

**2016 GENERAL ASSEMBLY
FINANCIAL ISSUES (INCLUDING 2015 ACCOUNTS, 2016-19 BUDGETS AND 2018
SUBSCRIPTIONS)**

1. Introduction

This paper provides the General Assembly with an update on FIG's financial progress in 2015, the Council's amended proposed budgets for 2016-18 and an indicative budget for 2019, and other financial matters.

The General Assembly is asked to:

- Adopt the audited 2015 Accounts at Annex A, noting that the audited accounts are in the form of the template approved at the 2009 General Assembly (and provided again at Annex B)
- Agree to write down €20,000 of the IT reserve from €50,000 to €30,000 since €28,000 was spent in 2015 on IT system improvements
- Endorse the budgets for 2016-19, at Annex C to the General Assembly agenda, noting that xxxxx
- Approve member association subscription levels for 2018, set out in section 5 of this paper and final approval of the levels of the 2017 subscriptions which FIG Council at the 38th General Assembly promised to follow up on.

2. A commentary on FIG income and expenditure for 2015

FIG Finances follow three key measures:

- Key measure 1: there must be a surplus of regular income over regular expenditure each year;
- Key measure 2: there must be an overall surplus over the 4-year Council period;
- Key measure 3: the general reserve must remain within the level of 90-100% of regular expenditure.

2015 was the first year for the new Council. Although 2015 was yet another challenging year with an unstable global economic situation Council and FIG Office continued prudent and cost containment measures. There was a budgeted deficit of €23,000, and the final result shows a deficit of €24,281 which will be explained in this paper.

Key measures 1 and 3 were held. Since it is the first year of the current council key measure 2 will not be included. There was a surplus of regular income over regular expenditure of €10,799 due to the fact that there was large attention to all expenditure. Key measure 3 was also kept in spite of the overall deficit. Key measure 3 was 116%.

Income

Income from membership subscriptions was €12,000 lower than budget but €8,000 higher than the 2014 result. Membership fees from Member Associations were €6,000 under budget, whereas the other categories were close to budgeted. In 2015 there were less write offs than in 2014 which gives the better result. Still, the write-off is quite high, €25,000 EUR which means that we have

had several expulsions and members who have not paid their membership fee in full. In the later years we have faced a decrease in the number of members per member association, and in general the total amount of subscription income is decreasing.

The provision for doubtful debt from subscriptions income that was introduced in 2012 has remained unchanged in 2015. This means that still a quite high amount is owed to FIG from subscription fees not yet paid.

Arrears at the end of 2015 are still remarkably high, in total €124,139.41. The positive aspect, however, is that the amount has decreased significantly compared to 2014 (€153,819.05 and 2013 (€135,987.65). Arrears solely for 2015 were 58,689.36 which are the lowest for a long time. As comparison to this, the arrears for 2014 were €109,147 last year, and 2013 were €74,546.30. The current size of the 2014 arrears is still too high, amounting to €50,447.94. Council again requests all members to pay their membership subscription promptly. The size of the arrears again meant that a significant portion of FIG's reserve holdings is being used to fund FIG cash flow.

Financial income was in 2015 as expected, however due to the prevailing low interest rate regime, which is expected to persist, most of the interests earned are absorbed in a loss due to depreciation. In previous years currency difference and alteration of course were covered under miscellaneous administration costs, and the fluctuation could be rather high. Last year FIG experienced a quite large change in exchange rate which had a positive impact on the 2014 result. This year the opposite happened, which had a negative impact on the accounts. From 2015 it has been decided to show this fluctuation directly under Financial income/expenses. Today several of the FIG accounts give 0 % interest.

Expenditure

Office costs were almost €25,000 below budget due to a careful handling of expenditure. On the other hand Marketing and publications are €2k above budget.

The grants to Commission chairs were paid in line with the levels agreed by the General Assembly. All requests from Task Force and Network chairs for support and from Commission chairs for specific support were carefully reviewed prior to any decision. There were no applications for support for poor Member Associations.

Council and executive management costs were €6k below budget. This was realised through continuing care and control of travel and meeting costs. Some of the travels were partially covered by external sources. It is important also to note that, in many instances, travel by Council members were partially covered by Council members' employers, member associations or by the event hosts. FIG is very grateful for this support, which allows Council members to maintain close contact with its membership and partners during the year.

Regular expenditure was more than €28k less than budgeted. Overall, the surplus of regular income over regular expenditure was almost €12,000 better than budgeted and showed a small surplus of € 10,796.

The final result 2015 shows a deficit of €24,281 which was almost as budgeted, however the deficit is ascribed to IT and not as budgeted on other posts.

