



WORLD  
AQUATICS

# FINANCIAL REPORT 2022

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## TREASURER'S REPORT

It is an honor and a privilege to present the Treasurer's Report to the World Aquatics General Congress in Fukuoka (JPN), consistent with the responsibilities assigned to the Treasurer through the World Aquatics Constitution adopted in December 2022.

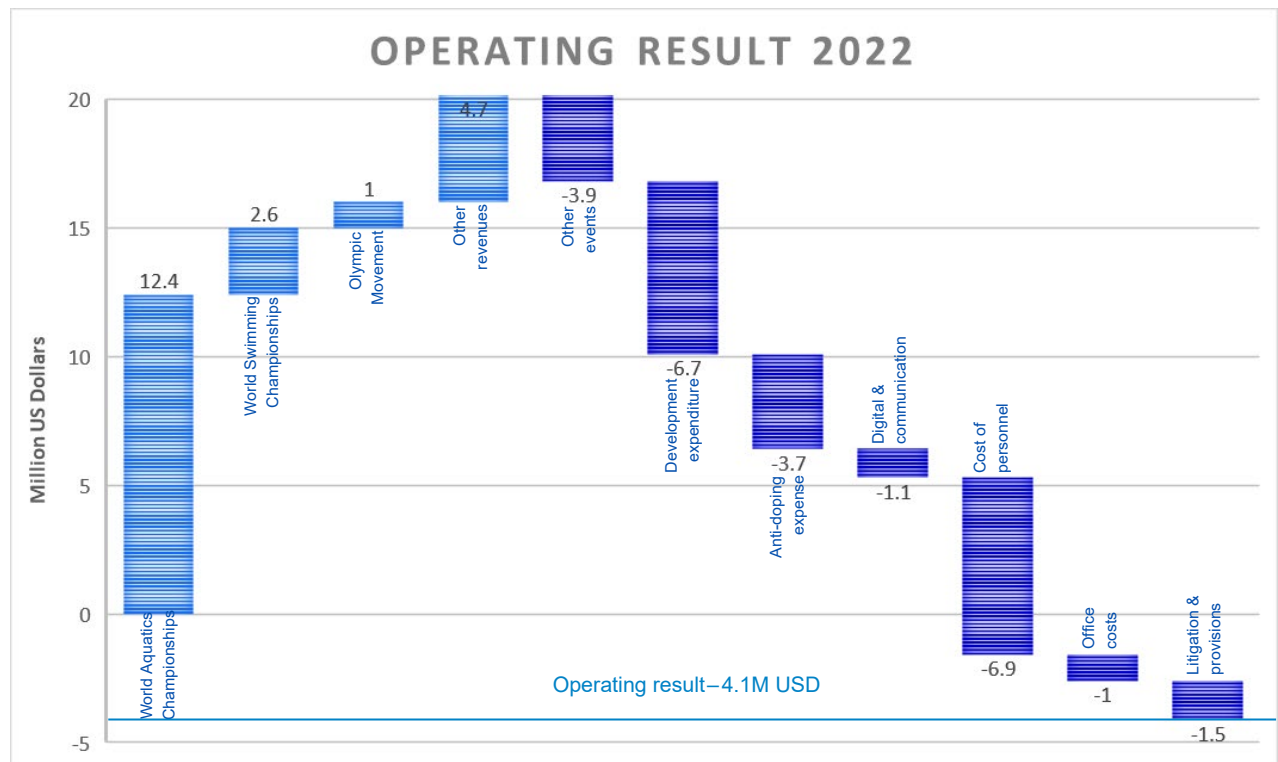
When the 2021 and 2022 budgets were approved by the FINA General Congress in Doha (QAT) in June 2021, it was six weeks before the rescheduled Tokyo 2020 Olympic Games. At that time, we looked forward to returning to Japan in 2022 for the FINA World Championships (originally scheduled to take place in 2021), as well as the FINA World Swimming Championships (25m) in Kazan (RUS) at the end of 2022. As you know, neither event took place as scheduled.

Instead, through the extraordinary efforts of President Husain Al Musallam and Executive Director Brent Nowicki, we were fortunate to stage the FINA World Championships in Budapest (HUN) and the FINA World Swimming Championships (25m) in Melbourne (AUS). While the financial results were less favorable than the originally scheduled events, FINA was able to ensure the resumption of high-profile competitions, across the aquatic disciplines, that brought a positive image to our sport and substantial prize money to the athletes.

The 2022 Financial Statements which accompany this report are the first published as World Aquatics as well as being the first to be published in United States Dollars (USD) following a change of our functional currency on 1 January 2022. Additionally, we modernised our financial operations by consolidating into a single department, resulting in more than 0.5 million USD annual headcount savings, enabling the redirection of resources to the Development and Sports Departments that provide so much value to our Member National Federations.

The newly-restructured Finance Department, under the leadership of Director Jeremy Conrad-Pickles, successfully implemented a cloud-based ERP system in record time, going live in October 2022 and facilitating the prospective relocation of World Aquatics' headquarters. Another change was the appointment of new external auditors - Mazars SA - through approval at the Extraordinary Congress in Budapest (HUN). As a result, the 2022 financial statements have been audited by Mazars in a highly professional manner, and we thank their team for their diligence and patience with so much change having taken place.

World Aquatics' income statement for the year ended 31 December 2022 shows an operating deficit of 4.1 million USD. This result, while less favorable than the original budget presented to the General Congress in 2021 - with the prediction of a surplus of 12.8 million USD as a result of the FINA World Championships taking place in Fukuoka - is a substantial improvement on the forecast presented to the Extraordinary Congress of December 2022 which showed a prospective deficit of 17.1 million USD. The improvement of 13 million USD comes principally from 3 main areas: 4 million USD associated with a settlement with a commercial partner finalised in December 2022; 3.5 million USD of event revenues which were secured late in 2022; and, 3.3 million USD of cost savings from the Development program.



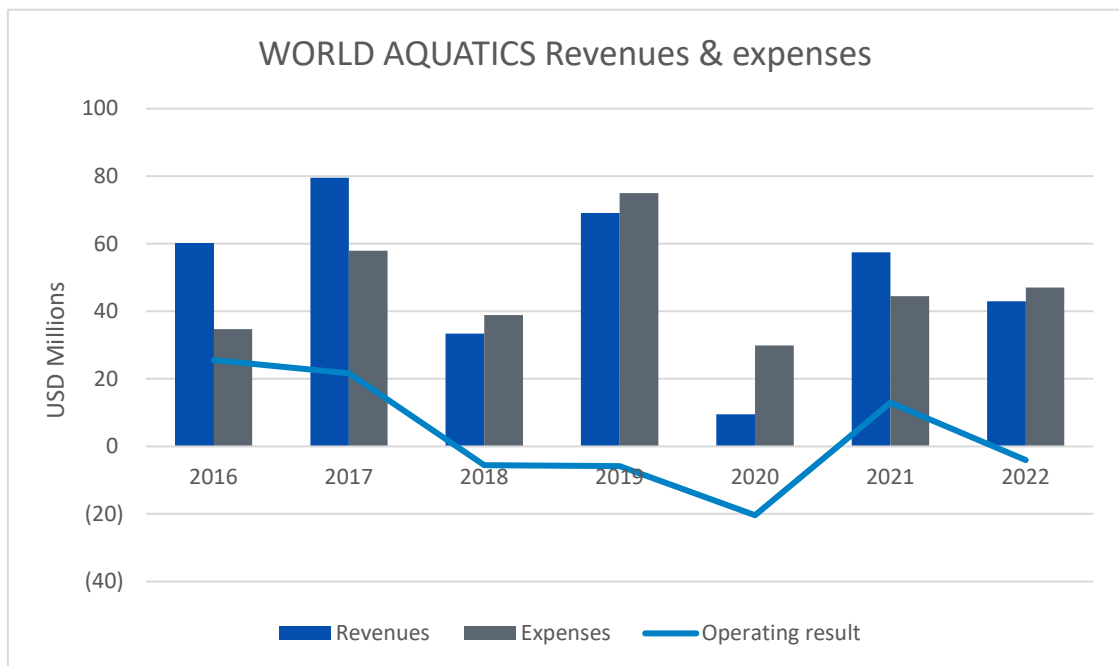
The last-minute scheduling of two World Championship events in Budapest (HUN) and Melbourne (AUS) enabled World Aquatics to generate a positive event margin of almost 12 million USD.

USD'000	2016	2017	2018	2019	2020	2021	2022
World Championships*	17 763	36 354	14 270	22 234	1 714	8 397	15 145
Other World Aquatics Events		-3 245	-3 082	-6 386	-3 112	-2 277	-3 287
	<b>10 879</b>	<b>33 109</b>	<b>11 188</b>	<b>15 848</b>	<b>-1 398</b>	<b>6 120</b>	<b>11 858</b>

\* World Aquatics Championships & World Swimming Championships (25m)

Following World Championship events in Fukuoka in 2023, and Doha and Budapest in 2024, we will have recovered our event margins lost during the 2020 and 2021 pandemic years.

