

FIG General Assembly 2023

FINANCIAL ISSUES

1. Introduction

This paper provides the General Assembly with an update on FIG's financial result for 2023, the Council's amended proposed budgets for 2024-26 and an indicative budget for 2027, and other financial matters.

The General Assembly is asked to:

- Adopt the audited 2023 Accounts (*Annex A*)
The accounts in the format approved at the 2009 General Assembly is provided at *Annex B*
- Endorse the budgets for 2024-27, at *Annex C* to the General Assembly agenda.
- Approve member association subscription levels for 2026, 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 is now following the Danish standard. Continuing the internal format ensures comparison to former years and is attached separately. It serves as an easier overview than the audited format. The main difference is that

- the audited format includes loss/write-offs of subscription income under expenditure, whereas
- the internal overview includes this as less income.

FIG Foundation accounting is included as part of the overall FIG accounting.

3. A commentary on FIG income and expenditure for 2023

In 2021 the FIG accounting was affected by the 20% discount that was given to all members as a help due to the Covid19 pandemic. 2022 was influenced by the financial world situation that decreased the value of the FIG investments and according to accounting standards was reported as an unrealised loss in the 2022 accounting.

In 2023 we had hoped to "get back to normal". Unfortunately, this did not happen. The FIG Working Week 2023 was a success from a content point of view. Much was accomplished, and the attendees had a good experience. The financial result was however disappointing. The expected number of participants was not

met. It was almost impossible for primarily African attendees to get visa despite intensive work on this from both local side and FIG; Asia was less represented than normal; and there were fewer national participants than budgeted. From local side there were high expectations to an exhibition that was not met, too. Since costs in general at the destination were high, the final result of the Working Week was significantly lower than expected. Despite a due diligence approach from FIG and NSPS offices and savings where possible, the fixed costs were high and led to a deficit that was finally covered by the national association NSPS and FIG.

This meant that FIG did not get any income at all from the conference. FIG is dependent on a stable yearly income from the FIG conferences, as it is part of the regular (expected) income that is used to meet the regular expenditure. FIG Foundation got no income, too, as there was a large deficit on the conference budget.

The original overall FIG budget for 2023 had an expected deficit of €-28,750. The budgeted deficit was primarily due to two factors:

1. Decrease in subscription income
2. Current inflation has increased costs

The actual loss was € -46,693.

The deficit could have been even larger if FIG had not saved as much as possible on especially administrative costs and council were cost conscious with travels. FIG office was aware of the expected negative result from the Working Week 2023, hence has scaled down as much as possible, by largely saving on the cost of staff; however the team has worked hard to keep up with the work load. Further to this, no developmental expenditure has been spent in particular no IT development (see later).

3.1. FIG Key measures and 2023

Key measure 1, which is surplus/deficit of **regular income over regular expenditure** is expected to be **positive**.

This key measure was in the 2023 budget already announced as a negative (€-31,750). The final result shows an even larger deficit of € -50,507. Compared to the lack of income (0 income) from the Working Week (expected 50,000 after internal costs have been deducted) there would have been a balanced result and Key measure 1 would have been met.

Key measure 2, the overall surplus/deficit in the year must be positive over a 4-year budget period.

From 2011 and until 2020 each year had a positive final financial result or close to zero.

- In 2020 no FIG event was held, however because of the Covid19 pandemic there were savings on travels, too which meant that the deficit was limited.
- The result in 2021 had a deficit of € -38,267 due to the 20% reduced subscription fees, and
- 2022 had a deficit that was related to the financial world situation (unrealised loss on investments).

This means in the last term (ending 2022) KIP2 has not been met.

The current term (beginning 2023) with the current loss due to no income from the Working Week, again in 2023 key measure 2 has not been met and the forecast for the coming years is not that positive unless FIG finds more income sources. There is no doubt that we are facing some challenging years ahead. Due to the

accumulated reserve and a prudent approach over the years, FIG finances have been prepared for a situation like this, but we are soon at the end of these reserves and a stabilisation is needed (see key measure 3).

Key measure 3, the general reserve must remain within the level of 90-100% of regular expenditure.

FIG financial result has from 2011 and until 2020 been above the desired level which has accumulated the reserve.

