

To the General Assembly of  
**Fédération Internationale des Echecs (FIDE), Lausanne**

Lausanne, 30 June 2020

## **Report of the statutory auditor on the financial statements**

As statutory auditor we have audited the accompanying financial statements of Fédération Internationale des Echecs, which comprise the balance sheet, income statement and notes for the year ended 31 December 2019.

### **Council and Treasurer's responsibility**

The Council and the Treasurer are responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the articles of association. 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 and the treasurer are 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 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 2019 comply with Swiss law and the articles of association.

## **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 Swiss Civil Code (CC) in relation with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 69b CC in relation to 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 and the treasurer.

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

Ernst & Young Ltd

Licensed audit expert  
(Auditor in charge)

Licensed audit expert

### **Enclosure**

- ▶ Financial statements (balance sheet, income statement and notes)

# 1. BALANCE SHEET

	Notes	31.12.2019 EUR	31.12.2018 EUR	31.12.2019 CHF	31.12.2018 CHF
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and banks	4	3'564'008	2'825'147	3'886'596	3'191'285
Debtors Federations	5	559'114	774'421	609'721	874'786
Other Debtors	6	1'419'220	83'564	1'547'677	94'393
Accrued Income		1'979	4'822	2'158	5'446
<b>Total Current Assets</b>		<b>5'544'321</b>	<b>3'687'953</b>	<b>6'046'152</b>	<b>4'165'912</b>
<b>Long-Term Assets</b>					
Fixed assets	7	44'461	85'448	48'485	96'522
<b>Total Long-Term Assets</b>		<b>44'461</b>	<b>85'448</b>	<b>48'485</b>	<b>96'522</b>
<b>TOTAL ASSETS</b>		<b>5'588'782</b>	<b>3'773'402</b>	<b>6'094'637</b>	<b>4'262'434</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Upcoming Year Events	8	2'488'100	565'191	2'713'305	638'439
Prepayments by Federations		34'646	7'821	37'782	8'835
Other Creditors	9	1'625'276	692'479	1'772'384	782'224
Staff Retirement Indemnities	10	-	88'342	-	99'791
Accrued Expenses		54'468	60'616	59'398	68'472
<b>Total Current Liabilities</b>		<b>4'202'490</b>	<b>1'414'449</b>	<b>4'582'869</b>	<b>1'597'761</b>
<b>Long-Term Liabilities</b>					
Events Beyond Upcoming Year	11	20'000	680'000	21'810	768'128
Permanent Fund	12	76'414	76'414	83'330	86'317
<b>Total Long-Term Liabilities</b>		<b>96'414</b>	<b>756'414</b>	<b>105'140</b>	<b>854'445</b>
<b>TOTAL LIABILITIES</b>		<b>4'298'904</b>	<b>2'170'863</b>	<b>4'688'009</b>	<b>2'452'206</b>
Currency translation difference		-	-	38'848	17'710
<b>FIDE RESERVE FUND (NET ASSETS)</b>		<b>1'289'878</b>	<b>1'602'539</b>	<b>1'445'477</b>	<b>1'792'518</b>

