



2020 Annual General Meeting

Treasurer's report

- Reported statutory deficit of \$219,745 (FY19: 111,347)
- Result reflects a number of factors:
 - Unprecedented club activity including three major regattas and busy event program;
 - One-off expenses associated with ongoing structural reorganisation; and
 - Application of accounting standards, which impact the treatment of join fees, paid life members and locker right of use entitlements.
- AASB15 resulted in a significant change to retained earnings balance as it recognises receipts previously booked to the P&L as revenue as a liability on the balance sheet to be released over time.
 - The impact of applying AASB15 to FY19 is presented in the adjacent table (\$79,079); and
 - The unearned income liability will unwind to the P&L as income in future years.
- Adjusting for one-off costs items and applying AASB to the prior year demonstrates that the year on year change is \$44,216 unfavourable when viewed on a comparable basis.

	FY20	FY19	Var
Reported comprehensive income for the year	(219,745)	111,347	(331,092)
Adjustments			
FY19 impact of AASB15		(79,079)	
Net one-off items	56,479		
Reflect FY19 costs incurred in FY20	75,659	(75,659)	
Net adjustments	132,138	(154,738)	
Adjusted comprehensive income for the year	(87,607)	(43,391)	(44,216)

	FY20
ASF drawdown	(96,303)
FY19 F&B wages underpayment	36,000
2018-19 Payroll Tax cut off	39,669
General manager/CEO restructure	58,644
Profit/loss on sale	10,774
Redev write off	83,353
Adjusted comprehensive income for the year	132,138

Treasurer's report

- The chart of accounts has been fully restructured during the year to align with how the Committee and Management review operations. This is set out in the adjacent table.
- Note that adjustments outlined on the previous page have been allocated to provide the underlying view of each activity centre.
- **Club fees** represents subscription income plus the release of income under AASB15 for admission fees, paid life member payments and locker access entitlement.
- **Member services** comprises the net of merchandise, social events and activities, courtesy bus and other.
- **Food and beverage (F&B)** captures the net contribution of our F&B operations (further details to follow).
- **Sailing** comprises club racing and regatta expenses.
- **Training** comprises the income from training courses and the costs associated with salaried and casual labour.

	FY20	FY19	Var
Club fees	1,695,520	1,552,206	143,314
Members services	(124,314)	(102,087)	(22,228)
Food and beverage	27,127	50,513	(23,386)
Sailing	(44,944)	9,216	(54,160)
Training centre	(25,786)	(25,669)	(117)
Communication and sponsorship	168,470	157,146	11,324
Maintenance	(248,112)	(295,483)	47,371
Net general and administration	(1,256,870)	(1,092,474)	(164,397)
Adjusted net operating unit result	191,090	253,370	(62,279)
Depreciation	(278,697)	(296,761)	18,064
Adjusted comprehensive income for the year	(87,607)	(43,391)	(44,216)

Treasurer's report

- **Communications and sponsorship** comprises the net of income from sponsors and costs associated with delivering sponsor events, tidings, our webpage and social media channel communications.
- **Maintenance** relates to costs incurred maintaining boats, vehicles, jetty, building and grounds. It also captures our cleaning and waste expenses (ex F&B).
- **General and administration** captures general overhead costs and some non-operating income including interest on cash deposits.
- **Key factors driving increase in G&A:**
 - Payroll tax and workers compensation insurance increases (note these costs are not reallocated to activity centres);
 - Additional personnel (sailing manager, receptionist/member administration assistant, incremental CEO costs); and
 - Increased in-housing of maintenance.

