

Introduction

Firstly, let me thank our volunteers, the members, our staff, and main body, for their commitment and support of our Club. Dedicated members, particularly volunteers are the lifeblood of this Club and in many ways our tennis life savers. This financial result is testament to their efforts and commitment to the club.

I would also personally like to thank our retail, operations and coaching staff who at times work at no expense and demonstrate passion and dedication in serving to the best of their abilities the members of our Club.

As many of you know the club experienced some financial difficulties in the 2017-2018 fiscal year, one that tested our solvency and ongoing ability to operate, and had it not been for a loyal, passionate and dedicated band of members, many who have their own jobs, and looking after their own families, then I believe the club would have certainly folded.

Tonight, I can tell you a much more positive story, one where we are profitable, have cash in the bank, and as the President outlined, can build a platform for the future of our Club.

2018-2019 Financial Position

The accounts for the 12 months to 30 June 2019, have been audited by PKF Newcastle and they have taken over from DSR who are no longer undertaking audit services. I would like to take this opportunity to thank DSR for their previous work with the Club.

The decision to take on PKF is that they are a well-known accountancy firm who have previously worked for other clients with our current accountants David O'Brien & Associates. When we tendered for the auditing services, they equalled the quotes of the other auditing firms, and tonight I will recommend we retain PKF as our auditors for the 2019-2020 financial year. I would also take this opportunity to thank David O'Brien and his staff who have provided their accounting services for free, saving us significant costs. I would recommend we provide some form of recognition for their contribution tonight.

The Gosford District Tennis Association trading as Gosford Tennis Club, has made a full year profit of \$26,063, or an EBITDA of \$51,098. This represents an enormous turnaround for the club that made a loss of \$51,968 for the 2017-18 financial year.

In June 2018, the Club was in a solvency position of \$8,441, and at the same time in 2019 our position was \$53,761, with the Club now holding in its bank accounts a balance of \$80,195.57.

This is a very good result, not only from where we have come from, but more importantly that this committee had the responsibility of overseeing the Gosford

Tennis Club business, not unlike for business owners in this room tonight, effectively managing a full-time operation. Having a committee run an operation like this can be challenging given the varying opinions, however we are grateful that those who were on this past committee have great skills which under the leadership of Chris worked very well. This in my mind was our greatest asset and the profit result was a testament of these skills.

There are some points I would like to highlight in the financial report:

1. Income totalling \$412,329, was lower, down \$45,938 which is mainly a result of coaching income down \$138,010. The reason for this is that Alex and Bill, head coaches appointed in July 2018, operated separately to the Club's accounts as they were on a 6-month probation period. At the end of this probation period, it was agreed that both parties would decide to formalise the arrangement or not. This has since been formalised with Alex, following Bill's departure, and Jonathon Cooper being appointed as joint Head Coach. From 1 July 2019, coaching revenue will now be captured on the GTC's P&L.
2. Operationally, excluding sponsorship and grants, the business made a core trading loss of approx. \$14,200, however much of this was attributed to repairs and maintenance of \$23,599. Our biggest cost is in energy representing 8% of our total operating costs. This highlights the need to transition to LED lighting for all courts and we currently have a Council grant application submitted which we should know the outcome of next month. We believe a saving of \$9,000 would be achieved annually if all our court lighting was replaced with LED's.
3. Our Trading Gross Profit margins have held up very well, and I would like to thank the staff for their ongoing review of pricing, undertaking monthly stock takes, and finding ways to cross-sell.
4. The most pleasing aspect of income is the sponsorship and grant income received in the financial year totalling \$58,123 and up by nearly \$45,000 on the previous year. It was in line with our goal I outlined in my report to the March 2018 AGM. This mainly came from the court banners you see, tournament and event sponsorship. We are on target to again achieve an estimated \$60,000 in sponsorships and grants this financial year, with the Court Banners due for sponsorship renewal in November 2019. In saying this if we don't maintain this level it could have a future detriment to the bottom line. So if you are a business or know people who would like to sponsor please let us know.
5. We have managed to reduce wages significantly and this has contributed to the profitable outcome. Over the past year we have expanded Jackie's role to a more operational, management style of role, and created a marketing role now undertaken by Jenny Simpson. If elected as treasurer again I will be recommending a 9 hour per week maintenance person to commence, which the club can afford. This role would cover the ongoing maintenance of courts, cleaning buildings, mowing lawns and tournament set-up. They would work with our wonderful volunteer Garden Club.

6. Our Balance Sheet reflects the solvent position are in and note the following:
 - a. GDTA Visa is a debit card that we have in place.
 - b. IFS Deposit Bond is still held by the club, which was surprising, and we will liaise with them to return this.
 - c. Our superannuation payables are up to date.
7. Thanks to Alex's work, the Committee have now introduced a delegation authority where expenditure checks are made monthly between the committee and the business.

Forecasting 2019-2020

I reflected on my report I gave at a delayed March 2018 AGM where at the time I had outlined that:

- We had to press the reset button on how we operate, reviewing all product lines across our business.
- Introducing specialised part-time roles to manage the business – admin, grant applications, front desk, and marketing.
- Implement a sustainable coaching business mutually beneficial to both parties
- Introduce new competitions, our club championships etc to generate more income
- Implement paid membership and generate \$50,000 in sponsorship annually.
- Involve and grow volunteering.

These have all now been implemented and we now need to build on these pillars to grow the business. I think our committee understand the business more intimately and know what is needed to make our Club more profitable, so that these profits can be re-invested into the club particularly for maintaining our existing infrastructure.

In June 2018, Tennis NSW outlined in an audit of facilities for this Club, that to just maintain the courts, excluding buildings, would cost the Club over the next 12 years, \$1.623m. This would require the club to generate combined profits/grants of \$135,000 per annum.

Whilst grants are unknown, we can only control what we can, and to work towards achieving this goal, we are now allocating \$3,500 per month to our capital works fund or \$42,000 per annum. I would hope to see this grow over coming years.

As we continue to run the business, 10% of our total revenue should be allocated to the working capital of the business. This will allow us to grow and maintain great customer service for our members.

In terms of our Business Plan forecast for 2019-2020, our financial goals are:

- To increase our 2018/19 paid membership from 896 to 1000. I will also be tabling tonight an increase in our membership for approval, commencing from 1 July 2020 where the Adult membership will increase to \$50 (from \$40) and Junior and Seniors to \$25 (from \$20) with Social to remain at \$15.
- 15% sales growth and 7.5% profit growth.
- \$200,000 in grants, \$50,000 in sponsorship, and \$10,000 in donations

To achieve these financial goals, we should look to the following:

- a new role or an extension of a current role to run and operate our competitions, support existing key tournament stakeholders and open the club on Sundays
- Introduce a staff incentive scheme to generate higher revenue sales
- Have our on-line Pro-Shop operating at full speed which is expected to be completed in the lead up to Christmas.
- Create a masterplan for the Club, involving Pre-DA work, so that we have an agreed costing plan to work towards for the purpose of generating larger grants.

In summary, it has been a big turnaround, one that our committee and staff should be very proud of through hard work and dedication. If we can continue on the path that we now have I can only see a positive outcome for this club and to make this the leading regional facility in Australia.

Thank you

Tony Haworth
Treasurer - GDTA