

## 2020 FINANCIAL REPORT

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- Report of the statutory auditor on the financial statements for the year 2020
- ISU Annual report 2020



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To the Congress of the

## **International Skating Union**

Lausanne

### **Report of the statutory auditor on the financial statements for the year 2020**

(for the year ended December 31, 2020)

28 May 2021  
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JGE/GWE/fdv

## **REPORT OF THE STATUTORY AUDITOR**

To the Congress of the

**International Skating Union, Lausanne**

### **Report of the Statutory Auditor on the Financial Statements**

As statutory auditor, we have audited the accompanying financial statements of the International Skating Union, which comprise the balance sheet as at December 31, 2020, and the income statement, cash flow statement and notes for the year then ended.

#### *Council's Responsibility*

The Council is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Association's Constitution and General Regulations. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Council is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements for the year ended December 31, 2020 comply with Swiss law and the Association's Constitution and General Regulations.

**Report on Other Legal Requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Council.

We recommend that the financial statements submitted to you be approved.

Lausanne, 28 May 2021

BDO Ltd

Jürg Gehring  
Licensed Audit Expert  
Auditor in Charge

pp Grégoire Weber  
Licensed Audit Expert

Enclosure  
Financial statements

**INTERNATIONAL SKATING UNION, LAUSANNE**

**BALANCE SHEET AS OF DECEMBER 31, 2020**

<b><u>ASSETS</u></b>	<b>2020</b>	<b>2019</b>
	<b><u>Swiss Francs</u></b>	<b><u>Swiss Francs</u></b>
<b><u>Current Assets</u></b>		
Cash & Cash Equivalents	12'578'956	10'018'303
Short Term Deposit	76'020	46'481
Other Debtors	9'031	37'403
Current Accounts ISU Members & Officers	1'953'782	1'970'678
Prepaid expenses/rights fees to be cashed/accrued interest	6'003'085	4'924'839
<b>Total Current Assets</b>	<b><u>20'620'874</u></b>	<b><u>16'997'703</u></b>
<b><u>Non-Current Assets</u></b>		
<b><u>Financial Assets</u></b>		
Financial Assets Portfolio	271'047'545	299'279'799
<b>Total Financial Assets</b>	<b><u>271'047'545</u></b>	<b><u>299'279'799</u></b>
<b><u>Property and Equipment</u></b>		
ISU Offices House Schöneck, Davos	1	1
ISU Library	1	1
ISU Villa Olivier, Lausanne	4'825'000	4'925'000
<b>Total Property and Equipment</b>	<b><u>4'825'002</u></b>	<b><u>4'925'002</u></b>
<b>Total Non-Current Assets</b>	<b><u>275'872'547</u></b>	<b><u>304'204'801</u></b>
<b>TOTAL ASSETS</b>	<b>296'493'421</b>	<b>321'202'504</b>
<b><u>LIABILITIES &amp; EQUITY</u></b>		
<b><u>Short Term Liabilities</u></b>		
Accounts payables	730'289	1'067'352
Accrued expenses	5'375'947	5'243'518
Deferred income	11'058'135	22'116'270
Other short term liabilities	55'684	1'652'522
ISU C-Contributions Accrued Liabilities	3'865'730	3'566'375
<b>Total Short Term Liabilities</b>	<b><u>21'085'785</u></b>	<b><u>33'646'037</u></b>
<b><u>Long Term Liabilities</u></b>		
<b><u>Provisions and reserves</u></b>		
Legal provision	7'000'000	7'000'000
Reserve for currency exchange loss on bonds	4'000'000	9'000'000
Reserve for currency exchange loss on other financial positions	1'000'000	1'000'000
Reserve for Crisis Situations	2'500'000	5'000'000
<b>Total Long Term Liabilities</b>	<b><u>14'500'000</u></b>	<b><u>22'000'000</u></b>
<b><u>Equity</u></b>		
Voluntary retained earnings	265'556'467	263'542'591
Net income / (-loss) for the year	(4'648'830)	2'013'876
<b>Total Equity</b>	<b><u>260'907'636</u></b>	<b><u>265'556'467</u></b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>296'493'421</b>	<b>321'202'504</b>

**INTERNATIONAL SKATING UNION, LAUSANNE****INCOME STATEMENT JANUARY 1 - DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
	<b>Swiss Francs</b>	<b>Swiss Francs</b>
<b>A. OPERATING INCOMES</b>		
Televisions ISU Events (net)	8'522'596	21'423'975
Advertising ISU Events (net)	3'566'872	6'226'192
Adjustment currency exchange rates budget vs actual	-	-
Various Incomes	2'214'711	934'417
Youth Olympic Games (YOG) Revenue	244'597	-
<b>Total Incomes/Revenues (except OWG)</b>	<b>14'548'776</b>	<b>28'584'584</b>
Olympic Winter Games (OWG) Revenue cashed	11'058'135	16'289'534
Adjustment OWG revenues to Olympic Cycle from deferred income	-	(5'231'399)
<b>OWG Revenue allocation for the year</b>	<b>11'058'135</b>	<b>11'058'135</b>
<b>TOTAL OPERATING INCOMES</b>	<b>25'606'911</b>	<b>39'642'719</b>
<b>B. OPERATING EXPENSES</b>		
<b>1. Contribution for ISU Events &amp; various other events including Prize Money</b>		
Contributions to ISU Championships	9'113'421	12'096'715
Contributions to other ISU and various Events	1'848'828	3'743'283
<b>Total ISU Contributions</b>	<b>10'962'249</b>	<b>15'839'998</b>
Prize Money ISU Championships	1'554'003	2'378'268
Prize Money other ISU & Various Events	1'483'217	2'488'459
<b>Total Prize Money (Championships &amp; other ISU &amp; Various Events)</b>	<b>3'037'220</b>	<b>4'866'727</b>
<b>Total Contributions incl. Prize Money</b>	<b>13'999'469</b>	<b>20'706'725</b>
<b>2. ISU Development Program</b>		
a) Development Program Projects	1'041'670	1'915'627
Administration / Development Commission Office Expenses / Audit	157'234	198'604
<b>Total Development Program Projects</b>	<b>1'198'904</b>	<b>2'114'231</b>
<b>b) Council projects</b>	<b>363'959</b>	<b>3'431'972</b>
c) C-Contributions to ISU Members 2020	2'832'304	3'024'958
c) Extraordinary C-Contributions to ISU Members 2020	2'166'786	-
Release expired C-Contributions / suspended Members	(32'807)	18'969
<b>Total C-Contributions to ISU Members</b>	<b>4'966'283</b>	<b>3'043'927</b>
<b>Total ISU Development Program</b>	<b>6'529'147</b>	<b>8'590'129</b>
<b>Total Contributions to ISU Events &amp; Development Program</b>	<b>20'528'615</b>	<b>29'296'855</b>
<b>3. Other Operating Expenses</b>		
Conference/Congress expenses	8'230	45'130
Committee meetings	74'934	440'887
Council and other meetings	65'372	390'633
Office Holders Remuneration/secretarial allowances	786'367	891'017
Office Holders Travel/Meeting/OWG/Office&Various Expenses	1'011'535	904'167
Event Coordinators and external Consultants remuneration	148'224	149'514
Printed Matters	13'365	15'798
General Doping Control	462'557	462'564
Legal Services	439'723	219'002
Insurance Services	473'831	544'645
Education Material	4'822	682
IT/AI Projects (Judging System/Software/Databases)	423'901	88'522
Courses/Seminars/Examinations	40'241	487'770
Media/PR/Statistics/Website	1'218'494	1'462'283
Other expenses	42'430	56'805
<b>Total ISU Other Operating Expenses</b>	<b>5'214'026</b>	<b>6'159'418</b>

