
Fédération Aéronautique Internationale
Lausanne

***Report of the auditor
to the General Conference
on the financial statements 2016***





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

On your instructions, we have audited the financial statements of Fédération Aéronautique Internationale, which comprise the balance sheet, income statement and notes, for the year ended 31 December 2016.

Board' responsibility

The 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 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 2016 comply with Swiss law.



PricewaterhouseCoopers SA

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Philippe Lienhard
Audit expert

A blue ink signature of Nicolas Daehler is shown on a light blue grid background. To the right of the signature is a small, semi-transparent red and white Swiss cross icon.

Nicolas Daehler
Audit expert

Lausanne, 30 June 2017

Enclosure:

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

Fédération Aéronautique Internationale, Lausanne

**Report of auditors
to the General Assembly**

Financial statements 2016

(in Swiss Francs)

	Notes	2016	2015
Assets			
Current assets			
Cash and cash equivalents		1 577 662	2 552 298
Marketable securities			
- shares (market value CHF 373'055 in 2016; CHF 293'467 in 2015)		10 816	10 816
Accounts receivables due from members, net of provision of CHF18'624 in 2015; CHF 37'897 in 2014		51 792	43 641
Other receivables from third parties		25 458	34 899
Inventories		39 836	40 120
Accrued income and prepaid expenses		49 704	67 046
Total current assets		1 755 267	2 748 820
Non-current assets			
Financial assets - FAME&IPETA	7	72 862	78 205
Property, plant and equipment	2	1 869 957	1 919 285
Intangible fixed assets	3	163 306	143 600
Total non-current assets		2 106 126	2 141 090
Total assets	11	3 861 393	4 889 910
Liabilities			
Short-term liabilities			
Accounts payable due to third parties		5 708	109 511
Other short term liabilities due to affiliated organization		87 466	91 610
Accrued expenses		256 955	586 358
Short-term provisions	6	80 862	142 023
Total short term liabilities		430 991	929 501
Long term liabilities			
Long-term interest-bearing liabilities due to third party		1 128 153	1 142 224
Equity			
Special reserves	4	1 330 725	1 388 797
Reserve MSI		230 000	270 000
Development and Innovation Fund	5	239 297	539 430
Reserve from retained earning		502 227	619 958
Total Equity		2 302 249	2 818 185
Total liabilities	11	3 861 393	4 889 910

