

**Report of the statutory auditor on the limited statutory  
examination**

with financial statements as of 31 December 2010 of

**International Table Tennis Federation, Renens**

To the General Meeting of  
**International Table Tennis Federation, Renens**

Lausanne, 26 April 2011  
mg/4.3

## Report of the statutory auditor on the limited statutory examination

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of International Table Tennis Federation for the year ended 31 December 2010.

These financial statements are the responsibility of the Committee. 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 the Association's personnel and analytical procedures as well as detailed tests of the Association's 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 the articles of association and the accounting policies as set out in the notes.

Ernst & Young Ltd



Philip Klopfenstein  
Licensed audit expert  
(Auditor in charge)



Juan Leston  
Licensed audit expert

### Enclosure

- Financial statements (balance sheet, income statement and notes)

**International Table Tennis Federation, Renens / Lausanne**

**Balance sheet at December 31, 2010  
(in USD)**

	Notes	December 31, 2010	December 31, 2009
<b>Assets</b>			
<b>Current assets</b>			
Cash at bank and in hand		1 023 324	2 606 006
Financial assets	6	1 657 262	1 848 483
Accounts receivable		75 969	350 983
Accounts receivable related parties	4	404 513	214 323
Prepaid expenses		81 506	44 010
<b>Total current assets</b>		3 242 574	5 063 805
<b>Fixed assets</b>			
Tangible fixed assets	5	4 733 812	4 458 127
<b>Total fixed assets</b>		4 733 812	4 458 127
		7 976 386	9 521 931
<b>Total assets</b>		7 976 386	9 521 931
<b>Liabilities and funds</b>			
<b>Current liabilities</b>			
Accounts payable, advance and accrued liabilities		886 417	436 901
Deferred revenues - Olympic funding	7	1 712 146	3 854 400
Deferred revenues - other	8	382 504	517 680
<b>Total current liabilities</b>		2 981 066	4 808 981
<b>Funds</b>			
Unrestricted funds		3 917 560	4 148 667
Currency translation adjustment	2.5	1 077 760	564 284
<b>Total funds</b>		4 995 320	4 712 950
<b>Total liabilities and funds</b>		7 976 386	9 521 931

**International Table Tennis Federation, Renens / Lausanne**

**Statement of income and expenditure for the year ended  
December 31, 2010  
(in USD)**

	Notes	2010	2009
<b>Income</b>			
Marketing income	9	4'723'372	4 421 335
Olympic solidarity		485'609	340 979
IOC Technical. Officials Contributions		-	1 852
Other Olympic Income		385'037	-
International Umpires/Referees		34'384	1 887
Equipment approval fees		984'375	1 004 980
Subscriptions and membership		30'761	31 201
Investment income/loss		(57'119)	177 677
Sales and advertising		38'487	44 009
Paralympic TT division		158'591	160 322
Miscellaneous		81'870	89 296
Butterfly Solidarity Fund Junior		57'258	54 428
Currency exchange gain		46 821	-
Income before release from deferred revenues		<u>6 969 445</u>	<u>6 327 966</u>
Release from deferred revenues regarding Olympic Fund	7	<u>2 306 496</u>	<u>2 127 706</u>
		<u>9 275 941</u>	<u>8 455 672</u>
<b>Expenditure</b>			
Salaries and clerical assistance		747'515	606 117
Amortization and Bad debts	16	207'876	244 004
Administration	10	487'341	491 029
Publications	11	137'021	154 520
Meetings and travel	12	575'855	695 451
Competitions	13	4'074'619	3 356 819
Development and Olympic Solidarity	14	2'085'942	1 767 317
Paralympic TT Division		101'074	94 973
Other expenses	15	772'901	972 337
Museum		48'149	42 218
Currency Exchange Loss		268 756	177 145
		<u>9 507 048</u>	<u>8 601 930</u>
<b>(Loss) after provisions and translation adjustment</b>		<u>( 231 106)</u>	<u>( 146 258)</u>
Unrestricted funds at the beginning of the year		<u>4 148 667</u>	<u>4 294 925</u>
<b>Unrestricted funds at the end of the year</b>		<u><u>3'917'560</u></u>	<u><u>4 148 667</u></u>

**Notes to the financial statements 2010**

**1. Activity**

International Table Tennis Federation (ITTF), Lausanne, is operating as a not-for-profit organization incorporated under article 60 of the Swiss Civil Code. The Federation's office in Canada is incorporated under Part II of the Canada Corporation Act with federal letters patent dated August 19, 1997.

