

# SACC

## Treasurer's Report, CY 2019

Rich Parkin

8<sup>th</sup> February 2020; updated for Covid-  
19 budget impacts, 25<sup>th</sup> July 2020



**STANDARD ATHLETIC CLUB**

SETTING THE STANDARD SINCE 1890

# Executive Summary: Information

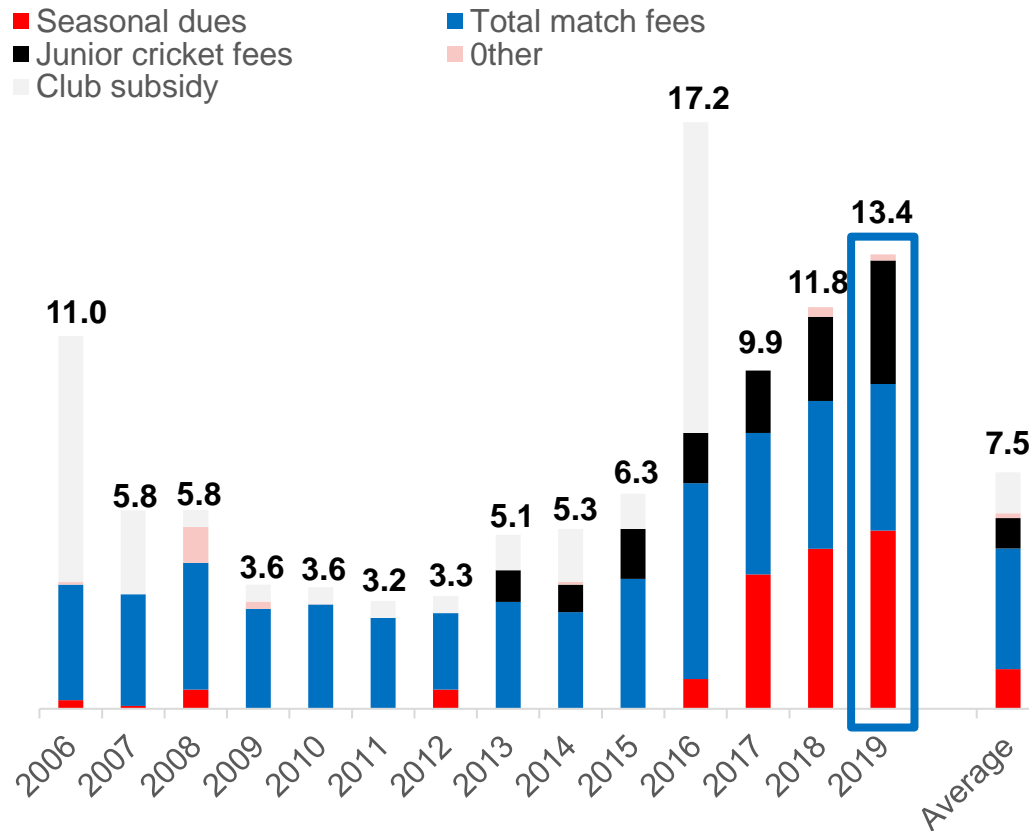
- The Treasurer's function is **to ensure the financial sustainability of high quality cricket at SAC**, thereby enriching the identity of the overall Club
- **Most notably, the Cricket Section maintains and renews an €85K asset base (pavilion, pitch, sight screens, scoreboard, other equipment and kit)**
- **This leads to 3 objectives**
  - **Short term: Be able to fund ongoing operations; €1000 cash on hand at beginning of season**
  - **Medium term: Generate sufficient free cash flow (EBITDA) to fund anticipated replacement of assets.** Over the next 10 years this will require around €30K (pavilion (other than roof), pitch surface, netting around practice area, Club kit), so €3K a year
  - **Long term: In the ideal case capital reserves should equal the accumulated depreciation of our asset base.** In practice this is going to take some time to achieve, and we will need to continue to run with strong profitability while we continue the renovation of facilities
- **This year's financials were very strong**
  - Positive cash flow at record levels of ~€9K before capital investment
  - Positive profitability for third year in a row. The Section is generating over €6K a year for the Club after providing for asset depreciation. This is currently being re-invested in the asset base.
- **After all costs, including groundcare costs paid by the Club, the Section generated a ~€3K surplus for the Club in 2019**
- Over the past year our focus has turned to renovating the pavilion, which represents a major part of the Club's history, having housed the whole Club after the 1944 destruction of the old facilities. This structure was in danger of collapse last year. We have been able to fund replacement of the pavilion roof, and budgeted €7K towards the further renovation this winter. Priorities are structural beams, gutters, door and windows. We have also funded complete renovation of the Sinbad Vail scoreboard, and the forest sight screen. **By season end, the Section will have funded over €35K in capital improvement in 4 years, representing a renewal of 40% of our asset base**
- The revised 2020 Budget, post-Covid, will generate €100 profitability, with -€4.3K cash flow. This represents a significant loss of revenue (lost sponsorship, cancellation of Junior Cricket for outside school, halving of season length and revenue per game). Partial offsets include no teas and reduced umpire budget. This budget depends critically on Club approval to *pro rate* dues for the shortened season. Should this not be the case, we expect to be unable to field a team, with knock-on financial impacts of -€3K (overall loss of €2800). We therefore plan to end the 2020 year with ~€5K cash-on-hand to fund the next wave of pavilion work

