

2021 GENERAL ASSEMBLY

FINANCIAL ISSUES (INCLUDING 2020 ACCOUNTS, 2021-24 BUDGETS AND 2023 SUBSCRIPTIONS)

1. Introduction

This paper provides the General Assembly with an update on FIG's financial result for 2020, the Council's amended proposed budgets for 2021-23 and an indicative budget for 2024, and other financial matters.

The General Assembly is asked to:

- Adopt the audited 2020 Accounts (Annex A) – noting that the format of audited accounts have been changed to follow regular standards for audited accounts. The accounts in the format approved at the 2009 General Assembly is provided at Annex B
- Endorse the budgets for 2021-24, at Annex C to the General Assembly agenda.
- Approve member association subscription levels for 2023, set out in section 9 of this paper.

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.

2. Comments to the audited accounts

Until 2020 the audited accounts have followed the format approved at the 2009 General Assembly. Internally, FIG still follows this format, however the audited accounting report has been changed and are now following the Danish standard for audited accounts. What has been changed is the general structure, which is however still based on our internal format. All overall figures are explained in detail in notes. FIG Foundation accounting is still also included as part of the overall accounting.

3. A commentary on FIG income and expenditure for 2020

2020 was the second operational year for the current Council and a year that turned out to be so different from what was expected due to the outbreak of the COVID19 Pandemic. Many face-to-face activities were planned – but could not take place. This reflects the overall result. Income is lower due to the cancelled Working Week which resulted in zero conference income. Likewise, expenditure is lower because hardly any travels could take place. Since both income and expenditure were lower the final result is not as bad as could have been expected.

There was a budgeted deficit of €6,250, and the final result shows a deficit of € 8,676, which is quite close to budget.

Key measure 1, which is surplus/deficit of regular income over regular expenditure is expected to be positive. It was positive in the budget (€5,750) but results with a small deficit (€3,076) which means that key measure 1 is not met. The reason for this is the unpredictable year with no conference income – however also less travel costs. This, however, shows the dependence on getting an income from our yearly Working Week/Congress. Reserve expressed in relation of the regular expenditure is still.

Key measure 2, the overall surplus/deficit in the year must be positive over a 4-year budget period. The 2020 result shows a deficit of € -8,676. The previous years have all shown surpluses, but there is no doubt that we are now facing some challenging years. Due to the accumulated reserved, FIG finances is prepared for this.

Key measure 3, the general reserve must remain within the level of 90-100% of regular expenditure. FIG financial result has over the past years been above the desired level which gives a small extra reserve. This year the general reserve of regular annual expenditure is 140%. The reason why it is so much higher is because expenditure is much lower this year than normal because of less travel costs.

As always, expenditure was monitored closely and kept as low as possible in 2020 because of the uncertainty caused by the COVID19 Pandemic. Despite the current situation, the finances are still solid and are prepared for possible financially less healthy years.

Income 2020

Income from membership subscriptions was almost €15,000 lower than budget and almost €7,000 lower than 2019. Membership fees from Affiliate and Academic members are fairly constant and the member association subscription was also kept stable, but unfortunately, we did not see the expected increase in Corporate membership, but instead a decrease of almost 10,000 compared to 2019.

Bad debts write offs is close to budget, but still high (€21,000). This belongs primarily to members that we have had to expel due to lack of membership payments, however also from some members who have resigned without having paid their membership fee. Much has been done to clean up old arrears and to get expected payments. We see a lower number in general of members in arrears which is positive and shows that the last years intense follow up has worked. Thanks to all members who have paid. The provision for doubtful debt was kept unchanged.

Financial income continues to be low. We are still facing this prevailing low interest rate regime, which has caused negative interests on all bank accounts. Our investment has prevented us from a negative result both due to dividend and an increased rate. Still, FIG keeps a low-risk investment profile, and despite the negative interests does not want to invest in higher-risk investments. Further to this, FIG needs a cashflow. Currency difference is not to predict in a budget and has varied quite much over the years. This year we have faced a deficit of almost 12,000 which is caused by the low USD interest rate at end of 2020 compared to the year-end 2019. It is important to note that this is an unrealised loss.

In total the regular income for 2020 was €80,000 lower than budgeted, which is mainly caused by the lack of income on events. Having a Working Week income included in the regular income shows how dependent FIG is of this yearly event and that it is possible to create an income from this. It is however – hopefully – a one-time occasion that the Working Week was cancelled in 2020 because of the COVID19 Pandemic that prevented travelling and larger gatherings. There could have been a larger loss on the event because already costs had been made. Even bigger costs were prevented by cancelling the Working Week. The fact that the Working Week in 2021 is also organised in cooperation with the Netherlands helped us prevent an even larger loss in 2020.

