

# **Annual Financial Report 2015**

General Assembly, Baku 2016

## **Income and Expenditure – budgeted and actual figures**

In the budget that was made in 2014, we expected a total income of €1'870 000 and total expenses of €2'260 500. This resulted in an expected deficit of €390'500.

The actual income was €2'030'703 and the actual expenses were €2'985'910. The deficit in 2015 was therefore €955'208.

In order to understand the rationale behind these figures, it is necessary to comment on the budgeting process for 2015. The budget prepared for, but not presented at, the General Assembly in Tromsø 2014 omitted items that should have been foreseen or under-budgeted others in view of past experience. This would have identified the budget deficit as being around €670'000 not €390'500. Against this background the overrun is about €280'000, which consisted mainly of legal fees, Presidential and Moscow office travelling and Journalists' Awards.

## **Details to the income**

Regarding the income in 2015 the actual amount was higher than budgeted. As you can see entry fees were lower than budgeted but this was more than compensated by a large surplus on the World Cup, Arbiter's and Trainer's seminars and Academy fees and also the World Championship and Olympiad Commission – all of which had been unbudgeted.

The World Rapid and Blitz Championship share of the prize fund was not collected. The Presidential Board accepted the explanation of the sponsor who informed us that they made a substantial loss on the event. However, they want to organize a further edition and have agreed to pay at that time their obligation of the 2015 event as well.

## **Details to the expenditure**

The main contributors to the budget deficit were legal costs, travel and meetings and a large number of unbudgeted items such as loss on currency, loss on capital redemption, journalist's awards, invitation of a delegation and PR & marketing. The unbudgeted WCOC expense was more than compensated by the unbudgeted income by this Commission. There were some omissions due to mistakes in the budgeting process such as FIDE software and the expenditure for the collaboration with the company 'itwebia'. Here it has to be stressed that by this collaboration with a former employee, FIDE pays only half of the total amount we paid in the past for the same activities. We were helped by Commissions modifying their expenses on my request at the Executive Board meeting last year.

## **Deficit and actions applied**

The figures of income and expenditure resulted in an overall deficit of €955'208 against the deficit budget of €390'500 approved by the first Presidential Board meeting following Tromsø.

We faced cash flow problems during the past year and had to sell most of our investment assets. This was a result of tardiness by federations clearing outstanding balances and

unresolved debtor issues. In my opinion this is an unacceptable solution for delayed payments of fees and debts.

When the critical financial situation became apparent in the second half of last year, further expenditures were either reduced or even frozen. I instructed the Board to limit travel tickets to economy class wherever possible and in addition great efforts were made to restrict expenses.

In 2016 we made substantial reductions in the approved budget, which affected nearly all Commissions. Although there are some major items between now and the end of the year that could affect the final outcome, we fully expect to at least meet the budgeted surplus of just over €400'000. Difficult decisions have had to be made for 2016 and the budget for 2017 but we feel that a turning point has been reached. We aim to restore the reserves to former levels.

**Analysis and recommendations:**

- There were errors in the budget that should have been foreseen.
- The Treasurer is only one voting member of the Presidential Board and his wishes may not always be accepted.
- It is evident that some process changes need to be made such as contracts with a financial interest need to be shown to the Treasurer before signing. In addition any changes in the financial conditions of a contract must be approved by the Treasurer.
- FIDE should consider penalties for late payment by organisers.