# Executive Summary: Decisions

- **Approve budget**, including key implied items below
- **Maintain match dues**
  - €10 per person (€7 without tea)
  - Minimum of €15 for touring game (more if catering)
- **Maintain junior cricket dues at their current level**
- **Increase standard Seasonal Dues by 5% from €390 to €410**, with all members receiving SAC embossed kit (already purchased in off-season). We continue to push for early payment to commit players for the season. This early payment was planned at €375 (raised from €355 in 2019) if paid before the end of April
- **Post-Covid, dues to be adjusted *pro rata*** for 50% reduction in season (Adult, and Junior)
- Raise price of ball sold to opposition to €25 (from €20) to cover cost
- Reiterate guidelines on certain key items on tea costs not to exceed €65 for an afternoon game, or €130 for a full day game for 2021. No teas permitted this year due to Covid-19 restrictions
- Further maintenance of existing assets to be undertaken by team volunteers, with the following priority of transforming the exterior appearance of the pavilion area once structural work is completed
  - Repaint pavilion exterior
  - Improve planted area

# Ongoing revenues (without Club subsidies) have risen rapidly to reach a record €13 400

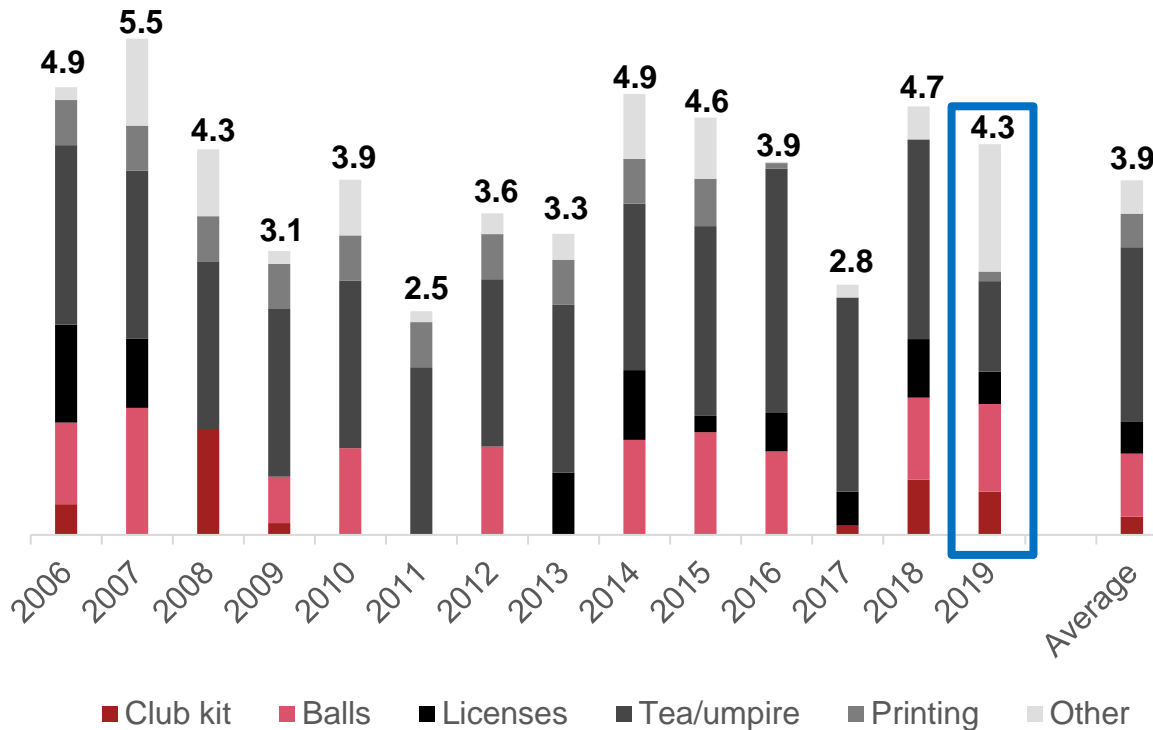
**SACC revenue, 2006-19, at 2019 prices (€K)**



