



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 2018

Berne, 22 november 2018 (410/0/3/1/2)



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 2018.

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.

Berne, 22 november 2018 sct/stn

Von Graffenried AG Treuhand

Michel Zumwald
Swiss Certified Accountant
Licensed audit expert

Toni 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 2017/2018 Annual Finance Report and Notes

BALANCE SHEET AS AT 30.09.2018

ASSETS	Notes	Fiscal Year 30.9.2018	Fiscal Year 30.9.2017
		CHF	CHF
CURRENT ASSETS			
CH750024024060586400M / UBS CHF		567	43'582
CH260024024060586470F / UBS EURO		117'682	18'590
CH270024024060586460R / UBS USD		393	568
Pay Pal Account		11'848	8'906
CASH, BANK	3.1	130'490	71'646
UBS Deposit N1		1'979'618	1'879'050
INVESTMENTS		1'979'618	1'879'050
Accounts Receivable		20'012	8'119
Withholding Taxes (IFA)	3.2	3'809	3'266
Loan Bulgaria		8'899	11'218
Loan Montenegro		3'582	0
Transfer account EIF	3.3	0	0
Transfer account ELTF	3.3	-55'696	0
receivable / Interest on bonds		0	0
RECEIVABLES AND ACCRUED INCOME		-19'395	22'603
TOTAL CURRENT ASSETS		2'090'713	1'973'299
RESTRICTED ASSETS			
UBS-605864.N2 / Long-Term Fund / USD 0% BEI 06.11.2026	4.1	373'919	379'396
European Investment Fund	4.2	2'724'880	2'620'516
European Leader Training Fund	4.3	245'245	362'141
TOTAL RESTRICTED NON-CURRENT ASSETS		3'344'044	3'362'053
TOTAL ASSETS		5'434'757	5'335'352

**BALANCE SHEET AS AT 30.09.2018**

LIABILITIES	Notes	Fiscal Year	Fiscal Year
		30.9.2018	30.9.2017
		CHF	CHF
CURRENT LIABILITIES			
Accounts Payable		0	-9'243
I.O. Account - European Office		0	0
Provision / payments to projects	7	-43'020	-41'942
TOTAL CURRENT LIABILITIES		-43'020	-51'185
RESTRICTED FUNDS			
Long-Term Fund / USD - Capital	4.1	-373'919	-379'396
European Investment Fund	4.2	-2'724'880	-2'620'516
European Leader Training Fund	4.3	-245'245	-362'141
TOTAL RESTRICTED FUNDS		-3'344'044	-3'362'053
OWN FUNDS			
Funding Capital		-10'000	-10'000
Fund for European Scouting	5	-404'583	-404'583
Friends of Scouting in Europe "FOSE"	6.2	-1'434'8001	-1'286'076
Accumulated profit / loss previous years		-198'309	-221'455
TOTAL OWN FUNDS		-2'047'693	1'922'115
Loss		0	0
TOTAL LIABILITIES AND FUNDS		5'434'757	5'335'352



STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 30.09.2018

	Notes	Fiscal Year 30.9.2018	Fiscal Year 30.9.2017
		CHF	CHF
INCOME OPERATION			
FOSE - Friends of Scouting in Europe	6.1	139'746	107'061
Income on Projects	7.1	14'988	11'663
TOTAL INCOME OPERATION		154'734	118'724
EXPENDITURES OPERATION			
Expenses on Projects	7.1	-27'488	-16'876
Transfer to/from provisions / payments to projects	7.1	12'500	5'213
TOTAL EXPENDITURES OPERATION		-14'988	-11'663
RESULT ON OPERATION		139'746	107'061
EUROPEAN INVESTMENT FUND (EIF)	4.2		
Interests on EIF Investments		32'193	30'119
Profit/loss on market value EIF		44'008	233'976
Bank charges and Debtor interests EIF		-11'644	-10'730
Miscellaneous EIF		0	0
Currency differential EIF		90	34'943
Allocation to EIF capital		-64'646	-288'309
SURPLUS/DEFICIT EIF		0	0
EUROPEAN LEADER TRAINING FUND (ELTF)	4.3		
Interests on ELTF Investments		2'655	5'971
Profit/loss on market value ELTF		-3'376	-7'667
Bank charges and Debtor interests ELTF		-1'264	-4'327
Projects		-112'910	-143'403
Miscellaneous ELTF		-2'001	-1'019
Allocation to ELTF capital		116'896	150'445
SURPLUS/DEFICIT ELTF		0	0
NET SURPLUS / DEFICIT FROM RESTRICTED FUNDS	4.1		
Currency differential restricted funds		7'075	1'047
Unrealised profit/loss on securities		-12'552	-19'493
NET SURPLUS / DEFICIT FROM RESTRICTED FUNDS		-5'477	-18'446
NET SURPLUS / DEFICIT FROM UNRESTRICTED FUNDS			
Interests on FOSE capital		22'556	20'769
Bank Charges & Debtor Interests		-10'680	-10'207
Miscellaneous		-2'961	-5'288
Currency Differential		-4'523	24'900
Profit/Loss on Market Value		-4'982	211'945
NET SURPLUS / DEFICIT FROM UNRESTRICTED FUNDS		-590	242'118



