

## MAAA Treasurers Report

### May 2023 Conference – Melbourne

#### Actuals to Date

The MAAA Balance Sheet and Profit & Loss as at 31 March 2023 are noted on Appendices D1 and D2. In simple terms, Net Assets are \$4.7 mil and the Net Surplus is \$307 k YTD compared to a budgeted Loss of \$11 k

#### Forecast

A forecast P & L for the full year to 30 June 2023 has been developed based on run rates and estimates for the final 3 months of the year. These are noted on Appendix D3 and D4. Based on this forecast MAAA will finish FY23 with Revenue of \$745 k and a Net Surplus of \$121 k.

#### Comment on FY2023 – P & L

Revenue - The first point to note is that the Affiliations only Forecast of \$ 680 k is marginally below the Budget of \$696 k. Membership numbers support this forecast. Unsurprisingly Bank interest income is Forecast to be \$43 k which is well above the budget of \$3 k. In contrast, Area Approval income of \$ 1.6 k is well below Budget of \$28 k due to volumes being well below Budget combined with the decision to not on-charge Ordinary Members for Area Approval paid for by MAAA. Total Revenue is forecast to be \$ 745 k against a budget of \$748 k.

Expenditure - We are forecasting a significant underspend against Budget this year i.e. \$ 624 k against a Budget of \$ 759 k giving a saving of \$ 135 k compared to Budget. The major variations to Budget are ;

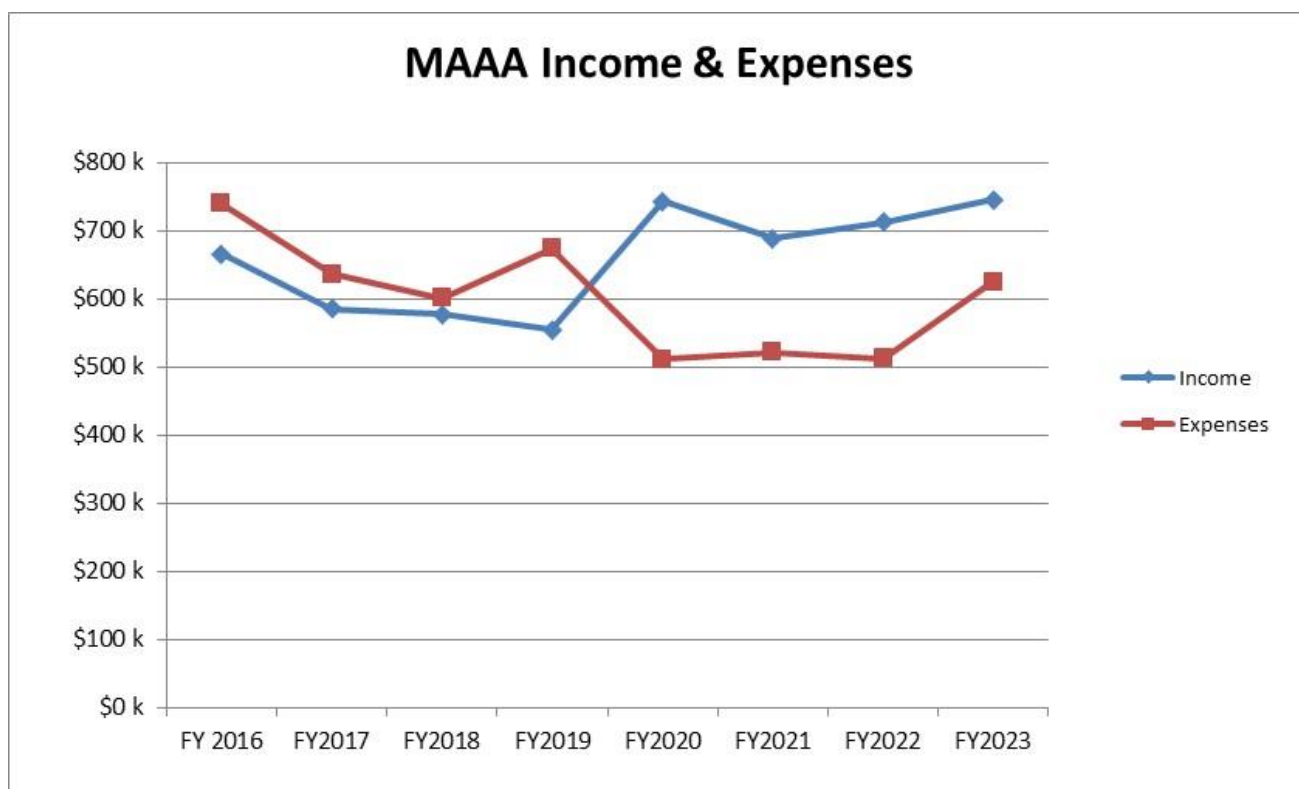
- Secretary & Admin Support savings of \$ 73 k
- Marketing & Advertising savings \$ 58 k
- World Champs savings \$ 23 k
- Area Approvals saving of \$ 19 k
- Nats savings \$ 9 k
- Major events saving \$ 7 k
- Legal's savings \$ 5 k
- Insurance savings \$ 4 k
- Membership & development savings \$ 4 k
- Printing, Copying & phones savings \$ 4 k
- Club Assistance and Field Development cost increase \$ 31 k
- Internet & Website, Membership System costs increase of \$30 k
- International Visitor costs increase \$3k – unbudgeted item
- 75<sup>th</sup> Celebrations cost \$4k – unbudgeted item
- Conference costs - \$5k above budget

