

INTERNATIONAL
OLYMPIC
COMMITTEE

Report

Public
04.03

Report by the Chair of the Finance Commission to the 136th IOC Session

Lausanne, 17 July 2020

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1. Introduction

1.1. Summary of decision proposals

Annual report and financial statements 2019	Approval of the IOC Annual Report 2019, the IOC Consolidated and the Standalone financial statements as at 31 December 2019.
Reappointment of PwC as external auditor	Reappointment of PricewaterhouseCoopers SA (PwC) as IOC external auditor for 2020, as per the terms of the Request for Proposal for external audit services presented in 2019.

2. Report

2.1. Financial Statements 2019 summary

2019 year-end closing	<p>The Financial Statements of the IOC Group were prepared according to International Financial Reporting Standards (IFRS), even though the IOC is not legally required to do so.</p> <p>The IOC Consolidated Financial Statements include the activities of the IOC (including Olympic Solidarity and TOP Programme), the Olympic Foundation, the Olympic Foundation for Culture and Heritage, IOC Television and Marketing Services SA, Olympic Broadcasting Services SA, Olympic Broadcasting Services SL, Olympic Channel Services SA and Olympic Channel Services SL.</p> <p>The external audit for the IOC Group performed by PwC was completed in March 2020 with positive results for all the IOC entities' financial statements. An unqualified audit opinion was released by PwC.</p>
New accounting standard and policy	<p>Continuous improvement is part of the mission of OpEx (the continuous improvement programme started five years ago), under the ownership of the IOC Finance Department.</p> <p>Improvements made and reflected in the 2019 Financial Statements include the following, which was audited by PwC with a positive result:</p> <ul style="list-style-type: none">• Implementation of new international accounting standards The IOC adopted IFRS 16 - Leases as from 1 January 2019. The changes are detailed in the notes to the financial statements.
Olympic Charter Rule 18.2.6	<p>The IOC Standalone and Consolidated Financial Statements for the year 2019 were reviewed by the Audit Committee and pre-approved by the Finance Commission, in accordance with their remit. The Finance Commission presented the Financial Statements with the External Auditor PwC to the Executive Board.</p>



	The IOC Standalone and Consolidated Financial Statements were approved by the IOC Executive Board on 10 June 2020 and submitted for final approval by the Session on 17 July 2020.
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2.2. Annual report 2019

<p>Credibility Sustainability Youth</p>	<p>The IOC celebrated its 125th anniversary on 23 June 2019 and faces the future with both optimism and excitement. 2019 was filled with many accomplishments. Below are some key highlights from the Annual Report:</p> <p>Guardian of the Olympic Games - The IOC brings the world together at the Olympic and Youth Olympic Games.</p> <ul style="list-style-type: none"> • A new, flexible approach to selecting future Games hosts was approved • Milano-Cortina was confirmed as the host of the Olympic Winter Games 2026 • Strong progress was made for six future Olympic and Youth Olympic Games. <p>Leader of the Olympic Movement - The IOC is a non-profit organisation, distributing 90 per cent of all revenue to the Olympic Movement.</p> <ul style="list-style-type: none"> • New IOC initiatives and funding are offering more support to athletes • Strong financial partnerships are securing the future of sport worldwide • The IOC remains focused on promoting women in sport.
<p>Olympic Agenda 2020</p>	<p>Credibility</p> <ul style="list-style-type: none"> • A new plan boosts the Olympic Movement's USD 260 million fight against doping • The #BelieveInSport campaign is just one way the IOC is promoting fair sport • The IOC is continuing to champion good governance in the Olympic Movement. <p>Sustainability</p> <ul style="list-style-type: none"> • New reforms are making future Olympic Games more sustainable than ever • Olympic House opens as one of the world's most sustainable buildings • The IOC is on track to meet ambitious sustainability objectives. <p>Youth</p> <ul style="list-style-type: none"> • The Olympic Channel is reaching millions more young people worldwide • Youth representation on IOC commissions doubles in 2019 • A fresh approach is bringing new sports into the Olympic programme.
<p>Olympic Charter Rule 18.2.6</p>	<p>The IOC Finance Commission and Executive Board propose that the Session formally approves the IOC Annual Report 2019.</p>



