



FAI Budget 2021

Introduction, Considerations & Scenarios

Budget for FAI Membership, Administration, Overheads, Secretariat

Budget for FAI Air Sport Commission Activities

Submitted to the

FAI General Conference 2020

To be held

02 – 05 December 2020

Status 13 November 2020

Version 1.0

TABLE OF CONTENTS

1	PURPOSE OF THIS WORKING DOCUMENT	3
2	INTRODUCTION	3
	2.1 General Conference 2019	3
	2.2 GC-Approved Budget 2020	3
	2.3 FAI Secretariat	3
	2.4 Budget 2021	3
3	MAIN CHALLENGES IN 2020	4
4	ACHIEVEMENTS 2020	4
5	BASIC ASSUMPTIONS FOR THE BUDGET 2021	6
	5.1 Framework conditions and available funds	6
	5.2 Covid-19 and decision-making points	6
	5.3 Three Mega challenges	7
	5.4 FAI membership subscriptions	7
	5.5 Covid 19 and its impact on FAI activities	8
	5.6 FAI structural complexity	9
6	SECRETARIAT/OVERHEADS BUDGET 2021	10
	6.1 Revenues/Income Positions	10
	6.2 Secretariat/Office (human resources)	11
	6.3 Administration and Office Cost	12
	6.4 FAI Bodies for 2021	16
7	BUDGETS OF AIR SPORT COMMISSIONS	17
	7.1 ASC budgets as submitted (without Covid-19 implications)	17
	7.2 ASC budgets adjusted to Covid-19 impacts	17
	7.3 Suggested course of action for the new Executive Board	17
8	PROPOSED BUDGETS FOR THE YEAR 2021	18
	8.1 FAI budget 2021 (total)	18
	8.2 Budget for FAI Overheads incl Secretariat (class changes approved)	19
	8.3 Budget for ASC Activities (as submitted)	20

1 PURPOSE OF THIS WORKING DOCUMENT

FAI is facing an unprecedented situation with several significant financial risks which accumulate to a larger threat to the whole organisation. This working paper explains some of the key-assumptions and mitigations for the FAI budget 2021 to reduce the risk.

The Budget for the FAI Financial Year 2021 will be presented in spread-sheet format. It is important to note that line-by-line comparisons of the 2021 budget with previous years are constrained because the new RunMyAccounts system has been introduced for the accounting of actuals 2020 and budgeting income/expense positions for 2021.

In the new financial system, detailed management reports will combine the accounts line-item with additional information about the cost centre and related project(s) which has not been possible until now.

Aviate, Navigate, Communicate! – this is the well-known hierarchy when addressing a crisis in the cockpit. This paper aims to support the ‘Aviate’ priority by detailing how improved functions and workflows, at lower cost, have been and will be established.

2 INTRODUCTION

2.1 GENERAL CONFERENCE 2019

Following the 2019 General Conference the FAI President very clearly stated in his musings (January 2020) the prime objectives and priorities of the FAI for the year 2020 and beyond:

1. “...To make the FAI leaner and more effective within the urgently necessary cost cutting, while at the same time not compromising the achievement of the FAI goals as a sporting organisation.
2. To set the focus within the FAI secretariat on the main issues of Competitions, Records and Awards and the necessary management, communication, and promotion of air sports vis-à-vis the NACs, Air Sport Commissions, and international affiliates of the FAI.
3. To start considering operationally how to create value for the FAI to generate additional income for FAI and to limit financial risk to the core of FAI operations...”

2.2 GC-APPROVED BUDGET 2020

The budget 2020 (approved at FAI GC in December 2019) introduced substantial reductions in various budget positions, many related to the Secretariat in Lausanne, including related staffing levels and overhead costs. This required immediate and wide-ranging measures to be taken and these began, in December 2019, well in advance of the Covid-19 Global Pandemic, which subsequently impacted FAI's activities from March 2020 onwards.

2.3 FAI SECRETARIAT

As outlined in the FAI Constitution, the office in Lausanne delivers services and the name ‘FAI Secretariat’ has been re-introduced replacing the terms ‘head office’ and associated ‘FAI Central Events’.

Since the 2019 GC the Secretariat, at the direction of the Executive Board, has undertaken work to reduce costs associated with providing services to Members and Commissions.

2.4 BUDGET 2021

This document presents the assumptions for the 2021 budgets, split into:

- Overheads and Secretariat income and expenditure to show that the FAI overheads and Secretariat are funded entirely from expected membership subscriptions, and
- Air Sport Commission-related activities, mainly category-1 and category 2-events and related revenue and expense positions.

3 MAIN CHALLENGES IN 2020

The year 2020 will go down as a year in FAI's history when it has been exposed to an unprecedented list of challenges. Some challenges may be considered as FAI-owned issues; the Covid-19 crisis, which has had a significant impact on all activities globally, has added a significant layer of challenges.

Most of the financial challenges presently facing the FAI have developed over time and were not addressed sufficiently, in times of financial prosperity of the FAI, resulting in the following current situations:

- Inefficient and ineffective workflows within the organisation, primarily in the secretariat,
- Lack of financial control and financial planning, including inadequate tools and software applications,
- Failure to adopt 'best practices' and engage into closer cooperation amongst FAI bodies,
- Inefficient and overly expensive service structures.

The global pandemic caused by Covid-19 resulted in the cancellation or the postponement of most of FAI's sanctioned Category 1 and 2 activities in 2020, with more than 400 affected. The global pandemic put the entire foundation of the FAI in question with increasing numbers of Members defaulting on their membership subscriptions, with the real impact of the pandemic emerging at the same time as subscriptions were due (31 March).