## 2. STATEMENT OF INCOME AND EXPENSES

2.1 Income and Expenses Summary		2019 Actual EUR	2018 Actual EUR	2019 Actual CHF	2018 Actual CHF	
TOTAL INCOME		4'833'824	3'474'131	5'364'954	3'972'217	
TOTAL EXPENSES		5'146'484	3'485'236	5'711'969	3'984'925	
INCOME AGAINST EXPENSES		<u>-312'660</u>	<u>-11'105</u>	<u>-347'015</u>	<u>-12'708</u>	
FIDE Reserve Fund at beginning of period		1'602'539	1'613'643	1'792'492	1'805'224	
FIDE Reserve Fund at end of period		1'289'879	1'602'539	1'445'477	1'792'492	
2.2 INCOME		2019 Actual EUR	2019 Budget EUR	2018 Actual EUR	2019 Actual CHF	2018 Actual CHF
		Notes				
<b>Fees from Federations</b>						
Membership Fees		134'595	68'000	134'595	149'384	153'892
Entry Fees		191'075	210'000	348'488	212'070	398'451
Registered Tournaments		566'500	275'000	553'521	628'746	632'879
Late Tournament report charges		2'700	1'000	1'900	2'997	2'172
Change of Federation		28'950	10'000	29'110	32'131	33'283
Title Application Fees		199'990	130'000	227'688	221'964	260'332
	<b>Federation fees</b>	<u>1'123'810</u>	<u>694'000</u>	<u>1'295'302</u>	<u>1'247'292</u>	<u>1'481'009</u>
<b>Net Income from FIDE Events</b>						
Candidates	13	-	-	79'847	-	91'295
World Cup	13.2	388'343	372'000	-	431'014	-
World Rapid and Blitz Championship	13.3	389'136	175'000	299'741	431'893	342'715
Olympiad	13.4	-	50'000	903'656	-	1'033'213
World Championship Match	13.5	-	-	200'000	-	228'674
Grand Prix Series	13.6	104'000	104'000	-	115'427	-
Women Grand Prix Series		-	40'000	-	-	-
Women World Championship Match	13.7	-	50'000	52'716	-	60'274
Women World Championship Tournament	13.8	-	-	80'942	-	92'547
Women Candidates	13.9	-	40'000	-	-	-
Grand Swiss	13.10	77'286	70'000	-	85'778	-
World and Women World Team Championship	13.11	18'532	-	-	20'568	-
World Fischer Random Chess Championship	13.12	61'586	-	-	68'353	-
Other Tournament Income	13.13	73'585	50'000	-	81'670	-
	<b>Net income from FIDE events</b>	<u>1'112'468</u>	<u>951'000</u>	<u>1'616'902</u>	<u>1'234'703</u>	<u>1'848'718</u>
<b>Income from Commissions</b>						
Arbiters seminar fees		21'080	16'000	24'460	23'396	27'967
Arbiters license fees		73'560	20'000	46'180	81'643	52'801
Arbiters' manual		-	-	1'025	-	1'172
Trainers license fees		30'600	20'000	33'975	33'962	38'846
Trainers seminars		38'100	15'000	25'015	42'287	28'601
Trainers academy annual and registration fees		10'400	5'000	21'800	11'543	24'925
Olympiad TRG Captain penalty		-	-	3'500	-	4'002
Organizers seminar fees		1'495	1'000	1'440	1'659	1'646
School Instructor seminar fees		140	2'500	7'268	155	8'310
Chess in Schools Online		1'427	5'000	2'170	1'584	2'481
Chess in Schools booklet		100	-	-	111	-
Journalist's membership fees		-	-	197	-	225
Global Strategy Commission	13.2, 13.5, 13.7	53'520	78'000	62'671	59'401	71'656
Event bidding fees		12'485	15'000	21'468	13'857	24'546
Clock Testing fees		4'799	-	-	5'327	-
Chess Clock bid fees		3'946	-	-	4'379	-
CNC web FIDE online arena		17'997	20'000	19'830	19'974	22'673
FIDE flag license fees		5'608	3'000	4'346	6'224	4'969
	<b>Income from Commissions</b>	<u>275'257</u>	<u>200'500</u>	<u>275'345</u>	<u>305'501</u>	<u>314'821</u>
<b>Other Income</b>						
ARISF		-	5'000	-	-	-
International Olympic Committee		28'512	20'000	27'904	31'645	31'905
Rental of boards/ anti cheating devices		5'111	1'000	-	5'673	-
Interest from bank /Investment income		142	1'000	733	158	838
Royalties - Chess Equipment	14	33'898	60'000	56'880	37'622	65'035
Royalties - Agon / World Chess Events Ltd.		-	-	200'000	-	228'674
Gain on investments / currency conversion		17'524	-	464	19'449	531
Americas Continental Account UBS		8'837	-	-	9'808	-
Release of general provision	15	246'609	-	601	273'706	687
	<b>Other income</b>	<u>340'633</u>	<u>87'000</u>	<u>286'582</u>	<u>378'061</u>	<u>327'670</u>
<b>Donations</b>						
Donations	16	1'981'656	5'000'000	-	2'199'396	-
	<b>Donations</b>	<u>1'981'656</u>	<u>5'000'000</u>	<u>-</u>	<u>2'199'396</u>	<u>-</u>
<b>TOTAL INCOME:</b>		<b>4'833'824</b>	<b>6'932'500</b>	<b>3'474'131</b>	<b>5'364'954</b>	<b>3'972'217</b>

