



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 2016

Berne, 16 December 2016 (384/0/2/1/2)



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 2016.


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, 16 December 2016 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

2015/2016 Annual Finance Report and Notes

BALANCE SHEET AS AT 30.09.2016

ASSETS	Notes	Fiscal Year 30.9.2016	Fiscal Year 30.9.2015
		CHF	CHF
CURRENT ASSETS			
CH750024024060586400M / UBS CHF		767	123'104
CH260024024060586470F / UBS EURO		16'684	63'380
CH270024024060586460R / UBS USD		464	9'980
Pay Pal Account		13'391	10'590
CASH, BANK	3.1	31'306	207'054
UBS Deposit N1		1'499'285	1'260'608
INVESTMENTS		1'499'285	1'260'608
Accounts Receivable		4'293	-550
Withholding Taxes (IFA)	3.2	2'931	5'112
Loan Bulgaria		12'856	0
Transfer account EIF	3.3	63'620	0
Transfer account ELTF	3.3	5'801	0
receivable / Interest on bonds		0	0
RECEIVABLES AND ACCRUED INCOME		89'500	4'562
TOTAL CURRENT ASSETS		1'620'091	1'472'224
RESTRICTED ASSETS			
UBS-605864.N2 / Long-Term Fund / USD 0% BEI 06.11.2026	4.1	397'842	361'185
European Investment Fund	4.2	2'332'208	2'265'647
European Leader Training Fund	4.3	512'586	702'976
TOTAL RESTRICTED NON-CURRENT ASSETS		3'242'636	3'329'808
TOTAL ASSETS		4'862'726	4'802'032



Rue Henri-Christiné 5 Box 327 CH-1211 Geneva 4 Switzerland
 Tel: (+41 22) 705 11 00 email: foundation@euro.scout.org Fax: (+41 22) 705 11 09

BALANCE SHEET AS AT 30.09.2016

LIABILITIES	Notes	Fiscal Year 30.9.2016	Fiscal Year 30.9.2015
		CHF	CHF
CURRENT LIABILITIES			
I.O. Account - European Office		0	0
Provision / payments to projects	7	-26'387	-105'532
TOTAL CURRENT LIABILITIES		-26'387	-105'532
RESTRICTED FUNDS			
Long-Term Fund / USD - Capital	4.1	-397'842	-361'185
European Investment Fund	4.2	-2'332'208	-2'265'647
European Leader Training Fund	4.3	-512'586	-702'976
TOTAL RESTRICTED FUNDS		-3'242'636	-3'329'808
OWN FUNDS			
Funding Capital		-10'000	-10'000
Fund for European Scouting	5	-404'583	-404'583
Friends of Scouting in Europe "FOSE"	6	-1'179'015	-1'008'279
Accumulated profit / loss peruse years		-106	
TOTAL OWN FUNDS		-1'593'704	-1'422'863
Loss		0	56171
TOTAL LIABILITIES AND FUNDS		4'862'726	4'802'032



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STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 30.09.2016