4 ACHIEVEMENTS 2020

A significant list of positive actions has been achieved to date in 2020, namely:

Financial Audit 2019

- In-depth analysis of provisions, payables, and receivables
- Cleaning unreconciled items for the Financial Years 2013 to 2018
- Addressing organizational issues, some of which were also later raised by BDO in their Management Letter

Addressing Fixed/Overhead Costs

- Insurance costs and office supplies resulting in reduced expenses
- New tenant in FAI property resulting in increased rental income secured for three years (fixed contract)

Human Resources

- Staffing levels reduced, and areas of responsibilities reviewed and adjusted resulting in workflow efficiencies and reduced staff expenses
- Covid-19 measures introduced with staff working from home since March 2020 and financial support secured from the State for reduced staff-work-patterns since April 2020 resulting in reduced staff expenses
- Payroll/Social Charges with a new cloud-based system, 'SwissSalary', resulting in work efficiencies
- Work hours/time recording (legal requirement) with a new cloud-based system, 'EasyRapport', enabling tracking of workflows and related time reporting and allocation

Finance System and Tools

- Termination of 'Abacus' finance system and the cooperation with the previous accounting firm (from July 2020) resulting in significant reductions (of approximately 30'000 CHF) in financial costs
- Launching a new financial tool with the provider 'Run my Accounts' (RmA) (since May 2020 and retrospectively introduced since 01 January 2020) providing significantly more efficient and detailed financial support to the Secretariat and Commissions at a lower cost

Integrated workflows

- All bank accounts (BCV and Credit Suisse) electronically interfaced to the new accounting system
- The integral invoicing module component of the accounting system RmA replacing the previous fragmented manual invoice creation across disconnected applications
- A joined-up system integrating the FAI Application Management System, FAI Approval Process, Invoicing process, Payment Process, Automatic account reconciliation, and FAI Calendar (with launch customers: CIAM and CIVL)
- Tax declarations moved from paper-based to online-submission (FAI and FAME)

Work in Progress in 2020:

Financial interim audit, 09-15 November 2020

FAI has tasked the FAI auditor, BDO, to perform an interim audit in Q4 2020 to validate the correct introduction of RmA into the FAI system. The final audit for the Financial Year 2020 will be concluded in Q1 2021. The main tasks the interim audit is addressing are:

- Opening balances audit (01 January 2020) - Integrity checks post migration from Smartfidu to RmA
- For all receivables, payables, and accrued expenses accounts:
 - Review of the detail of open items and their ageing, ensuring that they reconcile with the balances as of September 30, 2020
 - Review of the detail of the fixed assets register as of September 30, 2020 and ensuring that they reconcile with the balances as of September 30, 2020
- Follow-up of the BDO management letter points and review of the progress / alignment of responses and actions with BDO recommendations

Interfaced Real-Time Data/API with Banks and RmA

The available data will allow for the following real time functionalities:

- Liquidity Forecasting with a dedicated application (suggested by RmA), the test client is working already
- Budgeting Module with a dedicated application (suggested by RmA), the test client is working already

These activities will support the FAI on an ongoing basis through smarter workflows and transparent financial reporting.

The improved output of financial figures will:

- Establish clarity and transparency based on the introduction of a cost centre-structure and the recording of income/expenses on project-level
- Support and accelerate decision making processes
- Assist in identifying best practices within FAI
- Generate real-time data reports from the RmA-system instead of the previous, time-consuming, manual excel report creation.

5 BASIC ASSUMPTIONS FOR THE BUDGET 2021

5.1 FRAMEWORK CONDITIONS AND AVAILABLE FUNDS

Due to the high level of uncertainty surrounding some elements of the budget for 2021, expenditures supporting FAI activities will be based on the available funds under the current risk assessment detailed in this section.

In short, should the FAI, as an organisation, continue to be adversely impacted by the pandemic for an extended period, the priority will be to ensure that available funds are sufficient for carry the FAI through to 2022. This will trigger on-going decisions regarding adjustments to the budget 2021 and the next steps.

5.2 COVID-19 AND DECISION-MAKING POINTS

2021 will be a high-risk environment and the entire organization will need to be flexible as it manages activities within a 'moving target' regime.

Going into 2021 the FAI must be stabilized with:

- Core functions remaining intact, though operating at a low level due to the overall downturn in activity
- Flexibility maintained to either further reduce or restart activities in the organization at short notice
- Focus on ensuring the organisation remains financially viable.

Looking forward to **March 2021** we are likely to be faced with one of the two following scenarios:

Scenario 1

- Likely end to the pandemic seen (vaccines development; travel restrictions eased; etc)
- Return to the nominal FAI calendar (Cat1 and Cat2 events delivered in the second half of the year)
- Continue with the minimum possible operational activities (fixed cost/variable cost) with the planned income
- Maximum use of Swiss Government support programs

Scenario 2

- The pandemic continues to significantly negatively impact activities and travel
- 2021 is another lost year for sanctioned events and at national levels for aviation activities
- Move FAI into a 'base mode' which would be planned to last until Q2 2022, with extreme cost-cutting (office, staff), unless the Swiss Government re-extends the current financial support measures.

The current thinking globally by many expert commentators is that by **November 2021** (time of the General Conference) the

Scenario 3 is:

- The pandemic is being brought under control globally
- Probability seen to re-start FAI activities in Q2 2022
- An opportunity to start rebuilding the infrastructure as required (there is a possibility that key-staff will have decided to leave the organization by the end of 2021 unless programs are in place to subsidize the remaining jobs and infrastructure until 2022).