## 2.3 EXPENSES

		2019 Actual EUR	2019 Budget EUR	2018 Actual EUR	2019 Actual CHF	2018 Actual CHF
<b>OFFICIALS' EXPENSES</b>						
President's travel		96'136	100'000	10'127	106'699	11'579
Officials' travel and expenses	17	129'175	120'000	71'495	143'368	81'744
Treasurer Expenses		14'925	25'000	45'358	16'565	51'861
Presidential advisers		94'205	96'000	-	104'556	-
Management Transition expenses		-	-	149'200	-	170'592
Presidential Boards and Congress	18	32'198	200'000	353'006	35'736	403'616
Officials' miscellaneous expenses		-	30'000	-	-	-
	<b>Officials' Expenses</b>	<b>366'639</b>	<b>571'000</b>	<b>629'186</b>	<b>406'924</b>	<b>719'392</b>
<b>SECRETARIAT</b>						
<b>LAUSANNE / ATHENS</b>						
Staff Costs		628'366	500'000	336'069	697'410	384'251
Staff Travel		13'317	40'000	11'423	14'780	13'061
Athens Office Discontinuation		29'570	90'000	52'049	32'819	59'511
Office Cleaning		4'500	6'000	4'300	4'994	4'916
Photocopying & Printing		-	7'500	6'589	-	7'534
Postage & Carriage		2'132	7'500	2'735	2'367	3'127
Rent		28'434	50'000	16'259	31'559	18'590
Repairs, Maintenance & Renewals		749	3'000	1'939	831	2'217
Secretariat Hospitality		2'735	30'000	9'016	3'036	10'309
Office Supplies / Stationery		9'726	9'000	5'469	10'794	6'253
Telecommunications		8'109	22'500	19'362	9'000	22'138
Utilities		3'143	9'000	3'843	3'489	4'394
	<b>Lausanne / Athens offices</b>	<b>730'781</b>	<b>774'500</b>	<b>469'053</b>	<b>811'079</b>	<b>536'301</b>
<b>ELISTA / MOSCOW</b>						
Staff and office costs		270'796	235'000	207'468	300'550	237'214
	<b>Russian offices</b>	<b>270'796</b>	<b>235'000</b>	<b>207'468</b>	<b>300'550</b>	<b>237'214</b>
	<b>SECRETARIAT TOTAL</b>	<b>1'001'577</b>	<b>1'009'500</b>	<b>676'521</b>	<b>1'111'629</b>	<b>773'522</b>
<b>GENERAL EXPENSES</b>						
Accountancy /Accreditation Software		9'996	10'000	15'140	11'094	17'311
Audit & Tax Accountant		87'954	60'000	29'785	97'618	34'055
Legal, Tax & Other Professional Services	19	249'656	200'000	318'643	277'088	364'327
Bank Charges		59'628	35'000	118'676	66'180	135'691
Loss on currency conversion		-	30'000	-	-	-
Loss on capital redemption		-	-	1'226	-	1'402
Depreciation	7	18'584	-	34'942	20'626	39'952
Discounts Allowed for Early Payment	20	34'581	-	32'582	38'381	37'253
Entry Fees Refund to Organizing Federations		38'285	-	51'348	42'492	58'710
FIDE Online / IT Department		101'596	150'000	7'992	112'759	9'138
Insurance		8'943	10'000	44'421	9'926	50'790
Medals & Badges		851	7'500	6'755	945	7'723
Increase in provision for federations' arrears		18'206	-	346'571	20'206	396'259
Increase in general provisions		-	-	68'361	-	78'162
Bad Debts & Write offs		35'715	-	11'850	39'639	13'549
Press / PR / Marketing / Work with Sponsors		140'690	200'000	12'000	156'149	13'720
Special projects		-	-	10'000	-	11'434
Sport Exhibitions and Conferences		11'188	5'000	10'320	12'417	11'800
Subscriptions		7'161	6'000	5'450	7'947	6'231
Taxes		43'275	70'000	-	48'031	-
Veterans' support		50'000	50'000	-	55'494	-
Data Protection Project		4'454	30'000	-	4'943	-
Handbook Review Project		37'379	30'000	-	41'486	-
FIDE Awards		-	25'000	-	-	-
Pins and Badges		-	5'000	-	-	-
Miscellaneous / Contingency Expenses		-	50'000	1'331	-	1'522
	<b>General Expenses</b>	<b>958'142</b>	<b>973'500</b>	<b>1'127'392</b>	<b>1'063'420</b>	<b>1'289'037</b>

**COMMISSIONS & COMMITTEES**

Arbiters	19'894	47'000	42'376	22'080	48'451
Fair Play	28'309	28'500	18'270	31'420	20'889
Chess Composition	-	-	2'900	-	3'316
Chess for the Disabled	21'714	32'000	10'962	24'099	12'534
Chess in Education	60'082	76'120	13'266	66'683	15'168
Constitutional Commission	8'125	11'500	381	9'018	436
Planning and Development Commission	42'799	54'000	300'040	47'502	343'057
Ethics	20'781	34'000	31'534	23'064	36'055
Events	32'651	39'000	7'315	36'238	8'364
Medical	4'679	19'000	9'725	5'193	11'119
Online	12'000	20'000	6'026	13'319	6'890
Qualification	3'612	31'500	9'463	4'008	10'820
Rules and Tournaments regulations	12'306	20'900	9'092	13'659	10'396
Systems of Pairings and Programs	7'447	14'500	3'493	8'266	3'994
Technical	10'427	20'740	5'904	11'572	6'751
Trainers	52'470	71'500	85'178	58'235	97'390
Verification	13'818	23'000	18'868	15'337	21'573
Women's Chess	14'230	22'000	15'290	15'794	17'482
Global Strategy Commission	61'489	96'000	31'937	68'246	36'516
Electoral	-	-	31'250	-	35'730
Social Projects	-	-	3'447	-	3'941
Social Action	16'824	33'000	17'871	18'672	20'433
Marketing	-	-	1'382	-	1'580
<b>Commissions &amp; Committees</b>	<b>443'657</b>	<b>694'260</b>	<b>675'971</b>	<b>492'405</b>	<b>772'884</b>

**EVENTS EXPENSES**

Women Candidates	-	5'000	-	-	-
Women World Championship Match	6'345	5'000	-	7'042	-
World Championship Match: expenses	1'123	-	-	1'247	-
World Cup: expenses	5'194	5'000	-	5'765	-
World Team & Women World Team Championship	13'800	-	-	15'316	-
World Youth Championships	-	5'000	-	-	-
World Junior U20 Championships	-	6'000	-	-	-
World Rapid and Blitz Championships	6'162	6'000	16'551	6'839	18'924
World Amateur Championship	-	-	-	-	-
World Seniors Championship	-	-	825	-	943
Grand Prix Series	21 251'566	280'000	176'000	279'208	201'233
Women's Grand Prix Series	86'592	5'000	-	96'106	-
ARISF and IOC Events	28'746	25'000	11'263	31'905	12'878
Continental Championships	22 -	-	68'312	-	78'106
World Chess Ltd. Expenses	-	-	81'116	-	92'746
Paris 2024 Summer Olympiad Bid	44'000	-	-	48'835	-
Electronic Boards (storage & transportation)	23 39'728	40'000	22'099	44'093	25'268
<b>Events Expenses</b>	<b>483'256</b>	<b>382'000</b>	<b>376'167</b>	<b>536'356</b>	<b>430'102</b>