	Notes	Fiscal Year 30.9.2016	Fiscal Year 30.9.2015
		CHF	CHF
INCOME OPERATION			
FOSE - Friends of Scouting in Europe	6	92'743	78'273
Income on Projects	7	9'469	9'280
TOTAL INCOME OPERATION		102'212	87'553
EXPENDITURES OPERATION			
Expenses on Projects	7	-10'621	-7'331
Transfer to/from provisions / payments to projects	7	1'152	-1'949
TOTAL EXPENDITURES OPERATION		-9'469	-9'280
RESULT ON OPERATION		92'743	78'273
EUROPEAN INVESTMENT FUND (EIF)	4.2		
Interests on EIF Investments		33'052	38'905
Profit/loss on market value EIF		54'100	-112'811
Bank charges and Debtor interests EIF		-12'053	-10'185
Miscellaneous EIF		-24	0
Currency differential EIF		-8'514	-76'925
Allocation to EIF capital		-66'561	161'016
SURPLUS/DEFICIT EIF		0	0
EUROPEAN LEADER TRAINING FUND (ELTF)	4.3		
Interests on ELTF Investments		12'000	14'486
Profit/loss on market value ELTF		-11'720	-11'720
Bank charges and Debtor interests ELTF		-1'649	-2'414
Projects		-188'873	-85'163
Miscellaneous ELTF		-148	-1'883
Allocation to ELTF capital		190'390	86'694
SURPLUS/DEFICIT ELTF		0	0
NET SURPLUS / DEFICIT FROM RESTRICTED FUNDS	4.1		
Currency differential restricted funds		-2'442	7'154
Unrealised profit/loss on securities		39'099	-5'476
NET SURPLUS / DEFICIT FROM RESTRICTED FUNDS		36'657	1'678
NET SURPLUS / DEFICIT FROM UNRESTRICTED FUNDS			
Interests on FOSE capital		21'820	21'256
Bank Charges & Debtor Interests		-10'046	-8'300
Miscellaneous		-2'242	-2'184
Currency Differential		-1'424	-44'922
Profit/Loss on Market Value		48'169	-22'022
NET SURPLUS / DEFICIT FROM UNRESTRICTED FUNDS		56'277	-56'171
Net Surplus / Deficit prior to allocations		185'676	23'781



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ALLOCATION	Notes	Fiscal Year 30.9.2016	Fiscal Year 30.9.2015
		CHF	CHF
ALLOCATIONS			
Transfer to FOSE	6	92'743	78'273
Adjustment restricted funds	4.1	36'657	1'678
Allocation profit to projects	7		
Adjustment accumulated profits/losses		56'277	
TOTAL ALLOCATION		185'676	79'952
NET LOSS AFTER ALLOCATION		0	-56'171



NOTES TO THE FINANCIAL STATEMENTS AS AT 30 September 2016

1. General

The European Scout Foundation (ESF) was created in 1974. Its purpose 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.

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

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.

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 1.10.2015	Closing 30.9.2016
Exchange rate for 1 € is CHF	1.09	1.09
Exchange rate for 1 US\$ is CHF	0.98	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.

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 2015: 159	September 2016: 190	+31
Annual-FOSE	September 2015: 360	September 2016: 437	+77
Total	September 2015: 519	September 2016: 627	+108

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	2'221	
Surplus FOSE event 2015 Bulgaria	7'248	
Bosnia Herzegovina: United Children of Mountain Zvijezda		1'794
Bosnia Herzegovina: Gaining and multiplying international knowledge		920
Bulgaria: Redevelopment Rover Section		833
Czech Republic: Ukrainian Scouts visit CZ		1'172
Macedonia: Scouts for river varda		1'841
Macedonia: Let's Sail		657
Macedonia: Together we are stronger		1'191
Macedonia: Guards of nature "RANGERS"		482
Slovenia: Scout Fest(ival) and Green Urban Challenge		1'082
Slovenia: Gaining and multiplying international knowledge		649
Transfer from provisions for projects	1'152	
Total	10'621	10'621

A special thank goes to all donators of project costs.

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

Project	CHF
Bulgaria - ESF Jubilee project	9'689
Surplus FOSE event 2015 Bulgaria	6'415
Donations dedicated for projects	10'283
Total	26'387



8. Compliance with “ESF Investment Risk Policy”

ESF Investment Risk Policy	As at 30 September 2016
<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"> • 54% CHF • 21% EUR • 25% USD (restricted long term fund) • 1% Cash • 42% Bonds • 57% Shares
EIF Investment Risk Policy	As at 30 September 2016
<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"> • 45% CHF • 29% EUR • 26% USD • 5% Cash*) • 26% Bonds*) • 69% Shares <p>*) The money will be reinvested in bonds.</p>
ELTF Investment Risk Policy	As at 30 September 2016
<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