FAI Rotorcraft Commission (CIG)

Plenary Meetings 10 – 11 March 2023
Lausanne SUI (in person)

Report of FAI Secretary General
Markus Haggeney

Note:

This detailed presentation strives at generating self-explanatory reading-material for those that did not attend the meeting, also for the minutes as an annexe.

The presentation during the plenary meeting will focus on few slides only.

Questions encouraged.
MAIN TOPICS

1. FAI General Conference 2022
   1. See the annexe 5 „FAI SG report as per General Conference“
   2. Update: Elections
   4. Update: Statistics (events / records)

2. Insurance for Officials

3. Statutes, By-Laws, Organiser Agreement

4. CIG finances (budgeted/audited: FAI report)
(1)

FAI GENERAL CONFERENCE 2022
PRESIDENT & EXECUTIVE BOARD (2022-2024)

David MONKS
GBR
(President)

Agust GUDMUNDSSON
ISL
(Finance)

Eric MOZER
USA
(Deputy President)

Patrick NAEGELI
GBR

Marina VIGORITO
ITA

Graeme WINDSOR
AUS

Elected into Executive Board
David MONKS (2020)
Andy CHAU (2022)
Agust GUDMUNDSSON (2016)
Eric MOZER (2020)
Patrick NAEGELI (2020)
Marina VIGORITO (2018)
Graeme WINDSOR (2020)

Markus HAGGENEY (FAI SecGen, non-voting member)
GENERAL CONFERENCE 2022 FINANCE ANNEXES

• All documents in dedicated FAI GC 2022 cloud
  • Access credentials via Commission President or NAC
  • Please strictly observe confidentiality
  • For FAI stakeholders. No sharing, no publication through other channels.

• GC-presentations (finance focus)
  • Report Secretary General [GC 2022 cloud]
  • Financial Year 2021 (results) [GC 2022 cloud]
  • Financial Year 2022 (YTD and YEE) [GC 2022 cloud]
  • Financial Year 2023 (budget proposal) [GC 2022 cloud]
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Numbers as audited and reported to the FAI General Conference
SUN & SHADOW 2019-2022

- Financial Governance re-established ✓
  - Monthly management reporting on finances (EB & CPG)
  - Strict management receivables/payables/cash at banks

- Cost Reductions ✓
  - General & Administration reduced by CHF 1’500’000 in 3 years
  - Further projects (IT & workflows) in progress (budget 2022, budget proposal 2023)

- Membership Fees must increase to support current objectives
  - Past class changes build up to continuing lower income
  - Members continue to ask for class changes
  - Consistent declining income last two decades (this century)
  - “Members class-changes to a lower membership-class continue to radicate the fee-increase of 10% decided by the 2019 GC from 01 Jan 2020 onwards.” (narrative)
## Agenda item 17: FAI Budget 2023

### INCIDENTAL FACTS (GC DECISIONS) CAUSE AN EFFECT

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### Members & Income

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<td>GC decision 2020 AUS, CAN, GER, ISR, ITA, TUR</td>
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The increase of 10% (GC 2019) from 01 Jan 2020 onwards (+ca 95’000) is offset since 2021.

The membership fee model is not sustainable. Reported to 2021 GC.
ITEM 17.1 FAI MEMBERSHIP FEES 2023

The General Conference will be invited to approve the scale of Membership Fees for 2023.

• Proposal is:

  • Increase of 6% per class for 2023
  • Increase of a further 6% per class plus Consumer Price Index (CPI) Switzerland for 2024
  • Increase of a further 6% per class plus CPI SUI for 2025
## FAI COMMISSIONS BUDGET 2023 (BREAKDOWN PER ASC)

### Legal Account Description

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<td>30 INCOME FROM MEMBERS</td>
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<td>32 COMMERCIAL REVENUES</td>
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<td>33 COMPETITIONS REVENUES</td>
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<td>34 OTHER REVENUES</td>
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<td>340 Revenue from Services (non event-related)</td>
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<td>360 Records &amp; Other FAI Recognitions</td>
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<td>361 MSI Rental Incomes</td>
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<td>362 Sponsorship &amp; Partnerships</td>
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<td>363 Sports Subsidies</td>
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<td>366 Other Income</td>
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<td>38 REDUCTION IN EARNINGS</td>
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<td>40 EXPENSES FOR PRODUCTION</td>
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<td>42 Expenses Merchandising &amp; Other</td>
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<td>46 Expenses for Services</td>
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<td>47 Competition expenses</td>
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<td>68 DEPRECIATION AND AMORTISATION ON FIXED ASSETS</td>
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<td>8 EXTRAORDINARY AND NON-OPERATING RESULTS, TAX</td>
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### Commission Budgets

