

FAI FINANCES – BUDGET 2016 and outlook 2017-2020

Principles:

- The FAI Executive Board is acting within the framework of FAI Statutes and By-Laws and General Conference decisions.
- Accounting principles as per Swiss regulations.
- Four-eye principle for bank account access, contracts, payment approvals and financial transfers.
- HO Operations Income and Expenditure seen in context for the following operational areas:
 - WAG

Income	Expenditure
1.2 Sanction Fee/Reimbursement Expenditure – WAG 1.5 Other Income – WAG Reserve (only 2014) 3.4. WAG Reserve (from 2015 on)	2.2. Operating Expenses – WAG – World Air Games

- Sponsors/Partners

Income	Expenditure
1.3. Commercial Revenues – Sponsors/Partners	2.3. Marketing / Communication – Sponsorship costs
Related to RBAR Partnership/Safety Supervision 1.2. Competition Revenues – Other	2.2. Operating Expenses – Other Events

- Membership revenues – HO Operations Expenditures

Income	Expenditure
1.1. Membership Revenues – Subscriptions	2.1. Administration Expenses 2.2. Operating Expenses 2.3. Marketing and Communication The excess of expenditures over income is covered by other Income sources, e.g. Commercial Revenues, and/or by Reserves.

- For 2016 to 2020 Air Games Event Series Proposal

Income	Expenditure
1.2. Competition Revenue – Sanction Fee - WAG 1.3. Sponsors/Partners 1.3. TV Media Rights	2.3. Air Games Event Series Product Development and Implementation

- Costs for HO services to ASCs (as defined in FAI Constitutionⁱ) are covered by Membership and Commercial Revenues (see above) and are not charged to ASCs.
- Budget is decided at the FAI GC in autumn of a year. After the result of year of the GC is available, the EB reviews the budget for the current year and adjusts it if necessary. In the future, this information will be provided to the Members and ASCs in the course of the year.
- Allocations to and use of reserves are decided by the EB, and reported to the GC accordingly (Audited Annual Finance Reports).
- Allocations to and use of provisions for specific projects are decided by the EB, and reported to the GC accordingly (Audited Annual Finance Reports).
- Guiding documents for ASC operations are the FAI Constitution, ASC internal guidelines, and the FRTF Paper 2011 outlining the responsibilities. Up to now, surpluses are allocated to the ASC Reserves, and deficits are covered by ASC Reserves.
- 2015/2016 is a transition phase in the way the budget is presented. This time, an update on the budget 2015 is included. Also, from 2016 on the presentation of use and allocation of funds will be done in a separate part of the budget.

Main assumptions:

Revisit 2014 Result and before

- Considerable positive revenue, put into provisions for 2015.
- Delicate balances since partnership with Breitling, with not much room for innovation. Which means: the loss of Breitling will/would cause a big gap.
- But: FAI has accumulated several provisions, e.g. on Visual Image, New Branding, Development and Innovation Fund, World Air Games etc. Additionally, end of 2014 provisions were made to the total amount of 238,000CHF (see Annex F.3 Actual 2014 lines 2.4 and 2.5).
- And we must innovate now to secure sustainable finances again. The innovation proposal is the “Air Games Event Series” with a dedicated concept and budget (see Annex O).
- Finance Advisory Group has provided an analysis of budget vs actual 2014 with detailed explanations (see Annex P).

UPDATE 2015

- Provisions as per EB decision carried forward from 2014 (see Annex F.3 note (1)).
- EB decision to carry forward the Sports Development provision with an amount of 50,000 CHF (out of 65'000CHF) to 2016 (Expenses will not incur in 2015, as the projects (Olympic Track, ASC Workshops) will be postponed to 2016) (see Annex F.3 note (10)).
- Cut WAG Expenses by FAI planned for Communication/Marketing, financed through WAG reserves, to save funds for the WAG reserves for later years, -46'000CHF. To be dissolved in 2016/17. (see Annex F.3 note (2)).
- Result anticipated to be ~ 30'000 CHF instead of 14'000 CHF budgeted.
- Editorial remark: Line "2.2. Expert Groups" amount formula in referenced sheets was wrong, correct amount is 17'000 CHF instead of 26'000 CHF. (see Annex F.3 note (3)).

Key Assumptions 2016 and 2017-2020

- (World) Air Games Series Product Development and Implementation Project is a dedicated project in order to establish FAI Event Series that attracts Global, regional sponsors and produces revenue for FAI. Longterm goal (to be achieved from 2018 on): redistribute part of the surplus to ASCs and NACs, rebuilt reserves for WAG and Development and Innovation. (See separate explanation and budget proposal in Annex O; and Annex F.3 note (15)).
- Financed through dissolution of provisions and reserves in the first 2 years.
- Calculating with growing event related Revenue AND Global Sponsorship of FAI, that benefits both the Project and FAI.
- FAI GC will in 2015 decide on budget 2016 only. The future budgets will be presented on an annual basis to the FAI General Conference.

