

3.1 Finance report for the 2016 OA Conference

In addition to this paper, the finance report also includes two budget spreadsheets - No 1 refers to the projected outcome for 2016; and, - No 2 refers to the draft budget for 2017-2020. Plus a separate paper titled: ***Orienteering Australia's future financial situation*** has also been distributed for discussion and includes a recommendation seeking additional revenue from 2018 to maintain the current High Performance program.

Members will be formally asked to approve the proposed draft budget for 2017 at the Annual Conference.

A separate report is provided on the performance of the Australian Orienteer magazine in 2016.

Projected 2016 Budget outcome - for information only

It is expected that the 2016 operational budget will show a small deficit of around \$1000, due to some one-off factors. The projected deficit is driven by \$4000 higher than expected revenues combined with over spends of around \$5000.

Revenues were higher than expected mainly due to a one-off refund of GST (\$5000) that was overpaid in 2015. Importantly, on the revenue side this budget outcome is also based on a rundown in cash reserves of \$20,000 for 2016.

On the expenditure side there were a range off under and over spends against various items. The main overspend is the extra costs involved over the past 6 months in administering the Sporting Schools grants (estimated at \$7,500). At this stage, funding is being sought from the Australian Sports Commission (ASC) to cover these costs (which were covered in the first 6 months of 2016) but as yet no advice has been received. If funding becomes available for this item then the operational budget is projected to show a small surplus for 2016.

Note that this budget projection does not factor in the Sporting Schools grants – these funds are not being used to fund the day-to-day operations of OA, which is what is reflected in the budget spreadsheet. There is also some uncertainty about the status of some of the grant monies that were provided at the end of the 2015-16 financial year – this is another issue yet to be resolved with the ASC at the time of writing this report. A separate report on Sporting Schools funding will be provided.

Finally, in the Notes section of the spreadsheet a reference is made to a generous one-off donation that was received in July 2016 for a specific mapping project related to use of LiDAR. A working group is managing this project and

approximately \$2000 of expenditure has been allocated against this item, at this stage.

Proposed 2017 budget - for approval

The 2017 budget is projected to have a small deficit and is based on a continuation of the stop-gap approach used in 2016 to manage the loss of the ASC grant previously used to fund a large part of the expenditure on the High Performance program (see separate paper on the Orienteering Australia's Future Financial situation). As a consequence, the 2017 budget relies on a further rundown in cash reserves – which is considered manageable for next year.

At the end of 2015 it was conservatively estimated that OA had residual reserves of around \$110,000. For cash flow reasons it is important that a reasonable level of cash reserves are held, otherwise the business operations of OA could be disrupted if there were any significant delays in receiving revenue during the year. For example, cash reserves are needed to purchase some items in advance for State Associations such as the Eventor annual license fee and public liability insurance, prior to OA seeking reimbursement.

In 2017 a small increase (5%) in event levies was approved at the 2016 AGM and is reflected in the budget projections. At this stage, looking forward the State Registration Fee is unchanged given the issue over future funding arrangements for the High Performance program is yet to be resolved from 2018.

Further, from 2018 the budget projections are based on a larger and unsustainable rundown in cash reserves to achieve a balanced budget outlook. Beginning in 2018, the projected run down in reserves increases from \$25,000 to \$40,000 per year. Clearly this is an unsustainable financial model and needs to be address by Members as soon as possible.

Proposal

Members approve the 2017 Budget (see spreadsheet No 2), which continues the use of a stop-gap financial management approach to temporarily meet the change in ASC funding arrangements.

Bruce Bowen

Director (Finance)

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