Surplus – When the forecast Revenue performance is combined with the very large savings in Expenditures we are forecasting a surplus of \$ 121 k compared to a budget shortfall of \$ 11 k, a positive variance of \$ 132 k. Thus for a variety of reasons, in the 4 years to June 2023 MAAA will have generated a surplus of \$ 720 k which more than recoups the \$ 266 k in deficits accumulated over the previous 4 years to FY 2019. The net effect is over the 8 years Net Assets will have grown by \$ 453 k.

In very simple terms, the Affiliation Fee increase in FY20 plus COVID driven savings in FY20 and FY 21 plus savings from changes to our cost model in FY22 have increased Net Assets by \$453 k over the past 8 years.

## MAAA Income Statement

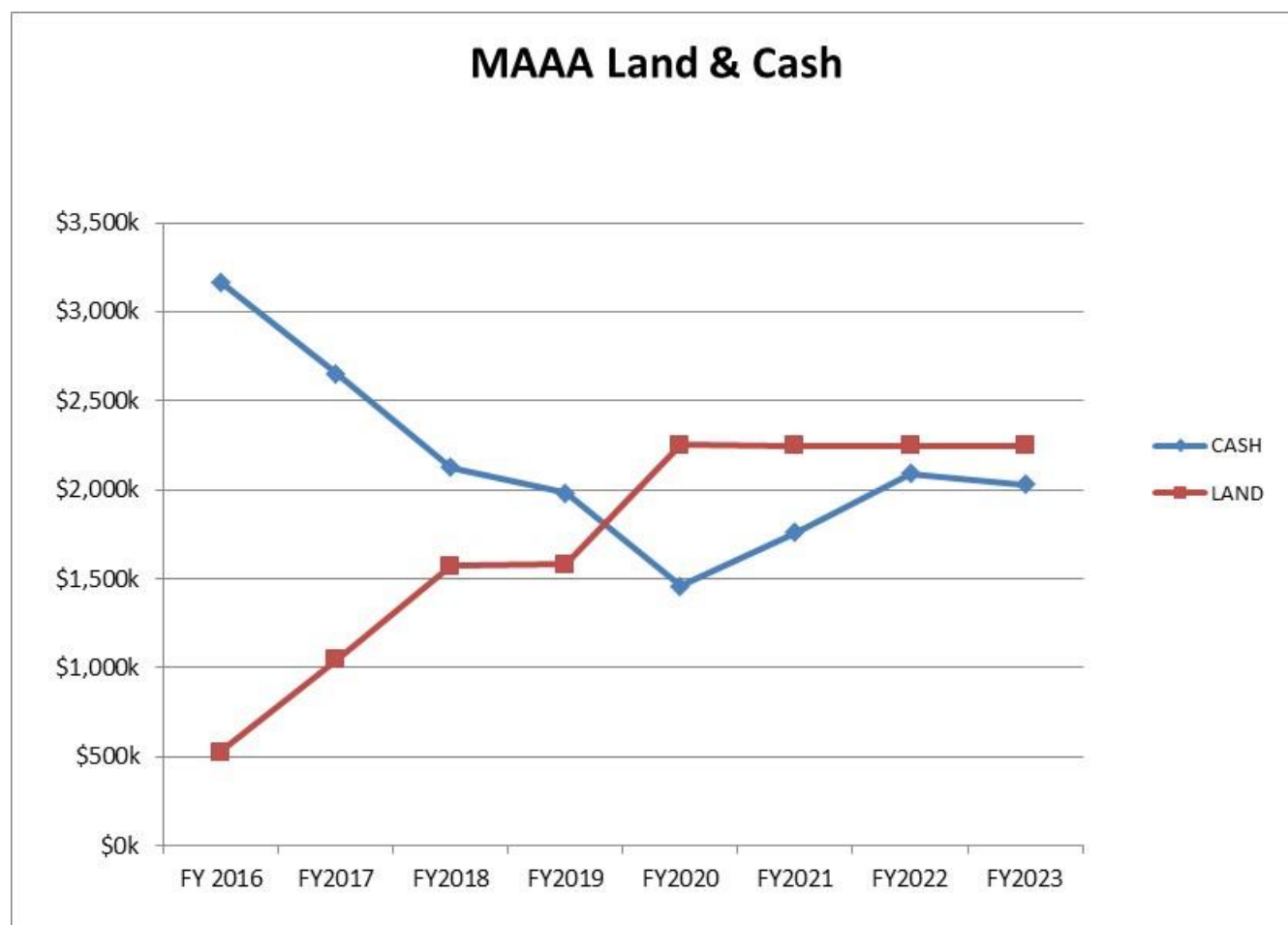
| MAAA Income & Expenses       | FY 2016  | FY2017   | FY2018   | FY2019    | FY2020  | FY2021  | FY2022  | FY2023  | 8 Year Total |
|------------------------------|----------|----------|----------|-----------|---------|---------|---------|---------|--------------|
| <b>Income</b>                | \$666 k  | \$585 k  | \$578 k  | \$555 k   | \$743 k | \$688 k | \$712 k | \$745 k | \$5,273 k    |
| <b>Expenses</b>              | \$740 k  | \$636 k  | \$601 k  | \$674 k   | \$512 k | \$521 k | \$512 k | \$625 k | \$4,820 k    |
| <b>Surplus / (Shortfall)</b> | (\$74 k) | (\$50 k) | (\$23 k) | (\$119 k) | \$232 k | \$167 k | \$200 k | \$121 k | \$453 k      |



