

GENERAL ASSEMBLY
27 April Lyon, France

Treasurer's Report on Accounts for 2016

David Duce
8 April 2017

The audited accounts for 2016 prepared by our auditors, Audit & Co SA, are appended to this paper. These look rather different to last year's for a number of reasons.

1. Following some changes in Swiss accounting practice the auditors are using different software which produces a more detailed breakdown of the accounts. Some of the terminology of used such as "Shareholders Equity" is unfamiliar terminology for an Association, but maps to the term "Fortune" in previous years.
2. "Event account – Expenditure" and "Event account – Income" in previous year's accounts have been replaced by "Conference Surplus". In accordance with the latest Swiss accounting practice we account for all events in the year in which they occur. Conference surplus is the difference between event income and expenditure in the given year.
3. The auditor has now asked us to use official exchange rates specified by the Swiss Tax Authorities – the rates on 1 January 2017 for conversation of transactions during the year and the rates on 31 December 2017 for the revaluation of assets. Previously we have used a rate taken on the date of the General Assembly. This should simplify the audit process next year.
4. The audited accounts include equipment depreciation as we agreed last year.
5. The item "Exceptional result" in the Profit and Loss Account and the Notes to the Financial Statements is taxation for 2015 paid in 2016. Essentially in year X our taxation includes estimated taxation for year X-1 and this is then corrected in year X+1 when the taxation return for year X is submitted. So the "taxes" just contains the Professional, and Cantonal and Communal tax for 2016 which was assessed and paid in 2016.
6. The item "Finacial result" (*sic*) comprises bank charges, bank interest and difference in value of assets at 1 January 2016 exchange rates and 31 December 2016 rates.

The Balance Sheet and Profit and Loss Account (with 2016 budget comparison) on the next two pages are the same as the audited accounts, but using the Euro currency rather than CHF at an exchange rate of €1 = 1.07200 CHF, the Swiss Tax Authorities official rate on 31 December 2016.

The full audited accounts appear in the Appendix to this document.

Balance Sheet at 31 December 2016

| Assets | 2016 € | 2015 € | 2016 CHF | 2015 CHF |
|--------------------------------|------------------|-------------------|------------------|-------------------|
| Cash | 0.00 | 13.85 | | 14.85 |
| Banks | 749478.54 | 737915.33 | 803441.00 | 791045.23 |
| Accrued income | 12722.14 | 0.00 | 13638.13 | |
| Event account - Expenditure | 0.00 | 279389.28 | | 299505.31 |
| Federal withholding tax | 0.00 | 0.00 | | 0.00 |
| Hardware | 22388.06 | 37334.96 | 24000.00 | 40023.08 |
| Depreciation | 0.00 | -7465.56 | | -8003.08 |
| | <u>784588.74</u> | <u>1047187.86</u> | <u>841079.13</u> | <u>1122585.39</u> |
| Liabilities | | | | |
| Event account - Income | 0.00 | 275806.20 | | 295664.25 |
| Accounts payable | 62919.24 | 57826.82 | 67449.43 | 61990.35 |
| Fortune | 713554.84 | 641211.58 | 764930.79 | 687378.81 |
| Results for year | 8114.65 | 72343.26 | 8698.91 | 77551.98 |
| | <u>784588.73</u> | <u>1047187.86</u> | <u>841079.13</u> | <u>1122585.39</u> |

Profit and Loss Account for the Year 2016

| | Budget 2016 (K€) | 2016 € | 2015 € |
|--------------------|------------------------|------------|------------|
| Membership Fees | 71 | 73259.24 | 77289.12 |
| Conference Surplus | 48 | 86492.35 | 166188.8 |
| Royalties | 29 | 31265.16 | 33472.08 |
| Bookshop | 0 | 9.19 | 85.71 |
| Operating Expenses | -139 | -146686.69 | -122552.59 |
| Depreciation | | -7481.34 | -7465.56 |
| Financial result | | -13166.9 | -70554.24 |
| Exceptional result | | -11312.13 | 0 |
| Taxes | -2 | -4264.23 | -4120.06 |
| Net surplus | 7 | 8114.65 | 72343.26 |