5.3 THREE MEGA CHALLENGES

FAI will have to closely monitor and permanently adjust to developments in the following areas during 2021:

1. FAI membership subscriptions
2. Effect of the pandemic
3. Complexity in the FAI

5.4 FAI MEMBERSHIP SUBSCRIPTIONS

5.4.1 Payment Pattern 2017-2020

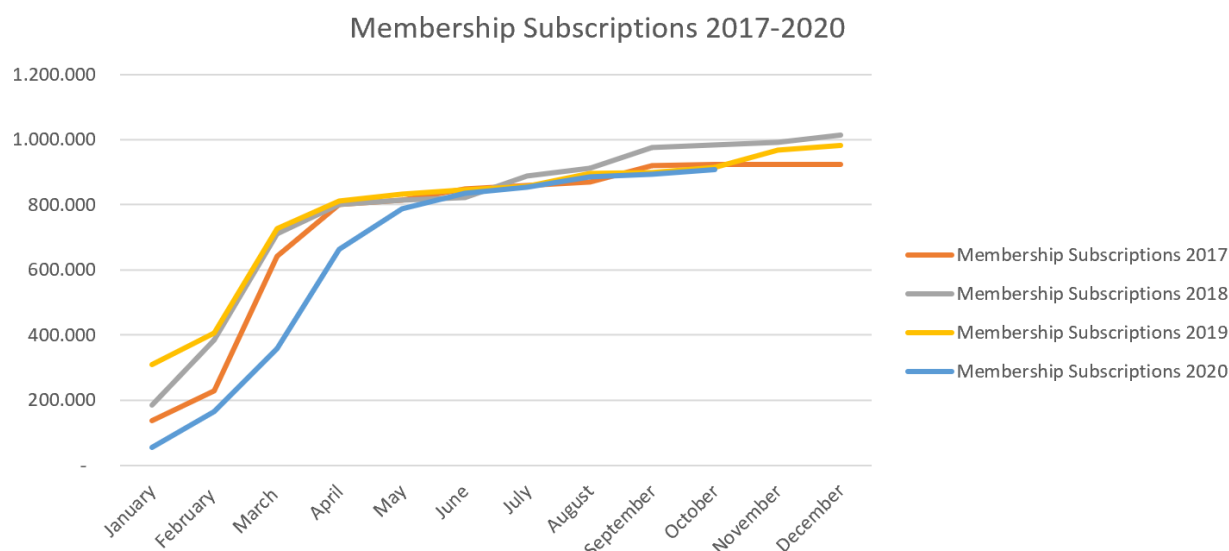
Subscriptions are due on 31 March of each year unless other payment options had been agreed with the FAI/Secretary General.

Observations on subscription payments from previous years show:

- On average, 70% of the subscriptions are paid by 31 March of each year
- In 2020 this dropped down to 34% by 31 March
- Typically, by the end of May, FAI has received 80+% of its subscriptions.
- Missing amounts (suspensions) do not usually threaten the overall financial stability of FAI and are usually recovered (paid later). It is not clear that missing payments will be recovered for 2020.

	Percentage of Membership Subscriptions Paid			
	2017	2018	2019	2020
January	14,7%	18,1%	31,5%	5,3%
February	24,6%	38,0%	41,4%	15,8%
March	69,3%	70,2%	74,0%	34,2%
April	86,7%	78,9%	82,6%	63,4%
May	88,0%	80,2%	84,9%	75,3%
June	91,9%	81,0%	86,0%	80,0%
July	93,0%	87,5%	87,1%	81,8%
August	94,1%	90,1%	91,2%	84,7%
September	99,4%	96,4%	91,5%	85,5%
October	100,0%	97,0%	93,0%	86,8%
November	100,0%	97,9%	98,4%	
December	100,0%	100,0%	100,0%	

(Data as of 28.10.2020. Table shows as if FAI always received 100% of the subscriptions by December, which is not completely accurate due to some late payments; see comment above.)



5.5 COVID 19 AND ITS IMPACT ON FAI ACTIVITIES

5.5.1 Assessment of Commission Presidents

In the meeting of the Commission Presidents with the FAI President, held via zoom on 20 October 2020, a significant risk to staging FAI sanctioned events in 2021 was confirmed.

There appears to be consensus that there is

- Q1/Q2 of 2021 – a low chance of any Cat1-events being held, but a minimal number of Cat2-events are possible
- Q3/Q4 of 2021 – a 30% chance for Cat1-events being held, and up to 50% of Cat 2-events possible
- Overall, there is a significant risk that FAI's ASCs
 - will not generate any income from Category 1-events in 2021 but
 - associated costs for officiating (judges, juries, medals) will be reduced

Assumptions for the Budget 2021

- A budget version as submitted by ASCs will be presented
- An adjusted budget building on the assumptions under 5.5.1 with lower number of events will be presented

It might be possible that certain organizers – with public support budgets - agree to a pre-payment of sanction fees for events postponed to 2022 (or even later), though this is unlikely, and this effect would impact on future revenue streams.

5.6 FAI STRUCTURAL COMPLEXITY

The complexity of the FAI's structure today does not support efficient management of the organization. Addressing this would have the benefit of reducing workloads for all those involved, and reducing the cost of running the organisation.

