

BUDGET PROPOSAL 2022 - 2024

BUDGET PROPOSAL

2022- 2024

INTRODUCTION

The 1998 ISU Congress decided that a three-year budget shall be presented at each ISU Congress, covering the ISU Congress year plus the two subsequent years. This allows the ISU Council and ISU Congress to review the budget which was approved at the previous ISU Congress and also to update the budget for the ongoing ISU Congress year and subsequent two-year period.

When discussing the underlying basis of the Budget 2022- 2024, the ISU Council agreed to establish the Budget on the following principles:

This Budget is based on the situation and information available at the time of preparation of the Budget (May 24, 2022) as well as the situation, perspectives and risk evaluation of the Union as outlined in the Annual Report 2021. [2021 Financial Report](#) and the Four Year Status Reports and Plans presented to the 2022 ISU Congress.

Referring to certain negative developments and risks evoked in the Annual Report and/or the Four Year Plans Status Reports which have had, or might have, an impact on the ISU Budget and consequently on ISU activities, the ISU Council must also put the current situation into perspective. The budgeting policy proposed by the ISU Council and accepted by previous ISU Congresses, has allowed the continued ISU support for a wide range of ISU activities, such as annually conducting over 40 ISU Events in all ISU disciplines thanks to generous ISU contributions and Prize Money to organizing and participating ISU Members, an ambitious Development Program, an aggressive Anti-Doping Program, an extensive educational program for Officials and Coaches, a continually increasing communications and marketing activity and finally, research and development of new technologies benefiting the sport (Artificial Intelligence, digital projects). These are all underpinned by pursuing excellence in good governance and sustainability.

Through this Budget Proposal, the ISU Council's reiterates its commitment to focus on the identified and communicated priorities based on three strategic pillars, namely Development, Marketing and Promotion as well as Good Governance.

The Budget Proposal is based on the assumption that all ISU activities can basically be conducted normally. In case of continued and/or resurging crisis situations with detrimental consequences on the ISU activity and finances such as the Covid-19 pandemic or the War in Ukraine, the ISU Council will again monitor the situation and take the necessary decisions if and when required. In this regard, the ISU Council may dispose of the existing reserve of CHF 2.5 million for crisis situations.

The ISU Council acknowledged the existing ISU reserves being the total equity as of December 31, 2021 amounting to CHF 260.6 million plus dedicated reserves amounting to CHF 14.5 million. In line with previous Budget Proposals, the ISU Council reiterates its commitment to stabilize the ISU's equity at the 2015 level of CHF 255 million. This means that available funds beyond this level shall be invested in ISU activities directly benefiting ISU Members, or that savings shall be applied in case of falling short of the CHF 255 million equity target. Compared to the previous Budget, this Budget Proposal includes certain reductions in expenditures such as in the Development Program Budget (back to the 2015-2016 level), and other operating expenses in the area of ISU Office Holders travel, meeting and Event attendance. Nevertheless, the budget concludes with a budgeted loss of over CHF 10 million for the three-year period 2022-2024. If materialized, this means that by the end of 2024 the ISU's equity would drop below the above-mentioned targeted equity threshold of CHF 255 million. Therefore, besides continuously striving to secure the current income sources and developing new ones, further cost-saving measures are required beyond those included for this 2022-2024 Budget period. This may also include a review of ISU contributions to organizing ISU Members of ISU Championships. Compared to other sports, these contributions remain generous for most ISU Championships. Since currently the ISU Championships have basically been allotted throughout the 2023/24 season and the ISU Council does not favour reconsidering previously made commitments, such review will have an impact on ISU Championships as of the 2024/25 season only, hence concerning the next budget period 2024-2026. Consequently, this matter will be evaluated and decided by the newly-elected ISU Council in June 2022.