- **FAI Commissions Budget 2023**
  - **Commission budgets approved as submitted**

### Agenda item 17: FAI Budget 2023
# 7
Events / Records
# CATEGORY 1 EVENTS

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Total:

- CIA: 733
- GAC: 547
- IGC: 399
- CIAM: 821
- ISC / IPC: 754
- CIVA: 753
- CIVL HG: 680
- CIVL PG: 718
- CIMA: 735
- CIG: 697
- CIACA: 726
- CIVL: 670
- CIAC: 655
- CIVL: 622
- CIM: 621
- CIG: 567
- CII: 535
- CIAC: 466
- CIAP: 425
- CIAM: 350
- CIAC: 361
- CIAG: 327
- CIAC: 263

Update YE 2022
## RECORDS (2022 FINAL, ALL FAI)

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<tr>
<th>Year</th>
<th>Preliminary Record Claims</th>
<th>Record Dossiers Received</th>
<th>Records Ratified</th>
<th>Refused FAI</th>
<th>Refused NAC</th>
<th>Withdraw by Claimant</th>
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(2)

INSURANCE FOR OFFICIALS
TRAVEL INSURANCE

• Travel & Repatriation coverage
  • In place for Executive Board, Commission Presidents, elected Bureau Members, Secretariat staff since years
  • Extended to „event officials“ since 01 April 2022 (test phase 1 yr)

• Mechanism „self-registration via survey“
  • Not mandatory but recommended (to count the travel days, not personal data)
  • Data will support policy renegotiation in Q1 2023

• Cost
  • Budgeted in FAI and no extra charge applied for travellers
  • Note: FAI travel days April to Dec 2022 approx 1‘500
TRAVEL INSURANCE (ESTIMATE NOV 2021 ./. X-CHARGE 2022)

1. For ‘so-called officials’
   • Nov 2021 (initial quote) = 12'500 p.a. (based on 3'247 travel days p.a.)
   • Nov 2022 (renegotiated) = 10'106.25 CHF p.a.

2. ASC-shares (percentages estimated Nov 2021)
   • CIAM 25%
   • CIVL, IGC, ISC each 15%
   • CIVA 10%
   • CIA, GAC 7.5%
   • CIG, CIMA 2.5%

3. ASC cost (based on estimated percentage)
   • 2022: For CIG = 2.5% of total = 253 CHF (charged against 2022 budget)
   • 2023: CIG budget = 200 CHF

4. ADMIN for elected office holders (bureaus) 2'400 CHF p.a.
(3)

STATUTES

BY-LAWS

ORGANISER AGREEMENT
DETAILED RULES COVER BIDDING, SANCTIONING, OA

• Statute 1.6.2: ASC specific bid-processes
  • FAI Commissions are authorised to prepare, approve and publish internal rules to cover their own procedures within the parameters of the FAI Statutes, By-Laws and Sporting Code.

• By-Law 1.2: Transfer of Rights
  • 1.2.1 …rights may be transferred by the FAI to an event organiser, subject to the restrictions indicated below
  • 1.2.2 …shall seek prior agreement with FAI, in the form of an “Organiser Agreement”. The FAI Secretariat shall maintain a standard format for such agreements and make this available on request to FAI Members or event organisers.

• By-Law 1.2.6: Legal
  • …Any such agreement or waiver shall be signed by FAI Officers in accordance with Statute 6.1.2.1.3

• Statute 6.1.2.1.3 President’s duties
  • …signing contracts and financial instruments, where necessary jointly with other Executive Board Members, as prescribed in Statute 7.3 and in By-Laws
BY-LAWS CHANGES: ORGANISER AGREEMENT (CAT1 ONLY)

1.2.7 new
A bid for an FAI category-1 event must provide information on the financing to run the sanctioned event.