The unusual circumstance of two World Championship events in 2022 also meant that 11.7 million USD of prize money was paid to athletes in 2022. It is important to emphasize that more than one-quarter of our annual revenue was allocated to athlete prize money, underlining President Al Musallam's remarkable commitment to the athletes and the aquatics community, across all disciplines.



As indicated previously, one of the major changes that took place in 2022 was the rebranding of World Aquatics. The total cost of the rebrand, including research, development, content creation and launch was less than 0.5 million USD and was fully expensed in 2022.

We continue to closely monitor costs and World Aquatics administration expenses reduced by 14% to 7.9 million USD in 2022.

The better-than-expected World Aquatics operating result was offset by valuation losses within our investment portfolio that were reflective of global financial markets in 2022. The post-pandemic market recovery in 2021 was substantially impacted by the Russian invasion of Ukraine and the subsequent rise in energy prices and global inflationary pressures. The result was a very rare, double hit: equity losses coupled with falling bond markets and rising interest rates that created a financial loss of 12.3 million USD for the year. Thankfully, financial market recovery in the last quarter of the year allowed the portfolios to recover some 4 million USD of lost value.

In line with provisions in the new Constitution, World Aquatics has appointed a Business and Investment Committee whose role is to provide advice and insight into the profile and structure of our investment portfolio. The new Committee met for the first time in February 2023 and restructuring of the World Aquatics investment portfolio is underway. To align the strategic goals and investment goals, the World Aquatics Bureau has also elected to reallocate our reserve funds, and these allocations are reflected in the accompanying Financial Statements.

As a result of the financial loss of 12.3 million USD, World Aquatics ended 2022 with a net deficit of 16.4 million USD. However, it is significant to note that our reserves at year-end 2022 were 98.4 million USD, slightly above their level two years ago at 31 December 2020. The World Aquatics balance sheet remains strong with current cash of 24 million USD at the end of the year, in addition to 131.8 million USD of portfolio investments.

The strong cash and investment balances reflect the total deferred revenues of 80.2 million USD, down by slightly more than 10 million USD from a year ago. The postponements of the Fukuoka, Doha, and Kazan World Championship events have, to differing extents, delayed inflows on these events, and the late relocation of the 2025 World Aquatics Championships has resulted in a later payment schedule than would normally be the case.

As previously mentioned in last year's report, the full impact of the Covid-19 pandemic and the ongoing geo-political events will only be evident when our full event cycle has been completed. Because of the second postponement of the World Championships in Fukuoka and the subsequent three-month postponement into 2024 of the World Championships in Doha, it is only at the end of 2024 that we will be able to look back over the two Olympic cycles from 2017-2024 with a full appreciation of our Federation and its financial performance.

The outlook for the coming two years is exceptionally strong, with the unique occurrence of two World Aquatics Championships, one World Swimming Championships (25m) and the Paris Olympic Games in the space of 18 months. These four events are expected to produce a 29.9 million USD operating surplus in 2024 and create a quadrennial operating surplus in excess of 40 million USD. This will enable World Aquatics to provide even higher levels of service and support to its Member National Federations and to athletes across all disciplines.

Over a more medium-term outlook, World Aquatics is currently working with its partners to renew key media broadcast contracts for the cycle through to the Los Angeles Olympic Games in 2028 with revitalised event series and a sponsor portfolio in the image of our rebranded Federation.

To recap the most important elements of this report, please allow me to highlight the following:

- We expended 11.7 million USD in athlete prize money in 2022 and have budgeted 22.8 million USD in 2023 and 2024, totalling 34.5 million USD over the three year period 2022 to 2024.
- We provided 7.4 million USD in Development funding to Continental Organizations, National Federations, and athletes in 2022, with even greater amounts projected in 2023 and 2024.
- At year-end 2022, World Aquatics has 98.4 million USD in reserve funds and 131.8 million USD in portfolio investment, providing stability and strength for our sport.
- We project that the 2021 to 2024 quadrennium will yield a 40 million USD operating surplus for World Aquatics, providing the necessary resources for aggressive sport promotion and development leading into the 2028 Los Angeles Olympic Games

I am pleased to report that World Aquatics is on an excellent course.

Respectfully submitted,

Dale Neuburger



**World Aquatics Treasurer**

## ANNEXE 1 - 2021 & 2022 BUDGET VS ACTUAL

### Income statement

US Dollars	Congress Budget: June 2021		Actual Results	
	2021	2022	2021	2022
<b>Income</b>				
Olympic movement	27 438 393	13 841 700	34 616 745	964 668
Host City income	5 949 196	34 163 074	8 591 417	24 080 219
Broadcast & sponsors	21 417 662	50 907 657	13 844 465	13 178 722
Fees and other income	334 130	289 313	388 501	4 722 687
	<b>55 139 382</b>	<b>99 201 743</b>	<b>57 441 128</b>	<b>42 946 295</b>
<b>Expenditure</b>				
Olympic Games	3 002 480	-	2 394 002	-
Event & commercial expenses	26 078 692	57 748 979	16 561 397	25 985 760
Development activities	8 369 500	11 394 500	6 634 715	6 665 776
Anti-doping activities	3 336 000	3 410 000	2 719 702	3 703 028
Comms, marketing, other	836 391	1 059 300	621 944	714 508
Digital asset management	782 779	1 246 696	806 260	491 240
Administration expenses	9 655 871	10 794 957	9 105 926	7 919 571
Legal costs, litigation & provisions	1 754 609	747 478	5 641 285	1 525 251
	<b>53 816 323</b>	<b>86 401 910</b>	<b>44 485 231</b>	<b>47 005 134</b>
<b>Operating result</b>	<b>1 323 059</b>	<b>12 799 834</b>	<b>12 955 897</b>	<b>- 4 058 839</b>
Financial result	271 739	271 739	4 676 805	- 12 300 608
<b>Net result</b>	<b>1 594 798</b>	<b>13 071 573</b>	<b>17 632 702</b>	<b>- 16 359 446</b>

- Olympic Games revenue for Tokyo 2020 was more front-loaded than anticipated to 2021 but overall the total amount below budget
- Postponement of Fukuoka and last minute organisation of Budapest and Melbourne in 2022 led to reduced Host City revenue
- Significant broadcast and sponsor revenues are attached to the Fukuoka Championships and were not replaced in 2022, including value-in-kind revenues and costs
- Reduction of expenses across almost all expense lines due to cancellation of events, scaled down World Championships and close management and control of costs
- Financial market disruption resulting from geopolitical uncertainty caused portfolio losses in 2022 following the market recovery from Covid-19 impacts in 2021

**ANNEXE 2 - 2023 & 2024 BUDGETS**

Income Statement	Actual results		Congress Budget December 2022		4 years ended 31 December	
	2021	2022	2023	2024	Plan 2024	Actual 2020
<b>US Dollars Thousands</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Plan 2024</b>	<b>Actual 2020</b>
<b>Income</b>						
Olympic movement	34 617	965	998	35 998	72 577	6 325
Host City income	5 980	20 375	27 976	33 591	87 922	72 208
Broadcast & sponsors	16 456	16 884	31 331	27 733	92 404	108 573
Fees and other income	389	4 723	921	621	6 654	4 463
	<b>57 441</b>	<b>42 946</b>	<b>61 226</b>	<b>97 943</b>	<b>259 557</b>	<b>191 569</b>
<b>Expenditure</b>						
Olympic Games	2 376	1	-	4 000	6 377	159
Event operations	6 632	10 260	19 791	21 505	58 188	55 023
Travel & accommodation	2 428	4 311	4 945	3 670	15 354	30 761
Athlete remuneration	6 775	11 710	10 291	12 577	41 353	40 201
Development expenditure	6 528	6 565	10 830	12 263	36 184	20 992
Governance, anti-doping	5 113	4 724	4 629	4 540	19 005	13 647
Administration expenses	8 993	7 814	8 485	8 516	33 808	33 127
Legal costs, litigation & provisions	5 641	1 621	838	929	9 030	7 871
	<b>44 485</b>	<b>47 005</b>	<b>59 808</b>	<b>68 000</b>	<b>219 298</b>	<b>201 782</b>
<b>Operating result</b>	<b>12 956</b>	<b>- 4 059</b>	<b>1 418</b>	<b>29 944</b>	<b>40 259</b>	<b>- 10 214</b>





## AUDIT COMMITTEE REPORT

### TO CONGRESS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

In accordance with the World Aquatics Constitution and by-laws, the World Aquatics Audit Committee is mandated, inter alia, to:

- a. to oversee the implementation by the Treasurer and World Aquatics Office of efficient financial controls and review the World Aquatics Financial Statements, and the External Auditors' report;
- b. to assist the Bureau and Treasurer in monitoring World Aquatics' financial and compliance matters;
- c. to ensure that an efficient control system is in place to monitor expenditures of World Aquatics, including funds granted to third parties for development projects;
- d. to liaise with the external auditors of World Aquatics;
- e. to conduct risk management;
- f. to review the quality of the internal control system; and
- g. to advise the Bureau in relation with the selection, appointment, reappointment or termination of the term of office of the External Auditors; In particular, the Audit Committee is responsible for providing a recommendation to the Bureau for the appointment, approved by Congress, of external auditors.

