

IQA Financials Sept. 1, 2017 - Jan. 9, 2019

Below you will find the following:

- 1) The IQA's income statement for the period Sept. 1, 2017 - Aug. 31, 2018
- 2) The income statement for the 2018 IQA World Cup
- 3) The IQA's balance sheet as of Aug. 31, 2018
- 4) The IQA's income statement for the period Sept. 1, 2018 - Jan. 9, 2019
- 5) The IQA's balance sheet as of Jan. 9, 2019

The IQA legally incorporated on Jan. 9, 2019, and this is why we used this cut-off date. The IQA's fiscal year runs from Sept. 1 - Aug. 31. We are thus presenting the financial statements for the 2017-18 fiscal year and for the period from then until incorporation.

The total assets of the IQA have increased by approximately 880 Euros since September 2017.

In the 2017-18 fiscal year, we lost approximately 4,700 Euros. This corresponds closely to the overall loss of 4,200 Euros on World Cup. We also had substantial one-time expenses related to incorporation and the retention of a lawyer and to a lesser extent development fund expenses attempting to bring Uganda to World Cup.

We were obviously disappointed both in the financial results and overall nature of World Cup. We were hopeful that the financial picture from the tournament would be better than it was. Expenses were nearly three-times as large as the 2016 World Cup. These were the results of conscious decisions - the decision to cover travel costs for necessary volunteers including trustees - and unconscious cost overruns - items such as buses and fields costing more than expected. We also thought that we would raise substantially more revenue in ticket fees based on our past experiences in 2016. Our ticket sale efforts were not as successful as we had hoped for a multitude of reasons, including unforeseen legal challenges around pricing and online sales and logistical challenges around advertising and points of sale. This experience, while not ideal, was highly educational and we have learned a lot that will be reflected in future events. We also were not as successful in our sale of merchandise as we had hoped, in large part stemming from issues around attendance. These issues will be discussed in substantially more detail in our upcoming World Cup tournament report (we understand that this is delayed from our initially promised date - however there is substantially more information than we first realized that needs to be discussed and we want to ensure that we produce the best possible product rather than rushing out a report to meet an arbitrary deadline).

We have taken a number of steps to improve our events from a financial standpoint. We have licensed the 2019 European Games to Three River Sport Events (TSRE), who will be responsible for all losses stemming from the event (with net profit to be split among the entities). We are partnering with US Quidditch (USQ) on the Pan-American Games 2019. USQ will be substantially responsible for the budgeting and organization of the event, and we hope to learn from its expertise and experience in

tournament planning. We have also put a substantial focus on financials in awarding the IQA World Cup 2020.

We know that our financials reflect a few decisions that the community has not unanimously embraced. The [development fund](#) currently contains 6,094.44 Euros. We invite all eligible NGBs to apply. We also spent 1,647.43 Euros on trustee travel to World Cup. Trustee travel represented 14 percent of the overall funds spent on volunteer travel to World Cup. The IQA takes the position, and will continue to take the position, that volunteers should not have to pay out of pocket to volunteer for the IQA. It was determined that for event execution reasons, strategic planning/future direction of the organization, and overall operations that, like high-level volunteers and the tournament committee, it was necessary for trustees to attend. Not all trustees claimed reimbursement and no trustee who claimed reimbursement participated in the decision to reimburse trustees.

We are in the process of setting up a bank account in the United States, which had not previously been possible while we waited on incorporation and will be transferring funds to that account. We believe this will also allow us to reduce the fees we pay for PayPal and foreign exchange, as well as simplifying production of financial reports. With USQ and TRSE running the day-to-day operations of events in 2019, we also expect to be directly involved with fewer transactions and thus pay fewer fees. Finally, we are in the process of pursuing 501(c)(3) status that will allow us to access free services for which we currently pay, most notably email subscriptions. This process is still in its early stages as the information required for the application is extensive and takes time to gather.

We have collected substantial revenue from membership fees and referee testing since September 1, which has allowed us to recover our financial position to the levels we were at prior to September 2017. We are in the process of collecting fees owed to the IQA that remain outstanding with a substantial majority having paid their outstanding dues. The state of the IQA's finances are strong, and given the steps we have taken with incorporation and budgeting, we feel this will continue to improve.