FIG Office commenced an IT developmental process already in 2013, but had not managed to implement major changes. 2015 was finally the year where several of the IT plans were implemented (see later). In the previous years larger budgets were reserved for IT but not spent in full. Therefore Council decided in 2013 to establish an IT reserve of €25,000 and the General Assembly agreed in 2014 to increase this reserve with €25,000 to €50,000. This year € 27,337 was spent with €10,000 budgeted. Council will therefore suggest to the General Assembly that €20,000 of the IT reserve will be used to cover part of the overall deficit, because the deficit can be ascribed to the extra IT costs.

At the end of year, FIG's total reserve stood at €499,648, 110% of regular annual expenditure, and the general reserve after a deduction of the IT reserve was € 444,648, corresponding to 116% of regular annual expenses.

3. Budgets 2015-18

Annex C to this paper presents proposed revised budgets for 2016, 2017 and 2018 and a proposed budget for 2019. This is to adhere to the requirement for a 4-years ahead budget (decision at the 2009 General Assembly).

Key considerations in constructing the budget

Council's overriding consideration when preparing the budget was to be as realistic as it has to be, particularly with its forecast since it is a 4-year forward budgeting process. In this regard Council is very mindful of the two, ongoing risks to the budget:

- Council has (as described below) reviewed risks from events, and developed models to address these risks, however still there will be a risk to include a conference income in the regular income
- There is a potential risks around the level of income from subscriptions in the on-going economic situation. The levels of arrears show that it remains a significant area of concern

Budgets

Council seeks to ensure a sustainable, effective and efficient Federation. Budgets have therefore been revised to reflect the current realities. When income is forecasted to decline, this has to be balanced by corresponding efforts to reduce operating and developmental costs.

The key changes to the budgets approved at the 2014 General Assembly are:

- Subscriptions are held close to the 2015 final result in light of resignations and 2016 invoiced figures although membership development is an important focus of the FIG office especially;
- An expected increase in the number and income of Corporate Members is included in the budget as an outcome of the Task Force for Corporate member
- DdL's office rental support to FIG will progressively end in 2016 and thereafter, FIG will pay office rental in full, thus increasing the cost of office rental;
- Returns from events depends on the cost and financing model agreed with LoC and hence for the following years, it has been revised accordingly;
- Administrative costs have been further reduced wherever possible;
- Council and executive management costs are reviewed in the light of activities anticipated for the year;

As in previous years, every effort has been made to base the budget on information available as well as to forecast income and expenditures realistically. This is particularly important given the overall economic situation.

Council remains cognizance of the three key financial measures when preparing the budget:

- Key measure 1: there must be a surplus of regular income over regular expenditure each year;
- Key measure 2: there must be an overall surplus over the 4-year Council period;
- Key measure 3: the general reserve must remain within the level of 90-100% of regular expenditure.

Council is aware that key measure 3 is in the budget not met for the period 2016-2019. Council has decided not to increase membership fees in 2017 and 18, but will recommend that an adjustment will be made in 2019, and hope with the focus of the Task Force on Corporate members to attract more corporate members which will improve the result and also key measure 3. Administrative costs have furthermore been adjusted. The approach and the effect will be evaluated in 2016.

Staffing

Current staffing of the FIG Office is:

- Director (Louise Friis-Hansen) responsible for general management, developmental/strategic tasks, oversight of administration, finances, events, membership matters (particularly in relation to corporate members), council/commission matters, IT, communication and Foundation secretariat duties
- FIG Events and Development Manager (Claudia Stormoen) (full time)
- Finances and Administration (Maria Bargholz, part time) responsible for financial administration as well as general FIG and events administration.
- FIG Support (Tian Tian, China) internship in the FIG office for 6 months (see below)

Hanne Elster retired on 29 February 2015 after 5 years in FIG. FIG Council and office thanks her for her contribution during the 5 years in FIG.

In 2015 Vice President Pengfei Cheng announced that the Chinese Society for Surveying, Mapping and Geoinformation (CSSMG) has offered to assist the office with an intern. CSSMG is a member association of FIG and has been actively supporting and participating in the activities of FIG including the support of the current FIG Vice President Cheng Pengfei. CSSMG has a trainee exchange programme. As part of this programme, a Memorandum of Understanding has been signed between CSSMG (on behalf of NASG) and FIG establishing an Internship/Trainee Programme at FIG Office in Copenhagen. An NASG staff person will be appointed as trainee for the FIG Office in Copenhagen for ½ year. This Memorandum of Understanding is valid for three years. The first trainee, Tian Tian, started in the office in February and will stay until August.

Organisation of events

The Council and FIG Office have over the last years worked on various concepts for conferences that will ensure that FIG's annual event remains not only the flagship event of FIG but a global forum for FIG's membership, partners and stakeholders. Over the past years, FIG has developed the following operating models for its annual events:

- FIG will handle the overall programme, the technical programme, keynote speakers, international registrations, the website, and international exhibitors; and
- The local organisers will handle the contact with the venue; hotels; the local exhibition; local registrations; social events; technical tours; and social tours.

