

2022 General Assembly

FINANCIAL ISSUES

1. Introduction

This paper provides the General Assembly with an update on FIG's financial result for 2021, the Council's amended proposed budgets for 2022-24 and an indicative budget for 2025, and other financial matters.

The General Assembly is asked to:

- Adopt the audited 2021 Accounts (Annex A) The accounts in the format approved at the 2009 General Assembly is provided at Annex B
- Endorse the budgets for 2022-25, at Annex C to the General Assembly agenda.
- Approve member association subscription levels for 2024, 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 was changed in 2021 and are now following the Danish standard for audited accounts. All overall figures are explained in detail in notes. FIG Foundation accounting is included as part of the overall accounting.

3. A commentary on FIG income and expenditure for 2021

The year 2021 went in the light of the COVID19 Pandemic. Already during 2020 it was not possible to travel and expected activities could not take place, hereunder the planned Working Week 2020 which was transformed into 26 articles.

Already in the second half of 2020 it became clear that this Pandemic could take longer, and together with the local organisers from the Netherlands FIG made the decision to organise an online Working Week in 2021, the e-Working Week.

FIG Council made an extraordinary decision to reduce all membership fees with 20% for 2021. Many associations were struggling because they had also problems with their membership fees and less income than normally.



Just like FIG. The lack of income from the Working Week in 2020 was perceptible. And this would continue into 2021. It was clear that this one-time 20% reduction would give an expected larger loss of the final result, however FIG Council considered that this was a needed action and would be doable with the current financial situation.

It must be stressed that this was a one-time and extraordinary situation and was offered solely for 2021. Hopefully this decision helped associations around the world.

The original budget for 2021 had an expected deficit of €10,000. With the 20% reduction of the membership fees the expected loss was increased to €87,000. The actual loss was reduced to **€38,267**. The overall loss was so much lower partly because of hardly no travel costs and general savings, and especially because FIG got more income from the e-Working Week than expected thanks to a generous decision from the local organisers to ensure FIG this income. The loss from the Working Week 2020 was shared equally.

3.1 Key measures

Key measure 1, which is surplus/deficit of regular income over regular expenditure is expected to be positive. This key measure was in the original budget just balancing with a small surplus (€1,750) and with the reduced income this was budgeted to € -86,900. The final result ended more positive with a deficit of € -49,015. This means that key measure 1 is not met, and Council was aware of this when the decision was made to give the extraordinary reduction. However, council decided that it would still be appropriate to not meet key measure 1 for this one time.

Key measure 2, the overall surplus/deficit in the year must be positive over a 4-year budget period. The 2021 result shows a deficit of € -38,267. Last year had a minor deficit, but before then there have been years with surpluses. There is however no doubt that we are now facing some challenging years ahead. Due to the accumulated reserve, FIG finances have been prepared for a situation like this. It is however important now to stabilise the result.

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 an extra reserve. This year the general reserve of regular annual expenditure dropped to 129% (141% in 2020). The reason why it is still high 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 2021 because of the uncertainty caused by the COVID19 Pandemic. Despite the current situation, the finances are still solid, but a consolidation is needed.

3.2 Income 2021

Due to the 20% reduction, income subscription was almost € 121,000 lower than the original budget, and worth noticing it was also lower than the amended budget with almost 20,000. The income from Affiliate and Academic members are fairly constant, but the income from Member Associations was lower than expected and there was a large increase in bad debt write-off (€37,000) which is €17,000 higher than budgeted. Much has been done to clean up old arrears.

Financial income is unfortunately negative as a result of the negative interest rates and a decrease in outcome of investments.

Since the on-site Working Week 2020 had to be cancelled because of government restrictions it was possible to get out of or reduce some of the contracts and payments. However not all. This meant that some expenses from the Working Week 2020 had to be moved to 2021 and were included in the final accounting of 2021. Without this, the e-Working Week would have balanced. The loss was covered by all four organising organisations including FIG with an equal share of 16,49% of the pre-financing. Thanks to the local organisers from the Netherlands FIG received a much-needed conference income in 2021, which helped reducing the overall deficit.