**The objectives of the Federation are:**

- a) to develop the spirit of friendship and mutual assistance among affiliated table tennis associations and players;
- b) to regulate relations between affiliated table tennis associations and between table tennis associations and other organizations;
- c) to seek continual improvement in the technical standard of table tennis and in the extent of participation in the sport throughout the world;
- d) to foster friendly sporting competition and to eliminate unfair and unsporting practices;
- e) to establish and maintain the Laws of Table Tennis and the Regulations for international Competitions;
- f) to publish the standard text of the Rules, consisting of the Constitution, the Laws and the Regulations;
- g) to encourage the publication of the Rules in other languages and to check the accuracy of such publications;
- h) to promote and to supervise World and Olympic title competitions; and
- i) to employ the funds of the ITTF as may be expedient in the interests of international table tennis.
- j) to endeavor to increase participation at all levels, to enhance the popularity of the sport, to develop new sources of revenue and to manage the sport through a systematic planning process.
- k) to encourage players, coaches and officials to present the sport positively in the best ways so as to enhance its image.
- l) to encourage and to support the promotion of women in sport at all levels and to ensure significant representation of women in ITTF Committees, Commissions and Working Groups.

**Notes to the financial statements 2010**

**2. Summary of significant accounting policies**

**2.1 Basis of accounting**

ITTF uses the accruals basis of accounting in preparing the financial statements.

**2.2 Tangible fixed assets**

Tangible fixed assets are stated at acquisition cost. When assets are retired or otherwise disposed of, the cost of the asset and the related accumulated depreciation are removed from the accounts. Any profit or loss on retirement is reflected in the statement of income for the period.

**2.3 Depreciation**

Depreciation is calculated on the basis of the cost of the assets and on their estimated useful lives and is provided as follows:

Furniture and equipment	33.3% straight-line basis
Computers	33.3% straight-line basis
Building	4% straight-line basis
Vehicles	30% straight-line basis
Museum Collection	not depreciated

**2.4 Deferred income**

Any funds received for events to be held in the future, where reimbursement of these funds would be necessary in the case of event cancellation, are deferred in the balance sheet and not recognized as income until the event for which the funds were received has taken place.

**2.5 Translation of foreign currencies**

The Federation's accounts are maintained in Canadian Dollars (Office of Ottawa) and in Swiss Francs (ITTF Headquarters, Lausanne). The financial statements have been translated from those currencies into United States Dollars by applying the exchange rates as follows:

Assets and liabilities: at year-end rates  
Statement of income and expenditure: at yearly average rate

The resulting translation gain or loss is recorded in the balance sheet directly in the funds as a currency translation adjustment.

**2.6 Revenue recognition - Olympic revenue**

The Federation's policy is that enough Olympic revenue be recognized in each year of the quadrennial in order to eliminate any deficiency of revenue over expenses for the year or at least stabilize the statement of income and expenditure

**Notes to the financial statements 2010**

**3. Financial instruments**

The Federation's financial instruments consist of cash, accounts receivable and accounts payable. The carrying values of these financial instruments approximate their fair value. Unless otherwise noted, it is management's opinion that the Federation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**4. Related parties**

TMS International

TMS International ("TMS") is an independent, non-profit Marketing Corporation that conducts marketing and commercial activities on behalf of the Federation and other entities.