The following items have been identified as opportunities to improve efficiencies:

Overhead/Office

- Continuing to improve the financial system and related tools, interfaces, automated workflows, outsourced activities
- Introducing the electronic handling of documents (organizer agreements)
- Reviewing the structure and number of bank accounts needed to run the FAI
- Enhancing the cooperation with Commission Secretaries related to invoices, payment approvals and related reporting by using the new finance system and supported workflows

Services for FAI activities (sanctioned events and records)

- Addressing the diverse schemes in place for sanction fees, performances bonds and deposits
- Reviewing ASC services for organizers and the pricing structure (event directors, officials, technical expertise)
- Reviewing the different ways of ordering, handling and invoicing FAI Medals and Diploma
- Reviewing the records handling-processes which differ across the Commissions/discipline(s), and identifying harmonized workflows with Commissions, and involving National Record Officers

Secretariat/Commission support

- Identifying and introducing enhanced support levels for the management of electronic or face-to-face plenary meetings: tools, cloud space, document handling, invitation processes
- Identifying and introducing improved ways of handling expense claims and reducing the diversity of processes amongst Commissions
- Introducing regular financial reports and related timelines
- Reviewing the implications of activities handled in CHF and EUR, which today trigger complexity and significant efforts to reconcile bank transactions and related financial reporting
- Developing and implementing guidelines for the creation and dissolution of special reserves (provisions) to meet the request of the auditor
- Moving to a paperless office wherever possible (expense claims, bidding processes, sanctioning processes, handling of Organizer Agreements, records handling)

This joint work related to workflows and inefficiencies, which mirror today's structural complexity, may also generate an opportunity to identify if the current structure of FAI and its constituent bodies is appropriate and whether this can be evolved to better support a leaner and more flexible management of the organization.

6 SECRETARIAT/OVERHEADS BUDGET 2021

6.1 REVENUES/INCOME POSITIONS

6.1.1 Membership subscriptions

Assumptions for the Budget 2021

- The subscription scheme as agreed by the GC 2020 will be the basis for invoicing in January 2021
- The class changes submitted to the 2020 GC are assumed to be approved and the subsequent reduction in subscriptions of 80'000 CHF will be reflected in a budget version 'Subscriptions 2021 – after GC decision'
- Members are responsible and pay their subscriptions arising from the 2020 GC decision on the scale of subscriptions.

The estimated effects for the budget 2021:

- | | |
|---|---------------|
| • Expected membership subscriptions for 2021 prior to eGC | 1'040'316 CHF |
| • Class changes submitted to eGC for approval (7 members) | - 79'213 CHF |
| • Membership subscriptions if class changes are approved | 961'103 CHF |

For cash-flow reasons, it is assumed that:

- 40% of the subscriptions will be paid by end of March 2021
- Another 35% (total 75%) of the subscriptions will be paid by the end of June 2021
- Another 25% (total 100%) of the subscriptions will be paid earlier than two weeks prior to the General Conference 2021 (planned for beginning of November 2021) to secure its status 'member in good standing'.

6.1.2 FAI eShop

The eShop has been outsourced since 2016, see <https://fai.many-ways.ch/>.

Because of low demands, the commercial success of this activity has been minimal. As a result, the contract with the service provider has been terminated as from 31 December 2020.

The remaining stocks will be sold by the FAI secretariat. A restart of an FAI-eShop will be considered at a later stage.

Budget 2021 effect:

- No income budgeted.
- No cost for replenishment of out-of-stock items planned (5'000 CHF originally planned).

6.1.3 Sponsorships and Partnerships

The partnership between FAI and Noosphere continues. The resulting 'annual rights fee' is budgeted accordingly in FAI accounts.

Budget 2021 effect: income 20'000 CHF.

6.1.4 Sports Subsidies

FAI will continue to submit activities to benefit from the IOC-Recognised IF Development Programme.

Budget 2021 effect: The annual IOC subsidy (32'000 USD, approx. 29'000 CHF) will continue to be budgeted for 2021.

6.1.5 Records Fees

Even in 2020 when Covid-19 adversely impacted on our events, records were flown/performed and subsequently submitted to the FAI. Numbers are down to 50% versus regular years. This is expected to reduce further to 30% in 2021.

Budget 2021 effect: Income from record fees down to 20'000 CHF.

6.1.6 Rented FAI property

A new contract was secured for the FAI property with Wiz-Team SA who replaced Carlson Wagonlit Travel (CWT) who terminated their lease early. The three year-rental agreement (June 2020 to May 2023) includes an increase of 3% above that paid by the previous tenant. This rental income offsets to a significant extent the PPE (MSI building service fee) cost for the entire floor which FAI owns.

Budget 2021 effect: The rent of 42'000 CHF/p.a. is budgeted in full for 2021.

6.2 SECRETARIAT/OFFICE (HUMAN RESOURCES)

The secretariat will continue to deliver improved workflows in 2021. The staffing levels reflect adjusted workflows, mainly related to Finances and changes introduced in 2020 as outlined under item 4.

	2015	2016	2017	2018	2019 *1)
SALARIES INCL SOCIAL CHARGES	989'133	992'854	1'026'762	1'045'725	1'173'055
FTE (FULL TIME EQUIVALENT)	10.0	8.8	9.8	9.8	8.6
% CHANGE COST VS PREVIOUS YEAR		+3.8%	+3.4%	+1.8%	+12.2%

*1) 2019 special effects: severance pay (release of staff), provision for staff leave untaken over past years (as requested by the auditor)

	2019	2020 BUDGET	2020 ESTIMATE	2021 SCENARIO A *4)	2021 SCENARIO B *5)
SALARIES INCL SOCIAL CHARGES	1'173'055	851'386	760'000	690'000	690'000
CHOMAGE *2)	0	0	-135'000	0	-110'000
TOTAL	1'173'055	851'385	625'000	690'000	580'000
FTE (NOMINAL) *3)	8.6	6.4	6.4	5.4	5.4
FTE (CHOMAGE) *3)	No chomage	No chomage	3.8	3.2	3.2

*2) "Chomage" is the program provided by the Swiss Government to compensate lower working hours and keeping staff in their jobs. FAI went into 'chomage' on an (average) 50% reduction when the pandemic hit FAI activities (from 20.04.2020 onwards). The chomage compensates the employer for the reduction in hours by 80% of the reduction. The employer will have to continue paying 100% of the social charges.

