

To the General Conference of  
**Fédération Aéronautique Internationale**  
Lausanne

**Report of the Auditor  
on the Financial Statements for the year 2018**

(for the year ended 31.12.2018)

16 August 2019  
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JGE/SRI/mbe

## REPORT OF THE INDEPENDANT AUDITOR

To the General Conference of  
**Fédération Aéronautique Internationale, Lausanne**

In accordance with your instructions, we have audited the accompanying financial statements of Fédération Aéronautique Internationale, which comprise the balance sheet as at 31 December 2018, the statement of income and expenditure and notes for the year ended.

### Executive Board's Responsibility

The Executive Board is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the Federation's statutes and by-laws. 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

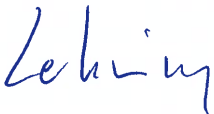
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 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 31 December 2018 comply with Swiss law and the Federation's statutes and by-laws.

Lausanne, 16 August 2019

BDO Ltd



Jürg Gehring  
Licensed Audit Expert



Steve Rigolet  
Licensed Audit Expert

### Enclosures

Financial statements (balance sheet, statement of income and expenditure and notes)

**Fédération Aéronautique Internationale, Lausanne**
**Balance sheet**  
 (in Swiss Francs)

	Notes	2018	2017
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		981 077	1 569 224
Marketable securities			
- shares (market value CHF 395'238 in 2018; CHF 445'902 in 2017)		20 085	10 816
Accounts receivables due from members, net of provision of CHF 31'722 in 2018 , CHF 19'309 in 2017;		248 553	55 695
Other receivables from third parties		49 323	24 167
Inventories		21 746	30 258
Accrued income and prepaid expenses		41 631	90 160
<b>Total current assets</b>		<b>1 362 414</b>	<b>1 780 319</b>
<b>Non-current assets</b>			
Financial assets - FAME&IPETA	8	37 900	69 139
Property, plant and equipment	2	1 829 865	1 827 027
Intangible fixed assets	3	185 558	203 959
<b>Total non-current assets</b>		<b>2 053 323</b>	<b>2 100 125</b>
<b>Total assets</b>		<b>3 415 736</b>	<b>3 880 444</b>
<b>Liabilities</b>			
<b>Short-term liabilities</b>			
Accounts payable due to third parties		155 734	39 928
Short term interest-bearing liabilities		67 404	85 958
Accrued expenses		264 606	338 328
Short-term provisions	7	30 468	92 391
<b>Total short term liabilities</b>		<b>518 211</b>	<b>556 605</b>
<b>Long term liabilities</b>			
Long-term interest-bearing liabilities due to third party		1 095 683	1 110 115
<b>Equity</b>			
Special reserves	4	1 526 454	1 608 158
Reserve MSI		150 000	190 000
Development and Innovation Fund	6	9 110	39 110
Operating fund balances at end of year		116 278	376 456
<b>Total Equity</b>		<b>1 801 842</b>	<b>2 213 724</b>
<b>Total liabilities</b>		<b>3 415 736</b>	<b>3 880 444</b>

