

Introduction

Firstly, let me thank my fellow committee members, volunteers, our staff and coaches, for their continued support of our Club. Dedicated and active members, particularly volunteers are the lifeblood of this Club and from a financial perspective save us many thousands of dollars and hundreds of paid work hours.

To our staff, and coaches, you have all played an important role in the growth of the club since we started turning around the business in 2018, and your dedication, commitment and passion for the game and providing services for our 1400+ paid members and 50,000+ players and guest who visit annually is very much appreciated.

We continue to build on last years financial accounts with another report showing profitability and growth. The business is showing positive signs of long-term sustainability and resilience given the impacts in our local community of COVID-19. We were very thankful with the fact that tennis could continue to play during the pandemic, and along with Federal, State, and Local Government financial support via Job Keeper, Cash Flow Boost, SME grants, and rent-free periods, allowed us to continue to trade profitably.

Tonight, I can tell you another good news story, despite the economic headwinds of recession, COVID-19, and the loss of TA tournaments.

2019-2020 Financial Position

The accounts for the 12 months to 30 June 2020, are final audit accounts by PKF Newcastle, and I apologise to all members for not having these finalised by the original AGM date of 26 October 2020. The approval of the auditor was in line with our last AGM on 30 September 2019 and tonight I will be asking for a further approval to appoint PKF as the auditors for the 2020/21 financial year, unless there are any suggested alternatives that are raised from the floor.

The Gosford District Tennis Association trading as Gosford Tennis Club, has made a full year profit of \$4.431, or an EBITDA of \$29.261 (Capital Assets expensed/Depreciation). Given the challenges of managing through COVID, this is a very good result.

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

- Direct Income of \$455,355, was up by \$106,285 on 2019 resulting from a significant increase in coaching income, and a 69% rise in membership income.
- A loss of \$51,604 from operations would have been recorded had we not received grants, sponsorships, insurance recoveries, and a one-off cash flow boost. This is reflective of the difficulty in trading from March through to June, as

the club house was restricted under COVID restrictions to staff usage, and that TA tournaments and some competitions were suspended.

- Our Trading Gross Profit margins have held up very well, at 65% after stripping back coaching, grants, closing & opening stock, and tournaments.
- Wages significantly increased which was due to 4 of our staff on Job Keeper and was somewhat offset by the payments received from this program totalling \$24,000. The net effect showed a 26% rise in real wages, impacted by a growing membership base that increased by 57% over the financial year.
- The GTC also hired Paul Phillips to assist the club in maintaining and improving the property, which I believe to be a very good investment in resources given COVID impacts around cleaning, and the overall positive feedback from members.
- Our Balance Sheet reflects the solvent position of the club.

Our Current Position.

For the 3 months to 30 September 2020, the GTC business continues to trade profitably reporting a NP \$21,114, excluding capital assets expensed, grants and sponsorship. Revenue is currently up 5.3% on the same period last year. In saying this, we remain overall \$32,000 behind in a forecast breakeven position, however this was down from \$53,000 forecast for the full 2021 financial year.

The club's current cash holdings total \$133,548 which includes the NSW government grant for new LED's received early this year (balance \$55,112). To break this down further we currently hold \$9,638 for working capital/operations, \$68,796 in capital expenditure account, which is in line with our committee goal of holding a minimum \$40,000 in balances to cover any working capital contingencies.

This is a good result considering we invested in more staff coming on board to manage growth, we spent monies on kitchen improvements, shade cloth over the walkway (thank you also to the LMW who contributed \$1,500), main clubhouse improvements (retail area and honour board relocation), and the funding of \$13,500 towards the club's Masterplan.

Recently, Tennis NSW completed under their Tennis Restart program, a Tennis Overview of the GTC which indicated that the club had to raise \$101,000 per annum to cover capital costs towards courts, fencing and buildings. This is a significant amount and at this stage the club is allocating \$4,000 per month or \$48,000 per annum however well short of this target.

Without the reliance of grants and sponsorship to make up the difference, we need to continually grow the business and find new revenue streams to make up this gap.

Some of the ways we are trying to do this are:

- We employed Kylie Brown to specifically focus on grants and sponsorships. Kylie was instrumental in obtaining the LED grant, and to date has generated over \$10,000 in sponsorships.
- Replacing TA suspended tournaments with UTR club-based competitions and tournaments. This has become a real success story with 580 registered UTR club users, our weekend super series attracting over 80 players, and some 300+ players playing in our recent school holiday open and junior events.
- Providing additional coaching services for our members including cardio programs and gym workouts.
- Focusing on player pathways from UTR green/yellow ball competitions to Division 1 money competitions.
- Moving forward with our new LED lighting we will be able to provide members with 24-hour access to the upper club tennis courts through the book-a-court system.

Forecasting 2020-2021

In my last AGM report of September 2019, I outlined that we need to continue to build on improving and expanding our product lines, introducing specialised part-time roles, operate a sustainable coaching business, increase membership and sponsorship income, and grow our wonderful volunteer base.

I can say tonight that we as a committee continue to focus on these foundations, and we thank all staff and volunteers for carrying this out in a professional manner.

At present, for every \$1 spent at the club, 90 cents are spent in operations and 10 cents is allocated to capital works. I would like to see this move to 80 cents and 20 cents as a long-term goal, which means that we continue to review our pricing, improve our product offering and facilities, and re-invest as much as we can back into club facilities. As an example, the implementation of 11 courts to LED should now save the club some \$9,000 per annum and allow us to reduce our staff costs at night, deploying more hours at peak customer periods.

As we now have a sustainable and resilient business profit model, the last part of the jigsaw puzzle is to show members our 10-year plan, in line with the proposed new Council lease, by executing on our Masterplan to make this a Tier 2 National Regional Centre. This will allow us to know the exact cost of the project, and once we have the DA in place, this will give us the ability to source government funding and focus on our future capital works annual allocations.

In terms of our Business Plan forecast for 2020-2021, our financial goals remain the same as last year, only some of the numbers have changed:

- To increase our 2019/20 paid membership from 1411 to 2000. I am not seeking any increases in membership for this financial year.
- 15% sales growth and 7.5% profit growth.
- \$200,000 in grants, \$50,000 in sponsorship, and \$10,000 in donations

Tennis is in a unique position to grow across the Coast and we would like to continue to work with other local clubs in sharing knowledge, supporting player pathways, and growing participation, as we all benefit from having more tennis players and visitors to our clubs, which increases overall revenues. The GTC committee sees a great benefit tapping into the northern Sydney base (population of \$600k) where travel times to GTC are quicker than having to drive into Homebush. We are now seeing some 40% of our UTR players are coming from Sydney.

In summary, thank you to all involved for making this financial year a very successful one.

Tonight, I finish on the following motions:

1. Acceptance of the 2020 audited financial accounts.
2. Retain PKF as our 2021 Auditor
3. No increase in membership fees for this financial year.
4. No honorariums to be paid in line with the last 2 previous financial years.

Tony Haworth / Treasurer - GDTA