FIG will be reimbursed a fixed sum for its handling, coordination and organization workload for each event. We believe that the models and arrangements provide a sound basis for future conferences, and provide an appropriate balance between FIG and local input and expertise.

FIG Office spends a considerable amount of time on the organisation and preparations of FIG events. FIG Office and Council have evaluated that it is a rewarding investment and gives a possibility to get closer to the individual persons that are related to FIG members.

IT Development

Finally in 2015 several of the major projects were started and some also finalised:

- The new web site was launched in May 2015 based on a modern technology. Still improvements and developments have to be done
- FIG Membership database phase I. A database for all members has been established, incl. Commission officials and national delegates to commissions. Until now FIG has not had an actual database, and information has been stored in several different places.
- Possibility for members for on-line update of membership information. Earlier this was done manually.
- Peer review database and handling system that can handle most processes electronically
- Improvements and integration of abstract and registration databases for handling of FIG Conferences
- Conference App

Under development is a database for individuals who have a connection with FIG either through the newsletter, participant at FIG Conferences or in any other way related to FIG. The database will be connected with the registration and abstract database as well as the membership database

Since many IT development activities took place in 2015, the budget was exceeded, and FIG Council suggest to General Assembly to decrease the IT reserve with €20,000 to 30,000.

4. FIG Reserves

As is shown in Annex C, the FIG general reserve at the end of 2015 was 116% of regular annual expenditure. This is above the 90-100% agreed by the 2009 General Assembly. As a 4-year average the general reserve was 108% (the reserve percentage is calculated using an average of four years' regular annual expenditure, as agreed at the 2012 General Assembly).

Council has retained the €25,000 events reserve, for the reasons set out in detail in the Finance Paper to the 2012 General Assembly. In essence, this recognises the risk of organising events, particularly in the current economic climate. Council suggests that the reserve will be maintained at €25,000.

As mentioned earlier in 2013 Council introduced a new reserve for IT, recognizing that an effective IT Policy and Infrastructure is vital to FIG going forward and €25,000 was reserved in the 2013 accounting. IT can be large investments, and could be difficult to provision from normal yearly budget. In 2014 the reserve was increased with €25,000 to €50,000 since there was a surplus of the accounts. The general reserved is still over 100% of the annual expenses, but this is likely to decrease over the next years, and therefore FIG Council suggests to decrease the IT reserve with 20,000 to 30,000. These years the larger investments take place, there is still a significant amount reserved, and it is the plan to increase the reserve again when possible.

The reserves are held in low risk investments and on bank accounts, in line with the policy agreed by the General Assembly. Any transfer of the reserves requires approval by two persons, one of whom being the Council member responsible for finance and administration.

5. Subscriptions 2017 and 2018

The 2015 General Assembly approved membership fees as follows:

Year	Per capita fee	Minimum fee	Maximum fee
2017	€4.48 per member up to a maximum of 5,500 members Member associations from countries listed by the World Bank as low-income economies or lower-middle-income economies shall pay €2.24 member up to a maximum of 5,500 members.	20 members or €50 (whichever is greater)	5,500 members (€24,640)

Under the condition that Council would re-consider at the end of 2015 whether it would be responsible too keep the fee stable.

Although the budget 2017 shows a deficit and 2018 only a small surplus, Council is also conscious of the economic condition that members are operating under and in particular member's challenges with their national membership and budgets. Council wishes to respect this as well and both Council and FIG Office will continue to be prudent in its financial management. Council therefore proposes after reconsidering that the level of subscription for member associations for 2017 and also for 2018 to remain at the same level as in the previous years. Council has initiated a Task Force to work on how to attract corporate members and the hope is to increase the fees received by corporate members to limit the deficit or turn it into a positive result.

Year	Per capita fee	Minimum fee	Maximum fee
2018	€4.48 per member up to a maximum of 5,500 members Member associations from	20 members or €50 (whichever is greater)	5,500 members (€24,640)

	countries listed by the World Bank as low-income economies or lower-middle-income economies shall pay €2.24 member up to a maximum of 5,500 members.		
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6. Conclusion

Council continues to monitor and manage its finances prudently and believes that the budget proposed is realistic. Council is aware that key measure 3 is not kept in the budget, but a more positive figure can be the result of a focus on corporate members. Council will allow appropriate decisions to be made on levels of operational and developmental expenditure, to ensure the continuing sustainability, efficiency and effectiveness of FIG. Council thanks all members who have paid the annual membership fees promptly.

Rudolf Staiger
Vice President