

WBSC – World Baseball Softball Confederation

Pully

Report of the statutory auditors to the Congress on the limited statutory examination of the financial statements 2021

(period from 01.01 to 31.12.2021)

18 May 2022
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 2021.

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 May 2022
5/LR/SNE

Fibexa SA société fiduciaire



Laurent Rigoli
Licensed audit expert
Auditor in charge



Stéphanie Neumann
Licensed audit expert

Enclosure: Financial statements 2021

World Baseball Softball Confederation, Pully

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

	2021	2020
Assets		
Cash and Cash Equivalents	1.241.317	6.135.660
Trade Receivables and Prepaid Expenses	3.095.230	754.092
Loans and Investments with Partner Companies	553.691	751.481
Other Financial Assets	2.497.294	2.279.136
Guarantees	87.682	87.682
Tangible Fixed Assets - New Headquarters	16.401.652	16.413.449
Provision on a Subsidiary	-75.257	-75.759
Total assets	23.801.609	26.345.741
Liabilities and funds		
Trade Payables and Short Term Liabilities	474.154	1.924.783
Mortgage Loan for New Headquarters	5.260.000	5.760.000
Swiss Government (Covid-19 Loan)	3.078.290	3.601.033
	8.812.444	11.285.816
Profit (Loss) carried forward	14.989.164	15.059.924
Total liabilities and funds	23.801.608	26.345.740

Gaurantees - Provisions

	2021	2020
Gaurantees/Provision on GAME TIME SSDRL Share Capital	0	10.760
Gaurantees/Provision on BASE INT.	5.786	64.999
Gaurantees/Provision on Trade Receivables due from BASE INT.	0	188.065
Gaurantees/Provision on Loan due from BASE INTERNATIONAL	396.552	371.256
Extraordinary Revenue	-36.589	0
	365.749	635.080

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

	2021	2020
Income		
WBSC MEMBERSHIP FEES	76.191	48.123
WORLD TOURNAMENTS	164.978	357.006
Participation and Organization Fees BB/SB/BB5	164.978	357.006
SPONSORING - CONTRIBUTIONS	384.587	2.346.723
Baseball - Softball	94.399	49.920
Other	0	0
IOC Contributions + OG Tokyo 2020	290.188	2.296.803
TV RIGHTS - PARTNERS	5.982.280	4.129.160
Baseball Softball World Cups	371.680	0
Premier 12 - 2023 - 2027 Contract	5.610.600	4.120.202
Major League Baseball	0	0
Other	0	8.958
FINANCIAL INCOME	364.562	667.905
Interest on Investments	168.218	442.457
Exchange Gain	196.344	225.448
OTHER INCOMES	214.265	764.277
Licensing	138.671	0
Miscellaneous Incomes	140.705	801.288
Development Projects	0	0
Profit/Loss on Debtors	-65.111	-37.011
	7.186.863	8.313.194

World Baseball Softball Confederation, Pully

	2021	2020
Expenditures		
PERSONNEL DIRECT and INDIRECT EXPENDITURES	2.876.828	2.371.233
Salaries (Including Social Charges)	2.042.894	1.650.559
Professional Mandates (External Consultants)	833.934	720.674
ADMINISTRATION	1.274.851	955.246
Rent, Maintenance and Premises Costs	255.293	208.257
Office Supplies and Other	182.322	219.988
Telecommunications	458.254	359.282
Personnel Travel Costs	163.940	35.321
Outside Services (Legal Fees, Account., Marketing, Agency Fees ecc.)	215.042	132.398
FINANCIAL EXPENSES	509.731	983.720
General Bank Costs	97.229	428.559
Currency Exchange Losses	412.502	555.161
COMPETITION COSTS	285.940	1.394.005
Marketing/TV Costs - Branding, Logistics		
Baseball Events Costs		
Softball Events Costs	103.281	1.220.893
Baseball5 Events Costs		
Antidoping Costs	182.659	173.112
DEVELOPMENT PROGRAM	117.954	175.218
PREMIER 12 TOURNAMENT EXPENSES	0	-138.690
OLYMPIC REINSTATEMENT CAMPAIGN	114.668	100.254
COMMISSIONS	14.174	30.198
INSTITUTIONAL BODIES	128.663	215.456
Executive Committee and Presidential Council Meetings	0	50.379
Executive Members	115.304	165.077
Executive Director	13.359	0
CONGRESS and OTHER CONFERENCES	0	77.417
OTHER EXPENDITURES	924.282	1.222.374
New Projects	71.489	31.983
WBSC Commercial Projects	421.042	508.458
Other - Olympic Games Tokyo 2020	346.372	332.737
New Headquarters - Taxes, Financial Interests and Various Expen.	85.379	349.196
DEPRECIATIONS	644.781	414.173
	6.891.872	7.800.604
Excess of (expenditure)/income for the year	294.991	512.590