3.3 Arrears 2021

Arrears at the end of 2021 were €68,000. This is €13,000 less than 2020 (€ 81,000) which is positive, but still far too high. One of the reasons of the decrease though is that we have written off more than expected (in total €37,000). It is positive that arrears have decreased significantly compared to earlier, where arrears were in average of around €150,000, but it has been discouraging to see this amount significantly higher again. In 2018 we managed to decrease the arrears down to €49,000 which is the lowest amount.

Almost €50,000 of the arrears belong to member associations which is a large amount. It has been possible to decrease the amount of older arrears from before 2021 – however still this amounts to €13,000.

Academic members are invoiced only once every 4 years. The academic members that were invoiced in 2018 but who had not paid were finally expelled. In normal years this would have been done one year earlier, however due to the pandemic council decided to wait until at the end of 2021. In 2022 academic members were invoiced again.

3.4 Expenditure 2021

Total regular expenditure was €361,000 which is more than € 46,000 below budget but equivalent to 2020. It is difficult to compare 2020 and 2021 with other years due to its extraordinary circumstances. Almost none of the already reduced travelling budget of €30,000 was spent. Another € 16,000 was saved being precautionous to keep costs as low as possible.

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 2022. There were no applications for support for poor Member Associations.

3.5 Final result

The result of regular income over regular expenditure (key measure 1) showed a negative result of € -49,015 which is almost €38,000 lower as budgeted (€-86,900), so even though it is a deficit it is more positive than first anticipated. 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 2021 which also includes projects and development costs and income shows a deficit of

€ -38,267 which is €48,633 lower than budget. The size of the deficit corresponds with the 20% reduction in subscription fee meaning that had this 20% reduction not been offered the result would have been close to € 0.

At the end of year, FIG's total reserve stood at €567,160 (2020: € 605,427) and the general reserve (total reserve deducted IT and Events reserves) amounts to € 467,160 which is 129% of regular annual expenditure.

4. Budgets 2022-25

Annex C to this paper presents proposed revised budgets for 2022, 2023 and 2024 and a proposed budget for 2025. This is to adhere to the requirement for a 4-years ahead budget (decision at the 2009 General Assembly).

4.1 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 current economic situation. Income from subscriptions has decreased over the later years.
- Currently there is a higher inflation than in previous years.
- The 20% reduction in subscription fee in 2021 was a one-time occurrence. It did reduce the overall reserve with almost €40,000. This was possible due to accumulated reserves over the later years but cannot be repeated.
- 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 decreased over the last couple of years but is still high.
- Council is aware of the risk to include a conference income in the regular income
- Council suggests continuing the special events and IT reserves – especially in these times of uncertainty
- Council is aware that with this budget the key measures will not be met during the next years. 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.
- Finally, a new President and council will be elected which might change the focus on some budget areas.

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 does not meet the three key measures.

4.2 Budget 2022

The budget 2022 shows a slight decrease in subscription income compared to 2020 (not comparable with 2021) due to the current uncertainties. It is expected that main focus of the Congress will be on-site,

however the income from the congress is expected to be not at the level of a normal Congress. A deficit of € -15,750 is expected of regular expenditure over regular income (key measure 1). This means that key measure 1 will not be met. The deficit is however lower than the original budget. One uncertainty is the level of travelling in 2022.

An overall deficit of € -10,000 has been budgeted. This can decrease if there will be less than expected travel activity. It is however a final year of the current leadership, which can give higher travel costs.

Key measure 2 will not be met in 2022, however the reserve as a % of regular expenditure (key measure 3) is estimated to be 119% which is still above the desired 90-100% range.

4.3 Budgets 2023-25

The 2023-25 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 hopes to be back to a more normal situation in regard to the yearly FIG event and a hopefully stable income from this.

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 not be met in 2023 but is estimated to be met in 2024 and 2025
- Key measure 2: there must be an overall surplus over the 4-year Council period; will not be met in 2023, but is estimated to be met in 2024 and 25.
- Key measure 3: the general reserve must remain within the level of 90-100% of regular expenditure; will be met.

5. Staffing

In August 2021, after the finalisation of the FIG e-Working Week 2021, Claudia Stormoen went on maternity leave for a full year, returning in August 2022. A replacement was found, who stopped at the end of December 2021 for a permanent position. Another replacement was found, Evelien Hertz - van Gelder. Evelien has a background in law and administration.

