

21 April 2024

CENTRAL COAST BRIDGE CLUB

ANNUAL GENERAL MEETING: 2nd MAY 2024

TREASURER'S REPORT

FINANCIAL STATEMENTS FROM 1ST APRIL 2023 TO 31ST MARCH 2024 – KEY POINTS

1. A net operating profit of \$35,615 was generated during 2023/2024 compared to a trading profit of \$1,762 for 2022-2023 i.e. an increase of \$33,853.
2. Total income increased from \$98,050 to \$137,000 (by \$38,950 or 40%) – this increase in income included table fee income: increased from \$67,924 to \$83,591 or by \$15,667 or 23%; annual membership fees: increased from \$7,405 to \$10,165 or by \$2,760, congress income: increased from \$14,392 to \$26,167 or by \$11,775, lessons: increased from \$6,514 to \$7,464 or by \$950 and interest income; increased from \$1,815 to \$7,660 or by \$5,845 (higher interest rates).
3. Total expenditure increased from \$96,289 to \$101,385 or by \$5,096 or 5% including increases in NSWBA Affiliation Fees (\$1,717); Advertising (\$1,508); Congress Expenses (\$8,717); Donations – Coast Shelter (\$2,352); Functions & Catering (\$3,026); Interest Expense (\$750); Refreshments – Coffee, Tea, Biscuits etc (\$755) together with decreases in Book Purchases (\$856); Consulting & Accounting (\$1,045); Directors Fees – External (\$1,174); Legal Fees (\$5,569); Printing, Stationery & Postage (\$2,496); Prizes & Tournament Entry Fees (\$1,957), Rates (\$664) and Repairs & Maintenance (\$1,344). Please note that the continuing decision of Directors to forego the payment of directors' fees provided a significant boost to the Club's profitability.

CASH RESERVES

During the 2023-2024 financial year, the CCBC's total cash reserves increased from \$213,585 to \$321,486 or by \$107,901 i.e. increased by the cash flow surplus from trading activities of \$42,726 (Net Profit: \$35,615 plus non cash depreciation charge of \$7,111) plus the loan of \$100,000 from the ABF less balance sheet movements of \$1,815 less architects and consulting fees incurred on the Building Upgrade Project of \$33,010 – the total cash reserves of \$221,946 at the 31st March 2024 represent a very healthy financial position.

TABLE FEE INCREASE EFFECTIVE 5TH MAY 2024

As soon as the members approve the simultaneous construction of Stages 1, 2 and 3 at the SGM on 2 May 2024, table fees will need to increase from \$8 to \$10 to accommodate the following: -

- a) commence the process of accumulating sufficient surplus cash flows to repay the ABF loan of \$100,000 in 3 years' time and to repay any member mortgage debentures thereafter and

b) offset the negative impact of GST registration of around a net \$7K per annum representing the difference between GST payable on all sources of income (except interest received) less GST claimable on operating expenses (excluding cleaning, bank fees, depreciation and rates and taxes).

MEMBER NUMBERS: FULL: 152 & SOCIAL: 8

The number of members was accurately determined at 152 home members and 8 social members at 31 March 2024 – please note that members numbers in previous years were not accurate. On an annual basis, bridge clubs lose between 10% and 15% of members or around 20 for the CCBC for several reasons: poor health, relocated, transferred to other bridge clubs and leisure pursuits etc. Going forward, the CCBC will need to attract at least 20 new members each year to maintain its membership numbers. Forward projections include a net increase in member numbers of 10 per annum representing 30 new members less 20 lost members.

To assist with attracting new members, the CCBC will continue to introduce several marketing initiatives including radio advertising, messaging on the digital sign, website and on Facebook, public relations via local media including Coast Chronicle News, Posters & Flyers to high traffic retirement villages etc. During the next 6 to 8 months, our marketing will focus on the building upgrade project.

CAPITAL EXPENDITURE – BUILDING UPGRADE PROJECT

Capital expenditure during 2023/2024 included \$33,010 in Architects & Consulting costs associated with the Building Upgrade Project as follows: - Architects Fees – Construction Documentation: \$10,746 & Time Spent answering additional Requests for Information from CC Council (RFI's): \$1,144, Northrop – Structural Designs and Specifications: \$9,900 and Flood Assessment: \$5,500, Geotech Survey of Soil Content: \$3,707, Asbestos Inspections: \$913; Property Valuations, NSW – Valuation of property post building upgrade: \$1,100. Additional consulting fee costs for 2024-2025 will include the costs of a private certifier, preparation and signing of builder contract, any small amendments to the approved DA and project management.

TRADING CONDITIONS FOR 2024-2025

The trading conditions for 2024-2025 continue to improve and the CCBC is budgeting to generate a net profit of around \$50,000 including the positive impact of the table fee increase from \$8 to \$10. These additional funds will commence the process of accumulating sufficient funds to repay the ABF loan of \$100,000 after 3 years and then to commence the process of repaying member mortgage debentures.

BUILDING UPGRADE PROJECT

I would like to thank all members who have made donations totalling around \$500K to assist with the simultaneous construction of Stages, 1, 2 and 3 – it is hard to put into words the selfless nature of members that is driving this generosity and benevolence. Suffice to say that these funds will go a long way towards securing the future of the CCBC.

All CCBC members will contribute towards the Building Upgrade Project by continuing to play bridge on a regular basis during 2024-2025 including at the Long Jetty Hotel during the 6-month period of construction.

GST REGISTRATION – EFFECTIVE 1 APRIL 2024

CCBC's total income for 2023-2024 was \$137,000 with a budget income for 2024-2025 of \$152,378. As soon as a trading entity knows that their total income will exceed \$150,000 in the current financial year, it must register for GST purposes. Accordingly, DSR Partners have been instructed to lodge the required GST registration forms and the CCBC will need to lodge quarterly BAS returns commencing from the April to June 2024 quarter.

COST OF PREPAID COUPONS EFFECTIVE 5TH MAY 2024

The existing 10% discount for frequently playing members who purchase prepaid coupons will continue to apply post the table fee increase i.e. 10 prepaid coupons will cost \$90.

COST OF LESSONS EFFECTIVE 5TH MAY 2024

The cost of attending weekly intermediate bridge lessons will also increase from \$8 to \$10 effective 5th May 2024.

CCBC – A MICRO BUSINESS

Although the CCBC is a relatively small business with a turnover of around \$150K, it needs to be operated in a business-like manner i.e. to increase net profits by maximizing income and minimizing expenses and then re-investing this surplus cashflow in growing its business. Increasing levels of annual net profits and cashflow surpluses allow the CCBC to: -

- 1) Retain existing members by improving a range of benefits (including an upgraded Clubhouse)
- 2) Fund the introduction of several marketing initiatives over the short to medium term with the key objective of attracting and retaining new members.

FINAL COMMENT

Thank you to all members who continue to play regularly at the CCBC and have volunteered their time during the year including our unpaid Directors who ensure that the 8 weekly bridge sessions continue to be conducted.

Rod Shellshear

Treasurer