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

Notes	2016			2015		
	Sports Operations	HO Operations	FAI	Sports Operations	HO Operations	FAI
TOTAL INCOME	443 828	1 579 168	2 022 997	408 224	2 208 435	2 616 659
Membership Revenues	0	1 048 107	1 048 107	0	1 062 183	1 062 183
Subscriptions	0	1 048 107	1 048 107	0	1 062 183	1 062 183
EA Subscriptions	0	0	0	0	0	0
Competition Revenues	404 551	81 941	486 492	364 736	364 609	729 346
Sanction Fee - WAG-reimb. of expenses	70 000	0	70 000	70 000	305 539	375 539
Sanction Fee - World Champ	184 215	11 975	196 190	92 644	0	92 644
Sanction Fee - Continental Champ	16 561	0	16 561	82 870	0	82 870
Sanction Fee - ASC Challenge / Cat 2 Events	83 993	620	84 613	83 101	0	83 101
Sale of Championship Medals	34 939	0	34 939	17 385	0	17 385
Other: Protest Fees, Online Contest	14 844	69 345	84 189	18 736	59 071	77 807
Commercial Revenues	36 028	356 975	393 003	23 856	633 472	657 329
Merchandising (Textile, badges, pin's etc ...)	27 531	5 454	32 985	19 191	7 211	26 402
Sponsors (Incl Value-In-Kind - VIK)	5 564	326 923	332 487	563	601 636	602 199
TV / Media Rights	0	0	0	0	222	222
Licensing - Royalties (Incl Equipment)	1 101	0	1 101	3 907	0	3 907
Donations	1 832	24 598	26 430	196	24 403	24 599
Financial Income	8	0	7 689	0	20 925	20 925
Other Income	9	3 249	84 458	19 631	127 246	146 877
TOTAL EXPENDITURE	340 827	2 411 697	2 752 524	382 263	2 496 749	2 879 012
Administration Expenses	18 236	1 401 547	1 419 783	37 662	1 393 209	1 430 871
Salaries & Social Charges	10	0	992 689	0	989 133	989 133
Staff Expenses	10	0	165	0	510	510
General Administration	4 937	198 047	202 984	8 097	194 747	202 844
Management Fees	8 776	56 524	65 301	21 270	86 346	107 616
Depreciation	2	4 522	87 117	8 294	88 371	96 665
Special Projects	0	67 005	67 005	0	34 102	34 102
Operating Expenses	299 596	307 126	606 722	327 179	689 986	1 017 166
General Conference + NAC Meeting	21 411	58 074	79 485	13 229	48 873	62 102
Executive Board + ASCP	9 549	51 606	61 155	8 683	36 822	45 505
ASC Plenaries, Meetings & WGs	51 656	17 365	69 020	43 675	17 404	61 080
Expert Groups	0	9 155	9 155	5 711	8 103	13 813
Other FAI Bodies (SWG, FRTF, ...)	0	2 071	2 071	0	1 268	1 268
WAG - World Air Games	25 786	79 704	105 490	71 778	513 824	585 602
World Games & other Multi-Sports Events	0	486	486	312	144	456
FAI - World Championships	157 083	349	157 432	70 021	2 035	72 057
FAI - Continental Championships	17 406	0	17 406	77 104	523	77 627
FAI - World Series	0	0	0	0	0	0
FAI - ASC Challenges	2 288	0	2 288	9 195	0	9 195
Other Events	0	66 788	66 788	0	55 229	55 229
Development Programs	14 417	21 529	35 947	27 470	5 762	33 233
Marketing / Communication	7 251	596 656	603 907	7 417	284 513	291 930
Merchandising	2 034	9 330	11 364	0	11 257	11 257
Performance Awards & Diplomas	0	1 147	1 147	168	912	1 080
Subscriptions to Associations	3 499	9 283	12 782	2 500	12 117	14 617
Printing / Advertising / News	427	25 768	26 195	3 709	33 936	37 646
Graphic Design	0	1 365	1 365	0	941	941
Public Relations	1 291	4 720	6 010	1 040	12 930	13 969
TV Production	0	0	0	0	79 310	79 310
Sponsoring expenses, Air Games Event Series	0	545 044	545 044	0	133 111	133 111
FAME	0	0	0	0	0	0
Financial Costs	8	300	54 476	300	113 587	113 887
Bank Charges	300	4 326	4 626	300	4 799	5 099
Investment Management Charges	0	1 192	1 192	0	1 228	1 228
Interest on Bank Loan (MSI Office)	0	38 369	38 369	0	38 837	38 837
Allocation to Foreign Exchange Reserve	0	0	0	0	0	0
Foreign exchange	0	10 590	10 590	0	68 724	68 724
Others	15 444	51 892	67 336	9 706	15 454	25 159
Exceptional Charges	15 444	35 017	50 461	9 706	13 799	23 505
Loss and Provision for unpaid subscription	0	16 874	16 874	0	1 655	1 655
Result before adjustment of provisions & reserves	103 002	(832 529)	(729 527)	25 961	(288 314)	(262 353)
Allocations to provisions & reserves	2 074	2 000	4 074	5 539	2 500	8 039
- Provision for loss on investment FAME	0	2 000	2 000	0	2 500	2 500
- Provision for loss on loan IPETA	2 074	0	2 074	5 539	0	5 539
- Provision Air Sport Development	0	0	0	0	0	0
- Provision Sponsoring Acquisition	0	0	0	0	0	0
- WAG Reserve	0	0	0	0	0	0
- Forcing Exchange reserve	0	0	0	0	0	0
Dissolutions of provisions & reserves	0	716 665	716 665	0	295 650	295 650
- Provision Sponsoring Acquisition	0	0	0	0	50 000	50 000
- WAG Reserve	0	134 000	134 000	0	145 650	145 650
- MSI Reserve	0	40 000	40 000	0	40 000	40 000
- Development and Innovation Fund	0	300 000	300 000	0	0	0
- Olympic Reserve - Antidoping	0	10 000	10 000	0	0	0
- Olympic Reserve - Air Games Series	0	15 000	15 000	0	0	0
- Provision - Sport Development	0	21 529	21 529	0	0	0
- Other provision	0	186 504	186 504	0	0	0
- Forcing Exchange reserve	0	9 631	9 631	0	60 000	60 000
Net result for the year	100 928	(117 864)	(16 936)	20 422	4 836	25 258
Net result for the year	100 928	(117 864)	(16 936)	20 422	4 836	25 258
Allocation to Airport Commissions reserves	(100 928)	0	(100 928)	(20 422)	0	(20 422)
Allocation to Development and Innovation Fund	0	133	133	0	641	641
Allocation to operating fund for the year	0	(117 731)	(117 731)	0	5 477	5 477
Statement of change in operating fund balance						
Operating fund balances at beginning of year			619 958			614 481
Transfert negatif reserve CANS & CIEA			0			0
Allocation to operating fund for the year			(117 731)			5 477
Operating fund balances at end of year			502 227			619 958