**INTERNATIONAL SKATING UNION, LAUSANNE****INCOME STATEMENT JANUARY 1 - DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
	<b>Swiss Francs</b>	<b>Swiss Francs</b>
<b>ISU Office building Lausanne</b>		
Office transformation and improvements	200	-
Depreciation	100'000	100'000
Condominium Expenses	62'350	55'937
Allocation to the condominium Renovation Fund	-	100'000
<b>Total ISU Office building Lausanne</b>	<b>162'550</b>	<b>255'937</b>
<b>ISU Secretariat Expenses</b>		
Salaries & Benefits	3'359'538	3'094'142
General Costs (Electricity, cleaning, recruitment, subscriptions, various)	149'457	175'696
Office Material & furniture	14'095	17'201
IT equipment / services	36'244	90'462
Postage, Fax, Telephone	18'630	20'491
Office Insurance	2'189	2'657
Storage Rent Lausanne	3'000	3'000
<b>Total ISU Secretariat Expenses</b>	<b>3'583'152</b>	<b>3'403'649</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>29'488'344</b>	<b>39'115'859</b>
<b>C. OPERATING RESULT</b>	<b>(3'881'433)</b>	<b>526'860</b>
<b>D. FINANCIAL INCOMES AND EXPENSES</b>		
Investment interest incomes	6'200'004	6'204'449
Financial expenses (bank expenses and bonds sales/purchases costs)	(1'140'266)	(1'184'788)
Realized capital gains on bonds	2'650'773	1'499'034
Realized capital losses on bonds	(795'456)	(699'998)
Realized currency exchange gains	-	3'424'249
Realized currency exchange losses	(4'983'780)	(412'069)
Unrealized losses on Bonds	(10'186'096)	(3'264'383)
Unrealized gains on Bonds	-	1'873'321
<b>TOTAL FINANCIAL INCOMES AND EXPENSES</b>	<b>(8'254'821)</b>	<b>7'439'815</b>
<b>E. OTHER ITEMS</b>		
Release of / (allocation to) currency exchange loss on bonds reserve	5'000'000	(1'000'000)
Release of / (allocation to) reserve for crisis situation	2'500'000	(5'000'000)
Extraordinary results	15'653	68'794
Taxes/provision for taxes	(28'230)	(21'593)
<b>TOTAL OTHER ITEMS</b>	<b>7'487'423</b>	<b>(5'952'799)</b>
<b>F. (LOSS) / PROFIT FOR THE YEAR</b>	<b>(4'648'830)</b>	<b>2'013'876</b>

**INTERNATIONAL SKATING UNION, LAUSANNE****CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
	<b>Swiss Francs</b>	<b>Swiss Francs</b>
<b>(Loss) / Profit for the year :</b>	(4'648'830)	2'013'876
Depreciation on tangible fixed assets	100'000	100'000
(Release of) / Allocation to currency exchange loss on bonds reserve	(5'000'000)	1'000'000
(Release of) / Allocation to reserve for crisis situations	(2'500'000)	5'000'000
Unrealized losses on financial assets	10'186'096	1'391'062
Current assets - decrease / (increase) :		
Short term deposit	(29'539)	77'730
Other debtors	28'371	(4'222)
Current account ISU Members & Officers	16'896	(175'781)
Prepaid expenses	(1'078'246)	14'651'627
Short term liabilities - increase / (decrease)		
Accounts payables	(337'063)	(167'963)
Accrued expenses	132'429	398'766
Deferred income	(11'058'135)	(10'450'066)
Other short-term liabilities	(1'596'838)	(896'930)
ISU C-Contributions	299'354	24'514
<b>Net cash (used in) / generated from operating activities</b>	<b>(15'485'505)</b>	<b>12'962'614</b>
Net Disposal / (Acquisitions) of financial assets	18'046'158	(21'241'890)
<b>Net cash generated from / (used in) investing activities</b>	<b>18'046'158</b>	<b>(21'241'890)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2'560'653</b>	<b>(8'279'276)</b>
Cash and cash equivalents on January 1st	10'018'303	18'297'579
Cash and cash equivalents on December 31st	12'578'956	10'018'303
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2'560'653</b>	<b>(8'279'276)</b>



# INTERNATIONAL SKATING UNION, Lausanne

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

### GENERAL

The International Skating Union (herein called the "ISU"), founded in 1892, is the exclusive international sport federation (IF) recognized by the International Olympic Committee (IOC) administering Figure Skating and Speed Skating Sports throughout the world. The ISU is composed of the individual national associations (herein called "ISU Members") which administer these Sports at the national level, and which recognize that all international matters are under the sole jurisdiction and control of the ISU.

### GENERAL ACCOUNTING PRINCIPLES

These financial statements were prepared according to the provisions of the Swiss Code of Obligations (CO 957-962). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Please note that all numbers are rounded. Therefore, some totals may show a difference of +/- 1.

### ASSETS

The Assets are composed as follows:

	<b>31.12.2020</b>		<b>31.12.2019</b>	
	<b>CHF</b>	<b>%</b>	<b>CHF</b>	<b>%</b>
<u>Current Assets</u>				
Cash & cash equivalents	12'578'956	4.3	10'018'303	3
Short Term Deposit	76'020	0	46'481	0
Current Accounts ISU Members & Officers	1'953'782	0.7	2'008'081	1
Other debtors/Prepaid expenses/Rights fees to be cashed/accrued interest	6'012'117	2.0	4'924'839	1.5
<u>Non-Current Assets</u>				
Long Term financial assets	271'047'545	91.4	299'279'799	93
Properties and equipment	4'825'002	1.6	4'925'002	1.5
Total Assets	<u>296'493'421</u>	100	<u>321'202'504</u>	100

The bank accounts in foreign currencies have been converted at the closing rates issued by the Swiss tax authorities as of December 31, 2020, and 2019 respectively.

The Current Accounts ISU Members and Officers are mostly related to ISU payments of ISU Championships contributions to ISU Members for ISU Championships to be held in 2021.

