



***Fédération Aéronautique Internationale
Lausanne***

***Report of the statutory auditor
to the general conference
on the financial statements 2013***



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

On your instructions, 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, 2013.

Executive Board's responsibility

The Executive Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law. 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 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 existence and 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.

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PricewaterhouseCoopers SA est membre d'un réseau mondial de sociétés juridiquement autonomes et indépendantes les unes des autres.



Opinion

In our opinion, the financial statements for the year ended December 31, 2013 comply with Swiss law.

PricewaterhouseCoopers SA



Philippe Lienhard
Audit expert
Auditor in charge



Yves Tritten
Audit expert

Lausanne, September 10, 2014

Enclosures:

Financial statements consisting of

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

Balance Sheet (in Swiss Francs)

	Notes	2013	2012
Assets			
Current assets			
Cash and cash equivalents		2 574 345	2 743 670
Marketable securities			
- shares (market value CHF 372'947 in 2013; CHF 355'318 in 2012)		10 816	10 816
Accounts receivable, net of provision of CHF 18'210 in 2013; CHF 12'007 in 2012		60 407	21 528
Prepaid expenses and other receivables		26 744	33 434
Inventory		21 103	20 770
		2 693 415	2 830 217
Fixed assets (net)			
Tangible fixed assets	2	2 021 655	2 110 822
Intangible fixed assets	3	126 342	0
Financial assets - FAME&IPETA	7	42 938	97 167
		2 190 935	2 207 989
Total assets	11	4 884 351	5 038 206
Liabilities and funds			
Current liabilities			
Accounts payable		162 695	90 730
Other debts		40 716	0
Accrued expenses and provisions	6	567 836	652 965
		771 246	743 695
Long term liabilities			
Mortgage loan		1 168 990	1 181 709
Funds			
Special reserves	4	1 441 547	1 580 923
Reserve MSI		350 000	390 000
Development and Innovation Fund	5	539 499	539 438
Operating funds, as per statement of income and expenditure		613 071	602 442
		2 944 115	3 112 803
Total liabilities and funds	11	4 884 351	5 038 206

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

Notes	2013			2012		
	Sports Operations	HO Operations	FAI	Sports Operations	HO Operations	FAI
TOTAL INCOME	317 170	1 655 404	1 972 575	378 853	1 442 853	1 821 707
Membership Revenues	0	1 080 339	1 080 339	0	1 086 571	1 086 571
Subscriptions	0	1 080 339	1 080 339	0	1 086 571	1 086 571
EA Subscriptions	0	0	0	0	0	0
Competition Revenues	284 302	8 800	293 102	363 408	0	363 409
Sanction Fee - WAG	0	6 000	6 000	0	0	0
Sanction Fee - World Champ	61 758	0	61 758	228 568	0	228 568
Sanction Fee - Continental Champ	93 064	0	93 064	33 742	0	33 742
Sanction Fee - ASC Challenge / Cat 2 Events	78 960	0	78 960	68 273	0	68 273
Sale of Championship Medals	36 966	0	36 966	23 035	0	23 035
Other: Protest Fees, Online Contest	13 553	2 800	16 353	9 790	0	9 790
Commercial Revenues	17 112	404 271	421 382	15 445	236 731	252 176
Merchandising (Textile, badges, pin's etc ...)	12 456	6 657	19 113	12 418	7 820	20 238
Sponsors (Incl Value-In-Kind - VIK)	0	374 792	374 792	0	228 315	228 315
TV / Media Rights	0	0	0	0	0	0
Licensing - Royalties (Incl Equipment)	4 131	0	4 131	2 182	596	2 778
Donations	525	22 822	23 347	845	0	845
Financial Income	8	8 880	8 880	0	3 687	3 687
Other Income	9	15 756	168 873	0	115 864	115 864
TOTAL EXPENDITURE	382 350	1 644 717	2 027 067	341 182	1 453 400	1 794 583
Administration Expenses	37 715	1 243 704	1 281 419	35 488	1 158 669	1 194 157
Salaries & Social Charges	10	0	904 843	0	846 493	846 493
Staff Expenses	10	0	10 520	0	13 134	13 134
General Administration		3 036	169 357	589	177 213	177 802
Management Fees		20 971	77 330	98 301	40 406	68 821
Depreciation	2	8 161	57 710	5 749	53 337	59 086
Special Projects		5 548	23 945	734	28 087	28 821
Operating Expenses	316 711	158 032	474 743	288 320	94 087	382 407
General Conference + NAC Meeting		15 522	26 874	42 396	15 307	31 447
Executive Board + ASCP		10 420	64 506	74 926	40 858	51 634
ASC Plenaries, Meetings & WGs		50 888	12 560	63 448	19 146	82 653
Expert Groups		2 100	10 977	13 077	2 197	5 124
Other FAI Bodies (SWG, FRTF, ...)		0	2 797	2 797	0	0
WAG - World Air Games		0	0	0	0	0
World Games & other Multi-Sports Events		26 855	21 000	47 855	1 118	3 298
FAI - World Championships		76 392	1 299	77 691	1 212	115 570
FAI - Continental Championships		92 012	1 428	93 440	1 212	67 135
FAI - World Series		784	0	784	286	286
FAI - ASC Challenges		11 784	466	12 250	627	627
Other Events		0	0	0	0	0
Development Programs		29 954	16 125	46 079	12 204	24 633