Notes to the financial statements 2021
(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	2021	2020
USD / CHF	0.91114	0.88394
EUR / CHF	1.03615	1.08155

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 2021
(in CHF)**

	December 31, 2021	December 31, 2020
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	8'322'550	8'579'950
Headquarter renovation expenditure capitalized	7'376'933	7'044'158
Other tangible fixed assets	702'169	789'341
	<u>16'401'652</u>	<u>16'413'449</u>
5. Guarantees, other indemnities and assets pledged in favour of third parties		
Mortgage Titles		4'000'000
WBSC Headquarter (Pully)		15'624'108
6. Funds		
At beginning of year	15'059'924	15'182'415
Result of the year	- 70'761	- 122'491
At end of year	<u>14'989'164</u>	<u>15'059'924</u>
7. Partners		
Major League Baseball	0	0
ISF - International Softball Federation	0	0
	<u>0</u>	<u>0</u>

Notes to the financial statements 2021
(in CHF)

	December 31, 2021	December 31, 2020
8. Premier 12		
<p>The Premier 12 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.</p> <p>As Marketing & Media Rights contracts often forsee 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.</p> <p>The following table shows the revenue recognized for future Premier12 events as well as the amount of aggregate payments invoiced for the 2019 edition.</p>		
Revenue		
Premier 12 - 2019	0	177'802
Premier 12 - 2023 and 2027	5'610'600	3'942'400
	<u>5'610'600</u>	<u>4'120'202</u>
Advanced payments related to future competitions		
Premier 12 - 2023 and 2027	19'359'600	15'626'800
- 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	3'946'400
- Payments received in 2021	3'732'800	0
	<u>19'359'600</u>	<u>15'626'800</u>
9. Administration expenditure		
Consultants and staff mandate	- 833'934	- 720'674
Communications	- 458'254	- 359'282
Rent and maintenance	- 255'293	- 208'257
Office supplies and other	- 182'322	- 219'988
Outsides services	- 215'042	- 132'398
Personnel travel expenses	- 163'940	- 35'321
	<u>- 2'108'785</u>	<u>- 1'675'920</u>
10. Executive Committee		
Executive Committee Meetings	0	50'379
Executive Members	- 99'472	- 140'014
Executive Director	- 13'359	- 0
Division Chairman	- 15'832	- 25'063
	<u>- 128'664</u>	<u>- 215'456</u>

Notes to the financial statements 2021
(in CHF)

	December 31, 2021	December 31, 2020
11. Other expenditure		
Olympic Games Tokyo 2020	- 346'372	- 332'737
New Project - Baseball 5	- 71'489	- 31'983
WBSC commercial projects	- 421'042	- 508'458
	<u>- 838'904</u>	<u>- 873'178</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 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. Rate conditions may be adapted to market developments on 31 March each year, the first time on 31 March 2022, according to the relevant requirements of the Swiss Federal Department of Finance. WBSC plans to repay the COVID-19 credit upon its financial capacity. During the duration of the use of COVID-19 credit, restrictions apply to the granting and repayment of loans to affiliated companies. In accordance with the provisions relating to loss of capital and/or over-indebtedness according to art. 725 CO, the COVID-19 credit guaranteed up to 500,000 francs is not considered as of the capital of third parties until 31 March 2022 (Art. 24 of the Ordinance on joint and several guarantees related to COVID-19).

In 2020, the entity also 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.

14. Subsequent events

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

There is no other information to be disclosed as per article CO 959c (Swiss code of obligations).