

International Mixed Martial Arts Federation (IMMAF)

Grono

Report of the statutory auditor to the
General Meeting

on the financial statements 2022



Report of the statutory auditor

on the limited statutory examination to the General Meeting of International Mixed Martial Arts Federation (IMMAF) Grono

As statutory auditor, we have examined the financial statements (balance sheet, profit and loss statement and notes) of International Mixed Martial Arts Federation (IMMAF) for the year ended 31 December 2022.

These financial statements are the responsibility of the Association 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 association personnel and analytical procedures as well as detailed tests of association 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 association's articles of incorporation.

We draw attention to note 7 in the financial statements which indicates that the Federation incurred a net excess of expenses over income of USD 187'077 during the year ended 31 December 2022 and, as of that date, the Federation's total liabilities exceeded its total assets by USD 1'412'712. The Executive Board has defined the necessary measures to increase the hosting rights and is confident about the Federation's ability to continue as a going concern.

PricewaterhouseCoopers SA

Andrea Costa
Licensed audit expert
Auditor in charge

Nicolas Daehler
Licensed audit expert

Lausanne, 28 June 2023

Enclosure:

- Financial statements (balance sheet, profit and loss statement and notes)

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Financial Statements 2022

International Mixed Martial Arts Federation (IMMAF), Grono

International Mixed Martial Arts Federation (IMMAF), Grono

Balance sheet as at 31 December (in USD)

Assets	2022	2021
Current assets		
Cash and cash equivalents	17'706	615'437
Trade receivables	115'141	172'101
<i>due from third parties</i>	115'141	207'799
<i>Allowance for Doubtful Accounts</i>	-	-35'698
Other current receivables	2'813	-
<i>due from third parties</i>	2'813	-
Accrued income and prepaid expenses	93'838	36'221
Total current assets	229'497	823'759
Non-current assets		
Property, plant and equipment	16'537	22'976
Intangible assets	1'199	2'558
Investments	108'107	-
Total non-current assets	125'843	25'534
Total assets	355'341	849'294

Balance sheet as at 31 December (in USD)

Liabilities	2022	2021
Short-term liabilities		
Trade payables	423'207	340'033
<i>due to third parties</i>	423'207	340'033
Other short-term liabilities	13'671	10'219
<i>due to third parties</i>	13'671	10'219
Accrued expenses and deferred income	1'331'175	1'873'190
Total short-term liabilities	1'768'053	2'223'441
Reserves		
Cumulated reserves	-1'374'148	-755'614
Loss for the period	-187'077	-663'303
Translation adjustment	148'513	44'769
Total Reserves	-1'412'712	-1'374'148
Total liabilities	355'341	849'294

International Mixed Martial Arts Federation (IMMAF), Grono

Profit and loss statement for the period

(in USD)

	31.12.2022	31.12.2021
Turnover	2'496'265	1'815'329
Cost of sales	-1'098'477	-1'420'179
Other operating expenses	-1'515'244	-930'560
Depreciation and valuation adjustments to fixed assets	-7'798	-8'838
Earnings before interest and taxes	-125'255	-544'248
Financial expenses	-61'811	-119'055
Result before taxes	-187'066	-663'303
Direct taxes	-11	-
Result	-187'077	-663'303

International Mixed Martial Arts Federation (IMMAF), Grono

Balance sheet as at 31 December

(in Swiss francs)

Assets	2022	2021
Current assets		
Cash and cash equivalents	16'378	563'735
Trade receivables	106'507	157'259
<i>due from third parties</i>	106'507	189'878
<i>Allowance for Doubtful Accounts</i>	-	-32'619
Other current receivables	2'602	-
<i>due from third parties</i>	2'602	-
Accrued income and prepaid expenses	86'801	33'098
Total current assets	212'288	754'091
Non-current assets		
Property, plant and equipment	14'140	20'097
Intangible assets	1'367	2'624
Investments	100'000	-
Total non-current assets	115'507	22'720
Total assets	327'796	776'812

Balance sheet as at 31 December

(in Swiss francs)

Liabilities	2022	2021
Short-term liabilities		
Trade payables	391'472	310'709
<i>due to third parties</i>	391'472	310'709
Other short-term liabilities	12'646	9'338
<i>due to third parties</i>	12'646	9'338
Accrued expenses and deferred income	1'231'354	1'711'655
Total short-term liabilities	1'635'472	2'031'702
Reserves		
Cumulated reserves	-1'254'891	-665'555
Loss for the period	-173'048	-611'584
Translation adjustment	120'263	22'248
Total Reserves	-1'307'676	-1'254'891
Total liabilities	327'796	776'812