Financial Reports

Income statement for the year ended Aug. 31, 2018

The below is an income statement containing the IQA's cash flow during the 2017-18 fiscal year.

		Debits	Credits
Income			
Head referee written tests			€1,427.88
Membership fees			€5,539.57
IRDP site			€15.00
GIC interest ¹			€118.13
World Cup revenue			-€4,259.23
Total income			€2,841.34
Expenses			
Miscellaneous expenses			
	Bursary program	€571.24	
	Gameplay expenses ²	€88.12	
	Miscellaneous reimbursements ³	€376.54	
	IT expenses and subscriptions	€223.02	
	Transaction fees	€364.82	
	Development fund	€1,330.56	
	Legal expenses for incorporation	€4,436.52	
	Conversion fees	€140.05	
	Net other expenses	€7,530.87	
Total expenses		€7,530.87	
Net income			-€4,689.53

¹ Represents interest income on a bond held by the IQA.

² Expenses for field tests at European Quidditch Cup.

³ Includes reimbursement for the IQA World Cup 2016 medals and related to Savage fundraiser.

Income

The IQA generates revenue from three primary sources: membership fees, which are paid annually by the IQA's members; referee tests, which require a 15 Euro fee to be taken; and events, which collect player and team fees and sell tickets and merchandise.

Throughout the year, there may be additional minor sources of income, which are not anticipated or budgeted.

Referee tests consistently generate approximately 1,500 Euros of revenue annually and our earnings from this source met our expectations.

In a regular year, the IQA expects to collect membership fees of approximately 3,500 Euros given the current size of our membership base. The 2017-18 fiscal year was one of the first years the IQA made an active effort to collect dues as our internal infrastructure allowed for us to take that step, accordingly NGBs were also responsible for paying backdated dues.

At the start of the collection of membership fees, there were several incentives for NGBs to pay backdated fees and that included a portion of the fee to be forgiven, this was approximately 10 percent of the original fees due.

The IQA's net profit from the IQA World Cup 2016 was approximately 26,000 Euros, primarily based on unexpectedly high ticket revenues. Given our limited experience hosting tournaments, the IQA anticipated making a net profit of a similar amount in 2018 - using 2016 as a baseline, but instead took an overall loss of approximately 4,300 Euros, which is discussed later in this report.

Together with the other miscellaneous income lines such as income from an maturing bond, the IQA collected 2,840 Euros in revenue this year.

Expenses

The IQA focused in 2017-18 on providing additional services to our members. Notable expenses included general operational expenses related to necessary subscriptions (e.g. for referee testing and email). The IQA launched a bursary program that has been discontinued which provided 600 Euros to NGBs. Additionally, 1,300 Euros from the development fund was used in an attempt to bring a team from Uganda to the IQA World Cup 2018. The development fund is discussed later in this report. These expenses were for passports and visa applications. The biggest expense for the IQA were one-time incorporation costs of 4,400 Euros, which included retaining a lawyer in the United States who drafted the organizational documents and is working on the tax-exempt status application.

Within each department, the operational expenses were consistent with what was budgeted for at the start of 2018.

World Cup Finances

The below is an income statement for the IQA World Cup 2018.

		Debits	Credits
Income			
Team/player fees			€38,567.20
Merchandise sales			€6,728.99
Ticket sales			€7,935.00
Total income			€53,231.19
Expenses			
Bank fees		€348.81	
PayPal expenses & refunds		€598.09	
Volunteer event leadership travel		€4,492.65	
Staff accommodations		€4,922.55	
Trustee travel		€1,647.43	
Advertising		€1,304.10	
Logistics ⁴		€3,580.94	
Livestream		€2,362.72	
Volunteer equipment		€1,615.00	
Cost of goods sold		€6,845.82	
Field rentals, security		€13,958.02	
Volunteer compensation ⁵		€4,545.27	
Equipment shipping costs		€1,304.89	
Garbage disposal ⁶		€954.70	
Audio/visual		€502.58	
Player transportation ⁷		€8,506.85	
Total expenses		€57,490.42	
Net income			-€4,259.23

⁴ Includes tables, water, tents, etc.

⁵ Compensation for referee, pitch managers, photographers, videographers, and snitch runners.

⁶ Cost required by site.

⁷ Player transportation between fields, campsite, and opening ceremony.