Adrian M. Siegel

FIDE Treasurer

<b>Proposed Budget 2017</b>					
	2015		2015		2016
<b>EXPENSES</b>	<b>budget</b>		<b>Actual</b>		<b>budget</b>
	<b>€</b>		<b>€</b>		<b>€</b>
<b>SECRETARIAT</b>					
Staff Costs	335 000		338 300		310 000
Staff Travel	20 000		13 675		20 000
Staff Retirement Annuities	0		4 807		0
Consultants	0		30 052		30 000
Office Cleaning	5 500		6 500		6 000
Photocopy & Printing	10 000		1 910		10 000
Postage & Carrier	7 000		3 287		10 000
Rent	18 000		16 660		18 000
Repair, Maintenance & Renewal	2 000		375		2 000
Secretariat Hospitality	15 000		16 183		20 000
Stationery & Office Supplies	5 000		5 898		6 000
Telecommunications	15 000		13 401		13 000
Utilities	4 000		4 701		4 000
<b>Athens office</b>	<b>436 500</b>		<b>455 749</b>		<b>449 000</b>
<b>ELISTA</b>					
Staff costs	80 000				90 000
Staff travel	20 000		137 359		10 000
Office expenses	20 000				20 000
<b>Elista office</b>	<b>120 000</b>		<b>137 359</b>		<b>120 000</b>
<b>MOSCOW</b>					
Staff costs	80 000		82 132		85 000
Staff travel	35 000		72 085		35 000
Office expenses	15 000				15 000
<b>Moscow office</b>	<b>130 000</b>		<b>154 217</b>		<b>135 000</b>
<b>GENERAL EXPENSES</b>					
Accountancy/Accreditation Software	0		38 166		25 000
Audit & Tax Accountant	25 000		31 255		25 000
Bad Debts & Write Offs	0		5 050		0
Bank Charges	30 000		33 980		30 000
Depreciation	30 000		36 363		25 000
Discounts Allowed for Early Payment	30 000		37 088		30 000
Electronic Board & Sets (storage & transportation)	15 000		38 082		20 000
FIDE Website	30 000		22 700		6 000
Insurance	40 000		43 266		45 000
Journalist Awards	0		46 910		0
Legal Costs	30 000		187 883		50 000
Loss on Capital Redemption	0		47 183		0
Loss on Currency Conversion	0		63 129		0
Medals & Title badges	5 000		11 185		7 500
Provision for Increase in Two Year Arrears	0		0		0
Publicity & Promotion	0		24 091		0
Refund of Entry Fees to Organisers & Continents	20 000		49 554		50 000
Six Payment Services AG	0		1 097		0
Special Projects	0		0		20 000
SportAccord	10 000		37 371		5 000
Subscriptions	5 000		6 374		5 000
Swiss Tax	0		7332		6 000
Veterans Support Program	25 000		25 525		30 000
<b>General Expenses</b>	<b>295 000</b>		<b>793 584</b>		<b>379 500</b>
<b>OFFICIALS' EXPENSES</b>					
President's Travel	120 000		183 204		120 000
Deputy President	0		5832		0
General Secretary	0		0		0
Treasurer Expenses	25 000		42 259		35 000
Vice Presidents	10 000		24 655		10 000
Sub Committees					
CEO Travel	0		0		10 000
Travel Americas President	30 000		30 400		30 000
Travel Africa President & New Member Federations	20 000		20 932		20 000

Presidential Advisors	50 000	46 079	36 000	48 000
<b>Officials' Expenses</b>	<b>255 000</b>	<b>353 361</b>	<b>261 000</b>	<b>258 000</b>
<b>COMMISSIONS &amp; COMMITTEES</b>				
Honorariums	90 000	100 000	0	0
Anti-Cheating Commission (ACC)	45 000	39 333	15 000	10 000
Arbiters Commission (ARB)	50 000	51 929	30 000	20 000
Central Board of Commissions (CBC)	0	0	10 000	1 000
Chess Composition Committee	5 000	4 825	5 000	3 000
Chess in Schools Commission (CIS)	80 000	80 000	40 000	28 000
Commission for the Disabled (DIS)	25 000	17 685	12 500	8 000
Commission for Women's Chess (WOM)	50 000	49 812	30 000	20 000
Commission of Chess Journalists (CCJ)	10 000	5 893	10 000	4 000
Constitutional Commission (CON)	10 000	4 448	10 000	7 000
Development Commission (DEV)	200 000	220 975	300 000	200 000
Electoral Commission (ELE)	0	0	0	0
Ethics Commission (ETH)	30 000	9 813	30 000	20 000
Events Commission (EVE)	50 000	25 714	25 000	15 000
Medical Commission (MED)	25 000	10 766	18 000	16 000
Online Commission	0	6 081	7 500	5 000
Qualification Commission (QE)	40 000	10 181	12 500	7 000
Rules Commission (RC)	15 000	10 385	10 000	7 000
Skills and Management Committee	0	5 053	10 000	5 000
Social Action Commission (SAC)	40 000	41 643	20 000	12 000
Social Projects Commission (SPC)	40 000	26 103	20 000	12 000
Systems of Pairings and Program Commission (SPP)	5 000	4 228	5 000	3 500
Technical Commission (TEC)	10 000	14 546	10 000	7 000
Technical Administration Panel (TAP)	0	0	0	0
Trainers Commission (TRG)	90 000	82 536	45 000	30 000
Verification Commission (VER)	20 000	20 578	20 000	18 000
World Championship and Olympiad Commission (WCO)	0	63 763	50 000	40 000
<b>Commissions &amp; Committees</b>	<b>930 000</b>	<b>906 290</b>	<b>745 500</b>	<b>498 500</b>
<b>EVENTS</b>				
World Championship	0	0	0	0
Candidates	0	0	0	0
Women's World Championship	0	9 150	0	6 000
World Cup	0	0	0	6 000
World Rapid and Blitz Championship	0	8 582	0	6 000
Olympiad	0	0	0	0
FIDE 90th Anniversary	0	0	0	0
FIDE Grand Prix	0	2 000	0	6 000
FIDE Women's Grand Prix	0	0	0	6 000
World Junior U20	0	5 628	0	5 000
World Senior	0	0	0	0
World Youth	0	0	0	0
OnLine Championship	0	0	0	0
Continental Championships	40 000	36 946	40 000	40 000
ARISF	4 000	11 414	10 000	10 000
IOC events	0	0	0	8 000
Peace and Sport	10 000	0	10 000	0
<b>Events</b>	<b>54 000</b>	<b>73 720</b>	<b>60 000</b>	<b>93 000</b>
<b>MEETINGS</b>				
Annual Congress	40 000	32 288	50 000	40 000
Presidential Board		45 935		45 000
South Koreans at Abu Dhabi	0	24 871	0	0
<b>Meetings</b>	<b>40 000</b>	<b>103 094</b>	<b>50 000</b>	<b>85 000</b>
Contingency	0	8 537	40 000	20 000
<b>TOTAL EXPENSES</b>	<b>2 260 500</b>	<b>2 985 911</b>	<b>2 240 000</b>	<b>2 213 500</b>