We confirm that we fulfil the criteria as defined under the World Aquatics By-law 5.3.

The Committee met on the following dates in 2022 and 2023 prior to approval of the Financial Statements - virtual meetings on 4 May and 7 October 2022 and 5 May and 14 June 2023 - in person meetings on 16 June and 29 & 30 November 2022. Four meetings took place in the presence of the statutory auditor. The Committee reviewed the annual Financial Statements prepared by the World Aquatics finance department under the supervision of the World Aquatics Treasurer and to be approved by the Bureau.

During 2022, the Committee organised a tender process to appoint the external auditor of World Aquatics and recommended to the World Aquatics Bureau, the appointment of Mazars SA for the audit of the 2022 Financial Statements and the following four years. The appointment was duly confirmed by the World Aquatics Extraordinary Congress on

The Financial statements are prepared in compliance with the Swiss GAAP accounting principles, the Swiss Law (CO) and the World Aquatics constitution.

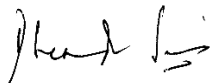
The financial statements for the year ended December 31, 2022 have been audited by the independent auditor, Mazars which is responsible for expressing an opinion on the financial statements based on their audit. They recommend the approval of the Financial Statements for the year ended 2022.

As per Swiss law, the independent auditor is also responsible to assess an opinion on the existence of the Federation's internal control system for the preparation of the financial information but not to express an opinion on the effectiveness of the entity's internal control system.

The Audit Committee tracks the World Aquatics Internal Controls Action Taken Report and monitors all reports related to internal controls. The Committee has followed up on internal controls recommendations and continues to monitor and recommend improvements to the internal control system in all material areas to achieve World Aquatics' objectives for the coming years.

The Audit Committee has studied and considered the 2022 Financial Statements (balance sheet, profit and loss statement, cash flow statement and notes to the accounts). In conjunction with the reviews and discussions referred to above, the Audit Committee recommends to the Congress the approval of the audited Financial Statements for the year ended 31 December 2022.

On behalf of the World Aquatics Audit Committee



**Debendranath Sarangi**

Audit Committee Chairman

Chennai, June 14 2023

## EXTERNAL AUDITOR'S REPORT



Mazars Ltd  
World Trade Center  
Avenue Gratta-Paille 2  
CH-1018 Lausanne

Tel: +41 21 310 49 49  
www.mazars.ch

### Report of the statutory auditor to the Congress of World Aquatics, Lausanne

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the financial statements of World Aquatics (the Company) which comprise the income statement, balance sheet, cash flow statement, and notes to the accounts, for the year ended 31 December 2022.

In our opinion, the financial statements for the year ended 31 December 2022 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law and the association's articles of incorporation.

##### *Basis for Opinion*

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Federation in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Other Matter*

The audit of the prior year financial statements was performed by another auditor who expressed an unmodified examination conclusion on those financial statements on June 17, 2022.

##### *Other Information*

The World Aquatics Bureau is responsible for the other information. The other information comprises the information included in the financial report, but does not include the financial statements, and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### *World Aquatics Bureau's Responsibilities for the Financial Statements*

The World Aquatics Bureau is responsible for the approval of the financial statements prepared by the World Aquatics Office under the supervision of the Treasurer, which give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the World Aquatics Bureau determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## mazars

In preparing the financial statements, the World Aquatics Bureau is responsible for assessing the Federation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the World Aquatics Bureau either intends to liquidate the Federation or to cease operations, or has no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

### **Report on Other Legal and Regulatory Requirements**

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the World Aquatics Bureau.

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

### **MAZARS Ltd**



Michael Ackermann  
Licensed audit expert  
(Auditor in charge)



Fiona Giotto  
Licensed audit expert

Lausanne, June 23, 2023

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### INCOME STATEMENT

US Dollars	Notes	2022	2021
<b>Income</b>			
Olympic movement	3	964 668	34 616 745
Hosting & commercial revenue	4	37 258 941	22 435 882
Penalty fees and other fees		318 555	270 757
Other Income	4	4 404 131	117 744
		<b>42 946 295</b>	<b>57 441 128</b>
<b>Expenditure</b>			
Olympic Games		-	2 394 002
Event & commercial expenses	5,9	25 985 760	16 561 397
Development activities	6	6 665 776	6 634 715
Anti-doping activities	7	3 703 028	2 719 702
Comms, marketing, other		645 874	514 597
Digital assets management		491 240	806 260
Governance activities		68 634	107 347
Administration expenses	8,9,10	7 919 571	9 105 926
Legal costs, litigation & provisions	11	1 525 251	5 641 285
		<b>47 005 134</b>	<b>44 485 231</b>
<b>Operating result</b>		<b>- 4 058 839</b>	<b>12 955 897</b>
Financial activities - Gain (Loss)	12	- 12 300 608	4 676 805
<b>Net result before allocation</b>		<b>- 16 359 447</b>	<b>17 632 702</b>
Foreign exchange difference on CHF-USD conversion	26	-	35 094
Organisation free capital at beginning of year	25,26	24 586 758	6 918 962
<b>Free capital before allocation to / release from tied capital</b>		<b>8 227 311</b>	<b>24 586 758</b>



## BALANCE SHEET

US Dollars		2022	2021
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	24 171 088	28 457 360
Accounts receivable, net	14	17 058 761	27 646 687
Other short term receivables	15	239 939	1 424 672
Prepayments and accrued income	15	3 905 422	5 115 345
		<b>45 375 210</b>	<b>62 644 064</b>
<b>Non-current assets</b>			
Investments in related undertaking	16	20 120	-
Financial assets at fair value	12,13	131 845 712	150 800 975
Tangible fixed assets	17	18 037 348	18 479 284
Intangible fixed assets	17	52 250	-
		<b>149 955 430</b>	<b>169 280 259</b>
<b>Restricted assets</b>	<b>18, 23</b>	<b>6 690 000</b>	<b>6 430 000</b>
<b>Total assets</b>		<b>202 020 640</b>	<b>238 354 323</b>
<b>Liabilities and capital</b>			
<b>Current liabilities</b>			
Accounts payable	19	4 378 659	5 180 136
Other short-term payables	20	538 656	4 819 642
Accrued liabilities	21	8 243 618	10 237 163
Deferred income - short term	22	40 145 201	25 180 825
		<b>53 306 134</b>	<b>45 417 766</b>
<b>Non-current liabilities</b>			
Deferred income - long term	22	40 105 075	66 419 088
Provisions	11	3 516 791	5 325 383
		<b>43 621 866</b>	<b>71 744 471</b>
<b>Fund Capital - restricted funds</b>	<b>18, 23</b>	<b>6 690 000</b>	<b>6 430 000</b>
<b>Organisation capital</b>			
Tied capital	25	58 402 640	90 175 328
Free capital	25	40 000 000	24 586 758
		<b>98 402 640</b>	<b>114 762 086</b>
<b>Total liabilities and capital</b>		<b>202 020 640</b>	<b>238 354 323</b>

## CASH FLOW STATEMENT

US Dollars	Notes	2022	2021
Net result before allocation		-16 359 446	17 632 702
<b>Adjustments to net result</b>			
Depreciation and amortisation	17	471 197	307 563
Movement on provisions		- 2 042 126	825 487
Foreign exchange non-cash items		213 492	- 1 069 751
Fair value adjustments in investments	12	13 725 026	- 3 937 978
		<b>- 3 991 857</b>	<b>13 758 022</b>
<b>Changes in working capital</b>			
Decrease/(increase) in trade receivables	14	11 042 803	- 8 104 528
Decrease in other current assets	15	2 394 658	270 169
Increase/(decrease) in trade payables	19	- 975 476	2 238 421
Increase/(decrease) in deferred income	22	- 11 349 637	17 904 498
Increase/(decrease) in other current liabilities		- 6 274 532	6 425 719
		<b>- 5 162 184</b>	<b>18 734 278</b>
<b>Cash flow from operating activities</b>		<b>- 9 154 040</b>	<b>32 492 300</b>
Loan received/(repaid)	3	-	- 967 279
<b>Cash flow from financing activities</b>		<b>-</b>	<b>- 967 279</b>
Acquisition of fixed assets	17	- 81 512	- 215 387
Net transfers (to)/from investment portfolios		6 000 000	- 8 587 840
<b>Cash flow from investment activities</b>		<b>5 918 488</b>	<b>- 8 803 228</b>
<b>Change in net cash and cash equivalents</b>		<b>- 3 235 552</b>	<b>22 721 794</b>
Cash and cash equivalents	13		
Balance on 1 January	18	28 457 360	6 337 282
Balance on 31 December		24 171 088	28 457 360
<b>Movement in cash</b>		<b>- 4 286 271</b>	<b>22 120 077</b>
Foreign exchange impact on cash balances		1 050 719	- 193 218
Foreign exchange adjustment on change in functional currency		-	794 935
<b>Change in net cash and cash equivalents</b>		<b>- 3 235 552</b>	<b>22 721 794</b>

## NOTES TO THE ACCOUNTS

### 1. GENERAL INFORMATION

World Aquatics (formerly Fédération Internationale de Natation – FINA), the world governing body for the sport of Aquatics, domiciled in Vaud, Switzerland, is an international non-governmental non-for-profit organization in the form of an association incorporated in accordance with article 60 ff of the Swiss Civil Code.

