

WBSC – World Baseball Softball Confederation

Pully

Report of the statutory auditors to the Congress on the limited statutory examination of the financial statements 2020

(period from 01.01 to 31.12.2020)

18 June 2021
5/LR/SNE

Report of the statutory auditors on the limited statutory examination to the Congress of

WBSC – World Baseball Softball Confederation, Pully

As statutory auditor, we have examined the financial statements (balance sheet, statement of income and expenditure and notes) of WBSC – World Baseball Softball Confederation for the financial year ended 31 December 2020. The limited statutory examination of the prior year financial statements was performed by another auditor who expressed an unmodified examination conclusion on those financial statements.

These financial statements are the responsibility of the Executive 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 company's articles of incorporation.

Lausanne, 18 June 2021
5/LR/SNE

Fibexa SA société fiduciaire



Laurent Rigoli
Licensed audit expert
Auditor in charge



pp-Stéphanie Neumann
Licensed audit expert

Enclosure: Financial statements 2020

World Baseball Softball Confederation, Pully

**Balance sheet at December 31
(in CHF)**

	2020	2019
Assets		
Cash and Cash Equivalents	6.135.660	12.697.352
Trade Receivables and Prepaid Expenses	754.092	5.745.335
Loans and Investments with Partner Companies	751.481	940.090
Other Financial Assets	2.279.136	1.389.836
Guarantees	87.682	7.682
Tangible Fixed Assets - New Headquarters	16.413.449	11.646.867
Provision on a Subsidiary	-75.759	0
Total assets	26.345.741	32.427.162
Liabilities and funds		
Trade Payables and Short Term Liabilities	1.924.783	11.424.746
Mortgage Loan for New Headquarters	5.760.000	5.820.000
Swiss Government (Covid-19 Loan)	3.601.033	0
	11.285.816	17.244.746
Profit (Loss) carried forward	15.059.924	15.182.415
Total liabilities and funds	26.345.740	32.427.161

Gaurantees - Provisions

	2020	2019
Gaurantees/Provision on GAME TIME SSDRL Share Capital	10.760	
Gaurantees/Provision on BASE INT.	64.999	
Gaurantees/Provision on Trade Receivables due from BASE INT.	188.065	
Gaurantees/Provision on Loan due from BASE INTERNATIONAL	371.256	
Extraordinary Revenue	0	
	635.080	

**Statement of income and expenditure for the year ended December 31
(in CHF)**

	2020	2019
Income		
WBSC MEMBERSHIP FEES	48.123	48.021
WORLD TOURNAMENTS	357.006	362.598
Participation and Organization Fees BB/SB/BB5	357.006	362.598
SPONSORING - CONTRIBUTIONS	2.346.723	280.255
Baseball - Softball	49.920	40.128
Other	0	0
IOC Contributions + OG Tokyo 2020	2.296.803	240.127
TV RIGHTS - PARTNERS	4.129.160	34.430.736
Baseball Softball World Cups	0	51.563
Premier 12 - 2023 - 2027 Contract	4.120.202	32.686.777
Major League Baseball	0	1.692.396
Other	8.958	0
FINANCIAL INCOME	667.905	445.900
Interest on Investments	442.457	281.624
Exchange Gain	225.448	164.276
OTHER INCOMES	764.277	230.531
Licensing	0	0
Miscellaneous Incomes	801.288	217.117
Development Projects	0	0
Profit/Loss on Debtors	-37.011	13.414
	8.313.194	35.798.041

