-President's travel	183'204	120'000	184'299	195'683	226'579
-Deputy President's travel	5'832		1'944	6'229	2'390
Presidential advisors	46'079	50'000	11'831	49'218	14545
Entry Fees Refund to Organising Federations	49'554	20'000	47'228	52'929	58'062
Discounts Allowed for Early Payment	37'088	30'000	28'039	39'614	34'471
Depreciation	36'363	30'000	35'043	38'840	43'082
Medals & Badges	11'185	5'000	7'238	11'947	8'899
Commissions:					
- Arbiters	51'929	50'000	42'263	55'467	51'958
- Anti Cheating	39'333	45'000	22'523	42'012	27'690
- Chess Composition / WFCC	4'825	5'000	4'459	5'154	5'482
- Chess for the Disabled	17'685	25'000	17'309	18'889	21'280
- Chess in Schools	80'000	80'000	108'000	85'449	132'776
- Constitutional Commission	4'448	10'000	7'166	4'751	8'810
- Chess Journalists	5'893	10'000	10'035	6'294	12'337
- Development Commission & Activity Rebate	220'975	200'000	421'728	236'027	518'475
- Electoral	0	0	29'036	0	35'697
- Ethics	9'813	30'000	23'055	10'482	28'344
- Events	25'714	50'000	60'959	27'465	74'943
- Medical	10'766	25'000	7'825	11'499	9'620
- Online	6'081	0	6'053	6'495	7'441
- Qualification	10'181	40'000	12'196	10'874	14'994
- Rules and Tournaments regulations	10'385	15'000	24'835	11'092	30'532
- Systems of Pairings and Programs	4'228	5'000	5'237	4'516	6'438
- Technical (TEC)	14'546	10'000	9'276	15'536	11'404
- Technical Administration Panel	0	0	800	0	984
- Trainers	82'536	90'000	142'432	88'158	175'107
- Verification	20'578	20'000	8'483	21'980	10'429
- Women's Chess	49'812	50'000	68'519	53'205	84'238
- World Championship and Olympiad	63'763	0	81'941	68'106	100'739
- Skills Management Committee	5'053	0	0	5'398	0
Report	<u>2'281'636</u>	<u>1'911'500</u>	<u>2'664'452</u>	<u>2'437'049</u>	<u>3'249'653</u>

**FEDERATION INTERNATIONALE DES ECHECS
LAUSANNE
ANNUAL STATEMENT OF INCOME & EXPENSES
PERIOD ENDED 31st DECEMBER 2015**

EXPENSES	31st Dec 15 Actual EUR	31st Dec 15 Budget EUR	31st Dec 14 Actual EUR	31st Dec 15 Actual CHF	31st Dec 14 Actual CHF
Report	2'281'636	1'911'500	2'664'452	2'437'049	3'249'653
PR & Marketing	18'450		24'187	19'707	29'736
Honorarium	100'000	90'000	80'504	106'811	98'973
Social Projects	26'103	40'000	41'813	27'881	51'405
Social Action	41'643	40'000	32'863	44'480	40'402
CBC meeting	0	0	43'737	0	53'771
Travel Americas President	30'400	30'000	29'988	32'471	36'868
Travel Africa President	20'932	20'000	23'091	22'358	28'388
Vice Presidents and Subcommittees	24'655	10'000	14'783	26'334	18'175
ARISF Events	11'414	4'000	1'750	12'191	2'151
Continental Championships	36'946	40'000	50'422	39'463	61'989
SportAccord	37'371	10'000	3'072	39'916	3'777
Chesscast	5'641	0	0	6'026	0
FIDE website	22'700	30'000	36'000	24'246	44'259
FIDE software (GAMES, Bizlite accounting)	38'166	0	25'000	40'766	30'735
Itwebia Chess OU	30'052	0	30'020	32'099	36'907
Special projects	0	0	7'560	0	9'294
Contingency	7'899	0	72'884	8'437	89'604
Arbiters' Workshops	0	0	54'356	0	66'826
Veterans	25'525	25'000	23'275	27'264	28'615
Agon: expenses	638	0	0	681	0
South Koreans Abu Dhabi Congress 2015	24'871	0	0	26'565	0
Olympiad :expenses	0	0	124'082	0	152'547
Women's Grand Prix: expenses	0	0	2'401	0	2'952
Women's World Chess Champ: expenses	9'150	0	0	9'774	0
World Seniors: expenses	0	0	1'500	0	1'844
World Youth: expenses	0	0	6'286	0	7'728
World Junior U20: expenses	5'628	0	3'468	6'011	4'263
World Rapid and Blitz: expenses	8'582	0	5'340	9'166	6'565
Women's World Rapid and Blitz: expenses	0	0	7'062	0	8'683
90th FIDE Anniversary at Tromso	0	0	17'212	0	21'161
Grand Prix trophies	0	0	10'000	0	12'294
Grand Prix websites	0	0	3'000	0	3'688
Grand Prix series	2'000	0	0	2'136	0
Peace and Sport	0	10'000	0	0	0
Journalists awards	46'910	0	0	50'105	0
Six Payment Services AG	1'097	0	0	1'172	0
Loss on currency conversion	63'129	0	102'278	191'688	125'741
Write offs	5'050	0	8'209	5'394	10'092
Provision for income tax	7'332	0	9'000	7'831	11'065
Securities/Bonds at market value	329	0	0	351	0
Loss on capital redemption	46'854	0	0	50'045	0
Increased provision for staff indemnities	4'807	0	4'413	5'134	5'425
Increase in provision for 2years arrears	0	0	26'089	0	32'074
TOTAL EXPENSES:	2'985'910	2'260'500	3'568'911	3'313'553	4'387'649
TOTAL INCOME:	2'030'703	1'870'000	2'845'306	2'169'023	3'498'043
TOTAL EXPENSES	2'985'910	2'260'500	3'568'911	3'313'553	4'387'649
INCOME against EXPENSES	-955'208	-390'500	-723'605	-1'144'530	-889'606
FIDE Reserve Fund at beginning of period	1'287'551		2'011'156	1'542'743	2'432'349
FIDE Reserve Fund at end of period	332'343		1'287'551	398'213	1'542'743