Arrears 2020

Arrears at the end of 2020 were € 81,000. This is € 10,000 less than 2019 (€ 91,000) but still far too high. In 2018 we managed to decrease the arrears to €49,000. It is positive that arrears have decreased significantly compared to earlier, where arrears were in average at the height of around €150,000, but it has been discouraging to see this amount significantly higher again. Almost €50,000 of the arrears belong to member associations which is very high. €10,000 to academic members, €15,000 to corporate members and 7,000 to affiliate members. More than €50,000 are arrears solely from 2020, €17,000 from 2019 and €11,000 are arrears stemming from 2018. We really encourage all members to be cooperative and loyal and pay the membership fee promptly.

Expenditure 2020

Total regular expenditure was €359,000 which is more than € 70,000 below budget. It is difficult to compare this year with other years due to its extraordinary circumstances. Almost none of the travelling budget of €50,000 was spent. Another € 20,000 was saved being precautionous to keep costs as low as possible. Extra costs have been spent on online systems such as a Zoom licence both for meetings and webinars. These will be extra costs that will most likely remain in the coming years.

The grants to Commission chairs and Networks were paid in line with the levels agreed by the General Assembly. Only part of this could be spent, and the rest has been moved to 2021/2022 hoping that it will be possible to organise face-to-face meetings. There were no applications for support for poor Member Associations.

FIG Office continued the IT developmental work on the web site and databases.

Final result

The result of regular income over regular expenditure (key measure 1) showed a negative result of € -3,076 which is lower as budgeted. FIG Council notes that key measure 1 has not been met but will not take any further action because of this unusual year.

The final result 2020 which also includes projects and development costs and income shows a deficit of € -8,676 which is €2,500 lower than budget.

At the end of year, FIG's total reserve stood at € 605,427 and the general reserve (total reserve deducted IT and Events reserves) amounts to € 505,427 which is 141% of regular annual

expenditure (higher than usual because of the lower level of expenditure) and 138% of total annual expenditure.

4. Budgets 2021-24

Annex C to this paper presents proposed revised budgets for 2021, 2022 and 2023 and a proposed budget for 2024. 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 possible, particularly with its forecast since it is a 4-year forward budgeting process. In this regard Council is very mindful of the following ongoing risks to the budget:

- There are potential risks around the level of income from subscriptions in the on-going economic situation. Income from subscriptions has decreased over the later years
- The expected increase in income from corporate members that should have been a result from the 2015-18 Task Force on Corporate members has not materialised.
- The level of arrears has increased in the past two years which is worrying, and the amount shows that it remains a significant area of concern.
- Council is aware of the risk to include a conference income in the regular income
- The suggested budgets include larger deficits which is explained in the following section.
- Council is aware that with this budget the key measures are not met. Council has however decided that this is needed in the current situation and has taken into consideration that for many years FIG has increased its reserves.

Council seeks to ensure a sustainable, effective and efficient Federation. The level of income and expenditure has to balance. Council is, however, for the coming years proposing a budget that they are aware of does not meet the three key measures.

Budget 2021

Due to the COVID19 Pandemic Council has made the decision to decrease the membership subscription fees with 20% in 2021. This is a one-time decrease to show respect to members and their members who suffer from the economic crisis followed by COVID19. This 20% decrease will result in a large expected deficit in 2021 of € 87,000.

The loss on the lower subscription fee is to some extent outweighed through lower expenditure in travels. It is expected that no travels can take place in the first half of 2021.

Income from events is estimated to be lower due to the fact that the Working Week 2021 will be an online event with lower registration fees and a predicted lower revenue.

Council has considered that over the past years there has been an increase in the general reserve. This has been positive in the sense that it has made FIG less vulnerable towards financial difficult years, and a reserve of in total € 100,000 for events and IT Development has been established. Deducted the two reserves, FIG still has an average general reserve of regular annual expenditure of around 125% (key measure 3 to be in the range 90-100%). Because of the financial healthy situation Council considered it reasonable to help its members in this difficult situation, hence it

was decided that FIG can cover a one-time larger loss and still be in the acceptable range of a general reserve.

Expenditure is of course monitored carefully, and savings will be made where possible.

Budget 2022

There are still uncertainties towards the Congress 2022. Can it take place in Cape Town with actual participation? Who will be able to participate? Will there still be travel restrictions due to the pandemic? Because of this uncertain situation the expected income from the Congress has been written down which results in a large deficit also in 2022 of almost € 40,000. We do hope that the Congress can provide a larger income decreasing the budgeted deficit however, currently it is difficult to predict how the world situation will look in 2022.

It is important to note that subscription fees are back to normal range, but the income from corporate members has been set fairly conservative – however hoping for and working on an increase in the income from corporate members.

Budgets 2023 and 2024

The 2023 and 2024 budgets are dependent on a new president and council and their goals and actions.

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; will be met in 2023 and 2024
- Key measure 2: there must be an overall surplus over the 4-year Council period; will not be met in the budgeted period.
- Key measure 3: the general reserve must remain within the level of 90-100% of regular expenditure; will be met in 2023 and 2024 if e.g. part of the events reserve will be used to cover an event deficit in 2021/2022.

