

## FIG General Assembly 2023

### FINANCIAL ISSUES

#### 1. Introduction

This paper provides the General Assembly with an update on FIG's financial result for 2022, the Council's amended proposed budgets for 2023-25 and an indicative budget for 2026, and other financial matters.

The General Assembly is asked to:

- Adopt the audited 2022 Accounts (*Annex A*)  
The accounts in the format approved at the 2009 General Assembly is provided at *Annex B*
- Endorse the budgets for 2023-26, at *Annex C* to the General Assembly agenda.
- Approve member association subscription levels for 2025, 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. FIG Foundation accounting is included as part of the overall accounting.

#### 3. A commentary on FIG income and expenditure for 2022

The year 2022 was still afflicted by COVID19 Pandemic in the sense that in the first half of the year, there were only few travels taking place. Luckily the FIG Congress 2022 could take place, however, with a reduced number of participants than otherwise expected. Especially Asia faced problems with travelling, and visas for African participants were difficult to achieve.

Since the pandemic continued FIG and the local organisers from Poland agreed to 1. Move the congress to September (according to the statutes the annual event and General Assembly is scheduled to take place in the second quarter of a year (April-June) and 2. Make it possible to attend online.

In 2021 FIG Council made an extraordinary decision approved by the General Assembly to reduce all membership fees with 20% for the year 2021 only, due to the pandemic which gave an expected larger loss of the final result 2021, however FIG Council considered that this was a needed action at that time and would be doable with the financial situation. In 2022 it was important to get "back to normal". We do however see a negative trend of subscription income apart from this extraordinary discount which is worrying.

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The original budget for 2022 had an expected deficit of €10,750. The actual loss was reduced to **€-7,326**.

Importantly, the year ended with a quite good and positive result, had it not been for the current financial world situation which gave FIG a decrease in value of €35,000 on: 1. our deposits on our USD account and 2. our investment. This is an unrealised loss but must be included in the accounting to report the current value. Please read more in section 3.2. One reason for the general good result stems from savings on expenditure, primarily travels since only few travels could be made in the first half of 2023 and a decision to not have any developmental spendings.

### 3.1 FIG Key measures and 2022

**Key measure 1**, which is surplus/deficit of regular income over regular expenditure is expected to be positive. This key measure was in the 2022 budget announced as a negative (€-15,750). The final result shows an even larger deficit of € -26,928. This would have been a surplus if the December 2022 global investment markets had not decreased.

**Key measure 2**, the overall surplus/deficit in the year must be positive over a 4-year budget period. This measure will be hard to meet during these years, because the result in 2021 shows a deficit of € -38,267 due to the 20% reduced subscription fees. 2020 showed a minor deficit, but before then there have been years with surpluses. There is however no doubt that we are 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 113% (129% in 2022 and 141% in 2020).

As always, expenditure was monitored closely and kept as low as possible in 2022 because of the uncertainty caused by the COVID19 Pandemic and the unstable world situation. Despite the current situation, the finances are still solid, but a consolidation is needed.

### 3.2 Income 2022

#### Subscription income 2022

The income on subscription fees was € 5,000 lower than the original budget and amounts to €350,000. It must be mentioned that the budget was quite conservatively set because of the current world situation. This decrease stems primarily from Affiliate and Academic members, but also corporate members show a worrying decrease instead of an expected increase. Member Associations have a tendency to write down the number of reported members which is decreasing the subscription income.

Subscription write offs were lower than expected; €14,000 compared to a budget of 20,000. In 2021 the write-offs were as high as 37,000.

## Conference income 2022

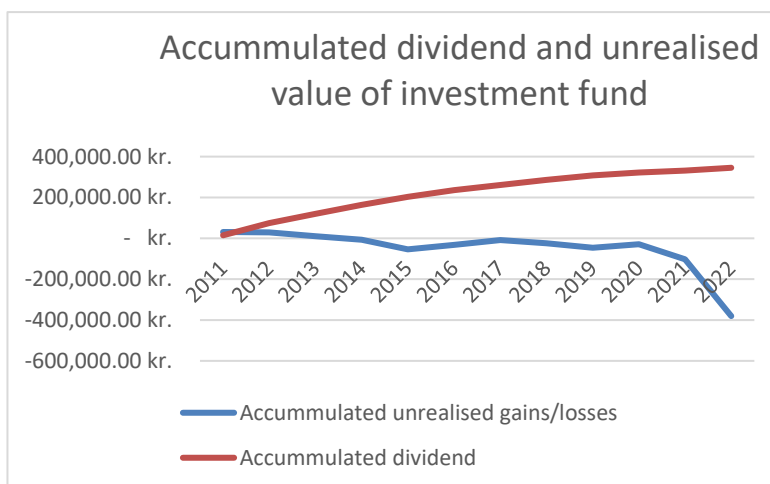
Even though there were many uncertainties in regard to the FIG Congress 2022, first due to the pandemic not knowing how many could and would travel, and then the Russian invasion of Ukraine, a neighbouring country to Poland where the Congress was held, a dedicated and hard-working local organising committee secured a good result for the Congress, and better than expected. It must be emphasized that FIG is dependent on the income of the yearly conference and for a long time there was uncertainty whether this income could be honoured. A good number of sponsors and exhibitors and more participants than expected secured the budgeted € 50,000 (after deducted expenses) which helped the overall final result.