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

Notes	2013			2012		
	Sports Operations	HO Operations	FAI	Sports Operations	HO Operations	FAI
Marketing / Communication	8 785	138 790	147 576	10 277	105 463	115 740
Merchandising	525	4 629	5 154	5 955	7 837	13 792
Performance Awards & Diplomas	0	274	274	0	406	406
Subscriptions to Associations	0	9 779	9 779	302	6 594	6 896
Printing / Advertising / News	2 162	14 725	16 886	1 617	19 724	21 341
Graphic Design	1 990	4 599	6 589	0	432	432
Public Relations	0	0	0	2 402	10 202	12 604
TV Production	4 109	0	4 109	0	3 175	3 175
Sponsoring - general expenses	0	31 169	31 169	0	57 094	57 094
FAME		73 615	73 615			
Financial Costs	0	46 862	46 862	0	61 146	61 146
Bank Charges	0	5 796	5 796	0	9 119	9 119
Investment Management Charges	0	1 334	1 334	0	1 229	1 229
Interest on Bank Loan (MSI Office)	0	39 732	39 732	0	50 799	50 799
Others	19 138	57 329	76 467	7 098	34 034	41 132
Exceptional Charges	6 627	21 955	28 582	7 098	23 351	30 449
Provision for unpaid subscription	0	2 662	2 662	0	5 236	5 236
Provision for investment FAME		32 567	32 567	0	0	0
Provision for loan IPETA	12 511	0	12 511	0	0	0
Foreign exchange	0	145	145	0	5 448	5 448
Dissolution of provisions	0	0	0	0	0	0
EXCESS OF INCOME OVER EXPENDITURE	(65 180)	10 686	(54 491)	37 671	(10 548)	27 124

Allocation to the Reserves

EXCESS OF INCOME OVER EXPENDITURE

	(65 180)	10 686	(54 491)	37 671	(10 548)	27 124
Allocation to Airsport Commissions reserves	65 180		65 180	(37 671)	0	(37 671)
Allocation to Development and Innovation Fund	0	(60)	(60)	0	2 030	2 030
Allocation to operating fund for the year	0	10 626	10 629	0	(8 518)	(8 517)

Statement of change in operating fund balance

Operating fund balances at beginning of year			602 442			610 959
Allocation to operating fund for the year			10 629			(8 517)
Operating fund balances at end of year			613 071			602 442

Year ended December 31, 2013

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, 2013

(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.