5. 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, council/commission matters, IT, communication and Foundation secretariat duties
- FIG Events and Support Manager (Claudia Stormoen Pedersen, full time) responsible for the operations of the events, development of FIG IT systems, commission and network activities, and general administration.
- Finances and Administration (Maria Bargholz, 90%) responsible for financial administration as well as general FIG and events administration.

In November 2019 FIG Office moved offices within the Danish Engineering Association (IDA) building where FIG office is located. IDA needed the previous office rooms internally, so the office moved together with the three other organisations that they are sharing rooms with, the Danish Association of Surveyors DdL, Geoforum, and Engineers without Borders. The latter has recently moved to the IDA building, and FIG Office welcomes sharing office rooms with another international organisation. Further to this, FIG Office thanks IDA for its kind and valued support to the FIG office space making it possible for us to be in this office area. IDA is listed as a sponsor of FIG.

Like so many others, FIG experienced in March 2020 that Denmark closed down due to the COVID19 Pandemic. FIG Office followed the directions coming from IDA, that encouraged all to work from home. Luckily FIG Office is used to working from a distance, so it is not new, nor a problem. During the summer, it was again possible to meet in the office, but the country shut down again in December and until May 2021. Although all was closed down it was still possible to come to the office to e.g. check for post.

6. Organisation of events

The Council and FIG Office work closely together with a Local Organising Committee to organise the yearly FIG event ensuring 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, (local registration if in EUR or USD), the website, and international exhibitors; and
- The local organisers will handle the contact with the venue; hotels; the local exhibition; local registrations (if other currency from EUR and USD); 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.

2020 was as mentioned previously a different year which resulted in postponement of the General Assembly to 2021 and cancellation of the Working Week. Most of the attendees that had registered and paid agreed to move their registration to the Working Week 2021 or the Congress 2022. In October 2020 the Working Week Steering Committee decided that the Working Week 2021 would be transformed to the "FIG e-Working Week 2021", and will be solely virtual.

7. IT Development

Projects under progress:

- FIG Membership Database phase II which includes a user database where individuals can update info and interests.
- Improvement of navigation and content of the web site
- Improvements of FIG Conference Web App
- Use of social media technologies to improve the communication/information
- Updates and improvements of the registration-, abstract- and member-databases
- Improvements of online payment system.
- Online conferencing and webinars
- Online payment system

8. FIG Reserves

As is shown in Annex C, the FIG general reserve at the end of 2020 was 140% of regular annual expenditure. This is above the 90-100% agreed by the 2009 General Assembly and is extraordinarily high due to the lower expenditure in 2020. As a 4-year average the general reserve is 138% (the reserve percentage is calculated using an average of four years' regular annual expenditure, as agreed at the 2012 General Assembly).

Currently, in the reserves an event reserve and an IT reserve of each € 50,000 are included and it is worth noticing that the general reserve is calculated from the net reserve (deducted the two dedicated reserves). This is an advantage for the current situation and means that although facing at least two years with larger deficits FIG will still remain financially solid. It is however important to stress that hereafter, there need to be a focus on increasing the reserves again to ensure a future healthy situation.

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.

9. Subscriptions 2023

The 2020 General Assembly (that was postponed and will take place in 2021 combined with the General Assembly 2021) was supposed to approve membership fees as follows:

Year	Per capita fee	Minimum fee	Maximum fee
2022	€4.80 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 €2.40 member up to a maximum of 5,500 members.	25 members or €50 (whichever is greater)	5,500 members (€26,400)

In 2017 the General Assembly decided increase the membership fee for 2019 and onwards (the last time an increase took place was in 2012). Council is 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 and both Council and FIG Office will continue to be prudent in its financial management. Council proposes to keep the 2022 rates also in 2023.

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In 2018, Council agreed to increase the membership fees for Affiliate Members from 2019 to € 790 EUR (from 760) which was a 6% increase. Council has kept the Academic member fee and Corporate member fee unchanged. Academic members were in 2018 invoice for a 4-year term, 2018-2021. Next time Academic members will be invoiced will be in 2022.

10. Conclusion

The year 2020 turned out to be a year no-one could predict. FIG is in the lucky situation that over the past years a reserve has been built up which enables FIG to manage some years with predicted deficits and still remain within an acceptable limit of reserves. FIG Council is aware and cautious that this situation is temporary, and that it is important to stabilise the financial situation.

The success of FIG is caused by the many volunteers contributing to the agenda of FIG and also by the support of our members. Council continues to monitor and manage its finances prudently.

We all hope to get back to a more “normal” situation where it is possible to meet. It is however important to stress that FIG activities do not happen only when we meet. This past year has shown the strengths and possibilities of meeting online, and all commissions, working groups, networks, task forces etc are encouraged to use these online options throughout the year. There is no doubt that it is important to meet and to get to know each other in person, and hereafter online meetings are a powerful tool.

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, President and Louise Friis-Hansen, Director