

National Treasurer’s Report – 2018

1 OVERVIEW

I am pleased to present my final report as treasurer. Having been in the role since my PBP year 2011, it is time to hand on the reigns. It has been a difficult year personally and I am grateful to the senior members of the committee for supporting my need to cut back on my input during the year, enabling me to complete the year to a basic level of compliance.

The results this year are not consolidated. Aside from not seeking nor having sufficient information across all regions to complete a financial report, the key driver in materiality driving the consolidation requirement, the Alpine Classic, no longer exists as a reporting component.

The financial results for the past three years are summarized below:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
NATIONAL REVENUE	118,619	148,133	115,209
NATIONAL EXPENDITURE	84,534	126,103	83,278
NATIONAL PROFIT	34,085	22,030	31,931
CONSOLIDATED REVENUE	na	601,963	470,350
CONSOLIDATED PROFIT	na	56,034	48,690
NATIONAL CASH RESERVES	530,152	296,673	258,606
CONSOLIDATED CASH RES.	na	777,418	634,667

The key observations in the table are that the last three years at a national level are nearly identical, the variations being

- the introduction of the current jersey range in 2017 increasing sales and costs;
- the decline and eventual disappearance of checkpoint in 2018, and
- no longer receiving the annual Alpine Classic contribution in 2018.

2 REVENUE

The club has two main revenue sources, Membership and Ride Fees.

Membership rates were increased in August 2017 to the current rate of Single \$80, Family \$120, Three year Single \$225 and Three year Family \$340; an increase of 15% after holding the prior rate for at least three years.

Total Membership Fees were \$73,319, up 6.5% from \$68,858 in 2017. Considering the price increase this suggests a decline of about 8% in financial memberships.

The financial memberships on record at the conclusion of 2018 (2017 in brackets):

Single	637	(742)
Single 3 year	231	(255)
Family	92	(103)
Family 3 year	30	(34)

Ride Fees comprise the regional contributions for brevet fees (\$4 of every \$6) and temporary memberships (\$5 of every \$10). The Alpine Classic made a contribution on the same basis. The ride fees at national level declined from \$32,833 in 2017 to \$21,863 in 2018. The Alpine Classic contribution in 2017 was \$9,470; meaning there was only a small decline in all other ride revenues. Note not all regions reported a result for the full year, one region did not report at all, but the overall result is representative of the club performance across both years.

A voucher system was instigated nationally during the year to reward ride volunteers and organisers on a consistent national basis, but not all regions reported data in a consistent manner. The impact of vouchers reported on the decline in ride fees across the two years is immaterial.

Jerseys and Medallions were sold to members during the year, total revenue 18,328 this year compared to \$39,976 in 2017 when the current navy blue jersey was introduced (round of applause for Sarah Chaplin). Jerseys were slightly subsidized by the club, medallions are sold at cost.

Deducting the cost of jerseys and medallions from revenue, the national net income for 2018 is \$97,805 compared to \$103,746 in 2017

3 EXPENSES

National Expenditure was \$62,920 in 2017 compared to \$81,716 in 2017. Expenses include administration costs, marketing, awards, checkpoint, trackers and major event support.

National Administration Expenditure was \$52,222 (2017: \$55,195). Main components are:

- Cycling Australia Affiliation/Insurance \$25,381 (2017 \$31,000). I wrote off a prior accrual for insurance increases, meaning only \$25,381 was reported as an expense in 2018, however the actual policy paid was \$37,000. The expectation is that this policy will continue to increase at the rate experienced this year.
- Legal Fees are \$4,933 in 2018 and \$9,474 in 2017. Current year costs relate to reviews of constitution and event terms and conditions. Prior year costs also included fees for sale of Alpine Classic.
- A National conference was held in 2018 (\$9,988). No corresponding meeting in 2017.
- A detail list of costs is included in the financial statements

Checkpoint costs \$0 in 2018 compared to \$22,041 in 2017. We entered 2018 without a checkpoint editor, this situation has not changed.

Awards costs refer to the annual awards which are funded by the club. The overall cost is quite low, \$3,785 this year including some writeoffs due to errors in prior year accounts, where the awards cost reported was negative!

Club Spot Trackers – we continue to sponsor 10 trackers, at an annual cost of \$2,662. Some are hired to members, the majority are allocated for organizer use on major events. The revenue from tracker hire was <\$200.

Event Costs \$1000 for jersey design for PBP 2019.

The result is a Net Profit of \$34,885 compared to a net profit of \$22,030 in 2017. Essentially we have had a “saving” of \$22,000 through the loss of checkpoint, and a loss of \$9,470 in Alpine Classic Contribution. The sale proceeds for the Alpine Classic rights will commence in 2019.

Results by region are not available.

4 BALANCE SHEET

The balance sheet represents the overall financial state of the club.

The net assets of the club at National Level increased from \$233,703 in 2017 to \$483,953 in 2018. This includes transfer of Victorian deposits \$215,365 across to the National account during the year.

Last year the consolidated cash reserves were \$530,152, and expect to see a balance close to \$600,000 once all regions bank accounts are transferred to National as part of the simplification of the financial process during 2019.

This simplification will see streamlined ride reporting directly in the National account and eliminate much of the regional treasurer handling. Garry Wall, Russell Noble and Phil Hayes (Victorian treasurer) have contributed a lot of time into this process. It is a process still in development as 2019 begins.

The club remains in a strong position financially, both to weather the inevitable increases in insurance cover and to provide upgraded services to club members with the support of external parties.

5 IN CONCLUSION

I need to thank those regional treasurers who have been supportive of my changes to reporting structure over the years and particularly those that agreed to stay on one more year in 2018, as well as the various presidents and secretaries that I have worked with over the years.

I believe the transition to a single accounting system for the club will have benefits to the club through reduced effort across the board and improved reporting. It won't be easy however but at least the basic structure is underway. Not all regions are on board to date; it will be a challenging time for the next treasurer so I trust he will receive support throughout the club.



RICHARD SCHEER

NATIONAL TREASURER