The objectives of World Aquatics are:

- a) to promote, develop and be the governing body for Aquatics throughout the world;
- b) to provide fair and clean sport and protect the integrity of Aquatics;
- c) to promote safe Aquatics and the protection of Athletes from all forms of harassment and abuse;
- d) to encourage participation in Aquatics at all levels throughout the world, regardless of age, gender or race, and support activities aiming at ensuring that Aquatics and swimming skills in general are promoted in all countries and are accessible to individuals from all ages, gender, different backgrounds and capacities;
- e) to approve competitions and events;
- f) to adopt rules and regulations for the approval by World Aquatics of competitions and events;
- g) to promote and organise World Championships and other competitions and events;
- h) to support the values of the Olympic Movement and continue to play a leading role in the Olympic Movement. In particular to undertake its responsibilities to organise, supervise and officiate the Aquatics' programme at the Olympic Games;
- i) to promote the development of facilities for Aquatics throughout the world;
- j) to develop and encourage activities and programmes promoting the sustainability of Aquatics in all possible forms;
- k) to develop and encourage the education of Athletes, Coaches, Officials and other persons involved in Aquatics; and
- l) to carry out any other activity to promote Aquatics.

World Aquatics' resources are derived principally from World Aquatics Championships and the Olympic Games. World Aquatics reinvests its surplus funds in the development of the sport via a number of programmes.

These financial statements aim to present a clear and complete picture of the financial situation and results of World Aquatics in line with the best practices in force within the major international sports federations. The accounts are presented in accordance with Swiss GAAP RPC (Accounting and Reporting Recommendations).

The financial statements are presented for the first time in US Dollars (USD). The conversion took place on 1 January 2022, converting the World Aquatics balance sheet from Swiss Francs to US Dollars at the closing exchange rate on 31 December 2021. Certain material non-monetary US Dollar items have been carried, on 1 January 2022, at their original US Dollar value with any resulting foreign currency difference being allocated to opening reserves. The comparative income statement for the year ended 31 December 2021 has been translated at the average exchange rate from 2021. A reconciliation of opening reserves is provided in Note 26.

#### 1.1 GLOBAL EVENTS

The continuing impacts of the Covid-19 pandemic and the geopolitical events of 2022 had a material impact on the Federation's activities throughout 2022 and into 2023.

The World Aquatics World Championships scheduled in Fukuoka (JPN) in 2021 were rescheduled for May 2022 and as a result of continuing unfavourable conditions related to the Covid-19 pandemic in 2022, will now take place in July 2023. A replacement event took place in June 2022 in Budapest (HUN).



The Russian invasion of Ukraine led to the relocation of the 2022 World Aquatics Swimming World Championships and the 2021 World Aquatics Junior Swimming World Championships (postponed to 2022) from Kazan (RUS) to Melbourne (AUS) and Lima (PER), respectively.

The Championships in Budapest, Melbourne and Lima all took place with less favourable financial conditions than was originally forecast.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Swiss GAAP RPC.

Although World Aquatics does not fully meet the criteria of a charitable non-profit organisation, as defined by Swiss GAAP RPC 21 (Accounting for Charitable Non-Profit Organisations), World Aquatics has adopted the key presentation and disclosure aspects in order to meet best practice for international sports Federations.

The financial statements have been prepared on an accruals basis under the historic cost convention. The Income statement is presented by function of expense.

Specific accounting policies are as follows :

### 2.1 FOREIGN CURRENCIES

Transactions in foreign currencies are accounted at exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of those transactions are brought to the Income Statement.

Monetary assets and liabilities denominated in currencies other than US Dollars are converted based on exchange rates ruling at December 31. Exchange differences resulting from these transactions are recorded in the Income Statement under Financial Income (note 12). The Financial Assets under discretionary management are denominated in US Dollars. Although assets are held in multiple currencies, each fund manager is measured by results in US Dollars. For this reason, foreign exchange differences on Financial Assets under management are included in the fair value adjustment to the Financial Assets.

The exchange rates used for transactions conducted during the course of the year and for items in the income statement were the monthly Swiss Federal Tax Administration published exchange rates until 30 September and the daily rates from the 1<sup>st</sup> October onwards.

Non-monetary items such as prepaid and deferred income in foreign currencies are reported using the historical exchange rate at the date of transaction.

The main exchange rates used are as follows:

	Average 2022	US Dollars	
		31.12.2022	31.12.2021
Swiss Franc	1.0481	1.0724	1.0957
Euro	1.0538	1.0657	1.1328

The resulting exchange differences are presented under note 12.

Hedge instruments are recorded in accordance with Swiss GAAP RPC – to the extent that the hedged position covers World Aquatics' future Swiss Franc denominated operating costs, any mark-to-market gain or loss at balance sheet date is disclosed in the Financial Statements but only recorded upon maturity.

In January 2022, the World Aquatics Bureau took the decision to change World Aquatics' functional currency to the United States Dollar with effect from 1 January 2022.

## 2.2 REVENUE RECOGNITION

Revenue is recognized if it is probable that the economic benefit will flow to World Aquatics and the amount can be reliably estimated.

Revenue and costs relating to World Aquatics events and competitions are recorded when the events take place.

Revenue from the International Olympic Committee in respect of the Olympic Games is recorded in the year of the games to the extent the amount can be reliably estimated.

## 2.3 DEVELOPMENT EXPENDITURE

Development Expenditure is paid to National Federations, Training Centres, Lecturers or other third parties based on annual decisions of the World Aquatics Development Committee which was in place until 31 December 2022.

World Aquatics Support Program (AQUASP) grants are attributed on an annual (calendar) basis and are paid in two instalments, once approved. The second instalment is paid only on submission and certification of a final report and, where appropriate, will be accrued at the end of the year.

Other annual program costs are accrued if it is considered that the program was delivered during the year.

For capital projects (Pools for All, Training Centre build, etc.) grants are paid in milestone-based instalments as set out contractually. Grants will sometimes be paid direct to the contractors building the infrastructure. Once the first milestone is met, the full project cost is accrued to the extent that the project is on-going and World Aquatics reasonably expects the project to be completed.

## 2.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash in hand and cash at the bank, including short-term deposits, available for operations. All amounts under discretionary mandates, including cash balances and highly liquid short-term deposits, are recorded under Financial Assets.

Cash and cash equivalents are recorded at market fair value; cash and cash equivalents held in foreign currencies are converted into US Dollars at year end rate.

## 2.5 FINANCIAL ASSETS

Financial assets represent funds under discretionary management held at various financial institutions. The funds comprise mainly highly liquid investments but are classed as non-current assets to reflect the long-term nature of the investment strategy. The discretionary management mandates were Swiss Franc based. Fund managers were instructed to transition their portfolios to a US Dollar base with effect from 1 April 2022 and are responsible for managing the exchange rate exposure of the funds invested. Financial assets are recorded at fair value at balance sheet date. Movements in the year are recorded in financial gains and losses (Note 12).

## 2.6 ACCOUNTS RECEIVABLE

Accounts receivable are recognised in the accounts at their fair value, invoiced amount less deduction of payment received if any; accounts receivable denominated in foreign currencies are converted at year end exchange rate.

An impairment review is performed at balance sheet date and a provision is booked in respect of impairment of debtors.

## 2.7 TANGIBLE AND INTANGIBLE FIXED ASSETS

Property and equipment are stated in the balance sheet at historical cost less amortisation.

*Land & Buildings* : The value represents the property's purchase, construction and renovation costs. The value of the property is amortised at a rate of 1.5% per annum (67 years) on a straight-line basis.

*Computer equipment, furniture & office equipment* : Items with a value of more than 1000 US Dollars are capitalised and amortised at a rate of between 13% and 30% (3-8 years) on a straight-line basis, depending on the type of material.

