

Investigation of using the cash reserves of the Federation

Presented by FIC

SUMMARY

Using the Federation's reserve funds to support the board and
MAs

1. INTRODUCTION

- 1.1. The Federation, through good financial governance and significantly reduced spending during the global pandemic, has built up a substantial cash reserve.
- 1.2. A certain amount of these reserves are restricted in nature and must only be used to fund specific areas depending on the fund. These funds are set out in the IAM part 2 chapter 3.
- 1.3. All monetary values are in US Dollars.

2. DISCUSSION

- 2.1. At the end of the FY24/25, Federation net restricted funds are as follows:

FUND	AMOUNT
Reserve	\$286,409
Legal Contingency Reserve	\$4,880
Financial Circumstances Reserve	\$42,987
Equipment Reserve	\$1,287
Conference Attendance Reserve	\$42,000
Travel Assistance Reserve	\$5,000
ANC Representative Reserve	\$100,000
Regional Meeting Attendance	\$15,000

Training Reserve	\$10,000
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- 2.2 In addition to these restricted funds, the Federation also holds \$868,273 in unrestricted funds. Part of these unrestricted funds have been boosted by an increase of \$89,400 due to a surplus from the 24/25 financial year. However, there will be some deferred SESAR costs that carry over, the full financial reports can be viewed in that working paper.
- 2.3 FIC was tasked with exploring the ability to use some of these funds to help serve parts of the Federation. Such as:
- Increased assistance for Category 3 Member Associations (MAs) membership fees;
 - Increased support for the Organising Committee (OC) for Annual Conference;
 - Increased funding for attendance at the annual conference.
 - Enhancing Executive Board allowances and travel assistance.
- 2.4 The issue for Directors to consider with this information paper which will help determine the budget for 26/27 and how the money is spent will be a matter of priorities. Given the state of the Federation's finances, there is room to explore more assistance and investment in line with this paper and the Gold Book, but there is still a limit on resources. The priorities Directors have given to the board for financial resources have been: more spending on training, the regions, and the new website. However, these priorities can be explored further to include in future budgets.
- 2.5 The Gold Book has been developed to provide a longer-term financial plan for the Federation and will explore investments to boost interest earned by the reserve funds as well as continued development of other income sources. Whilst spending some reserves on the priorities mentioned in this paper could be accommodated, there needs to be consideration of how much is kept in investments to provide a return into the future.

CONCLUSION

- 3.1 **Assistance to Category 3 MAs:** FIC's recommendation is to allocate in the upcoming budget (FY 2026-27), some of the surplus to the regions. EVPRs will be able to use this extra money to assist MAs as required.
- 3.2 **Support to Annual Conference OC:** FIC's recommendation is to increase the amount of 4,000 USD currently in the IAM to 10,000 USD. The amount of 4,000 USD given by IFATCA to the OC has not been revisited for many years. Additionally, this would be in line with what is proposed in the IFATCA Financial Strategy in the Gold Book.

- 3.3 **Funding for attendance at the Annual Conference:** FIC's recommendation is to increase this year's budget line for Annual Conference attendance fund from 10,000 USD to 15,000 USD.
- 3.4 **EB allowances and travel assistance:** FIC's recommendation is to combine the equipment allowance with the honoraria, and to increase that amount by 500 USD. It is the committee's view that instead of creating a new travel allowance, adding an amount to an existing allowance would simplify accounting practices and bureaucracy.

3. RECOMMENDATIONS

- 3.1. The amount provided by IFATCA to the Organising Committee hosting the Annual Conference be adjusted from **USD 4,000 to USD 10,000**, and that Section 2.4.10 of the Conference Organisation Requirements (COR) be amended accordingly.
- 3.2. Amend the IAM Para 5.2 to the following:
 - 3.2.1. Change the honoraria amount of the president and chief executive officer to USD 3,567 and for the Deputy President and Executive Vice Presidents (EVPs) to USD 3,053.
 - 3.2.2. Remove 5.2.2.1
 - 3.2.3. Amend the text of 5.2.2.2 to say, "IFATCA officials, except those elected to the Executive Board, may be paid an equipment allowance, or provided with the appropriate equipment, to assist in performing their tasks." (Jerusalem 95.A.11)

4. REFERENCES

- 4.1. IFATCA Administrative Manual.

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