The current staffing (July 2022) of the FIG Office is:

- Director (Louise Friis-Hansen, full time) 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, 20 h/week) responsible for the operations of the events, development of FIG IT systems, commission and network activities, and general administration. Return August 2022
- FIG Events and Support Assistant (Evelien Hertz – van Gelder, full time until October 2022, hereafter 28 h/week) general FIG and events administration.

- Finances and Administration (Maria Bargholz, full time until October 2022, hereafter 28 h/week) responsible for financial administration as well as general FIG and events administration.

In the later years FIG office has had three staff members. It has now been possible to increase the number of staff to 4, in order to stabilise the office, with the reduction of working hours of three of the staff members. This change should not affect the staff costs.

After the close-down in 2020 due to the COVID19 pandemic where most people in Denmark were asked to work from home, FIG office was back in the office most of 2021/2022, however with few periods of being sent home. FIG followed the directions coming from IDA, the Engineering Association where FIG office is located.

6. Organisation of events

2021 was a different year and has changed the perception of events. It was clear towards the end of 2020 that a face-to-face event in 2021 would not be likely. The decision was therefore made to have a solely online event. This worked well, and it is doable, but there was also the wish to get back to face-to-face meetings.

Hybrid events has been discussed by council. Hybrid events are possible. What is important to note is that a hybrid event has some consequences; it might double the workload of the organisation of a conference, it will increase the costs significantly due to online software, AV equipment, broadcast etc, and might cause less income because people are likely to not want to pay much for online participation, and fewer will attend onsite. Further to this, experience has shown that both online and on-site participants are not satisfied.

For the congress 2022 it was decided to include a small amount of hybrid due to the fact that it was not certain how the travel situation would look in 2022. Main focus will however be on the onsite part of the conference. For the future years it is suggested to have full focus on the face-to-face event. Important factors for a conference are networking and getting direct contacts, and this works best in direct meetings. FIG Council will encourage Commissions, Networks, Task Forces and other groups to use the online options for meetings during the year which can save cost and time and are very useful.

The income from the main FIG event is currently under pressure, noting that FIG is dependent on this income. 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.

7. IT development

This past turbulent year has put several of the scheduled IT development projects on pause. FIG Office has had to concentrate on the consequences of the COVID19 situation, the uncertainties in regard to the events, and having one employee on leave for a year has also had the effect that FIG office has had to concentrate on the basic issues.

FIG had to change its credit card payment system which caused some challenges. Growing databases have also resulted in some unforeseen problems, and the next year will be spent on getting the FIG systems upgraded to the latest technologies, as well as simplification and reductions of systems.

Still, some projects from previous years are waiting, such as FIG Membership Database phase II which includes a user database where individuals can update info and interests and which has high priority.

8. FIG Reserves

As is shown in Annex C, the FIG general reserve at the end of 2021 was 129% of regular annual expenditure. This is above the 90-100% agreed by the 2009 General Assembly and is still high despite the reduced income due to the lower level of expenditure in 2021. As a 4-year average the general reserve is also 129% (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 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 2024

In 2017 the General Assembly decided to increase the membership fee for 2019 and onwards (the last time an increase took place was in 2012). Since then, the membership fees have been kept unchanged.

FIG Council discussed the fees in the light of the current inflation. Even though this will affect the budget Council has suggested to keep this same rate for 2024.

Year	Per capita fee	Minimum fee	Maximum fee
2024	€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 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 2022 invoiced for a 4-year term, 2022-2025.

10. Conclusion

We all thought that 2020 was an extraordinary year due to the pandemic, and yet 2021 turned out to be yet another challenging year with an unpredictability that overshadowed the whole year.

Yet, FIG managed to get through the year with both a reduction in membership fees for all members in order to help members and their home organisations, and with an e-Working Week – fully online - which also turned out positively and with a positive financial result.

It is council's hope that this extraordinary reduction of 20% of the membership fee was a help to all members. Now it seems that all is slowly getting back to a more normal situation, however with new and different challenges such as an increasing inflation and instability around the world. 2022 will have a somewhat smaller FIG Congress than normally, both in terms of length, content and participants, but it seems that FIG is on the right track in regard to future conferences, and the FIG Working Weeks might come back in a new and stronger version in the coming years, first in 2023 in Orlando, Florida, USA, 2024 in Accra, Ghana, 2025 in Brisbane, Australia and finally with the large Congress in 2026 in Cape Town, South Africa.

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