The "other debtors/prepaid expenses/rights fees to be cashed/accrued interest" amounting to CHF 6'012'117 (in comparison, in 2019 total CHF 4'924'839) are composed of the interest income on bonds at year-end CHF 1'582'717 (2019: CHF 1'538'242), pending TV rights incomes related to 2020 to be cashed in 2021 (CHF 699'151), approved Insurance and organizing ISU Members refunds for 2020 ISU World Championships cancellations (CHF 2'902'716), as well as various prepaid expenses (CHF 827'533).

The net book value of the ISU office property in Lausanne amounts to CHF 4'825'000 after a fifth-year depreciation of CHF 100'000 (2019: CHF 100'000).

The former ISU offices in Davos (currently rented out) as well as the library are presented in the balance sheet at the same value as the previous year, i.e. at CHF 1 each.

## INTERNATIONAL SKATING UNION, Lausanne

The **exchange rates** of the foreign currencies against the CHF (based on those of the tax authorities) were:

	31.12.2020	31.12.2019	Variation %	2020 Average exchange rates	2019 Average exchange rates	Variation %
USD	0.88394	0.96837	-8.7%	0.93808	0.99365	-5.6%
EUR	1.08155	1.08700	-0.5%	1.10704	1.11247	-0.49%
GBP	1.20830	1.28282	-5.8%	1.20388	1.26829	-5.1%

The average interest rates, and the rates of the bonds showed the following average changes during 2020:

	Average Interest rates		2020	
	2020	2019	Variation points	Variation %
USD	2.52%	2.57%	USD -0.053	-2.0
EUR	1.29%	1.40%	EUR -0.115	-8.2
GBP	1.28%	1.25%	GBP 0.025	+2.0
CHF	0.50%	0.61%	CHF -0.110	-18.1

## FINANCIAL ASSETS PORTFOLIO

The Financial Assets Portfolio (bonds and short-term fiduciary deposits) has decreased by CHF 28'202'715 during the year 2020 due to two main factors:

- The Covid-19 pandemic resulted in the cancelation of three 2020 ISU Championships as well as several ISU Grand Prix of Figure Skating events and Final, and several Speed Skating and Short Track Speed Skating World Cups in 2020. These cancellations resulted in lower operating incomes and consequently a lower operating result than during the previous year. Sales of bonds were needed to cover the cash needs.
- Secondly, the US Dollar lost substantial value versus the Swiss Franc (8.7% between December 31, 2019 and December 31, 2020). Since the ISU activity is mainly based on US Dollar transactions, the ISU's financial assets are also kept mostly in US Dollar bonds. However, the ISU books are kept in Swiss Francs, which in 2020 resulted in a substantial currency exchange book loss. Please refer to the "Income Statement Analysis" and "Financial Incomes and Expenses" below for more details.

The breakdown by currency, at market value, is as follows:

	31.12.2020		31.12.2019	
	CHF	%	CHF	%
USD	205'226'114	76	247'007'785	83
EUR	43'979'431	16	30'075'168	10
CHF	18'286'690	7	18'317'983	6
GBP	3'631'330	1	3'925'343	1
<b>Market value</b>	<b>271'123'565</b>	<b>100</b>	<b>299'326'280</b>	<b>100</b>
Short Term deposit	76'020		46'481	
Long Term financial assets	271'047'545		299'279'799	
<b>Book value</b>	<b>271'123'565</b>		<b>299'326'280</b>	

The bonds and short-term deposits are accounted for and presented in the balance sheet at their market value. This is in line with Swiss law and has been consistently applied since 2018. The long-term financial assets portfolio also includes CHF 24.5 million of short-term deposits with maturity dates within a year that are subject to re-investment.

## **INTERNATIONAL SKATING UNION, Lausanne**

### **LIABILITIES**

The accounts payable correspond to current payable accounts with ISU Members and Officers, and other creditors which amount to CHF 730'289 as of December 31, 2020 (2019: CHF 1'067'352).

The accrued expenses as of December 31, 2020 amount to CHF 5'375'947 (2019: CHF 5'243'518). CHF 3'392'615 of this amount corresponds to value adjustment on the incomes and the remaining balance concerns 2020 expenses for which the invoices have not been received at year-end.

The deferred income of CHF 11'058'135 relates to the long-standing practice of allocating the Olympic Winter Games (OWG) revenue equally throughout the years of the Olympic cycle. Consequently, the income from the PyeongChang 2018 OWG will be allocated equally over the years 2018, 2019, 2020 and 2021. Other short-term liabilities amounting to CHF 55'684 concern pending VAT.

The ISU Development Program C-Contributions provision as of December 31, 2020, payable to ISU Members, amounts to CHF 3'865'730. CHF 3'024'958 concern contributions allocated during the year 2020 but paid during the first quarter of 2021. The balance refers to allocated contributions during the years 2016-2019 which have not been claimed by the related ISU Members and/or for which the ISU Members have not yet provided the required reports.

### **SPECIAL PROVISIONS / RESERVES**

Considering the substantial financial book loss in 2020 due to the weak US Dollar on December 31, 2020 but also considering the strengthening of the US Dollar versus the Swiss Franc during the first months of 2021 and the lingering pandemic and related uncertainty during 2021, it was decided to proceed with a partial release of CHF 5'000'000 of the reserve for currency exchange loss on bonds, leaving a remaining reserve of CHF 4'000'000 (or 1.47% of the financial assets portfolio). In addition, a release of CHF 2'500'000 representing half of the reserve to sustain losses during crisis situations was decided, leaving a remaining reserve of CHF 2'500'000. Please also refer to "other information on page 7 on the notes" below.

The reserve for currency exchange loss on other financial positions remains unchanged at CHF 1'000'000.

The provision for expenses related to legal cases as of December 31, 2020 amounts to CHF 7'000'000. This amount was deemed sufficient and remains unchanged compared to 2019.

### **INCOME STATEMENT ANALYSIS**

#### **Comparison 2020 versus 2019**

The loss for the year 2020 amounts to CHF (4'648'830) which, compared to the year 2019 (gain of CHF 2'013'876) represents a decrease of CHF (6'662'706). This variance to 2019 is mainly the result of the impact of the Covid-19 pandemic on the ISU's activity in 2020, in particular:

- CHF 14.0 million lower operating incomes in 2020 compared to 2019 mainly due to the Covid-19 pandemic-related cancellations of the 2020 ISU World Short Track Speed Skating Championships, ISU World Figure Skating Championships, and ISU World Synchronized Skating Championships as well as several ISU Grand Prix of Figure Skating events and Speed Skating and Short Track Speed Skating World Cups during the second half of the year. These cancellations resulted in significantly lower media rights and advertising rights incomes.

+ CHF 6.7 million lower ISU contributions and prize money paid by the ISU to the organizing ISU Members, namely CHF 20.7 million in 2019 versus CHF 14 million in 2020, meaning that the above-mentioned lower media and advertising rights incomes could only be partly compensated by the corresponding lower ISU contributions and prize money.

+ CHF 2.1 million lower Development Program expenditures. The pandemic resulted in sharply reduced Development Program activities, in particular the cancellation of several Council projects such as the ISU Junior Grand Prix of Figure Skating and basically all Council-supported Development seminars.

