

25 April 2025

**CENTRAL COAST BRIDGE CLUB**

**ANNUAL GENERAL MEETING: 8<sup>th</sup> MAY 2025**

**TREASURER'S REPORT**

**TRADING PERFORMANCE FOR 2024-2025 - KEY POINTS**

1. A net operating profit of \$31,266 was generated during 2024/2025 compared to \$35,615 for 2023-2024 i.e. a decrease of \$4,349.
2. Total Income reduced from \$136,999 in 2023-2024 to \$118,617 in 2024-2025 or by \$18,382.
3. This net decrease in income of \$18,382 included the following variations: table fee income: increased from \$83,591 to \$85,753 or by \$2,162; annual membership fees: decreased from \$10,165 to \$9,673 or by \$492, congress income: decreased from \$26,167 to \$12,982 or by \$13,185, lessons: decreased from \$7,464 to \$4,511 or by \$2,953 and interest income: decreased from \$7,660 to \$4,404 or by \$3,256 as surplus invested funds were progressively spent on the building upgrade.

Please note that additional income from the increase in table fees from \$8 to \$10 per session in early May 2024 was partially offset by around a 10% decrease in table fee income during the 6-month relocation to the Long Jetty Hotel together with lost revenue due to the cancellation or postponement of CCBC championship events. This relocation also resulted in firstly, the substantial decrease in congress income of \$13,185 (including the cancellation of the novice/restricted congress held in July of each year) and secondly, the decrease in income from lessons due to the difficulty in conducting beginners' lessons.

I would like to thank all CCBC members who continued to play bridge on a regular basis during 2024-2025 including at the Long Jetty Hotel during the 6-month period of construction.

4. Total expenses reduced from \$101,385 in 2023-2024 to \$87,351 in 2024-2025 or by \$14,034.
5. This decrease in operating expenses of \$14,034 included decreases in Advertising & Marketing (\$3,011), Congress Expenses (\$11,099); Donations – Coast Shelter (\$3,629); Cleaning: \$4,352; Depreciation (\$3,279) and Printing, Stationery & Postage (\$2,452). These cost decreases were partially offset by cost increases associated with the relocation to the Long Jetty Hotel totalling \$8,270 (removal and rental costs), free games (\$1,532) and interest paid (\$5,250). The interest cost of \$6,000 included 12 months interest on the ABF loan of \$100,000 (3% or \$3,000) and 4 months interest on the debenture loans from members of \$225,000 (4% or \$3,000).

**DIRECTOR'S AT 8 WEEKLY SESSIONS**

Please note that the continuing decision of Directors to forego the payment of directors' fees provided a significant boost to the Club's profitability. Assuming a director's fee per session of \$60, this cost saving is around \$500 a week or \$25,000 per annum.

## **CASH RESERVES**

During the 2024-2025 financial year, the CCBC's total cash reserves decreased from \$324,685 to \$82,584 or by \$242,101 as cash was progressively spent on the building upgrade. Please note that these cash reserves included the ABF loan of \$100,000. The cash flow surplus from trading operations during 2024-2025 contributed \$35,098 towards working capital (Net Profit: \$31,266 plus non-cash depreciation charge of \$3,832). The cash reserves of \$82,584 at 31 March 2025 together with trading profits during this calendar year will fund the repayment of the building contract retention of \$17,554 in December 2025 and commence the process of accumulating sufficient funds to repay the ABF loan of \$100,000 in January 2027.

## **MEMBER NUMBERS: HOME CLUB: 159 & ALTERNATE: 14**

At 31 March 2025, the number of home club members was 159 (compared to 152 at 31 March 2024) and the number of alternate members was 14 (compared to 8 at 31.3.2024). This increase of 5% in the number of home club members was a solid result given the disruption to operations, marketing strategies and lessons for beginner's due to the 6-month relocation to the Long Jetty Hotel. 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. Developing strategies to attract new members will be assisted by the return of the CCBC operations to the new Clubhouse, the re-introduction of regular lessons for beginner's, word of mouth referrals from members to family and friends and the progressive introduction of several marketing initiatives.

## **CAPITAL EXPENDITURE – BUILDING UPGRADE PROJECT**

Capital expenditure during 2024/2025 totalled \$1,017,275 including \$950,150 for construction costs paid to Buterin L'Estrange, \$51,915 for consulting, CC Council and other fees and \$15,210 for contract administration and project management services. Please note that the total consulting, CC Council and other fees totalled \$107,787 during the 4-year period from 2021-2022 to 2024-2025 – these costs were unavoidable and represented around 10% of the total building project costs (equivalent to industry average) including architect's fees: \$39,549; engineering fees: \$23,088; Central Coast Council fees: \$17,802 and other consulting fees: \$27,348.

During construction, cost variations of \$50,635 were incurred including \$16,147 initiated by the CCBC and \$34,488 initiated by the builder. This outcome represents an excellent achievement with total variations representing less than 6% of the agreed contract price of \$900,000 – please note that variations to contract prices generally average over 20% given the move away from fixed price contracts post Covid. This result can be attributed to the tight cost controls and project management provided by Fyaz Gill from our Architects, Fabric Architecture Studio.

## **RESIDUAL DEBT POSITION**

Post the completion of the building upgrade project, the CCBC has a residual debt position of \$325,000 comprising the ABF loan of \$100,000 and the debenture loans from members of \$225,000.

### **BUILDING UPGRADE PROJECT - FUNDING**

I would like to once again thank all members who have made donations totalling \$507K to assist with the simultaneous construction of Stages, 1, 2 and 3 – it is hard to put into words the selfless, generous and benevolent nature of these members. Suffice to say that these funds will go a long way towards securing the future of the CCBC.

Also, a big thankyou to the 13 members who provided additional construction funding of \$225,000 by way of debenture loans.

### **INTEREST PAID & PAYABLE FROM 2024-2025 TO 2027-2028**

Interest Paid and Payable – during 2024-2025, the CCBC paid interest of \$6,000 on the above loans which will be followed by \$12,000 during 2025-2026, \$10,875 for 2026-2027 & \$6,750 for 2027-2028.

### **DEBT REPAYMENT PROGRAM**

In March 2025 the CCBC invested \$50,000 of surplus cash reserves in a term deposit with Westpac at an interest rate of 4.6% - these funds essentially represent trading profits generated during 2023-2024 and 2024-2025. In addition to these funds, forward trading projections (after interest payable) indicate that annual surplus cash flows of around \$30,000 should also be available for debt reduction. When the 3-year interest only period expires for the ABF loan in January 2027, the CCBC should have sufficient funds from the Westpac term deposit of \$50,000 and trading profits to repay the \$100,000.

Once the ABF Loan is repaid around 1 January 2027, the CCBC can commence accumulating surplus cash flow to progressively reduce the total debenture loans from members of \$225,000.

The CCBC also continues to lodge grant applications with the NSW State Government which, if successful, could expedite the debt repayment program.

### **CCBC DEBT TO EQUITY RATIO POST COMPLETION OF THE BUILDING.**

Property Valuations, NSW valued our old building at \$670,000 on 17 May 2022 and updated this valuation to \$1,670,000 post completion of the building upgrade in March 2025 i.e. an increase of \$1M. The total debt of \$325,000 represents around 20% of the property valuation which is a very conservative debt to equity ratio.

The CCBC had net assets of \$1,462,821 at 31 March 2025 representing an extremely healthy financial position.

### **FINAL COMMENT**

Once again, a big 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