| | Budget 2016 (K€) | 2016 € | 2015 € |
|--------------------|------------------------|-----------|-----------|
| Operating Expenses | | | |
| Executive Brd | 8 | 9570.64 | 10540.61 |
| Chapters | 4 | 3052.55 | 2176.95 |
| Workshops Brd | 1 | 98.01 | 325.51 |
| On-line Brd | 15 | 3762.93 | 0 |
| Secretariat | 2 | 1080.65 | 1642.5 |
| Ops Services | 71 | 96567.97 | 72997.82 |
| Treasurer | 7 | 13568.73 | 7981.9 |
| Promotion Brd | 10 | 9543.8 | 14628.18 |
| Education Brd | 4 | 0 | 334.89 |
| Bookshop & Publns | 1 | 0 | 1178.33 |
| CGF | 9 | 2322.75 | 1922.95 |
| Strategic Proj. | 4 | 5893.47 | 6591.35 |
| Contingency | 2 | 1225.19 | 2231.6 |
| Professional Brd | 1 | 0 | 0 |
| | 139 | 146686.69 | 122552.59 |

EUROGRAPHICS ASSOCIATION - Geneva
 BALANCE SHEET AS AT DECEMBER 31, 2016
 (with previous year comparatives' figures)

| | 2016 - CHF | 2015 - CHF |
|--|-------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | 803'441.00 | 791'060.08 |
| Trade Debtors / accounts receivable | - | - |
| Other accounts receivable | - | 299'505.31 |
| Other short-term receivables - related parties | - | - |
| Inventory goods | - | - |
| Prepaid expenses and accrued income | 13'638.13 | - |
| Total current assets | 817'079.13 | 1'090'565.39 |
| FIXED ASSETS | | |
| Financial fixed assets | - | - |
| Financial participation | - | - |
| Tangible fixed assets | 24'000.00 | 32'020.00 |
| Intangible fixed assets | - | - |
| Total fixed assets | 24'000.00 | 32'020.00 |
| TOTAL ASSETS | 841'079.13 | 1'122'585.39 |

EUROGRAPHICS ASSOCIATION - Geneva
BALANCE SHEET AS AT DECEMBER 31, 2016

(with previous year comparatives' figures)

| | 2016 - CHF | 2015 - CHF |
|--|-------------------|---------------------|
| LIABILITIES AND EQUITY | | |
| SHORT-TERM LIABILITIES | | |
| Trade creditors / payables | - | - |
| Other payables - with interests | - | - |
| Other payables short-term | - | 295'664.25 |
| Other payable short term - shareholder | - | - |
| Other accrued liabilities and provisions | 67'449.43 | 61'990.35 |
| Total short-term liabilities | 67'449.43 | 357'654.60 |
| LONG-TERM LIABILITIES | | |
| | T | |
| Long-term liabilities - with interest | - | - |
| Other long-term liabilities | - | - |
| Provisions and similar posts provided by law | - | - |
| Total long-term liabilities | - | - |
| SHAREHOLDERS' EQUITY | | |
| Equity | 764'930.79 | 687'378.81 |
| Legal reserve issued from capital | - | - |
| Legal reserve issued from profit | - | - |
| Accumulated profits / (losses) | - | - |
| Result of the business year | 8'698.91 | 77'551.98 |
| Total shareholders' equity | 773'629.70 | 764'930.79 |
| TOTAL LIABILITIES AND EQUITY | 841'079.13 | 1'122'585.39 |

EUROGRAPHICS ASSOCIATION - Geneva
PROFIT AND LOSS ACCOUNT FOR THE YEAR 2016

(with previous year comparatives' figures)

| | 2016 - CHF | 2015 - CHF |
|---|-----------------|------------------|
| PROFIT AND LOSS ACCOUNT | | |
| Membership Fees | 78'533.91 | 82'853.94 |
| Conference surplus | 92'719.80 | 178'154.39 |
| Royalties and others products | 33'516.25 | 35'882.07 |
| Bookshop | 9.85 | 91.88 |
| Other income | - | |
| Dissolution / (attribution) provision for receivables | - | |
| Cost of sales | - | |
| Salaries and social charges | - | - |
| Other operating expenses | -157'248.13 | -131'376.38 |
| Depreciation | -8'020.00 | -8'003.08 |
| Financial result | -14'114.92 | -75'634.14 |
| Non-operating result | - | - |
| Exceptional result | -12'126.60 | - |
| Taxes | -4'571.25 | -4'416.70 |
| Net profit | 8'698.91 | 77'551.98 |

SIGNIFICANT ACCOUNTING POLICIES

The principles of evaluation used in these annual financial statements comply with Swiss accounting requirements. The main items of the financial statements have been reported in the balance sheet in accordance with the following information.