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+ CHF 1 million lower “Other Operating Expenses” in 2020 than in 2019. This is mainly the consequence of the pandemic-related restrictive ISU policy for travel and meetings.

- CHF 0.2 million higher ISU Secretariat expenses due to an increase in staff.

- CHF 15.7 million lower financial income compared to 2019. While the net interest income emanating from the bond portfolio remained stable (CHF 5 million), the weak US Dollar at the closing date of December 31, 2020 (-8.7 % compared to December 31, 2019) against the Swiss Franc resulted in a substantially lower Swiss Franc value of the ISU financial assets mainly held in US Dollars. Please also refer to the comments under “Financial Assets Portfolio” above and the comments under “Financial Incomes and Expenses” below.

+ CHF 6 million since in 2020 no allocation to reserve funds was decided while in 2019 a total amount of CHF 6 million was allocated to reserve funds.

+ CHF 7.5 million since in 2020 it was decided to dissolve part of the reserve for currency exchange loss on bonds by CHF 5'000'000 as well as CHF 2'500'000 of the reserve to sustain losses during crisis situations.

**Comparison 2020 actuals versus 2020 Budget** (Budget as approved by ISU Members through a mail vote in July 2020)

In comparison to the 2020 budgeted loss of CHF (10'278'000), the actual 2020 loss of CHF (4'648'830) represents a positive variance of CHF 5'629'170 which may be summarized by the following basic developments:

- CHF 2.2 million lower operating incomes than budgeted mainly due to the Covid-19 pandemic related cancellations of ISU Grand Prix of Figure Skating and Speed Skating and Short Track Speed Skating World Cup competitions during the second half of 2020. These cancellations resulted in significantly lower media rights and advertising rights incomes.

+ CHF 2.0 million of not budgeted cancellation insurance reimbursements for cancelled 2020 ISU Championships.

+ CHF 4.5 million lower ISU contributions and prize money paid by the ISU to the organizing ISU Members than budgeted. The 2020 Budget approved in July 2020 still included the necessary contributions and Prize Money for the ISU Events (ISU Grand Prix of Figure Skating events and Final and ISU World Cups in Speed Skating and Short Track Speed Skating) scheduled for the second half of 2020 which however were mostly cancelled.

+ CHF 4.4 million lower Development Program expenditures than budgeted. The pandemic resulted in sharply reduced Development Program activities, in particular the cancellation of several Council projects such as the ISU Junior Grand Prix of Figure Skating and basically all Council-supported Development seminars.

+ CHF 1.9 million lower “Other Operating Expenses” than budgeted. This is mainly the consequence of the pandemic-related restrictive ISU policy for travel and meetings.

+ CHF 0.5 million lower ISU Secretariat expenses than budgeted. Due to the pandemic, some limited part-time work applied, and the planned staff increase has been slowed down.

+ CHF 0.3 million higher than budgeted net interest income.

- CHF 13.3 million financial book loss. The weak US Dollar at the closing date of December 31, 2020 (- 8.7% compared to December 31, 2019) versus the Swiss Franc resulted in a substantially lower Swiss Franc value of the ISU financial assets mainly held in US Dollar bonds. Please also refer to the comments under “Financial Assets Portfolio” above and the comments under “Financial Incomes and Expenses” below.

+CHF 7.5 million not budgeted “Other Items” after a partial release of the reserve for currency exchange loss on bonds and reserve to sustain losses during crisis situations.

## INTERNATIONAL SKATING UNION, Lausanne

### Development Program

	<u>2020</u>
Payments made and promised for Development Projects:	CHF 1'041'670
Administration / Development Commission Office Expenses / Audit:	CHF 157'234
Total Development Projects	CHF 1'198'904
Council Projects including Junior World Cup Speed Skating, eLearning and Centers of Excellence projects in 2020	
Total Council Projects	CHF 363'959
ISU C-Contributions:	
Release of expired contributions 2015/suspended ISU Members	CHF (32'260)
Currency exchange rates loss on 2015-2019 contributions' provision	CHF (547)
Exceptional Contributions attributed in 2020 as support in the pandemic	CHF 2'166'786
Contributions attributed in 2020	CHF 2'832'304
Total ISU Contributions	CHF 4'966'283
<b>Total amount expended for the Development Program during 2020</b>	<b>CHF 6'529'147</b>

Compared to the 2020 Development Program budget, this represents an unused budget amount of CHF 4.4 million. In comparison to 2019, fewer development projects took place because of cancellations or postponements linked to the pandemic and fewer project applications were received due to the difficulties of planning and carrying out projects during such an uncertain period. Regarding Council projects only the Junior Speed Skating World Cups could be held in Bjugn, NOR, Enschede NED and Minsk BLR. It was not possible to hold the Junior Grand Prix, the World-Wide Seminars or the Junior Short Track Challenge Series. On the other hand, during this period of fewer competitions and training opportunities the ISU eLearning platform and the ISU Centers of Excellence (CoE) in their first pilot year were well-appreciated for their role in continuing to promote the sport of Skating and its values during 2020. An exceptional contribution for ISU Members was approved by the Council as an additional support during the pandemic which was a period of great uncertainty for many Federations. In addition, at the end of the 2019/20 Season the Prize Money not awarded due to the cancellations of the 2020 ISU Short Track, Figure Skating and Synchronized Skating World Championships, was distributed to ISU Members on a pro rata basis based on entries to the respective Championships.

Since October 2016, a Development Program Administrator monitors the financial aspects of the Development Program, which are also reviewed by the Internal Controller. Furthermore, if necessary, the Council may mandate external audits of Development Program Projects.

### FINANCIAL INCOMES AND EXPENSES

In accordance with the Swiss Accounting Standards, financial incomes and expenses must be reported separately from the operating incomes and expenses.

While the net interest income from the bond portfolio remained stable (Interest Income of CHF 6.2 million minus Financial expenses of CHF 1.1 million for a net income of CHF 5 million), the weak US Dollar at December 31, 2020 (-8.7 % compared to December 31, 2019) against the Swiss Franc resulted in a substantially lower Swiss Franc value of the ISU financial assets mainly held in US Dollars. Please also refer to the comments under "Financial Assets Portfolio" above.

In this respect, it must be reiterated that the ISU has not suffered from any actual loss such as could have occurred, for example, if bonds or short-term financial investments had lost all or part of their value due to the bad financial situation of the entities that issued the bonds. The above-mentioned accounting loss is essentially due to the currency exchange rate fluctuations in the ISU's financial assets portfolio, in particular due to the strong CHF against the "ISU currencies", mainly the USD and partly the EUR and the GBP. Since about 95% of the ISU's income and expenditures are not in CHF but mainly in USD and partly in EUR, the above-mentioned accounting (book) loss has no negative effect on the ISU's activities.

