

## **2017 OA Conference Finance Report**

In addition to this paper, the finance report also includes two budget spreadsheets - No 1 covers the projected outcome for 2017; and, No 2 is the draft budget for 2018-2021. These budgets set out the day-to-day costs of operating Orienteering Australia (OA) as the national sporting body for orienteering in Australia. The Australian Orienteer editor covers the financial operation of the magazine in a separate report.

The complete financial statements for 2017 will be prepared by the auditor and presented at the AGM in Easter 2018. These will include a full income and expenditure statement, balance sheet and statement of cash flows.

### **Projected 2017 Budget outcome - for information only**

Due to a range of factors it is expected that the 2017 operational budget will show a surplus of around \$25,000. Expenditure is expected to be \$35,000 lower than projected, while revenues are expected to be around \$10,000 lower. Importantly, this outcome will alleviate the need to draw on cash reserves - the 2017 budget had been framed on a \$25,000 draw down of reserves.

On the expenditure side there has been two main areas of under spend. First, international team expenditures on WOC and MTBO WOC were lower than budgeted (by around \$12,000 in total) after the team manager was able to obtain lower cost team accommodation than expected at WOC and the MTBO WOC team was reduced in size (and therefore cost less than budgeted) due to late withdrawals because of injuries. However, both team managers consider these savings should be treated as one-offs as lower cost team accommodation and reduced team size will not necessarily occur in future years.

The second main under spend arose because during the year two High Performance part-time employees generously volunteered to undertake their tasks at a reduced pay to help OA address its budget situation (a saving of around \$11,000 in total in 2017). This saving has been included in future budget projections, albeit with an important caveat mentioned below.

Revenues were lower than budgeted for a range of items. These included earnings from interest (-\$3000), the magazine surplus (-\$3000) and donations (-\$2000). The former two are likely to continue into the foreseeable future and therefore have been reflected in lower projected revenues for these items in the 2018-2021 budget projections.

While revenue from donations was lower than budgeted it has increased significantly over the past two years as a result of greater promotion and awareness of the Australians Sports Foundation facility. A notable development in 2017 was the use of this facility by some WOC members to raise funding to meet some of their personal travel costs to WOC. Although this specific donation was not allocated to OA, it does show that there is potential to gradually increase donations as a share of revenue in OA operations, over time.

### **Proposed 2018 budget - for approval**

The 2018 budget is projected to have only a small deficit while a small surplus is projected in each of the subsequent out-years to 2021.

Included in the budget projections is additional revenue of \$5000 per year from High Performance funding raising via events. The Sprint Canberra event, which is to be organised and ran by senior and junior elites attending a training camp to be held in January 2018 is an example of one of these

activities. The previous Sprint Canberra event held in 2016 raised around \$4000 (excluding gst). Looking further ahead, however, the success of this revenue raising approach will, in large part, be dependent on State Associations making a suitable series of events available for this purpose.

The 2018 budget (and for the out-years) is also impacted by the recent ASC decision to halve the Participation Grant to \$100,000. Although the bulk of this grant is always redirected to State Associations to undertake approved activities to increase participation in the sport, a small percentage has traditionally been used by OA to cover grant administration costs; and more recently, a larger percentage has been used to cover some participation related activities undertaken at the national level (this was also a temporary way to indirectly offset some of the loss of the ASC High Performance Grant). This latter approach is no longer a viable option with the halving of the grant and therefore additional revenue needed to be found in 2018 to fill this shortfall in order to maintain OA operations.

In 2018 this additional revenue is drawn from both cash reserves (\$10,000) and the first part of a two-year staged increase in member contributions (\$10,000 in 2018 and \$20,000 in 2019 as approved at the Special General Meeting held at the QB111 event in June 2017). This two-year staged increase represents, in effect, the last piece of the jigsaw that the Board and Members have been working on over the past 2 years to address the loss in 2016 of the ASC \$86,000 annual grant for high performance. A range of cost saving measures, supplemented with some additional revenue measures, have already been put in place to cover nearly three quarters of the loss of the grant. This last step will mean that by 2019 OA should not have to draw on cash reserves to meet operating costs.

An important new caveat or risk to these budget projections is the assumption that OA will continue to be able to employ suitable High Performance staff at the reduced pay rates agreed with two current incumbents. On a full year basis the current arrangements represent a total staffing saving of around \$19,000. If suitable replacement staff cannot be recruited (whenever the present incumbents leave) at the reduced pay, then additional revenue or cost saving will needed to achieve a balanced budget.

## **Proposal**

***Members are asked to endorse the proposed budget for 2018 as set out in spreadsheet No 2.***

Bruce Bowen

Director (Finance)

27 November 2017