The financial statements comply with the principle of fiscal year accounting which records transactions when they are realized, independently from the corresponding treasury activity. The financial statements are also prepared according to the principle of historical cost. Thus, the value attributed to the items in the financial statements reflects the costs as of the date of origin of the operations or events indicated.

Receivables arising from the sale of goods and services

The receivables arising from the sale of goods and services and other short-term receivables are recorded at their nominal value, deducting the individual value corrections that are economically necessary.

Income recognition

In general, income is recognized when it is probable that economic advantages associated with the transaction will revert to the company and can be reliably estimated.

Tangible Fixed Assets

The depreciation of a fixed asset begins when it is placed in service. It ceases when the asset is removed from the balance sheet. The depreciable amount of an intangible asset is allocated on a systematic and straight line basis over its useful life. The allocation to depreciation is reported as an expense.

Depreciation rate:

| | |
|-------------------|--------|
| Computer Hardware | 20.00% |
|-------------------|--------|

Conversion of Foreign Exchange

The books are kept in Swiss francs. The elements of the assets and liabilities denominated in foreign currencies are converted into Swiss francs at the exchange rate in effect on the date of the balance sheet. The profits earned and the resulting losses are recorded in the income statement. Income and expenses denominated in foreign currencies are converted at the daily rate.

Exchange rate

BALANCE SHEET AS AT 31 DECEMBER 2016

| | |
|-------|----------|
| 1 USD | 1.016354 |
| 1 EUR | 1.07200 |

EUROGRAPHICS ASSOCIATION - Geneva
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT DECEMBER 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

COMPARATIVE FIGURES OF FISCAL YEAR UNDER REVIEW

Due to the application of the new provisions of the Code of Obligations as of 1 January 2015, certain comparative figures for fiscal year 2014 have been reclassified for the purpose of better comparison.

EVENTS OCCURRING DURING FISCAL YEAR 2016

No significant events occurred during fiscal year 2016.

ASSETS

Cash

| | 2016 - CHF | 2015 - CHF |
|------------------------|-------------------|-------------------|
| Petty cash | 14.85 | 14.85 |
| UBS CHF - C710-5944.0 | 655.87 | 909.47 |
| UBS EUR - HU11-8704.2 | 44'228.25 | 44'859.07 |
| UBS CHF - C710-5944.3 | 24'859.80 | 24'857.30 |
| UBS CHF - C710-5944.4 | 1'393.48 | 1'473.48 |
| UBS USD - HU11-8704.3 | 89'676.33 | 77'726.91 |
| UBS CHF - C710-5944.6 | 4'301.70 | 5'597.51 |
| UBS EUR - HU11-08704.0 | 638'310.72 | 635'621.49 |
| Total Cash | 803'441.00 | 791'060.08 |

Trade debtors / accounts receivable

| | 2016 - CHF | 2015 - CHF |
|--|-------------|-------------|
| Trade debtors CHF | - | - |
| Trade debtors USD | - | - |
| Trade debtors EUR | - | - |
| Allowance for doubtful accounts | - | - |
| Total trade debtors / accounts receivable | 0.00 | 0.00 |

Other accounts receivable

| | 2016 - CHF | 2015 - CHF |
|---|-------------|-------------------|
| Event account - Expenditure | - | 299'505.31 |
| Value added tax | - | - |
| Pension/Unemploy./Fam. Allowance a/c | - | - |
| Equity a/c - Professional retirement Law 1 | - | - |
| Equity a/c - Professional retirement Law 2 Executives | - | - |
| Accident insurance a/c | - | - |
| CEO health insurance a/c | - | - |
| Total other accounts receivable | 0.00 | 299'505.31 |

EUROGRAPHICS ASSOCIATION - Geneva
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT DECEMBER 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

Other short-term receivables - related parties

| | 2016 - CHF | 2015 - CHF |
|---|-------------|-------------|
| XYZ a/c | - | - |
| a/c | - | - |
| a/c | - | - |
| Total other short-term receivables - related parties | 0.00 | 0.00 |

Inventory goods

| | 2016 - CHF | 2015 - CHF |
|---|-------------|-------------|
| Inventory goods | - | - |
| ./ . Provision s/ stock | - | - |
| Services provided but not yet invoiced | - | - |
| Total inventory goods and services provided but not invoiced | 0.00 | 0.00 |

