

FAI FINANCES – BUDGET 2017 – Head Office operations

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, Expenditure and Use of Funds can be seen in context for the following operational areas:
- - WAG

Source of Funds	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

Source of Funds	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

Source of Funds	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.

- Air Games Event Series Proposal

Source of Funds	Expenditure
1.2. Competition Revenue – Sanction Fee - WAG 1.3. Sponsors/Partners 1.3. TV Media Rights 3.3/3.4 Other Provisions, WAG	2.3. Air Games Event Series Product Development and Implementation

- Costs for HO services to ASCs (as defined in FAI Constitution, see footnote 1) 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, positive revenues are allocated to the ASC Reserves, and negative results are covered by ASC Reserves.

KEY ASSUMPTIONS 2017

- (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): rebuild reserves, redistribute part of the surplus to ASCs and NACs. See sep. Tables. Financed through dissolution of provisions and reserves in the first 2 years (2016/17).
- Major additional projects are the World Games 2017, a website relaunch and the General Conference 2017 (further details below).

REVENUE

- Subscriptions – Reduction due to requested Membership class changes from 1,048 mio CHF to 988'176 CHF (subject to General Conference approval). See Membership report.
- Other - RBAR Safety Supervision – reduced, since the former calculation was based on 12 events. Currently RBAR has 8 events, in 2017 it might be up to 10. Amount is balanced with costs on expenditure side.
- Slight increase of Sponsorship income due to re-negotiation and new partner on board. Additional partners provide in kind values that save expenditures for FAI.
- GC 2017 will be hosted by FAI. Dedicated budget includes confirmed subsidy from Canton de Vaud and City of Lausanne, registration fees and other income (see sep. Table).

EXPENDITURES

- Staff HO – insourcing of bookkeeping (part time on assistant level), minor adjustments. Reserve amount for temporary support (e.g. Record homologation).

- General Administration – Adjustments according to results 2015 and review 1-6/2016. Part of the costs for postage/ mailing are sponsored.
- Management Fees – Reduction for Fidulem bookkeeping because of in-sourcing (see above), adjustment of costs for audit work by Fidulem.
- General Conference & NAC meeting – contains the operations costs for GC (different to last years, see table below), plus costs for NAC meeting.
- Media Monitoring, Audiovisual Production and Distribution and production of promotional material relocated to Air Games Series project as in 2016.
- World Games – proposal is to plan for 50,000 CHF expenditures. See separate table below.
- World Championship Medals – reserve in FAI HO, in case an ASC runs out of them, so that medals can be provided.
- Printing Costs – adjustment from 25,000 to 30,000 CHF.
- New Website – Total volume 130,000 CHF, based on detailed briefing, provider comparison and evaluation. Bookkeeping firm recommends to budget depreciated amount (one third).
- FAI Sports and Branding Strategy, Air Games series – see separate table.

DETAILED BUDGETS

Air Games Concept development

Source of Funds		Expenditure	
World Air Games Reserve	148,000 CHF	Workforce	120,000 CHF
DIF	200,000 CHF	Acquisition	25,000 CHF
IOC Development Fund	12,000 CHF	Marketing/Brand development (selected Cat 1 events as long as Air Games not in place)	25,000 CHF
Provision 2012 Printing	10,000 CHF	Communication (same comment as above)	45,000 CHF
		Communication materials	17,000 CHF
		Media Production and Evaluation (same comment as above)	138,000 CHF
TOTAL	370,000 CHF		370,000 CHF

While continuing the promotion of existing premier Cat 1 events as since 2015, the Air Games concept – subject to approval by the General Conference – will be offered to hosts and sponsors with the goal to achieve letters of interest that would guarantee the financing and allow for executing the events and subsequent positive revenue for FAI. The investments for the Air Games activation therefore are limited to costs for workforce (partial), travel and promotional material. Only if a sufficient financing is guaranteed, the investment into the Air Games would start, based on a detailed business plan.

Air Games Concept activation (based on 4 events/year)

Not included in Budget 2017 proposal to GC as it will only start when sufficient funding is secured.

Source of Funds		Expenditure	
Hosting Fees	700'000 CHF	Workforce	400,000 CHF
Series Title Sponsor	1 mio CHF	Travel	60,000 CHF
Other Sponsors and suppliers	300,000 CHF	Promotion, digital media management	500,000 CHF
		TV production/distrib.	400,000 CHF
		Officials	240,000 CHF
		Other	100,000 CHF
TOTAL	2.0 mio CHF		1.7 mio CHF

Participation World Games 2017

Source of Funds		Expenditure	
Olympic Fund (subject to definition at time of creation – optional: covered from Operation Funds)	50,000 CHF	Travel support for 32 approved officials from ASCs	16,000 CHF
		Travel costs EB/HO	4,000 CHF
		Speakers/moderators	2,500 CHF
		Pre-event meetings and arrival	5,000 CHF
		Presentation Technology	10,000 CHF
		FAI Branding	5,000 CHF
		Misc.	7,500 CHF
TOTAL	50,000 CHF		50,000 CHF

General Conference 2017

Source of Funds		Expenditure	
Registration	60,000 CHF	Administration	8,500 CHF
Event subsidies	30,000 CHF	Conference/Catering/Social Programme	119,000 CHF
Other (exhibition)	20,000 CHF	Equipment	7,500 CHF
FAI Funds	31,500 CHF	Printed Material	5,500 CHF
		Misc.	1,000 CHF
TOTAL	141,500 CHF		141,500 CHF

USE OF/ALLOCATION TO FUNDS

The Executive Board reviewed the situation and agreed to propose further investments as anticipated in the proposal to the GC 2015, for the Air Games as above, and additional main projects such as World Games participation and new website.

The Air Games budget (income and expenditure) is adjusted compared to the proposal to the GC 2015 (from 553,500 CHF to 370,000 CHF), as Global and Event-specific Sponsorship has not been confirmed as of now. The use of funds includes World Air Games Reserve (with an Allocation to it in 2017 from sanction fee), DIF, and other provisions.

World Games 2017 participation – use of Olympic Fund if possible according to definition, otherwise to be covered by operating funds (relation Olympic Games – World Games according to IOC Agenda 2020 to be considered).

End of 2017 – along the preparation of the budget 2018 - will then be the decision point in regard to the continuation of marketing as well as communication activities, among them the promotion of FAI Cat 1 events.

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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 airsports 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 Badges (By-Laws Ch. 8)