Comments	
<ul style="list-style-type: none"> <li>Transformation in revenue sources since 2016                             <ul style="list-style-type: none"> <li>Previously 52% match fees, 35% Club grants, 13% other)</li> <li>Now self-financing: 40% seasonal dues, 30% match fees, 30% junior cricket)</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>This reflects completion of transition to Section administering the collection of Seasonal Memberships, which has doubled dues collection</li> </ul>	

# Operating costs are quite stable over many years and remain under control at €4 300

SACC operating costs, 2006-19, at 2019 prices (€K)



Comments
<ul style="list-style-type: none"> <li>Operating costs are overwhelmingly teas, balls and umpires</li> <li>“Other” costs rose this year primarily due to new Notre Dame junior cricket activity, which yielded far more incremental revenue</li> <li>Cost remain close to long term average of around €4K</li> </ul>

This enabled **€11.0K** investment in our €85K asset base; the pavilion structure is our next focus

**Asset base (current €K)**

	Assets	Replacement cost	Value (31/12/19)	Depreciation period	Annual in life depreciation	
Fixed Assets	Practice pitch and net	7.5	0	Pitch: 30; net: 10 yrs	280	
	Match pitch and base	14.4	10.6	Base: 25; pitch: 15 yrs	830	
	Portable batting cage	2.2	1.4	10 rs	220	
	Pavilion	Roof	<u>9.5</u>	9.0	20 yrs	475
		Structure	30.0	0.0	100 yrs	300
	Protection around pool	10.0	3.9	20 yrs	500	
	Bowling machines	5.4	0.0	10 yrs	540	
	Scoreboard	2.0 (of which <u>0.5</u> )	1.0	25 yrs	80	
	Sight screen, forest end	2.4 (of which <u>0.5</u> )	1.1	25 yrs	95	
	Sight screen, clubhouse end	0.4	0.0	10 yrs	40	
	Slip catch cradle	0.5	0.1	25 yrs	20	
Kit	Senior kit	3.0 (of which <u>0.3</u> )	0.3	10 yrs	300	
	Junior kit	1.0 (of which <u>0.2</u> )	0.2	10 yrs	100	
					<b>3695</b>	

■ Approaching end of life    
 ■ Needs maintenance/repair    
 ■ Good condition; no expenditure needed