*Motor vehicles* : Vehicles are amortised at 20% (5 years) on a straight-line basis.

*Intangible computer software* : Costs are capitalised as they are incurred if conditions defined by RPC10 are satisfied. The asset is amortised starting at the end of the hypercare period following the project go-live.

Amortisation commences in the month following acquisition.

## 2.8 DEFERRED INCOME, PREPAID EXPENSES AND OTHER CURRENT ASSETS

Any revenues or costs in respect of future events and competitions and derived from Host City Agreements or Media and Marketing Rights Agreements are recognised upon completion of the event they relate to. Amounts invoiced prior to this date are recorded on the balance sheet as deferred income. Any costs incurred are recorded under prepayments and deferred expenses.

Deferred income is recorded applying the exchange rate prevailing on the date of invoicing.

## 2.9 PROVISIONS

A provision is recognised in the balance sheet when it is considered that a probable obligation exists in respect of a past event and the amount and/or due date of the obligation is uncertain but can be estimated.

## 2.10 RESTRICTED FUND & RESTRICTED ASSETS

World Aquatics receives event deposits from organising committees hosting World Championships, World Cups and other World Aquatics events. Under the terms of the Host City agreements signed, World Aquatics may use such funds to remedy any deficiencies in delivering the event in question. The deposit is returned to the Organising Committee following the event.

Event deposits are recorded as a liability under restricted funds. The funds received are kept in World Aquatics' usual bank current accounts and presented under Restricted Assets in the balance sheet.

## 2.11 CONSISTENCY OF PRESENTATION

Where necessary, comparative 2021 figures have been revised to conform with the current year 2022 presentation without any effect on the net result, nor on the Tied and Free capital.

### 3. OLYMPIC MOVEMENT

US Dollars	2022	2021
Share of IOC Olympic Games revenues	-	32 733 042
IOC contribution	754 074	817 212
Olympic Solidarity payments	210 594	249 279
Reimbursement of Olympic Games costs	-	817 212
	<b>964 668</b>	<b>34 616 745</b>

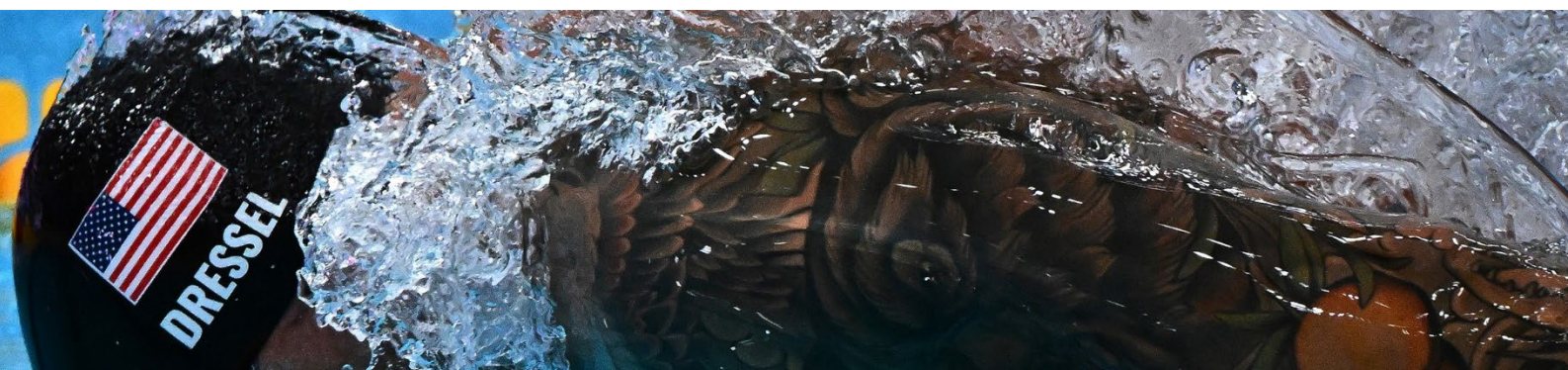
### 4. INCOME

#### 4.1 WORLD AQUATICS EVENT INCOME

US Dollars	World Aquatics Championships	World Swimming Championships	Other Events	Total
<b>Year ended 31 December 2022</b>				
Host City rights and fees	16 372 220	3 058 655	944 291	20 375 165
TV Rights and sponsorship income	5 448 274	5 343 434	2 387 013	13 178 722
Value in kind revenues	2 115 871	642 226	946 956	3 705 053
	<b>23 936 366</b>	<b>9 044 315</b>	<b>4 278 260</b>	<b>37 258 941</b>
<b>Year ended 31 December 2021</b>				
Host City rights and fees	-	5 200 146	779 607	5 979 753
TV Rights and sponsorship income	327 905	9 082 176	4 434 384	13 844 465
Value in kind revenues	-	1 758 348	853 316	2 611 664
	<b>327 905</b>	<b>16 040 670</b>	<b>6 067 307</b>	<b>22 435 882</b>

#### 4.2 OTHER INCOME

In 2022 World Aquatics and a commercial partner mutually terminated a long-term partnership extending through to 2028. As part of the termination agreement World Aquatics received, early in 2023, a settlement amount which has been recorded under Other Income.



**5. WORLD AQUATICS EVENTS EXPENSES**

US Dollars	World Aquatics Championships	World Swimming Championships	Other Events / Unallocated	Total
<b>Year ended 31 December 2022</b>				
<b>Stakeholder expenses</b>				
Athlete Support- prize money	5 870 925	2 520 500	3 262 600	11 654 025
Athlete support - other	97 700	-	31 201	128 900
National Federation support	1 531 930	1 191 444	805 414	3 528 788
Delegates' hotel, travel and per diem	1 211 159	1 184 378	1 429 859	3 825 396
Travel, event & liability insurance	-	-	291 240	291 240
Protocol & athlete awards	44 763	2 345	41 173	88 281
	<b>8 756 478</b>	<b>4 898 667</b>	<b>5 861 487</b>	<b>19 516 631</b>
<b>Third Party Services</b>				
Marketing agent	451 908	766 468	212 195	1 430 571
TV production services	80 500	50 000	22 313	152 813
Data & timing services	2 131 668	642 226	1 271 451	4 045 346
Other third-party services	44 377	-	796 022	840 399
	<b>2 708 454</b>	<b>1 458 694</b>	<b>2 301 981</b>	<b>6 469 129</b>
<b>Total expenses</b>	<b>11 464 931</b>	<b>6 357 361</b>	<b>8 163 468</b>	<b>25 985 760</b>
<b>Year ended 31 December 2021</b>				
<b>Stakeholder expenses</b>				
Athlete Support- prize money	-	3 031 085	3 135 321	6 166 406
Athlete support - other	-	67 932	233 950	301 882
National Federation support	-	787 401	631 085	1 418 486
Delegates hotel, travel and per diem	31 791	521 907	1 240 630	1 794 328
Travel, event & liability insurance	-	-	237 671	237 671
Protocol awards	-	2 884	106 709	109 593
Other expenses	-	-	100 669	100 669
	<b>31 791</b>	<b>4 411 209</b>	<b>5 686 035</b>	<b>10 129 036</b>
<b>Third Party Services</b>				
Marketing agent	55 453	1 592 253	996 833	2 644 539
TV production services	-	50 840	20 885	71 725
Data & timing services	-	1 758 348	1 378 167	3 136 514
Other third-party services	-	78 098	501 484	579 583
	<b>55 453</b>	<b>3 479 539</b>	<b>2 897 370</b>	<b>6 432 362</b>
<b>Total expenses</b>	<b>87 244</b>	<b>7 890 748</b>	<b>8 583 405</b>	<b>16 561 397</b>

Included in Other third-party services in 2022 are costs of 137 000 US Dollars relating to the launch of the World Aquatics brand. The total expenditure on the brand in 2022, including market research, design and new content, was 457 000 US Dollars, the remaining expenditure being expensed under Communications Cost in the income statement.

**6. DEVELOPMENT ACTIVITIES**

US Dollars	2022	2021
Clinics, courses and certification programme	523 375	226 686
Athlete scholarships	1 366 284	2 001 040
Continental association contributions	492 000	464 709
World Aquatics Support Program (AQUASP)	4 625 498	3 763 632
Other programmes	384 808	167 969
Pools and training centers	14 912	10 678
Release of provisions	- 741 101	-
	<b>6 665 776</b>	<b>6 634 715</b>

*Clinics, courses & certification* expenses cover expert and lecturers' fees, organisational support, accommodation and travel expenses.

*Athlete scholarship programmes* offer financial assistance to athletes to attend World Aquatics recognised training centres or to hire coaches locally.

*Continental association contributions and AQUASP* provide financial support to World Aquatics Continental Associations and National Member Federations respectively to develop Aquatics within their territories.

