



***Fédération Aéronautique Internationale
Lausanne***

***Report of the auditor
to the General Conference
on the financial statements 2014***



Report of the auditor
to the General Conference of
Fédération Aéronautique Internationale
Lausanne

On your instructions, we have audited the financial statements of Fédération Aéronautique Internationale (“the Company”), which comprise the balance sheet, income statement and notes, for the year ended 31 December 2014.

Executive Board’ 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.



Opinion

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law.

PricewaterhouseCoopers SA

Philippe Lienhard

Audit expert

Olivier Mirshak

Audit expert

Lausanne, 15 July 2015

Enclosure:

- Balance sheet, income statement and notes

Year ended December 31, 2014
(in Swiss Francs)

	Notes	2014	2013
Assets			
Current assets			
Cash and cash equivalents		2 682 611	2 574 345
Marketable securities			
- shares (market value CHF 393'691 in 2014; CHF 372'947 in 2013)		10 816	10 816
Accounts receivable, net of provision of CHF 37'896.81 in 2014; CHF 18'210 in 2013		9 797	60 407
Prepaid expenses and other receivables		93 687	26 744
Inventory		27 078	21 103
		2 823 989	2 693 415
Fixed assets (net)			
Tangible fixed assets	2	1 969 814	2 021 655
Intangible fixed assets	3	182 834	126 342
Financial assets - FAME&IPETA	7	55 807	42 938
		2 208 455	2 190 935
Total assets	11	5 032 444	4 884 351
Liabilities and funds			
Current liabilities			
Accounts payable		112 712	162 695
Other debts		97 252	40 716
Accrued expenses and provisions	6	688 075	567 836
		898 039	771 246
Long term liabilities			
Mortgage loan		1 155 831	1 168 990
Funds			
Special reserves	4	1 514 024	1 441 547
Reserve MSI		310 000	350 000
Development and Innovation Fund	5	540 071	539 499
Operating funds, as per statement of income and expenditure		614 480	613 071
		2 978 574	2 944 115
Total liabilities and funds	11	5 032 444	4 884 351

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

Notes	2014			2013		
	Sports Operations	HO Operations	FAI	Sports Operations	HO Operations	FAI
TOTAL INCOME	466 089	1 976 304	2 442 392	317 170	1 655 459	1 972 575
Membership Revenues	0	1 077 381	1 077 381	0	1 080 339	1 080 339
Subscriptions	0	1 077 381	1 077 381	0	1 080 339	1 080 339
EA Subscriptions	0	0	0	0	0	0
Competition Revenues	349 785	162 633	512 417	284 302	8 800	293 102
Sanction Fee - WAG	0	100 000	100 000	0	6 000	6 000
Sanction Fee - World Champ	192 062	0	192 062	61 758	0	61 758
Sanction Fee - Continental Champ	15 125	0	15 125	93 064	0	93 064
Sanction Fee - ASC Challenge / Cat 2 Events	96 004	0	96 004	78 960	0	78 960
Sale of Championship Medals	28 113	0	28 113	36 966	0	36 966
Other: Protest Fees, Online Contest	18 480	62 633	81 113	13 553	2 800	16 353
Commercial Revenues	111 400	582 679	694 079	17 112	404 271	421 382
Merchandising (Textile, badges, pin's etc ...)	26 631	4 761	31 392	12 456	6 657	19 113
Sponsors (Incl Value-In-Kind - VIK)	79 900	553 456	633 356	0	374 792	374 792
TV / Media Rights	0	0	0	0	0	0
Licensing - Royalties (Incl Equipment)	4 373	200	4 573	4 131	0	4 131
Donations	496	24 263	24 759	525	22 822	23 347
Financial Income	8	0	34 026	0	8 880	8 880
Other Income	9	4 904	119 585	15 756	153 115	168 873
TOTAL EXPENDITURE	433 459	1 972 506	2 405 965	382 350	1 644 717	2 027 067
Administration Expenses	50 340	1 283 589	1 333 929	37 715	1 243 704	1 281 419
Salaries & Social Charges	10	0	951 618	0	904 843	904 843
Staff Expenses	10	0	(18 555)	0	10 520	10 520
General Administration	4 102	177 051	181 153	3 036	169 357	172 393
Management Fees	32 904	94 194	127 098	20 971	77 330	98 301
Depreciation	8 790	54 669	63 459	8 161	57 710	65 871
Special Projects	2	4 544	29 157	5 548	23 945	29 492
Operating Expenses	305 147	248 872	554 019	316 711	158 032	474 743
General Conference + NAC Meeting	19 279	44 672	63 951	15 522	26 874	42 396
Executive Board + ASCP	9 123	64 555	73 678	10 420	64 506	74 926
ASC Plenaries, Meetings & WGs	45 970	19 627	65 597	50 888	12 560	63 448
Expert Groups	310	7 406	7 716	2 100	10 977	13 077
Other FAI Bodies (SWG, FRTF, ...)	0	0	0	0	2 797	2 797
WAG - World Air Games	0	41 427	41 427	0	0	0
World Games & other Multi-Sports Events	0	353	353	26 855	21 000	47 855
FAI - World Championships	150 637	2 701	153 338	76 392	1 299	77 691
FAI - Continental Championships	32 547	0	32 547	92 012	1 428	93 440
FAI - World Series	650	0	650	784	0	784
FAI - ASC Challenges	11 811	0	11 811	11 784	466	12 250
Other Events	0	63 191	63 191	0	0	0
Development Programs	34 820	4 940	39 760	29 954	16 125	46 079
Marketing / Communication	68 360	84 411	152 771	8 785	138 790	147 576
Merchandising	0	8 617	8 617	525	4 629	5 154
Performance Awards & Diplomas	86	577	663	0	274	274
Subscriptions to Associations	0	7 646	7 646	0	9 779	9 779
Printing / Advertising / News	2 305	19 531	21 836	2 162	14 725	16 886
Graphic Design	0	42	42	1 990	4 599	6 589
Public Relations	1 537	10 039	11 576	0	0	0
TV Production	1 215	9 942	11 157	4 109	0	4 109
Sponsoring - general expenses	63 217	28 017	91 234	0	31 169	31 169
FAME	0	0	0	0	73 615	73 615
Financial Costs	8	23	135 255	0	47 007	47 007
Bank Charges	23	3 121	3 144	0	5 796	5 796
Investment Management Charges	0	1 621	1 621	0	1 334	1 334
Interest on Bank Loan (MSI Office)	0	39 289	39 289	0	39 732	39 732
Allocation to Foreign Exchange Reserve	0	73 000	73 000	0	0	0
Foreign exchange	0	18 224	18 224	0	145	145
Others	9 589	220 378	229 967	19 138	57 184	76 322
Exceptional Charges	6 737	13 378	20 115	6 627	21 955	28 582
Provision for unpaid subscription	0	34 068	34 068	0	2 662	2 662
Provision for investment FAME	0	7 933	7 933	0	32 567	32 567
Provision for loan IPETA	2 852	0	2 852	12 511	0	12 511
Provision Air Sport Development	0	50 000	50 000	0	0	0
Provision Sponsoring Acquisition	0	50 000	50 000	0	0	0
Allocation WAG Reserve	0	65 000	65 000	0	0	0
EXCESS OF INCOME OVER EXPENDITURE	32 630	3 798	36 427	(65 180)	10 686	(54 491)
Allocation to the Reserves						
EXCESS OF INCOME OVER EXPENDITURE						
Allocation to Airsport Commissions reserves	32 630	3 798	36 427	(65 180)	10 686	(54 491)
Allocation to Development and Innovation Fund	(32 630)		(32 630)	65 180		65 180
Allocation to operating fund for the year	0	(572)	(572)	0	(60)	(60)
Statement of change in operating fund balance						
Operating fund balances at beginning of year			613 071			602 442
Transfert negatif reserve CANS & CIEA			(1 816)			
Allocation to operating fund for the year			3 226			10 629
Operating fund balances at end of year			614 480			613 071