**FIDE DEVELOPMENT FUND**

Support of Continental Associations	24 24.1 901'169	1'200'000	-	1'000'187	-
Support of National Chess Federations	24.2 777'479	1'500'000	-	862'907	-
Support of Social projects and Reserves	214'565	300'000	-	238'140	-
<b>FIDE Development Fund</b>	<b>1'893'213</b>	<b>3'000'000</b>	<b>-</b>	<b>2'101'234</b>	<b>-</b>

**TOTAL EXPENSES**

<b>5'146'484</b>	<b>6'630'260</b>	<b>3'485'237</b>	<b>5'711'969</b>	<b>3'984'925</b>
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# NOTES TO THE FINANCIAL STATEMENTS

## 1. FIDE OPERATIONS

The International Chess Federation, or Fédération Internationale des Echecs (FIDE), is the recognized international federation in the domain of chess, which was founded on July 20, 1924 in Paris. The Federation is recognized by the International Olympic Committee as the supreme body responsible for the game of chess and its championships. FIDE unites over 190 national chess federations throughout the world and oversees all official world competitions. The Federation is concerned exclusively with chess activities. FIDE has its registered office in Lausanne where it is incorporated as an association under Swiss Law. Operating headquarters used to be located in Athens until their move to Lausanne in June 2019, with other offices in Elista and Moscow. The Athens office was discontinued during 2019, and FIDE legal entity in Greece was terminated in December 2019.

## 2. BASIS OF FINANCIAL STATEMENTS

FIDE financial statements have been prepared in accordance with the requirements of Swiss Law stipulated in the “Code of Obligations” and FIDE bylaws (Statutes and Financial Regulations). The financial statements have been prepared on the historical cost basis and they include the accounts of the following entities:

- FIDE main entity registered in Switzerland (Lausanne)
- FIDE entity in Greece (Athens)
- FIDE representative office in Russia (Moscow)

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1. Foreign currency translation

FIDE uses Euro as functional currency. Transactions denominated in foreign currencies have been translated into Euro at the rate in effect at the date of the transaction. Financial assets and liabilities denominated in foreign currencies have been translated into Euro at the year-end exchange rate. Realized foreign exchange gains and losses as well as unrealized foreign exchange losses are recognized in the statement of income and expenses while unrealized foreign exchange gains are deferred on the balance sheet.

For statutory reporting under Swiss law, the financial statements have been translated from Euro (EUR) to Swiss Francs (CHF). Assets and liabilities have been translated at the year-end exchange rate of EUR 1 for CHF 1.091 (2018 : EUR 1 for CHF 1.130), FIDE Permanent Fund at historical exchange rate, and the income and expenses at the average exchange rate for the year of CHF 1 for EUR 0.901 (2018: CHF 1 for EUR 0.874). The resulting currency translation difference is recorded on the balance sheet.

### 3.2. Debtors

Debtors are stated at nominal value, net of provision for doubtful debts. FIDE is using the following provisioning policy:

- For all debts overdue by more than one year (i.e. debts originated prior to December 31 of the previous financial year and unpaid until December 31 of the current year), a 100% provision is created
- if a debtor has a debt overdue by more than one year and a current-year debt, a 50% provision is created against the current-year debt (in addition to the 100% provision against the debts originated in previous years);
- FIDE may create additional provisions on a discretionary basis if it receives information indicating that a debt is unlikely to be paid.

### 3.3. Fixed assets depreciation

Depreciation rate used is 30% per annum on the declining balance method.

### 3.4. Revenue recognition

Membership, entry and other fees, and donations are recorded as income in the year they are earned.

## 4. Cash and banks

### 4.1. Year-end balances

	EUR	
	<u>2019</u>	<u>2018</u>
Petty cash	-	813
Cash in Banks (see details below)	3,549,851	1,254,339
Cash held by the Fiduciary (notes 4.3, 4.4)	-	1,553,041
Cash at Paypal accounts *	14,158	16,954
	<u>3,564,008</u>	<u>2,825,147</u>

Cash and banks are composed of:

	EUR	
	<u>2019</u>	<u>2018</u>
UBS CHF Account (frozen as of 31/12/2018)	-	-1,805
UBS USD Account (frozen as of 31/12/2018)	-	23,220
UBS EUR Account (frozen as of 31/12/2018)	-	192,980
UBS EUR Visa Account (frozen as of 31/12/2018) **	-	29,669
UBS Americas Account (frozen as of 31/12/2018 - note 4.2)	-	26,181
Caixa Bank EUR Account	486,611	-
Caixa Bank USD Account	64,425	-
Caixa Bank CHF Account	90,608	-
NBG EUR Account	-	334
Sberbank EUR Account	1,036,725	796,100
Sberbank USD Account	1,230,965	186,377
Sberbank RUB Account	294,590	52
Otkrytie Bank EUR Account (Moscow office account)	329,711	459
Otkrytie Bank USD Account (Moscow office account)	-	697
Otkrytie Bank RUB Account (Moscow office account)	16,216	75
	<u>3,549,851</u>	<u>1,254,339</u>

\* FIDE operates Paypal accounts that are used for receiving online payments. The balances from Paypal accounts are transferred to bank accounts on a regular basis. The line "Cash at Paypal accounts" represents the money that were not yet transferred to bank accounts.

