



## PRESIDENT'S MUSINGS #6

I want to devote this “musings” to our finances to provide you all with an update.

A number of unexpected variations to the projected income for 2019 have impacted negatively on the original 2019 budget. These included a reduction in income from the 2019 World Drone Racing Championships, the subsequent lost opportunity to develop an FAI Drone Racing Series and delays in the payment schedule for the WAG, once the timing of the event was adjusted to 2022. The impact on the budget was some minus 400,000 CHF.

So, earlier this year, a careful assessment was made of the planned expenditures for 2019 and these were reduced by some 440,000 CHF. Major expenditure reductions were in communications and marketing, development programmes, staff recruitment and planned expenditure on the WDRC. As a note, the overall expenditure on FAI WAG2022 is matched against the income, so this activity has a neutral cash flow impact overall.

These adjustments for 2019 have ensured that a balanced budget will be maintained this year.

Subsequent to this work, we had the unexpected announcement from Red Bull that they were withdrawing from the Red Bull Air Race after September 2019. In addition, we have received requests from key active members to reduce their membership class and, therefore, the membership subscription payable in 2020 and beyond. These unrelated occurrences will have significant impacts on the expected income for 2020.

The EB is reviewing a second phase of expenditure reductions for 2019 to provide a maximized profit situation at the end for 2019 and therefore reduce the revenue shortfall for 2020. At the same time the EB is very conscious that just applying a ‘cost-cutting’ exercise could damage the ability of the FAI to maintain current activities and develop worthwhile programmes that could provide future income streams. The net result of this latest review will add some 15,000 CHF to the bottom line for 2019.

This will still leave us with a significant loss of revenue for 2020 and the EB is now working on ways to reduce this loss. This includes the development of the new Membership Subscription scheme applied in conjunction with the *FAI Sports ID*<sup>1 2</sup>, which will be explained in greater detail at the General Conference.

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<sup>1</sup> The *FAI Sports ID* is intended to be the new FAI Sporting Licence to: remove the implication that this document is, in some way, a formal ICAO-style “licence”; strengthen the link with ASPs to the NACs; and, engage more directly with ASPs at FAI level.

<sup>2</sup> There have been serious legal implications for Members, following accidents, when operators have illegally claimed their FAI Sporting LICENCE as certifying their “commercial” activities.

The work on this new subscription model will need another year for consultation to develop a carefully considered, viable proposal for presentation to the General Conference 2020. In the meantime, we need to ensure the FAI can continue to function and fulfil the many tasks expected to be achieved by the head office. There will, therefore, need to be reductions in the levels of activities to fit into a reduced budget for 2020.

In addition, we need to consider short-term, additional sources of income to close the 2020 budget gap. These options include Members investing by way of a subscription increase and increasing charges for head office services, including charges to Commissions for support provided to Cat-1 and Cat-2 events. These options are being worked through and a consolidated budget 2020 proposal will be presented to the General Conference to enable the FAI to operate for the year. More austere options, such as increasing the mortgage on the MSI building, liquidating assets and reducing staff numbers, are particularly undesirable ways of dealing with this situation and are not viable, especially in the short-term.

The EB continues to work on identifying external FAI projects that will have a high probability of generating future additional revenue. These will be discussed at the EB meeting next week and I will share the outcomes of those discussions with you all in my next 'musings'.

The development and achievement of an acceptable budget for 2020 will require active and positive support from all of you. The objective of asking for your investment, through a subscription increase and increased charges for office services, is to provide us with the time to enable work to continue on the new Membership Subscription scheme and other proposals to develop alternative and sustainable income streams for 2021 and beyond.

Best regards

A handwritten signature in black ink, appearing to read "Bob Henderson", followed by a long horizontal line extending to the right.

Robert Henderson  
FAI President

7<sup>th</sup> August 2019