



## CIVL PLENARY 2020 – ANNEXE 8a

# CIVL FINANCIAL SECRETARY REPORT

*Andy Cowley*

Last year, the FAI put in place new accounting systems to simplify financial budgeting, reporting and analysis both at FAI Secretariat and for all Air Sport Commissions (ASCs). Consequently, a new methodology, together with an ASC budgeting submission proforma have now been introduced, by which all reporting is now regularised with commonality of content between the various commissions reporting lines. This means that my report this year should hopefully be simpler and more understandable.

### **1. 2020**

The provisional 2020 CIVL accounts (summarised in Appendix A) indicate that there has been a significant decrease in income and expenditure compared to that achieved in 2019. This is because of the appalling Covid-19 virus pandemic that has caused a worldwide slowdown that has in turn affected all sporting activities. The CIVL summary 'end of year' accounts provisionally shows, from a finance reporting perspective, that we had an actual income of **€42,318** compared to an expenditure of **€81,081**, with a resultant deficit of **€38,767**.

From an analysis perspective, the income achieved from CIVL activities was only 66% of the 2020 original budget. Nevertheless, this is may be reasoned as higher than expected, considering the early and enormous impact on so many competitions.

However, we should be mindful that there was a lesser proportional impact on our expenditure, which was reduced to about 76% relative to the original budget. The final expenditure figure may be greater when taking into account outstanding liabilities, so overall we provisionally continue to be in a deficit situation and we have had a greater than the deficit predicted in the original budget submission agreed at last year's Plenary.

In summary, whilst income from sanction fees and commercial sales are significantly down, a greater proportion of our overall expenditure was continued because the Bureau took the decision to continue investing in support activities whilst there was a pause in sporting activities. A more detailed lower tier breakdown may be seen at Appendix B.

As a consequence, in 2020 the CIVL ASC Special Reserve Account decreased less than actually budgeted nominally from **€251.5k** to **€212.7k**. It should be noted that the CIVL reserve account funds are held by the FAI and maintained within the global FAI finances.

During recent years, strong concern was voiced by various Air Sport Commissions and by some National Airsport Control (NAC) representatives that these reserve funds were used to maintain the high cost of the FAI workings and operation instead of being utilised for each ASC's planned activities. These reserves were also used to finance 'special events' multisport projects that did not deliver the promised revenues to the FAI.

This concern was acknowledged and has been accepted by the 2019 and 2020 FAI General Conference. The new FAI President, David Monks, has assured all that this subject is now being addressed. Whilst the ASCs reserves are not immediately available in their entirety, each ASC can

budget for the future what they require with no restriction. The priority for the entire FAI – the Executive Board, Secretariat, NAC and ASCs, is to work together to build back the FAI cash reserve and ensure the viability of the Federation.

CIVL has some capital assets. In the future these will appear on the FAI account expenditure as FAI/CIVL assets with correct depreciation values. From an accounting perspective, we plan to depreciate these assets over four (4) years and we should be planning to replace them after 2022. It is therefore important to understand that in the future we should be making due allowance to cover replacement costs.

Please be aware that (yet again) there are some outstanding costs including the requirement for NAC's to pay their sanction fees to the FAI Secretariat and unforeseen and unplanned expenditure.

## 2. 2021

Whilst it appears probable Cat 2 competitions may continue to be held, albeit at a reduced level, the Bureau anticipates a continued suppression of international level activities. Last year we put an updated 2020 budget submission into the FAI planning for success as recommended by the secretariat, however, we now cannot envisage meeting that budget. In reality, it is more likely that we will be obliged to operate similarly to the finance levels actually seen in 2020.

It is important to understand that CIVL have planned (again) for an overall deficit in 2021 and it is intended this will continue into 2022. This was planned by the Bureau as we are continuing to make the promised investments for the overall improvement of our support to the sport(s).

A negative budget for 2021 was set at the last Plenary with the intention of using our reserves to further enhance the sport's development and IT infrastructure. It was latterly modified for final presentation to the FAI during 2020. The 2021 budget figures are shown at Appendix D. This depicts the draft 2020 figures agreed by the Plenary; the final update sent to the FAI; (with projections achieved using a base-up 'clinical' and historical analysis), and the 'best guess' for this year, which is similar to 2020, as we now know that the pandemic is likely to continue for this year.

Our prime budget expenditures this year will continue to include:

- a. The development of the new IT programmes/applications (EMS and Airscore), etc
- b. CIVL contracts essential CIVL administrative support consultancy services upon which the Bureau and the sport heavily rely.
- c. Support provided by the individual discipline Chairpersons' and Asian Liaison Officer's direct input at the Bureau's meetings. This has been very constructive and beneficial and will be necessary when Bureau meetings may return in 2022.

We now expect a deficit balance of in the region of **€35k** with a hoped-for income of about **€37k** and an expenditure of **€72k**. *I am concerned that we may not even achieve that projected overall balance* when taking into the increased liabilities of the development of IT programmes, loss of events in particular Cat 1s, and possible cost of asset ownership.