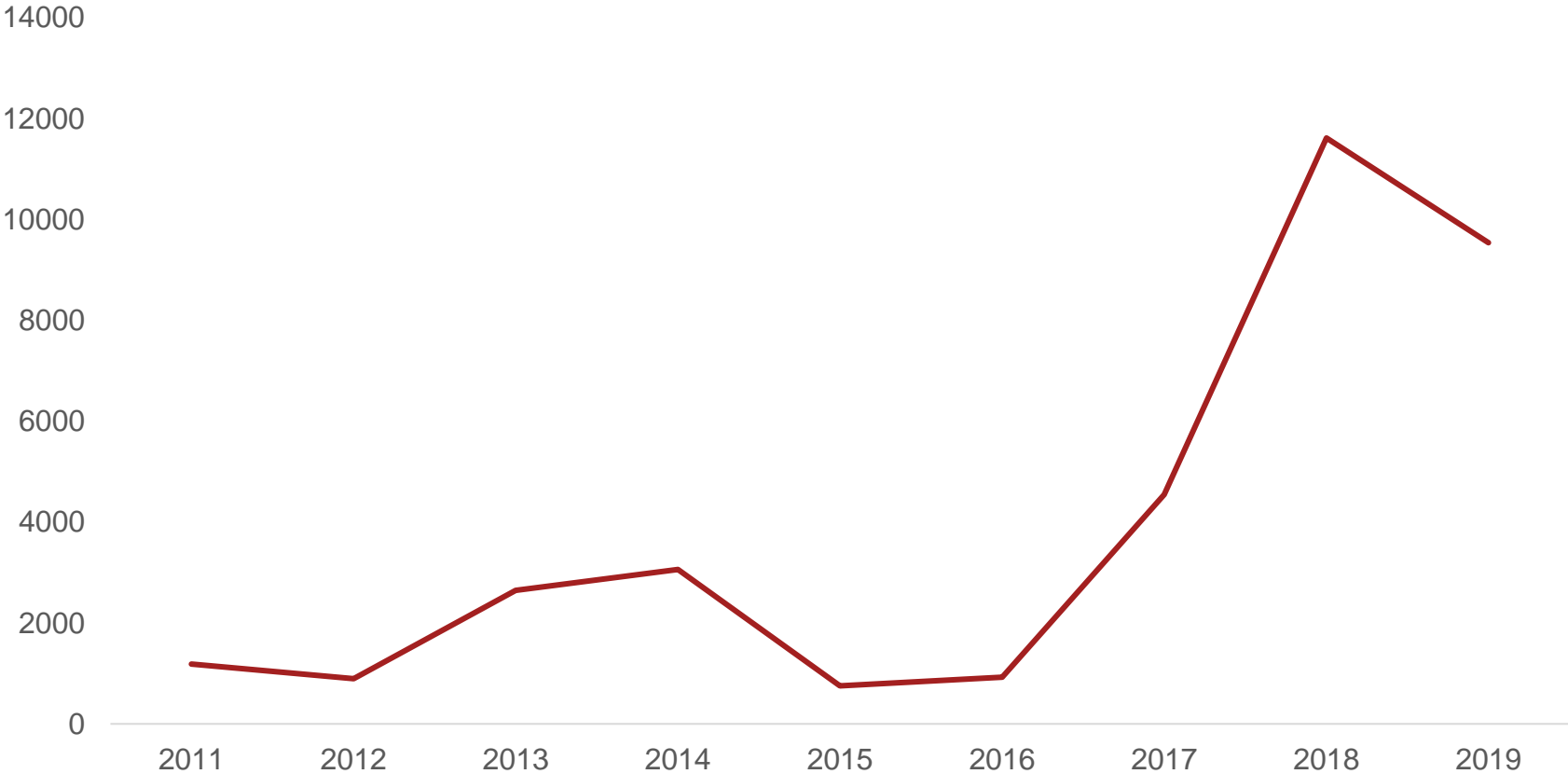
This led to €9K EBITDA, €6.5K profit, and a €2K reduction in cash