To produce the Organiser Agreement the following information is required:
- Written statement by the NAC agreeing to the bid, also in case the Sporting Powers have been delegated by the NAC, and that parties will sign the OA within the Commission-stipulated period,
- Written statement to stage the event in accordance with applicable FAI Rules, Regulations, Guidelines, and all applicable legal regulations in the country (including without limitation, air traffic regulations, employments and health and safety work regulations),
- Organisational structure and contact details of the local organising committee,
- Event Venue(s), competition area and relevant details,
- Dates of opening and closing ceremony

Objective: Confirm and strengthen ASC bid-process / shorten OA-text
Transfer of FAI rights by means of standard format

Organiser Agreement - Request (First Category Event)

Air Sport Commission

NAC, Holder Sporting Power, Organiser

Event
Name of event (according to FAI Naming Policy, see www.fai.org/venues-organiser-space)

Category (e.g., Junior, Women)

Event venue, competition area

Opening Ceremony (gggg-mm-dd)
Closing Ceremony (gggg-mm-dd)

FAI member (NAC)
Name
Email

Holder Sporting Power/organising club
Name
Email

Statement NAC
NAC/Holder of Sporting Power

An NAC (or the holder of the Sporting Power or, as assigned to the NAC) grants consent to the
Organiser Agreement. If the organiser is the holder of the Sporting Power, the agreement is
binding. The agreement is subject to the Commission's calculation period (Art. 3.7.1).

Date, location, name of person signing the OA

Organiser
Name/Title
Person signing the OA (Name/Title)

Organiser email

FAI details address for payments (no postbox)

Statement Organiser
An Organiser undertake to abide the event as submitted through the OA, and in accordance with applicable FAI
telegrams, Regulations, Guidelines, and other legal requirements in the country (including without limitation, air
law).

We certify that the OA is in accordance with the相关规定s. The Organiser is responsible for the
Organiser's compliance with the regulations. The OA is subject to the Commission's calculation period (Art. 3.7.1).

Date, location, name of organiser representative signing the OA

Air Sport Commission Instructions for OA & accounting details

ASC Person of Contact
Name/Title
Email

Accounting Details
Please confirm the fees that apply to be included and specify the amount:

Sanction Fee amount
Performance Bond amount
Deposit amount
Other amount

Additional instructions:
Invoice recipient (Name)
Invoice recipient (Address)
Date for invoice to be issued (gggg-mm-dd)
Date last for amount to be paid (gggg-mm-dd)

Return, surcharge, corrections
Conditions and dates by which a return of deposits/performance bond must be initiated are to be shared in
writing by the Air Sport Commission. A failure to contact the recipient or to make claims within the timeframe
may result in the return being void.

Signature Date
(By Law 1.2.1.0)

For information (workflow)

FAI Commission's cut-off dates to accept the OA are specified in the guidelines for the event.

OA consists of three parts:
1. OA standard OA formats (see pages 1-2)
2. FAI standard OA formats (see pages 3-4)
3. FAI standard OA formats (see pages 5-6)

Secretary will issue the OA and sign the form. The signatory's role is to confirm that the
OA is complete and accurate. The OA must be signed by the
Organiser in accordance with the guidelines.

Secretary will sign the OA and issue the form. The signatory's role is to confirm that the
OA is complete and accurate. The OA must be signed by the
Organiser in accordance with the guidelines.
BY-LAWS CHANGES: CALENDAR, CHF, PRICELIST

1.2.8 new
An event will not be added to the FAI calendar before the Organiser Agreement has been signed.

1.2.9 new
Any decision with a financial implication must be communicated by Commissions to Secretariat without delay, latest within 28 days of the decision.
Any invoice is to be issued in FAI currency, that is Swiss Francs.
All invoices are issued by Secretariat or by using electronic workflows that are approved by Secretariat.
Any exception needs prior, written agreement by FAI Secretary General.

1.2.10 new
All activities, fees, goods, and services which FAI is charging are listed in a separate document outside Sporting Codes or supporting guidelines.
Secretariat maintains and publishes the consolidated list of such cost elements. (“schedule of fees”)

Objectives: Improved workflows, correct invoicing, no duplication of data (invoicing), secretariat to execute and follow-up on ASC decisions
BY-LAWS CHANGES

An excursion into currency matters
FAI Currency Costs

01 Mar 2023

(available as a stand-alone ppt)
CURRENCY COSTS: EUR / CHF SCENARIOS

**EUR Invoicing (sanction fee)**

- Receivable booked at XC Rate CHF
  - Invoice and Payment in the same month
    - Same XC rate for both (monthly Swiss Central Bank)
  - Invoice and Payment in different months
    - Invoice XC rate of invoicing month
    - Payment XC rate of month received
    - Monthly currency adjustment for non-CHF accounts
- Bank & PayPal Fees
  - PayPal Fees per payment when transferring to EUR accounts (ASC)
  - Bank Fees when payment comes in different currency (CHF 12)
- P&L in CHF (monthly / yearly consolidation of all FAI bookings in CHF)