2.3. Reappointment of PwC as external auditors

	<p>In August 2018, the IOC launched a request for proposals for external audit services. It invited the “Big Four” audit firms (PwC, EY, Deloitte and KPMG) to take part in a closed tendering process. A Selection Committee, composed of the Chair of the Audit Committee, the Chair of the Finance Commission, an Audit Committee member, the Director General and the Finance Director, was appointed to assess the proposals and propose a final candidate.</p> <p>Following the endorsement of the Audit Committee, the Finance Commission and the Executive Board, in June 2019 the Session approved the appointment of PwC as the IOC’s external auditor for six years, from 2019 to 2024.</p> <p>This appointment remains subject to the yearly approval of the Session, as required by Swiss law, the Olympic Charter and the terms of the request for proposals.</p>
Olympic Charter Rule 18.2.7	<p>The Audit Committee, the Finance Commission and the IOC Executive Board have pre-approved the reappointment of PricewaterhouseCoopers SA as the IOC’s external auditor for 2020 and all recommend that the Session formally approves this reappointment.</p>

2.4. Winter Youth Olympic Games Lausanne 2020 closing update

Closing	<p>The YOGOC is now very advanced in its dissolution process, which is progressing well, with liquidation expected by the end of 2020. The IOC-Lausanne 2020 financial reconciliation and Closing Letter have been signed, with the last payment from the IOC made in June.</p> <p>Lausanne 2020’s anticipated final costs were estimated at CHF 48 million with an expected surplus of around CHF 400,000. The IOC’s total investment for the success of Lausanne 2020 is estimated at USD 29 million and in addition IOC assigned dedicated resources to the project and seconded full-time employees to work free of charge for the YOGOC. The IOC’s investment included:</p> <ul style="list-style-type: none">• travel and accommodation for the athletes and NOC officials for their participation in the Youth Olympic Games,• budget-relieving support for the YOGOC, such as expert advisors, communications support, athlete education programme, innovation projects and full development of the website,• an unprecedented broadcast production plan by OBS to enhance the image and distribution of Lausanne 2020, which was twice the size of Lillehammer 2016,• IOC operational costs at Games time.
Legacy	<p>The legacies of the Lausanne 2020 Youth Olympic Games are diverse.</p> <p>On the social side, increased interest of the Swiss population in Olympism and encouragement of local young people to practise sport.</p>



	<p>On the economic front, the acceleration of projects of long-term benefit for the local communities, such as the construction of the Vortex, which was used as the YOY during the YOG and will subsequently serve as university students' accommodation.</p> <p>On sustainability, Lausanne 2020 minimised its carbon footprint as much as possible. This was reported by a specialised company that placed Lausanne 2020 in the lower range of environmental impact for events of a similar scale.</p> <p>Another legacy example is the agreement between France and Switzerland for the Swiss national teams to use the Nordic skiing infrastructure in Les Tuffes free of charge for the next 20 years.</p> <p>New synergies were also tested before and during the event, in particular the partnerships between Lausanne 2020, universities and other institutions that enabled the development of knowledge that can be reused for future large-scale events that will see increased student involvement. The exchanges between sport and culture made the success of the "En Jeux!" festivals rich in lessons that will bear fruit in the future.</p> <p>All this legacy will be managed by a foundation currently being created, whose mission will be to continue to leverage the spirit of Lausanne 2020 for future sports initiatives, both national and international.</p>
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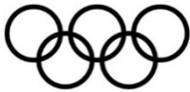
2.5. Olympic Movement financial support programme

2.5.1. Introduction

Financial support programme for the Olympic Movement	<p>As a consequence to the Games postponement and the COVID-19 outbreak, the IOC Executive Board decided on 14 May 2020 to allocate an aid package of up to USD 150 million for the Olympic Movement, in particular, the International Federations (IFs), the National Olympic Committees (NOCs) and the IOC-Recognised Organisations, to enable them to continue their sports and activities, and their support to their athletes.</p> <p>We are pleased that the IOC has delivered on its commitment to provide financial support of over USD 100 million (USD 63 million to the IFs and USD 37 million to the NOCs) during this unprecedented period. The IOC's support comes in different forms and is decided after an assessment of needs and on a case-by-case basis. Interest-free loans will help the IFs with their operations.</p> <p>In addition, it was confirmed that the IOC will continue supporting the NOCs with the TOP Programme allocation amounting to USD 150 million payable by the end of this year.</p>
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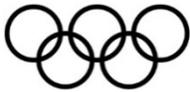
2.5.2. Financial impact of postponement and COVID-19 on the IFs