World Baseball Softball Confederation, Pully

	2020	2019
Expenditures		
PERSONNEL DIRECT and INDIRECT EXPENDITURES	2.371.233	2.596.158
Salaries (Including Social Charges)	1.650.559	2.089.452
Professional Mandates (External Consultants)	720.674	506.706
ADMINISTRATION	955.246	1.233.286
Rent, Maintenance and Premises Costs	208.257	321.521
Office Supplies and Other	219.988	202.618
Telecommunications	359.282	375.619
Personnel Travel Costs	35.321	131.104
Outside Services (Legal Fees, Account., Marketing, Agency Fees ecc.)	132.398	202.424
FINANCIAL EXPENSES	983.720	906.101
General Bank Costs	428.559	28.566
Currency Exchange Losses	555.161	877.535
COMPETITION COSTS	1.394.005	1.389.183
Marketing/TV Costs - Branding, Logistics		
Baseball Events Costs		
Softball Events Costs	1.220.893	1.361.892
Baseball5 Events Costs		
Antidoping Costs	173.112	27.291
DEVELOPMENT PROGRAM	175.218	5.897.401
PREMIER 12 TOURNAMENT EXPENSES	-138.690	17.172.482
OLYMPIC REINSTATEMENT CAMPAIGN	100.254	404.204
COMMISSIONS	30.198	154.392
INSTITUTIONAL BODIES	215.456	845.451
Executive Committee and Presidential Council Meetings	50.379	395.350
Executive Members	165.077	414.511
Executive Director	0	35.590
CONGRESS and OTHER CONFERENCES	77.417	263.563
OTHER EXPENDITURES	1.222.374	1.775.730
New Projects	31.983	114.617
WBSC Commercial Projects	508.458	1.258.801
Other - Olympic Games Tokyo 2020	332.737	333.264
New Headquarters - Taxes, Financial Interests and Various Expen.	349.196	69.048
DEPRECIATIONS	414.173	20.282
	7.800.604	32.658.233
Excess of (expenditure)/income for the year	512.590	3.139.808

**Notes to the financial statements 2020
(in CHF)**

1. Activity

The World Baseball Softball Confederation (WBSC) is the world-wide Baseball & Softball sports organization, the headquarters of which are located in Pully, Switzerland.

The main objectives of WBSC are to promote and encourage the development of Baseball & Softball in all possible manifestations throughout the world, to promote and encourage the development of international relations, to organise World Championships and WBSC events and to adopt rules for the various competitions.

2. Summary of significant accounting policies

2.1 Basis of accounting

WBSC is a not for profit association governed by the provisions of the Swiss Civil Code.

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013).

Various amounts of prior year have been reclassified in order to have comparative figures.

Income received for events to be held in the future are considered as income according to the contractual agreements and related invoices issued. Until and including 2019, such revenues were considered as deferred incomes in the balance sheet and therefore not recognised as income until the event for which the funds were received has taken place.

2.2 Accounting for foreign currencies

exchange rates ruling at the year-end. Transactions denominated in other than Swiss franc are recorded at monthly rates. All exchange losses and realised exchange gains are recognised in the statement of income and expenditure.

Closing rate	2020	2019
USD / CHF	0.88394	0.96837
EUR / CHF	1.08155	1.08700

2.3 Revenue recognition

Revenues for services provided is generally recorded when earned and collection is reasonably assured. Marketing & Media Rights revenues is recorded related to the contractual agreements and invoices related issued.

2.4 Receivables

Trade receivables and other short-term receivables are carried at their nominal value. Impairment charges are calculated for these assets on an individual basis.

2.5 Investments

Investments are carried at their nominal value or purchase cost. Impairment charges are calculated for these assets on an individual basis.

World Baseball Softball Confederation, Pully

Notes to the financial statements 2020
(in CHF)

	December 31, 2020	December 31, 2019
3. Investments		
Teammate Sport International s.r.l. - San Marino Share capital : EUR 26'000	Votings rights 70%	Votings rights 70%
BASE INTERNATIONAL SA - Pully Share capital : CHF 65'000	65%	65%
Game Time Societa Sportiva Dilettantistica Srl - Livorno (It) Share capital : EUR 10'000	99%	99%
4. Tangible fixed assets		
WBSC Headquarter	8'579'950	8'830'000
Headquarter renovation expenditure capitalized	7'044'158	2'514'384
Other tangible fixed assets	789'341	302'484
	<u>16'413'449</u>	<u>11'646'867</u>
5. Guarantees, other indemnities and assets pledged in favour of third parties		
Mortgage Titles	4'000'000	4'000'000
WBSC Headquarter (Pully)	15'624'108	8'830'000
6. Funds		
At beginning of year	15'182'415	12'042'607
Result of the year	- 122'491	3'139'808
At end of year	<u>15'059'924</u>	<u>15'182'415</u>
7. Partners		
Major League Baseball	0	1'692'396
ISF - International Softball Federation	0	0
	<u>0</u>	<u>1'692'396</u>