## Financial income 2022

For some years now, FIG has had to account for negative interest rates charged on our bank accounts. This is now turning, however still, some accounts are at a level of 0%.

Apart from the funds on bank accounts, FIG has part of its finances placed in a low-risk investment fund, made specifically for foundations. Over the years, the value of the investment has kept stable, and there has been a good yearly return on investment.

The unstable market in 2022 has decreased the value of most investments world wide, including the investment fund that FIG has invested in. The value of the investment fund has been stable over the years until 2022. The graph shows the accumulated dividend that FIG has received over the years which amounts to almost DKK400,000 (54,000 EUR); thereby almost making up any losses in the unrealised value. We are however already seeing that the value of the investment is increasing again and will expect that it will get back to a more normal rate in the coming years. It is important to stress that this is an unrealised loss, and would only become a real loss if FIG would sell its shares. It is however necessary to include this loss in the accounting in case a sale would be necessary.



The second part of the loss of 37,000 on financial income is due to the fluctuation of the USD exchange rate. The USD rate was very high at certain times during 2022 compared to EUR and DKK. FIG received funds while the value was at its highest and this is reported in the book keeping. The USD rate had decreased per 31.12.2022 which gives another unrealised loss.

## 3.3 Arrears 2022

Arrears at the end of 2022 were almost €100,000. This is a large increase from last year (€68,000) and a disappointing increase which is getting closer to former years where there were far too many arrears. We together need to decrease this! One reason for the increase is that Academic Members are invoiced only once every 4 years, and they were invoiced in 2022. But it is disappointing to see that subscription fees are

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not paid right away. € 80,000 belong to not paid subscription fees from 2022 and €16,000 belong to 2021.

### 3.4 Expenditure 2022

Total regular expenditure was €388,000 which is €24,000 below budget (2021: €361,000). It is difficult to compare 2020-2022 with other years due to its extraordinary circumstances. Travel costs were below budget, and the travel budget was already lower than in “normal” years. On the other hand, increases due to inflation are seen in general costs, such as e.g. IT costs. There were no developmental spend in 2022 (special grants and support, IT and web developmental activities and support for poor member associations) which were deliberately held back due to the uncertain and unstable development (pandemic, war, increased inflation).

### 3.5 Final result 2022

The 2022 result of regular income over regular expenditure (key measure 1) showed a negative result of € -26,928 which is 12,000 more than budgeted (€-15,750). However, if the unrealised loss on financial income is taken out, there is actually a positive result of €8,000.

Including projects and development costs the deficit is reduced by almost 20,000 EUR. This comes from an extra income on the FIG Congress and other project income. It is important to note that developmental expenditure has been kept at zero due to the uncertain situation.

To sum up, the final result 2022 which also includes projects and development costs and income shows a deficit of € -7,326 however if the unrealised financial loss of €35,000 is not included there would have been a positive result of € 27,000.

At the end of year, FIG’s total reserve stood at €559,834 (in 2021: €567,160 and before this due to the 20% discount on subscription fees in 2021 the reserve in 2020 was € 605,427. The general reserve (total reserve deducted IT and Events reserves) amounts to € 459,834 which is 113% of regular annual expenditure and above key measure 2.

## 4. Budgets 2023–26

Annex C to this paper presents proposed revised budgets for 2023, 2024 and 2025 and a proposed budget for 2026. 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 continues to decrease.

- Currently inflation rate increases which affects the expenditure, and it is not easy to predict the level of increase.
- 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 has not materialised.
- The level of arrears decreased significantly from earlier, but during the past 2-3 years the level has increased again.
- Council is aware of the risk to include a conference income in the regular income
- Council suggests continuing to hold the special events and IT reserves – especially in these times of uncertainty
- 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 2024-2026, but not in 2023. Key measure 3 will be met as the general reserve should be kept within the agreed range

Council seeks to ensure a sustainable, effective and efficient Federation. The level of income and expenditure has to balance. Council might consider an increase in membership fees even though our members are struggling as well. The last increase was effectuated in 2019.

#### 4.2 Budget 2023

The expectation of subscription income in the current budget 2023 has been decreased compared to the first budget 2023 that was made in 2020. In 2020 there was an expectation of a larger income from both corporate and association members. The income expectation of affiliate members has also decreased. It is still the hope that this negative curve can be stopped. We need all members to help increase the membership income.