It remains the ISU Council's conviction that by maintaining the above-mentioned equity threshold of about USD 255 million, the ISU can expect a continued annual net Interest Income of about CHF 4 million. This Financial income, which in 2021 covered 15% of the annual operating expenses, remains an important factor in securing the funding of the current ISU activities and maintaining a certain independence from commercial entities. Finally, it represents a safety cushion in case of major negative developments with serious detrimental consequences for the ISU incomes, the COVID-19 pandemic being a vivid example.

In line with Swiss accounting guidelines and the ISU Financial Statements, this 2022-2024 Budget is divided into the following categories:

- A. Operating Income
- B. Operating Expenses
- C. Operating Result
- D. Financial Income and Expenses
- E. Other items/Taxes
- F. Profit/Loss for the Year

These categories have been subdivided showing the major incomes and expenditures (as below). In particular, category B (Operating Expenses) has been subdivided into:

- B 1 Contributions for ISU Events (including Prize Money)
- B 2 Development Program
- B 3 Other Operating Expenditures

This document contains a short explanation plus the corresponding figures in Swiss Francs (CHF) for each part of the ISU incomes and for the most significant expenditures.

It is to be noted that the ISU books and budgets are kept in Swiss Francs whilst most of the income and expenditures, as well as financial assets, are in US Dollars and Euro. Depending on currency exchange rate fluctuations this has in the past resulted in book value adjustments, especially when the value of the US Dollar and/or Euro versus the Swiss Franc has declined. However, it must be emphasized that the ISU has never suffered from any actual loss such as, for example, losing money on bonds that have lost all their value due to the bankruptcy of the entities which issued the bonds. The bond values in the currency in which the ISU-owned bonds are issued remain unchanged and since these are the same currencies as most of ISU incomes and expenditures (i.e. US Dollars and Euro), there is no negative impact on ISU activity. The above-mentioned book value adjustments were, and in the future may be, necessary essentially due to currency exchange fluctuations in the bond portfolio. In order not to distort the actual annual budgeted performance of the ISU activity, this Budget does not include any currency rate fluctuation provision since, as explained above, this would only be an accounting adjustment and, in addition, purely speculative.

For incomes and expenditures, the following conservative exchange rates have been applied:
Incomes in US Dollars are budgeted at 0.90 versus the Swiss Franc. (1 US\$ = 0.90 Swiss Franc).
ISU contributions in US Dollars are budgeted at 0.95 versus the Swiss Franc.
Incomes in Euro are budgeted at 1.04 versus the Swiss Franc.

For this three-year Budget it is obvious that the total amount in each category of expenditures for the three years is calculated based on the full period. However, also taking into account that the ISU financial year is based on the calendar year (January to December) but that the ISU seasons are based on the period July 1 to June 30, there may be annual variations within the two-year budget period to be monitored at the discretion of the ISU Council.

All figures are summarized in Appendix A.

A. OPERATING INCOME

TV incomes for ISU Events

The budgeted amounts are based on existing and expected TV rights agreements for ISU Championships and other ISU Events, including the ISU Grand Prix of Figure Skating, the Speed Skating and Short Track Speed Skating World Cups and the ISU World Team Trophy in Figure Skating. For those periods, territories and ISU Events for which no commercial agreements are concluded, the amounts are based on conservative estimates.

The main existing TV agreements are with Fuji TV (Japan), TV Asahi (Japan), JSports (Japan), Icenetwork/NBC (USA), SBS (Republic of Korea) and Infront (Europe, China and various other territories).

The revenues emanating from Japan have slightly increased compared to the previous budgeting period and agreements are basically in place through 2026. For Europe, China and additional world-wide territories such as South-East Asia, Oceania and Africa, the agreement with Infront has resulted in additional revenues and also a pro-active cooperation with Infront in the digital area. The incomes from other territories such as the United States and Korea are expected to remain stable. For Canada however, the market environment remains difficult.