Year ended December 31, 2016

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.

Year ended December 31, 2016

Summary of significant accounting policies

(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%

(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, 2016

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

2016

	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, 2016	69 843	199 114	42 029	2 072 149	2 383 134
Additions in year	0	3 948	0	0	3 948
Disposals in year	0	0	0	0	0
As at December 31, 2016	69 843	203 062	42 029	2 072 149	2 387 082
Depreciation					
As at January 1, 2016	58 570	183 973	31 307	190 000	463 849
Disposals in year	0	0	0	0	0
Charge for the year	1 951	9 179	2 145	40 000	53 275
As at December 31, 2016	60 521	193 152	33 452	230 000	517 124
Net book value					
As at December 31, 2016	9 322	9 910	8 577	1 842 149	1 869 958

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	2 456 478
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

3. Intangible fixed assets

2016

	IT Software Data	Activation Guide	Trade- marks	Total
	CHF	CHF	CHF	CHF
Cost				
As at January 1, 2016	179 500	10 000	0	189 500
Additions in year	0	0	58 070	58 070
Disposals in year	0	(10 000)	0	(10 000)
As at December 31, 2016	<u>179 500</u>	<u>0</u>	<u>58 070</u>	<u>237 570</u>
Depreciation				
As at January 1, 2016	35 900	10 000	0	45 900
Disposals in year	0	(10 000)	0	(10 000)
Charge for the year	35 900	0	2 464	38 364
As at December 31, 2016	<u>71 800</u>	<u>0</u>	<u>2 464</u>	<u>74 264</u>
Net book value				
As at December 31, 2016	<u>107 700</u>	<u>0</u>	<u>55 606</u>	<u>163 306</u>

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	35 900	6 666	42 566
Disposals in year	0	0	0
Charge for the year	0	3 334	3 334
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>

Year ended December 31, 2016

Notes to the financial statements

4. Statement of changes in special reserves

The movements during the years 2015 and 2016 in special reserves, are summarised as follows :

	January 1, 2 016 CHF	Funds received CHF	Amounts paid out CHF	Net Difference CHF	December 31, 2 016 CHF
Commissions :					
- Hang Gliding (CIVL)	231 912	68 149	(35 506)	32 643	264 554
- Aeromodelling (CIAM)	79 978	61 491	(54 514)	6 977	86 955
- Ballooning (CIA)	143 355	48 638	(18 873)	29 765	173 120
- Microlight (CIMA)	54 629	23 421	(11 393)	12 028	66 657
- Gliding (IGC)	140 021	38 097	(47 039)	(8 942)	131 079
- Aerobatics (CIVA)	96 763	40 802	(34 718)	6 084	102 847
- General aviation (GAC)	57 292	12 818	(11 572)	1 246	58 538
- Rotorcraft (CIG)	24 787	7 350	(10 102)	(2 752)	22 035
- Parachuting (IPC)	194 505	144 147	(122 192)	21 955	216 460
- Amateur built & experimental aircraft (CIACA)	(8 329)	7 000	(4 051)	2 949	(5 380)
- Airspace and Navigation					
- Medical (CIMP)	(14 142)	0	(1 025)	(1 025)	(15 167)
-General Airports (CASI)	1 501		0	0	1 501
	1 002 271	451 913	(350 985)	100 928	1 103 199
World Air Games	156 016	0	(134 000)	(134 000)	22 016
Olympic Movement Fund	129 579	0	(25 000)	(25 000)	104 579
World Grand Prix of Aviation	100 931	0	0	0	100 931
TOTAL	1 388 797	451 913	(509 985)	(58 072)	1 330 725