*Other programmes* include Aquatic days, Swimming for All, Water Polo Development and E-learning platform.

World Aquatics provides grants for the construction of Aquatics facilities in partnership with National Federations, National Olympic Committees and third parties.

Between 2018 and 2020 World Aquatics constituted a certain number of provisions in anticipation of projects which are yet to commence. Past accruals which do not comply with World Aquatics' current accounting policies in respect of such projects have been released at 31/12/2022.

**7. ANTI-DOPING ACTIVITIES**

US Dollars	2022	2021
Out-of-competition tests	3 615 000	2 661 246
Other doping control related expenses	88 028	58 456
	<b>3 703 028</b>	<b>2 719 702</b>

World Aquatics' out-of-competition testing program is contracted to the International Testing Agency. In-competition testing is the responsibility of the event organiser following a detailed protocol defined by World Aquatics.

**8. ADMINISTRATION EXPENSES**

US Dollars		2022	2021
Payroll charges	Note 9	6 903 617	8 162 765
Information technology & telecoms		205 501	169 182
Building and office operations		249 245	214 651
General administration costs		90 011	119 395
Building and other depreciation	Note 17	471 197	439 933
		<b>7 919 571</b>	<b>9 105 926</b>

**9. COST OF GOVERNING ORGANS & WORLD AQUATICS PERSONNEL**

US Dollars	2022	2021
<b>Per Diem (included in Event Expenses (Note 5))</b>		
President	-	5 548
Bureau Members	226 000	250 985
Committees, panels, officials	1 036 939	706 162
	<b>1 262 939</b>	<b>962 695</b>
<b>Travel (included in Event Expenses (Note 5))</b>		
President	-	42 097
Bureau Members	377 358	281 791
Committees, panels, officials	496 486	440 237
Executive Director	85 308	54 711
Staff	191 959	234 129
	<b>1 151 111</b>	<b>1 052 965</b>

The President has waived Per Diem payments and receives no remuneration from World Aquatics. The President's personal office organises and pays for his travel costs, as well as, on occasions, accompanying World Aquatics personnel (athletes, officials, staff etc). No charge is made to World Aquatics. The value to World Aquatics of this contribution is impossible to accurately estimate but is at least 100k US Dollars and does not exceed 500k US Dollars.

Bureau Members receive no remuneration other than the per diems disclosed above.

<b>Staff Costs (included in Administration Expenses (Note 8))</b>		
Gross salaries & per diem		
Executive/Senior Management	1 710 392	2 497 108
Other staff	4 145 195	3 967 993
	<b>5 855 587</b>	<b>6 465 101</b>
Sickness insurance reimbursed	- 428 216	- 60 332
Holiday provision released	- 541 763	82 071
Retirement benefit contributions	661 823	684 582
Social charges & social insurance	684 556	703 375
Independent contractors	442 207	190 341
Other payroll related costs	229 422	97 627
	<b>6 903 617</b>	<b>8 162 765</b>
Average Full Time Equivalent staff (FTE)	41	39
FTE at 31 December	42	42
Total employees at 31 December	45	44

World Aquatics contributes to two pension plans providing defined contribution retirement benefits for its staff in Switzerland. World Aquatics therefore has no future economic obligation arising pension obligations to be recognised in the balance sheet and World Aquatics responsibility is limited to the annual contributions. At December 31 2022, the total liability towards the pension funds amounted to 4 332 US Dollars.

**10. FEES PAID TO AUDITORS**

US Dollars	2022	2021
External audit fees	41 020	47 354
Other fees to external auditors	2 574	8 839
	<b>43 594</b>	<b>56 193</b>

**11. LEGAL COSTS, LITIGATION & PROVISIONS**

US Dollars	2022	2021
<b>Legal Costs charged in the year</b>		
Legal fees & experts fees in respect of the ISL case	3 160 469	4 847 839
Other legal fees	502 728	170 349
	<b>3 663 197</b>	<b>5 018 188</b>
(Reduction) / constitution of provisions for risk	-1 808 593	2 188 552
(Reduction in) provision for impairment of debtors	- 95 917	-1 565 455
Other movements	- 233 436	-
	<b>1 525 251</b>	<b>5 641 285</b>
<b>Movement on provision for risks</b>		
Provisions as of 1 January	5 325 383	3 136 831
(Release) / Constitution of provisions	- 1 808 593	2 188 552
Provisions as of 31 December	<b>3 516 790</b>	<b>5 325 383</b>

Other movements include the release of a provision of 502k US Dollars held with respect to a dispute between a key World Aquatics supplier and a World Aquatics event organiser, the two third parties having reached an amicable agreement.

World Aquatics is engaged in antitrust proceedings in the United States of America brought by the International Swimming League and a very limited number of athletes. The litigation has been ongoing since 2019. The total legal costs charged to the income statement in 2022 were 3.2 million US Dollars (2021:4.8M USD). Total costs incurred since the outset of the litigation are 10.3 million US Dollars .

In 2020, World Aquatics booked insurance income of 2 million Swiss Francs, partly offsetting these costs. This insurance amount represented a full and final insurance settlement in respect of this case.

In January 2023, the United States District Court in San Francisco ruled in favour of World Aquatics' motion for summary judgment. The decision has been appealed by the complainants.

At 31 December 2021 World Aquatics carries a provision which the Bureau considers sufficient to cover remaining legal costs and any settlement amount in respect of the case.

In 2021 and 2022 a number of senior employees left the organisation and some have made claims against World Aquatics. At the date of signing these accounts the majority of claims had been settled and the World Aquatics Bureau considers that the financial statements at 31 December 2022 carry a sufficient provision in respect of the settlements and outstanding claims, as well as the cost of defending them.



**12. FINANCIAL GAINS AND LOSSES**

US Dollars	2022	2021	
<b>Investment portfolio</b>			
Managed portfolios marked to market	-13 725 026	4 071 575	
Realised portfolio gains net of realised losses	54 930	392 190	
Management & custody fees	- 661 714	- 730 924	
Transaction costs	-	- 40 717	
	<b>-14 331 810</b>	<b>3 692 125</b>	
Current account bank charges	- 58 073	- 51 290	
Short term bank interest net of interest charges	154 298	-	
Net foreign exchange differences	1 934 977	1 035 970	
<b>Financial result - net (loss) / gain</b>	<b>-12 300 608</b>	<b>4 676 804</b>	
<b>Foreign exchange differences - gain / (loss)</b>			
	<b>Unrealised</b>	<b>Realised</b>	<b>Total</b>
Current cash balances	-	884 194	884 194
Other items	-	1 088 371	1 088 371
Monetary items balance sheet	- 123 150	-	- 123 150
Hedging instruments	-	85 562	85 562
<b>Year ended 31 December 2022</b>	<b>- 123 150</b>	<b>2 058 127</b>	<b>1 934 977</b>
Year ended 31 December 2021	1 530 657	- 494 687	1 035 970

At 31 December 2022 World Aquatics had bought put options and sold call options to sell US Dollars for Swiss Francs for value date 31 March, 30 June, 29 September and 29 December 2023. The total volume of put and call options is 8.9 million US Dollars, with strike between 0.88 and 0.93. At 31 December 2022, the options showed a mark to market gain of 219 615 US Dollars. The purpose of these financial instruments is to hedge World Aquatics' Swiss Franc operating expenses for the year ended 31 December 2023.

**13. CASH, CASH EQUIVALENTS & FINANCIAL ASSETS**

US Dollars	2022	2021
<b>Cash and cash equivalents</b>	<b>24 171 088</b>	<b>28 457 360</b>
<b>Financial Assets by category</b>		
Liquidities, Money Market, Convertible notes	34 716 530	43 520 650
Bonds	60 295 226	60 547 421
Equity, convertible shares	22 536 073	28 317 232
Alternative investments	3 948 606	6 547 604
Raw Materials	1 110 940	1 520 627
Real Estate	9 238 337	10 347 442
	<b>131 845 712</b>	<b>150 800 975</b>
	<b>156 016 800</b>	<b>179 258 335</b>
<b>Cash, cash equivalents and financial assets at fair value by currency</b>		
Swiss Francs	70 132 788	92 870 570
US Dollars	77 590 561	62 031 244
Euro	6 114 979	17 129 560
Other currencies	2 178 473	7 226 961
	<b>156 016 800</b>	<b>179 258 335</b>

World Aquatics invests its reserves based on a long-term defensive strategy in highly liquid products. Funds are invested approximately equally by four Swiss banks and one independent investment advisor, whose managed funds are held under custody with one of the four banks.

The fund managers invest World Aquatics funds based on strategic allocations decided upon by the World Aquatics Bureau. World Aquatics management take no decisions and have no influence over the fund managers' day-to-day transactions.