**FEDERATION INTERNATIONALE DES ECHECS
LAUSANNE**

Notes to the financial statements

As at December 31, 2015

(All amounts in Euro unless otherwise stated)

1. FEDERATION'S FORMATION AND OPERATIONS

The International Chess Federation or Fédération Internationale des Echecs (FIDE), (the 'Federation'), is the recognized international federation in the domain of chess, which was founded on July 20, 1924 in Paris. The Federation is recognized by the International Olympic Committee as the supreme body responsible for the game of chess and its Championships. The Federation unites national chess federations throughout the world and oversees all International competitions. The Federation is concerned exclusively with chess activities. FIDE has its registered office in Lausanne where it is incorporated as an association under Swiss Law. Operating head-quarter is located in Athens, with other offices in Elista and Moscow.

2. BASIS OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with the requirements of the Federation's statutes. The financial statements have been prepared on the historical cost basis.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) **Foreign currency translation:** The Federation changed its functional currency in 2006 to Euro (€). Transactions denominated in other currencies are recorded in € at the actual exchange rate as of the date of the transaction. At the end of the financial year monetary assets and liabilities denominated in foreign currencies are translated and reported at the rates of exchange prevailing at the year end. Gains or losses resulting from such foreign currency conversions are reflected in the statement of income/expenses. All foreign currencies are converted into Euro on a weekly basis, on the going rate.

For purpose of statutory reporting under Swiss law, financial statements are translated from EUR to CHF at closing rate of 1 CHF for € 0.9196 (2014: 1 CHF for € 0.823), except for FIDE reserve fund which is kept at historical rate. Items of the income statements are translated using the average rate of the period of 1 CHF for € 0.9362 (2014: 1 CHF for € 0.813). Differences resulting from the translation process for presentation purpose are disclosed on income statement in the line currency translation difference when resulting in an expense and deferred to balance sheet as a provision for unrealized translation gain when resulting in an income.

(b) **Provisions:** Debtors are stated at nominal value, net of provision for doubtful debts, which cover in addition to known doubtful debts, all members in arrears in fulfilment of their financial obligations to FIDE. Based on the FIDE Handbook (A. Administrative Subjects point 0.3 Financial Regulations), a federation that is six months in arrears shall not receive services from the Secretariat and cannot bid for or organize any FIDE event, while a federation that is two years in arrears shall be temporarily excluded and therefore, fully provided against.

(c) **Fixed assets depreciation:** Depreciation rate used is 30% per annum on the reduced balance method.

(d) **Revenue recognition:** Membership, entry and other fees are recorded as income in the year they are earned.

**FEDERATION INTERNATIONALE DES ECHECS
LAUSANNE**

Notes to the financial statements

As at December 31, 2015

(All amounts in Euro unless otherwise stated)

4. Cash and bank accounts

The balance of cash at banks does not include an amount of USD 30'941 corresponding to one specific bank account at UBS bank. The aforementioned account, although it is reposted by the bank in its confirmation letters having FIDE as beneficiary, essentially beneficiaries are the America's chess federations. This account had been established for practical reasons, in order to enhance the transactions between various chess federations in the continent of America and as such transactions undertaken by the related federations do not pass through FIDE's accounting books. The account shown on the balance sheet with balance € 24'888 is called Visa Corporate Guarantee and it is a restricted cash account.

5. Fixed assets

The movement of cost and related accumulated depreciation of the fixed assets in the accompanying balance sheet is the following:

<u>COST</u>	OFFICE FURNITURE	MACHINES & EQUIPMENT	TOTAL
Balance b/f	14'716	339'574	354'290
Additions 2015	-	22'457	22'457
Sales 2015	-	-	-
<i>Total Cost</i>	14'716	362'031	376'747
<u>DEPRECIATION</u>			
Balance b/f	14'512	225'395	239'907
Charge for the period	61	36'302	36'363
<i>Total Depreciation</i>	14'573	261'697	276'270
NAV 31.12.15	143	100'334	100'477

**FEDERATION INTERNATIONALE DES ECHECS
LAUSANNE**

Notes to the financial statements

As at December 31, 2015

(All amounts in Euro unless otherwise stated)

6. Provision for Staff Retirement Benefits

Under Greek labor law, employees are entitled to termination payments in the event of dismissal or retirement, with the amount of payment varying in relation to the employee's compensation, length of service and manner (dismissed or retired) of termination, which if due to retirement is 40% of the amount payable upon dismissal. Employees who resign or are dismissed with cause are not entitled to termination payments. The number of employees who will eventually be dismissed or retired in subsequent years is not known; the maximum liability under the provisions of Greek labor law, if all employees had been dismissed at 31st December 2015, would have been € 25'958 (2014: € 21'152) for which a provision has been made.

7. Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous year, did not exceed 10.