- Last year (2022) the general reserve of regular annual expenditure dropped to 113% (129% in 2021 and 141% in 2020).
- In 2021 the general reserve of regular annual expenditure has dropped to 99%.

This above means that still Key measure 3 is met, however there is a worrying decreasing trend over the coming years, and with the current development and budget the general reserve will decrease even further and below the lower level of 90%.

As always, expenditure have been monitored closely and kept as low as possible in 2023 because of the expected lack of income from the Working Week 2023. In former years there has been a positive expectation to the future years because the FIG finances have been solid. This is not the situation anymore, and a consolidation and different approach is needed.

3.2. Income 2023

Subscription income 2023

The income on subscription fees was € 15,000 lower than budgeted, but equivalent to the 2022 result. The subscription fees amount to €351,000. In this amount write-off debts have been deducted as well as a decrease in the provision for doubtful debt.

FIG had hoped for an increase in Member association income (budget: 265,000) which was unfortunately too optimistic as the result was at 252,500. Worth mentioning is that the result could have been closer to the budget. In 2023 with the large earthquake disaster in Türkiye, FIG Council decided to credit the entire subscription fee back to the Turkish Chamber of Surveying and Cadastre Engineers as a special support. We do see, too, that Member Associations have a tendency to write down the number of reported members which is decreasing the subscription income.

Subscription write offs is still quite high, €16,000, however less than budgeted €20,000.

Conference income 2023

Part of the FIG conference income is reported in the regular income of FIG. In this amount FIG expenses related to the Working Week are deducted. Under developmental income, further conference income such as extra income from the main FIG event, other FIG events, and other events in which FIG is involved are included.

FIG is extremely dependent on an income from the yearly conference. This has become very clear in 2023 where the financial result did not allow any fees/income to FIG at all. This is a loss in the size of at least

around €60-70,000. The budgeted regular income included €50,000 from the Working Week which was realised with a 0 income. The regular income over regular expenditure (Key measure 1) shows a deficit of €-50,507. This means that if FIG had received the expected income the regular result would have balanced.

The income that has been reported and listed under developmental income stems from other events and cooperations. This amount has been deducted some of the Conference related FIG expenses. The final income is €3,814.

Financial income 2023

In 2022 FIG faced a larger deficit due to the financial world situation that resulted in a decrease of the value of investments. This is an unrealised loss, but must be reported in the accounting. Over the years the investment has showed a good and stable dividend that outnumbers the unrealised loss. In 2023 the investment increased slightly, and gave good dividends and further to this there was a good income on interest on the bank accounts – a large change to the former years where FIG faced negative interest rates. This has resulted in a financial income of €14,000 which is much higher than expected.

3.3. Arrears 2023

From 2015-2020 FIG Office concerted an extensive work on reducing the arrears which resulted in much lower arrears than seen in earlier years. However, after 2020 it has gone the wrong way again. Arrears at the end of 2022 were almost €100,000, which was a large increase from the year before (2021: €68,000) and the total arrears at the end of 2023 was € 112,000 which is a disappointing increase. This needs to be decreased! Academic Members are invoiced only once every 4 years, and they were invoiced in 2022. Many academic members had not paid their 4-year arrears last year, and unfortunately many academics have still not paid. FIG statutes determine that those who have not paid will be expelled from FIG at the end of 2024. It is disappointing to see that subscription fees are not paid right away. € 65,000 of the total arrears relate to subscription fees from 2023. Positive is that this is less than last year where the unpaid arrears for the year 2022 was €80,000. € 44,000 belong to 2022.

3.4. Expenditure 2023

There was a budgeted expenditure of €447,400. This budget had included inflation increases. Total regular expenditure ended at €416,000; a savings of €27,000.

One main area of savings was on administration; a savings of €36,000. The main part of this was on office personnel. It became clear in the months up to the FIG Working Week 2023 that the financial result would not be as expected hence when there was a possibility to scale down on staff this was done in order to help the final result as much as possible. This is however not a situation that can continue like this (see later under section: 5 staffing).