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Treasurer's report

- F&B reported a contribution surplus in its first full year of in-house operation.
- Revenue, member satisfaction and patronage are strong.
- Challenging business which relies heavily on seasonal performance to deliver result
- Opportunity to enhance contribution through multiple initiatives:
 - Manage staffing costs without lowering service levels
 - Optimising offering to member demand
 - Sustainable expansion of function revenue
- Target contribution margin of 5%+
- Could deliver \$125,000 contribution to operations
- Value and quality is higher priority than maximising contribution

	FY20	FY19	Var
Revenue			
Beverage Sales	1,121,825	757,150	364,675
Food Sales	1,167,136	741,071	426,065
Other	33,629	384,323	(350,694)
Commission		25,817	(25,817)
Total revenue	2,322,590	1,908,361	414,229
Expenses			
Beverage COGS	(372,270)	(368,629)	(3,642)
Food COGS	(408,640)	(298,213)	(110,426)
Total COGS	(780,910)	(666,842)	(114,068)
Gross profit	1,541,680	1,241,519	300,161
Other expenses			
Staffing - BOH	(509,892)	(460,257)	(49,635)
Staffing - FOH	(709,318)	(412,093)	(297,225)
Staffing - Office	(146,383)	(175,698)	29,315
Cleaning/pest control	(31,898)	(6,704)	(25,194)
Misc equipment	(31,558)	(13,109)	(18,449)
Hire/entertainment	(17,212)	(29,636)	12,423
Merchant fees	(13,400)	0	(13,400)
Consultants	(16,471)	(31,654)	15,183
Repairs and maintenance	(16,244)	(10,380)	(5,865)
Liquor purchases	0	(53,771)	53,771
Other	(22,177)	2,296	(24,473)
Total expenses	(1,514,553)	(1,191,006)	(323,547)
Net contribution	27,127	50,513	(23,386)

Treasurer's report

- Your club continues to invest to maintain existing assets and enhance and grow
- **Moorings** relates to cost for additional new moorings issued by relevant authorities. Strategic opportunity to secure scarce assets
- **Highfield 6.6** relates to the purchase of the Jos Law. It is the replacement for the old Red Ron which was scheduled
- **Food and beverage** includes dining room refresh plus kitchen equipment
- **General building** security cameras, air conditioning tower
- **Northern and western lawn works** was a major enhancement project which included groundworks, retaining wall works, improvements to BBQ area, irrigation and turf
- **Redevelopment** Will be further covered later however relates to architect, project management and other consultant fees required to progress our current scheme

	FY20
Capital expenditure	
Moorings	67,956
Highfield 6.6 (Jos Law)	65,000
Training yachts and sailing gear	35,430
Food & Beverage	39,734
General building	14,136
Vehicle	15,000
Northern and western lawn works	72,563
Capitalised redevelopment expenditure	109,782
Other	8,799
Total capital expenditure	428,399

Treasurer's report

- The adjacent table represents a key measure to assess the Club's financial sustainability.
- Objective is to run underlying EBITDA surplus.
- Initiatives available to address deficit:
 - Critically review costs;
 - Food and beverage optimisation to target 5%-7% contribution margin;
 - Capture non-member regular users through security enhancements;
 - Improvement of average subscription fee yield per member; and
 - Understand member churn rate and ensure at least replacement level.

	FY20	FY19	Var
Reported comprehensive income for the year	(219,745)	111,347	(331,092)
Add back:			0
Net interest	(54,322)	(77,455)	23,133
Depreciation	275,205	296,761	(21,556)
Reported EBITDA	1,138	330,653	(329,515)
Adjustments	132,128	(75,659)	207,787
Adjusted EBITDA	133,266	254,994	(121,728)
Join fee income including deferred	(129,971)	(243,741)	113,770
Other deferred income	(54,956)	0	(54,956)
Underlying EBITDA	(51,661)	11,253	(62,914)

Treasurer's report

- **Current situation**

- COVID has presented significant operational challenges
- Financial performance has been robust through this period, largely due to:
 - Low season;
 - JobKeeper and other support measures; and
 - Support from members.

- **Outlook**

- Current projections indicate FY21 financial will deliver a more favourable result than FY20.
- This is based on conservative assumptions, particularly in respect of sponsorship and membership forfeiture/retirements.
- Uncertainties include:
 - Operational environment including potential that restrictions remain;
 - Qualification for second and third iterations of JobKeeper; and
 - Membership forfeitures.
- The Management team constantly monitors the situation and adjusts its operating plan and financial forecasts