The following TV rights fee incomes are budgeted:

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 17'560'000	CHF 19'380'000	CHF 18'210'000	CHF 55'150'000

Advertising incomes for ISU Events

The advertising agreement with IMG for Figure Skating Championships and the ISU Grand Prix of Figure Skating Final remains a solid source of income and runs until 2024.

For Speed Skating, an advertising agreement with House of Sports Netherlands for both the World Cup and the ISU Championships has been extended until March 2026 with the financial conditions for the ISU being improved compared to the initial agreement.

For Short Track Speed Skating, the sponsorship opportunities have been extremely limited during the past two "pandemic" years and remain critical. While new marketing concepts are under evaluation, only a very modest budget amount has been included in this Budget.

The total Advertising income for ISU Events is budgeted as follows:

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 6'180'000	CHF 7'850'000	CHF 7'860'000	CHF 21'890'000

Various Incomes

Incomes in this group are sanctioning fees, potential reimbursement of insurance claims, contributions to ISU development projects from the IOC, Olympic Solidarity and the Association of Olympic International Winter Sports Federations (AOIWF) and sales of books, videos, CDs, DVDs, music etc.

Estimated incomes are:

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 200'000	CHF 200'000	CHF 200'000	CHF 600'000

Incomes from Olympic Winter Games (OWG)

For the income from Olympic Winter Games, the IOC contribution received for the PyeongChang Games has been equally allocated over the years 2018 through 2021. For the Budget period 2022-2024, the IOC income will depend on the IOC contribution relating to the 2022 Beijing Games which at the time of preparing the Budget is not yet known. A preliminary IOC indication points to a lower income than for the 2018 Games being more or less in the area of the 2014 Games. Consequently, the following amounts have been budgeted:

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 9'000'000	CHF 9'000'000	CHF 9'000'000	CHF 27'000'000

Total Operating incomes

The total budgeted incomes add up as follows:

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 32'940'000	CHF 36'430'000	CHF 35'515'000	CHF 104'885'000

B. OPERATING EXPENSES

As stated in the Introduction, on the expenditure side, some budget increases compared to the previous budget period have been applied.

B.1 Contribution for ISU Events (including Prize Money) paid by the ISU for the development of skating

Mindful that well organized ISU Events (ISU Championships, ISU Grand Prix of Figure Skating, ISU World Cups, ISU World Team Trophy in Figure Skating) that satisfy the public, media and commercial partners represent the main ISU capital in securing incomes, the ISU has budgeted a substantial amount of ISU contributions to secure high-quality ISU Events. The ISU also financially supports some other events such as the Olympic Qualification Competition in Figure Skating, selected Adult and Masters Skating competitions, and the Challenger Series in Figure Skating and Synchronized Skating. Furthermore, the Budget includes Special Innovative Events such as the ISU Skating Awards and the World Ice Skating Day. The concept of an annual World Ice Skating Day will be presented during the 2022 Congress with the inaugural edition planned for December 4, 2022.

The ISU contributions are divided into:

- Direct ISU contributions paid to organizing ISU Members.
- Indirect contributions to organizing ISU Members in the form of certain expenses traditionally paid by the ISU (travel costs for ISU-appointed Officials, Result Service & Video Replay, cancellation and liability insurance premiums, medals for ISU Championships, costs for ISU Event Management Coordinators/teams).
- Targeted contingency contributions to organizing ISU Members, depending on the needs of different ISU Events, in support of TV production costs, Event presentation, safety measures, Event promotion and sponsorship activation.
- Contributions to organizing ISU Members of Junior Figure Skating International Competitions, subject to the acceptance of the increased minimum age for senior Skaters (gradually from 15 to 17 years as per Proposal 22 of the 2022 ISU Congress Agenda as per Communication 2472).
- Additional lumpsum budget amounts for exceptional circumstances to be used at the discretion of the ISU Council. The above-mentioned targeted contributions, as well as ISU Council discretionary budget amounts, may also apply to alleviate detrimental financial consequences for organizing ISU Members related to the COVID-19 pandemic (sanitary measures, COVID-19 testing, reduced ticket sales).
- Travel contributions to support ISU Members participating in ISU World Championships.

