



***Fédération Aéronautique Internationale
Lausanne***

***Report of the statutory auditor
to the General Conference
on the financial statements 2015***



Report of the statutory auditor
to the General Meeting of
Fédération Aéronautique Internationale
Lausanne

Report of the statutory auditor on the financial statements

On your instructions, we have audited the accompanying financial statements of Fédération Aéronautique Internationale, which comprise the balance sheet, income statement and notes, for the year ended 31 December 2015.

Board's responsibility

The Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the association's articles of incorporation. 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 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 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 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 2015 comply with Swiss law.
We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Philippe Lienhard

Nicolas Daehler

Audit expert
Auditor in charge

Lausanne, 29 June 2016

Enclosure:

- Financial statements (balance sheet, income statement and notes)

Fédération Aéronautique Internationale, Lausanne

**Report of auditors
to the General Assembly**

Financial statements 2015

(in Swiss Francs)

Assets

Current assets

Cash and cash equivalents

Marketable securities

- shares (market value CHF 293'467 in 2015; CHF 393'691 in 2014)

Accounts receivables due from members, net of provision of

CHF18'624 in 2015; CHF 37'897 in 2014

Other receivables from third parties

Inventories

Accrued income and prepaid expenses

Total current assets

Non-current assets

Financial assets - FAME&IPETA

Property, plant and equipment

Intangible fixed assets

Total non-current assets

Total assets

Liabilities

Short-term liabilities

Accounts payable due to third parties

Other short term liabilities due to affiliated organization

Accrued expenses

Short-term provisions

Total short term liabilities

Long term liabilities

Long-term interest-bearing liabilities due to third party

Equity

Special reserves

Reserve MSI

Development and Innovation Fund

Reserve from retained earning

Total Equity

Total liabilities

Notes	2015	2014
	2 552 298	2 682 611
	10 816	10 816
	43 641	5 248
	34 899	8 353
	40 120	27 078
	67 046	89 883
	2 748 820	2 823 989
7	78 205	55 807
2	1 919 285	1 969 814
3	143 600	182 834
	2 141 090	2 208 455
11	4 889 910	5 032 444
	109 511	112 712
	91 610	97 252
	586 358	436 053
6	142 023	252 023
	929 501	898 039
	1 142 224	1 155 831
4	1 388 797	1 514 024
	270 000	310 000
5	539 430	540 071
	619 958	614 481
	2 818 185	2 978 575
11	4 889 910	5 032 444

