

FEDERATION AERONAUTIQUE INTERNATIONALE

SLIDE 1 picture

REPORT BY R. E.CLIPSHAM Executive Director Finance FAI 102nd ANNUAL GENERAL CONFERENCE, 3rd October 2008 held in Saint-Vincent, Italy

Dear Delegates, Mr. President,

I am reporting to the 102nd Annual General Conference under FAI Statutes 4.2.3 and 6.2.1.4. and for the Executive Board under Statute 4.2.2.4 and 4.2.2.5 This report covers the following three items appearing as Agenda item 5 :

- 5.1) The 2007 Balance Sheet and the Report by the Auditors, Annex A and the Financial results of the Commissions, Annex B :
- 5.2) The Financial Situation at 31 August 2008
- 5.3) Scale of Subscriptions 2009, and the Budget for 2009 - Income and Expenditure, and the Commission Budgets 2008.

A summary of the significant accounting policies are laid down on page 4 in the FAI's Report of the Statutory Auditors 2007 prepared by PricewaterhouseCoopers as required by Statute 7.5.1.

SLIDE 2

5.1) 2007 BALANCE-SHEET AND AUDITORS REPORT

2007 Financial Statement

The report of the Statutory Auditors, dated 19th May 2007, including the Balance Sheet and the Statement of income and expenditure for the year ending 31 December 2007 are available in the Conference documents, Annex A.

1. Operational Result

The income is over budget (CHF 115'000), same for the expenses by approximately (CHF 31'000) we have an excess of income over expenditure of CHF 192 696.

1.1. Income

1.1.1. 2007 Subscriptions

Realized subscriptions for 2007 were CHF 998 800 (CHF 995 400 in 2006).

1.1.2. Financial - net

The increased amount in 2007 of CHF 76 459 from CHF 62 548 in 2006 reflects the gains from higher interest rates as set out in Note 6. The total income is CHF 1 628 096 including payments for Europe Air Sports. An additional CHF 24 048 provision has been added to the previous provision of CHF 70'447 to provide for future currency fluctuations (note 5).

- 1.1.3 The income from Sponsorship and for Safety Supervision of RBAR is a total of CHF 322 691.

SLIDE 3

1.2. **Expenses**

The expenses are grouped and provide a comparison to 2006.

1.2.1. **Salaries and charges**

The increase in 2007 to CHF 696 356 reflects a provision of CHF 20 000 for future staff charges.

- 1.2.2. A provision has been made under correspondence, PR and Communications for a future Branding project of CHF 25'000.

- 1.2.3. With reference to Europe Airports, the FAI only collects the payments of the Subscription Fees for Europe Airports Members. These funds are then directly paid into a Europe Airports account. The FAI bears no other financial responsibility towards Europe Airports

- 1.2.4. A provision has been made for a new GAC competition of CHF 5 000.

- 1.2.5. The Safety and Supervision for RBAR is CHF 112 944.

- 1.2.6. The reserve to the Great Balloon Race has been deleted in the amount of CHF 8 816.

SLIDE 4

The total expenses are **CHF 1 435 400 in 2007 with an excess of income over expenditure for the year of CHF 192 696**

The income in the Development and Innovation Fund (DIF) remains in the DIF for 2007. A transfer to the DIF in the amount of CHF 165 225 is set out in note 4.

The Operating fund balance at the end of the year is CHF 652 801.

SLIDE 5 picture

SLIDE 6

1.3. **FAI 2007 Special Reserves**

The Special Reserves include: Sanction fees of the FAI Air Sport Commissions, ATMOS project, World Air Games, Olympic Movement (Fund) and World Grand Prix of Aviation.

1.3.1. **Sanction Fees of FAI Air Sport Commissions**

These funds are kept – and are available in – either Swiss Francs (Ballooning, Microlights, Rotorcraft, Amateur built & experimental aircraft and Environmental) or in US Dollars (Aerobatics), or in Euros (Aeromodelling, General Aviation, Hang Gliding & Paragliding, Gliding and Parachuting). For the US Dollar and Euros accounts, the relevant exchange differences are shown in CHF. Freedom is given to the commissions to hold their accounts in CHF, Euro or USD.

For the individual balances at January 1 and December 31 and the relevant movements during the years 2006, 2007, reference is made to pages 6/7 of FAI's auditors report.

The balance of the Commission Reserves at 31 December 2007 is CHF 834 571, which is an increase over the 31 December 2006 balance of CHF 820 872. In accordance with FAI accounting policy - changes in foreign exchange are carried entirely by the operating funds of FAI.

Shown in Annex B are the movements in the funds for the individual Commissions in 2007.