Other prepaid expenses and accrued income

| | 2016 - CHF | 2015 - CHF |
|--|------------------|-------------|
| Prepaid expenses CHF | 13'638.13 | - |
| Accrued income | - | - |
| Others | - | - |
| Total other prepaid expenses and accrued income | 13'638.13 | 0.00 |

FIXED ASSETS

Financial fixed assets

| | 2016 - CHF | 2015 - CHF |
|-------------------------------------|-------------|-------------|
| Various deposits and garanties | - | - |
| Total financial fixed assets | 0.00 | 0.00 |

Participations

| | 2016 - CHF | 2015 - CHF |
|-----------------------------|-------------|-------------|
| Total participations | 0.00 | 0.00 |

EUROGRAPHICS ASSOCIATION - Geneva
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT DECEMBER 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

Tangible fixed assets

| | 2016 - CHF | 2015 - CHF |
|---------------------------------------|------------------|------------------|
| Hard and software | 40'023.08 | 40'023.08 |
| Depreciation on hard and software 20% | -16'023.08 | -8'003.08 |
| Total tangible fixed assets | 24'000.00 | 32'020.00 |

Intangible fixed assets

| | 2016 - CHF | 2015 - CHF |
|--------------------------------------|-------------|-------------|
| Total intangible fixed assets | 0.00 | 0.00 |

SHORT-TERM LIABILITIES

Trade creditors

| | 2016 - CHF | 2015 - CHF |
|----------------------------------|-------------|-------------|
| Trade creditors CHF | - | - |
| Total trade creditors USD | 0.00 | 0.00 |

OTHER SHORT-TERM LIABILITIES

| | 2016 - CHF | 2015 - CHF |
|---|-------------|------------------|
| Account payable | - | 61'990.35 |
| Total other short-term liabilities | 0.00 | 61'990.35 |

Short-term liabilities - with interests

| | 2016 - CHF | 2015 - CHF |
|------|------------|------------|
| Bank | | |

| | | |
|--|-------------|-------------|
| Total short-term liabilities - with interests | 0.00 | 0.00 |
|--|-------------|-------------|

Other short-term liabilities

| | 2016 - CHF | 2015 - CHF |
|--------------------------------------|-------------|-------------------|
| Event account - Income | - | 295'664.25 |
| Pension/Unemploy./Fam. Allowance a/c | - | - |
| Tax at source account | - | - |
| Cantonal Tax account | - | - |
| Total short-term liabilities | 0.00 | 295'664.25 |

Other short-term liabilities - shareholder

| | 2016 - CHF | 2015 - CHF |
|--|------------|------------|
| Other short-term liabilities - shareholder | | |

EUROGRAPHICS ASSOCIATION - Geneva
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT DECEMBER 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

| | | |
|--|------|------|
| Total other short-term liabilities - shareholder | 0.00 | 0.00 |
|--|------|------|

Other accrued liabilities and provisions

| | 2016 - CHF | 2015 - CHF |
|---|------------------|------------------|
| Accrued charges CHF | 67'449.43 | 61'990.35 |
| Other accrued liabilities | - | - |
| Total accrued liabilities and provisions | 67'449.43 | 61'990.35 |

LONG-TERM FOREIGN CAPITAL

Long-term liabilities - with interests

| | 2016 - CHF | 2015 - CHF |
|---|-------------|-------------|
| Total long-term liabilities - with interests | 0.00 | 0.00 |

Other long-term liabilities

| | 2016 - CHF | 2015 - CHF |
|--|-------------|-------------|
| Total other long-term liabilities | 0.00 | 0.00 |

Provisions and similar entries provided by law

| | 2016 - CHF | 2015 - CHF |
|---|-------------|-------------|
| Total provisions and similar entries provided by law | 0.00 | 0.00 |

EUROGRAPHICS ASSOCIATION - Geneva

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT DECEMBER 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

Salaries and social charges

| | 2016 - CHF | 2015 - CHF |
|--|------------|------------|
| Salaries | - | - |
| Personal portion of vehicle | - | - |
| Social charges | - | - |
| Training costs | - | - |
| Insurance reimbursement | - | - |
| Total salaries and social charges | - | - |