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

Notes	2015			2014		
	Sports Operations	HO Operations	FAI	Sports Operations	HO Operations	FAI
TOTAL INCOME	408 224	2 208 435	2 616 659	466 089	1 936 304	2 402 392
Membership Revenues	0	1 062 183	1 062 183	0	1 077 381	1 077 381
Subscriptions	0	1 062 183	1 062 183	0	1 077 381	1 077 381
EA Subscriptions	0	0	0	0	0	0
Competition Revenues	364 736	364 609	729 346	349 785	162 633	512 417
Sanction Fee - WAG-reimb. of expenses	70 000	305 539	375 539	0	100 000	100 000
Sanction Fee - World Champ	92 644	0	92 644	192 062	0	192 062
Sanction Fee - Continental Champ	82 870	0	82 870	15 125	0	15 125
Sanction Fee - ASC Challenge / Cat 2 Events	83 101	0	83 101	96 004	0	96 004
Sale of Championship Medals	17 385	0	17 385	28 113	0	28 113
Other: Protest Fees, Online Contest	18 736	59 071	77 807	18 480	62 633	81 113
Commercial Revenues	23 856	633 472	657 329	111 400	582 679	694 079
Merchandising (Textile, badges, pin's etc ...)	19 191	7 211	26 402	26 631	4 761	31 392
Sponsors (Incl Value-In-Kind - VIK)	563	601 636	602 199	79 900	553 456	633 356
TV / Media Rights	0	222	222	0	0	0
Licensing - Royalties (Incl Equipment)	3 907	0	3 907	4 373	200	4 573
Donations	196	24 403	24 599	496	24 263	24 759
Financial Income	8	0	20 925	0	34 026	34 026
Other Income	9	19 631	146 877	4 904	79 585	84 489
TOTAL EXPENDITURE	382 263	2 496 749	2 879 012	430 607	1 726 573	2 157 180
Administration Expenses	37 662	1 393 209	1 430 871	50 340	1 270 795	1 321 135
Salaries & Social Charges	10	0	989 133	0	951 618	951 618
Staff Expenses	10	0	510	0	(18 555)	(18 555)
General Administration	8 097	194 747	202 844	4 102	177 051	181 153
Management Fees	21 270	86 346	107 616	32 904	81 399	114 303
Depreciation	2	8 294	88 371	8 790	54 669	63 459
Special Projects	0	34 102	34 102	4 544	24 613	29 157
Operating Expenses	327 179	689 986	1 017 166	305 147	255 132	560 279
General Conference + NAC Meeting	13 229	48 873	62 102	19 279	44 672	63 951
Executive Board + ASCP	8 683	36 822	45 505	9 123	64 555	73 678
ASC Plenaries, Meetings & WGs	43 675	17 404	61 080	45 970	19 627	65 597
Expert Groups	5 711	8 103	13 813	310	7 406	7 716
Other FAI Bodies (SWG, FRTF, ...)	0	1 268	1 268	0	0	0
WAG - World Air Games	71 778	513 824	585 602	0	34 892	34 892
World Games & other Multi-Sports Events	312	144	456	0	353	353
FAI - World Championships	70 021	2 035	72 057	150 637	2 701	153 338
FAI - Continental Championships	77 104	523	77 627	32 547	0	32 547
FAI - World Series	0	0	0	650	0	650
FAI - ASC Challenges	9 195	0	9 195	11 811	0	11 811
Other Events	0	55 229	55 229	0	63 191	63 191
Development Programs	27 470	5 762	33 233	34 820	17 735	52 555
Marketing / Communication	7 417	284 513	291 930	68 360	90 945	159 305
Merchandising	0	11 257	11 257	0	8 617	8 617
Performance Awards & Diplomas	168	912	1 080	86	577	663
Subscriptions to Associations	2 500	12 117	14 617	0	7 646	7 646
Printing / Advertising / News	3 709	33 936	37 646	2 305	19 531	21 836
Graphic Design	0	941	941	0	42	42
Public Relations	1 040	12 930	13 969	1 537	16 574	18 111
TV Production	0	79 310	79 310	1 215	9 942	11 157
Sponsoring - general expenses	0	133 111	133 111	63 217	28 017	91 234
FAME	0	0	0	0	0	0
Financial Costs	8	300	113 587	23	62 255	62 278
Bank Charges	300	4 799	5 099	23	3 121	3 144
Investment Management Charges	0	1 228	1 228	0	1 621	1 621
Interest on Bank Loan (MSI Office)	0	38 837	38 837	0	39 289	39 289
Allocation to Foreign Exchange Reserve	0	0	0	0	0	0
Foreign exchange	0	68 724	68 724	0	18 224	18 224
Others	9 706	15 454	25 159	6 737	47 445	54 182
Exceptional Charges	9 706	13 799	23 505	6 737	33 378	20 115
Loss and Provision for unpaid subscription	0	1 655	1 655	0	34 068	34 068
Result before adjustment of provisions & reserves	25 961	(288 314)	(262 353)	35 482	209 731	245 212
Allocations to provisions & reserves	5 539	2 500	8 039	2 852	245 933	248 785
- Provision for loss on investment FAME	0	2 500	2 500	0	7 933	7 933
- Provision for loss on loan IPETA	5 539	0	5 539	2 852	0	2 852
- Provision Air Sport Development	0	0	0	0	50 000	50 000
- Provision Sponsoring Acquisition	0	0	0	0	50 000	50 000
- WAG Reserve	0	0	0	0	65 000	65 000
- Foreing Exchange reserve	0	0	0	0	73 000	73 000
Dissolutions of provisions & reserves	0	295 650	295 650	0	40 000	40 000
- Provision Sponsoring Acquisition	0	50 000	50 000	0	0	0
- WAG Reserve	0	145 650	145 650	0	0	0
- MSI Reserve	0	40 000	40 000	0	40 000	40 000
- Foreing Exchange reserve	0	60 000	60 000	0	0	0
Net result for the year	20 422	4 836	25 258	32 630	3 798	36 427
Net result for the year	20 422	4 836	25 258	32 630	3 798	36 427
Allocation to Airport Commissions reserves	(20 422)	0	(20 422)	(32 630)	0	(32 630)
Allocation to Development and Innovation Fund	0	641	641	0	(572)	(572)
Allocation to operating fund for the year	0	5 477	5 477	0	3 226	3 226
Statement of change in operating fund balance						
Operating fund balances at beginning of year			614 481			613 071
Transfert negatif reserve CANS & CIEA			0			(1 816)
Allocation to operating fund for the year			5 477			3 226
Operating fund balances at end of year			619 958			614 481