## Comment on FY2022 – Balance Sheet

The trend of converting accumulated cash into land from FY2016 onwards came to halt in FY2020. The table below shows the effect this had on Bank Interest up FY2020. From that point forward until very recently, Bank interest continued to decline due to historically low interest rates (as low as 0.10 % -Nov 2020). However, this trend has reversed with the RBA's decision to ratchet up interest rates as far as 3.60% in March 2023. Also, while Land stabilised at \$2.2 mil in FY20, the recent surpluses has seen out cash balance grow by \$679 k.

| ASSETS           | FY 2016   | FY2017    | FY2018    | FY2019    | FY2020    | FY2021    | FY2022    | FY2023    | 8 Year Ave |
|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| <b>CASH</b>      | \$3,169 k | \$2,654 k | \$2,127 k | \$1,980 k | \$1,461 k | \$1,759 k | \$2,092 k | \$2,029 k | \$2,159k   |
| <b>LAND</b>      | \$526 k   | \$1,045 k | \$1,573 k | \$1,583 k | \$2,251 k | \$2,249 k | \$2,249 k | \$2,249 k | \$1,716k   |
| <b>Sub Total</b> | \$3,695 k | \$3,699 k | \$3,700 k | \$3,563 k | \$3,712 k | \$4,008 k | \$4,341 k | \$4,278 k | \$3,875k   |
| <b>Interest</b>  | \$82 k    | \$61 k    | \$52 k    | \$45 k    | \$25 k    | \$6 k     | \$3 k     | \$43 k    | \$40k      |