A deficit of € -27,750 is expected of regular expenditure over regular income (key measure 1). This means that key measure 1 will not be met. We know that there is a higher inflation than in previous years which increases expenses, but the main reason for this negative result is the lack of subscription income. An expected regular income of € 50,000 on the Working Week 2023 is expected, after deduction of FIG expenses related to the Working Week. Further to this, there is also expectation on extra income from the Working Week under Events (developmental income and expense).

An overall deficit of € -24,750 is expected in the budget 2023. This can decrease if we will get

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

Key measure 2 will not be met in 2023, however the reserve as a % of regular expenditure (key measure 3) is estimated to be 107% which is still above the desired 90-100% range.

#### 4.3 Budgets 2024-26

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. It is also the hope and expectation 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.

Council remains cognizance 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 current budget. Evelien has decided to find new challenges outside the working areas of FIG and will stop working for FIG by the end of March 2023.

The current staffing (April 2023) 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.
- Finances and Administration (Maria Bargholz, 28 h/week) responsible for financial administration as well as general FIG and events administration.

## 6. Organisation of events

2022 was another challenging year. The FIG General Assembly 2021 gave FIG Council permission to move the Congress to Poland instead of South Africa, and to when the congress would be held in 2022. Together with the very dedicated local organising committee from Poland it was decided to move the Congress to September 2022, and FIG together with the Polish Association of Surveyors, SGP, managed to organise a full congress within one year. It was doable, but only because the congress was moved to later in the year (September) and because of a hard-working and dedicated local host. Apart from the uncertainty of travels, the preparations were made even more difficult by the Russian invasion of Ukraine, a neighbouring country to Poland, too. The Congress turned out to be a great success thanks to an extraordinary effort especially from our local host to find sponsors and exhibitors. The financial result was positive, too, which was also due to a larger number of attendees than expected. All in all, an extraordinary achievement.

It can be concluded that it is possible to organise a conference within one year. It is however not advisable – during the preparations it became clear why we are working with a longer time horizon, e.g. in regard to

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legacy to leave, the commitments of partners and overall themes and topics. Despite the short planning time, our local host managed to work on and include these elements.

The Congress had a main focus on the on-site participants. It was decided to add some online elements to the congress due to the travelling restrictions from several areas. This meant that sessions from two of the session rooms incl the keynotes sessions were broadcast live to online attendees. It must be noted that online broadcast and attendance add to the overall conference costs.

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 expressed a great satisfaction of being able to finally meet again in person and it was clear that especially 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 experience has brought FIG Council to decide that the future main yearly FIG event (Congress/Working Week) will have its main focus on the onsite activities. FIG Council and office will keep the development and possibilities under review to find a future way of handling onsite elements. 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.

## **7. IT development**

This past turbulent years have 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.

It was the hope that there would be extra time to work 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. However, due to the constrains of the budget 2022 it was decided not to spend the budgeted IT development funds in 2022. However it is unrealistic to continue to hold back IT development, because to remain technologically fit for the future innovation of our systems will be needed.

## 8. FIG Reserves

As is shown in Annex C, the FIG general reserve at the end of 2022 was 118% (2021:129%) of regular annual expenditure. This is above the 90-100% agreed by the 2009 General Assembly and is still high despite the negative result. As a 4-year average the general reserve is 113% (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). 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 €40,000, and we are facing another difficult year and negative result in 2023. This was doable because there had 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 reserves are held in low risk investments and on bank accounts, in line with the policy agreed by the General Assembly. The current financial instability has caused an unrealised loss in the 2022 accounting which is elaborated further in section 3.2.

## 9. Subscriptions 2025

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 2019, the membership fees have been kept unchanged.

FIG Council has discussed the fees in the light of the current inflation and the decreasing level of income. Even though this will affect the budget, Council has suggested to keep this same rate for 2025. It is the hope that members will be honest with their report of number of members.

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)

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.



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## 10. Conclusion

We all thought that 2020 and 2021 were extraordinary years due to the pandemic, and yet 2022 turned out to be yet another challenging year with several unpredictabilities.

Yet, FIG managed to get through the year with a well-organised Congress, prepared in only one year and with a positive financial result. In the first half of 2022 travel activities were reduced (but doable) and with a careful monitoring of expenses the overall financial result would have shown a surplus of €27,000 if it had not been for a larger unrealised loss on investment and USD exchange rate, which gave a final result of € -7,326.

We are however facing a trend of decreasing subscription income and not the increase that was otherwise expected, which is worrying and which needs to be giving special attention, with the help of our members, especially member association to whom FIG council is appealing to report their actual numbers of national members.

In regard to the future conferences it seems that FIG is on the right track, 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, the large Congress in 2026 in Cape Town, South Africa. There are two bids expressing interest to host the Working Week 2027, and the Working Week 2028 has already been selected to take place in Paris, France and will at the same time be a celebration of the 150<sup>th</sup> anniversary of FIG.

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