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	Notes	Fiscal Year 30.9.2018	Fiscal Year 30.9.2017
EXTRAORDINARY INCOME/EXPENSES			
Not used provisions for projects	7.2	8'978	0
TOTAL EXTRAORDINARY INCOME/EXPENSES		8'978	0
Net Surplus / Deficit prior to allocations		142'658	330'733

ALLOCATION	Notes	Fiscal Year 30.9.2018	Fiscal Year 30.9.2017
		CHF	CHF
ALLOCATIONS			
Transfer to FOSE capital	6.2	148'725	107'061
Adjustment restricted funds	4.1	-5477	-18'446
Allocation interests to projects	7.2	22'556	20'769
Adjustment accumulated profits/losses		-23'146	221'349
TOTAL ALLOCATION		142'658	330'733
NET LOSS AFTER ALLOCATION		0	0



NOTES TO THE FINANCIAL STATEMENTS AS AT 30 September 2018

1. General

1.1. Founding – Statutes – Aim of the Foundation

The European Scout Foundation (ESF) was created on 21 August 1974. The latest revision of the statutes 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 for its activities.

1.2. Foundation Board

Chairman	Henrik Söderman, Bruxelles (B)
Vice Chairman	David Jenny, Basel (CH)
Treasurer	Walter Hofstetter, Luzern (CH)
Members	Lars Kramm, York (GB)
	Bianca-Victoria Nesi-Bedreag (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

0. 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 1.10.2017	Closing 30.9.2018
Exchange rate for 1 € is CHF	1.14	1.13
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.

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.

In 2011 the initial investment in EIF was CHF 2'000'000. In the current year (2018) the European Scout Committee decided and made a capital increase of CHF 39'718 (USD 40'000).

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

6.1 Donations

The Friends of Scouting in Europe (FOSE) are individuals donating to the ESF a once-a-lifetime donation of € 2000 or yearly an annual donation 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

Life-FOSE	September 2017: 215	September 2018: 239	+24
Annual-FOSE	September 2017: 491	September 2018: 588	+97
Total	September 2017: 706	September 2018: 827	+121



6.2 FOSE Capital

The donations of FOSE and not used reserves for projects (as explained in section 7.2) are cumulated in the capital "Friends of Scouting in Europe FOSE" below "Own Funds".

7. Projects

7.1 Donations for projects and support to projects

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

Project	Income for CHF	Payment to CHF
Donations dedicated for projects	7'014	
Surplus FOSE event 2017 Serbia	7'974	
Croatia: Youth Scout Club		3'533
Lithuania: Generation of campfires		3'533
Macedonia: East Macedonia Scouting Startup		1'413
Macedonia: Training for Scout Patrol Leaders		1'391
Poland: Polish Food House		1'767
Romania: ONCR – MOVIS videos		3'365
Serbia: Young filmmakers		1'749
Serbia: Scouts for Inclusion		2'095
Serbia: Different or equal		4'388
Serbia: See scouts, feel scouts, join scouts		4'254
Transfer from provisions for projects	12'500	
Total	<u>27'488</u>	<u>27'488</u>

A special thank goes to all donators of project costs.

7.2 Provisions / Payments to projects

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 2017 Serbia	2'788
Donations dedicated for projects	3'902
Interests on FOSE capital 2018	22'556
Total	<u>43'020</u>

In 2016 the Foundation Board decided:

Provisions to projects are recorded and allocated as follows:

- *Donations specified as donations for projects are going to the reserves for projects and remain there until they are used for projects.*
- *The profit of the FOSE capital is going to the reserves for projects for one year. If the money is not used for projects during the following accounting year it will be allocated to the FOSE capital.*
- *The profit of the FOSE events is reserved during two years for projects in the country where the event was held. If the money is not used for projects in this two year period, it will be allocated to the FOSE capital.*

Accordingly, two provisions to projects (FOSE event 2015 Bulgaria and Interests FOSE capital 2017) have been allocated to FOSE capital. This is shown in the Income/Expenditures statement below "Extraordinary Incomes/Expenditures".



8. Compliance with “ESF Investment Risk Policy”

ESF Investment Risk Policy	As at 30 September 2018
<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. 	<ul style="list-style-type: none"> • 63% CHF • 22% EUR • 15% USD (restricted long-term fund) • 5% Cash • 31% Bonds • 64% Shares
EIF Investment Risk Policy	As at 30 September 2018
<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. 	<ul style="list-style-type: none"> • 50% CHF • 25% EUR • 25% USD • 7% Cash • 25% Bonds • 68% Shares
ELTF Investment Risk Policy	As at 30 September 2018
<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>	<ul style="list-style-type: none"> • 100% CHF • 1% Cash • 99% Bonds