

Fédération Equestre Internationale

Lausanne

Report of the statutory auditor
to the General Assembly

on the financial statements 2020



Report of the statutory auditor

to the General Assembly of Fédération Equestre Internationale

Lausanne

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Fédération Equestre Internationale, which comprise the balance sheet, statement of income and expenditure, statement of cash flows and notes, for the year ended 31 December 2020.

Secretary General's responsibility

The Secretary General is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the association's articles of incorporation. 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 Secretary General 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 accounting policies used and the reasonableness of 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 31 December 2020 comply with Swiss law and the association's articles of incorporation.

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 69b paragraph 3 CC in connection with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 69b paragraph 3 CC in connection 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 Secretary General.

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

PricewaterhouseCoopers SA

Philippe Tzaud
Audit expert
Auditor in charge

Nicolas Daehler
Audit expert

Lausanne, 21 April 2021

Enclosure:

- Financial statements (balance sheet, statement of income and expenditure, statement of cash flows and notes)

Balance Sheets
(in Swiss Francs)

	Notes	31.12.2020	31.12.2019
Assets			
Current assets			
Cash and cash equivalents		3 090 665	16 598 328
Marketable securities	1	48 203 930	47 906 900
Accounts receivable, net of provision of CHF 1'121'480 (2019: CHF 871'613)		3 537 570	1 990 723
Accrued income	2	1 336 205	1 563 525
Prepaid expenses	3	206 512	893 353
		<u>56 374 882</u>	<u>68 952 829</u>
Fixed assets (net)			
FEI Participation CMH	4a	1 566 000	-
Building	4b	1	1
Furniture and equipment	4b	92 935	55 935
Motor vehicles	4b	1	1
Computer hardware	4b	145 561	205 790
Computer software and development	4b	15 951	30 797
		<u>1 820 449</u>	<u>292 524</u>
Total assets		<u><u>58 195 331</u></u>	<u><u>69 245 353</u></u>
Liabilities and funds			
Current liabilities			
Accounts payable		1 393 494	4 184 005
Accrued expenses		132 773	1 279 101
Deferred revenues		2 982 168	370 912
Provisions and other	5	7 618 915	6 808 309
		<u>12 127 350</u>	<u>12 642 327</u>
Other liabilities			
Sponsorship funds received in advance		<u>5 297 500</u>	<u>10 510 443</u>
Designated Funds			
IOC Contribution Fund	6	5 347 569	5 347 569
Veterinary Research Fund	7	1 313 159	1 313 159
Friends of the FEI fund	8	2 749 368	2 796 101
Building Renovation & Maintenance Fund	9	1 619 532	1 619 532
Other funds	10	289 583	264 755
FEI Solidarity Fund	11	10 055 347	10 424 012
		<u>21 374 558</u>	<u>21 765 128</u>
Operating Fund			
Operating Fund, as per statement of changes in Operating Fund balance		24 327 455	22 129 636
Current result		<u>(4 931 532)</u>	<u>2 197 819</u>
		<u>19 395 923</u>	<u>24 327 455</u>
Total liabilities and funds		<u><u>58 195 331</u></u>	<u><u>69 245 353</u></u>