## **INTERNATIONAL SKATING UNION, Lausanne**

### **OTHER ITEMS**

The tax authorities have granted the ISU a tax exemption regarding its income and capital taxes on a cantonal, communal and federal level. The only taxes applicable to the ISU relate to its real estate properties in Davos.

At December 31, 2020, the ISU has additionally cashed a total amount of CHF 15'653 concerning incomes relating to previous years that could not have been previously anticipated.

### **OTHER INFORMATION**

#### **ISU Secretariat Staffing**

During 2020, the ISU Secretariat employed an average of 16 full-time employees, and 7 part-time employees (full-time equivalent of 20.7, vs 18.7 in 2019), which is the consequence of the creation and hiring of two new positions during the year. The "Salaries & Benefits" amount included in the Income Statement includes a provision for accrued overtime and holidays amounting to CHF 18'217. The provision recorded in the balance sheet is CHF 331'004 (2019: CHF 312'787)

#### **ISU Event Coordinators and Consultants**

Since the 2019/20 season, one Figure Skating Event Coordinator and two Assistant Figure Skating Event Coordinators were contracted. The ISU also has a consultancy agreement with two Figure Skating specialists who work on specific tasks assigned to them on a case-by-case basis. On the Speed Skating side, the ISU contracted for the season 2020/21 one Short Track Speed Skating Event Coordinator (also acting as Sports Director Speed Skating) and one Event Coordinator Speed Skating with limited support for the beginning of the season since this position is now integrated as part of the Secretariat Staffing. Also, during the season 2019/20, the function of the Event Coordinator Speed Skating was performed by an increased presence at ISU Events of Speed Skating Technical Committee members. The Event Coordinators and Consultants are remunerated based on a daily rate.

#### **ISU Indemnity Policy**

In line with the ISU Indemnity Policy (ISU Circular Letter No. 619) ISU Office Holders receive Office Expenses paid in an annual lumpsum. A limited number of Office Holders, depending on their function and subject to their ISU workload exceeding a reasonable level that can be expected from an elected or appointed volunteer Office Holder, receive Secretarial allowances or a fixed remuneration. During 2020 this applied to 15 Office Holders.

#### **External Audit**

Audit, audit-related and non-audit services were charged during 2020 by BDO SA for a total of CHF 38'557.

## **INTERNATIONAL SKATING UNION, Lausanne**

### **Other information**

To the extent that the corresponding recognition criteria were met at the balance sheet date, the impact of the Covid-19 pandemic was taken into account in the financial statements of ISU. The Council and management of ISU continue to monitor the events and take action as necessary. At the time of approval of these financial statements, the financial and economic consequences of the direct and indirect impact of the pandemic on the ISU cannot yet be reliably assessed. Apart from the effects of a severe and prolonged recession, the ISU's ability to continue as a going concern cannot, from today's point of view, be regarded as threatened within the meaning of Art. 958a, para. 2 of the Swiss Code of Obligations.

Based on the volatility observable in the financial markets, the ISU anticipates continued changes in equity or debt securities prices, foreign exchange rates, interest rates or other market prices after the reporting date that will significantly impact the measurement of assets and liabilities in future periods. In particular, the volatile currency exchange rate of the US Dollar vs the Swiss Franc (see also "Financial Incomes and Expenses" above) will have a continued impact on the ISU's equity in Swiss Francs.

The impact on the fair value measurement of investment properties cannot be reasonably estimated to date.

The current assessments are based on the information currently available. Due to rapid developments, the actual impacts on the financial reporting period 2021 may differ significantly from ISU expectations. Also, considering the above-mentioned circumstances surrounding the coronavirus, in 2019 the ISU created a reserve amounting to CHF 5 million "for crisis situations" out of which CHF 2.5 million remain in place at the end of 2020 (Refer to "Special Provisions / Reserves" above).

The ISU Council has approved the 2020 Financial Statements on May 17, 2021, before final amendment and adoption on May 28. The ISU Council, Director General, Treasurer and ISU Staff will continue to monitor developments and, in particular referring to the ongoing coronavirus pandemic, will continue to take appropriate and timely measures.

### **Significant events after the balance sheet date**

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities at year-end 2020 or which should be disclosed here.

## ANNUAL REPORT 2020

### PREAMBLE

In line with the ISU mission, the Budget approved by ISU Members in July 2020, and the priorities of the ISU Council published in 2018 (see <https://isu.org/inside-isu/financial-and-other-reports/council-priorities/21313-priorities-of-the-isu-council-2018-2022/file>), the ISU has continued its focus on three strategic pillars in the period from 2018-2022, namely

- Development
- Marketing and Promotion
- Good Governance.

### ISU WORKFORCE

During 2020 the ISU Secretariat employed an average of 16 full-time employees and 7 part-time employees (between 40% and 80% - full-time equivalent of 20.7 employees vs 18.7 in 2019). In addition, the ISU contracted freelance personnel in the areas of event coordination, sports technical monitoring and media coverage as follows:

- 1 Sports Director Figure Skating
- 1 Event Coordinator Figure Skating (full-time)
- 2 Assistant Event Coordinators (part-time)
- 1 Event Coordinator Short Track also acting as Sports Director Speed Skating
- 1 Consultant with Figure Skating expertise (part-time)
- 1 Freelancer for media services at ISU Figure Skating Events (part-time)
- 1 Freelancer for media services at ISU Speed Skating Events (part-time)
- 1 Freelancer for media services at ISU Short Track Events (part-time)
- 1 Photographer at every ISU Event (part-time)

The ISU furthermore relies on volunteer-based elected and/or appointed ISU Office Holders serving on the ISU Council (13), ISU Technical Committees (31), ISU Disciplinary Commission (5), ISU Legal Advisors (2), ISU Treasurer (1), ISU Medical Commission (7), ISU Development Commission (3), and ISU Athletes Commission (5).

### SPORT/COMMERCIAL/ECONOMIC SITUATION AND PROSPECTS

The coronavirus pandemic had significant detrimental consequences on the ISU activity and the calendar of ISU Events for the seasons 2019/20 and 2020/21. Already in January 2020 the spread of the coronavirus started to have an impact on the preparation and execution of ISU activities, including ISU Events. On March 11, 2020, the WHO had characterized the spread of the coronavirus as a pandemic in recognition of its rapid spread across the globe. Since then, the ISU Council has consistently applied its policy published in April 2020 in ISU Communication 2320, according to which the ISU Council considered the health and safety of the participants of international ice-skating events as the number one priority. However, also mindful of the need to give Skaters the best possible opportunities to compete internationally, the ISU gave its support in terms of finance and human resources to the greatest extent possible in order for ISU Events to be implemented.