Notes to the financial statements 2020
(in CHF)

December 31, 2020 December 31, 2019

8. Premier 12

The Premier12 competition contract for the next editions -- as the major part of the WBSC growth strategy -- will significantly help the WBSC over the next years, especially in the short- and mid-term, resulting in sustained financial security, which will allow the WBSC to improve its overall operations and potential for increasing revenue generation and asset performance.

As Marketing & Media Rights contracts often foresee advance payments, revenues in connection with future Premier 12 tournaments (2023 and 2027 editions) are recognized as per contractual agreements and invoicing related, based on cash received.

The following table shows the revenue recognized for future Premier12 events as well as the amount of aggregate payments invoiced for the 2019 edition.

Revenue

Premier 12 - 2019	177'802	28'640'777
Premier 12 - 2023 and 2027	3'942'400	4'046'000
	<u>4'120'202</u>	<u>32'686'777</u>

Advanced payments related to future competitions

Premier 12 - 2023 and 2027	15'626'800	11'680'400
- Payments received in 2018	7'634'400	7'634'400
- Payments received in 2019	4'046'000	4'046'000
- Payments received in 2020	3'946'400	0
	<u>15'626'800</u>	<u>11'680'400</u>

9. Administration expenditure

Consultants and staff mandate	- 720'674	- 506'706
Communications	- 359'282	- 375'619
Rent and maintenance	- 208'257	- 321'521
Office supplies and other	- 219'988	- 202'618
Outsides services	- 132'398	- 202'424
Personnel travel expenses	- 35'321	- 131'104
	<u>- 1'675'920</u>	<u>- 1'739'991</u>

10. Executive Committee

Executive Committee Meetings	- 50'379	- 395'350
Executive Members	- 140'014	- 293'947
Executive Director	0	35'590
Division Chairman	- 25'063	- 120'564
	<u>- 215'456</u>	<u>- 845'451</u>

Notes to the financial statements 2020
(in CHF)

	December 31, 2020	December 31, 2019
11. Other expenditure		
Olympic Games Tokyo 2020	- 332'737	- 333'264
New Project - Baseball 5	- 31'983	- 114'617
WBSC commercial projects	- 508'458	- 1'258'801
	<u>- 873'178</u>	<u>- 1'706'682</u>

12. Workforce

The number of full-time equivalents was between 10 and 50 on an annual average basis.

13. Additional information

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken to contain the virus have affected economic activity and the WBSC business in various ways:

- Postponing of Events
- Postponing of Marketing & Media Rights revenues as events are postponed
- Implementation of New Projects are delayed

The entity applied for a government-supported loan of CHF 3.600.000, which has been granted on 31.07.2020 at an interest rate of 0% for the first 500.000 CHF and 0,5% for the remaining amount.

The entity applied for short-shift working compensation (Kurzarbeitsentschädigung / indemnité en cas de réduction de l'horaire de travail) for the majority of the Lausanne based staff, which has been approved on 21.04.2020. Additional staff that was not entitled for short work voluntarily accepted a reduction of the payments for the same period.

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the WBSC may experience, deferral of compensation, negative results and liquidity restraints. Fortunately, the worldwide pandemic restrictions are starting to be removed giving us the possibility to restart organising the scheduled events. This will surely influence positively our overall activities even though the exact impact for 2021 cannot be predicted.

14. Subsequent events

No significant event occurred between the end of the reporting period and the date of approval by the Board of Directors, which would result in an adjustment of these financial statements or require their disclosures at this point.