**Financial Summary, 2017, 2018, and 2019 actual €s**

	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Revenues</b>	<b>9.7</b>	<b>11.7</b>	<b>13.4</b>
<b>Operating costs</b>	<b>2.7</b>	<b>4.7</b>	<b>4.3</b>
- Ongoing operations	2.7	4.1	4.3
- Payments to Club	0	0.6	0.0
<b>EBITDA</b>	<b>7.0</b>	<b>7.0</b>	<b>9.1</b>
Capex	3.6	0.4	11.0
<b>Change in cash</b>	<b>3.4</b>	<b>6.6</b>	<b>-1.9</b>
Depreciation	2.5	2.5	2.7
<b>Profit/Loss</b>	<b>4.5</b>	<b>4.5</b>	<b>6.4</b>

We therefore had ~€9.5K on hand at year-end to fund pavilion work and the season start

End of Year "Cash", in 2019 €s



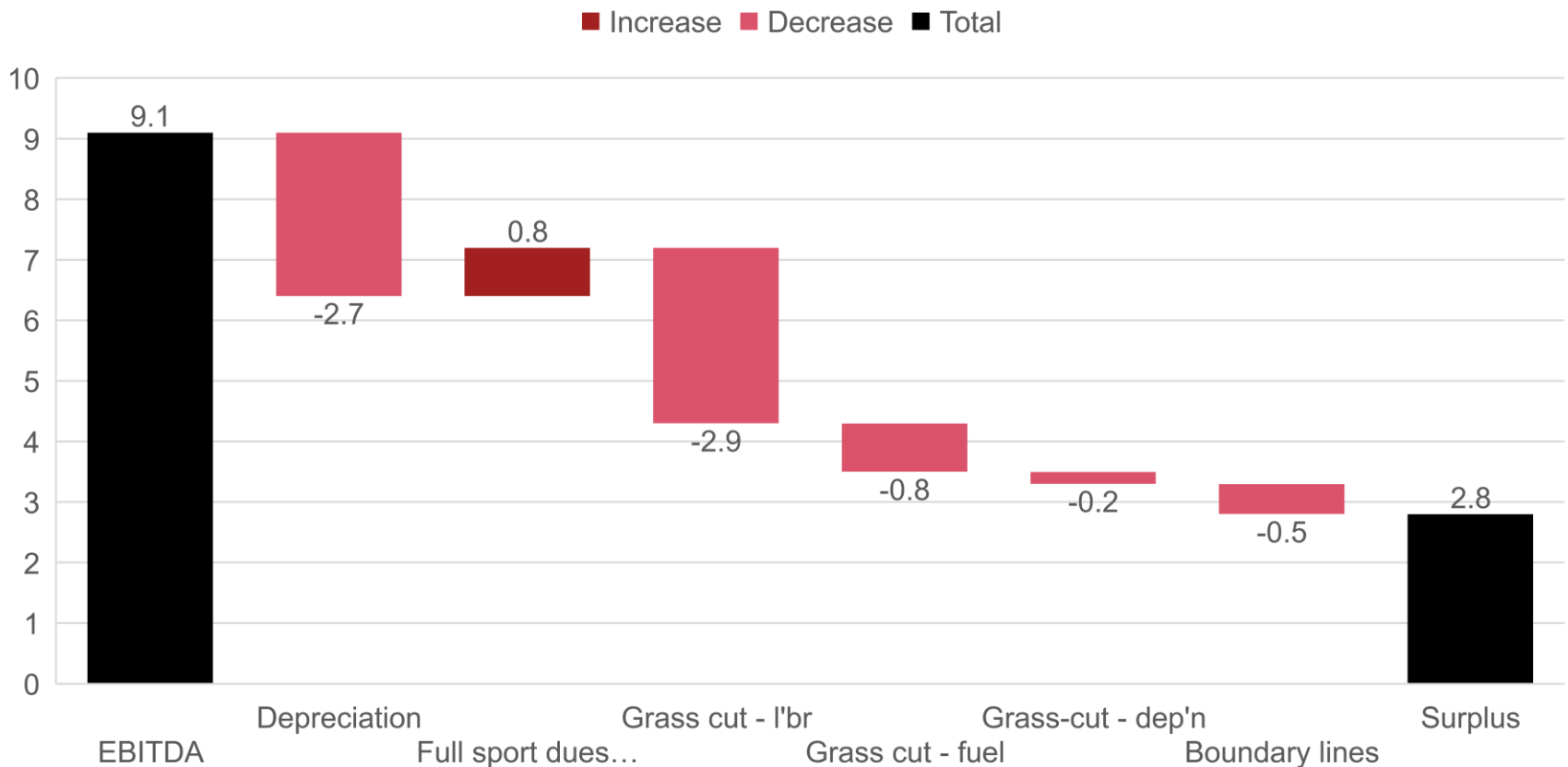


# We have completed a fully-allocated P&L measuring the net financial contribution of Cricket to SAC

- The fully-allocated P&L for Cricket takes account of all elements attributable to Cricket
  - Revenues
    - All dues and fees collected by the Section (already included in the Cricket Section accounts)
    - An allocation of the Full Dues
      - Adults, €130. The “sports” component of dues represents €260 (€1220 less €960 for Social Membership). Assuming adults play 2 sports, we allocate €130 to Cricket
      - Juniors, €50. While there is no “social” membership for juniors, we assume that Cricket represents the same percentage of junior cricketers’ dues as for Adults; i.e.,  $130/1220 \times €465$
  - Costs
    - All direct costs, including the depreciation of the asset base dedicated to Cricket (already included in Cricket Section accounts). This oversates costs by ~€200 since Cricket accounts include the entire pavilion, while 50% of this is used by the groundstaff to maintain Club grounds
    - An allocation of ground care costs for the 20 weeks of the cricket season. The cost is 75% allocated to Cricket (with the other 25% for non-cricket uses of the field (member picnics, aesthetics for members not using the field directly, Events, fitness activities, etc.)). Based on groundstaff interviews this represents 1 person day per week. We assume the 27 hp tractor burns 40 litres of fuel a day, and allocate also the depreciation of the tractor and the helicoidal lawn cutting tool