Travel costs are back in a level where it was before the Covid19 Pandemic. We have had some years with less travels, hence less costs. In 2023 this was back to a normal level of just around €50,000. In 2022 travel costs were as low as €23,500, a year that was still affected by Covid19 pandemic, however not only this, but with a careful monitoring of travel costs, and with a focus on how to get travels supported by other means,

hereunder hosts, and the national associations and employers contribute significantly to the travels of council members.

There was no developmental spend in 2023 (just like in 2022). This expenditure includes: special grants and support, IT and web developmental activities and support for poor member associations. These items were deliberately held back due to the lack of income due to the FIG Working Week 2023. Important to note that FIG cannot continue without some developmental spendings especially on IT. See further under section 7.

3.5. Final result 2023

To sum up, the 2023 result of regular income over regular expenditure (key measure 1) showed a negative result of € -50,507 which is 22,757 more than budgeted (€-27,750). However, if the expected income from the Working Week had been met the result would have been just around 0, bearing in mind the substantial savings on administration and especially on staffing which is not an optimal situation.

Including projects and development costs, the final result 2023 shows a deficit of €-46,693, almost 22,000 higher than budgeted. It is important to note that developmental expenditure has been kept at zero due to the unfortunate situation in 2023.

At the end of year, FIG's total reserve stood at €513,141. In 2022 the reserves amounted to € 559,834; in 2021: €567,160 and 2020 (before the 20% discount on subscription fees in 2021) the reserve was € 605,427. This means that over these past 3 years the reserve has decreased by almost €100,000. FIG was prepared for "bad times" with a high reserve, but this has now been reduced to a level where it should not decrease much further. The general reserve (total reserve deducted IT and Events reserves) amounts to € 413,141 which is 99% of regular annual expenditure and in the range of key measure 3.

4. Budgets 2024-27

Annex C to this paper presents proposed revised budgets for 2024, 2025 and 2026 and a proposed budget for 2027. 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 is 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 continues to decrease.
- Currently inflation rate increases which affects the expenditure, and it is not easy to predict the level of increase.
- The reserve that has been built up has over these past years been reduced to a level where it should not be reduced much more.
- The expected increase in income from corporate members has not materialised.

- The arrears has during the past 2-3 years increased again to a level that is not acceptable.
- There is a need to look into the FIG business model and alternative income sources
- Council is aware of the risk to include a conference income in the regular income
- Council suggests continuing to keep the special events and IT reserves to ensure robustness in case of future critical years.
- Council is aware that with this budget and the most recent results key measure 2 will not be met during the next years. Key measure 1 will be almost balancing in 2025-2027, but still with a slight deficit. Key measure 3 is on a down going scale that should be stopped
- A current and needed upgrade and change of IT will impact the IT costs in 2024. From 2025 there should be a significant saving in the general IT costs due to the change.

Council seeks to ensure a sustainable, effective and efficient Federation. The level of income and expenditure has to balance. In 2023 council had a discussion among its member association of an increase in membership fees and acknowledging that our members are struggling as well:

- The last increase was effectuated in 2019
- Council decided not to increase the fees for other members in 2024
- Further, in 2023 it was decided not to increase the fees for member associations for 2025.

The 2026 subscription has to now be reconsidered in the light of the current external forces on FIG organisation and overall economic situation.

4.2. Budget 2024

The expectation of subscription income in the current budget 2024 has been decreased compared to the first budget 2024 that was made in 2021. In 2021 there was an expectation of a larger income from both corporate and association members. Still, it includes an increase compared to the final result of 2023, with the expectation that there will be no/less expulsions and more members. The income expectation of affiliate members has been decreased, too. It is still the hope that this negative curve can be stopped. We need all members to help increase the membership income.

The expected regular expenditure over regular income (key measure 1) is in the future budgets close to 0 but still on the negative side. Some inflation costs have been taken into consideration in the expenditure.

An overall deficit of € -15,210 is expected in the budget 2024. This can be improved upon to a positive, if we will get

1. higher subscription income (more members, and members claiming their total number of national members)
2. Higher income from the Working Week
3. Savings in expenditure

Key measure 2 will not be met in 2024, and the reserve as a % of regular expenditure (key measure 3) is on a decreasing curve and might move below the desired 90-100% range if there will be no increased income or decreased expenditure.

