

Treasurers Report 20/4/20 GDTA trading as Gosford Tennis Club

Current Cash Position

The current cash surplus position as at **20/4/20** is as follows:

Total Payable	\$13,624.26
GST Payable – to be paid by 28/5/20	\$2,453.00
PAYG Withholding (due 28/4/20)	\$0.00
Superannuation (due 21/4/20)	\$3,172.44
Total Owing	\$19,249.70
Total Receivables	\$2,909.00
Total Cash at Bank - Operating	\$3,537.83
Total Cash at Bank – Capital Works	\$22,495.44
Total Cash at Bank – Junior Development	\$5,231.49
Total To be received	\$34,173.76
Surplus for Solvency Purposes	\$14,924.06

Summary

We are currently in unprecedented territory following the COVID-19 crisis that has financially impacted on the GTC from early March 2020. Over a 10-day period in late March we were advised to open/close then re-open the club by Tennis Australia. The club re-opened on Tuesday 7th April, only closing Good Friday, Easter Sunday & Monday. In writing this report our review period to decide whether we continue to open is to be made this Wednesday, 22 April. Recommendations on this are outlined in this report.

In addition, wet weather during the February & March months has also financially impacted on revenues and profitability. Over these 2 months we have recorded a loss of \$42,713 after taking into account \$3,964 in capital, repairs and maintenance.

This update is to provide the committee some comfort financially of the GTC business, subject to Government subsidies, insurance recoveries and claims, grants and rebates. This is despite the fact that we have recorded one of our lowest solvency balances since tracking these numbers.

Before COVID-19, the GTC was projected to achieve revenues of \$560,000, and to 31 March 2020 the club recorded total revenues of \$420,787. For the 12 months to 30 June 2019 our total revenues were \$413,105, so it had been a very good year up until this point. Given all this, to 31 March has recorded a 9-month year to date loss of \$17,726 although if you take into account capital works, repairs and maintenance of \$33,087, we would have recorded a profit of \$15,361.

With our restricted trading, our revenue streams including coaching will be down by 95% until we start back fully operating again.

It is unlikely that we will be benefiting from our tournaments in May, June, July and August, although this could change depending on Government decisions. The State 14&U teams' event has been postponed, and no other tournament decisions have yet to be confirmed by TA at this stage, however we should expect the worse. This is a big hit to our bottom line.

With membership for the 2020/21 year to start from May 2020, this may also impact, and current potential solutions are being worked on by staff.

COVID – 19 Benefits and Credits

Despite the terrible situation at present, the GTC will significantly financially benefit from the crisis, outlined below:

- Our 4 staff who have been employed for more than 12 months will receive fortnightly gross salaries of \$1500 each under the Job Keeper package for the next 6 months. Payments will be received in early May and allows for the business to keep operating. We are eligible and this has been confirmed by our accountant David O'Brien last week as our revenue drop meets the 30%+ reduction from March 2020 to March 2019. Payment is due in May. Evidence of our current IAS statement is enclosed.
- The Federal Government will provide us in this BAS quarter a minimum \$10,000 IAS credit, and \$5,000 credit for each of the next 2 quarters. We have now received the \$10,000 credit, and the current outstanding amount should be cleared from an additional credit of \$5,000 for this quarter, and a further \$5,000 due for the September quarter. This does not include the GST credits from capital expenditure to be received over this period as outlined later in this report.
- The NSW government is providing small business a \$10,000 grant to provide cashflow assistance. We have successfully applied, and we should have this payment by 30 April, which will go towards our accounts payable. Evidence of payment is enclosed.
- With all of the above, our solvency position would improve by \$20,000 to what we have recorded at present.

Insurance Recoveries

In late March the GTC had approved \$38,750 (excluding GST) in insurance claims. These monies should come in by late this month or early May. In summary:

Insurance Claim 1 - Umpire Stands	\$3,450.00
Insurance Claim 2 - Court 12 fencing	\$25,000.00
Insurance Claim 3 - Pathways – Courts 10 & 11	\$10,250.00
	<u>\$38,700.00</u>

This has not been added to the solvency position on page 1 of this report.

Grants & Rebates

In addition to the above, the GTC continues to submit grants:

- NSW Community Infrastructure Grant – submitted 17 April for \$125,000 to support new LED lighting
- NSW Government Community Building Partnerships grant – to be submitted by 12 June to support the replacement of the retaining wall on courts 10&11. Quotes are currently being sought.
- Energy Efficient Grant – NSW Government \$12,500 grant for LED lighting which opened from 1 April 2020.
- Energy efficient rebate for Commercial refrigerators. This is to be claimed following the purchase of our refrigerator/freezer late last year for the Kitchen.
- TA rebates – new rebates should be released in the new financial year with 30% of LED lighting eligible to be rebated on all paid work that is less than 12 months old. Note, rebates have not been advertised as yet.