\*\* Restricted cash account used as guarantee for FIDE Visa Corporate Card



#### 4.2. UBS Americas account

Although registered in the name of FIDE, this account was de-facto managed by the Confederation of Chess for Americas (CCA), which kept the record of transactions made from this account. In early 2019, together with other FIDE accounts held in UBS, this account was terminated, and the money transferred to a FIDE account at another bank.

#### 4.3. Cash held by the Fiduciary

On April 30, 2018, FIDE's main bankers UBS closed all FIDE accounts citing as the reason the US sanctions against the former FIDE President Kirsan Ilyumzhinov. Unable to open an account with another bank, FIDE signed an agreement with a fiduciary and moved most of the balances from the UBS accounts to the accounts operated by the fiduciary. The fiduciary has been receiving the money and executing payments on FIDE behalf for the rest of 2018.

### 5. Debtors Federations

	EUR	
	<u>2019</u>	<u>2018</u>
Current year debts	656,045	917,117
Debts overdue by 1 year	211,906	192,275
Debts overdue by 2 years	82,135	38,902
Debts overdue by 3 years or more	25,783	49,241
Total gross	975,868	1,197,535
Provision for doubtful debts	-416,754	-423,114
<b>Total net</b>	<b>559,114</b>	<b>774,421</b>

### 6. Other Debtors

	EUR	
	<u>2019</u>	<u>2018</u>
Other debtors, gross	1,478,774	151,925
Provision for doubtful debts	-59,554	-68,361
<b>Total net</b>	<b>1,419,220</b>	<b>83,564</b>

Other Debtors are largely represented by the obligation of the organizer of the King Salman World Rapid and Blitz Championship for the prize money and other expenses for the event. FIDE received these funds in early 2020.

## 7. Fixed assets

<b>At cost (EUR)</b>	<b>Office furniture</b>	<b>Machines &amp; equipment</b>	<b>Total</b>
Opening balance	14,716	472,872	487,588
Additions	-	2,639	2,639
Disposals	-14,716	-25,000	39,716
Closing balance	-	450,511	450,511
<b>Accumulated depreciation (EUR)</b>			
Opening balance	14,624	387,516	402,140
Depreciation charge	50	18,534	18,584
Disposals	-14,674	-	-14,674
Closing balance	-	406,050	406,050
<b>Net book value</b>	<b>-</b>	<b>44,461</b>	<b>44,461</b>

## 8. Upcoming Year Events

As of December 31, 2019 :

	<b>EUR</b>
Prepayments for Olympiad 2020	1,121,093
Prepayments for World Championship Match	242,522
Prepayments for Women World Championship Match	315,000
Prepayment for candidates' tournament	684,486
Deposit fees for events in upcoming year	125,000
<b>Total</b>	<b>2,488,100</b>

As of December 31, 2018 :

	<b>EUR</b>
Provision for 2019 Grand Prix cost	176,000
Provision for FIDE General Assembly costs	233,250
Deposit fees for events in upcoming year	115,000
Provision for other misc. events costs	40'941
<b>Total</b>	<b>565,191</b>

Deposit fees are refundable and were paid by organizers as stipulated in bidding procedures for FIDE official tournaments that will be organized in the coming year. Deposit fees shall be returned to the organizers on successful completion of the events in question.

Provisions were related to future events and as such were considered excess reserves as of December 31, 2018. Excess reserve for a total of EUR 450'191 have been dissolved during the year (2018 : EUR 0). See also note 15.

## 9. Other Creditors

Other creditors are mainly composed of the FIDE obligations related to the 2019 King Salman World Rapid and Blitz Championship that was held at the end of the year (December 26-30, 2019). FIDE paid all the prize money, stipends and travel expenses for the players and principals in early 2020.

## 10. Staff Retirement Indemnities

Under the Greek labor law, employees are entitled to termination payments in the event of dismissal or retirement. The law mandates that all entities must have certain reserves for termination payouts even the entity have no intentions to terminate its employees.

In compliance with the law, FIDE maintained adequate provision for such termination payouts. In Q4 2018 the Council decided that FIDE headquarters should move to Lausanne; subsequently, FIDE management decided that the Athens office shall be terminated.

## 11. Events Beyond Upcoming Year

	EUR	
	<u>2019</u>	<u>2018</u>
Deposit fees for events beyond upcoming year	20,000	135,000
Prepayment for Olympiad 2020	-	545,000
<b>Total</b>	<b><u>20,000</u></b>	<b><u>680,000</u></b>

Deposit fees are refundable and were paid by organizers as stipulated in bidding procedures for FIDE official tournaments that will be organized after 2020 (2018: after 2019). Deposit fees shall be returned to the organizers on successful completion of the events in question.

## 12. Permanent Fund

The FIDE Permanent Fund has been established by deed of trust on May 9, 1927. The trust deed stipulates that the Permanent Fund shall be administrated independently from the finances of FIDE by three administrators: the manager of the Fund appointed by the Swiss Chess Federation, and two administrators appointed by the Italian and the British Chess Federations.

