

Grafton Hockey Association Inc

AGM Treasurers Report

25 August 2021

The 2020 financial year of the Grafton Hockey Association Inc ended 31/3/2021 has seen a deficit of \$338452 recorded. The Association held an asset base of \$2,491,421 as at 31/3/2021. (this includes Non current assets of \$2,005,786 – Turfs, bunkhouse, loan to women's masters)

As we all know 2020 was a year where the whole world was affected and still being affected by COVID 19 and this will no doubt continue to some effect in years to come. GHAI was not spared during this uncertain time. I flagged at the AGM in 2020 that the association would record a deficit for the year due to COVID and the affect this had on our competition and also income generated from the Bunkhouse facility.

Before providing an overall financial picture, I want to personally thank our new auditors Findex in particular Natasha House and Gary Hulm who were completing the audit for the first time following Westlawn Business Services stepping aside at the end of the 2020 Financial year due to the registered company auditor retiring. Both Businesses audit in very different ways and this was a learning curve for both findex and GHAI as to what was required for the audit as GHAI has a complex business structure which was new to the findex audit group. GHAI has needed to change processes in order to show how we generate income and records management moving forward.

So, in 2020 GHAI returned a surplus following substantial income generated from the bushfires this placed GHAI in a strong financial position with all debts being paid, leaving the association debt free. Moving into the 2021 financial year saw COVID hit the world and a delay to the start of the season due to lock downs and then community sport being unable to return till mid-July, therefore reducing our ability to generate an income from the game and also the bunkhouse we also were unable to hold the u/13 Girls State Championships in July 2020.

The income generated from games and training in 2021 of \$42517 compared to \$202037 in 2020, we saw a drop-in membership and this can be contributed to reduced season and COVID. In 2021 FY we saw all booking in the bunkhouse cancelled and the additional income source that is used to support the association was diminished this also includes Canteen and bar income generation.

As GHAI pays GST/SUPER/PAYG we were able to apply for Job keeper payment and also GST relief for the period of the COVID this helped offset wages and also GST cost to the amount of \$118618 for the 12-month period.

As with any business we have over head costs which can't be discounted or not continued we received no dispensation from companies for payments of Business Insurance, electricity, water rates, council leases and also depreciation of assets which has an affect on the overall result of the association. A breakdown is as follows:

- Business Insurances \$28568 (we hold 6 different policies for premises, we also need to pay workers compensation and also over \$8K in insurance to the CVC for the pavilion)
- Electricity \$13866 (remembering we pay in arrears for this and a substantial amount of the electricity cost relates to when the fires were still here as the account was received in April 2020)

- Depreciation of our Assets \$192757 (this includes Turfs, bunkhouse, machinery, computers)
- Wages/Superannuation \$150094 (this is the whole gross figure for the year, we then remove the job keeper benefit received which was \$88K then our staff/super costs/PAYG was \$62094, provisions are also in our balance sheet for annual and LSL approx. \$30K)
- Repairs and Maintenance \$50395 (this includes the purchase of the new sweeper for the turfs as the old one was over 15 years old - \$25K. The remaining amount includes waste, garbage, cool room, air condition maintenance and all other associated costs to a business)
- Water Rates \$9015 (paid in arrears and moved from 3 monthly accounts to quarterly, so the first account we received in 2021 FY was part of 2020 FY and comes down to timing of accounts issued by CVC)
- Loan to Women's Masters \$5000 (The board was approached by the women's masters sub committee seeking a loan interest free for 5 years repayable at \$1000 per year and billed on the 1/7 and payable by the 30/7 – The board approved this request with repayments set)

The Board made the determination for the business to continue to function the payment terms of invoice was changed from 30 days to 14 days to allow the cash flow back into the association instead of having to draw down on our sinking fund to pay accounts.

We as the board of GHAI understand that our overhead costs outweigh our return in income generation and we are currently reviewing our current costs in regards to Wages and we are currently reviewing the needs of the business and arrangements that no longer suit the business. There are some costs that we are unable to reduce/change so we need to work smarter in promotion of hockey and income generation.

The overall financial position is strong however the need for change is now and a review is occurring. The 2021 year also showed how much the games does generate and how much the bunkhouse supports and generates income, the additional income generated allows the association to pay for replacement turf and also infrastructure when required. This then stops the need for the association to borrow funds from Councils or Banks for replacement assets.

It is also note by the auditors in regards to an overstatement of assets by the previous auditors, as assets have a life span, depreciation was still being calculated on assets over 10 years old which is not a part of the audit standards, adjustment have also been made in this report for this error.

Membership/training and game fees haven't increased in the last 2 years in line with Hockey NSW and Hockey Australia. Some members this year received the 2 for 1 incentive from NSW and GHAI.

I would like to move that Findex be appointed our Auditors.

Monique Morrissey

Treasurer

GHAI