    - The time spent by the ground staff to paint the boundary lines (22 hours at fully loaded labour cost of €23.70 per hour)
- The “non-sport” part of Member dues is not included in Cricket revenues. These are used to fund Club central activities and overhead unrelated to sport. Members who play Cricket contribute to this through the non-sport part of their dues.
  - Other benefits
    - Financial: Touring team dinners and post-game drinks, which yield margin for the Club
    - Intangible; the impact on the Club’s image (e.g., articles in French press)
- As such it measures the extent to which the Section is in surplus/deficit in its financial contribution to the Club. Any surplus could be shared between investment in Club facilities (over and above depreciation), or payment towards other expenses in other parts of the Club

# In 2019 Cricket was a ~€3K net contributor, after all costs

Net Financial Contribution of Cricket to Club, After All Costs, 2019



**ASSUMES PRO RATA DUES FOR SENIORS AND JUNIORS TO BE APPROVED BY 25/7/2020 – FULL DUES COULD LEAD TO SEASON CANCELLATION AND ~€2800 LOSS FOR YEAR. FURTHER DELAY MAY JEOPARDISE DUES COLLECTION**

# The Section's post-Covid 2020 budget is break even

	2019	Budget 2020
<b>Total revenue</b>	<b>13350</b>	<b>5550</b>
Seasonal dues	5230	3000
Match fees	4310	2000
Junior cricket	3630	500
Player kit sales	20	0
Other	160	50
<b>Total costs</b>	<b>-4300</b>	<b>-2800</b>
Teas	-950	0
Balls	-980	-1000
Umpires	-50	-100
Fixture cards	-110	0
Licenses	-650	-700
Other junior cricket	-850	-500
Other (includes hand sanitiser)	-710	-500
<b>EBITDA</b>	<b>9050</b>	<b>2750</b>
Capex	-11000	-7000 (pavilion repairs)
<b>Change in cash</b>	<b>-1950</b>	<b>-4250</b>
Depreciation	-2680	-2650
<b>Profit/Loss</b>	<b>6370</b>	<b>100</b>