**Fédération Aéronautique Internationale, Lausanne**

**Statement of income and expenditure  
for the year ended December 31, 2018  
(in Swiss Francs)**

	Notes	2018 Actual	2017 Actual
<b>Membership Revenues - Subscriptions</b>	5	983 321	990 219
<b>Commercial Revenues</b>		391 737	458 989
<b>Marketing / Communication Expenses</b>		( 197 708)	( 392 032)
<b>Operating Expenses</b>		( 483 819)	( 517 296)
<b>Administration Expenses</b>		(1 533 286)	(1 498 351)
Salaries & Social Charges	11	(1 033 546)	(1 026 762)
General Administration		( 232 631)	( 217 791)
Management Fees		( 100 198)	( 96 908)
Depreciation & impairment on assets	2	( 131 302)	( 112 441)
Special Projects		( 35 608)	( 44 449)
<b>RESULT OF FAI's ACTIVITIES</b>		( 839 754)	( 958 471)
<b>Competition Revenues</b>		1 142 451	593 608
<b>Operating Expenses related to Competition revenues</b>		( 837 197)	( 242 902)
(Allocation) / Dissolution to/from Special Reserves Commissions	4	36 615	( 41 567)
<b>RESULT OF FAI's COMPETITIONS (*)</b>		341 869	309 139
<b>Financial Income</b>	9	38 506	37 073
<b>Financial Costs</b>	9	( 58 577)	( 50 224)
<b>Other Income</b>	10	158 963	215 370
<b>Exceptional Charges / Revenues</b>		( 6 357)	( 19 315)
<b>RESULT OF FAI's OTHER ACTIVITIES</b>		132 535	182 904
Dissolution Special Reserves			
WAG Reserve		100 000	100 000
Olympic Movement Fund		25 000	62 000
Dissolution Reserve MSI			
MSI Reserve		40 000	40 000
Dissolution Development and Innovation Fund	6	30 000	200 187
Allocation to WAG Reserve		( 100 000)	( 100 000)
Dissolution Provision - Sport Development			28 471
Allocation / dissolution Other provisions			
Other provision		10 172	10 000
Foreing Exchange reserve			0
<b>NET RESULT FOR THE YEAR</b>		( 260 178)	( 125 771)
(*) HQ operating costs are not included in these costs			
<b>Statement of change in operating fund balance</b>		<b>2018</b>	<b>2017</b>
Operating fund balances at beginning of year		376 455	502 227
Allocation / dissolution to operating fund for the year		( 260 178)	( 125 771)
Operating fund balances at end of year		116 278	376 455

**Notes for the year ended December 31, 2018**

**Summary of significant accounting policies**

**(a) Basis of accounting**

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013). Significant balance sheet items are accounted for as follows.

**(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) 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.

**(f) Taxation**

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

**(g) 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%
Intangible fixed assets :	10% or 33%

**(h) 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, 2018**

**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, drones, 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**

**2018**

	Furniture and equipment	Office and data processing equipment	Fixtures and fittings	Building "MSI" Total	Total
	CHF	CHF	CHF	CHF	CHF
<b>Cost</b>					
As at January 1, 2018	69 843	210 429	42 029	2 072 149	2 394 449
Additions in year	2 230	61 619	0	0	63 849
Disposals in year	0	0	0	0	0
As at December 31, 2018	72 073	272 048	42 029	2 072 149	2 458 298
<b>Depreciation</b>					
As at January 1, 2018	62 472	199 354	35 596	270 000	567 422
Disposals in year	0	0	0	0	0
Charge for the year	1 951	16 915	2 145	40 000	61 011
	64 423	216 269	37 741	310 000	628 433
<b>Net book value</b>					
As at December 31, 2018	7 650	55 778	4 288	1 762 149	1 829 865

**2017**

	Furniture and equipment	Office and data processing equipment	Fixtures and fittings	Building "MSI" Total	Total
	CHF	CHF	CHF	CHF	CHF
<b>Cost</b>					
As at January 1, 2017	69 843	203 062	42 029	2 072 149	2 387 082
Additions in year	0	7 367	0	0	7 367
Disposals in year	0	0	0	0	0
As at December 31, 2017	69 843	210 429	42 029	2 072 149	2 394 449
<b>Depreciation</b>					
As at January 1, 2017	60 521	193 152	33 452	230 000	517 124
Disposals in year	0	0	0	0	0
Charge for the year	1 951	6 202	2 145	40 000	50 298
	62 472	199 354	35 596	270 000	567 422
<b>Net book value</b>					
As at December 31, 2017	7 371	11 075	6 433	1 802 149	1 827 027

### 3. Intangible fixed assets

#### 2018

	IT Software Data	Website & video prod.	Activation Guide	Trade- marks	Total
	CHF	CHF	CHF	CHF	CHF
<b>Cost</b>					
As at January 1, 2018	184 285	84 455	0	67 903	336 643
Additions in year	2 302	37 983	0	11 605	51 890
Disposals in year	0	0	0	0	0
As at December 31, 2018	186 587	122 438	0	79 508	388 533
<b>Depreciation</b>					
As at January 1, 2018	107 700	14 076	0	10 909	132 684
Disposals in year	0	0	0	0	0
Charge for the year	35 900	26 509	0	7 883	70 291
As at December 31, 2018	143 600	40 585	0	18 791	202 976
<b>Net book value</b>					
As at December 31, 2018	42 987	81 854	0	60 717	185 558