REVENUE

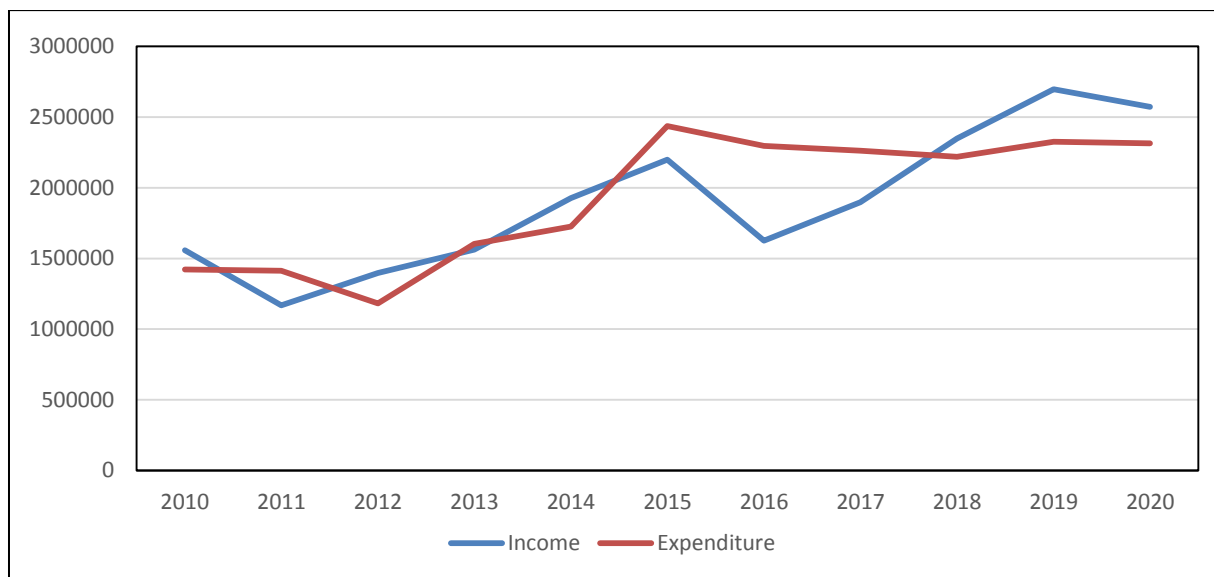
- Membership subscription reduced because of changes (class changes, expulsion). (see Annex F.3 note (4)).
- Substantial reduction of Sponsorship income (one of the current contracts will be re-negotiated beginning of 2016, result by Spring 2016, other contacts are negotiated for new cooperations). (see Annex F.3 note (7)).
- Close the gap partially with generic provisions, and with allocating expenses e.g. for audiovisual production to the "Air Games Series" Product. (see Annex F.3 notes (12-14 and 16)).
- Merchandising outsourced with 15% commission. (see Annex F.3 note 11).
- Minor adjustments in Administrative revenue and costs, basically unchanged (among that insurances, office operations, re-allocation of handling fee for medals to HO). (see Annex F.3 note 5 and 8).

- Use of Diverse Provisions, WAG Reserves and DIF Reserves to finance Air Games Series Product Development and Implementation (see above and Annex F.3 note 16).

EXPENDITURES

- Budget for FAI Event Series integrated under former category "Sponsorship costs", detailed budget see Annex O.
- Standard expenses carried forward with minor adjustments, e.g. Other Staff expenses (consultancy) reduced from 10' to 5'CHF (see Annex F.3 note 8).
- Purchase of products only for own use. Handling of Merchandising is outsourced (see above and Annex F.3. note 11).
- Media Monitoring, Audiovisual Production and Distribution, Printing of promotional material partially relocated to Air Games Series (see Annex F.3 notes (12-14 and 16)).
- Depreciation raised because of Database activation from 2015 on; full effect in 2016/17 (see Annex F.3 notes 9).

HO results 2010-2020 Income/Expenditure without Provisions and Reserves allocations (in/out)



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- ⁱ "Secretariat purposes" (Statutes 8.2.1.) - controlling FAI business plan (8.1.4.), annual report on air sports development (8.2.1.), FAI Award and Diploma support (Statutes Ch. 9 and 10)
 - Help with Commission procedures (By-Laws Ch. 3)
 - Maintaining archives of FAI, homologating all air and space records, maintaining FAI accounts, collect all payments (also sanction fees), maintain electronic communication with constituent elements of FAI and airports community at large (i.e. IT support) (By-Laws Ch. 4)
 - Publishing all information regarding FAI's activities and meetings, list of current records, Commission reports, results of Championships, medals and diplomas, lists of Commission delegates, FAI calendar (By-Laws Ch. 6)
 - Help with FAI Awards for individual disciplines (By-Laws Ch. 7)
 - Help with FAI Bagdes (By-Laws Ch. 8)