



***Fédération Aéronautique Internationale
Lausanne***

***Report of the statutory auditor
to the general conference
on the financial statements 2012***



Report of the statutory auditor
to the general conference of
Fédération Aéronautique Internationale
Lausanne

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of the Fédération Aéronautique Internationale, which comprise the balance sheet, statement of income and expenditure, summary of significant accounting policies and notes, for the year ended December 31, 2012.

Executive Board's Responsibility

The Executive Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the statutes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Executive Board is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended December 31, 2012 comply with Swiss law and the statutes.

PricewaterhouseCoopers SA

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Dominique Lustenberger
Audit expert
Auditor in charge

A handwritten signature in blue ink, followed by a small red circular stamp containing a white cross.

David Albasini
Audit expert

Lausanne, September 11, 2013

Enclosures:

Financial statements consisting of

- Balance sheet
- Statement of income and expenditure
- Summary of significant accounting policies
- Notes to the financial statements

(in Swiss Francs)

	Notes	2012	2011
Assets			
Current assets			
Cash and cash equivalents		2 743 670	2 206 816
Marketable securities			
- shares (market value CHF 355'318 in 2012; CHF 391'470 in 2011)		10 816	10 816
Accounts receivable, net of provision of CHF 12'007 in 2012; CHF 10'271 in 2011		21 528	36 227
Prepaid expenses and other receivables		33 434	225 478
Inventory		20 770	10 726
		2 830 217	2 490 063
Fixed assets (net)			
Tangible fixed assets	2	2 110 822	2 148 033
Financial assets - FAME	6	97 167	0
		2 207 989	2 148 033
Total assets	10	5 038 206	4 638 096
Liabilities and funds			
Current liabilities			
Accounts payable		90 730	20 174
Other debts - EA		0	2 308
Accrued expenses and provisions	5	652 965	300 149
		743 695	322 630
Long term liabilities			
Mortgage loan		1 181 709	1 194 000
Funds			
Special reserves	3	1 580 923	1 539 039
Reserve MSI		390 000	430 000
Development and Innovation Fund	4	539 438	541 469
Operating funds, as per statement of income and expenditure		602 442	610 959
		3 112 803	3 121 466
Total liabilities and funds	10	5 038 206	4 638 096

Statement of income and expenditure
for the year ended December 31
(in Swiss Francs)

