

AUDIT OPINION

Chapter IX, Article 4 (i) of the current TAFISA Statutes, according to which “auditors” so called shall be elected for a period of two years, forms the basis of the audit that was conducted. The auditors for 2015 and 2016 were elected at the TAFISA World Congress in Budapest on October 16, 2015 (see in this context the minutes dated February 18, 2016, agenda item no. 14). To date, the Statutes do not include a specific description of the auditor’s tasks and duties.

Elected were:

- Walter Schneeloch (Germany)
- Kang (Korea)
- Jorge Cavalho (proxy candidate, Portugal)

The first audit was conducted between 11 a.m. and 4.30 p.m. on December 9, 2016 in the offices of TAFISA e.V. In addition, a concluding discussion was held on December 20, 2016 at the headquarters of Landessportbund NRW e.V (the State Sports Federation of North Rhine-Westphalia) in Duisburg.

The following documents, some in the original and some as transcripts, were tabled and made available as copies for use in the audit:

- Current statutes
- Valid extract dated November 16, 2016 from the Register of not-for-Profit Associations
- Organizational plan
- Planned budget
- Minutes of the last World Congress in 2015 (Budapest)

- Minutes of the last Board of Directors Meeting in 2015 (Budapest)
- The annual financial statements for 2015 prepared in accordance with the German Commercial Code, with account statements
- Valid notice of exemption from corporate and commercial tax for the years 2011 thru 2013
- Statements of account and bank receipts for 2015 for account numbers 4001 to 4005, and 5903.

During the audit the following documents were presented for inspection:

- Employment contracts and all other contracts for 2015
- Bank receipts/statements of account for 2015

As on the days before and after, on the day of the audit itself the Secretary General of the Association, Mr. Wolfgang Baumann, was available at all times to answer questions, and did so to the satisfaction of the auditors.

Together the auditors worked their way through a list of questions based on the mandatory list of questions for auditing whether management had been duly and properly conducted as per section 53 of the German Budgeting Principles Act (HGrG). Furthermore, the documents presented were inspected on the basis of spot checks.

Neither the list of questions the auditors processed nor the spot checks gave any reason to question the due and proper management of the Association.

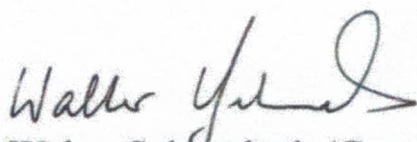
Furthermore, the first meeting of the audit produced the following recommendations for action:

- 1) that Rules of Procedure be compiled for the Association.
- 2) that the Statues be supplemented to include a separate article determining the exact tasks and duties of the auditors, as well as the

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renaming of the auditors in German from “Wirtschaftsprüfer” to “Revisoren” in the German version of chapter 9 article 4 i of the Statutes.

- 3) that Internet banking separate signatures be used. There is currently only one password for access to the program, and preparing and sending the SEPA file. Introducing the four-eye principle is recommended for Internet banking. It would be advisable for only the Secretary General to be authorized to approve release of the SEPA file.
- 4) that revenue and expenses be entered in the books without delay by the accountant. In order to make certain that TAFISA management has at all times an overview of the credit account status and as such of possible budget deviations, the Association’s accountant should enter all eligible receipts in the books swiftly, e.g., on a monthly or quarterly basis.
- 5) Institutional income, e.g., membership fees and public funding (from among others the German Federal Ministry of the Interior (BMI), the German Olympic Sports Confederation (DOSB), Commerzbank, and the State Government of Hessen), does not currently completely cover the Association’s fixed costs. For this reason it is recommended that attempts be made to increase institutional income. The membership fees lend themselves to this.
- 6) that donations be booked to a separate “Donations” account.



Walter Schfeeloch (Germany)

December 22, 2016

Yoonkyeong Kang (Korea)

January 26, 2017