The breakdown among the above-mentioned different categories is as follows:

<u>ISU Championships</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
Direct contributions	USD 6'564'000	USD 7'503'000	USD 7'503'000	USD 21'570'000
Indirect contributions	USD 1'520'000	USD 1'520'000	USD 1'520'000	USD 4'560'000
Targeted contributions	USD 100'000	USD 100'000	USD 100'000	USD 300'000
Participating ISU Members	USD 2'145'000	USD 2'145'000	USD 2'145'000	USD 6'435'000
ISU Council discretion/rounding	USD 200'000	USD 200'000	USD 200'000	USD 600'000
Total ISU Championships	USD 10'529'000	USD 11'468'000	USD 11'468'000	USD 33'465'000
	CHF 10'000'000	CHF 10'890'000	CHF 10'890'000	CHF 31'780'000

<u>Other ISU & various Events</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
Direct contributions	CHF 1'901'900	CHF 2'348'400	CHF 2'348'400	CHF 6'598'700
Indirect contributions	CHF 1'135'250	CHF 1'149'500	CHF 1'149'500	CHF 3'434'250
Targeted contributions	CHF 166'250	CHF 166'250	CHF 166'250	CHF 498'750
Contributions Jr FS Int. Comp.	CHF 380'000	CHF 380'000	CHF 380'000	CHF 1'140'000
<u>Special Events:</u>				
ISU Skating Awards	CHF 95'000	CHF 380'000	CHF 380'000	CHF 855'000
World Ice Skating Day	CHF 190'000	CHF 190'000	CHF 190'000	CHF 570'000
ISU Council discretion/rounding	CHF 51'600	CHF 55'850	CHF 55'850	CHF 163'300
Total Other Events	CHF 3'920'000	CHF 4'670'000	CHF 4'670'000	CHF 13'260'000

Total ISU Contributions to ISU Championships, other ISU & various Events

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 13'920'000	CHF 15'560'000	CHF 15'560'000	CHF 45'040'000

Prize Money

Prize Money is an essential part of the concept of assisting top Skaters to pursue their competitive ISU career over an extended number of years and to ensure the participation of top Skaters in ISU Events. The budgeted amounts remain in line with the previous Budget.

The Prize Money allocation for ISU Events is as follows:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
ISU Championships	USD 2'201'000	USD 2'284'000	USD 2'496'000	USD 6'981'000
Other ISU & various Events	USD 2'796'000	USD 3'196'000	USD 2'796'000	USD 8'788'000
ISU Council discretion/rounding	USD 0	USD 50'000	USD 50'000	USD 100'000
Total Prize Money	USD 4'997'000 CHF 4'747'150	USD 5'530'000 CHF 5'253'500	USD 5'342'000 CHF 5'074'900	USD 15'869'000 CHF 15'075'550

Total contribution for ISU Events

The total budgeted figures for ISU contributions and Prize Money are:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF	18'667'150	CHF 20'813'500	CHF 20'634'900	CHF 60'115'550

By accepting this Budget Proposal, ISU Members mandate the ISU Council to change the allocation of the various types of contributions and/or Prize Money among the different Events, taking into account future developments, the most urgent necessities and experience gained.

B.2 Development Program

The ISU Development Program, established by the 1996 ISU Congress and revised in 2016 and recently in February 2020, will continue. The basic objectives and procedures are outlined in ISU Communication No. 2310.

