



FAI

Finance Advisory Group

established according to
FAI GC 2014 decision



Advisory group Goals

1. Improve financial reporting for GC and ASCs
2. Improve budget planning for GC and ASCs
3. Establish more transparency on financial matters in FAI.

Tasks

1. Give recommendations to EB
2. Report to GC independent financial analysis



- May 13: discussion about HO operations
- May 29: discussion about ASCs operations
- June 06: discussion with Active Members



- Questionnaire survey (ASC presidents)
- Questionnaire survey (Active Members)
- Comparative analysis Budget-vs-Actual 2014



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ASCs Presidents Survey

1. FAI budgets are acceptable but need significant revision.
2. Budgets are not linked to a specific Policy.
3. Reports don't reflect the scope of ASC operations.
4. Need to split Operational costs and Investments.
5. Need for quicker flow of information HO ↔ ASCs.
6. Expense Approval Procedure is rarely used and has to be improved.
7. No financial support from HO to ASCs.



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- 350 000 + 30 000 = 380 000 CHF
- 380 000 + **86 000** = 466 000 CHF
- What support do ASCs expect from HO?
- FAI budgets seem to be “NACs oriented”



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Excess of income over expenditures

	2013 Bgt	2014 Bgt	2014 Rslt	2015 Bgt
CIVA	16000	-12400	12242	0
CIMA	650	-3700	9461	-6900
IGC	-300	3134	-8052	-9000
CIA	-4300	1700	9178	-7382
CIG	-5000	-4000	-2550	-7500
GAC	-6000	-4900	3951	-1000
CIACA	-6300	n/a	-3000	-5000
CIAM	-6300	-2250	10027	-2750
IPC	-17000	-9750	-1114	-31050
CIVL	-18050	-25300	-2566	-14000



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Negative balanced budgets

- Is it possible? Yes but exceptionally.
- Is it normal? No.
- Budgets must be planned more accurately.
- Worse if budget planning is followed by negative results.
- An ASC budget should be based on an appropriate planning cycle of that ASC.
- No reason to spend money on Merchandising if revenues are planned to “0”.



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Active Members (NACs) Survey

1. FAI budgets are acceptable but can be better if improved. Presentation is poor.
2. A commentary in addition to table of numbers would be helpful.
3. Need for separate sub-budgets (e.g. FAME, Breitling, Red Bull).
4. If there is likely to be a break in sponsorship, FAI is expected to prepare a contingency plan.
5. Need to clarify expenses for FAME and IPETA.
6. Need to value the work of Fidulem consulting



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Financial results of 2014

- FAI special reserves increased 5%.
ASC reserves increased 3%.
- More expenditure than planned in the Budget.
Some expenses made were not budgeted.
- Comparative analysis Budget-vs-Actual.
- Management fees x 2: 50 000 → 94 000 CHF
- Printing costs x 2: 12 000 → 22 000 CHF.
- PR costs x 2: 5 000 → 11 000 CHF.
- Surplus money used for Provisions not planned:
WAG Reserve (65 000), Air sport development (50 000), Sponsorship acquisition (50 000).



Finance Recommendations

1. Budgets can have negative balance. It is not normal, but possible in exceptional circumstances.
2. Consolidated budget for next years must be improved – be more accurate and visually clear.
Explanatory appendixes or commentaries needed.
3. Explanation of bigger variations between budgeted figures and outcome figures in 2014.
What was spent in excess to the budgeted?
4. Comparison of Budget-vs-Actual for each ASC.
5. Fully implement Guidelines for ASC Budget Submission.



Finance Recommendations (continued)

6. Obligatory Expense approval procedure for all budget items exceeding 4000 CHF.
7. A sum exceeding 4000 CHF cannot be divided in several transactions without Expense approval procedure.
8. Sums below 4000 CHF not included in the budget - subject to Expense approval procedure.
9. ASCs and HO: written reports about results achieved by spending money throughout the year.
10. EB explanation for expenditures not fixed in the budget. (Circulated confidentially)



Finance Recommendations (continued)

11. Guidelines of what to do with profit in the end of year must be discussed and approved by GC. Special policy for reserves may be needed. Or a plan to restore reserves by putting money back.
12. Reporting of separate sub-budgets (e.g. FAME, sponsorship programs Breitling, Red Bull, etc).
13. Need for contingency plan in occasion of sponsorship deals failure. Be prepared to cut expenses at the time of sponsorship reduction.
14. Planned investments must be a separate section of Consolidated budget.



Updated budget 2015

- Provisions separate from income & expenses.
- Expenditure decreased by 97 000 CHF.
Income decreased by 502 000 CHF.
- Accumulated provisions and reserves are planned to compensate the negative balance.
112T covered by ASC reserves. 145T – WAG reserves. 100T provisions of 2014. 73T provision for foreign exchange.
- Do we have a plan to overcome financial troubles?

Thank you