#### 2017

	IT Software Data	Website & video prod.	Activation Guide	Trade- marks	Total
	CHF	CHF	CHF	CHF	CHF
<b>Cost</b>					
As at January 1, 2017	179 500	0	0	58 070	237 570
Additions in year	4 785	84 455	0	9 833	99 073
Disposals in year	0	0	0	0	0
As at December 31, 2017	184 285	84 455	0	67 903	336 643
<b>Depreciation</b>					
As at January 1, 2017	71 800	0	0	2 464	74 264
Disposals in year	0	0	0	0	0
Charge for the year	35 900	14 076	0	8 445	58 421
As at December 31, 2017	107 700	14 076	0	10 909	132 684
<b>Net book value</b>					
As at December 31, 2017	76 585	70 379	0	56 994	203 959



**Year ended December 31, 2018**

**Notes to the financial statements**

**4. Statement of changes in special reserves**

The movements during the years 2017 and 2018 in special reserves, are summarised as follows :

<b>2018</b>	Balance at January 1, 2018 CHF	Funds received CHF	Amounts paid out CHF	Net Difference CHF	Balance at December 31, 2018 CHF
<b>Commissions :</b>					
- Hang Gliding (CIVL)	275 428	82 650	( 84 232)	( 1 582)	273 845
- Aeromodelling (CIAM)	95 482	46 740	( 40 146)	6 594	102 075
- Ballooning (CIA)	192 290	37 964	( 21 196)	16 768	209 058
- Microlight (CIMA)	67 964	8 728	( 16 125)	( 7 398)	60 566
- Gliding (IGC)	140 433	48 253	( 36 150)	12 104	152 537
- Aerobatics (CIVA)	92 182	27 108	( 38 072)	( 10 964)	81 218
- General aviation (GAC)	64 494	5 831	( 3 091)	2 740	67 234
- Rotorcraft (CIG)	20 101	11 136	( 12 290)	( 1 154)	18 946
- Parachuting (IPC)	220 135	138 474	( 187 382)	( 48 908)	171 228
- Amateur built & experimental aircraft (CIACA)	( 7 423)	0	( 1 214)	( 1 214)	( 8 637)
- Airspace and Navigation Medical (CIMP)	( 17 821)	0	( 2 806)	( 2 806)	( 20 627)
- Environmental (EnvC)	0	0	( 795)	( 795)	( 795)
-General Airsports (CASI)	1 501	0	0	0	1 501
	<u>1 144 766</u>	<u>406 883</u>	<u>( 443 499)</u>	<u>( 36 615)</u>	<u>1 108 151</u>
Alvaro de Orleans Borbon Fund	297 865	0	( 20 088)	( 20 088)	277 777
World Air Games	22 016	100 000	( 100 000)	0	22 016
Olympic Movement Fund	42 579	0	( 25 000)	( 25 000)	17 579
World Grand Prix of Aviation	100 931	0	0	0	100 931
<b>TOTAL</b>	<b><u>1 608 157</u></b>	<b><u>506 883</u></b>	<b><u>( 588 587)</u></b>	<b><u>( 81 703)</u></b>	<b><u>1 526 454</u></b>

**2017**

	Balance at January 1, 2017 CHF	Funds received CHF	Amounts paid out CHF	Net Difference CHF	Balance at December 31, 2017 CHF
Commissions :					
- Hang Gliding (CIVL)	264 554	72 558	( 61 685)	10 873	275 428
- Aeromodelling (CIAM)	86 955	47 269	( 38 742)	8 527	95 482
- Ballooning (CIA)	173 120	30 629	( 11 458)	19 170	192 290
- Microlight (CIMA)	66 657	13 572	( 12 266)	1 307	67 964
- Gliding (IGC)	131 079	50 672	( 41 317)	9 354	140 433
- Aerobatics (CIVA)	102 847	37 674	( 48 339)	( 10 665)	92 182
- General aviation (GAC)	58 538	7 630	( 1 674)	5 956	64 494
- Rotorcraft (CIG)	22 035	725	( 2 660)	( 1 935)	20 101
- Parachuting (IPC)	216 460	99 003	( 95 327)	3 676	220 135
- Amateur built & experimental aircraft (CIACA)	( 5 380)	0	( 2 043)	( 2 043)	( 7 423)
- Airspace and Navigation					
- Medical (CIMP )	( 15 167)	0	( 2 654)	( 2 654)	( 17 821)
-General Airports (CASI)	1 501			0	1 501
	<u>1 103 199</u>	<u>359 731</u>	<u>( 318 164)</u>	<u>41 567</u>	<u>1 144 766</u>
Alvaro de Orleans Borbon Fund	0	297 865	0	297 865	297 865
World Air Games	22 016	100 000	( 100 000)	0	22 016
Olympic Movement Fund	104 579	0	( 62 000)	( 62 000)	42 579
World Grand Prix of Aviation	100 931	0	0	0	100 931
<b>TOTAL</b>	<b><u>1 330 725</u></b>	<b><u>757 596</u></b>	<b><u>( 480 164)</u></b>	<b><u>277 432</u></b>	<b><u>1 608 157</u></b>