In summary:

- a) Development Projects monitored by the ISU Council-appointed Development Commission based mainly on Project applications received from ISU Members.
- b) ISU Council Projects sub-divided into different categories, namely:
 - The ISU Junior Grand Prix of Figure Skating (including the popular YouTube streaming service).
 - The Junior World Cup Speed Skating.
 - Junior Short Track Speed Skating Challenge Series competitions for Junior Skaters.
 - Worldwide Figure Skating seminars monitored by an assigned ISU Council member, the Development Program Director at the ISU Secretariat and the Sports Technical Director Figure Skating (for Single & Pair Skating) and the respective appointed Coaches sitting on the Ice Dance and Synchronized Skating Technical Committees.
 - An eLearning platform including content creation monitored by a Project Group in close cooperation with other internal ISU bodies, and the Project Manager at the ISU Secretariat.
 - Centers of Excellence monitored by an ISU Council appointed Project Group and the Project Manager at the ISU Secretariat.

The allocation of different budget amounts among the various ISU Council Project categories shall be decided annually by the ISU Council considering the total ISU Council Project budget amount, new developments, arising necessities and experience gained.

- c) The annual contribution (also known as "C" contribution) paid to all ISU Members that fulfil the criteria stated in ISU Communication No. 2310, Section 5 and that have submitted in due time the required report on the use of the annual contribution of the previous year plus Prize Money Forms confirming that any Prize Money has been received by their rewarded Skaters.

The current annual contribution amounts to US Dollars 25'000 for ISU Members representing one Branch and US Dollars 50'000 for ISU Members representing both Branches. In line with Swiss Law, the contribution must be claimed within 5 years.

The different Development Program categories and related budgets can be summarized as follows:

	<u>2022</u>	<u>2023</u>	<u>2024</u>
a) Development Projects	CHF 1'700'000	CHF 1'400'000	CHF 1'400'000
b) ISU Council Projects	CHF 3'940'000	CHF 3'450'000	CHF 3'450'000
c) Annual (C) Contributions	CHF 3'150'000	CHF 3'150'000	CHF 3'150'000

The total Budget for the Development Program amounts to:

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 8'790'000	CHF 8'000'000	CHF 8'000'000	CHF 24'790'000

Total Contribution to ISU Events and the ISU Development Program

The budgeted expenditures mentioned above, which are paid directly to or through ISU Members, add up to:

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 27'457'150	CHF 28'813'500	CHF 28'634'900	CHF 84'905'550

B.3 Other Operating Expenses

The “other” Operating Expenses not directly linked to ISU Events or the ISU Development Program are budgeted as per the summary below.

The Budget continues to include the budget item entitled “Information Technology (IT)/Artificial Intelligence (AI)”. A substantial part of this budget item (CHF 300'000 in 2022, 700'000 in 2023 and 700'000 in 2024) relates to the promising project focusing on 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.

The ISU, in cooperation with the Canadian Company Sportlogiq headed by former Olympic Pair Skater Craig Buntin, has initiated a “proof of concept” project for the possible development of artificial intelligence/technology options with the initial objectives of

- helping Figure Skating Officials to apply the rules correctly and giving them the technical support to evaluate the performed elements in the fairest and most impartial way possible.
- offering Skaters and Coaches measurement and analysis tools to evaluate and improve their performance, as well as keep track of the work done and goals achieved.
- expanding the multi-media audience, allowing the sport to be enjoyed on different platforms and connecting Skaters with the public and fans by presenting instantaneous statistics/graphics.

Based on the findings of this “proof of concept” phase, the ISU Council will evaluate a gradual implementation of such technology for ISU Figure Skating Events in the coming years.

Other cost items under “IT/AI Projects” include systematic digitization of the ISU video archive database as well as the development and maintenance of on-line entry and database systems and the implementation of a comprehensive IT strategy reaching beyond the needs of the ISU Secretariat. The objective is to create and maintain high IT standards and related tools to meet today’s IT needs and to facilitate the exchange of information and documents among ISU bodies and partners. This will include that gradually ISU Office Holders can also benefit from tools such as professional ISU email addresses, online access to Microsoft and collaborative tools such as Microsoft Teams.