Under an agreement between the Federation, as the principal client, and TMS, expired December 31, 2008 and extended for a six new year's period, TMS has the exclusive rights of selling Federation sponsorship, advertising, television and licensing rights over specified Federation events. TMS has agreed to provide the Federation with yearly guaranteed revenue based on the greater of an annual budgeted amount approved at the Federation's Executive Committee, as follows:

original contract: USD 2.5 million in 2005; USD 2.6 million in 2006; USD 2.7 million in 2007; and USD 2.7 million in 2008

contract extension: USD 4.2 million in 2009; USD 4.4 million in 2010; USD 4.6 million in 2011; USD 4.8 million in 2012; USD 5 million in 2013 and USD 5.2 million in 2014.

During the year, USD 4'732'372 (2009 - USD 4'421'335) was transferred to the Federation and has been recorded as marketing income in the statement of operations.

The Federation charges TMS for the use of office space and administrative expenses, and during the year these charges amounted to USD 57'800 (2009 - USD 47'938). The Federation also paid US 42'800 (2009 - US 159'673) on behalf of TMS that is recoverable from TMS. These amounts are outstanding and included in accounts receivable as at year-end, as well as shown as a reduction to the Federation's expenses

**5. Tangible fixed assets**

	<b>December 31, 2010 USD</b>	<b>December 31, 2009 USD</b>
Land and building	4 199 459	3 989 976
Furniture and equipment	7 800	5 561
Museum Collection	526 553	462 590
	<u>4 733 812</u>	<u>4 458 127</u>

**Notes to the financial statements 2010**

**6. Financial assets**

	<b>December 31, 2010 USD</b>	<b>December 31, 2009 USD</b>
Money market and notes	1 657 262	1 848 483
	<u>1 657 262</u>	<u>1 848 483</u>

The ITTF cash in excess resulting from the International Olympic Committee distribution after the 2008 Olympic Games was invested in short term money deposits and notes. These financial assets are accounted for at market value.

**7. Deferred revenues - Olympic Fund**

	<b>December 31, 2010 USD</b>	<b>December 31, 2009 USD</b>
Olympic funding at the beginning of the year	3 854 400	6 000 000
Received in year / FX effect	164 242	( 17 895)
Used in year	(2 306 496)	(2 127 706)
Olympic funding at the end of the year	<u>1 712 146</u>	<u>3 854 400</u>

**8. Deferred revenues - other**

	<b>December 31, 2010 USD</b>	<b>December 31, 2009 USD</b>
Sponsorship	-	129 499
Equipment approval	382 504	388 181
	<u>382 504</u>	<u>517 680</u>

**9. Marketing income**

	<b>December 31, 2010 USD</b>	<b>December 31, 2009 USD</b>
Transfer from TMS International (note 4)	4 732 372	4 421 335
	<u>4 732 372</u>	<u>4 421 335</u>



Notes to the financial statements 2010

10. Administration

	December 31, 2010 USD	December 31, 2009 USD
Storage	1 941	4'630
Accountancy and bank charges	27 299	21'937
Office equipment and furniture	60 949	44'669
Office expenses and rent	66 419	67'754
Stationary and supplies	5 731	7'931
Telephone, fax, internet and postage	151 253	166'155
Tax	5 180	5'419
Moving expenses	22 474	32'136
Professional fees	64 795	80'433
Repairs & Maintenance	49 450	76'888
Miscellaneous	26 565	30'210
Translation	5 286	806
TMS Chargeback	-	(47'939)
	<u>487 341</u>	<u>491 029</u>

11. Publications

	December 31, 2010 USD	December 31, 2009 USD
TT Fascination	13 466	22 172
Table Tennis Illustrated	26 593	82 582
Bulletin, Digest, Directory, Coaching manuals	33 745	36 109
Other publications	63 217	13 657
	<u>137 021</u>	<u>154 520</u>