4.3. Budgets 2025-27

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.

It is crucial that the future FIG events will reach the expected income and revenue. It is the hope and expectation, too, that there will be an increase in overall subscription income, and special efforts will be made to increase both member association income, as well as the number of affiliate, academic and corporate members. A decision to increase member association income might help the budget from 2026. Council will decide on the subscription fees for other member categories for 2025 and onwards. Council remains cognizant of the three key financial measures.

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. Upon her return, Claudia went down from full time to 20 h/week and Maria also had her working hours reduced from full time to 28 h/week, which made it possible to keep the maternity replacement, Evelien Hertz - van Gelder, at 28 h/week within the budget.

FIG Office decided in March 2023 and in consultation with Evelien, to not continue her employment. At that time it was clear that the financial situation for the Working Week 2023 looked critical. Hence FIG office has decided – for the time being – to continue with the reduced 2½ staff members.

The current staffing (April 2024) 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, 25 h/week) responsible for the operations of the events, development of FIG IT systems, commission and network activities, and general administration.
- Finances and Administration Manager (Maria Bargholz, full time) responsible for financial administration as well as general FIG and events administration.

We try to keep up the service level and the substantial work for the FIG events, however it is difficult sometimes to manage all with less. We ask all to have an understanding of this.

6. Organisation of events

The FIG working week and conference is a global flagship event held each year. The destination of a FIG Working Week has an enormous impact. This became clear in 2023. An expensive destination was selected by the local organisers back in 2018/9. The destination has to be attractive to both national and international participants and should have an interest in inviting surveyors to their city. Even though good accommodation prices were negotiated, it was still expensive and with the location of the venue it would be expensive to stay elsewhere, too.

The destination must be attractive for exhibitors. Sponsors and exhibitors are extremely important for the success of a conference.

The world situation (beyond our control) made it even harder than normal to get visa for the US, and this reduced the participation from especially Africa significantly. It was a large disappointment for our African delegates as communication from local side had been that a special cooperation with a local senator would ensure a smooth and easy visa process. This turned out not to be the case and registration fee for several hundred participants had to be reimbursed.

A discussion and agreement with the local organisers on expectations is crucial. FIG office has over the past many years tried to and succeeded in being accommodating to national wishes and differences and has tried its best to make all ends meet. We have however now learned the hard way that with the expertise FIG office has built up over the years on what works and does not work we need to be firmer. This has a lesson to FIG office which we have evaluated closely.

Various formats of hybrid events have 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 find the hybrid format less satisfactory.

The on-site participants have expressed a great satisfaction of attending in person and it is clear that networking and getting to know each other works best onsite. Further to this it is worth appreciating this undisturbed conference time, which is more difficult to achieve if attending online.

This has brought FIG Council to decide that the future main yearly FIG event (Congress/Working Week) will focus on onsite activities. FIG Council and office will keep the development and possibilities under review. 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.

FIG is dependent on this income from the yearly event. 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. The fee structure needs to be revised to ensure that FIG will be secured a reasonable income from the event.

7. IT development

These past turbulent years have put several of the scheduled IT development projects on pause. FIG Office has had to concentrate on other issues.

For several years there has been a need for an upgrade of FIG web systems to the latest technologies. This has been on hold due to these past years of unsatisfied financial results. Especially in 2023 with the lack of conference income there would be no possibility for extra developmental expenditure. This is however not a stable situation, and a much needed upgrade was started towards the end of 2023 and continued in the

first months of 2024. The web site has been moved to a new server, and FIG Office systems have been changed to a more modern and more future proof system. This was carried through despite the decrease in staff and caused quite some extra work and frustration while the systems did not work properly. Still parts of the systems do not work optimally which will be in focus after this years Working Week.

The conversion will affect the expenses in 2024, however the change in FIG Office systems should from 2025 give a reduction of general IT costs of around 50%. 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 2023 was 99% (2022: 118%, 2021:129%) of regular annual expenditure. This is within the 90-100% agreed by the 2009 General Assembly and is still acceptable despite the negative result. As a 4-year average the general reserve is 97% (the reserve percentage is calculated using an average of four years' regular annual expenditure, as agreed at the 2012 General Assembly). With the current budgets the reserves will decrease further and will move close to the 90% range.