The following is the “Other Operating Expenses” summary

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
ISU Congress/Conference Expenses	CHF 760'000	CHF 45'000	CHF 820'000	CHF 1'625'000
Committee Meetings	CHF 340'000	CHF 280'000	CHF 280'000	CHF 900'000
ISU Council & other meetings	CHF 400'000	CHF 320'000	CHF 320'000	CHF 1'040'000
Secretarial Allowances/ Remuneration Office Holders	CHF 900'000	CHF 900'000	CHF 900'000	CHF 2'700'000
Event Managers/Consultants	CHF 500'000	CHF 500'000	CHF 500'000	CHF 1'500'000
Office Holders Event attendance & various	CHF 1'000'000	CHF 800'000	CHF 800'000	CHF 2'600'000
YOG/OWG Expenses	CHF 570'000	CHF 0	CHF 230'000	CHF 800'000
Printed Materials	CHF 50'000	CHF 25'000	CHF 50'000	CHF 125'000
Anti Doping incl. Education	CHF 825'000	CHF 825'000	CHF 825'000	CHF 2'475'000
Legal Expenses	CHF 300'000	CHF 300'000	CHF 300'000	CHF 900'000
Insurance premiums	CHF 550'000	CHF 550'000	CHF 550'000	CHF 1'650'000
Educational Materials	CHF 26'000	CHF 24'000	CHF 24'000	CHF 74'000
IT/AI Projects	CHF 821'000	CHF 1'250'000	CHF 1'250'000	CHF 3'321'000
Courses/Seminars/Examinations	CHF 750'000	CHF 600'000	CHF 600'000	CHF 1'950'000
Media/PR/Marketing	CHF 1'676'266	CHF 1'836'500	CHF 1'745'000	CHF 5'257'766
Various	CHF 70'000	CHF 70'000	CHF 70'000	CHF 210'000
Total	CHF 9'538'266	CHF 8'325'500	CHF 9'264'000	CHF 27'127'766

ISU Office building Lausanne

The annual cost for the two floors owned by the ISU at Avenue Juste-Oliver 17 is summarized as follows:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
Annual common building expenses	CHF 150'000	CHF 150'000	CHF 150'000	CHF 450'000
Depreciation	CHF 100'000	CHF 100'000	CHF 100'000	CHF 300'000

Consequently, the budgeted figures including condominium expenses, renovation fund allocation and depreciation amount to:

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 250'000	CHF 250'000	CHF 250'000	CHF 750'000

Secretariat expenditures

The budgeted amounts include the expenses necessary to carry out the ISU Administration and mainly consist of ISU Secretariat employee salaries and social charges, communication expenses, office equipment/material and office maintenance.

Thanks to the loyal and experienced Secretariat Staff the number of employees remains on the low side compared to other similar International Sports Federations. Nevertheless, the staff has gradually increased over the past years due to the continued new tasks taken over by the ISU Secretariat. The main reason for this increase are the increasingly complex requirements that international sports federations are facing, especially in the areas of media/PR/marketing/IT-AI, internal controls, good governance, Anti-Doping and Development Program activities. In parallel, the increasingly competitive worldwide economic environment, the related pressure on the workforce and reports of increasing numbers of burnouts and other stress-related health problems, also have a negative impact on the availability of competent volunteer Office Holders. The main option for coping with additional workload remains mainly the ISU Secretariat and/or contracted and remunerated freelancers such as the Sports Technical Directors, Event Managers and Consultants. This trend is expected to continue. At the time of presenting the budget, the ISU employs 19 full-time and 6 part-time employees for a full-time equivalent of 23.2 employees. The Budget includes one additional staff member in 2023 and another additional staff member in 2024.