Chomage must be applied for each month and evidence (statistics) are to be provided about the reasons for the reduction in working hours. This is a temporary, political support measure for branches in a crisis.

***3)** This includes staff on the payroll for Jan 2020 whose contract ended at the beginning of 2020

***4)** Scenario A - nominal staffing, no chomage

***5)** Scenario B - nominal staffing with maximum chomage as legally permitted now (Sept 2021) – subject to approval by the authorities which includes regular applications and analytical evidence.

The subsidies provided under the chomage program continue to be justified regularly with reduced level of FAI activities because of the pandemic. Once the pandemic is over, FAI should gradually return to normal operation, and the workload will return to higher levels. At this point, the staffing levels will have to be reviewed.

If the items identified in 5.6 (FAI structural complexity) result in harmonized workflows and subsequent additional efficiency gains in the potential saving across the secretariat is estimated to be another 50'000 CHF p.a. This effect will be offset if the overall level of activities increases after the pandemic.

6.3 ADMINISTRATION AND OFFICE COST

6.3.1 Propriété par étages (PPE)

For the building, Maison du Sport Internationale (MSI), a quarterly service fee of 12'627 CHF is applied; this is called PPE.

FAI reached out to the 'Administrateur de la PPE Maison du Sport', Groupe Cogestim, requesting a re-negotiation of this charge. Given the current situation with the Covid-19 pandemic, coupled with the inevitable reduced usage and services at the MSI, FAI has enquired if there will be a commensurate reduction in PPE charges, whether this year or the next.

Additionally, FAI will collectively pursue a joint approach with other International Federations which reside in the MSI building to arrive at reduced cost.

No budget effect for 2021 yet anticipated.

6.3.2 Insurance Cost

Negotiations related to the Insurance Coverage held by FAI started early 2020. Independent advice was sought from the broker of one of FAI's bigger members. The FAI's broker agreed with the advice provided and, after several rounds of negotiations, provided a revised quote for 2020 and beyond in August 2020.

Liability Insurance (annual cost, insurance year January to January):

- | | |
|--|------------|
| • Year 2019 | 44'625 CHF |
| • Year 2020 (initial <u>quote</u> submitted in April 2020) | 35'700 CHF |
| • Year 2020 (final <u>agreement</u> achieved in August 2020, invoiced November 2020) | 21'000 CHF |
| • Year 2021 (quote submitted, adjusted coverage due to lower turnover) | 10'000 CHF |

Cost reduction of 11'000 CHF (2021 vs 2020) budgeted and 34'625 CHF (2021 vs 2019).

Negotiations for the 2021 insurance to cover 'Directors & Officers' as well as 'Travel Insurance for Office Holders' are pending but should end up in the range of 7'500 CHF p.a.

Please note that the extended travel insurance to cover all FAI officials has been quoted at approximately 17'500 CHF p.a. but this is not budgeted for the year 2021.

Budget 2021 effect: Total insurance budget 17'500 CHF (down from appr. 50'000 CHF in 2019).

6.3.3 Financial system and Service Provider Accounting

The retirement of the past financial system (Abacus) and the replacement of the service provider (SmartFidu) by 'Run my Accounts' has produced positive effects on the budget:

- The variable cost for book-keeping (based on 2019 number of bookings) is reduced from 55'000 CHF to 25'000 CHF
- The cost to perform the audit of the Financial Year 2020 from 31'000 CHF (for 2019) is reduced to 12'000 CHF (for FY 2020)

Budget 2021 effect: The total cost reduction from introducing RmA is 49'000 CHF/year. This is an ongoing saving.

6.3.4 Mortgage

FAI purchased the administrative office building in 2011 for a gross amount of CHF 2.1 mio. Depreciation is calculated at the rate of 2% per annum on the gross book value. FAI took out a mortgage of CHF1.2 mio to finance this purchase.

The payments related to the FAI property are covered by a fixed 10 year-contract which ends in Q1 2021:

- Mortgage 3'000 CHF per month until 28 March 2021 (interest rate = 3.38%)
- Amortisation 1'200 CHF per month

We have already initiated conversations with the financing bank, Banque Cantonale de Vaudois, to renegotiate the terms. It is agreed that new terms will be offered in January 2021.

For the budget, a lower interest rate is anticipated, and its effect is estimated:

- 2020 3'000 CHF per month 36'000 CHF for the full year
- 2021 3'000 CHF per month 9'000 CHF for months January to March
- 2021 1'500 CHF per month 13'500 CHF for months April to December

Budget 2021 effect: The cost reduction of 13'500 CHF (2021 vs 2020) will be budgeted.

The amortisation is considered unchanged for the time being.

6.3.5 FAI Office sale and/or sale/lease back

The Secretary General is tasked to identify options to sell or rent the MSI office and re-locate the FAI office. This is a medium term-project. Investigations will be conducted in 2021 to identify the true costs and potential savings of options.

No budget effect for 2021 anticipated.