Year ended December 31, 2015

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) 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.

Year ended December 31, 2015

Summary of significant accounting policies

(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%

(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, 2015

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

2015

	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, 2015	69 843	272 457	42 029	2 072 149	2 456 477
Additions in year	0	6 902	0	0	6 902
Disposals in year	0	(80 245)	0	0	(80 245)
As at December 31, 2015	69 843	199 114	42 029	2 072 149	2 383 134
Depreciation					
As at January 1, 2015	56 524	250 978	29 162	150 000	486 663
Disposals in year	0	(80 245)	0	0	(80 245)
Charge for the year	2 046	13 240	2 145	40 000	57 431
As at December 31, 2015	58 570	183 973	31 307	190 000	463 849
Net book value					
As at December 31, 2015	11 273	15 141	10 722	1 882 149	1 919 285

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	2 456 478
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	60 126
As at December 31, 2014	56 524	250 978	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

3. Intangible fixed assets

2015

	IT Software Data	Activation Guide	Total
	CHF	CHF	CHF
Cost			
As at January 1, 2015	179 500	10 000	189 500
Additions in year	0	0	0
Disposals in year	0	0	0
As at December 31, 2015	<u>179 500</u>	<u>10 000</u>	<u>189 500</u>
Depreciation			
As at January 1, 2015	0	6 666	6 666
Disposals in year	0	0	0
Charge for the year	35 900	3 334	39 234
As at December 31, 2015	<u>35 900</u>	<u>10 000</u>	<u>45 900</u>
Net book value			
As at December 31, 2015	<u>143 600</u>	<u>0</u>	<u>143 600</u>

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	<u>179 500</u>	<u>10 000</u>	<u>189 500</u>
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	<u>0</u>	<u>6 666</u>	<u>6 666</u>
Net book value			
As at December 31, 2014	<u>179 500</u>	<u>3 334</u>	<u>182 834</u>

Year ended December 31, 2015

Notes to the financial statements

4. Statement of changes in special reserves

The movements during the years 2014 and 2015 in special reserves, are summarised as follows :

<u>2 015</u>	at			Balance at	
	January 1, 2 015	Funds received	Amounts paid out	Net Difference	December 31, 2 015
	CHF	CHF	CHF	CHF	CHF
Commissions :					
- Hang Gliding (CIVL)	215 530	71 985	(55 604)	16 382	231 912
- Aeromodelling (CIAM)	77 019	50 456	(47 497)	2 959	79 978
- Ballooning (CIA)	120 492	55 626	(32 763)	22 863	143 355
- Microlight (CIMA)	55 875	15 906	(17 152)	(1 246)	54 629
- Gliding (IGC)	159 675	54 625	(74 279)	(19 654)	140 021
- Aerobatics (CIVA)	83 027	38 780	(25 044)	13 736	96 763
- General aviation (GAC)	60 104	10 286	(13 098)	(2 812)	57 292
- Rotorcraft (CIG)	15 830	20 581	(11 624)	8 957	24 787
- Parachuting (IPC)	211 178	135 050	(151 724)	(16 673)	194 505
- Amateur built & experimental aircraft (CIACA)	(5 777)	7 000	(9 552)	(2 552)	(8 329)
- Airspace and Navigation					
- Medical (CIMP)	(12 605)	0	(1 537)	(1 537)	(14 142)
-General Airports (CASI)	1 501		0	0	1 501
	981 849	460 296	(439 874)	20 422	1 002 271
World Air Games	301 665	0	(145 650)	(145 650)	156 016
Olympic Movement Fund	129 579	0	0	0	129 579
World Grand Prix of Aviation	100 931	0	0	0	100 931
TOTAL	1 514 024	460 296	(585 523)	(125 228)	1 388 797