Year ended December 31, 2018

Notes to the financial statements

<b>5. Membership Revenues - Subscriptions</b>	<b>2018</b>	<b>2017</b>
	<b>CHF</b>	<b>CHF</b>
Total Subscriptions	1 005 906	1 006 491
Loss on Members Debtors	( 22 585)	( 22 392)
Allocation provision sur débiteurs	0	0
Dissolution provisions sur débiteurs	0	6 120
<b>Total Membership Revenues</b>	<b>983 321</b>	<b>990 219</b>
<b>6. Statement of Changes in Development and Innovation Fund (DIF)</b>	<b>2018</b>	<b>2017</b>
	<b>CHF</b>	<b>CHF</b>
Fund balances at beginning of year	39 110	239 297
Net investment (from operating funds)	0	( 187)
Dissolution reserve	( 30 000)	( 200 000)
DIF fund balances at end of year	<b>9 110</b>	<b>39 110</b>
<b>7. Short term provisions</b>	<b>2018</b>	<b>2017</b>
	<b>CHF</b>	<b>CHF</b>
Staff benefit	25 468	25 468
Data Base	0	10 200
Air Sport Development	5 000	0
Partnership	0	50 000
Printing sport descriptions	0	0
Unrealized foreign exchange difference	0	6 723
	<b>30 468</b>	<b>92 391</b>
<b>8. FAME /IPETA</b>	<b>2018</b>	<b>2017</b>
	<b>CHF</b>	<b>CHF</b>
Investment of 100% in FAI Air Sports Marketing & Events SA, Lausanne (Share capital: KCHF 100)	86 700	86 700
./. Provision	( 48 800)	( 47 500)
Loan to FAME Ltd	0	0
Investment of 100% IPETA Ltd	0	5
Loan to IPETA Ltd	0	54 132
./. Provision	0	( 24 198)
	<b>37 900</b>	<b>69 139</b>
<b>9. Financial - net</b>	<b>2018</b>	<b>2017</b>
	<b>CHF</b>	<b>CHF</b>
Interest / dividend income	20 266	5 884
Interest from bank accounts; late payment penalties	2 409	1 598
Gain on foreign exchange	6 506	29 592
Other	9 325	0
	<b>38 506</b>	<b>37 073</b>
Bank and brokerage charges	5 323	6 159
Interest on mortgage loan	37 339	37 863
Exchange loss	15 915	6 202
	<b>58 577</b>	<b>50 224</b>
Financial - net result	<b>( 20 070)</b>	<b>( 13 151)</b>
<b>10. Other income</b>	<b>2018</b>	<b>2017</b>
	<b>CHF</b>	<b>CHF</b>
Records homologation	48 140	31 881
Office rental	39 840	39 840
CIA settling loss on CIA planary cost of 2007 taken from WAG incomes	0	0
Miscellaneous	70 983	143 649
	<b>158 963</b>	<b>215 370</b>
<b>11. Staff charges</b>	<b>2018</b>	<b>2017</b>
	<b>CHF</b>	<b>CHF</b>
Staff charges	886 088	879 396
Social charges	145 189	142 844
Other personnel costs - provision for staff benefits	2 270	4 522
	<b>1 033 546</b>	<b>1 026 762</b>

	31.12.2018	31.12.2017
<b>Number of employees</b>		
Number of FTEs	9.8	9.8
<b>12. Assets pledged as guarantee for the debts of the company</b>	<b>2018</b>	<b>2017</b>
	<b>CHF</b>	<b>CHF</b>
Cash blocked for ATA carnet guarantee	7 600	7 600
<b>13. Other information required by law :</b>		
No other compulsory information is required in accordance with article 959 from Swiss code of Obligations.		