As foreseen in the previous Budget, the ISU has upgraded its pension plan in order to maintain competitive employment conditions which also contributes to the increased ISU Secretariat budget as follows:

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 4'760'000	CHF 4'954'000	CHF 5'117'200	CHF 14'831'200

Total Operating Expenses

The total expenditures add up to:

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 42'005'416	CHF 42'343'000	CHF 43'266'100	CHF 127'614'516

C. OPERATING RESULT

The difference between the Operating Income and the Operating Expenses is the Operating Result, i.e. the actual financial result directly linked to the ISU sports activity, and results in an Operating Loss of

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF -9'065'416	CHF -5'913'000	CHF -7'751'100	CHF -22'729'516

D. FINANCIAL INCOME AND EXPENSES

Investment Interest incomes

As a financial investment strategy, the ISU Council agreed to maintain a low risk approach through investments in "investment grade" bonds issued by highly rated entities with the applicable minimum ratings being Standard and Poors (S&P) BBB+/Baa1 and Moody's BBB- / Baa3. This rating level is still on the very safe side and the ISU Council does not favour investments in shares and other financial derivatives. In addition, the banks mandated to safeguard the ISU fortune will closely follow market developments and alert the ISU in the case of any potential default risk.

The budget for the investment interest income is calculated on an estimated average bond portfolio and cash flow and taking into account the fluctuations in interest rates for bonds. Due to the current low interest rates, which are however expected to increase during this budget period, the budgeted amounts remain on the low side.

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 5'240'000	CHF 5'140'000	CHF 5'100'000	CHF 15'480'000

Financial Expenses:

The financial expenses consist of the safe-guarding and handling expenses of the three banks and are budgeted as follows:

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF -1'100'000	CHF -1'100'000	CHF -1'100'000	CHF -3'300'000

Net Financial Income

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 4'140'000	CHF 4'040'000	CHF 4'000'000	CHF 12'180'000

E. OTHER ITEMS/TAXES

The tax situation in Switzerland, and in particular in Lausanne, requires the ISU to budget only for auxiliary taxes such as for real estate, local services etc.

The ISU Council agreed that the premises of the former ISU Offices in Davos shall be sold since the real estate market conditions have improved over the past years. However, in the absence of a confirmed purchase interest and the uncertainty over whether the sale can be finalized during the budget period, no budget amount has been applied. If the property would nevertheless be sold during the budget period, it would result in an extraordinary profit since the value in the ISU Balance Sheet amounts to symbolic CHF 1.

Budgeted figures are

<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
CHF 25'000	CHF 25'000	CHF 25'000	CHF 75'000

F. PROFIT/LOSS OF THE YEAR

Taking into account the above-mentioned incomes and expenditures, the overall budget results in losses for the budget period as explained in the introduction and as summarized below.

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total 2022-2024</u>
Loss (-) CHF	-4'950'416	CHF -1'898'000	CHF -3'376'100	CHF -10'624'516

CONCLUSION

By approving the Four-Year Plans covering the seasons 2022/23 to 2025/26 and this Budget Proposal as outlined above, the ISU Congress acts according to the 2021 Constitution VII. Procedural Provisions to the Constitution, A. ISU Congress, Article 30, Paragraph 21 which states

“Decision power ISU Congress / ISU Council / ISU Director General / ISU Directors

The ISU Congress has the decision-making power regarding any matter but shall normally execute that power by deciding upon principles and directions for developing the sport and shall give to the ISU Council, the ISU Director General and the ISU Directors, with the assistance of the ISU Technical Committees and the ISU Medical Commission, the power to decide upon details.”

As per Article 17, paragraph 1.f) of the Constitution, in case of unforeseen circumstances resulting in severe negative financial consequences which were not foreseen when preparing and presenting this Budget, the ISU Council may defer implementation of certain budgeted expenditures. At the next following ISU Congress, the ISU Council shall take such circumstances into account when preparing and presenting the Budget.

According to Swiss Law, the ISU Council in principle cannot approve substantial additions to the ISU Congress-approved Budget but can do so only if absolutely necessary and justified by the needs of the smooth conduct of the ISU's ordinary business operations. In such exceptional cases and in line with Article 34, paragraph 10 of the Constitution, the ISU Council may approve individual additions to the Budget as approved by the ISU Congress but in this case, the ISU Council shall inform ISU Members by Circular Letter if changes of incomes or expenditures will have a considerable negative effect on the accumulated Retained Earnings for the Budget approved by the ISU Congress.