**Statement of Income and Expenditure
for the year ended December 31
(in Swiss Francs)**

	Notes	2020	2019
Revenues			
Commercial Revenue			
Sponsorship Revenue		10 443 740	27 021 941
Broadcast Revenue		1 362 804	3 014 406
Other Marketing Revenue/Licensing/Online Shop		6 062	10 296
Total Commercial Revenue		11 812 606	30 046 643
Operational Revenue			
Annual Subscr & GA, SF Registrations		374 750	816 939
Calendar Fees & Organising Dues	12	2 671 570	7 274 910
Hosting Fees		206 250	1 198 500
Horse & Rider Registrations Fees		1 019 210	1 322 340
Passports		3 244 196	4 573 281
Fines & Other Legal Contrib.		1 133 800	388 098
Anti-Doping and Welfare Programmes		2 450 644	4 472 120
Total Operational Revenue		11 100 420	20 046 188
Non-Operational Revenue			
IOC Contribution		0	2 830 895
Olympic Solidarity		68 600	70 000
Rental Revenues		634 317	628 712
Other Revenue	13b	78 786	90 465
Contribution From Funds	14	1 116 513	532 927
Provision Release	13a	76 394	202 641
Total Non-Operational Revenue		1 974 610	4 355 640
TOTAL REVENUES		24 887 636	54 448 471
Expenses			
Commercial Expense			
Sponsorship Expense		4 601 838	17 686 911
Broadcast Expense		2 674 350	4 835 078
Other Marketing Expense/Licensing/Online Shop		96 746	430 412
Total Commercial Expense		7 372 934	22 952 401
Operational Expenses			
Professional Fee/Consulting	15	3 204 760	4 265 323
Education		339 518	553 030
Printing Expenses		164 563	93 813
Integrity Unit		191 687	299 915
Veterinary Research		1 126	187 439
Anti-Doping & Welfare Programmes	16	1 879 144	3 633 504
Solidarity		783 377	1 009 144
Total Operational Expense		6 564 175	10 042 168
General & Administration Expenses			
Staff Charges	17	12 678 598	14 817 920
Travel & Expenses			
-FEI Staff		159 268	758 664
-Others		414 010	1 309 558
Facilities Charges		353 312	478 561
General Services		177 726	292 609
Trophies & Medals		51 330	170 945
Insurance		119 642	94 856
Depreciation		141 087	119 308
Tax		107 146	55 895
Allocation To Funds	18	725 942	2 930 188
Other Expenses	19	426 936	1 297 935
Total General & Administration Expense		15 354 997	22 326 439
TOTAL EXPENSES		29 292 106	55 321 008
Net Financial Results	20	(527 062)	3 070 356
NET RESULT		(4 931 532)	2 197 819

Fédération Equestre Internationale, Lausanne

**Statement of Cash Flows
for the year ended December 31
(in Swiss Francs)**

	2020	2019
<u>Cash flow from operating activities</u>		
Excess of income over expenditure (expenditure over income)	(4 931 532)	2 197 819
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation on fixed assets	141 086	119 308
Provisions	810 606	154 859
Changes in operating assets and liabilities		
Accounts receivable	(1 546 846)	274 057
Accrued income	227 320	857 033
Prepaid expenses	686 841	1 143 351
Accounts payable	(2 790 511)	1 880 246
Accrued expenses	(1 146 328)	234 173
Deferred revenues	2 611 256	(214 213)
Sponsorship funds received in advance	(5 212 943)	815 205
Variation from IOC Fund	0	(3 078 115)
Variation Veterinary Research Fund	0	1 000 000
Variation Friends of FEI fund	(46 733)	482 205
Variation from Building Renovation Fund (net)	0	0
Variation from Other fund (net)	24 827	3 443
Variation from FEI Solidarity fund	(368 665)	1 158 832
Net cash generated from operating activities	(11 541 622)	7 028 204
<u>Cash flow from investing activities</u>		
Increase in fixed assets - gross	(103 011)	(192 348)
FEI participations	(1 566 000)	
Net cash used in investing activities	(1 669 011)	(192 348)
<u>Cash flow from financing activities</u>		
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	(13 210 633)	6 835 856
Cash and cash equivalents, Term deposits with banks and marketable securities:		
at beginning of year	64 505 228	57 669 372
at end of year	51 294 595	64 505 228
Net increase in cash and cash equivalents	(13 210 633)	6 835 856

Year ended December 31

Summary of significant accounting policies

(a) Basis of accounting

FEI uses the accruals basis of accounting.

The financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963 CO).

(b) Marketable securities

The method to be applied is to use the market value of the securities. Fluctuations are recognised in the Statement of Income and Expenditures for the year.

(c) Olympic Solidarity

Funds received from Olympic Solidarity (OS) in the form of grants for the purpose of the development of the sport are available for expenditure exclusively on purposes defined by OS. Such funds are recognised as income only when expenditure in line with the defined purpose is incurred. The balance of unexpended funds received from OS is reported under other liabilities and is held in cash and bank deposit accounts of FEI.

(d) Designated funds

Designated funds represent funds which are subject to no externally imposed restrictions but which require internal approval for their use.

(e) Operating Fund

Operating Funds are those funds of the FEI that have not been designated for any particular purpose and that are freely available for the use of FEI.

(f) Taxation

FEI has been granted exoneration from Swiss taxation on its result and net assets.

(g) Salaries and social charges

Salaries and social charges have not been allocated to the various activities of FEI and its Departments.