Note 1 : WAG total incomes : CHF 305'538. Total Expenditures : CHF 513'824. Dissolution of WAG Reserve according to the amount budgeted. The difference is take from the FAI Global Reserves

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 2015, the total Reserve amount of CHF 1'002'271 is comprised of funds of :

- CHF 147'171 for Commission Reserves held in CHF
- CHF 855'099 for Commission Reserved held in EUR converted to CHF at closing rate, and
- CHF 284'747 as Conversion Reserve

Year ended December 31, 2015

Notes to the financial statements

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

<u>2 014</u>	Revised Balance 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	<u>100 931</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100 931</u>
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 Opening negatif 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, 2015

Notes to the financial statements

5. Statement of Changes in Development and Innovation Fund (DIF)	2 015	2 014
	CHF	CHF
Fund balances at beginning of year	540 071	539 499
Net investment (from operating funds)	(641)	572
DIF fund balances at end of year	539 430	540 071
6. Short term provisions	2 015	2 014
	CHF	CHF
Staff benefit	25 468	25 468
Printing & Brochure	15 000	15 000
Merchandising	15 000	15 000
Data base	10 200	10 200
Air Sport Development	50 000	50 000
Sponsoring acquisition	0	50 000
Printing sport descriptions	10 000	10 000
Unrealized foreign exchange difference	16 355	76 355
	142 023	252 023
7. FAME /IPETA	2 015	2 014
	CHF	CHF
Investment of 100% in FAI Air Sports Marketing & Events SA, Lausanne (Share capital: KCHF 100)	86 700	86 700
./. Provision	(43 000)	(40 500)
Loan to FAME Ltd	0	9 602
Investment of 100% IPETA Ltd	5	5
Loan to IPETA Ltd	55 401	15 363
./. Provision	(20 901)	(15 363)
	78 205	55 807
8. Financial - net	2 015	2 014
	CHF	CHF
Interest / dividend income	8 954	8 995
Interest from bank accounts; late payment penalties	3 441	5 351
Gain on foreign exchange	8 529	19 680
	20 925	34 026
Bank and brokerage charges	6 326	4 766
Interest on mortgage loan	38 837	39 289
Exchange loss	68 724	18 224
	113 887	62 278
Financial - net income	(92 962)	(28 252)
9. Other income	2 015	2 014
	CHF	CHF
Records homologation	58 467	19 793
Office rental	39 840	39 840
CIA settling loss on CIA planary cost of 2007 taken from WAG incomes	19 451	
Miscellaneous, incl. unused provisions	29 120	24 857
	146 877	84 490
10. Staff charges	2 015	2 014
	CHF	CHF
Staff charges	849 977	796 332
Social charges	139 155	131 957
Other personnel costs - provision for staff benefits	510	4 774
	989 643	933 063

Staff number

Annual average of full time worker : 10 (2015) ; 10 (2014)

Year ended December 31, 2015

Notes to the financial statements

11. Assets & Liabilities

2 015

2 014

Amounts shown in the Balance Sheet include the following assets and liabilities for FAI Air Sport Commissions

ASC Assets

CHF

CHF

CIVL	6 682	13 925
CIAM	685	0
CIA	19 017	19 817
GAC	1 022	1 108
IGC	27 468	28 072
CIVA	3 378	4 979
IPC	3 736	2 274
	<u>61 988</u>	<u>70 173</u>

ASC Liabilities

2 015

2 014

CHF

CHF

CIVL	39 468	80 473
CIAM	12 279	3 253
CIA	67 362	42 117
CIMA	9 020	2 020
IGC	13 034	3 480
CIVA	8 405	153
GAC	7 399	0
IPC	22 247	18 843
CIACA	8 986	2 788
	<u>188 201</u>	<u>153 127</u>

12. Other information required by law :

No other compulsory information is required in accordance with article 959 from Swiss code of Obligations.