The liability to the Permanent Fund is valued at historical FX rate (EUR 76,414 = CHF 82,166).

### 13. Net income from FIDE events

Income is presented net in the income and expenses account. Gross income and expenses are detailed below.

#### 13.1 Candidates

	EUR	
	<u>2019</u>	<u>2018</u>
<b>Gross income</b>	-	<b>548,535</b>
Prize Fund	-	420,000
Arbiters and Principals Stipends	-	30,000
Travel and Expenses	-	18,668
<b>Total expenses</b>	-	<b>468,688</b>
<b>Net income</b>	-	<b>79,847</b>

#### 13.2 World Cup

	EUR	
	<u>2019</u>	<u>2018</u>
<b>Gross income</b>	<b>1,926,638</b>	-
Prize Fund	1,418,199	-
Arbiters and Principals Stipends	51,854	-
Travel and Expenses	14,722	-
<b>Total expenses</b>	<b>1,484,775</b>	-
<b>Net income</b>	<b>441,863</b>	-

Out of which EUR 388,343 is recorded as income from the event, and EUR 53,520 is recorded as income of Global Strategy Commission.

#### 13.3 World Rapid and Blitz Championship

	EUR	
	<u>2019</u>	<u>2018</u>
<b>Gross income</b>	<b>1,362,145</b>	<b>1,397,885</b>
Prize Fund	911,277	1,002,343
Arbiters and Principals Stipends	44,430	71,144
Travel and Expenses	17,303	24,658
Contingency expenses related to WRB 2017	-	16,551
<b>Total expenses</b>	<b>973,009</b>	<b>1,098,144</b>
<b>Net income</b>	<b>389,136</b>	<b>299,741</b>

### 13.4 Olympiad

Income and expenses for the 2018 Olympiad in Batumi are presented on through-the-cycle basis since income and expenses have been spread over a four-year period (2015-2018).

	EUR	
	<u>2019</u>	<u>2018</u>
<b>Gross income (2015-2018)</b>	-	<b>3,473,200</b>
Development funds	-	370,496
Travel Subsidies	-	1,046,453
Match Arbiters stipends	-	258,000
Principals Stipends	-	110,750
Principals Travel	-	15,200
Inspection Costs	-	45,857
IT / Broadcast / Registration System	-	62,689
Pocket Money for Participants	-	47,441
Consulting Services	-	433,113
<b>Total expenses (2015-2018)</b>	-	<b>2,339,999</b>
<b>Remaining Development funds</b>	-	<b>-179,545</b>
<b>Net income</b>	-	<b>903,656</b>

### 13.5 World Championship Match

	EUR	
	<u>2019</u>	<u>2018</u>
<b>Gross income</b>	-	<b>1,290,331</b>
Prize Fund	-	1,000,000
Stipends	-	43,500
Travel and Expenses	-	9,624
<b>Total expenses</b>	-	<b>1,053,124</b>
<b>Net income</b>	-	<b>237,207</b>

Out of which EUR 200,000 was recorded as income from the event, and EUR 37,207 as income of Global Strategy Commission in 2018.

### 13.6 Grand Prix Series

#### 13.6.1 Grand Prix Tournament - Moscow

	EUR	
	<u>2019</u>	<u>2018</u>
<b>Gross income</b>	<b>195,528</b>	-
Prize Fund	130,000	-
Arbiters and Principals Stipends	19,000	-
Travel and Expenses	20,528	-
<b>Total expenses</b>	<b>169,528</b>	-
<b>Net income</b>	<b>26,000</b>	-

### 13.6.2 Grand Prix Tournament - Riga

	EUR	
	<u>2019</u>	<u>2018</u>
<b>Gross income</b>	<b>200,585</b>	-
Prize Fund	130,000	-
Arbiters and Principals Stipends	19,000	-
Travel and Expenses	25,585	-
<b>Total expenses</b>	<b>174,585</b>	-
<b>Net income</b>	<b>26,000</b>	-

### 13.6.3 Grand Prix Tournament - Hamburg

	EUR	
	<u>2019</u>	<u>2018</u>
<b>Gross income</b>	<b>202,602</b>	-
Prize Fund	130,000	-
Arbiters and Principals Stipends	19,000	-
Travel and Expenses	27,602	-
<b>Total expenses</b>	<b>176,602</b>	-
<b>Net income</b>	<b>26,000</b>	-

### 13.6.4 Grand Prix Tournament - Jerusalem

	EUR	
	<u>2019</u>	<u>2018</u>
<b>Gross income</b>	<b>182,369</b>	-
Prize Fund	130,000	-
Arbiters and Principals Stipends	-	-
Travel and Expenses	26,369	-
<b>Total expenses</b>	<b>156,369</b>	-
<b>Net income</b>	<b>26,000</b>	-

### 13.7 Women World Championship Match

	EUR	
	<u>2019</u>	<u>2018</u>
<b>Gross income</b>	-	<b>310,441</b>
Prize Fund	-	200,000
Stipends	-	30,500
Travel and Expenses	-	12,225
<b>Total expenses</b>	-	<b>242,725</b>
<b>Net income</b>	-	<b>67,716</b>

Out of which EUR 52,716 was recognized as income from the event, and EUR 15,000 as income of Global Strategy Commission in 2018.