Year ended December 31, 2015

Notes to the financial statements

<u>2015</u>	Revised Balance at January 1, 2015 CHF	Funds received CHF	Amounts paid out CHF	Net Difference CHF	Balance at December 31, 2015 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 Airsports (CASI)	1 501		0	0	1 501
	<u>981 849</u>	<u>460 296</u>	<u>(439 874)</u>	<u>20 422</u>	<u>1 002 271</u>
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	<u>1 514 024</u>	<u>460 296</u>	<u>(585 523)</u>	<u>(125 228)</u>	<u>1 388 797</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

Year ended December 31, 2016

Notes to the financial statements

5. Statement of Changes in Development and Innovation Fund (DIF)	2 016 CHF	2 015 CHF
Fund balances at beginning of year	539 430	540 071
Net investment (from operating funds)	(133)	(641)
Dissolution reserve	(300 000)	
DIF fund balances at end of year	<u>239 297</u>	<u>539 430</u>
6. Short term provisions	2 016 CHF	2 015 CHF
Staff benefit	25 468	25 468
Printing & Brochure	0	15 000
Merchandising	0	15 000
Data base	10 200	10 200
Air Sport Development	28 471	50 000
Sponsoring acquisition	0	0
Printing sport descriptions	10 000	10 000
Unrealized foreign exchange difference	6 723	16 355
	<u>80 862</u>	<u>142 023</u>
7. FAME /IPETA	2 016 CHF	2 015 CHF
Investment of 100% in FAI Air Sports Marketing & Events SA, Lausanne (Share capital: KCHF 100)	86 700	86 700
./. Provision	(45 000)	(43 000)
Loan to FAME Ltd	0	0
Investment of 100% IPETA Ltd	5	5
Loan to IPETA Ltd	54 132	55 401
./. Provision	(22 975)	(20 901)
	<u>72 862</u>	<u>78 205</u>
8. Financial - net	2 016 CHF	2 015 CHF
Interest / dividend income	5 576	8 954
Interest from bank accounts; late payment penalties	1 154	3 441
Gain on foreign exchange	958	8 529
	<u>7 689</u>	<u>20 925</u>
Bank and brokerage charges	5 818	6 326
Interest on mortgage loan	38 369	38 837
Exchange loss	10 590	68 724
	<u>54 776</u>	<u>113 887</u>
Financial - net income	<u>(47 088)</u>	<u>(92 962)</u>
9. Other income	2 016 CHF	2 015 CHF
Records homologation	35 038	58 467
Office rental	39 840	39 840
CIA settling loss on CIA planary cost of 2007 taken from WAG incomes	0	19 451
Miscellaneous, incl. unused provisions	12 829	29 120
	<u>87 707</u>	<u>146 877</u>
10. Staff charges	2 016 CHF	2 015 CHF
Staff charges	851 929	849 977
Social charges	140 761	139 155
Other personnel costs - provision for staff benefits	165	510
	<u>992 854</u>	<u>989 643</u>

Staff number

Annual average of full time worker : 8.8 (2016) ; 10 (2015)

Year ended December 31, 2016

Notes to the financial statements

11. Assets & Liabilities

2 016

2 015

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

ASC Assets

		CHF	CHF
CIVL	Eur 2304.56	3 466	6 682
CIAM	Eur 8261	9 102	685
CIA		15 881	19 017
CIMA	Eur 9313.03	11 068	0
GAC	Eur 602.25	767	1 022
IGC	Eur 15948.61	19 749	27 468
CIVA	Eur 7742.94	9 146	3 378
IPC	Eur 20699.81	31 610	38 241
		<u>100 788</u>	<u>96 493</u>

Note : IPETA figures incl. 2015 has been updated

ASC Liabilities

		2 016 CHF	2 015 CHF
CIVL	Eur 8482.63	12 023	39 468
CIAM	Eur 3547.29	3 870	12 279
CIA		47 104	67 362
CIMA	Eur 1650	2 020	9 020
IGC	Eur 4762.51	5 140	13 034
CIVA	Eur 6337.85	6 794	8 405
CIG		1 000	7 399
IPC	Eur 24594.44	26 932	22 247
CIACA		4 593	8 986
		<u>109 476</u>	<u>188 201</u>