Nevertheless, the challenges caused by the pandemic were tremendous and the ISU and the ISU Members had to adapt to rapidly changing, complex, and costly travel and sanitary restrictions, complicated by constantly evolving pandemic developments that varied greatly between regions. This continued uncertainty made the season's planning extremely difficult, not only for the organizing and participating ISU Members but also for the ISU, which monitors the organization of over 40 ISU Events per season. It put a high burden and pressure on the local Organizing Committees, the ISU Event Coordination teams and ISU Secretariat and allowed little or no time and resources to work out alternative options on short notice. Consequently, several ISU Events had to be cancelled by order of the local authorities and/or due to travel and sanitary restrictions making the organization of indoor sports events impossible or preventing participants from traveling to the site of the Events. The most prominent cancellation was that of the 2020 ISU World Figure Skating Championships planned to be held in Montreal, Canada in March 2020. Furthermore, at the end of the 2019/20 season, the 2020 ISU World Short Track Speed Skating Championships scheduled to be held in March 2020 in Seoul, South Korea, and the 2020 ISU World Synchronized Skating Championships, scheduled to be held in April 2020 in Lake Placid, USA, were also cancelled.

During the second half of 2020, the pandemic further resulted in the cancellation of the entire ISU Junior Grand Prix of Figure Skating series, two ISU Grand Prix of Figure Skating events, the ISU Grand Prix of Figure Skating Final, four ISU World Cup Speed Skating events, four ISU World Cup Short Track Speed Skating events as well as one Junior World Cup Speed Skating event.

Since March 2020, the pandemic also resulted in the postponement and/or cancellation of ISU meetings and seminars. The 2020 ISU Congress initially planned to be held in Thailand in June 2020, was first postponed to June 2021 and subsequently to June 2022. Instead of the 2020 and 2021 Congresses, in line with the relevant provision in the ISU Constitution, ISU Members were asked to vote through correspondence on motions the ISU Council considered as urgent and essential for the correct administration of the ISU.

While the second part of the season 2020/21 (January-April 2021) does not pertain to the time period relevant for the 2020 Financial Report, it must nevertheless be pointed out that the ISU focused on maintaining the most prestigious ISU Events of the season, namely the ISU World Championships in February and March 2021. The joint efforts of the ISU Members, Officials, health care workers, volunteers, Event Coordination Teams, ISU Secretariat and the ISU Council and Office Holders, along with substantial additional ISU financial support, resulted in successful and safe 2021 ISU World Championships in Speed Skating, Short Track Speed Skating and Figure Skating. In addition, the 2021 European Championships in Speed Skating and Short Track Speed Skating, two ISU World Cups Speed Skating and the ISU World Team Trophy in Figure Skating were successfully and safely maintained. Despite pandemic-related training restrictions, the Skaters continued to perform at an exceptionally high level. Skaters and Coaches must be applauded for their resilience and motivation during this critical period. More detailed information and financial data related to the organization of the above-mentioned 2021 ISU Events under pandemic conditions as well as the cancellation of other 2021 ISU Events will be included in the 2021 Annual Report.

In the light of the pandemic developments and ISU Event cancellations, the TV rights and sponsorship rights income, and consequently the 2020 Operating Income, dropped significantly as outlined in detail in the Notes to the Financial Statements. Although for 2021 the most lucrative ISU Event, the ISU World Figure Skating Championships in March 2021 in Stockholm, Sweden, could be maintained, there will nevertheless again be significantly reduced incomes. In addition, the staging of ISU Events in the first half of 2021 under pandemic conditions also resulted in higher sanitary-related expenses and the ISU compensated the organizing ISU Members for deficits due to the lack of ticket sales since nearly all ISU Events were held without spectators.

The prospects for the second half of 2021 are cautiously optimistic thanks to the ongoing vaccination campaigns. At the time of writing this Report, it is expected that basically all ISU Events of the season 2021/22, as well as the Beijing 2022 Olympic Winter Games, will be held as planned, however, it must be expected that the ongoing sanitary measures and possibly reduced numbers of spectators will have a continuing negative impact on the ISU's 2021 operating results.

Considering the above-mentioned pandemic-related developments, for the 2020 accounts a release of half of the reserve of CHF 5'000'000 to sustain losses during crisis situations was decided, namely a release of CHF 2'500'000, leaving a remaining reserve for 2021 of CHF 2'500'000.

Apart from the negative pandemic-related consequences the commercial agreements currently in place represent a stable income situation for the coming three to four years. While the incomes for the Figure Skating Branch could be slightly expanded, the situation for the Speed Skating Branch remains critical, although advertising agreements have been maintained at previous levels. Specifically, the ISU has, for the time being, been unable to put in place a Speed Skating Title Sponsor with a similarly lucrative agreement as in the past. Also, due to different reasons beyond the ISU's control, the ISU was unable to maintain sponsorship agreements in the key markets for Short Track Speed Skating, namely China and the Republic of Korea.

The IOC incomes from the successful 2018 Olympic Winter Games in PyeongChang have been allocated equally over the period 2018 through 2021. For the 2022 Beijing Olympic Winter Games similar incomes would normally be expected, though this remains subject to the pandemic situation allowing the normal conduct of the Games.

Thanks to its long-standing conservative investment policy, the ISU has managed to secure substantial reserves in the form of high-rated bonds (see the Balance Sheet) that ensure a substantial and stable annual interest income independent from commercial partners' interests. While the ISU bond portfolio contains only good quality investment grade bonds, it cannot be excluded that potential negative world-wide financial market developments might also have a negative impact on the interest rates and bond market. The market evolution and the solvency and credit rating of the entities that issued the bonds will therefore be closely monitored.

Since the ISU activity is mainly based on US Dollars transactions, the ISU's financial assets are also kept mostly in US Dollar bonds. However, the ISU books are kept in Swiss Francs. The weak US Dollar at the closing date of December 31, 2020 (-8.7 % compared to December 31, 2019) against the Swiss Franc resulted in a substantially lower Swiss Franc value of the ISU financial assets, mainly held in US Dollars. In 2020, this consequently resulted in a substantial currency exchange book loss.

In this respect, it must be reiterated that the ISU has not suffered from any actual loss such as could have occurred, for example, if bonds or short-term financial investments had lost all or part of their value due to the bad financial situation of the entities that issued the bonds. The above-mentioned accounting loss is essentially due to the currency exchange rate fluctuations in the ISU's financial assets portfolio, in particular due to the strong CHF against the "ISU currencies", mainly the USD and partly the EUR and the GBP which are the currencies composing the ISU's financial assets. Since about 95% of the ISU's income and expenditures are not in CHF but mainly in USD and partly in EUR, the above-mentioned accounting (book) loss has no negative effect on the financing of the ISU's activity.

Considering the substantial financial book loss in 2020 due to the weak US Dollar on December 31, 2020 but also considering that the US Dollar strengthened versus the Swiss Franc during the first months of 2021, it was decided to proceed with the release of part of the reserve for currency exchange loss on bonds of CHF 9'000'000, namely a release of CHF 5'000'000 leaving a remaining reserve of CHF 4'000'000 (or 1.47% of the financial assets' portfolio).

For detailed information on the ISU Reserves, please refer to the Balance Sheet and the Notes to the Financial Statements "Special Provisions/Reserves".