Balance Sheet, as of Aug. 31, 2018

The below is a balance sheet containing the IQA's accounts as of Aug. 31, 2018.

Assets	Aug. 31, 2018	Aug. 31, 2017⁸
IQA primary bank account ⁹	€2,517.21	€10,024.08
Development fund	€6,094.44	€7,425.00
IQA PayPal ¹⁰	€105.67	€936.76
Returned allocation from 2017 European Games ¹¹	€901.06	€901.06
World Cup merch (receivable) ¹²	€6,728.99	0
Total assets	€16,347.37	€19,286.90
Liabilities and members equity	Aug. 31, 2018	Aug. 31, 2017
Members equity ¹³	€14,597.37	€19,286.90
Liability (Odense) ¹⁴	€1,750.00	€0
Total liabilities and members equity	€16,347.37	€19,286.90

Within the assets section of the IQA assets, there are funds being held in several locations. Both the primary bank account and development fund are held within the same bank account, but as is standard practice, are segregated in the accounts of the IQA, as set forth above. Funds from the Development Fund have been tracked separately so as to ensure that they are spent consistent with their intentions.

During the World Cup, the IQA PayPal was heavily used when it came to receiving team payments and was the first to deplete when it came to expenses such as merchandise and volunteer reimbursements, accordingly very little money is held in the IQA's PayPal. Additionally, the remaining outstanding dues from 2014-17 are in the process of being collected as of September 1. Lastly, there is a receivable for the money earned from merchandise sales, which the IQA's vendor is currently holding by mutual decision.

⁸ During the 2018 fiscal year the European Committee's finances were separated from the IQA's finances; accordingly, we are not recognizing those assets in this statement.

⁹ Includes money held in an investment account during 2017-18.

¹⁰ Due to an accounting error in our 2017 financial statements this number has been restated.

¹¹ Due to an accounting error in our 2017 financial statements this number has been restated.

¹² The IQA partnered with a third-party for the sale of merchandise at World Cup who still holds the IQA's revenue by mutual decision.

¹³ Prior to Jan. 9, 2019, the IQA existed as a partnership and the NGBs technically retained equity in the IQA.

¹⁴ Represents overpayment by Odense tournament organizers for team reimbursements.

Going Forward

The below represents the income statement from Sept. 1, 2018 to Jan. 9, 2019.

		Debits	Credits
Income			
Head referee tests			€2,475.00
Membership fees			€3,735.64
Total income			€6,210.64
Expenses			
IT department			
	Email subscriptions ¹⁵	€1,019.54	
	RDT website	€4.39	
	IRDP	€20.00	
	Digital ocean cloud platform	€4.39	
	Classmarker	€396.36	
	Google Cloud for Business	€210.82	
Events department			
	Site visit	€508.57	
General			
	PayPal transaction fee	€262.96	
	Bank wire fee	€12.42	
Total expenses		€2,439.45	
Net income			€3,771.20

¹⁵ Email subscriptions will be free once the 501(c)(3) status is obtained.

The below represents the balance sheet as of Jan. 9, 2019 at which time IQA Sport, Inc. was formed.

Assets	Jan. 9, 2019	Aug. 31, 2018	Aug. 31, 2017¹⁶
IQA primary bank account ¹⁷	€1,995.29	€2,517.21	€10,024.08
Development Fund	€6,094.44	€6,094.44	€7,425.00
IQA PayPal ¹⁸	€5,347.98	€105.67	€936.76
Returned allocation from 2017 European Games ¹⁹	0	€901.06	€901.06
World Cup merchandise (receivable) ²⁰	€6,728.99	€6,728.99	0
Total assets	€20,166.71	€16,347.37	€19,286.90
Liabilities and members equity	Jan. 9, 2019	Aug. 31, 2018	Aug. 31, 2017
Members equity	€18,416.71	€14,597.37	€19,286.90
Liability (Odense) ²¹	€1,750.00	€1,750.00	€0
Total liabilities and members equity	€20,166.71	€16,347.37	€19,286.90

¹⁶ During the 2018 fiscal year the European Committee's finances were separated from the IQA's finances; accordingly, we are not recognizing those assets in this statement.

¹⁷ Includes money held in an investment account during 2017-18.

¹⁸ Due to an accounting error in our 2017 financial statements this number has been restated.

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