Year ended December 31, 2013

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

2013

	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, 2013	64 341	258 023	42 029	2 072 149	2 436 542
Additions in year	2 303	9 348	0	0	11 651
Disposals in year	0	0	0	0	0
As at December 31, 2013	66 644	267 371	42 029	2 072 149	2 448 193
Depreciation					
As at January 1, 2013	53 132	177 716	24 872	70 000	325 720
Disposals in year	0	0	0	0	0
Charge for the year	1 536	57 137	2 145	40 000	100 817
As at December 31, 2013	54 668	234 853	27 017	110 000	426 537
Net book value					
As at December 31, 2013	11 976	32 518	15 012	1 962 149	2 021 655

The fire insurance value, whitout the building that is assumed by the PPE, amounts to CHF 292'996 (CHF 292'996 in 2012).

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, whitout the building that is assumed by the PPE, amounts to CHF 292'996 (CHF 292'996 in 2011).

3. Intangible fixed assets

2013

	IT Software Data	Activation Guide	Total
	CHF	CHF	CHF
Cost			
As at January 1, 2013	0	0	0
Additions in year	119 675	10 000	129 675
Disposals in year	0	0	0
As at December 31, 2013	<u>119 675</u>	<u>10 000</u>	<u>129 675</u>
Depreciation			
As at January 1, 2013	0	0	0
Disposals in year	0	0	0
Charge for the year	0	3 333	3 333
As at December 31, 2013	<u>0</u>	<u>3 333</u>	<u>3 333</u>
Net book value			
As at December 31, 2013	<u>119 675</u>	<u>6 667</u>	<u>126 342</u>

Year ended December 31, 2013

Notes to the financial statements

4. Statement of changes in special reserves

The movements during the years 2012 and 2013 in special reserves, are summarised as follows :

<u>2 013</u>	Revised Balance at January 1, 2 013 CHF	Funds received CHF	Amounts paid out CHF	Net Difference CHF	Balance at December 31, 2 013 CHF
Commissions :					
- Hang Gliding (CIVL)	231 051	56 633	(70 278)	(13 645)	217 406
- Aeromodelling (CIAM)	71 287	44 165	(51 627)	(7 462)	63 826
- Ballooning (CIA)	106 662	24 136	(14 485)	9 652	116 314
- Microlight (CIMA)	37 757	12 512	(6 053)	6 459	44 216
- Gliding (IGC)	177 780	50 404	(59 087)	(8 684)	169 096
- Aerobatics (CIVA)	88 750	33 405	(54 478)	(21 073)	67 677
- General aviation (GAC)	60 750	7 216	(12 760)	(5 543)	55 206
- Rotorcraft (CIG)	23 103	0	(4 723)	(4 723)	18 381
- Parachuting (IPC)	225 360	88 699	(101 937)	(13 237)	212 123
- Amateur built & experimental aircraft (CIACA)	247	0	(3 093)	(3 093)	(2 847)
- Airspace and Navigation System (CANS)	(530)	0	0	0	(530)
-Aviation and Space Education (CIEA)	(860)	0	(426 8)	(426)	(1 286)
- Medical (CIMP)	(5 774)	0	(3 405)	(3 405)	(9 178)
-General Airports (CASI)	2 000	0	0	0	2 000
	<u>1 017 583</u>	<u>317 170</u>	<u>(382 350)</u>	<u>(65 180)</u>	<u>952 403</u>
World Air Games	281 285	0	(44 620)	(44 620)	236 665
Olympic Movement Fund	175 614	22 822	(46 888)	(24 066)	151 548
World Grand Prix of Aviation	100 931	0	0	0	100 931
TOTAL	<u>1 575 414</u>	<u>339 992</u>	<u>(473 859)</u>	<u>(133 867)</u>	<u>1 441 547</u>

Note 1 : The Opening balance of CIVL has been revised of CHF 5 010

Note 2 : FAI ASC Reserves are held at historical value in EUR and CHF. The EUR amounts are converted each year at closing rate to CHF. The difference between the CHF amount at Closing Rate and the historical value is held in a Conversion Reserve. In 2013, the total Reserve amount of CHF 952'403 is comprised of funds of :

- CHF 122,853 for Commission Reserves held in CHF
- CHF 635'370 for Commission Reserves in EUR converted to CHF at closing rate, and
- CHF 194'180 as Conversion Reserve.

