

Treasurer's Report – 2016

1 OVERVIEW

The results for 2016 are nearly a carbon copy of 2015. In summary:

	2016 ACTUAL	2016 BUDGET	2015 ACTUAL
NATIONAL REVENUE	115,209	112,900	114,494
NATIONAL PROFIT	31,931	(12,718)	22,804
CONSOLIDATED REVENUE	470,350	n/a	472,833
CONSOLIDATED PROFIT	48,690	n/a	48,454
NATIONAL CASH RESERVES	238,946	n/a	238,946
CONSOLIDATED CASH RES.	570,997	n/a	570,997

The club has two main revenue sources, Membership and Ride Fees. All membership revenue is credited to National, and regions contribute a share of ride fees (brevet fee and temporary membership) to National.

Regions run events, generally at a profit, with any surplus funds being available for regional administration.

National administration costs include insurance, checkpoint, awards, membership and brevet processing

2 MEMBERSHIP & NATIONAL RESULTS

There were no changes to the Standard Single & Family membership for 1 yr (\$70/\$105) or 3 yr (\$195/\$295).

The financial memberships on record during 2016:

Single	1111
Single 3 year	354
Family	127
Family 3 year	52

Total Membership Fees were \$69,768, up slightly from \$69,287 in 2015. Wild Apricot, the new membership system, has now been in place for a little over 12 months. This has allowed us to streamline membership processing with credit card processing into the financial reporting. During the

year, a decision was made to commence rolling memberships. Now when a member joins, they receive 12 months membership and their renewal date will be the date of joining. We no longer offer half year memberships for new applicants in the second half of the year. The rolling approach complicated the financial reporting somewhat, but as relevant information for each renewal or application can be exported from the wild apricot system it is possible to determine the allocation of membership into respective financial years.

National Administration Expenditure was \$76,383 (2015: \$81,319). Main components were:

- Cycling Australia Affiliation/Insurance \$21,000 (2015 \$20,000). We still carry a \$13,418 accrual from previous years to offset any large increases without immediately needing to consider any increase in membership fees.
- Checkpoint \$16,046 (2015 \$25,153). Unfortunately we only issued 3 checkpoint magazines this year, resulting in a reduction in total cost. The costs of the third checkpoint were received in November and were not accrued. **The average cost per issue is now about \$8,000** and with ongoing printing cost increases we are budgeting for the four issue cost in 2017 to be around \$35,000.
- National Conference \$6,053 (2015 \$0). Held in Sydney this year due to the higher number of NSW members on the national committee than past years, the overall cost was also less than previous conferences. The national conference is the one opportunity for all national committee members to meet face-to-face and discuss strategies for the club.
- Marketing \$3,568 (2015 \$6,509). As with prior years, a declining figure and less than budgeted both Nationally and Regionally. This should be an area of greater focus but requires dedicated personnel to administer.
- Awards \$4,581 (2015 \$4,165) - The cost of all annual and lifetime awards issued during the year. We still carry a provision of \$5,814 raised when the lifetime awards were introduced to cover the costs as members achieved these milestone awards.
- Membership \$3,550 (2015 \$5,397). This includes all costs of membership services, wild apricot subscription, postage and any individual member benefits cost, such as ride with GPS membership. The Wild Apricot system has reduced our overall costs in addition to reducing the workload on the membership secretary.

The last increase in membership fee was in 2014 to enable the club to improve the IT/website infrastructure and increase marketing effort, without drawing on existing cash reserves. We have made significant progress on the membership system, and this platform will enable other developments. Much of this has been achieved “in-house” without external consultants, and the club owes Russell Noble significant gratitude for the work he has done bringing the systems to the state they are in today. There remains more work to be done and the funds are available should we need to outsource any of these activities.

3 RIDE ORGANISATION & REGIONAL RESULTS

Membership revenue at current rates is insufficient to cover all national administration costs. To cover the shortfall, \$4 of each standard \$6 brevet fee is remitted to National by the regions, as is \$5 from each temporary membership fee. The actual national revenue is \$3.64 per brevet after GST is deducted.

National Ride Revenue reported is \$31,431 (2015 \$30,237), and includes:

- Alpine Classic \$9,935 (1,422 brevet, 945 temp memb)
- Region brevet fees \$16,815 (4,405 regional brevets reported, plus 219 Fitz's challenge)
- Temporary Membership \$4,682 (1,030 @ \$4.54)

Ride revenue includes accruals to 31 October for all regions.

Ride Support revenue is shown at consolidated level only, as National do not run events. For 2016 Regions collected \$50,578 in support fees and paid \$54,321 in ride support costs. Alpine Classic collected \$235,969 and paid \$217,063.

At the National level it is our aim to breakeven by generating a gross profit from membership & ride organization activities to cover our administration costs and to provide capital for improvements to the club. At the regional level the \$2 per brevet retained enable regions to cover local administration costs, market the club locally or spend as they see fit to the benefit of the club. The regions should have enough funds at \$2/brevet to breakeven. The consolidated results included the following adjusted results by region, based on the latest reported information before the audit deadline. Note the consolidated result is not currently audited.

- ACT PROFIT \$382
- VICTORIA PROFIT \$3,860 (excludes Alpine)
- ALPINE PROFIT \$(1,724)
- NSW PROFIT \$2,956
- QLD PROFIT \$2,393
- SA PROFIT \$534
- WA PROFIT \$7,297 (some large reconciling adjustments to prior year)
- TAS PROFIT \$1,062

I don't wish to address the future of the Alpine Classic here, other than to note that it remains a contributor to club profit, but it carries additional risk because of the financial resources involved.

4 OTHER MATTERS

Other items within the National result that should be mentioned:

- Merchandise sales \$1,712 (2015 \$5,851) (2014 \$12,037)
 - Clothing sales of the "Since 1981" jersey are falling by year, and small orders of the jerseys will be made only to replenish popular sizes. During the year we sold 23 units

(2015:30 2014:75) or \$1,712 jerseys (discounted from cost \$2,723) and still hold 104 units or \$9,049 inventory. With a new jersey range imminent, we need to determine how we continue to handle the existing stock.

- Sales of Badges and Medallions (\$5,227) includes the new AA series sales to regions. Consolidated result is slightly less because regions are still holding badges as stock.

- Interest Income \$4,739 Nationally from closing funds \$258,606 on deposit.
- Advertising Income in checkpoint \$2,336 (2015 \$3,441) decrease due to fewer issues.

Whilst most of our club activities are willingly undertaken in a volunteer capacity, some services require financial compensation. Our constitution (Section 25(b)) permits us to make payments to members for services rendered. These include Trevor Gosbell (checkpoint editor), Phil Bellette (AAC director), Robyn Curtis (AAC bookkeeping) and Hans Dusink (AAC audit). All services are paid lower than arms length amounts.

The club remains in a strong financial position, and our membership/ride fee operating model serves us well. Considerable IT development occurred in the latter part of the year with significant input from Russell. We have the capacity to employ third parties to perform some of this work and provide expertise that is not currently available to the committee.

The current reporting system with the regions is working well, and provides visible accountability to myself and the regions of the performance of the club. All regional treasurers are to be thanked for their part in this reporting process.

The challenge for 2017 is how the committee can function and oversee developments and services if there are fewer members interested in participating in the management of the club. Financially we remain in a great position to support whichever direction we agree to take.

RICHARD SCHEER

NATIONAL TREASURER