International Mixed Martial Arts Federation (IMMAF), Grono

Profit and loss statement for the period

(in Swiss francs)

	31.12.2022	31.12.2021
Turnover	2'309'078	1'653'304
Cost of sales	-1'016'106	-1'297'710
Other operating expenses	-1'401'621	-850'313
Depreciation and valuation adjustments to fixed assets	-7'214	-8'076
Earnings before interest and taxes	-115'863	-502'795
Financial expenses	-57'176	-108'788
Result before taxes	-173'038	-611'584
Direct taxes	-10	-
Result	-173'048	-611'584

International Mixed Martial Arts Federation (IMMAF), Grono

Notes to the financial statements for the year ended December 31, 2022

(expressed in USD)

1 Purpose of the organization

The objectives of IMMAF are:

- Promote and develop the sport of mixed martial arts (MMA) at all levels, as a means to contribute to the positive development of society;
- Assist its Members in strengthening their position as national leaders;
- Develop specific services for its Members and provide them with assistance, training and support;
- Increase the level of recognition of IMMAF and its Members by GAISF and the Olympic Movement stakeholders as well as by other entities involved in the sport;
- Organise international championships, tournaments, contests between countries and large sporting events;
- Provide administrative and other appropriate support to its Members;
- Recognise the autonomy of its Members and between its Members and any other sport organisation;
- Coordinate and protect the common interest of its Members;
- Collaborate with organisations having as their objective the promotion of MMA on a worldwide basis;
- Collect, collate and circulate information to and among its Members.

2 Accounting principles applied in the preparation of the financial statements

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). Significant balance sheet items are accounted for as follows:

Trade 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.

Recognition of revenue

The Organization follows the deferral method of accounting for contributions. Restricted contributions are initially deferred and recognized as revenue when the related expenses are incurred or the restrictions have been met.

Revenue for services provided is recorded when earned and collection is reasonably assured. Sponsorship revenue is recorded in the period the amounts relate to or the sponsorship requirements are met.

Non-current assets and leases

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Property, plant and equipment	Useful life	Method
Fixtures and fittings	10 years	25% degressive

Details, analyses and explanations to the financial statements

3 Number of employees

The association has no employees.

4 Fonctionnal currency

Monetary assets and liabilities denominated in other than GBP are translated at the rate in effect at the date of the balance sheet. The fonctionnal currency is the GBP. The presentation currency is USD and for the purpose of Swiss Law, the financial statement are also presented in CHF. Transactions in currencies other than GBP are translated at the rate in effect at the transaction date. Gains and losses resulting from fluctuations in the exchange rate associated with these transactions are recorded in the period they arise. Non-monetary assets are recorded at the historical rate of exchange in effect at the date of acquisition.

The Organization faces foreign currency risk on its cash and cash equivalents and other financial assets denominated in currencies other than USD. The following exchange rates have been used in order to convert the financial statements from GBP to USD and to CHF.

	2022
	GBP
USD	1,20808
CHF	1,11749

5 Lease liabilities (not terminable or expiring within 12 months of balance sheet date)

None

6 Investments

Name and legal form	Registered office	2022		2021	
		Capital	Vote	Capital	Vote
IMMAF CORP. SA	Graubunden	100%	100%	0%	0%

International Mixed Martial Arts Federation (IMMAF), Grono

Notes to the financial statements for the year ended December 31, 2022

7 Financial situation

International Mixed Martial Arts Federation have incurred a loss of \$187'077 for the financial year to 31.12.2022 and as of that date the total liabilities exceeded the total assets by \$1'412'712.

However, there are significant post-year end revenues in the form of championship fees as events are being scheduled as normal and hosting rights income regarding the African Open 2023 and Asia Open 2023. IMMAF has undertaken a thorough income and expenses analysis and modified the model with which championship events are run. This includes negotiating with host countries an arrangement whereby they cover the operational costs of the event but IMMAF will retain all participation fees for the forthcoming Youth World Championships 2023 and World Championship 2023.

The European Championship 2023 will be run by the Italian MMA Federation and for the first time will incorporate the Youth European Championship and training camp. It is expected that this will result in the European Open achieving a profit and in this case, IMMAF will receive a share.

Furthermore, in 2023, the need for many of the Covid protocols, testing and associated expenditure will be removed.

Lastly, staffing levels have been reduced significantly and newly formed regional structures are expected to take on many of the financial responsibilities for continental championships that IMMAF in the past were liable for.