## **RISK EVALUATION**

### **Risk related to reduced incomes and higher expenses related to the coronavirus pandemic**

The impact and detrimental consequences and outlook related to the pandemic are outlined in the section "Commercial/economic situation and prospects" above. As pointed out in this section, the prospects for the second half of 2021 are cautiously optimistic thanks to the ongoing vaccination campaigns. However, the possible development and spread of dangerous and vaccine-resistant virus mutations will be followed closely as they might result in a prolongation of the pandemic and related detrimental consequences.

### **Risk of reduced audiences for ISU Events and related reduced ISU incomes**

Mindful of the ISU Council's priorities, the ISU continually faces the risk and challenge of finding new ways to attract a larger, wider, and possibly younger global audience and continues to step up its efforts and budget in this area as well as its cooperation with its media and marketing partners and the ISU Members organizing ISU Events. In the medium and long term, the marketing possibilities for niche sports in a constantly changing, innovative, digitally driven, and increasingly competitive marketplace will call for new expertise and new solutions.

Through its digital and social media efforts the ISU was ranked the top Winter International Federation in the #SportonSocial league table from 2017 to 2020. As a direct consequence of the cancellation of three 2020 ISU World Championships and multiple events during the second half of the year, the ISU was downgraded to second highest Winter International Federation in the 2021 report. However, with a cautiously optimistic approach to the Olympic season and the hope that most ISU Events will take place, the ISU will work towards resuming its extensive coverage of ISU Events across all social media platforms.

In order to support future sponsorship and media activities, the ISU has to engage in the process of developing a marketing strategy which is more data driven and future proof. Given that the majority of ISU revenue is generated through broadcast and sponsorship rights, greater ownership of the ISU audience is essential in order to offer more value and insight to sponsors in the future. The ISU is seeking to grow its audience, increase fan engagement through personalized communication, and gain a deeper insight into the motivation of skating fans. While the demand for digital marketing opportunities among ISU sponsors remains limited for the time being, the ISU must take proactive steps with the objective of delivering more value to sponsors in the future. A key component of such a strategy is the development of a fan database, and of a reasonable level of marketing automation capability. To this end, the ISU, in cooperation with a specialized company, has initiated a process involving a data assessment, and a determination of the ISU fan data infrastructure needs that is capable of supporting digital fan-driven sponsoring or marketing activity.

In this context it must be pointed out that preparing for such a data-driven marketing strategy must be seen as a long-term investment. Even though the objective is to increase the value of the ISU's properties and generate new revenue streams, there will be no short-term financial return on investment. However, it will be the necessary foundation for maintaining the current sponsorship incomes. In this context, an efficient and sustained cooperation with commercial partners and service providers is becoming increasingly important and a key factor in the renewal of commercial agreements.

The main focus in the critical area of Public Relations and Marketing will be as follows:

- Reviewing ISU Event formats in order to ensure compact and attractive ISU Events while at the same time allowing the broadest possible participation of ISU Members. Specific progress has been made for the ISU World Speed Skating Championships format. For the ISU World Figure Skating Championships, a new and more inclusive proposal has been worked out by a Working Group and the ISU Council but due to the pandemic and necessary debate during an ISU Congress, this proposal could not yet be implemented. Also, the ISU continues to study and, if promising, to pursue, the development of new types of competitions in order to attract a younger and broader audience.
- Increasing the global viewing audience through TV and other online channels and increasing attendance at ISU Events.
- Expanding digital engagement and content (social media, ISU website, App development, media advisories, newsletters and expanded eLearning tools).
- Improving event presentation, event promotion and fan engagement through extended cooperation with Organizing Committees and business partners, making available standardized design and branding materials to ISU Event organizers, on-site ISU media support and assigning ISU photographers to ISU Events.
- Maximizing media/television/marketing rights fee income through direct prospecting and negotiations with the commercial partners and/or through marketing agencies such as IMG, Infront, House of Sports.

- Preparing and putting in place the basis for digital marketing opportunities.
- Exploring new promotion possibilities, including in new markets and also by taking advantage of the proximity of Figure Skating to the show-business/music industry. The inaugural 2020 ISU Skating Awards held on-line on July 11, 2020 were successful and will be continued.

#### **Risk of insufficient human resources/staffing**

The challenges and risks in the area of Event organization and management continue to increase due to higher demands from the public, media and related commercial partners. The training of a broader base of skilled individuals is increasingly important to maintain high quality ISU Events. Failing to do so might have detrimental consequences, especially related to the incomes to be secured through commercial agreements. Consequently, the ISU is continually striving to broaden and strengthen its Event management and marketing teams.

#### **Risk of loss of credibility**

Good governance and sustainability are of the utmost importance. The ISU, through its Working Group which has been in place since 2017, continues to strive to improve in this area in order to protect the ISU's good reputation, credibility and integrity. In line with the principles of the ISU Code of Ethics, the focus is on improving awareness and education in the fight against discrimination, harassment/abuse, fraud/corruption and undue influencing. Other initiatives focus on avoiding conflicts of interest, favouring inclusion of all groups in the skating sports, increasing transparency and maximising internal controls and data protection. An independent assessment performed in 2020 in conjunction with the other Olympic Winter Sports Federations (IFs) resulted in an improved ISU score compared to the 2018 score with the ISU comfortably exceeding the threshold set by the IF Good Governance Task Force.

In the area of sustainability, the ISU is proud of having been presented with the Carbon Action Award in November 2020, in recognition of its global efforts to reduce greenhouse gas (GHG) emission. The International Olympic Committee and Dow collaborated on the joint initiative to reward carbon offsets to the International Sports Federations (IFs) and National Olympic Committees (NOCs) that have demonstrably reduced their greenhouse gas (GHG) emissions within the scope of their organizations and respective events.

Finally, the ISU maintains a long-standing, high-profile Anti-Doping program thanks to an experienced Medical Commission supported by highly qualified and experienced Anti-Doping managers at the ISU Secretariat. In view of the growing calls for Anti-Doping monitoring by independent entities, the ISU is gradually increasing collaborations with independent bodies but on the condition that the quality, effectiveness and cost efficiency of the services will not be compromised.

## RESEARCH AND DEVELOPMENT ACTIVITIES

The ISU continues to run its high-profile Development Program through its Development Commission, dedicated Project Groups for eLearning and Centers of Excellence, and with increased capacity and efforts at the ISU Secretariat.

Due to the pandemic, fewer development projects took place during 2020 because of cancellations or postponements linked to the pandemic and fewer project applications were received due to the difficulties of planning and carrying out projects during such an uncertain period. Regarding Council projects, only two ISU Junior Speed Skating World Cups could be held, and it was not possible to hold the ISU Junior Grand Prix of Figure Skating series, the World-Wide Development Seminars or the Junior Short Track Challenge Series.