#### FY2024 Budget – P & L

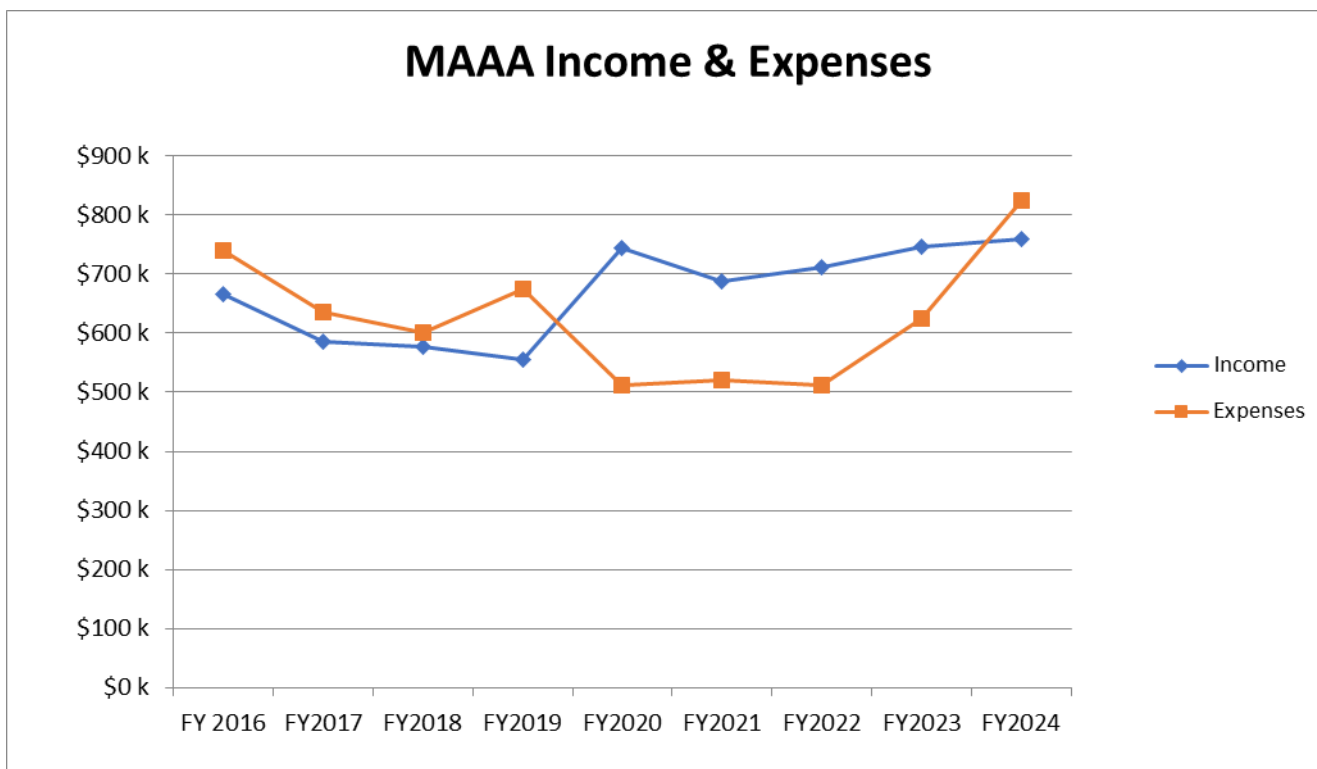
The Executive & Council have developed a first pass budget for FY2024. It is contained in Appendix D4. This first draft budget is based on established revenue drivers combined with change in costs. Significant changes this year include the impact of Interest Rates, a significant Insurance cost increase, introduction of Club Activity Grant, significant increase in Marketing & Promotion costs and support for the F3A World Champs to be held in Australia in August. Compared to the FY2023 forecast significant items are;

- Reduction in the membership estimate from 8,245 to 8,200 (8,000 Seniors & 400 Juniors) drives Affiliation income reduction of \$ 9 k.
- Full year effect of increased interest rates driving up interest income \$ 25 k
- Insurance cost increases \$ 55 k
- Club Activity Grants increase \$ 50 k
- Marketing & Promotion cost increase \$ 32 k
- Support for F3A World Champs in Australia \$30 k
- Membership System cost increases of \$ 9 k
- Nats Cost increase \$ 9 k
- Federal Secretary costs increase \$ 8 k
- World Champs cost increase \$ 8 k
- Legal's cost increase \$ 5 k
- Registrar cost increase \$5 k
- Membership & Development cost \$ 4 k
- Secretary Services cost decrease \$ 12 k
- Property Cost reduction \$ 10 k
- 75<sup>th</sup> Anniversary cost decrease \$ 4 k

The outcome is an FY2024 Budget Deficit of \$ 63.6 k. This follows on from the Forecast FY2023 Surplus of \$120k. The 9 year trend is noted in the table & graph below.

**MAAA Income Statement**

| MAAA Income & Expenses       | FY 2016  | FY2017   | FY2018   | FY2019    | FY2020  | FY2021  | FY2022  | FY2023  | FY2024   | 9 Year Total |
|------------------------------|----------|----------|----------|-----------|---------|---------|---------|---------|----------|--------------|
| <b>Income</b>                | \$666 k  | \$585 k  | \$578 k  | \$555 k   | \$743 k | \$688 k | \$712 k | \$745 k | \$760 k  | \$6,033 k    |
| <b>Expenses</b>              | \$740 k  | \$636 k  | \$601 k  | \$674 k   | \$512 k | \$521 k | \$512 k | \$625 k | \$823 k  | \$5,643 k    |
| <b>Surplus / (Shortfall)</b> | (\$74 k) | (\$50 k) | (\$23 k) | (\$119 k) | \$232 k | \$167 k | \$200 k | \$121 k | (\$64 k) | \$390 k      |



**Final Reports for FY2023**

The final reports for the full year to 30 June 2023 will be presented at a special meeting called for that purpose as soon as practicable after the end of the current Financial Year.

**Appendices**

D1 – 31 March 2023 Balance Sheet

D2 - 31 March 2023 P & L

D3 – 30 June 2023 Forecast P & L

D4 - FY 2023 Forecast v FY2024 Budget Draft P & L

D5 –FY2023 Budget Vs FY2023 Forecast P & L

D6 – FY2023 Forecast Vs FY2024 Budget P & L