Year ended December 31, 2014

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, 2014

(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, 2014

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

2014

	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, 2014	66 644	267 371	42 029	2 072 149	2 448 193
Additions in year	3 199	5 086	0	0	8 285
Disposals in year	0	0	0	0	0
As at December 31, 2014	69 843	272 457	42 029	2 072 149	2 456 477
Depreciation					
As at January 1, 2014	54 668	234 853	27 017	110 000	426 537
Disposals in year	0	0	0	0	0
Charge for the year	1 856	16 125	2 145	40 000	60 125
As at December 31, 2014	56 524	250 977	29 162	150 000	486 663
Net book value					
As at December 31, 2014	13 319	21 479	12 867	1 922 149	1 969 815

The fire insurance value, whitout the building that is assumed by the PPE, amounts to CHF 292'996 (CHF 292'996 in 2013).

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).

Year ended December 31, 2014

Notes to the financial statements

3. Intangible fixed assets

2014

	IT Software Data	Activation Guide	Total
	CHF	CHF	CHF
Cost			
As at January 1, 2014	119 675	10 000	129 675
Additions in year	59 825	0	59 825
Disposals in year	0	0	0
As at December 31, 2014	179 500	10 000	189 500
Depreciation			
As at January 1, 2014	0	3 333	3 333
Disposals in year	0	0	0
Charge for the year	0	3 333	3 333
As at December 31, 2014	0	6 666	6 666
Net book value			
As at December 31, 2014	179 500	3 334	182 834

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	119 675	10 000	129 675
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	0	3 333	3 333
Net book value			
As at December 31, 2013	119 675	6 667	126 342

Year ended December 31, 2014

Notes to the financial statements

4. Statement of changes in special reserves

The movements during the years 2013 and 2014 in special reserves, are summarised as follows :