Trading Position – Operations

Given COVID-19 impacts, I have not provided commentary and calculations for the GTC operations as per normal reporting.

In saying this, as we open, we will be required to continue to pay Council rents, telephone, security, some subscriptions, waste removal, bank fees, limited property maintenance, and electricity/fuel costs. I have estimated that the total amount of these costs is approx. \$3,900 per month inclusive of GST.

We have also received as of today a revised monthly renewal insurance premium increase from \$422 to \$698 as they are now calculated over a 10-month period following recent changes by insurance companies during the COVID-19 crisis.

The committee agreed to waive daytime court hire fees, admin fees and gym rent for coaches during this time, again depleting our revenues, however to the credit of our coaches they have passed on these savings to players with reduced coaching fees.

Where we do see income generation, this will be mainly raised via on-line bookings for court-hire, and on-line pro-shop sales. Early court-hire numbers encouraging, with 25 over 3 days in the lead up to Easter, and 90 bookings from last Tuesday 14th to Sunday 19th. At this stage we need a minimum of 11 bookings a day or \$110-\$165 per day, trading 7 days per week, to breakeven, and we are tracking to this number currently. We are looking to bring back limited comps and tournaments that comply with TA guidelines. This starts next Thursday with the Junior COVID Classic, and we already have 33 of 40 places booked. A May Central Coast Super Series will commence from 1/5/2020.

At this stage my recommendation is to continue with operating, extending the current review period to May 6th.

Capital Spending

During this time given lower user numbers, it provides us an opportunity to finalise several major and minor projects in preparedness for the full re-opening of the club. In summary:

The committee has already agreed to spend:

- \$25,886 (excluding GST) for LED lighting on courts 5 -9, and a 10% deposit has now been paid to install the lights within the next 6 weeks. The contractor has also indicated that we will see up to a 40% saving in electricity costs following the installation.
- Up to \$18,000 (excluding GST) to repair Court 12 & 5 fences, and to cover the repair cost of the front driveway gate which has been used as an access point for those trying to enter the centre. We will be looking to gain a lower cost and to undertake a temporary repair to last until the new lease is signed in June 2021.
- Masterplan drawings - \$2,000 (excluding GST) – yet to be paid.

Total approved \$45,886 (excluding GST)

I am now seeking approval for the following additional budget limits to cover of remaining projects:

- \$1,960 (includes GST) to relocate existing honor boards in blue room to the main room and create new honor boards for doubles events. A quote is attached for consideration and note that we are limited with local sign writers who can attend to this work given the specialized printing involved of honor board names.
- Up to \$2,000 (excluding GST), to finish off retail wall signage and information area located at the back of the retail desk. This would cover professional wall signage, and product brochures.
- Up to \$1,500 (excluding GST) to install fans in the main clubhouse, office area, and replace existing fans in blue room. This is to assist with circulation and airflow, and at times avoid using air-conditioning.
- Up to \$2,500 (excluding GST) to install a new window in office and remove brickwork that has been used to border up existing window. This is to bring natural light into the office and again reduce usage of electricity.

Total for approval \$7,960 (excluding GST).

After Spend Surplus

With a maximum total of \$53,846 (excl. GST) to be approved or currently approved, it is expected that we would have remaining cash, taking into account insurance recoveries, and government COVID 19 subsidies a surplus of \$23,759 calculated as follows:

Cash on hand	
Cash Surplus – from page 1	\$14,924.06
Insurance Recoveries (exclude GST)	\$38,700.00
Government Subsidies – COVID 19 - savings	\$20,000.00
Payroll Funding – Job keeper package*	\$6,000.00
Total	\$79,624.06
Less Spending	
Total Spend	-\$53,846.00
Less 10% LED payment paid 16/4/20	\$5,748.00
Cash Surplus	\$31,526.06

Notes:

- Payroll was paid last Thursday, 16th April, and will be refunded in May 2020 under the Job Keeper package.
- Tennis Australia LED Light rebate totalling \$7760 not included.

Committee Response by 23/4/2020

Could you advise in writing via email supporting the following motion, proposed as follows, and I would also require a second person to the motion (please advise). Please call me if you have any further questions.

It is agreed to spend an additional \$7,960 excluding GST to finalise projects outlined in this report, under the heading “Capital Spending”.

Thanks

Tony Haworth
Treasurer

Attachments:

- February & March 2020 trading results
- P&L 1 July 2019 to 31 March 2020
- Current Trade Debtors & Payables – note payables have some older payments that are already paid. Debtors do not include daily sales.
- Quotes for Honor Boards
- Confirmation of NSW grant - \$10,000
- ATO statement, payable 28 May 2020