	Notes	2012			2011		
		Sports Operations	HO Operations	FAI	Sports Operations	HO Operations	FAI
TOTAL INCOME		378 854	1 442 853	1 821 707	323 859	1 290 218	1 614 077
Membership Revenues		0	1 086 571	1 086 571	0	1 163 273	1 163 273
Subscriptions		0	1 086 571	1 086 571	0	1 006 774	1 006 774
EA Subscriptions		0	0	0	0	156 499	156 499
Competition Revenues		363 409	0	363 409	290 194	3 228	293 422
Sanction Fee - WAG		0	0	0	0	2 970	2 970
Sanction Fee - World Champ		228 568	0	228 568	51 630	0	51 630
Sanction Fee - Continental Champ		33 742	0	33 742	97 475	0	97 475
Sanction Fee - ASC Challenge / Cat 2 Events		68 273	0	68 273	91 232	258	91 491
Sale of Championship Medals		23 035	0	23 035	28 864	0	28 864
Other: Protest Fees, Online Contest		9 790	0	9 790	20 992	0	20 992
Commercial Revenues		15 445	236 731	252 176	33 083	38 448	71 531
Merchandising (Textile, badges, pin's etc ...)		12 418	7 820	20 238	29 107	6 435	35 542
Sponsors (Incl Value-In-Kind - VIK)		0	228 315	228 315	0	25 984	25 984
TV / Media Rights		0	0	0	0	5 830	5 830
Licensing - Royalties (Incl Equipment)		2 182	596	2 778	3 084	200	3 284
Donations		845	0	845	893	0	893
Financial Income	7	0	3 687	3 687	0	9 406	9 406
Other Income	8	0	115 864	115 864	582	75 862	76 444
TOTAL EXPENDITURE		341 182	1 453 400	1 794 583	314 725	1 467 459	1 782 184
Administration Expenses		35 488	1 158 669	1 194 157	29 439	1 070 365	1 099 804
Salaries & Social Charges	9	0	846 493	846 493	0	839 161	839 161
Staff Expenses	9	0	13 134	13 134	0	1 542	1 542
General Administration		589	177 213	177 802	1 376	158 162	159 538
Management Fees		28 415	40 406	68 821	22 503	30 546	53 049
Depreciation	2	5 749	53 337	59 086	5 051	39 489	44 540
Special Projects		734	28 087	28 821	509	1 465	1 974
Operating Expenses		288 320	94 087	382 407	272 503	102 931	375 434
General Conference + NAC Meeting		15 307	16 140	31 447	6 597	16 233	22 831
Executive Board + ASCP		10 776	40 858	51 634	15 538	40 675	56 213
ASC Plenaries, Meetings & WGs		63 507	19 146	82 653	59 530	41 128	100 657
Expert Groups		2 927	2 197	5 124	2 433	482	2 915
Other FAI Bodies (SWG, FRTF, ...)		0	0	0	143	132	275
WAG - World Air Games		0	0	0	1 710	205	1 915
World Games & other Multi-Sports Events		2 180	1 118	3 298	0	1 651	1 651
FAI - World Championships		114 358	1 212	115 570	71 238	0	71 238
FAI - Continental Championships		65 923	1 212	67 135	91 432	1 168	92 600
FAI - World Series		286	0	286	94	0	94
FAI - ASC Challenges		627	0	627	6 918	773	7 691
Other Events		0	0	0	0	483	483
Development Programs		12 429	12 204	24 633	16 871	0	16 871

Statement of income and expenditure
for the year ended December 31
(in Swiss Francs)

Notes	2012			2011		
	Sports Operations	HO Operations	FAI	Sports Operations	HO Operations	FAI
Marketing / Communication	10 277	105 463	115 740	4 477	60 686	65 163
Merchandising	5 955	7 837	13 792	1 013	5 887	6 900
Performance Awards & Diplomas	0	406	406	1 036	3 693	4 729
Subscriptions to Associations	302	6 594	6 896	0	8 679	8 679
Printing / Advertising / News	1 617	19 724	21 341	1 818	8 732	10 550
Graphic Design	0	432	432	0	20 454	20 454
Public Relations	2 402	10 202	12 604	0	7 500	7 500
TV Production	0	3 175	3 175	610	5 742	6 352
Sponsoring - general expenses	0	57 094	57 094	0	0	0
Financial Costs	7	0	61 146	4 210	25 220	29 430
Bank Charges	0	9 119	9 119	4 210	3 874	8 084
Investment Management Charges	0	1 229	1 229	0	1 066	1 066
Interest on Bank Loan (MSI Office)	0	50 799	50 799	0	20 280	20 280
Others	7 098	34 034	41 132	4 096	208 256	212 352
Exceptional Charges	7 098	23 351	30 448	4 096	31 430	35 526
Provision for unpaid subscription	0	5 236	5 236	0	4 271	4 271
Foreign exchange	0	5 448	5 448	0	16 056	16 056
EA Subscriptions	0	0	0	0	156 499	156 499
EXCESS OF INCOME OVER EXPENDITURE	37 671	(10 548)	27 124	9 134	(177 240)	(168 107)

Allocation to the Reserves

EXCESS OF INCOME OVER EXPENDITURE

Allocation to Airport Commissions reserves
Allocation to Development and Innovation Fund
Allocation to operating fund for the year

	37 671	(10 548)	27 124	9 134	(177 240)	(168 107)
4	(37 671)	0	(37 671)	(9 134)	0	(9 134)
	0	2 030	2 030	0	(27)	(27)
	0	(8 517)	(8 517)	0	(177 267)	(177 267)
Statement of change in operating fund balance						
Operating fund balances at beginning of year			610 959			788 226
Allocation to operating fund for the year			(8 517)			(177 267)
Operating fund balances at end of year			602 442			610 959

Year ended December 31, 2012

Summary of significant accounting policies

(a) Basis of accounting

FAI uses the accruals basis of accounting.