Currently, in the reserves a dedicated 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.

- The larger deficit in 2021 caused by the deduction of the membership subscription fee of 20% decreased the reserves by almost €80,000 but due to other savings this was reduced to a deficit of €40,000, and
- with the loss of almost 50,000 in 2023 due to the lack of income from the FIG Working Week 2023 the savings has been reduced with now almost €100,000.

The above has been doable because there has been several years with a solid positive result, however it is important to stress that there need to be a focus on increasing the reserves again to ensure a future healthy situation.

The lack of income from the Working Week 2023 could have been compensated by using the events reserve which could have increased the final result to 0. Council has discussed this option and decided not to use the reserve. The current result makes it clear:

- how dependent FIG is on the income from the yearly event
- it is important that the General Assembly is aware of this in the election of future destinations
- FIG is dependent on the help from members to attend and spread out the information about the FIG events to attract participants, sponsors and exhibitors.

The reserves are held in low risk investments and on bank accounts, in line with the policy agreed by the General Assembly.

9. Subscriptions 2026

9.1. Member associations

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

In 2023 the new FIG Council discussed the fees in the light of the inflation and the decreasing level of income. Even though this would affect the budget, Council suggested to keep this same rate for 2025 and to discuss this at the Presidents meeting in 2023. In 2024 Council is having further discussions. Council is well aware of the difficulties that the national members are facing, but is conscious that FIG must remain financial stable, too.

The general assembly 2023 agreed level for 2025 subscription fees for member associations was:

Year	Per capita fee	Minimum fee	Maximum fee
2025	€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.	20 members or €50 (whichever is greater)	5,500 members (€26,400)

At their meeting in April 2024 FIG Council discussed the fees seen in the light of the result from 2023 as well as the inflation and prospectives.

Council proposes to **increase the fee to €5.20 per member** instead of the current €4.80. This is an increase of 8.33%. The rational behind this increase is that there has been no increase since 2017 (effectuated in 2019) and since then inflation has been high. This increase will be implemented in 2026 and therefore FIG Council found it necessary to take this step now.

Council proposes that the maximum fee will not be affected, and will remain unchanged at €26.400, which corresponds to 5,077 national members.

The Minimum fee of €50 has not been increased for many years (was not touched at the last increase), so Council agreed to amend this to €70 EUR.

Year	Per capita fee	Minimum fee	Maximum fee
2026	€5.20 per member up to a maximum of 5,077 members Member associations from countries listed by the World Bank as low-income economies or lower-middle-income economies shall pay €2.60	20 members or €70 (whichever is greater)	5,500 members (€26,400)

	member up to a maximum of 5,077 members.		
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9.2. Other members

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.

FIG Council will later in 2024 decide on the fees for 2025 for these member categories.

10. Conclusion

The overall deficit of €-46,000 is extremely disappointing and is caused by no income from the Working Week 2023. The deficit could have been larger if FIG had not saved as much as possible, and especially on administration hereunder staffing costs and a delay of an IT upgrade.

The negative financial result of the FIG Working Week 2023 was a hard hit, both financially and in the way we organise conferences. There are many reasons for the bad result, but which has led to a larger evaluation internally in FIG office on how to organise future conferences and expectations.

Apart from this disappointing result, we are facing a trend of decreasing subscription income and not the increase that was otherwise expected. This is worrying and needs to be given special attention. One action could be an increase of membership fees, which will however for member associations only have effect from 2026. Further, FIG council is appealing to our member associations to report their actual numbers of national members.

FIG council and office are investigating a sustainable framework for FIG, and further ways of generating income. This is for discussion at the Presidents meeting on Wednesday 22nd May 2024.

It is the big hope that the future conferences: the current - 2024 in Accra, Ghana, 2025 in Brisbane, Australia, the large Congress in 2026 in Cape Town, South Africa, 2027 in Stavanger Norway will run more smoothly. The Working Week 2028 will be special. It has already been selected to take place in Paris, France and will at the same time be a celebration of the 150th anniversary of FIG.

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