



VON GRAFFENRIED

TREUHAND

Report of the statutory auditors
on the limited statutory examination
to the Foundation Board of

EUROPEAN SCOUT FOUNDATION

GENEVA

concerning financial statements
balanced on 30 September 2017

Berne, 17 November 2017 (375/0/2/1/2)



VON GRAFFENRIED

TREUHAND

Report of the statutory auditors on the limited statutory examination to the foundation board of European Scout Foundation, Geneva

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of European Scout Foundation for the financial year ended at 30 September 2017.


These financial statements are the responsibility of the foundation board. 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 foundation's articles of incorporation.

Bern, 17 November 2017 sct/stn

Von Graffenried AG Treuhand


Michel Zumwald
Swiss Certified Accountant
Licensed audit expert


Tom Schlegel
Swiss Certified Accountant
Licensed audit expert
Auditor in charge

Enclosures

Financial statements (balance sheet, statement of income and expenditure and notes)



EUROPEAN SCOUT FOUNDATION 2016/2017 Annual Finance Report and Notes

BALANCE SHEET AS AT 30.09.2017

ASSETS	Notes	Fiscal Year	Fiscal Year
		30.9.2017	30.9.2016
		CHF	CHF
CURRENT ASSETS			
CH750024024060586400M / UBS CHF		43'582	767
CH260024024060586470F / UBS EURO		18'590	16'684
CH270024024060586460R / UBS USD		568	464
Pay Pal Account		8'906	13'391
CASH, BANK	3.1	71'646	31'306
UBS Deposit N1		1'879'050	1'499'285
INVESTMENTS		1'879'050	1'499'285
Accounts Receivable		8'119	4'293
Withholding Taxes (IFA)	3.2	3'266	2'931
Loan Bulgaria		11'218	12'856
Transfer account EIF	3.3	0	63'620
Transfer account ELTF	3.3	0	5'801
receivable / Interest on bonds		0	0
RECEIVABLES AND ACCRUED INCOME		22'603	89'500
TOTAL CURRENT ASSETS		1'973'299	1'620'091
RESTRICTED ASSETS			
UBS-605864.N2 / Long-Term Fund / USD 0% BEI 06.11.2026	4.1	379'396	397'842
European Investment Fund	4.2	2'620'516	2'332'208
European Leader Training Fund	4.3	362'141	512'586
TOTAL RESTRICTED NON-CURRENT ASSETS		3'362'053	3'242'636
TOTAL ASSETS		5'335'352	4'862'726



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BALANCE SHEET AS AT 30.09.2017

LIABILITIES	Notes	Fiscal Year	Fiscal Year
		30.9.2017	30.9.2016
		CHF	CHF
CURRENT LIABILITIES			
Accounts Payable		-9'243	0
I.O. Account - European Office		0	0
Provision / payments to projects	7	-41'942	-26'387
TOTAL CURRENT LIABILITIES		-51'185	-26'387
RESTRICTED FUNDS			
Long-Term Fund / USD - Capital	4.1	-379'396	-397'842
European Investment Fund	4.2	-2'620'516	-2'332'208
European Leader Training Fund	4.3	-362'141	-512'586
TOTAL RESTRICTED FUNDS		-3'362'053	-3'242'636
OWN FUNDS			
Funding Capital		-10'000	-10'000
Fund for European Scouting	5	-404'583	-404'583
Friends of Scouting in Europe "FOSE"	6	-1'286'076	-1'179'015
Accumulated profit / loss peruse years		-221'455	-106
TOTAL OWN FUNDS		1'922'115	-1'593'704
Loss		0	0
TOTAL LIABILITIES AND FUNDS		5'335'352	4'862'726

Place and date

European Scout Foundation

Bruxelles,

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Luzern,

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STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 30.09.2017