(b) Recognition of revenue and expenses

Expenses and revenues from subscriptions and calendar events are recognised during the year to which they relate.

Income from inventory sales is recognised at the date of sale.

(c) Marketable securities

Shares are stated at the lower of cost and market value, determined on an individual basis. Bonds which are to be held to maturity are recorded at the lower of historical cost and maturity value; exchange gains or losses arising from the revaluation of bonds denominated in foreign currencies to exchange rates ruling at the balance sheet date are taken to the statement of income. Unrealised exchange gains are deferred.

(d) Inventory

Inventory is stated at cost, determined on an individual basis, provision being made for any impairment.

(e) Development and Innovation Fund

The Development and Innovation Fund (DIF) was created in 2003 with a sum of CHF 386'564 transferred to FAI from the independent "International Fund". The Fund is used to promote, develop and support the objectives of the FAI, and especially to fund innovative projects, and is represented by designated cash and marketable securities. Each year the FAI Executive Board decides how to use the Fund and any proceeds therefrom.

(f) Foreign currency translation

The accounts are maintained in Swiss Francs. Transactions in other currencies are recorded at the average monthly rate. Monetary assets and liabilities held in other currencies are translated at year-end rates. Realised exchange gains and losses are taken to income and expenditure; unrealised exchange gains are deferred. Exchange gains and losses on the operations of the commissions are borne entirely by the operating funds of the FAI.

(g) Taxation

FAI has been granted exoneration from Swiss taxation on its income and net assets.

(h) Depreciation

The following rates, according to the straight line basis, are being used:

Furniture and equipment	10%
Office and data processing equipment	33%
Fixtures and fittings	10%

Year ended December 31, 2012

(i) Building "MSI"

FAI bought its administrative offices building in 2011 for a gross amount of CHF 2.1mio. Depreciation is calculated at the rate of 2% per annum on the gross book value. FAI took out a mortgage of 1.2mio to finance this purchase.

Decision taken to dissolve the reserve MSI over a period, until the reserve is CHF 100'000. This amount will then be kept as a Renovation fund.

Fédération Aéronautique Internationale, Lausanne

Year ended December 31, 2012

Notes to the financial statements

1. Activity

The "Fédération Aéronautique Internationale" (FAI - the World Air Sports Federation) is an institution established in Switzerland under the Swiss Civil Code. Its main aims include ballooning, power flying, gliding, helicopter flight, parachuting, aeromodelling, aerobatics, hang gliding, microlight flying, amateur building of aircraft, manpowered flying, paragliding and all other aeronautic sporting activities. They are conducted under the FAI Sporting Code.

2. Tangible fixed Assets

2012

	Furniture and equipment	Office and data processing equipment	Fixtures and fittings	Building "MSI" Total	Total
	CHF	CHF	CHF	CHF	CHF
Cost					
As at January 1, 2012	64 341	239 025	42 029	2 072 149	2 417 544
Additions in year	0	18 998	0	0	18 998
Disposals in year	0	0	0	0	0
As at December 31, 2012	64 341	258 023	42 029	2 072 149	2 436 542
Depreciation					
As at January 1, 2012	51 731	165 053	22 727	30 000	269 511
Disposals in year	0	0	0	0	0
Charge for the year	1 401	12 663	2 145	40 000	56 209
As at December 31, 2012	53 132	177 716	24 872	70 000	325 720
Net book value					
As at December 31, 2012	11 209	80 307	17 157	2 002 149	2 110 822

The fire insurance value, without the building that is assumed by the PPE, amounts to CHF 292'996 (CHF 292'996 in 2011).