Driven by the increased need for on-line activity due to the pandemic, the development of ISU eLearning projects has accelerated and they are becoming increasingly popular with stakeholders. Responding to the demand for an increased range of eLearning modules, the ISU eLearning Project Group has developed, or is in the process of developing, modules for the Pure as Ice Online Certificate, ISU Code of Ethics eLearning Challenge, Judge Reappointment Learning Exercises, Technical Panel Reappointment Learning Exercises, Virtual Event Tool Kits with the primary goal of developing and educating Officials, Skaters and Coaches (see ISU Communication 2389), Worldwide Coaching Qualification Framework Speed Skating and Figure Skating and the Level 1 course for Figure Skating, Endurance, Strategic and Mental Capabilities, Speed Skating Starter Practice Tool, My Speed Skating Skill Set, webinars on different topics given by experts from ISU CoEs, eLearning assistance to Speed Skating Officials, online Seminars and Coaches seminars.

In addition, the ISU eLearning Project Group has stepped up its communication efforts in building awareness of the platform. It has designed and utilized an eLearning banner and flyers, published eLearning related news and newsletter items, improved the visibility of ISU eLearning weblinks on the ISU website and promoted the ISU eLearning platform and certain modules via ISU CoEs.

2020 was the first pilot year for ISU Centers of Excellence (CoE). In general, all nine CoEs have taken an active role in piloting new concepts and realizing innovative projects in 2020. The network formed by the CoEs is well perceived by all the CoEs and they have acted as an important resource for the ISU, sharing their expertise and serving the ISU community remotely and professionally. There were three main projects in 2020, involving both Branches and all CoEs, namely the “Keep Training Series”, the “Online Contest/ toolkit exploration” and the “Production of ISU CoE Guidelines”. In addition, tutorial videos were produced and published in cooperation with the CoEs, also creating synergies for eLearning projects.

Partly in cooperation with the CoEs, several initiatives and virtual Figure Skating test competitions with remote judging have been performed in order to evaluate possibilities for remotely judged Figure Skating Competitions. The software programs provided the acting Officials with the exact same screen layout and operations to input their scores as during a live onsite competition on their personal home devices. Results were calculated instantly, respecting all ISU rules and regulations and could be made available through interfaces such as live internet results and TV graphics. The most challenging component in all tests remains guaranteeing a stable, high speed internet connection to ensure that the feed and clips can be received simultaneously without significant delay of more than a few seconds by all the various participants involved in the judging process. The goal remains to make available to ISU

Members a system that allows the holding of virtual live Figure Skating International Competitions that are judged remotely, at a reasonable cost. This will not only be beneficial during a pandemic, but also offer new participation possibilities for ISU Members with limited access to experienced Officials.

Another promising project under ISU review is the use of data analytics and Artificial Intelligence (AI). The world of sports is abundant in quantifiable elements, making it ideal for the use of AI, and the ISU acknowledges that applications of AI are making inroads into the area of sports with a positive impact and growing capabilities. In light of this, the ISU, in consultation with experts in this field, is evaluating AI-related possibilities for providing Officials with enhanced tools to evaluate athletes' performances and to make decisions in the fairest and most impartial way possible. This will also offer Skaters and Coaches new measurement and analysis tools to evaluate and improve their performances and keep track of progress towards achieving goals. In addition, there is potential for expanding multi-media audiences thanks to different platforms and the presentation of instantaneous and innovative statistics and graphics.

In addition to the annual C Contribution, an exceptional development contribution for ISU Members was approved by the Council as an additional support during the pandemic, which was a period of great uncertainty for many Federations. As well as this, at the end of the 2019/20 Season, the Prize Money not awarded due to the cancellations of the 2020 ISU Short Track, Figure Skating and Synchronized Skating World Championships, was distributed to ISU Members on a pro rata basis based on entries to the respective Championships.

The ISU will continue to monitor closely the Development Program's effectiveness and apply adjustments, if and when appropriate, with the focus on the following priorities:

- Expanding the ISU eLearning management system
- Consolidating ISU Centers of Excellence
- Creating a Coach Education Qualification Framework for Coaches in both Branches and providing eLearning tools to support this Framework
- Improving the quality of ISU Officials by increasingly using eLearning tools
- Increasing the number of participating ISU Members, sharing development project results and evaluating the impact of the program
- Continuing virtual Figure Skating test competitions with remote judging, ultimately allowing the conduct of virtual International Competitions
- Exploring the use of data analytics and Artificial Intelligence to assist Officials, Skaters, Coaches and improve media coverage
- Launching an annual world-wide "Ice Skating Day".

In the area of safety for Skaters and in particular rink board padding systems for Short Track Speed Skating (and also Speed Skating), the ISU updated its padding standards and procedures for Short Track events in cooperation with the University of Lausanne's International Academy of Sport Science and Technology (AISTS) and related testing centre in order to ensure the best possible safety conditions for Skaters.

## EXCEPTIONAL EVENTS

The detrimental consequences of the coronavirus crisis and two pending legal proceedings must be considered as exceptional events:

- The impact and detrimental consequences and outlook related to the coronavirus pandemic are outlined in the section “Commercial/economic situation and prospects” and “Risk evaluation” above.
- The Pechstein doping case in which the Pechstein party appealed against the German Federal Court decision of June 2016, is pending at the German Constitutional Court.
- By its judgment of December 16, 2020, the EU General Court upheld the 2017 decision of the EU Commission finding that the ISU Eligibility Rules in their 2016 and previous versions violated EU competition law. However, the EU General Court accepted the pre-authorization system of the ISU, i.e. the requirement that competitions organized by parties other than the ISU and/or its Members must be previously approved by the ISU Council. Most importantly, the EU General Court acknowledged that the fight against betting and the protection of the economic interests of the ISU are legitimate objectives of its pre-authorization system. The EU General Court further accepted that jurisdiction in appeals against Council eligibility decisions is conferred upon CAS and partly annulled the Commission decision on that basis.

The ISU maintains that its Eligibility Rules have never been enforced with a view to preventing the organization of third-party ice-skating events and regrets that the judgement does not address the substantial evidence put forward by the ISU confirming this. The ISU lodged a partial appeal with the European Court of Justice (ECJ) against those parts of the decision of the EU General Court, where it decided against the ISU,. A decision is expected during 2022 or early 2023.

Apart from its appeal to the to the ECJ, the ISU amended its eligibility rules (2018 version which remains the current version) in order to meet the objections of the EU Commission. The EU Commission indicated its satisfaction with the respective amendments, without however formally confirming that the current eligibility rules are in conformity with EU competition law.

## OUTLOOK

For the year 2021, the loss of commercial income due to the cancellation of ISU Events during the season 2020/21 will result in reduced incomes that will be only partly compensated by savings from the cancelled ISU Events and/or through reduced other operating expenses. For the next two to four years, the many commercial contracts in place are expected to ensure a reasonably stable financial situation. In the medium and long term however, the world-wide economic turbulence and uncertainty triggered by COVID-19 clearly point towards complicated income perspectives which will call for an intensified effort to secure income at previous levels and, in the event there is a situation where reductions for certain activities will become necessary, to spend the available funds in an efficient and prudent manner.