### **13.8 Women World Championship Tournament**

	<b>EUR</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Gross income</b>	-	<b>527,398</b>
Prize Fund	-	392,400
Stipends	-	23,980
Travel and Expenses	-	30,076
<b>Total expenses</b>	-	<b>446,456</b>
<b>Net income</b>	-	<b>80,942</b>

### **13.9 Women Candidates**

	<b>EUR</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Gross income</b>	<b>234,859</b>	-
Prize Fund	200,000	-
Arbiters and Principals Stipends	26,500	-
Travel and Expenses	8,359	-
<b>Total expenses</b>	<b>234,859</b>	-
<b>Net income</b>	-	-

### **13.10 Grand Swiss**

	<b>EUR</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Gross income</b>	<b>453,811</b>	-
Prize Fund	357,200	-
Arbiters and Principals Stipends and Travel	18,086	-
Hire of anti-cheating equipment	1,239	-
<b>Total expenses</b>	<b>376,525</b>	-
<b>Net income</b>	<b>77,286</b>	-

### **13.11 World and Women's World Team Championship**

	<b>EUR</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Gross income</b>	<b>63,838</b>	-
Stipends	45,306	-
<b>Total expenses</b>	<b>45,306</b>	-
<b>Net income</b>	<b>18,532</b>	-

**13.12 World Fischer Random Chess Championship**

EUR

	<u>2019</u>	<u>2018</u>
Gross income	61,586	-
Total expenses	-	-
Net income	61,586	-

**13.13 Other tournament Income (IMSA)**

EUR

	<u>2019</u>	<u>2018</u>
Gross income	381,700	-
Prize Fund	250,000	-
Stipends	18,948	-
Travel and Expenses	39,167	-
Total expenses	308,115	-
Net income	73,585	-

**14. Royalties - Chess Equipment**

FIDE allows certain manufacturers of chess equipment (chess sets, clocks, electronic boards for online game broadcasts, etc.) to label their products as FIDE Official products. Such royalties earned by FIDE amounted to EUR 33,898 (2018: EUR 56,880).

**15. Release of General Provisions**

As discussed in Note 18 to the 2018 Financial Statements, the 2018 FIDE General Assembly has decided that the Extraordinary General Assembly shall be held in 2019. FIDE Congresses are usually held during Olympiads, and the costs of organization of Congresses are normally born by the Olympiad organizers. Since the Extraordinary General Assembly was planned with no regard to an Olympiad, FIDE expected to bear costs associated with this event, and created a provision for the expected expenses in the amount of EUR 233,250. However, FIDE found an organizer, which covered the costs of the Extraordinary General Assembly including hotel, meals, tickets and venue. The Extraordinary General Assembly was held in Abu Dhabi, United Arab Emirates on February 26-29, 2020. As such, this provision was released. See also note 8.

**16. Donations**

FIDE receives donations from corporate donors. According to contracts with the donors, FIDE usually can spend the donations unrestrictedly for any activities related to chess, such as organization of chess tournaments, support of member federations and continental associations, and any other initiatives aligned with FIDE mission. These contracts do not have provisions that FIDE has to spend the money on particular events and would need to return the money to donors if the event in question does not take place. As such, the income from donations is recognized in full immediately as it is earned.



	<b>EUR</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
OCP S.A.	120,000	-
PJSC Interregional Distribution Grid		
Company of Center and Volga Region	210,500	-
PJSC Interregional Distribution Grid		
Company of Siberia	71,500	-
PJSC Lenenergo	275,000	-
Rosatom	220,000	-
Russian Railways	941,500	-
PJSC Kuban Power Company	71,500	-
Other donations	71,656	-
	<b><u>1,981,656</u></b>	<b><u>-</u></b>

### **17. Officials Travel**

Starting from the Financial Year 2019, FIDE budget will not designate allocation of travel expenses for each FIDE official.

### **18. Council and Congress**

	<b>EUR</b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
Expenses related to 2018 FIDE Congress in Batumi, Georgia	-	26,459
Expenses on Council meetings	29,913	84,445
Expenses on other meetings	2,286	8,852
Provisions for 2019 General Assembly	-	233,250
<b>Total</b>	<b><u>32,198</u></b>	<b><u>353'006</u></b>

### **19. Legal, Tax & Other Professional Services**

In addition to permanent staff, FIDE hires consultants to assist with a number of back-office functions, such as legal advice, financial reports preparation, tax reporting, and similar professional services. FIDE expenses incurred on consultants' fees and business expenses are recorded under this line. FIDE had 5 consultants in 2019 and 4 in 2018 providing services on a regular basis. Additionally, FIDE uses two legal firms and an accounting / tax consulting firm on a regular basis.

### **20. Discounts allowed for early payments**

According to Paragraph 7.1 of FIDE the Financial Regulations, "In January and July each year, the Secretariat shall invoice all the federations for the services of the previous six months and additionally in January shall include the annual membership fees. Any Federation settling all outstanding amounts by the following 15 March or 15 September respectively shall be entitled to deduct 5% from the amount due." The line "Discounts allowed for early payments" represents total amount of such deductions.