<b>Proposed Budget 2017</b>				
	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>INCOME</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
<b>Federation Fees</b>				
Membership Fees	132 500	133 100	132 500	135 000
Entry Fees	350 000	247 210	300 000	240 000
Registered Tournaments	450 000	471 548	475 000	500 000
Penalties for late Tournament reports	2 500	2 240	1 500	1 000
Ratiing Restoration Fees	0	450	0	500
Change of Federation Fees	30 000	31 750	30 000	20 000
FIDE Title Application Fees	200 000	227 975	200 000	220 000
<b>Federation fees</b>	<b>1 165 000</b>	<b>1 114 273</b>	<b>1 139 000</b>	<b>1 116 500</b>
<b>FIDE Share from Events</b>				
World Chess Championship Match	0	0	300 000	0
Candidates	0	0	80 000	0
World Cup	300 000	412 352	0	280 000
World Rapid and Blitz	55 000	0	70 000	160 000
Grand Prix	48 000	57 256	0	96 000
Women's World Championship	120 000	91 154	31 000	80 000
Women's Grand Prix	30 000	16 159	30 000	30 000
Olympiad	0	0	600 000	50 000
Mind Games	0	0	25 000	0
<b>FIDE Share from prize funds</b>	<b>553 000</b>	<b>576 921</b>	<b>1 136 000</b>	<b>696 000</b>
<b>Income from Commissions</b>				
Arbiter Seminar Fees		13 780		12 500
Arbiter Licence Fees	40 000	43 750	35 000	40 000
Chess in Schools Seminar Fees	0	0	0	2 000
Chess in Schools Licence Fees	0	0	0	0
Chess in Schools Internet Fees	0	402	3 000	500
Trainer Seminar Fees		25 800		25 000
Trainer Licence Fees	30 000	23 570	50 000	25 000
Trainer Academy Fees		13 600		10 000
Organiser Seminar Fees	0	540	1 000	1 000
Event bidding fees	5 000	7 000	5 000	7 000
Event Cancellation Fees	0	0	0	0
Journalist Membership Fees	0	0	0	0
CNC web FIDE online arena	0	21 299	25 000	25 000
FIDE Flag Licence Fees	0	0	0	0
Clock testing fee	0	2 700	1 000	0
World Championship Olympiad Commission	0	85 905	186 000	66 000
<b>Income from Commissions</b>	<b>75 000</b>	<b>238 346</b>	<b>306 000</b>	<b>214 000</b>
<b>Other Income</b>				
ARISF	5 000	5 581	5 000	5 000
International Olympic Committee	20 000	22 325	20 000	20 000
Electronic Board Hire	0	0	0	10 000
Interest from Bank & Investments	2 000	5 079	0	1 000
Royalties DGT	50 000	50 000	50 000	50 000
Sponsorship	0	0	0	525 000
Rental of software	0	3 000	0	1 000
Special Projects	0	0	0	125 000
Tax Refund	0	0	0	0
Gain on Securities	0	9 258	0	0
Reduction in Two Year Arrears	0	5 921	0	0
<b>Miscellaneous Income</b>	<b>77 000</b>	<b>101 164</b>	<b>75 000</b>	<b>737 000</b>
<b>Total</b>	<b>1 870 000</b>	<b>2 030 704</b>	<b>2 656 000</b>	<b>2 763 500</b>