



**Report by Robert CLIPSHAM Executive Director Finance
to the 105th General Conference
Belgrade, 14-15 October 2011**

Dear Delegates, Mr. President, Ladies and Gentlemen,

I am reporting on financial matters to the 105th Annual General Conference under FAI Statutes 4.2.3 and 6.2.1.4 as Executive Director Finance and for the Executive Board under Statute 4.2.2.4 and 4.2.2.5 which is jointly responsible to General Conference for all decisions made and financial and accountancy matters taken between General Conferences.

This report covers the following three items appearing as Agenda item 6 FAI Finances:

6.1) The 2010 Report by the Statutory Auditors, including the Balance sheet, Statement of Income and Expenditure and the operations of the Commissions.

6.2) The Financial Situation at 31 August 2011

6.3) Approval of Auditors for 2012

A summary of the significant accounting policies are set out on page 4 in the FAI's Report of the Statutory Auditors 2010 prepared by PricewaterhouseCoopers signed 8 August, 2011 as required by Statute 7.5.1. it is in Annex A.

6.1) 2010 BALANCE-SHEET AND AUDITORS REPORT

2010 Financial Statement

The FAI operations are denominated in CHF.

The income is **CHF247,375** greater than budget considering realized income from sponsorship, the expenses are CHF240,388 over budget. We have an excess of income over expense of CHF85'947 which is greater than the budget by the amount of CHF6,987. The income and expenditures are shown on page 3 of the auditors report.

1.1. Income

1.1.1. 2010 Subscriptions

Realized subscriptions for 2010 were CHF 1 007 892 (CHF 1 002 925 in 2009).

1.1.2. Financial net

The financial net result is an expenditure of CHF 77,088, as set out in note 6, reflects interest and dividend income and an exchange loss of CHF88,577.

1.1.3. The income from Sponsorship and for Safety Supervision of RBAR is a total of CHF 57,012.

The total income is CHF 1 795 385 including payments for Europe Air Sports.

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1.2. **Expenditure**

The expenses are grouped and provide a comparison to 2009.

1.2.1. **Salaries and charges**

The CHF 773 287 reflects the reduction of staff members for part of the year and a provision of CHF 20 000 for future staff benefits.

1.2.2. With reference to Europe Airports, according to the MOU with FAI, the FAI invoices and collects the payments of the Subscription Fees for Europe Airports Members. These funds are then directly transferred to the Europe Airports account. The FAI bears no other financial responsibility towards Europe Airports.

1.2.3. EAS has recently taken a decision, that commencing in January 1, 2012, EAS will invoice the subscription fees directly to EAS Member NAC's.

1.2.4. Provisions have been provided for Web Site development CHF 58,734, Office supplies CHF 15,000, office moving costs CHF30,000, stock purchases CHF 15,000 and IT and data base CHF20,000.

1.2.5. The Safety and Supervision for RBAR includes management and travel, is CHF 75 461.

The total expenses are **CHF 1 709 438 in 2010 with an excess of income for the year of CHF 85 947.**

The exchange rate gain in the Development and Innovation Fund (DIF) of CHF 229 remains in the DIF for 2010 as set out in note 4.

The Operating fund balance at the end of the year is CHF 788,226 an increase over 2009.

1.3. **FAI 2010 Reserves**

The Contributions to FAI Reserves to December 31, 2010 are shown on page 7 of the auditor's report and include: contributions from Air Sport Commissions, World Air Games, Olympic Movement and World Grand Prix of Aviation.

For the individual balances at January 1 and December 31 and the relevant movements during the year 2010, reference is made to page 7 of FAI's auditor's report.

1.3.1. **FAI Air Sport Commissions**

The balance of the Air Sport Commission contributions to the FAI Reserves at 31 December 2010 is CHF 999 617, which is an increase in contributions of CHF 56 206 over the January 1, 2010 balance of CHF 943 413.

1.3.2. **World Air Games**

The movement in the fund reflects the finalizing of contract details from the World Air Games in Torino, the balance in the WAG reserve is **CHF 319 565** at the end of 2010.

1.3.3. **Olympic Movement Fund**

The balance in the fund is **CHF 137 624** at the end of 2010, reflecting the USD 20'000 payment received from IOC.

1.3.4. **World Grand Prix of Aviation**

During 2010, no funds were received. The balance at the end of the year was **CHF 100 931**.

In accordance with FAI accounting policy – gains or losses due to changes in foreign exchange rates are carried entirely by the operating funds of FAI.

1.4. **FAI Air Sport Commission – 2010 Operations**

The ASC operations are carried out in several currencies, CHF, Euro or USD.

- Swiss Francs (Ballooning, Microlights, Rotorcraft, Amateur built & Experimental aircraft and Environmental),
- Euros (Aerobatics, Aeromodelling, General Aviation, Hang Gliding & Paragliding, Gliding and Parachuting).

Operating Results in CHF

The incomes and expenditures have been converted into CHF. The incomes exceeded the expenditures by CHF 56 206.

1.5. **Balance sheet**

The Balance sheet at December 31, 2010 is shown on page 2 of the FAI's Auditors report.

1.5.1. **Assets**

The Current cash assets of **CHF 2 815 894**, were held in Credit Swiss, in accounts suited for FAI's operations.

The reduction in the 2010 accounts receivable reflects the settlement of the LOC outstanding sanction fees and TV rights pertaining the World Air Games 2009. The assets include prepayments to MSI for the purchase of the office.

Total current and fixed assets are CHF 3 710 286.

1.5.2. **Liabilities and funds**

The current liabilities and funds including the Special Reserves, MSI acquisition, Development and Innovation Fund and the Operating funds are adequately provided for in the Assets. The Development and Innovation Fund is CHF 541 442, as set out in note 4.

Mr. President

In concluding my report on the 2010 Financial Statement, I note that the Financial Statements have been reviewed by the Executive Board. I ask you, Mr. President, to submit the Accounts of 2010 to the General Conference for approval, as set out in Statute 3.4.1.3.

6.2) THE FINANCIAL SITUATION AT 31 August 2011

The Financial Situation at 31 August 2011 gives an indication of the expected result for the year ending December 31, 2011:

2.1. Income

At the end of August, 96% of the subscriptions are paid, including arrears. We are on budget however there is some risk in the payment of the some of the sponsorship monies. The Air Sport Commissions operations will be completed later in the year.

2.2. Expenditure

The expenses to August 31 are comparable to the budget except for the salary budget which is under spent due to position vacancies.

There are incomes and expenditures to be completed in the remaining months of 2011 and therefore the accounts at August 31 are not indicative of the expected results at December 31 2011

Despite the difficult economic times and considering the world financial situation, we are anticipating a result at the end of the year 31/12/11 similar to the 2011 budgeted amount **CHF -57,340.**

Consolidated Financial Statement

- *Principles*

Consolidated Financial Statement Proceedured for 2011,2012

Mr, President, these are my comments on the 2011 accounts.

6.3) Appointment of Auditors for 2011

Mr. President I have a MOTION for the appointment of the FAI Auditors for 2011 as required by Statute 7.5.1

That Price Waterhouse Coopers be appointed the auditors for 2011 and that the Executive Board is authorized to set the remuneration.

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Mr. President, I appreciate the work of the ASC Financial Secretaries to manage the sporting financial operations. I wish to give special thanks to the FAI office staff in their work on financial matters and in particular to Ms. Cosette Mast, who, under the direction of Stephane Desprez, carried out the financial management.

Robert Clipsham
FAI Executive Director Finance