## 21. Grand Prix Series

Early 2019 FIDE signed a restructuring agreement with World Chess Events Ltd. which allowed FIDE to regain the rights to organize the World Championship Match. As a part of this agreement, FIDE agreed to pay prize fund of EUR 280,000 for the 2019 Grand Prix cumulative results, which are shown under this line.

## 22. Continental Championships

This expense represents support provided by FIDE for prize funds and organizational expenses of continental championships in America, Asia and Africa. Starting from Financial Year 2019, this support is part of FIDE Development Fund allocation for Continental Associations (see note 28.1).

## 23. Electronic Boards (storage & transportation)

FIDE owns a large stock of electronic chess sets (see note 7, which are used for online broadcast of major chess events throughout the world. Expenses recorded under this line represent FIDE costs associated with storage (warehouse rent and utilities), management, transportation (including custom duties) of these electronic chess sets.

## 24. Development Fund

### 24.1. Support for Continental Associations

	EUR	
	<u>2019</u>	<u>2018</u>
Africa	320,695	-
Americas	173,453	-
Asia	201,259	-
Australia & Oceania	26,370	-
Europe	179,330	-
<b>Support for Continental Associations Total</b>	<b><u>901,169</u></b>	<b><u>-</u></b>

## 24.2 Support for National Chess Federations

### National Chess Federations - Africa

	EUR	
	<u>2019</u>	<u>2018</u>
Angola	14,352	-
Botswana	15,168	-
Burundi	7,240	-
Cameroon	13,260	-
Cape Verde	15,228	-
Central African Republic	8,852	-
Congo	10,519	-
Djibouti	6,314	-
Egypt	15,168	-
Ethiopia	8,136	-
Gabon	10,608	-
Gambia	12,740	-
Ghana	13,465	-
Kenya	13,420	-
Madagascar	13,420	-
Malawi	17,909	-
Mali	8,145	-
Mauritania	14,497	-
Mauritius	11,612	-
Morocco	2,000	-
Mozambique	15,217	-
Namibia	16,072	-
Nigeria	9,080	-
Rwanda	9,080	-
Senegal	12,511	-
Seychelles	12,432	-
Sierra Leone	5,430	-
Somalia	11,402	-
Swaziland	7,781	-
Togo	15,128	-
Uganda	15,212	-
Zambia	16,876	-
<b>Africa Total</b>	<b><u>378,274</u></b>	<b><u>-</u></b>

*National Chess Federations - Americas*

EUR

	<u>2019</u>	<u>2018</u>
Antigua & Barbuda	15,128	-
Aruba	8,082	-
Bahamas	16,128	-
Bermuda	13,300	-
Bolivia	15,330	-
Chile	9,040	-
Colombia	16,112	-
Costa Rica	10,000	-
Cuba	17,298	-
Dominican Republic	14,306	-
El Salvador	14,334	-
Guyana	14,360	-
Haiti	16,148	-
Honduras	15,128	-
Jamaica	8,145	-
Mexico	9,050	-
Nicaragua	14,264	-
Panama	14,244	-
Paraguay	2,444	-
Peru	17,680	-
Puerto Rico	16,072	-
Trinidad and Tobago	17,750	-
Uruguay	8,145	-
Venezuela	17,385	-
<b>Americas Total</b>	<b>319,872</b>	-

*National Chess Federations – Asia*

EUR

	<u>2019</u>	<u>2018</u>
Bangladesh	7,240	-
Chinese Taipei	13,490	-
Kyrgyzstan	14,384	-
Maldives	8,145	-
Mongolia	17,715	-
Myanmar	13,490	-
Oman	12,656	-
Solomon Islands	14,156	-
Timor-Leste	13,310	-
Turkmenistan	8,136	-
<b>Asia Total</b>	<b>122,722</b>	-

## National Chess Federations – Europe

EUR

	<u>2019</u>	<u>2018</u>
Albania	15,904	-
Andorra	13,464	-
Belarus	17,820	-
Ireland	10,000	-
Jersey	12,601	-
Kosovo	8,124	-
Moldova	16,152	-
Monaco	8,140	-
Portugal	15,028	-
San Marino	17,670	-
<b>Europe Total</b>	<b>134,903</b>	-

## 25. Number of employees

FIDE had less than 50 employees in 2019 and in 2018.

## 26. Subsequent events

### 26.1 Covid-19

The Covid-19 pandemic has significant negative impact on FIDE activities. Social distancing requirements, as well as travel restrictions make it problematic for FIDE to organize events, and it is uncertain how long this situation will last.

As a result of the Covid-19 crises, significantly smaller revenue is expected, mainly because of reduced fee income and lost events income due to postponement of Chess Olympiad and other major events. Additionally, shall economic situation significantly deteriorate, FIDE ability to raise sponsorship may be affected.

FIDE Management has modelled several scenarios, and decided to review the 2020 budget, which was approved by the General Assembly held on February 26-29 in Abu Dhabi. Significant cost saving measures have been implemented, including payroll cuts. Both income and expenditures are reduced by about 45% compared to the original budget. The amended budget was approved at FIDE Council meeting held online on May 12, 2020.

### 26.2 Tax-Exempt Status in Switzerland

On June 23, 2020 by the decision of Swiss tax authorities FIDE was granted tax-exempt status starting from 2017 fiscal year. This decision exempts FIDE from federal, cantonal and local taxes on income and capital.