Finally, the ISU Council insists on its concern mentioned in the Introduction above, namely that based on this Budget the ISU's equity by the end of 2024 might drop beyond the CHF 255 million threshold and that for the subsequent Budget periods additional savings will be essential.

ISU Council

**Fredi Schmid
Director General**

**Uli Linder
Treasurer**

May 25, 2022

APPENDIX A

**INTERNATIONAL SKATING UNION (ISU)
BUDGET 2022-2024**

	ACTUAL 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024	BUDGET 2022-2024
<u>A. OPERATING INCOMES</u>					
Television ISU Events (net)	15'062'448	17'560'000	19'380'000	18'210'000	55'150'000
Advertising ISU Events (net)	1'157'331	6'180'000	7'850'000	7'860'000	21'890'000
Youth Olympic Games	0	0	0	245'000	245'000
Various Incomes	497'418	200'000	200'000	200'000	600'000
Olympic Winter Games	11'058'135	9'000'000	9'000'000	9'000'000	27'000'000
Total Operating Incomes	27'775'331	32'940'000	36'430'000	35'515'000	104'885'000
<u>B. OPERATING EXPENSES</u>					
1. Contribution for ISU Events & various other events including Prize Money:					
ISU Contributions to ISU Championships	5'715'409	10'000'000	10'890'000	10'890'000	31'780'000
ISU Contributions to other ISU and various Events	3'912'822	3'920'000	4'670'000	4'670'000	13'260'000
Total ISU Contributions	9'628'231	13'920'000	15'560'000	15'560'000	45'040'000
Prize Money (Champ's & other ISU & various Events)	3'104'961	4'747'150	5'253'500	5'074'900	15'075'550
Total Contributions incl. Prize Money	12'733'192	18'667'150	20'813'500	20'634'900	60'115'550
2. ISU Development Program					
a) Development Projects	1'228'070	1'700'000	1'400'000	1'400'000	4'500'000
b) Council Projects	2'493'600	3'940'000	3'450'000	3'450'000	10'840'000
c) Contribution to ISU Members	4'654'979	3'150'000	3'150'000	3'150'000	9'450'000
Total ISU Development Program	8'376'649	8'790'000	8'000'000	8'000'000	24'790'000
Total contributions to ISU Events & Development Program	21'109'842	27'457'150	28'813'500	28'634'900	84'905'550
3. Other Operating Expenses	5'205'162	9'538'266	8'325'500	9'264'000	27'127'766
ISU Office building Lausanne	162'511	250'000	250'000	250'000	750'000
ISU Secretariat Expenses	3'898'754	4'760'000	4'954'000	5'117'200	14'831'200
TOTAL OPERATING EXPENSES	30'376'268	42'005'416	42'343'000	43'266'100	127'614'516
<u>C. OPERATING RESULT</u>	-2'600'936	-9'065'416	-5'913'000	-7'751'100	-22'729'516
<u>D. FINANCIAL INCOMES AND EXPENSES</u>					
Investment Interest Income	5'575'534	5'240'000	5'140'000	5'100'000	15'480'000
Financial Expenses	-950'616	-1'100'000	-1'100'000	-1'100'000	-3'300'000
Realized Capital/exchange gains/losses	-3'504'407				0
Unrealized Capital/exchange gains/losses	1'269'907				0
Total Financial Incomes and Expenses	2'390'418	4'140'000	4'040'000	4'000'000	12'180'000
<u>E. Extraordinary Income</u>	-12'775				0
Taxes	23'325	25'000	25'000	25'000	75'000
Allocation to provision/reserve	0				0
<u>F. PROFIT/LOSS FOR THE YEAR</u>	-246'617	-4'950'416	-1'898'000	-3'776'100	-10'624'516