	Notes	Fiscal Year 30.9.2017	Fiscal Year 30.9.2016
		CHF	CHF
INCOME OPERATION			
FOSE - Friends of Scouting in Europe	6	107'061	92'743
Income on Projects	7	11'663	9'469
TOTAL INCOME OPERATION		118'724	102'212
EXPENDITURES OPERATION			
Expenses on Projects	7	-16'876	-10'621
Transfer to/from provisions / payments to projects	7	5'213	1'152
TOTAL EXPENDITURES OPERATION		-11'663	-9'469
RESULT ON OPERATION		107'061	92'743
EUROPEAN INVESTMENT FUND (EIF)	4.2		
Interests on EIF Investments		30'119	33'052
Profit/loss on market value EIF		233'976	54'100
Bank charges and Debtor interests EIF		-10'730	-12'053
Miscellaneous EIF		0	-24
Currency differential EIF		34'943	-8'514
Allocation to EIF capital		-288'309	-66'561
SURPLUS/DEFICIT EIF		0	0
EUROPEAN LEADER TRAINING FUND (ELTF)	4.3		
Interests on ELTF Investments		5'971	12'000
Profit/loss on market value ELTF		-7'667	-11'720
Bank charges and Debtor interests ELTF		-4'327	-1'649
Projects		-143'403	-188'873
Miscellaneous ELTF		-1'019	-148
Allocation to ELTF capital		150'445	190'390
SURPLUS/DEFICIT ELTF		0	0
NET SURPLUS / DEFICIT FROM RESTRICTED FUNDS	4.1		
Currency differential restricted funds		1'047	-2'442
Unrealised profit/loss on securities		-19'493	39'099
NET SURPLUS / DEFICIT FROM RESTRICTED FUNDS		-18'446	36'657
NET SURPLUS / DEFICIT FROM UNRESTRICTED FUNDS			
Interests on FOSE capital		20'769	21'820
Bank Charges & Debtor Interests		-10'207	-10'046
Miscellaneous		-5'288	-2'242
Currency Differential		24'900	-1'424
Profit/Loss on Market Value		211'945	48'169
NET SURPLUS / DEFICIT FROM UNRESTRICTED FUNDS		242'118	56'277
Net Surplus / Deficit prior to allocations		330'733	185'676



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ALLOCATION	Notes	Fiscal Year	Fiscal Year
		30.9.2017	30.9.2016
		CHF	CHF
ALLOCATIONS			
Transfer to FOSE	6	107'061	92'743
Adjustment restricted funds	4.1	-18'446	36'657
Allocation profit to projects	7	20'769	
Adjustment accumulated profits/losses		221'349	56'277
TOTAL ALLOCATION		330'733	185'676
NET LOSS AFTER ALLOCATION		0	0

Place and date

European Scout Foundation

Bruxelles,

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Luzern,

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30 September 2017

1. General

1.1. Founding – Statuts – Aim of the Foundation

The European Scout Foundation (ESF) was created on 21 August 1974. The latest revision of the statuts was on 24 August 2011. There are no more regulations accepted by the supervising body in the Federal Department of Home Affairs.

The purpose of the foundation is to contribute to the development of Scouting in Europe, notably by providing it with necessary financial means and helping the European National Scout Organizations to improve their own financial services.

1.2. Foundation Board

Chairman	Henrik Söderman, Bruxelles (B)
Vice Chairman	David Jenny, Basel (CH)
Treasurer	Walter Hofstetter, Luzern (CH)
Mitglieder	Lars Kramm, York (GB)
	Bianca-Victoria Nesiú-Bredeag (RO)
	Thankmar Wagner, Münster (D)

1.3. Accounting

Walter Hofstetter, Treasurer

In some countries there are special FOSE-accounts. Due to the fact that ESF is not owner of these accounts they are not included in the financial statements of ESF.

1.4. Supervising Body

The Foundation is supervised by the Swiss Federal Department of Home Affairs.

1.5. Auditors

Von Graffenried AG Treuhand, Bern (CH)

1.6. Fulltime employees

The whole work for ESF is done by volunteers and ESF has no employees.

2. Summary of significant accounting policies

The accounting principles and presentation of the financial statements of the European Scout Foundation has been prepared in accordance with the requirements of the Swiss Code of Obligations.

Valuation of investments: Investments are presented in market value.

Foreign exchange: The financial records of the ESF are maintained in Swiss francs (CHF).

	Opening 1.10.2016	Closing 30.9.2017
Exchange rate for 1 € is CHF	1.09	1.14
Exchange rate for 1 US\$ is CHF	0.97	0.97

Revenue recognition: The ESF's revenues include grants and donations. They are booked during the fiscal period in which they are allocated to the Foundation.

Bank relation: UBS Switzerland.



3. Current assets

3.1 Cash and Bank

The ESF's aim is to hold the cash positions as low as possible and to invest the money.

3.2 Withholding taxes

ESF has already made a request of pay-back to the Swiss Tax Authorities for the outstanding withholding taxes.

3.3 Transfer Accounts

Due to optimising the cash management there is a certain exchange between ESF, European Investment Fund and European Leader Training Fund. This exchange is shown in the transfer accounts. Transfer accounts were balanced before the closing of the current financial year.

4. Restricted non-current assets and restricted funds

4.1 Long-term fund USD

It is a donation and corresponds to a zero coupon bond of a nominal value amounting to USD 500'000 and a maturity date in 2026.

4.2 European Investment Fund (EIF)

Based on a decision of the European Scout Committee and the decision of the ESF Foundation board the European Investment Fund was created. The capital invested in the EIF is a financial asset beneficially owned by the European Scout Committee and entrusted in good faith to the ESF to be invested for the good benefit of the European Scout Region.