Other expenses

| | 2016 - CHF | 2015 - CHF |
|--------------------------------|-------------------|-------------------|
| Executive Board | 10'259.73 | 11'299.53 |
| Chapters | 3'272.33 | 2'333.69 |
| Workshop Board | 105.07 | 348.95 |
| On-line board | 4'033.86 | - |
| Central Secretariat | 1'158.46 | 1'760.76 |
| Operational - Services | 103'520.86 | 78'253.66 |
| Treasurer | 14'545.68 | 8'556.60 |
| Promotion Board | 10'230.95 | 15'681.41 |
| Education | - | 359.00 |
| Bookshop and Publication Board | - | 1'263.17 |
| CGF | 2'489.99 | 2'061.40 |
| Strategic Project | 6'317.80 | 7'065.93 |
| Contingency | 1'313.40 | 2'392.28 |
| Total other expenses | 157'248.13 | 131'376.38 |

Depreciation and value corrections

| | 2016 - CHF | 2015 - CHF |
|---|-----------------|-----------------|
| Depreciation | 8'020.00 | 8'003.08 |
| Value corrections | - | - |
| Total depreciation and value corrections | 8'020.00 | 8'003.08 |

Financial result

| | 2016 - CHF | 2015 - CHF |
|-------------------------------|-------------------|-------------------|
| Creditor interests | 6.99 | 8.76 |
| ./. Interests & bank charges | -2'060.93 | -2'349.61 |
| ./. Loan interests | - | - |
| Difference of net exchange | -12'060.98 | -73'293.29 |
| Total financial result | -14'114.92 | -75'634.14 |

EUROGRAPHICS ASSOCIATION - Geneva
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT DECEMBER 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

Non-operating result

| | 2016 - CHF | 2015 - CHF |
|-----------------------------------|------------|------------|
| Non-operating income | | |
| Non-operating charges | | |
| Total non-operating result | - | - |

Exceptional result

| | 2016 - CHF | 2015 - CHF |
|--|------------|------------|
| Income on previous financial year | - | - |
| Exceptional income | - | - |
| ./. Charges on previous financial year | -12'126.60 | - |
| ./. Exceptional charges | - | - |
| Total exceptional result | -12'126.60 | - |

EUROGRAPHICS ASSOCIATION - Geneva
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT DECEMBER 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

TOTAL AMOUNT FROM DISSOLUTION OF HIDDEN OR REPLACEMENT RESERVES

There has not been a dissolution of hidden reserves during the fiscal year.

ANNUAL AVERAGE FULL-TIME STAFF NOT EXCEEDING THRESHOLDS OF 10, 50, 250

The annual average number of full-time staff does not exceed 10.

| | | |
|--|------|------|
| <u>ESSENTIAL PARTICIPATIONS</u> | None | None |
|--|------|------|

TREASURY SHARES

| | 2016 - CHF | 2015 - CHF |
|--------------|------------|------------|
| Total | - | - |

ASSETS PLEDGED AND DEBTS ARISING FROM LEASES NOT REPORTED IN THE BALANCE SHEET

Total amount of assets pledged or assigned to guarantee commitments, assets under reservation of ownership

Total amount of debts arising from leases

| | | |
|--------------------------------------|------|------|
| <u>CONTINGENT COMMITMENTS</u> | None | None |
|--------------------------------------|------|------|

| | | |
|---|------|------|
| <u>PARTICIPATION RIGHTS GRANTED TO BOARD MEMBERS AND PERSONNEL</u> | None | None |
|---|------|------|

| | | |
|---|------|------|
| <u>EVENTS OCCURRING AFTER THE BALANCE SHEET DATE</u> | None | None |
|---|------|------|

| | | |
|---|------|------|
| <u>DUE TO PENSION INSTITUTIONS</u> | None | None |
|---|------|------|

| | | |
|----------------------------------|------|------|
| <u>CHANGE OF AUDITORS</u> | None | None |
|----------------------------------|------|------|

EUROGRAPHICS ASSOCIATION - Geneva

PROPOSED APPROBATION OF AVAILABLE EARNINGS

CHF

Deferred profits

| | |
|------------------------|-----------------|
| Profit brought forward | 0.00 |
| Profit of the year | 8'698.91 |
| | 8'698.91 |

Proposed appropriation of available earnings

| | |
|---|-----------------|
| To the legal reserve | |
| Retained earnings to be carried forward | 8'698.91 |
| | 8'698.91 |