6.3.6 FAI communication

The annual report of the FAI is no longer produced as a printed version. The information is provided by a web-site 'FAI Facts and Figures' on www.fai.org which can be frequently updated at much lower cost.

Budget 2021 effects: Cost to produce a printed report removed. (reduction of around 5'000 CHF vs previous).

FAI supported the PR and media work related to selected FAI Cat1-events in the past. The three events which had usually been identified because of its relevance for the FAI community and the interest public will not be covered,

Budget 2021 effects: No media production budgeted since no events will be covered (reduction of 10'563 CHF vs previous years where usually three FAI Cat1-events had been covered).

6.3.7 Secretariat/Office administrative cost (w/o travel, w/o salaries)

Various reductions in the secretariat:

- Water, Coffee, Miscellaneous for visitors (meetings) not budgeted. (effect: minus 1'200 CHF)
- Cleaning interval for offices, kitchen, bathrooms reduced to 1/week. (effect: minus 3'120 CHF)
- Postage, assumed less volume and replacement by electronic processes for OA (effect: minus 3'000 CHF)
- Supplies for printer(s) reduced because of lower volume and electronic processes (effect: minus 10'000 CHF)
- No 'external services' for the GC because the format will be eGC (effect: minus 7'500 CHF)
- No IT development for 'nice to have' (still suggested) interfaces (effect: minus 11'000 CHF)
- Various positions on different cost centres.

Budget 2021 effect: overall minus 26'820 CHF.

6.3.8 Anti-Doping

Discussion began with ITA (International Testing Agency) and WADA (World Anti-Doping Agency) to recognize the negative impact of the pandemic on FAI activities. The intention is to:

- adjust the testing pattern to the lowest possible level which reflects the level of activities (number of FAI events), while
- not compromising FAI's recognition by the IOC (International Olympic Committee) and
- not endangering the annual IOC support for FAI's anti-doping and sports development scheme.

As most of the testing is conducted 'in competition' the reduced number of events lower the cost. The effective costs for the testing scheme charged by the service provider and the testing fees over the past years are:

- 2018 = 32'000 CHF
- 2019 = 22'000 CHF
Reduced compared to 2018 due to an agreement with WADA to reduce in numbers of athletes in the Registered Testing Pool (RTP) and the numbers of in-competition testing
- 2020 = 12'000 CHF
Further reductions due to agreement with WADA to reduce the number of athletes being in the RTP
- 2021 = 8'000 CHF
Expectation for 2021 after WADA agrees to reduce even further (approval pending).

Further reductions:

- No travel and symposia-attendance associated to anti-doping activities budgeted (effect: minus 1'500 CHF)
- Less advertising material for antidoping promotion-measures (effect: minus 1'000 CHF)

Budget effect 2021: overall minus 6'500 CHF.

6.3.9 Other International Federations / Organisations

For 2021, attendance will be strictly limited to an on-line presence, where available for meetings of Associations where FAI is a member, e.g. International World Games Association (IWGA), Global Association of International Sports Federations (GAISF), SportAccord, IF Forum and similar.

Budget 2021 effect: No expenses (except membership fees) and travel to AGM's budgeted.

6.3.10 Sponsorship Acquisition agreement FAI / QuattroMedia

The exclusive cooperation agreement relating to 'Sponsoring Acquisition for FAI Events' between FAI and Quattro Media (signed on 21 August 2019) will be terminated at 31 December 2020. The prospect of generating new revenue streams through this relationship never materialized.

Termination of this agreement facilitates future investigation of alternative avenues for a commercial-/media exploitation.

Budget 2021 effect: None.

6.3.11 Legal Costs

It is assumed that the level of necessary legal advice will reduce.

Budget 2021 effect: reduction by 50%, down to 6'000 CHF.

6.3.12 FAI Education Commission (EduC)

The budget for the Young Artist Contest will remain (1'500 CHF) because of its relevance for promoting Air Sports and FAI amongst the young people. The travel budget for the Commission President has been cancelled.

Budget 2021 effect: Budget reduced by 1'000 CHF

6.3.13 FAI Environment Commission (EnvC)

The travel budget for the Commission President has been cancelled.

Budget 2021 effect: Budget reduced by 1'000 CHF.

6.3.14 FAI Medico-Physiological Commission (CIMP)

The requested budget for CIMP (4'000 CHF) for Commission Work and Travel/Symposia has been cancelled.

Budget 2021 effect: Budget reduced by 4'000 CHF.

6.4 FAI BODIES FOR 2021

6.4.1 2021 will be run as a ‘minimalistic year’

All FAI bodies will have to recover after the pandemic and a strict cost measurement will be applied to reach the objectives:

- Assist FAI to recover its finances
- Support stakeholders (mainly FAI members) to reduce costs

6.4.2 FAI Executive Board

All EB-meetings to be held online.

Budget 2021 effect: No travel/meeting expenses budgeted.

6.4.3 FAI Commission Plenaries

All Commission plenaries to be held online.

Budget 2021 effect: No travel/meeting expenses budgeted.

6.4.4 FAI General Conference

The FAI General Conference will be held online.

Budget 2021 effect: No travel/meeting expenses budgeted for FAI stakeholders and support functions (EB, Commission Presidents, Awards Ceremony, Staff).

6.4.5 Regional Meetings

Meetings will be held electronically.

Budget 2021 effect: No expenses budgeted.

6.4.6 Members Presidents Meetings

Meetings will be held electronically.

Budget 2021 effect: No expenses budgeted.