(h) IOC Contribution

FEI receives in the year of the Olympic Summer Games a Contribution from the International Olympic Committee (IOC). It is considered that these proceeds, which are only received once every four years, represent a core financing of FEI both for the year of the Games and the succeeding three years.

The contribution is allocated initially to the IOC Contribution Fund. Following the recommendation of IOC and ASOIF, the FEI has exceptionally proceeded to have a reserve fund for the year of Games.

Any contributions received after the initial contribution are added to the balance of the Fund and also credited to revenue over the remaining years of the quadrennium.

Year ended December 31

Notes to the financial statements

Activity

The "Fédération Equestre Internationale" (FEI) is an association established in Switzerland under the Swiss Civil Code. Its main aims include acting as the sole authority for all international equestrian events and as the international representative body for the National Federations and established equestrian disciplines. In 2020, the number of full-time equivalents at the FEI exceeds 50.

1. Marketable Securities

	2020 CHF	2019 CHF
Market value	48 203 930	47 906 900

The FEI portfolio is composed of marketable securities, cash and other investments and is multi-currency.

	2020 CHF	2019 CHF
2. Accrued income		
Organising dues accrual	258 970	481 514
MCP fees to receive	294 101	267 285
Calendar fees to receive	-	3'300
Franchising fees to receive	11'250	13'000
Passport & Chg of Names	180'565	355'900
Registration Fees (Riders & Horses)	141 380	141 470
VAT to recover	180'588	-
Internet TV	239 575	157 926
Others	29 776	143 130
Balance at December 31	1 336 205	1 563 525

	2020 CHF	2019 CHF
3. Prepaid Expenses		
Advances miscellaneous	(277 499)	(201 682)
Prepaid expenses	484 011	1 095 035
Balance at December 31	206 512	893 353

4a. Fixed Assets - Participation

Pursuant to its broadcast strategy, the FEI took a 29% participation in ClipMyHorse TV on July 1st 2020. ClipMyHorse TV is a leader in broadcasting and the productions of equestrian events in Europe and developing fast in other regions of the world. The goal of this participation is to leverage the broadcast of the FEI events through FEITV and benefit from synergies in the production costs of live events.

Year ended December 31

Notes to the financial statements

4b. Fixed Assets

	Building	Furniture and equipment	Fixtures and fittings	Vehicles	Computer hardware	Computer software & development	Total
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Cost							
Balance as at							
January 1, 2020	1	1 884 896	396 407	46 501	2 016 841	2 113 674	6 458 320
Additions in year		60 142	0	0	42 869	0	103 011
Balance as at							
December 31, 2020	1	1 945 038	396 407	46 501	2 059 710	2 113 674	6 561 331
Depreciation							
Balance as at							
January 1, 2020	0	1 828 961	396 407	46 500	1 811 051	2 082 877	6 165 796
Charge for the year		23 142	0	0	103 098	14 846	141 086
Disposals							
Balance as at							
December 31, 2020	0	1 852 103	396 407	46 500	1 914 149	2 097 723	6 306 882
Net book value as at							
December 31, 2020	1	92 935	0	1	145 561	15 951	254 449
Net book value as at							
December 31, 2019	1	55 935	0	1	205 790	30 797	292 524
Useful life (years)	-	8	5	5	3	3	

Year ended December 31

Notes to the financial statements

5. Provisions and other	2020 CHF	2019 CHF
Provision for financial, litigation and oper. Risks	2'596'795	2'596'795
Future Projects (NC, Archiving, EADCMP)	2'583'835	2'359'979
ECS Project	200'491	200'491
WEG	755'756	755'756
Other	1 482 038	895 288
Balance at December 31	7 618 915	6 808 309

6. IOC Contribution Fund	2020 CHF	2019 CHF
Balance at January 1	5 347 569	8 425 684
Usage of fund	-	(478 115)
Attributed during the year to income	-	(2 600 000)
Balance at December 31	5 347 569	5 347 569

Following recommendations from ASOIF the FEI decided to have a conservative approach in attributing amounts to yearly income until reasonable assurance can be obtained on the next contribution from IOC.