2011

	Furniture and equipment	Office and data processing equipment	Fixtures and fittings	Building "MSI" Total	Total
	CHF	CHF	CHF	CHF	CHF
Cost					
As at January 1, 2011	50 330	196 334	20 583	800 000	1 067 247
Additions in year	14 011	42 691	21 446	1 272 149	1 350 297
Disposals in year	0	0	0	0	0
As at December 31, 2011	64 341	239 025	42 029	2 072 149	2 417 544
Depreciation					
As at January 1, 2011	50 330	115 779	20 582	0	186 691
Disposals in year	0	0	0	0	0
Charge for the year	1 401	49 274	2 145	30 000	82 820 *
As at December 31, 2011	51 731	165 053	22 727	30 000	269 511
Net book value					
As at December 31, 2011	12 610	73 972	19 302	2 042 149	2 148 033

The fire insurance value amounts to CHF 292'996 (CHF 292'996 in 2010).

* CHF 38'280.00 of the CHF 42'144 is supported by WAG reserve

Year ended December 31, 2012

Notes to the financial statements

3. Statement of changes in special reserves

The movements during the years 2011 and 2012 in special reserves, are summarised as follows :

<u>2012</u>	Balance at January 1, 2012 CHF	Funds received CHF	Amounts paid out CHF	Net Difference CHF	Balance at December 31, 2012 CHF
Commissions :					
- Hang Gliding (CIVL)	270 465	41 255	(75 159)	(33 904)	236 561
- Aeromodelling (CIAM)	67 222	51 969	(47 904)	4 066	71 287
- Ballooning (CIA)	94 465	27 035	(14 838)	12 197	106 662
- Microlight (CIMA)	32 363	10 689	(5 295)	5 394	37 757
- Gliding (IGC)	175 301	32 308	(29 829)	2 479	177 780
- Aerobatics (CIVA)	110 641	35 498	(57 388)	(21 891)	88 750
- General aviation (GAC)	62 867	5 369	(7 486)	(2 118)	60 750
- Rotorcraft (CIG)	11 851	15 710	(4 458)	11 252	23 103
- Parachuting (IPC)	171 489	159 660	(105 789)	53 871	225 360
- Amateur built & experimental aircraft (CIACA)	1 916	0	(1 669)	(1 669)	247
- Airspace and Navigation System (CANS)	(245)	0	(285)	(285)	(530)
-Aviation and Space Education (CIEA)	(464)	0	(396)	(396)	(860)
- Medical (CIMP)	(1 671)	0	(4 103)	(4 103)	(5 774)
-General Airports (CASI)	2 000	0	0	0	2 000
	998 201	379 492	(354 600)	24 892	1 023 093
World Air Games	281 285	0	0	0	281 285
Olympic Movement Fund	158 622	18 928	(1 935)	16 993	175 614
World Grand Prix of Aviation	100 931	0	0	0	100 931
TOTAL	1 539 039	398 420	(356 536)	41 885	1 580 923

Fédération Aéronautique Internationale, Lausanne

Year ended December 31, 2012

Notes to the financial statements

2011

	Balance at January 1, 2011 CHF	Funds received CHF	Amounts paid out CHF	Net Difference CHF	Balance at December 31, 2011 CHF
Commissions :					
- Hang Gliding (CIVL)	251 457	73 979	(54 972)	19 008	270 465
- Aeromodelling (CIAM)	68 971	44 183	(45 932)	(1 749)	67 222
- Ballooning (CIA)	74 699	26 240	(6 473)	19 767	94 465
- Microlight (CIMA)	37 175	0	(4 812)	(4 812)	32 363
- Gliding (IGC)	170 909	48 630	(44 239)	4 392	175 301
- Aerobatics (CIVA)	121 239	44 958	(55 556)	(10 598)	110 641
- General aviation (GAC)	61 252	7 464	(5 849)	1 615	62 867
- Rotorcraft (CIG)	14 885	540	(3 574)	(3 034)	11 851
- Parachuting (IPC)	195 115	77 864	(101 490)	(23 626)	171 489
- Amateur built & experimental aircraft (CIACA)	1 916	0	0	0	1 916
- Airspace and Navigation System (CANS)	0		(245)	(245)	(245)
- Aviation and Space Education (CIEA)	0		(464)	(464)	(464)
- Medical (CIMP)	0	531	(2 202)	(1 671)	(1 671)
-General Airports (CASI)	2 000	0	0	0	2 000
	999 617	324 390	(325 807)	(1 417)	998 201
World Air Games	319 565	0	(38 280)	(38 280)	281 285
Olympic Movement Fund	137 624	21 492	(494)	20 998	158 622
World Grand Prix of Aviation	100 931	0	0	0	100 931
TOTAL	1 557 737	345 882	(364 581)	(18 699)	1 539 039