## 3. 2022

The Plenary is required to approve a CIVL budget for 2022 during this 2021 Plenary, that will be forwarded to the FAI for inclusion in the 'roll-up' of their overall accounts. The first draft has been compiled, and is fully reported in the Treasurer's Report '**CIVL 2022 Summary Budget (draft)**' at **Annexe 35** of the Plenary proceedings.

## 4. Summary

Over several years, CIVL built up substantial, healthy reserves that we continue to expand for the development of the sport. However, I must again caution the Plenary and all NAC delegates that this trend cannot be allowed to continue. This trend is indicated in appendix E. The pandemic has affected both the CIVL and the FAI as it has done to so many other organisations throughout the world. Although as an ASC, we continue to have a significant nominal reserve, it is essential that we look closely at the predicted costs beyond 2022 that are required to run our sports. We intend to continue maintaining current fees for the next two years so that we do not unfairly put financial pressures on organisers and competitors. During the 2022 Plenary it will be necessary to make decisions that ensure our competitions contribute sufficient revenue/funds to provide for future balanced budgets in order to sustain our sport within the FAI.



Andrew GR Cowley

CIVL Treasurer

31,012,021

— END —

Appendices:

A: 2020 Actual (Provisional at Jan 2021)

B: 2020 Financial Breakdown (Provisional at Jan 2021)

C: 2020 Reserve Account (Provisional at Jan 2021)

D: 2021 Budget (Agreed 2020 and updated for FAI)

E: CIVL financial trend

Appendix A: 2020 Actual (Provisional at Jan 2021)

INCOME	2020		
	Budget	Actual	Difference
Championships income	49600	33841	-15759
Sales (IPPI cards etc.)	14550	8522	-6028
Misc	0	-49	-49
<b>TOTAL</b>	<b>64150</b>	<b>42314</b>	<b>-21836</b>
EXPENDITURE	2020		
	Budget	Actual	Difference
Administration	28680	16805	-11875
Operating expenses	50800	43329	-7471
Championships expenses	22400	16667	-5733
Stock Purchases (Mkt'g)	3500	0	-3500
Miscellaneous expenses	1000	4280	3280
<b>TOTAL</b>	<b>106380</b>	<b>81081</b>	<b>-25299</b>
BALANCE	2020		
	Budget	Actual	Difference
<b>TOTAL</b>	<b>-42230</b>	<b>-38767</b>	<b>3463</b>

Appendix B: 2020 Financial Breakdown (Provisional at Jan 2021)

INCOME		
Account 3200 - CIVL Sales of Merchandising		669.47
Account 3300 - Sanction Fees		33,775.18
Account 3601 - Other FAI Performance		64.14
Account 3800 - Allowance		-49.71
	<b>TOTAL INCOME</b>	<b>€ 42,313.67</b>
EXPENDITURE		
Account 4601 - Commission Medals/Diploma		5,618.85
Account 5900 - External Services (Admin)		16,804.67
Account 6230 - Transport Charges, Fees, Charges		181.46
Account 6514 - Commissions Paypal		-1,083.22
Account 65640 - General Expenses		2,428.34
Account 65642 - Expenses of FAI Officers		9,000.80
Account 65643 - Expenses of Juries		898.50
Account 65644 - Expenses of Judges		828.96
Account 65646 - Expenses of Experts		138.56
Account 6590 - IT Consulting and Development		41,191.48
Account 6940 - Bank fees		1,252.33
Account 6942 - Exchange Loss		250.97
Account 6952 - Exchange Profit		792.64
Account 8610 - Nonrecurring Revenues (release of liabilities)		2,776.63
	<b>TOTAL EXPENDITURE</b>	<b>€ 81,080.97</b>
	<b>BALANCE</b>	<b>-€ 38,767.30</b>

Appendix C: 2020 Reserve Account (Provisional at Jan 2021)

RESERVE ACCOUNT	
End 2019	251446
Difference	-38767
End 2020	212679

Appendix D: 2021 Budget (Agreed 2020 and updated for FAI)

INCOME	2021			
	Budget	Budget 2	Probable	Difference
Championships income	85400	79830	33841	-45989
Sales (IPPI cards etc.)	14550	0	3000	3000
Misc	0	0	0	0
<b>TOTAL</b>	<b>99950</b>	<b>79830</b>	<b>36841</b>	<b>-42989</b>

  

EXPENDITURE	2021			
	Budget	Budget 2	Probable	Difference
Administration	29680	25000	25000	0
Operating expenses	65500	55500	40000	-15500
Championships expenses	40400	16200	7500	-8700
Stock Purchases (Mkt'g)	3500	3000	0	-3000
Miscellaneous expenses	1000	0	0	0
<b>TOTAL</b>	<b>140080</b>	<b>99700</b>	<b>72500</b>	<b>-27200</b>

  

BALANCE	2021			
	Budget	Budget 2	Probable	Difference
<b>TOTAL</b>	<b>-40130</b>	<b>-19870</b>	<b>-35659</b>	<b>-15789</b>

Appendix E: CIVL financial trend