The World Aquatics constitution, approved by Congress in December 2022, and its by-laws, defined the composition of a Business and Investment Committee which will advise the Bureau on future investment strategy. A revised strategy will be implemented in 2023.

#### 14. ACCOUNTS RECEIVABLE

US Dollars	2022	2021
<b>By category</b>		
National Federations & aquatics bodies	2 081 491	884 036
Host cities	5 108 124	18 277 216
Broadcasters	2 911 768	4 224 470
Sponsors	7 306 217	5 250 294
Other debtors	90 998	134 501
	<b>17 498 598</b>	<b>28 770 517</b>
Unrealised foreign exchange	-	- 450 460
	<b>17 498 598</b>	<b>28 320 057</b>
Provision for doubtful accounts	- 439 837	- 673 371
	<b>17 058 761</b>	<b>27 646 686</b>
<b>Aged amounts</b>		
Not yet due	999 898	12 006 479
0-90 days	11 559 005	9 329 511
90-180 days	296 026	19 058
180-365 days	2 506 854	6 746 763
> 1 year	2 136 815	668 707
	<b>17 498 598</b>	<b>28 770 518</b>

Following a change of ERP system, unrealised exchange differences are recorded against individual customer accounts at 31 December 2022, and therefore included in the different category classifications.

Unrecognised revenue (deferred revenue) included in debtors amounted to 7.6 million US Dollars (2021: 17.4M USD).



**15. OTHER DEBTORS, PREPAYMENTS & ACCRUED INCOME**

US Dollars	2022	2021
<b>i. Other receivables</b>		
VAT receivable	3 536	1 283 413
Recoverable withholding tax	236 403	141 259
	<b>239 939</b>	<b>1 424 672</b>
<b>ii. Prepayments &amp; accrued income</b>		
Deferred marketing commission	3 587 025	4 157 361
Accrued supplier credit note	-	738 854
Other prepaid expenses and accrued income	318 397	219 130
	<b>3 905 422</b>	<b>5 115 345</b>

Deferred marketing commission is in respect of revenues on future events recorded in deferred income (note 22).

**16. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS**

In preparation for World Aquatics' name change, a subsidiary undertaking, World Aquatics sarl, was incorporated in 2022 at the Swiss Commercial registry. The entity is dormant and will remain dormant for the foreseeable future. It carries CHF 20 000 (20 120 US Dollars) of founding capital, represented fully by cash at bank at 31 December 2022. The entity is not considered material for consolidation purposes.

**17. TANGIBLE & INTANGIBLE FIXED ASSETS**

US Dollars	Land & buildings	Furniture & fittings	Computer & office eqpt	Motor vehicles	Total
<b>Cost</b>					
1 January 2021	19 430 250	440 506	490 630	65 232	20 426 617
Additions 2021	-	-	104 444	111 213	215 657
31 December 2021	19 430 250	440 506	595 075	176 445	20 642 275
Additions 2022	-	-	26 512	-	26 512
31 December 2022	19 430 250	440 506	621 586	176 445	20 668 786
<b>Accumulated amortisation</b>					
1 January 2021	1 165 772	196 224	295 280	65 231	1 722 506
Charge for year 2021	291 443	55 063	86 345	7 633	440 485
31 December 2021	1 457 215	251 287	381 625	72 864	2 162 991
Charge for year 2022	291 443	55 063	99 698	22 243	468 447
31 December 2022	1 748 658	306 350	481 324	95 107	2 631 438
<b>Net book value 31 Dec 2022</b>	<b>17 681 592</b>	<b>134 156</b>	<b>140 263</b>	<b>81 338</b>	<b>18 037 348</b>
Net book value 31 Dec 2021	17 973 035	189 219	213 449	103 581	18 479 284

**Intangible Assets.** World Aquatics capitalised the implementation cost of a new ERP system introduced in 2022. The total capitalised cost was 55 000 US Dollars. The asset will be amortised over 5 years and the charge for 2022 was 2 750 US Dollars.

**18. RESTRICTED ASSETS AND RESTRICTED FUNDS**

World Aquatics receives event deposits from organising committees hosting World Championships, World Cups and other World Aquatics events. Under the terms of the Host City agreements signed, World Aquatics may use such funds to remedy any deficiencies in delivering the event in question. The deposit is returned to the Organising Committee following the event.

Event deposits are recorded as a liability under restricted funds. The funds received are kept in World Aquatics' usual bank current accounts and presented under Restricted Assets in the balance sheet.

For World Championships such deposits are material in value, often received immediately after signature of the contract and held for a number of years until after the event. For other events, the deposits are generally held for a period of no more than one year.

A reconciliation of event deposits can be found in note 23.

**19. ACCOUNTS PAYABLE**

<b>US Dollars</b>	<b>2022</b>	<b>2021</b>
Athletes	270 809	614 947
World Aquatics officials	288 856	66 149
Host Cities	25 000	32 873
Marketing, TV	177 588	700 809
National Federations & Aquatics bodies	2 385 151	2 747 862
Trade creditors	1 231 255	1 149 034
Unrealised exchange differences	-	- 131 537
	<b>4 378 659</b>	<b>5 180 136</b>

Amounts due to athletes, National Federations and aquatics bodies include prize money from World Aquatics events.

Following a change of ERP system, unrealised exchange differences are recorded against individual supplier accounts at 31 December 2022 and therefore included in the respective category classifications.

**20. OTHER SHORT-TERM PAYABLES**

<b>US Dollars</b>	<b>2022</b>	<b>2021</b>
Value added tax	18 950	3 904 551
Employee related liabilities	519 706	915 091
	<b>538 656</b>	<b>4 819 642</b>

**21. ACCRUED LIABILITIES**

<b>US Dollars</b>	<b>2022</b>	<b>2021</b>
Event related accruals	2 510 095	4 473 933
Marketing agency commission	1 701 557	2 734 703
Development expenditure	1 259 768	1 103 662
Other accrued expenses	2 772 198	1 924 865
	<b>8 243 618</b>	<b>10 237 163</b>

**22. DEFERRED INCOME**

US Dollars	2022	2021
<b>Changes in deferred income balances</b>		
Net value as of 1 January	91 599 913	71 245 210
Invoiced	22 374 701	32 601 330
Recognised in the year	-19 165 834	-13 845 196
Credit notes issued (Covid19 adjustments)	-13 400 000	-2 500
Other adjustments	-1 158 503	1 601 068
Value as of 31 December	<b>80 250 276</b>	<b>91 599 913</b>
<b>Deferred income by type of income</b>		
World Championship Host City Fees	59 905 000	65 807 297
Broadcasters and sponsors	20 342 269	25 789 548
Affiliation fees	3 007	3 068
	<b>80 250 276</b>	<b>91 599 913</b>
Events scheduled < 1 year	40 145 201	25 180 825
Events scheduled > 1 year	40 105 075	66 419 088
	<b>80 250 276</b>	<b>91 599 913</b>

Deferred income relates to event revenues invoiced in the year or years preceding the event. Revenue is recognised in the year that the event takes place. Due to the continuing impacts of the Covid-19 pandemic, the World Aquatics Championships in Fukuoka, Japan were postponed to 2023, resulting in the rescheduling of the World Aquatics Championships in Doha, Qatar into 2024. The credit notes issued and disclosed above are almost exclusively related to rescheduling of payment terms for the above Championships and have extremely limited impact on future revenues. Revenues received in respect of the postponed 2022 and 2025 events in Kazan, Russia are currently held in anticipation of rescheduling the championships at a future date.

Deferred income in foreign currencies is recognised at the exchange rate prevailing on the date of invoicing.

**23. EVENT ORGANISER GUARANTEES HELD ON DEPOSIT**

US Dollars	2022	2021
<b>Changes in guarantees held in Deposit</b>		
At 1 January	6 430 000	7 202 247
Guarantees invoiced	260 000	80 743
Guarantees refunded or released	-	- 252 902
Foreign exchange revaluation	-	600 088
<b>At 31 December</b>	<b>6 690 000</b>	<b>6 430 000</b>
Guarantees < 12 months	2 465 000	205 000
Guarantees > 12 months	4 225 000	6 225 000
	<b>6 690 000</b>	<b>6 430 000</b>
<b>Off-balance sheet amounts covered by bank guarantees</b>	<b>2 000 000</b>	<b>2 000 000</b>

Event organiser guarantees are classed as restricted assets – see Note 18.

Contractual guarantees covered by a formal bank guarantee are recorded off balance sheet.

**24. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

On 26 May 2023, World Aquatics and the Government of Hungary announced that they were engaged in discussions about transferring the headquarters, and the seat, of World Aquatics to Budapest, Hungary. Such discussions are ongoing and, should the discussions end in an agreement, based on anticipated timelines, there is no impact on the going concern of World Aquatics for the foreseeable future.

