

# Audit Report

On October 25, 2019, from 10:00 a.m. to 5:00 p.m., the fourth audit was conducted on the premises of the Executive Office of TAFISA e.V. at Hostatostrasse 2 in Frankfurt. The concluding discussion was held with Mr. Baumann and Ms. Martel on the same day.

The basis for the audit is Chapter 10 (i) of the current TAFISA Statutes, according to which so-called “public accountants” are elected for a term of two years. The election of the “public accountants” for the years 2017 and 2018 was held during the TAFISA General Assembly in Korea on November 16, 2017.

## Elected were:

Mr. Schneeloch (Germany); Mr. Kim (Korea); and Mr. Carvalho (Portugal, substitute candidate). Mr. Kim had resigned in 2018. As a result, Mr. Herr Carvalho had assumed the role of the second auditor.

A specific job description for the “public accountants” or auditors, respectively was set forth in the new Statutes at the General Assembly held on November 16, 2017 in Korea. The audit of the year 2018 was therefore conducted on the basis of the regulations valid until then.

The following records and documents were presented, partly in the original and partly as copies, and copies thereof were given to the auditors. Furthermore, the auditors were allowed to inspect all relevant bookkeeping documents and records.

## Current Regulations:

- Statutes
- Financial Rules and Regulations
- General Rules of Procedure
- Rules of Procedure for Membership
- Rules of Procedure for the Board of Directors and the Executive Office
- Good Governance Principles

## Other documents:

- Annual Financial Statements for 2018
- Budget for 2019 with forecast
- All bank statements for the 2018 balance sheet and the income statement
- All 2018 individual expense receipts
- Current Tax Exemption Notice for 2014 to 2016
- Current excerpt from the German Register of Associations as of March 22, 2019
- Minutes of the Board of Directors’ meetings from May 2018/May 2019 and November 2019
- Notification about public funding (Federal grant) for running costs of TAFISA
- Contract TAFISA/Slovenia for World Congress 2021
- Annual Report 2018

Mr. Wolfgang Baumann, the Secretary General of TAFISA, and his assistant Ms. Ingrid Martel were available all day, as well as in the days preceding and following the audit meeting to answer questions at any time and they have answered such questions to the complete satisfaction of the auditors.

In the kick-off discussion, this year's key audit issues were discussed and fixed. Mr. Baumann reported on the current key work issues and the projects of TAFISA. He referred to the still difficult situation that the fixed costs for operation can hardly be financed solely from institutional revenues. In the next two years, one focus of his work will therefore lie on promoting the "Legacy 21" project launched for the purpose of acquiring new institutional funds which was resolved by the Board of Directors in its meeting in China in November 2018.

**The subject matter of the audit comprised:**

**1) Review of the implementation of the recommendations arising from the audit meeting held on January 17, 2019**

Most of the auditors' recommendations from the previous year were implemented. Merely the bookkeeping (including but not limited to filing) continues to be capable of optimization, see No. 2 of the key audit issues.

**2) Audit of the annual financial statements for 2018, including bank statements and audit of the receipts/supporting documents in the form of spot checks.**

- The auditors take note of the positive result for the year, but they stress that the institutional funds decline prorated on a percentage basis to the result for the year and, therefore, are too low to meet the running costs of the association.
- The posting system, including the filing system, should undergo further optimization so that outside third parties can better comprehend it. In a meeting with the tax consultant all pending issues were discussed and future optimization needs stipulated. For reasons of time, there was no examination of the content of the computer unit. Spot checks were made on the receipts which were fully available. The spot checks did not provide any queries with exception to the above mentioned optimization needs in record handling/filing.

**3) Audit of the Budget for 2018 and Creation of Reserves**

The Board of Directors holds at least two meetings per year and decides on the budget for the following year at its last meeting. The Board decided on the budget for the years 2019 and 2020 at its meeting in Suzhou (China) in November 2018. Since the year 2017 TAFISA has created free and earmarked reserves. The auditors appreciate that the Board of Directors has taken the relevant decisions for all reserves in its November 2018 meeting.

There are no indications for calling proper management into question.

We confirm the accuracy of this report.



Walter Schneeloch

25/10/2019