1.3.2. **World Air Games**

The balance in WAG reserve is **CHF 126 391** at the end of 2007, reflecting the payment of the Rights Fees and Bid process fees for WAG 2009.

1.3.3. **Olympic Movement Fund**

The balance in the fund is **CHF 104 281** at the end of 2007, reflecting the USD 20'000 payment from IOC and expenditures for the future World Games 2009 in Koahsiung.

1.3.4. **World Grand Prix of Aviation**

During 2007 funds were received. The balance at the end of the year shows **CHF 92 980**, including a transfer to CIVA of CHF 11'282.- for the development of judge training.

SLIDE 7

1.4 **FAI Airsport Commission – 2007 Financial Report**

The incomes are grouped

SLIDE 8

The expenditures are grouped

SLIDE 9

1.5 **Balance sheet**

The Balance sheet at December 31, 2007 is shown on page 2 of the FAI's Auditors report.

1.5.1 **Assets**

The Current cash assets (**CHF 2 332 640**) are held in bank accounts as suited for FAI's operation. The current assets are CHF 2 806 923, which include the Marketable Securities at market value.

Total current and fixed assets are CHF 2 834 130

SLIDE 10

1.5 2 Liabilities and funds

The current liabilities and funds including the Special Reserves, Development and Innovation Fund and the Operating funds are adequately provided for in the Assets. The Development and Innovation Fund is CHF 572 385, an increase of 40 % over 2006.

SLIDE 11 picture

Mr. President

In concluding my report on the 2007 Financial Statement, I note that the Financial Statements have been reviewed by the Executive Board, may I ask you, Mr. President, to submit the Accounts of 2007 to the General Conference for approval, as set out in Statute 3.4.1.3.

SLIDE 12

5.2 THE FINANCIAL SITUATION AT 31 AUGUST 2008

The Financial Situation at 31 August 2008 gives an indication about the result for the year 2008.

2.1. Income

At the end of August, 94 % of the subscription fees were paid, including arrears.

2.2. Expenditure

The expenses to 31 August 2008 are comparable to the budget.

2.3. Special reserves :

2.3.1 Accrued Sanction Fees

CHF 1 001 887 is almost 20 % increase over January 2008

2.3.2 World Air Games

Incomes of CHF 109 398 from WAG 2009

Expenditures of CHF 21 789

2.3.3 Olympic Movement Fund

Incomes of CHF 20 918 from IOC

Expenditures of CHF 26 169

2.3.4 Development and Innovation Fund is CHF 561 893.00 , a slight decrease from January 2008 caused entirely by fluctuating exchange rates.

The anticipated result of 31 December 2008 may be a modest surplus of CHF 8 000 to CHF 10 000.

Notes

The secretariat has implemented a very functional system with the banks for electronic signature by the signing officers which has provided increased efficiency in managing the many transactions.

SLIDE 13 picture

5.3) BUDGET 2009

The budget was prepared in collaboration with the Secretary General and has been reviewed by the Executive Board, and is based on realistic facts and figures. The draft budget was previously submitted to you.

SLIDE 14

3.1.1. Scale of Subscriptions

The 2009 Scale of Subscriptions and Votes has previously been circulated. It is the same as the 2008 Scale with adjustments for changes in FAI membership. The subscriptions total will be revised to include the decisions taken in this Conference on Memberships.

SLIDE 15

3.2. Income

Taking into consideration that global Members Subscriptions remain at their present level with some minor adjustments a total income of Members Subscriptions of CHF 997 200 *may be realized. Other income can be expected on the same level as 2006 including donation, sponsors, partnership and service fees.* A total of **Operational Income** of **CHF 1 486 300** is budgeted.

SLIDE 16

3.3 Expenditures

The expenditures proposed for 2009 have been set out considering the known and proposed activities. The total is CHF 1 486 300 which is a zero based budget.

The budgeted increase in staff cost of CHF 15'000 reflects at 2.5 percent inflationary increase.

SLIDE 17

Any additional matters approved by GC that have financial implications will be incorporated into the approved budget.

SLIDE 18

5.4 FAI Airport Commission Budgets 2008

These budgets are set by the Commission at their annual plenary meetings. The 2009 budgets will be set at their next meetings.

May I ask you, Mr. President, to submit the Budget for 2009 and the Scale of Subscriptions for 2009 to the General Conference, for approval, as set out in Statute 3.4.1.4

Mr. President; I thank the NACs and the ASCs for carrying out their respective tasks. I wish to give special thanks to the FAI office staff in their work on financial matters and in particular to Mrs. Cosette Mast, who, under the direction of Max Bishop, carried out the financial management.

Robert Clipsham
FAI Executive Director Finance