**25. ORGANISATION CAPITAL & ALLOCATION OF THE RESULT**

US Dollars	1 January	Allocations	Use of funds	Internal transfer	31 December
<b>Year ended 2022</b>					
<b>Tied capital</b>					
Tactical Project Reserve	-	-	-	25 000 000	25 000 000
Revenue & Growth Reserve	-	- 6 597 360	-	40 000 000	33 402 640
FINA Digital projects	7 201 979	-	-	- 7 201 979	-
Development programmes	28 818 913	-	-	- 28 818 913	-
Event cancellation reserve	27 858 830	-	-	- 27 858 830	-
FINA functioning reserve	14 243 453	-	-	- 14 243 453	-
Financial assets fluctuation resv	12 052 153	-	-	- 12 052 153	-
	<b>90 175 328</b>	<b>- 6 597 360</b>	<b>-</b>	<b>- 25 175 328</b>	<b>58 402 640</b>
<b>Free capital - Strategic Defensive Reserve</b>	<b>24 586 758</b>	<b>- 9 762 086</b>	<b>-</b>	<b>25 175 328</b>	<b>40 000 000</b>
<b>Total Organisation capital</b>	<b>114 762 086</b>	<b>- 16 359 446</b>	<b>-</b>	<b>-</b>	<b>98 402 640</b>
<b>Year ended 2021</b>					
<b>Tied capital</b>					
FINA Digital projects	7 201 979	-	-	-	7 201 979
Development programmes	28 818 913	-	-	-	28 818 913
Event cancellation reserve	27 858 830	-	-	-	27 858 830
FINA functioning reserve	14 243 453	-	-	-	14 243 453
Financial assets fluctuation resv	12 052 153	-	-	-	12 052 153
	<b>90 175 328</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90 175 328</b>
<b>Free capital</b>	<b>6 918 962</b>	<b>17 667 796</b>	<b>-</b>	<b>-</b>	<b>24 586 758</b>
<b>Total Organisation capital</b>	<b>97 094 290</b>	<b>17 667 796</b>	<b>-</b>	<b>-</b>	<b>114 762 086</b>

The World Aquatics Bureau approved the restructuring of World Aquatics' reserves in order to better reflect the long-term strategic objectives of the Federation. Two Tied Capital reserves were created and rules were set in order to manage the Federations free capital. The structure of the Reserves is now aligned with World Aquatics' revised investment strategy.

**The Strategic Defensive Reserve** is a Free Capital Reserve and is intended to be used in the case of a loss of a major event or other ordinary budgeted deficits; the proposed amount is intended to cover two such losses. The amount of the reserve should not fall below 40 million US Dollars and the maximum reserve is 55 million US Dollars.

If at the end of the year, the reserve falls below 40 million US Dollars an amount shall be transferred from the Revenue & Growth Reserve to return to the minimum amount. (Should there be insufficient funds on the Revenue & Growth Reserve, funds are transferred from the Tactical Project Reserve).

If the reserve exceeds 55 million US Dollars, excess funds are transferred to the Tied Capital reserves in the following order:

- i. Tactical Project Reserve up to minimum amount (25M USD)
- ii. Revenue & Growth Reserve up to minimum amount (40M USD)
- iii. Tactical Growth Reserve up to maximum amount (35M USD)
- iv. Revenue & Growth Reserve

**The Tactical Project Reserve** is a Tied Capital Reserve and will be used to cover major infrastructure or event development investment projects or to cover operating costs of non-recurring sports/event development projects. Projects shall be approved by the World Aquatics Bureau. Any transfer to the Strategic Defensive Reserve in accordance with the above does not require Bureau approval.

**The Revenue & Growth Reserve** is a Tied Capital Reserve intended to deliver revenues to reinvest back into the sport. Any use of this reserve other than transfers into the two other reserves shall require Bureau approval.

## 26. IMPACTS OF CHANGE OF FUNCTIONAL CURRENCY

### Reconciliation of opening Organisation Capital

	<i>CHF</i>
<i>Organisation Capital 1 January 2021 as reported in Swiss Francs</i>	<i>85 396 000</i>
	<b>USD</b>
<b>Converted to USD at CHF/USD year end 2021 conversion rate</b>	<b>93 564 150</b>
Adjustment to opening capital deriving from restatement of deferred revenue in US Dollars	3 530 141
<b>Adjusted opening organisational capital USD 1 January 2021</b>	<b>97 094 292</b>
Net result 2021 converted to US Dollars at 2021 average rate	17 632 702
Foreign exchange adjustment 2021 average/year end rates	35 094
<b>Organisation Capital at 31 December 2021 expressed in US Dollars</b>	<b>114 762 087</b>

World Aquatics adopted the United States Dollar as its functional currency from 1 January 2022. The financial statements for the year ended 31 December 2022 have been recorded and are presented in US Dollars.

The balance sheet at 31 December 2021 was converted at the closing rate adopted in the 31 December 2021 financial statements. Balances held in currencies other than Swiss Francs and US Dollars are converted direct from transactional currency into US Dollars. Balances held in US Dollars are included in the opening balance sheet at their historical US Dollar amount.

As a result of this treatment cumulative foreign exchange differences between the Swiss Franc and the US Dollar, most notably on deferred revenue received in US Dollars, have been reversed and taken to opening reserves.

The 2021 income statement and cash flow statement presented have been converted at the average exchange rate for 2021. Resulting exchange differences are disclosed on the face of the income and cash flow statements.

## FINANCIAL STATEMENTS IN SWISS FRANCS

In accordance with the provisions of the Swiss Code of Obligations, the Financial Statements are presented below without their notes. Comparative data for 2021 may differ from the audited statements for the year ended 31 December 2021 due to exchange differences as set out in the 2022 audited financial statements. The year end exchange rate used is disclosed in the audited financial statements.

### INCOME STATEMENT IN SWISS FRANCS, YEARS ENDED 31 DECEMBER

Swiss Francs	2022	2021
<b>Income</b>		
Olympic movement	924 151	31 634 369
Hosting & commercial revenue	35 694 028	20 576 097
Penalty fees and other fees	305 176	247 429
Other Income	4 219 154	34 441
	<b>41 142 508</b>	<b>52 492 336</b>
<b>Expenditure</b>		
Olympic Games	-	2 187 750
Event & commercial expenses	24 894 333	14 995 384
Development activities	6 385 807	6 085 609
Anti-doping activities	3 547 497	2 473 572
Communication and promotion expenses	618 747	233 364
Digital assets management	470 607	716 974
Rules and regulations control activities	65 751	98 099
Administration expenses	7 586 941	8 694 801
Legal costs, litigation & provisions	1 461 189	5 155 220
	<b>45 030 872</b>	<b>40 640 773</b>
<b>Operating result</b>	<b>- 3 888 363</b>	<b>11 851 563</b>
Financial activities - (loss) / gain	- 11 783 970	4 273 834
<b>Net result before allocation</b>	<b>- 15 672 334</b>	<b>16 125 397</b>



**BALANCE SHEET IN SWISS FRANCS AT 31 DECEMBER**

Swiss Francs	2022	2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	22 540 265	25 973 032
Accounts receivable, net	15 907 806	25 233 131
Other short term receivables	223 750	1 343 242
Prepayments and accrued income	3 641 923	4 732 628
	<b>42 313 744</b>	<b>57 282 033</b>
<b>Non-current assets</b>		
Investments in related undertaking	18 762	-
Financial assets at fair value	122 950 081	137 636 050
Tangible fixed assets	16 820 368	16 866 042
Intangible fixed assets	48 725	-
	<b>139 837 937</b>	<b>154 502 092</b>
<b>Restricted assets</b>		
Event guarantee & other deposits	6 238 626	5 868 661
<b>Total assets</b>	<b>188 390 307</b>	<b>217 652 786</b>
<b>Liabilities and capital</b>		
<b>Current liabilities</b>		
Accounts payable	4 083 231	4 727 910
Other short term payable	502 312	4 472 990
Accrued liabilities	7 687 421	9 271 241
Deferred income- short term	37 436 605	23 575 283
	<b>49 709 569</b>	<b>42 047 424</b>
<b>Non-current liabilities</b>		
Deferred income- long term	37 399 186	63 304 826
Provisions	3 279 513	4 910 477
	<b>40 678 698</b>	<b>68 215 304</b>
<b>Fund Capital - restricted funds</b>	6 238 626	5 868 661
<b>Organisation capital</b>		
Tied capital	54 462 214	83 236 544
Free capital	37 301 200	18 284 853
	<b>91 763 414</b>	<b>101 521 397</b>
<b>Total liabilities and capital</b>	<b>188 390 307</b>	<b>217 652 786</b>



# WORLD AQUATICS



Ch. de Bellevue 24a / 24b – 1005 Lausanne, Switzerland

Tel: +41 21 310 47 10

[www.worldaquatics.com](http://www.worldaquatics.com)