12. Meetings and travel

	December 31, 2010 USD	December 31, 2009 USD
Executive Committee	192 748	342 655
Board of Directors	8 163	4 246
AGM	16 831	11 100
Committee Chairmen	33 122	35 469
Committee Expenses	773	14 667
Professional staff	221 583	223 747
P.A.C	19 741	6 568
Other meetings	74 812	56 420
Sport Accord	7 406	-
Other Travel Expenses	676	582
	<u>575 855</u>	<u>695 451</u>

Notes to the financial statements 2010

13. Competitions

	<b>December 31, 2010 USD</b>	<b>December 31, 2009 USD</b>
World Championships	1 029 743	617 992
World Cup Men & Women	313 186	196 575
World Team Cup	112 531	61 357
ITTF Pro Tour	1 167 601	1 847 430
Olympic Games	33 712	32 010
China vs World	225 497	266 123
World Junior Championships	211 395	253 385
Tournament of Champions	218 358	-
Other competitions	517 543	81 947
Umpires travel / accommodation	157 281	-
Executive committee and staff	87 772	-
	<u>4 074 619</u>	<u>3 356 819</u>

14. Development and Olympic Solidarity

	<b>December 31, 2010 USD</b>	<b>December 31, 2009 USD</b>
Continental Olympic Grants	31 266	51 362
Special projects	77 569	127 711
Equipment for Developing Associations	105 498	85 414
Coaching programs	108 569	95 634
Olympic Solidarity Courses	390 569	267 264
Referee and umpire scheme	62 189	60 283
Research and development	813	-
Media service	49 707	64 215
Women development	37 403	35 790
Racket control	1 466	5 707
Continental development projects	419 495	201 258
Videos and coaching material	10 082	3 697
Global junior program	389 590	562 704
Development Program	368 635	185 656
Miscellaneous	33 092	20 624
	<u>2 085 942</u>	<u>1 767 317</u>

Notes to the financial statements 2010

15. Other expenses

	December 31, 2010 USD	December 31, 2009 USD
TV production	404 401	299 043
Internet TV (itTV)	22 379	94 221
Equipment testing	151 145	252 542
Anti-doping testing	20 365	22 086
Court case legal fees	-	37 439
Promotional items and gifts	14 981	4 413
Computer software	513	1 151
Recruitment	8 332	9 714
Membership to sport bodies	4 325	4 334
Purchase of publications	5 866	24 726
Donations	1 407	40 685
Media service	42 830	88 574
Ranking	61 548	54 616
Sundry (recovery)	29 920	13 830
VAT	3 996	21 363
Interest charges	890	3 599
	<u>772 900</u>	<u>972 337</u>

16. Amortization and Bad debts

	December 31, 2010 USD	December 31, 2009 USD
Amortization	207'876	201 872
Bad debts - effective losses	-	42 132
	<u>207 876</u>	<u>244 004</u>

A cleaning of the accounts receivable balances was performed during the year 2009. All the unrecoverable amounts were written off and the bad debt allowance created in the prior years was used. At closing date, a detailed specific analysis of accounts receivable overdue was performed, no additional credit risk was identified and therefore no more bad debt allowance was recorded. Therefore in 2010, no bad debt was recorded.

17. Asia office

A Marketing office was opened in Beijing in January 2008. The ITTF pays the salary of the Director (Mr. Stefan Dainton) while TMS International assumes all the costs of operating the office in Beijing.

18. Commitments

As of December 31, 2009 and 2010 there isn't any leasing commitment.

**Notes to the financial statements 2010**

**19. Guarantee / Pledged assets**

As of December 31, 2009 and December 31, 2010, the land and buildings in Lausanne are pledged to the bank to the extent of USD 2'130'304 in guarantee of the credit limit granted. As of December 31, 2010, the credit line is not used.

**20. Litigations / claims**

As of December 31, 2010 and December 31, 2009 there isn't any pending legal case against ITTF.

**21. Performance of Risk Assessment**

A risk assessment in accordance with Swiss Code of Obligations requirements has been performed during the financial year 2010 by the audit panel on behalf of the Board of Directors.