7 BUDGETS OF AIR SPORT COMMISSIONS

Note: Income/Expense-items from Commissions which run their activities in EUR-currency have all been converted using the exchange rate of 1.075 CHF/EUR. In case of substantial changes to the currency, a review of the budgets will have to consider this effect.

7.1 ASC BUDGETS AS SUBMITTED (WITHOUT COVID-19 IMPLICATIONS)

Commissions submitted income/expenditure figures for their 2021 budgets since September 2020.

Submitted figures had been discussed in several rounds with most Commission Finance secretaries.

In a few cases, a forecast has been made using income/expense levels from previous years, mainly because the Commission budget approval process could not be finalized for 2021 due to the scheduled dates of the ePlenaries (CIAM 14 November, CIMA 20 November, GAC 21 November).

This budget assessment builds on the 'nominal FAI calendar', that is events planned before any new postponement or cancellation of sanctioned Category 1 or 2 events arising from the pandemic.

7.2 ASC BUDGETS ADJUSTED TO COVID-19 IMPACTS

It is likely that an update of Commission related results will be provided for the General Conference which reflects on latest assessments of impact from the pandemic on FAI events.

7.3 SUGGESTED COURSE OF ACTION FOR THE NEW EXECUTIVE BOARD

It is suggested that, as a high-priority activity, the incoming Executive Board conduct a detailed analysis to adjust the suggested expense- and income levels to accommodate the risks originating from the Covid-19 pandemic and its impact on the timing for a restart of FAI's air sport activities

Possible measures to be discussed and implemented to be:

- a review of the investment activities and an assessment if a delay or postponement of any specific Commission capital investment is legally possible (FAI/supplier contracts) without endangering essential activities connected to the Commission, or discipline, development
- a lower threshold be adopted for the approval of any Commission expenditures (expense items, travel, other commission expenses)
- a review of the whole FAI budget process and related timeline, including the Commission budget process and approvals.

Further areas to improve efficiencies that have the potential to reduce the cost structures of the FAI have been outlined under item 5.6 (FAI structural complexity) in this document.

The main driver for the continuous review of Commission revenue- and expense positions will be the absolute necessity to secure the liquidity of running the World Air Sports Federation into 2022 and beyond.

8 PROPOSED BUDGETS FOR THE YEAR 2021

8.1 FAI BUDGET 2021 (TOTAL)

This table presents the consolidated figures for the FAI.



FAI BUDGET 2021 - proposed budget for the General Conference

Date: 13 November 2020

(assuming GC approval of subscription changes)

Legal Account	Description	ACTUAL 2019 (FAI total)	BUDGET 2020 (FAI total) (EB 29.01.2020)	BUDGET 2021 (FAI total)
	INCOME	2.815.954	1.649.389	1.440.605
30	INCOME FROM MEMBERS	995.765	1.046.613	961.103
32	COMMERCIAL REVENUES	353.206	58.283	49.000
33	COMPETITIONS REVENUES	1.233.141	424.654	368.502
36	OTHER REVENUES	199.656	103.840	62.000
	EXPENSES	-3.176.680	-1.739.534	-1.550.468
4	DIRECT EXPENSES	-184.712	-147.645	-254.559
40	EXPENSES FOR PRODUCTION	0	0	0
42	EXPENSES MERCHANDISING & OTHER	-16.243	-4.598	-5.268
46	EXPENSES FOR SERVICES	-168.469	-143.047	-249.292
48	INVENTORY CHANGE LOSS OF MATERIAL	0	0	0
5	PERSONNEL COSTS	-1.472.763	-825.875	-716.875
54	WAGE COSTS	-1.014.848	-800.000	-568.000
57	SOCIAL INSURANCE COSTS	-158.208	0	-122.000
58	OTHER PERSONNEL COSTS	-115.931	0	0
59	EXTERNAL SERVICES	-183.776	-25.875	-26.875
6	OTHER OPERATING EXPENSES / DEPRECIATION AND AMORTISATION / FINANCIAL PI	-1.238.588	-766.015	-578.711
60	HOUSING COSTS	-9.881	-38.814	-53.628
61	MAINTENANCE, REPAIR, REPLACEMENT AND LEASING OF TANGIBLE ASSETS	0	0	0
62	VEHICLE AND TRANSPORTATION EXPENSES	0	0	0
63	INSURANCE	-46.114	-42.000	-17.500
64	ENERGY, WASTE	-4.021	-7.500	-4.020
65	ADMINISTRATION AND INFORMATION TECHNOLOGY EXPENSES	-696.409	-488.391	-281.571
66	MARKETING AND PR EXPENSES	-243.538	-15.500	-31.952
67	OTHER OPERATING EXPENSES	-54.094	-61.580	-59.825
68	DEPRECIATION AND AMORTISATION ON FIXED ASSETS	-133.332	-85.000	-100.000
69	FINANCIAL EXPENSES AND FINANCIAL INCOMES	-51.200	-27.230	-30.215
7	OPERATIONAL ANCILLARY RESULTS	0	0	0
8	EXTRAORDINARY AND NON-OPERATING EXPENSES, TAX	-280.617	0	-323
	NET RESULT ASCs ((+)Allocation/(-)Dissolution of Special Reserves)	-46.323	-74.944	-126.606
	NET RESULT (FAI Total)	-314.403	-15.201	16.744

8.2 BUDGET FOR FAI OVERHEADS INCL SECRETARIAT (CLASS CHANGES APPROVED)

This budget incorporates all the changes outlined in this document. It also assumes that the submitted requests for class changes will have been approved by the General Conference.



