2023 CIVL Plenary
CIVL Financial Improvement Proposal

CIVL Bureau
Proposal Summary

• What is being proposed:
  • **Increase Cat 2 sanction fee to 2x the entry fee** (currently 1.5)
  • **Increase Cat 1 multiplier to 6.75** (currently 4.5)
  • Change the minimum sanction fee from €50 to €70
  • This would take effect in 2024

• Why?
  • CIVL currently has an unsustainable financial model

• What is the impact to organizers?
  • Example: for a 130 pilot Cat 1
    • entry fee would need to be increased by €16 to offset increase
  • Cat 2 organizers: for a €250 entry fee comp with 100 pilots
    • entry fee would need to be increased by €1.30 to offset the increase

• What is the impact to CIVL?
  • Takes us to a projected loss of about 9K
Background

• Problem Statements:
  • Currently CIVL’s budget is projected at a loss.
    • Significant investments have been made with no corresponding increase in revenue.
  • CIVL does not have room in the budget to budget for significant sport improvement activities such as training, documentation, new software tools, etc. without dipping into reserves to do so.
  • CAT 1 Events are often not profitable and are at best essentially break-even.
    • When you factor in a prorated cost of overhead such as the CIVL staff and systems, then all of them lose money.

• This is not a sustainable model
What can change: Revenue

• What are the dials we can adjust to improve the financial picture?

• Revenue
  • Sanction fees, which can be improved by:
    • Having more events --This is not really something that we can control
    • Raising the sanction fee
      • We can do this
  • IPPI cards
    • This is currently only around 10% of our revenue
      • We can’t really control the number that get sold
      • We could increase the price, but would have to raise it dramatically to have a meaningful financial impact, which would probably decrease the # that get sold
  • New Sources
    • Corporate Sponsorship
      • This is worth pursuing, but at this point is very speculative and not something we can count on happening
What can change: Expense

• What are the dials we can adjust to improve the picture:
  • Expense
    • CIVL paid staff
    • Arguably already too lean
    • No viable way to reduce this
  • Jury / Steward expense
    • Remote jurors would have some positive impact, but experience has shown that on-site juries work better when issues arise
  • Reducing in-person meetings
    • Long term, the team needs to occasionally get together to be effective as a team
CAT 1 Events

• CAT 1 Events are not profitable for CIVL
  • For 150 pilot, 11 day World Championships we gross, \textit{at most}, about 3k euros
  • For 130 pilot, 7 day Continentals we about break even
  • For Acro events we lose money
  • Add an allocated cost for insurance, admin staff and systems (FS, EMS, Airscore) and they all lose money
    • CIVL provides trackers
    • CIVL staff provides staff for media work

• Goal
  • Find a way to make CAT 1 events break-even or better
• Current State Details
  • Typical entry fee for Cat 1 events has been €450 (2021 Acro entry fee was €700)
  • Sanction fee is 4.5 x # of days x # of pilots
    • Examples:
      • PG Worlds: 4.5 x 11 x 150 = €7,425
      • HG Worlds: 4.5 x 11 x 130 = €6,435
      • Continental: 4.5 x 7 x 130 = €4,095
      • Aerobatic Worlds: 4.5 x 6 x 30 = €810
    • Subtract €2k – €3.5k for Steward and Jury and ~ €1k for medals from the numbers above
      • Net result ranges from ~ €2k loss to ~ €3k profit
Cat 2 Events

- Cat 2 Events are where the bulk of our revenue comes from
- Currently cost organizers 1.5 x Entry Fee
  - Example: A €250 entry fee and 100 pilots
    - Organizer gross = € 25,000
    - Sanction Fee = € 375, which is 1.5% of their gross revenue
    - For €375 they get:
      - Scoring software
      - Event management software
      - Inclusion in the WPRS ranking system for all pilots
      - Event advertising on the FAI calendar
      - **Boosted attendance due to FAI Cat 2 status**

- Goal
  - Increase the Cat 2 sanction fee to reflect the value provided and recoup the investments that have been made.
Summary

The current financial structure is not sustainable for CIVL

- The proposed changes are justified and manageable
  - Cat 2
    - With the addition of EMS and Airscore, Cat 2 organizers are getting far more value than they are paying for with 1.5x the entry fee
    - The change only requires an entry fee increase in the €1 - €3 range for most competitions
  - Cat 1
    - Cat 1 provides the prestige that allows organizers to attract significant sponsorship money
    - CIVL should at least break-even on the events
    - The change only requires modest entry fee increases

The alternative is for CIVL to be unable to operate a few years down the road
Appendix: Impact Modeling
# Cat 2 Impact Analysis

Current Entry Fee multiplier 1.5  
New Entry Fee multiplier 2

## Table Shows per pilot increase

<table>
<thead>
<tr>
<th>Entry Fee</th>
<th># of Pilots</th>
<th>30</th>
<th>50</th>
<th>70</th>
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<td>€ 6</td>
<td>€ 4</td>
<td>€ 3</td>
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# Cat 1 Impact

## CAT 1 Impact Example

<table>
<thead>
<tr>
<th>Current</th>
<th>Proposal</th>
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<tbody>
<tr>
<td># of Officials Organizer pays for</td>
<td>4</td>
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<td>Cost of FAI Officials</td>
<td>€ 6,800</td>
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<td>Sanction Fee Multiplier</td>
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<td>Sanction Fee</td>
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<td>Net Cost to Organizer</td>
<td>€ 10,895</td>
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<td><strong>Cost per pilot to Cat 1 organizers</strong></td>
<td>€ 84</td>
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## CIVL Income

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<th>Current</th>
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<td>Gross Income</td>
<td>€ 4,095</td>
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## CIVL Expense

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<tr>
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<tr>
<td>Steward Stipend</td>
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<td>Jury Stipends</td>
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<td>Scorer Fee</td>
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<tr>
<td>Medals</td>
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<tr>
<td><strong>CIVL NET</strong></td>
<td>€ 95</td>
<td>€ 2,143</td>
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## Variables

- Average Cat 1 Airfare: € 900
- Average Hotel / night: € 40
- Average Daily Expense: € 40
- # of Pilots: € 130
- # of Comp Days: € 7
- Number of Days to pay CIVL staff: 10

Assumes organizer doesn't get free staff/hotel rooms.

Blue fields can be changed.