**CHF Invoicing (sanction fee)**

- Bank & PayPal Fees
  - PayPal Fees per payment
  - Bank Fees when payment comes in different currency (CHF 12)
- P&L in CHF (monthly / yearly consolidation of all FAI bookings in CHF)

Objective: Run as much in FAI currency as possible to lower complexity and cost

Two different effects (P&L and B/S are connected but not the same)

1. Receivable (SF) vs Payable (Cost) -> P & L statement
2. “Cash” position @ bank -> Balance Sheet
### CURRENCY COSTS: EXAMPLE EURO INVOICE

**Invoice issued in August**

**Paid in September**

- **XC rate on invoice date**

- **XC rate on payment date**

---

**NOTES:**

- Invoice number: AMB-11271

---

**Item Details:**

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<tr>
<th>Item</th>
<th>Description</th>
<th>Unit</th>
<th>Price</th>
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**Payments:**

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<th>Source</th>
<th>Memo</th>
<th>Amount</th>
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<td>CS CH103193594</td>
<td>Paweł Bieszyk</td>
<td>60.00</td>
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CURRENCY COSTS: EXAMPLE CHF INVOICE

- Invoice issued in January
- Paid in August
- NO XC rate
- Payment received in full
## COMPLEXITY => COST, FEES AND FINANCIAL RISK

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<thead>
<tr>
<th>CHF</th>
<th>2019a</th>
<th>2020a</th>
<th>2021a</th>
<th>2022 yee</th>
<th>2023 plan</th>
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<tbody>
<tr>
<td><strong>Bank Accounts</strong> (CS, BCV plus WU, PP) (EUR, CHF, USD, mortgage, shares, FAME)</td>
<td>7 BCV (3 CHF, 2 USD, 2 EUR) 17 CS (5 CHF, 9 EUR, 3 USD)</td>
<td>6 BCV 17 CS</td>
<td>6 BCV 12 CS</td>
<td>5 BCV 5 CS</td>
<td>5 BCV 3 CS</td>
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<tr>
<td><strong>Accounting Cost</strong> (RmA Run my Accounts)</td>
<td>97’980</td>
<td>30’476 (SmartFidu Jan-Sep) 61’625 (RmA Apr-Dec)</td>
<td>66’388</td>
<td>41’575</td>
<td>37’200</td>
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<tr>
<td><strong>Auditing Cost</strong> (BDO = auditor)</td>
<td>43’470 (Incl additional review of new accounting system)</td>
<td>23’400</td>
<td>19’090 (Incl additional review VAT)</td>
<td>16’000</td>
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<tr>
<td><strong>Accounts Table</strong></td>
<td>Over 600 different account codes</td>
<td>Less than 100 (additionally: Cost Centres + Projects) Identical set-up: Commissions, Admin -&gt; common guidelines/timelines</td>
<td></td>
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<tr>
<td><strong>Total cost (external suppliers)</strong></td>
<td>97’980</td>
<td>135’572</td>
<td>89’788</td>
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<td><strong>Exchange Gains</strong></td>
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...continued
BY-LAWS CHANGES – CHANGES (EXTENDED 3.4.1)

3.4.1
unchanged
A Commission shall meet when convened by its President or, in his or her absence, the senior ranking Vice-President available.

3.4.1 additional/new
The regular annual Plenary Meeting of an Air Sport Commission shall take place no later than March 31 each year.

Under exceptional circumstances and in agreement with the Executive Board, such date may be waived.

Objectives: Support decisions of ASC after GC, between 01 Jan - 31 Mar („payment deadline“), before the financial audit (identification of risk provisions), prior to budgeting phase
**CONCEPT: PROPOSED REVISED TIMETABLE**

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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</thead>
</table>

- **Q1**
  - Provisional actuals
    - Previous year
    - Deadline 15 Jan
  - ASC Plenaries
    - Jan – March

- **Q2**
  - Financial Audit
    - Results prv year
    - Target 31 May
  - Publish Financial Results to stakeholders
    - Target 30 June
  - Admin & CPG
    - Update YEE
    - Target 30 May

- **Q3**
  - Budget Preparation
    - G & A
    - Commissions
    - Target 30 Aug
  - Consolidation Process
    - Admin / CPG
    - GC submission
    - Target 30 Sep

- **Q4**
  - General Conference
    - Approve Finances
    - Discharge EB
    - Budget next year
    - Elections
  - Approved Budget
    - Inform CPG
    - Target 30 Nov