FAI BUDGET 2021 (Membership, Administration, Overheads, Secretariat)

Date: 13 November 2020

(Budget proposal follows the 'FAI 2021 document Introduction, Considerations & Scenarios')

Legal Account	Description	ACTUAL 2019	BUDGET 2020 (EB 29.01.2020)	BUDGET 2021
	INCOME	2.398.580	1.242.453	1.072.103
30	INCOME FROM MEMBERS	995.765	1.046.613	961.103
32	COMMERCIAL REVENUES	352.413	56.000	49.000
33	COMPETITIONS REVENUES	818.842	20.000	0
36	OTHER REVENUES	199.546	103.840	62.000
	EXPENSES	-2.738.358	-1.273.654	-1.055.359
4	DIRECT EXPENSES	-37.893	-1.900	0
40	EXPENSES FOR PRODUCTION	0	0	0
42	EXPENSES MERCHANDISING & OTHER	-6.376	-400	0
46	EXPENSES FOR SERVICES	-31.517	-1.500	0
48	INVENTORY CHANGE LOSS OF MATERIAL	0	0	0
5	PERSONNEL COSTS	-1.434.742	-800.000	-690.000
54	WAGE COSTS	-1.014.848	-800.000	-568.000
57	SOCIAL INSURANCE COSTS	-158.208	0	-122.000
58	OTHER PERSONNEL COSTS	-115.931	0	0
59	EXTERNAL SERVICES	-145.755	0	0
6	OTHER OPERATING EXPENSES / DEPRECIATION AND AMORTISATION / FINANCIAL PI	-1.023.271	-471.754	-365.359
60	HOUSING COSTS	-9.881	-38.814	-53.628
61	MAINTENANCE, REPAIR, REPLACEMENT AND LEASING OF TANGIBLE ASSETS	0	0	0
62	VEHICLE AND TRANSPORTATION EXPENSES	0	0	0
63	INSURANCE	-46.114	-42.000	-17.500
64	ENERGY, WASTE	-4.021	-7.500	-4.020
65	ADMINISTRATION AND INFORMATION TECHNOLOGY EXPENSES	-493.833	-202.060	-140.632
66	MARKETING AND PR EXPENSES	-243.538	-15.500	-19.579
67	OTHER OPERATING EXPENSES	-31.576	-37.880	0
68	DEPRECIATION AND AMORTISATION ON FIXED ASSETS	-117.735	-85.000	-100.000
69	FINANCIAL EXPENSES AND FINANCIAL INCOMES	-51.200	-27.000	-30.000
7	OPERATIONAL ANCILLARY RESULTS	0	0	0
8	EXTRAORDINARY AND NON-OPERATING EXPENSES, TAX	-242.453	0	0
	NET RESULT (Membership, Administration, Overheads, Secretariat)	-339.778	-31.201	16.744

8.3 BUDGET FOR ASC ACTIVITIES (AS SUBMITTED)

This budget presents the submitted and estimated results for the Commissions.



FAI BUDGET 2021 (Air Sport Commissions)

Date: 13 November 2020

(Budget proposal follows the 'FAI 2021 document Introduction, Considerations & Scenarios')

CHF/EUR @ 1.075

Legal Account	Description	ACTUAL 2019	BUDGET 2020	BUDGET 2021
	INCOME	417.374	406.937	368.502
30	INCOME FROM MEMBERS	0	0	0
32	COMMERCIAL REVENUES	792	2.283	0
33	COMPETITIONS REVENUES	414.299	404.654	368.502
36	OTHER REVENUES	110	0	0
	EXPENSES	-463.696	-481.880	-495.109
4	DIRECT EXPENSES	-146.819	-145.745	-254.559
40	EXPENSES FOR PRODUCTION	0	0	0
42	EXPENSES MERCHANDISING & OTHER	-9.867	-4.198	-5.268
46	Expenses for Services	-136.952	-141.547	-249.292
48	INVENTORY CHANGE LOSS OF MATERIAL	0	0	0
5	PERSONNEL COSTS	-38.021	-25.875	-26.875
54	WAGE COSTS	0	0	0
57	SOCIAL INSURANCE COSTS	0	0	0
58	OTHER PERSONNEL COSTS	0	0	0
59	EXTERNAL SERVICES	-38.021	-25.875	-26.875
6	OTHER OPERATING EXPENSES / DEPRECIATION AND AMORTIS.	-240.692	-310.261	-213.352
60	HOUSING COSTS	0	0	0
61	MAINTENANCE, REPAIR, REPLACEMENT AND LEASING OF TANG	0	0	0
62	VEHICLE AND TRANSPORTATION EXPENSES	0	0	0
63	INSURANCE	0	0	0
64	ENERGY, WASTE	0	0	0
65	ADMINISTRATION AND INFORMATION TECHNOLOGY EXPENSES	-202.576	-286.331	-140.939
66	MARKETING AND PR EXPENSES	0	0	-12.373
67	OTHER OPERATING EXPENSES	-22.518	-23.700	-59.825
68	DEPRECIATION AND AMORTISATION ON FIXED ASSETS	-15.597	0	0
69	FINANCIAL EXPENSES AND FINANCIAL INCOMES	0	-230	-215
7	OPERATIONAL ANCILLARY RESULTS	0	0	0
8	EXTRAORDINARY AND NON-OPERATING EXPENSES, TAX	-38.164	0	-323
	NET RESULT	-46.323	-74.944	-126.606
	Use of special reserves (dissolution of Commission Reserves to balance the ASC budget)			-126.606
	Outcome of Commissions after using Special Reserves			0

EoD End of Document