4.3 European Leader Training Fund (ELTF)

In December 2011 a donator donated CHF 1'000'000 for creating the European Leader Training Fund (ELTF). The aim of the ELTF is to support international leader training in WOSM and WAGGGS National Scout Associations in Central and Eastern Europe. The European Scout Committee and the European WAGGGS Committee have created a group to search and evaluate such leader trainings and to decide about the subventions to these trainings.

The capital invested in the ELTF is a financial asset beneficially owned by the European Scout Committee and the European WAGGGS Committee entrusted in good faith to the ESF to be invested for the good benefit of European Scouting and Guiding.

Following the donator's instructions investments can be done in cash and bonds with low risk only.

5. Fund for European Scouting

The Fund for European Scouting is capital of the Foundation which has been accumulated by the Foundation over the past years and can only be used for purposes of the foundation.

6. The Friends of Scouting in Europe

The Friends of Scouting in Europe (FOSE) are individuals donating to the ESF ones a live contribution of € 2000 or yearly an annual contribution of € 150 (€ 75 for young people below 30 years) with the purpose to provide support to the development of the Scout Movement in Central and Eastern Europe.

Development of FOSE

Live-FOSE	September 2016: 190	September 2017: 215	+25
Annual-FOSE	September 2016: 437	September 2017: 491	+54
Total	September 2016: 627	September 2017: 706	+79

The contributions of FOSE are cumulated in the capital "Friends of Scouting in Europe FOSE" below "Own Funds".



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7. Projects

The ESF has received donations and has supported the following projects:

Project	Income for CHF	Payment to CHF
Donations dedicated for projects	6'486	
Surplus FOSE event 2016 Germany	5'177	
Macedonia: Explore the Ohrid Lake		359
Lithuania: Optimists Fleet		2'578
Slovakia: Integration and Capacity Building of Roma Scouts		3'604
Germany: Scouting for Europe - Look! Discuss! Engage		1'092
Macedonia: Survival and natural disasters		572
Poland: Training		2'860
Romania: Spread the word		2'608
Montenegro: Headquarters		3'203
Transfer from provisions for projects	5'213	
Total	<u>16'876</u>	<u>16'876</u>

A special thank goes to all donators of project costs.

The ESF disposes about the following provisions/payments to projects:

Project	CHF
Surplus FOSE event 2016 Germany	4'085
Bulgaria - ESF Jubilee project	9'689
Surplus FOSE event 2015 Bulgaria	3'212
Donations dedicated for projects	4'188
Allocation Profit 2017	20'769
Total	<u>41'942</u>



8. Compliance with “ESF Investment Risk Policy”

<p>ESF Investment Risk Policy</p> <p>Except the restricted long term fund investments have to be made in CHF and EUR. Therefore the assets must be held or invested as follows:</p> <ul style="list-style-type: none"> • Minimum 40 % and max. 80 % in CHF • Minimum 20 % and max. 60 % in EUR <p>Investments:</p> <ul style="list-style-type: none"> • At least 30 % in bonds and related funds or mutual funds or bank accounts. • At least 30 % and maximum 70 % in shares, shares based structured products and equity funds. • Maximum 20 % in stock exchange index funds, provided that a stop loss contract has been established. • Maximum 10 % in any other “new index” funds, provided that a stop loss contract has been established. 	<p>As at 30 September 2017</p> <ul style="list-style-type: none"> • 61% CHF • 23% EUR • 16% USD (restricted long term fund) • 3% Cash • 34% Bonds • 63% Shares
<p>EIF Investment Risk Policy</p> <p>Investments have to be made in CHF, EUR and USD. Therefore the assets must be held or invested as follows:</p> <ul style="list-style-type: none"> • Minimum 25 % and max. 80 % in CHF. • Minimum 20 % and max. 60 % in EUR. • Maximum 30 % in USD. <p>Investments</p> <ul style="list-style-type: none"> • At least 30 % in bonds and related funds or mutual funds or bank accounts. • Maximum 70 % in shares, shares based structured products and equity funds. • Maximum 20 % in stock exchange index funds, provided that a stop loss contract has been established. • Maximum 10 % in any other “new index” funds, provided that a stop loss contract has been established. 	<p>As at 30 September 2017</p> <ul style="list-style-type: none"> • 47% CHF • 29% EUR • 24% USD • 5% Cash • 25% Bonds • 70% Shares
<p>ELTF Investment Risk Policy</p> <p>Currency: Investments have to be made in CHF.</p> <p>Investments: 100 % in bonds and related funds or mutual funds or bank accounts.</p>	<p>As at 30 September 2017</p> <ul style="list-style-type: none"> • 100% CHF • 15% Cash • 85% Bonds

Place and date

European Scout Foundation

Bruxelles,

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Luzern,

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