⇒ *Period 01 Jan – 31 Mar (Q1) establishes a clear „rights/obligations position“ of members*

⇒ *After decisions of GC (mainly on suspension, expulsion, members rights)*

⇒ *Prior to payment deadline of Membership Fees (31 Mar) according to Statute 7.2.3*

⇒ *Supports discussions on proposals to more strictly follow-up on obligations (rights) of FAI members.*
BY-LAWS CHANGES: PLENARY DATES

- Discussions in EB meeting of 21 June 2022
  - Financial Audit and final results 2021
  - Invoicing EUR vs CHF
  - Financial timeline for the Financial Year
  - FAI “pricelist”
  - Filename: 2022-06-22-FAI-Finances-and-CPG-v02 (shared with all Commissions)

22 Jun-28 Jul 2022: 5 (five) Meetings Commission Presidents and/or Commission Treasurers
- Detailed feedback on the Financial Results/Audit and considerations/presentation shared with all Commission Presidents

- FAI By-Laws changes effective 20 Aug 2022
- Appraisal by FAI Statutes and By-Laws Working Group
- FAI By-Laws changes effective 01 Jan 2023

- Status 2023
  - GAC Feb 2023, CIAM 01 Apr 2023, CIVA Nov 2023, CIMA Feb 2024
  - ASCs: CIVL, ISC, IGC, CIA, CIG always had plenaries in Q1 (even before the By-Laws changes)
BY-LAWS CHANGES: DISTRIBUTION OF REVENUE

5.2 Distribution of Revenue

Old text 5.2.1 (removed)
The distribution of revenue from sporting events shall be specified in the Organizer Agreement for the event.

New text 5.2.1
The distribution of revenue from business activities shall be specified in the Organizer Agreement.

Because of the ‘new text’ the following chapter 7.1 in the OA can now be shortened/removed.

The distribution of revenues (according to FAI By-laws 5.2.1) must be specified in the bid document. Upon specific request, the FAI shall be entitled to receive a share of the commercial rights revenues. If the FAI exercises the right to receive such share, this shall be communicated and the conditions notified to the ORGANISER as part of the bid conditions.

Objective: Address long-standing negative remarks from ASCs and LOCs
STATUTES CHANGES: GC 2022 DECISIONS

7.2.3. Membership subscriptions shall be invoiced by FAI and paid by March 31 of each year. However, in case of need, other terms of settlement may be authorised at the discretion of the Executive Board. Such terms shall be reported to the General Conference at its next meeting thereafter.

New 7.4.2. Subject to Paragraph 7.2.3., a member whose dues not paid by March 31st will lose all rights listed in Paragraph 2.4.2.1. except for 2.4.2.2.5 which will remain valid for any event already on the FAI calendar for that year. Any valid sporting licence issued by the Member will be suspended.

Changed 7.4.3. Subject to Paragraph 7.2.3., a Member whose dues are not paid at the latest 14 calendar days prior to the date of the General Conference shall not be admitted to the Conference except as an observer.

Remove By-Law 2.4 / 2.4.1 Members who have not paid their membership fees by March 31 are not in good standing. Payments have to be received on the FAI bank accounts two weeks before the opening of the General Conference.
STATUTES 7.4.2: MITIGATION MEASURES

CIVL request (23 Jan 2023) “90 days grace period”

SecGen reply (26 Jan 2023)
• Long-standing/ existing Statute 7.2.3 “other terms of settlement may be authorised”
• Secretariat cannot by-pass a recent GC-decision (Nov 2022)

• Describing mitigation measures by secretariat:
  • 2023-01-10/11 invoices for 2023 membership fees sent to all NACs + info on new 7.2.3
  • 2023, 1st half of Feb Mail to FAI Members with more information on Statute 7.4.2
  • 2023, week 1 March Info to Commissions about the Members that did not yet pay
  • 2023-03-20 (+/-) Financial reminder to all NACs on the upcoming deadline, as done in 2022
  • 2023, week 1 April Info to Commissions about the Members that did not yet pay

• Recognising vacation periods:
  • “that might potentially influence payments and accounting workflows”:
    • Ramadan (21 Mar-20 Apr)
    • Easter (07-10 Apr)
    • Orthodox Easter (16 Apr)
(4) FINANCES

2022 ACTUALS (PRE AUDIT)

2023 BUDGET
FAI Secretariat Staff
Lausanne SUI (Jan 2023)
5.6 FTE