OTHER FUNDS:

7. Veterinary Research Fund	2020 CHF	2019 CHF
Balance at January 1	1 313 159	313 159
Usage of fund	-	-
Attributed during the year	-	1 000 000
Balance at December 31	1 313 159	1 313 159

8. Friends of the FEI Fund	2020 CHF	2019 CHF
FOF fund - FEI Project - IT	1 160 306	1 201 505
FOF fund - FEI project - Internet TV	91 229	91 229
FOF Clean sport	1 356 715	1 356 714
FOF fund for Development - Eventing Program	10 317	15 852
Education	130 801	130 801
Balance at December 31	2 749 368	2 796 101

Notes:

The FOF (Friends of FEI Fund) was created from donations raised by the FEI Honorary President, HRH Princess Haya Bint Al Hussein (CHF 15'048'000). In 2012, the balance of the fund amounting to CHF 3'321'704 was designated to different projects. Here above is the evolution of the various funds allocated to these projects, including donations earmarked for specific projects.

Year ended December 31

Notes to the financial statements

9. Building Renovation & Maintenance Fund

	2020 CHF	2019 CHF
Balance at January 1	1 619 532	1 619 532
Usage of fund for renovation of building	-	-
Balance at December 31	1 619 532	1 619 532

The Building fund was created from donations raised by the FEI Honorary President, HRH Princess Haya Bint Al Hussein. (CHF24'775'000) in 2008. It has been used to renovate the FEI headquarters building. The fund is in addition to the donation of the building to the FEI by the FEI Honorary President.

10. Other Funds

	2020 CHF	2019 CHF
(A) Sports Grant IPC	160 886	162 334
Additional fund received	26 500	27 750
Usage of fund	(1 630)	(29 198)
Fund at December 31	185 756	160 886
(B) Dressage Book Fund	103 869	98 978
Revenue from sale of dressage handbook	4 880	7 145
Usage of fund	(4 922)	(2 254)
Fund at December 31	103 827	103 869
Balance at December 31	289 583	264 755

Year ended December 31

Notes to the financial statements

	2020 CHF	2019 CHF
11. FEI Solidarity Fund		
Balance at January 1	10 424 012	9 265 180
Received funds		
Other donations	14'000	2'500
FEI yearly operational contribution to Solidarity	500 000	500 000
Olympic/IOC-IF Contribution	68 600	70 000
Licensee Revenues & Online Shop Revenues 50%	578	5 148
Extraordinary contribution to Solidarity	-	1 000 000
Allocation to FEI Campus Fund from Boehringer	100 000	100 000
Sponsoring Longines - Retraining of Racehorses (RTR)	50 000	50 000
Sub-total received funds	<u>733 178</u>	<u>1 727 648</u>
Usage of funds		
Challenge Expenses	(3 983)	(74 370)
Coaching Expenses	(34 633)	(231 245)
FEI Solidarity Committee	-	(26 740)
Contribution to Solidarity projects*	(860 264)	(41 807)
Olympic/IOC-IF Contribution	(68 600)	(76 392)
Contribution to FEI Campus	(129 363)	(92 963)
RTR in Partnership with Longines	(5 000)	(25 299)
Sub-total usage of funds	<u>(1 101 843)</u>	<u>(568 816)</u>
Balance at December 31	<u>10 055 347</u>	<u>10 424 012</u>

* For 2019, projects in the amount of 785'868 were not deducted from the fund. From the remaining net balance at December 31, the following allocation is provisioned for specific projects

FEI Solidarity Expenses (2021 - onwards)	CHF
FEI Campus - Online Education Project	1 072 619
Olympic/IOC-IF Contribution	27 812
2016 NF's Projects remaining balance to be paid (2021)	6 327
2017 NF's Projects remaining balance to be paid (2021)	50 844
2018 NF's Projects remaining balance to be paid (2021)	196 496
2019 NF's Projects remaining balance to be paid (2021 - 2022)	296 376
2020 NF's Projects remaining balance to be paid (2021 - 2022)	522 000
2021 NF's Projects remaining balance to be paid (2021 - 2023)	390 000
FEI Solidarity Department Projects	434 822
FEI Covid-19 Relief Fund	630 000
Transport & Quarantine	845 974
FEI Solidarity Officer Expenses (2021)	257 247
FEI Solidarity Emergency Fund	28 440
Total allocated funds for approved projects	<u>4 758 957</u>
Remaining unused Funds	5 296 390

Note:

Further to the decision of the FEI Bureau in 2011, the operation of FEI Solidarity all together are reflected in the FEI Solidarity Fund Statement.