<u>2 014</u>	at January 1, 2 014 CHF	Funds received CHF	Amounts paid out CHF	Net Difference CHF	Balance at December 31, 2 014 CHF
Commissions :					
- Hang Gliding (CIVL)	217 406	66 792	(68 667)	(1 876)	215 530
- Aeromodelling (CIAM)	63 826	67 489	(54 296)	13 193	77 019
- Ballooning (CIA)	111 314	48 383	(39 205)	9 178	120 492
- Microlight (CIMA)	44 216	19 327	(7 668)	11 659	55 875
- Gliding (IGC)	169 096	64 539	(73 960)	(9 421)	159 675
- Aerobatics (CIVA)	67 677	66 992	(51 642)	15 350	83 027
- General aviation (GAC)	55 206	11 447	(6 550)	4 898	60 104
- Rotorcraft (CIG)	18 381	67	(2 618)	(2 551)	15 830
- Parachuting (IPC)	212 123	121 053	(121 998)	(945)	211 178
- Amateur built & experimental aircraft (CIACA)	(2 847)	0	(2 930)	(2 930)	(5 777)
- Airspace and Navigation					
- Medical (CIMP)	(9 178)	0	(3 427)	(3 427)	(12 605)
-General Airports (CASI)	2 000		(499)	(499)	1 501
	<u>949 219</u>	<u>466 088</u>	<u>(433 459)</u>	<u>32 630</u>	<u>981 848</u>
World Air Games	236 665	65 000	0	65 000	301 665
Olympic Movement Fund	151 548	708	(22 677)	(21 969)	129 579
World Grand Prix of Aviation	100 931	0	0	0	100 931
TOTAL	<u>1 438 363</u>	<u>531 797</u>	<u>(456 135)</u>	<u>75 661</u>	<u>1 514 024</u>

Note 1 : The Opening balance of CIA has been revised of CHF 5 000

Note 2 : The negative Opening reserves of CANS and CIEA have been taken at the charge of the FAI Head Office

Note 3 : 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 2014, the total Reserve amount of CHF 981'848 is comprised of funds of :

- CHF 117'939 for Commission Reserves held in CHF
- CHF 863'909 for Commission Reserved held in EUR converted to CHF at closing rate, and
- CHF 220'526 as Conversion Reserve

Year ended December 31, 2014

Notes to the financial statements

<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)	(426)	(1 286)
- Medical (CIMP)	(5 774)	0	(3 405)	(3 405)	(9 178)
-General Airsports (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, 2014

Notes to the financial statements

5. Statement of Changes in Development and Innovation Fund (DIF)	2 014 CHF	2 013 CHF
Fund balances at beginning of year	539 499	539 439
Net investment (from operating funds)	572	60
DIF fund balances at end of year	<u>540 071</u>	<u>539 499</u>
6. Accrued Expenses and Provisions	2 014 CHF	2 013 CHF
Accrued expenses	436 053	478 813
Provisions	252 023	89 023
	<u>688 075</u>	<u>567 836</u>
7. FAME /IPETA	2 014 CHF	2 013 CHF
Investment of 100% in FAI Air Sports Marketing & Events SA, Lausanne (Share capital: KCHF 100)	86 700	75 500
./. Provision	(40 500)	(32 567)
Loan to FAME Ltd	9 602	0
Investment of 100% IPETA Ltd	5	5
Loan to IPETA Ltd	15 363	12 511
./. Provision	(15 363)	(12 511)
	<u>55 807</u>	<u>42 938</u>
8. Financial - net	2 014 CHF	2 013 CHF
Interest / dividend income	8 995	4 408
Interest from bank accounts; late payment penalties	5 351	4 477
Gain on foreign exchange	16 680	0
	<u>31 026</u>	<u>8 886</u>
Bank and brokerage charges	4 766	7 135
Interest on mortgage loan	39 289	39 732
Exchange loss	18 224	145
Allocation fo Foreign Exchange Reserve	73 000	0
	<u>135 278</u>	<u>47 012</u>
Financial - net income	<u>(104 252)</u>	<u>(38 127)</u>
9. Other income	2 014 CHF	2 013 CHF
Records homologation	19 793	20 656
Release of MSI provision	40 000	40 000
Office rental	39 840	39 840
Subsidy	0	7 235
Miscellaneous, incl. unused provisions	24 857	61 143
	<u>124 490</u>	<u>168 873</u>
10. Staff charges	2 014 CHF	2 013 CHF
Staff charges	815 661	782 841
Social charges	131 457	122 001
Other personnel costs - provision for staff benefits	18 555	10 520
	<u>965 673</u>	<u>915 363</u>

Year ended December 31, 2014

Notes to the financial statements

11. Assets & Liabilities	2 014	2 013
Amounts shown in the Balance Sheet include the following assets and liabilities for FAI Air Sport Commissions		
ASC Assets	CHF	CHF
CIVL	13 925	3 112
CIAM	0	701
CIA	19 817	19 404
GAC	1 108	0
IGC	28 072	10 903
CIVA	4 979	6 313
IPC	2 314	4 709
	<u>70 213</u>	<u>45 142</u>
 ASC Liabilities	 2 014	 2 013
	CHF	CHF
CIVL	80 473	32 035
CIAM	3 253	2 871
CIA	42 117	12 500
CIMA	2 020	2 550
IGC	3 480	1 190
CIVA	153	18 449
GAC	0	594
IPC	18 843	2 930
CIACA	2 788	832
	<u>153 127</u>	<u>73 952</u>