Year ended December 31, 2013

Notes to the financial statements

<u>2 012</u>	Balance at January 1, 2 012	Funds received	Amounts paid out	Net Difference	Balance at December 31, 2 012
	CHF	CHF	CHF	CHF	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 Airsports (CASI)	2 000	0	0	0	2 000
	<u>998 201</u>	<u>379 492</u>	<u>(354 600)</u>	<u>24 892</u>	<u>1 023 093</u>
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	<u>1 539 039</u>	<u>398 420</u>	<u>(356 536)</u>	<u>41 885</u>	<u>1 580 923</u>

Year ended December 31, 2013

Notes to the financial statements

5. Statement of Changes in Development and Innovation Fund (DIF)	2 013	2 012	
	CHF	CHF	
Fund balances at beginning of year	539 439	541 469	
Net investment (from operating funds)	60	(2 030)	
DIF fund balances at end of year	<u>539 499</u>	<u>539 439</u>	
6. Accrued Expenses and Provisions	2 013	2 012	
	CHF	CHF	
Accrued expenses	478 813	517 070	
Provisions	89 023	135 895	
	<u>567 836</u>	<u>652 965</u>	
7. FAME /IPETA	2 013	2 012	
	CHF	CHF	
Investment of 75.5% in FAI Air Sports Marketing & Events SA, Lausanne (Share capital: KCHF 100)	75 500	75 500	
./. Provision	(32 567)	0	
Loan to FAME Ltd	0	21 667	
Investment of 100% IPETA Ltd	5	0	
Loan to IPETA Ltd	12 511	0	
./. Provision	(12 511)	0	
	<u>42 938</u>	<u>97 167</u>	
8. Financial - net	2 013	2 012	
	CHF	CHF	
Interest / dividend income	4 408	917	
Interest from bank accounts; late payment penalties	4 477	2 770	
Gain on foreign exchange	0	0	
	<u>8 886</u>	<u>3 687</u>	
Bank and brokerage charges	7 135	10 348	
Interest on mortgage loan	39 732	50 799	
Exchange loss	145	5 448	
	<u>47 012</u>	<u>66 595</u>	
Financial - net income	<u>(38 127)</u>	<u>(62 908)</u>	
9. Other income	2 013	2 012	
	CHF	CHF	
Records homologation	20 656	14 985	
Release of MSI provision	40 000	40 000	
Office rental	39 840	39 840	
Subsidy	7 235	0	
Miscellaneous, incl. unused provisions	61 143	21 038	
	<u>168 873</u>	<u>115 864</u>	
10. Staff charges	2 013	2 012	
	CHF	CHF	
Staff charges	782 841	736 491	
Social charges	122 001	110 001	
Other personnel costs - provision for staff benefits	10 520	13 134	
	<u>915 363</u>	<u>859 627</u>	
11. Assets & Liabilities	2 013	2 013	2 012
Amounts shown in the Balance Sheet include the following assets and liabilities for FAI Air Sport Commissions			
ASC Assets	EUR	CHF	CHF
CIVL	2 561	3 112	9 121
CIAM	572	701	0
CIA	0	19 404	26 335
CIMA	0	0	212
IGC	8 897	10 903	5 586
CIVA	5 093	6 313	0
IPC	3 885	4 709	9 725
	<u>18 447</u>	<u>45 142</u>	<u>50 978</u>
ASC Liabilities	EUR	2 013	2 012
		CHF	CHF
CIVL	25 642	32 035	50 987
CIAM	2 337	2 871	543
CIA	0	12 500	12 981
CIMA	2 082	2 550	0
IGC	971	1 190	310
CIVA	15 054	18 449	7 735
GAC	485	594	1 166
IPC	2 400	2 930	54 166
CIACA	0	832	1 534
	<u>23 329</u>	<u>73 952</u>	<u>129 422</u>