The revenue of the FEI Solidarity Fund is composed by:
 Remainings of existing Funds (Friends of FEI, FEI Development, USEF/FEI)
 Fundraising Contributions
 Yearly contribution from FEI Operational Fund (500 000 CHF)

Year ended December 31

Notes to the financial statements

12. Organising dues and calendar fees	2020	2019
	CHF	CHF
Organising dues	2 594 370	6 530 010
Calendar fees	77 200	744 900
	<u>2 671 570</u>	<u>7 274 910</u>

13. Other Revenue	2020	2019
	CHF	CHF

13a. Provision Release

Release of Provision - EADCMP	76 394	202 641
	<u>76 394</u>	<u>202 641</u>

13b. Others

Social Security Reimbursement	-	31 523
Other	78 786	58 942
	<u>78 786</u>	<u>90 465</u>

14. Contribution From Funds	2020	2019
	CHF	CHF
FEI Solidarity	933 864	143 498
FEI Campus	129 363	92 963
Global Education Program - Eventing	5 534	14 704
IOC Fund	-	247 220
IT - Fund	41 199	3 090
Dressage Judges Seminar	4 922	2 254
IPC Expenses	1 631	29 198
	<u>1 116 513</u>	<u>532 927</u>

15. Professional Fee/Consulting	2020	2019
	CHF	CHF
Agency Expenses	1 764 657	2 211 610
IT Expenses/Hardware	600 675	667 742
Journalistic Support	36 516	70 521
Corporate PR Expenses	45 259	217 328
Corporate Photography	97 174	184 571
FEI Awards	849	207 780
Exhibitions/FEI Gallery	12 960	5 600
Legal Fees	443 881	260 725
Other Consulting	202 789	439 446
	<u>3 204 760</u>	<u>4 265 323</u>

Year ended December 31

Notes to the financial statements

16. Anti-Doping & Welfare programmes	2020	2019
	CHF	CHF
Lab Testing	1 140 501	1 686 076
Kits' Expenses	104 971	250 796
Transport of samples	132 161	306 029
Veterinarians Fees	293 927	798 563
Veterinary Travel Expenses	207 584	592 040
Cost of Anti-Doping & Welfare programmes*	1 879 144	3 633 504

* not covering the administration cost of the programmes

17. Staff Charges	2020	2019
	CHF	CHF
Staff charges	12 053 493	12 070 308
RHT - unemployment reimbursement	(1 638 409)	
Social charges	1 820 923	2 108 801
Other Staff Charges	442 591	638 811
	12 678 598	14 817 920

18. Allocation To Funds	2020	2019
	CHF	CHF
Donation - FEI Solidarity	14 000	2 500
Unspent balance of yearly Contribution from FEI operational	461'384	167 645
Sponsorship Longines retraining of race horses	50'000	50'000
FEI Campus sponsorship Boehringer	100'000	100'000
Extraordinary contribution to Veterinary Research Fund	-	1'000'000
IOC/IF's Dev Prog Contribution	68 600	70 000
Licensing Revenue & Online Shop Revenues	578	5 148
Extraordinary contribution to IT Fund	-	500 000
Dressage Handbook	4 880	7 145
Extraordinary contribution to Solidarity	-	1 000 000
IPC Grant	26 500	27 750
	725 942	2 930 188

19. Other Expenses	2020	2019
	CHF	CHF
Provision for Doubtful A/R	250 363	639 603
Expenses related to IOC events	-	397 794
Para Classifiers including IPC	-	77 839
Special projects	166 630	92 623
Others	9 943	90 076
	426 936	1 297 935

20. Net Financial Results	2020	2019
	CHF	CHF
Bank Charges	(33 652)	(64 555)
NF late interest	69 285	118 588
Portfolio result and Forex	(562 695)	3 016 323
	(527 062)	3 070 356

21. COVID-19

Following the spread of the new Coronavirus COVID-19 and the restrictions imposed by the Swiss Federal Council, the FEI has implemented several measures to ensure its continuity of operations. Indeed, the teleworking tools put in place for its employees have made it possible to guarantee continuity in the services provided. To date, there have been no problems with its stakeholders. In view of the FEI activity and the current situation, management believes that the repercussions related to COVID-19, while important are under control.