Context	<p>The financial impact of the Games postponement and the COVID-19 outbreak on the IFs is significant. They have experienced significant losses in 2020 due to the cancellation of sports events and the impact on the sporting calendar of having the Games in 2021.</p>
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	<ul style="list-style-type: none">• Significant financial loss in 2020 The loss of 2020 events has had a major impact on IFs. Many generate most of their non-Olympic revenue through a small number of events. Some of the events can be postponed and still held, while many will be cancelled or have significantly reduced revenues when held at rescheduled dates. In the meantime, costs have already been incurred for the preparation of these events.• Impacts on the 2021 season The 2021 season will be impacted by several factors: reduced revenues from the events delayed from 2020, significant calendar changes to accommodate the delayed events from 2020 and the significant impact of the calendar disruption from the rescheduling of the Olympic Games. In addition, likely reductions in commercial and broadcast deals and government support will result from the global crisis.• One-year delay in IOC Olympic Games-related payments Following the end of each Games edition, the IOC distributes the Olympic Games revenue to the IFs. Due to the rescheduling to 2021, some IFs are facing a cash shortage, as they were expecting a significant portion of their income this year. The cash shortage is also amplified due to the postponement of their non-Olympic events and corresponding revenues.
Financial support to the IFs	<p>Due to the urgency of the situation, payments to certain IFs started in June 2020.</p> <p>a) IFs receiving a loan from the IOC¹ International Basketball Federation International Golf Federation International Gymnastics Federation International Hockey Federation International Judo Federation International Modern Pentathlon Union International Swimming Federation International Tennis Federation Union Cycliste Internationale World Archery World Athletics World Rowing World Rugby World Sailing World Taekwondo</p> <p>b) IFs receiving a donation from the IOC (these Federations do not participate in the revenue distribution from the Olympic Games)¹ International Federation of Sport Climbing International Surfing Association World Baseball Softball Confederation World Karate Federation World Skate</p> <p>For IFs based in Switzerland, the Swiss government will provide additional financial support under the Federal COVID-19 F1 and F2 credit programmes.</p>

¹ by alphabetical order



2.5.3. Financial impact of postponement and COVID-19 on the NOCs

<p>Context</p>	<p>The financial impact of the postponement and the COVID-19 outbreak on the NOCs is significant.</p> <p>All NOCs have incurred additional costs due to the postponement of the Olympic Games Tokyo 2020. Like most organisations across the world, NOCs are facing uncertainty related to their long-term planning and cash flow due to the disruption in existing business arrangements with national sponsors and the diversion of government funding away from sport. This has resulted in many uncertainties relating to the NOCs' capacity to fulfil their responsibilities vis-à-vis their athletes, coaches and national stakeholders.</p>
<p>Financial support to the NOCs</p>	<p>As a trusted long-term partner of the 206 NOCs, Olympic Solidarity has been responsive to this new global environment and adapted its programmes and working methods where needed, and within the budgets available. Following consultation with the Olympic Solidarity Commission, the following actions have been taken, and these were communicated to the presidents and the secretaries general of the NOCs via circular letter on 16 April 2020.</p> <p>All the 2017-2020 programmes and budgets with a direct link to Olympic Games preparation and participation will be extended to the Games in 2021. This includes:</p> <ul style="list-style-type: none"> • Tokyo 2020 Olympic scholarships for athletes Support for all athletes currently benefiting from a Tokyo 2020 Olympic scholarship will continue without interruption until August 2021 for a total cost of USD 15 million, subject to the programme guidelines. • Team support grants Additional support can be requested for teams currently benefiting from this programme who have qualified or can still qualify for the Tokyo Games through participation in specific competitions. • Refugee athlete support Support to refugee athlete scholarship-holders will continue without interruption until August 2021, in accordance with the programme's guidelines. • IOC subsidies for NOC participation in the Olympic Games To meet the specific needs relating to NOC costs incurred by the postponement of Tokyo 2020, Olympic Solidarity has increased the total budget allocated to the IOC subsidies for NOC participation in the Olympic Games Tokyo 2020 from USD 46.7 million to USD 57 million. <p>In addition, in June 2020, ANOC agreed to make available a budget of USD 11.65 million allocated to it by Olympic Solidarity from the 2017–2020 plan to a specific ANOC Tokyo 2020 fund that is available to all 206 NOCs, to assist them in facing the exceptional costs relating to athlete and NOC preparation for the Olympic Games Tokyo 2020 in particular, and the COVID-19 crisis in general. These funds will be distributed to the NOCs by the Continental Associations under the coordination of Olympic Solidarity to avoid duplication of existing programmes and subsidies and taking into consideration continental specificity. For all the other Olympic Solidarity world programmes, it will be business as usual until the end of 2020.</p>



2.5.4. Financial impact of postponement and COVID-19 on the Recognised Federations

	<p>Discussions are still under way with the Recognised Organisations to better understand the impact of the Olympic Games postponement and COVID-19. This is ongoing work.</p>
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Lausanne, 17 July 2020

Ser Miang Ng,
Chair of the Finance Commission