Year ended December 31, 2012

Notes to the financial statements

4. Statement of Changes in Development and Innovation Fund (DIF)	2012	2011
	CHF	CHF
Fund balances at beginning of year	541'469	541 442
Net investment (from operating funds)	(2 030)	27
DIF fund balances at end of year	<u>539 439</u>	<u>541 469</u>
5. Accrued Expenses and Provisions	2012	2011
	CHF	CHF
Accrued expenses	517 070	244 253
Provisions	135 895	55 895
	<u>652 965</u>	<u>300 148</u>
6. FAME	2012	2011
	CHF	CHF
Investment of 75.5% in FAI Air Sports Marketing & Events SA, Lausanne (Share capital: KCHF 100)	75 500	0
Loan to FAME	21 667	0
	<u>97 167</u>	<u>0</u>
7. Financial - net	2012	2011
	CHF	CHF
Interest / dividend income	917	6 477
Interest from bank accounts; late payment penalties	2 770	2 929
Gain on foreign exchange		0
	<u>3 687</u>	<u>9 406</u>
Bank and brokerage charges	10 348	9 150
Interest on mortgage loan	50 799	20 280
Exchange loss	5 448	16 056
	<u>66 595</u>	<u>45 486</u>
Financial - net income	<u>(62 908)</u>	<u>(36 080)</u>
8. Other income	2012	2011
	CHF	CHF
Records homologation	14 985	11 900
Release of MSI provision	40 000	30 000
Office rental	39 840	29 689
Miscellaneous, incl. unused provisions	21 038	4 856
	<u>115 864</u>	<u>76 445</u>
9. Staff charges	2012	2011
	CHF	CHF
Staff charges	736 491	724 220
Social charges	110 001	114 941
Other personnel costs - provision for staff benefits	13 134	1 542
	<u>859 627</u>	<u>840 703</u>
10. Assets & Liabilities	2012	
Amounts shown in the Balance Sheet include the following assets and liabilities for FAI Air Sport Commissions		
ASC Assets	CHF	
CIVL Sanction fees CHF 7 143.45 + Ippi Cards after depreciation 2011/2012	9 121	
CIA Sanction fees CHF 2 500 + Loggers net value CHF 23'835 (incl.purchases and depreciations 2011/2012)	26 335	
CIMA Sanction fees	212	
IGC Sanction fees	5 586	
IPC Other receivable CHF 255 + Medals CHF 9 469	9 725	
	<u>50 978</u>	
ASC Liabilities	2012	
	CHF	
CIVL Refundable Deposits/Entry Fees (CHF 23'754.99+CHF 7'781.73) + Sanction fees received in advance CHF 7'352.34 + accrued expenses CHF 12 097.77	50 987	
CIAM Accrued expenses : CHF 543	543	
CIA Deposits CHF 10 000 + Sanction fees CHF 2 500 + Accrued expenses CHF 481	12 981	
IGC Creditors	310	
CIVA Accrued expenses	7 735	
GAC Accrued expenses	1 166	
IPC Refundable Deposits CHF 3846.45 + Accrued expenses CHF 50'319.65	54 166	
CIACA Accrued expenses : CHF 1534	1 534	
	<u>129 422</u>	