

TREASURER'S REPORT

Fiscal Year Ended July 2019

This year's Treasurer's Report and Annual Financial Statements have continued with the presentation from last year to show overall club revenues and expenses and then separating the performance between the World ParaNordic Skiing Championships revenues and expenses (Schedule 1 of the Annual Financial Statements) and the traditional operational revenues and expenses of the club (Schedule 2 of the Annual Financial Statements).

The initial commentary of this report will focus on the non-IPC (World ParaNordic) Statement of Operations (Schedule 2) which is traditional operations of the club. Secondary commentary will focus on the IPC (World ParaNordic) Statement of Operations (Schedule 1). No commentary is provided on the balance sheet other than to acknowledge that it is strong with no observed concerns.

Non-IPC Statement of Operations (Schedule 2) Commentary

Variance Analysis

Revenues

Revenues were lower than budgeted by 9.1% or \$57,653. The main reason for the reduction in revenue is lower Memberships and Fees than budgeted and much lower fundraising than in prior years. The latter is caused by the focus on the World ParaNordics.

REVENUE	Budget	Actual	Variance (\$)	Variance (%)
Memberships and fees	531,306	485,453	(45,853)	-8.6%
Grants and donations	70,750	73,486	2,736	3.9%
Interest and dividends	1,000	4,258	3,258	325.8%
Fundraising and sponsorships	26,250	6,753	(19,497)	-74.3%
Miscellaneous	4,620	6,323	1,703	36.9%
	633,926	576,273	(57,653)	-9.1%

The Memberships and fees revenue is down primarily from lower event registration revenue (\$25,771), competition fees (\$13,286), ski trail revenue (\$15,696), programs fees (\$4,320), building rental fees (\$4,263), and various other smaller amounts. Most of these revenue reductions are attributed to the World ParaNordics. Membership supported revenue actually showed an increase (\$36,289).

Fundraising experienced much lower revenue than in the past due to the lost Mud, Sweat, and Tears event, much lower Zombie Run net revenue than previously experienced, and reduced events revenue from the cancelled XC BC Cup due to lack of snow.

Expenses

The 2019 budget did not differentiate between capital expenditures and operational expenses nor did it consider amortization except in the context of recognizing the last lease payment of \$28,020 on the



newer Pisten Bully groomer. Adjusting for amortization, CNSC budgeted operational expenditures were \$563,202 with actual operational expenditures of \$526,525 for an underbudget variance \$36,677 or 6.5%. The lower than anticipated revenues were more than offset by cost management that reduced actual expenses below budget.

EXPENSES	Budget	Actual	Variance (\$)	Variance (%)
Wages and benefits	287,012	278,348	(8,664)	-3.0%
Repairs and maintenance	78,750	61,846	(16,904)	-21.5%
Office	24,450	21,225	(3,225)	-13.2%
Supplies	42,320	43,501	1,181	2.8%
Insurance	15,000	18,691	3,691	24.6%
Utilities	17,000	20,893	3,893	22.9%
Professional fees	14,500	15,277	777	5.4%
Bank charges and interest	11,650	12,189	539	4.6%
Travel	8,500	5,197	(3,303)	-38.9%
Fuel and oil	14,100	14,481	381	2.7%
Training	12,750	5,680	(7,070)	-55.5%
Honorariums and awards	22,320	17,183	(5,137)	-23.0%
Advertising and promotion	7,000	4,694	(2,306)	-32.9%
Telephone	1,800	1,840	40	2.2%
Business taxes and licenses	1,950	1,962	12	0.6%
Equipment rental	3,500	3,513	13	0.4%
Memberships and subscriptions	600	5	(595)	-99.2%
Amortization of property and equipment	28,020	218,991	190,971	681.6%
	591,222	745,516	154,294	26.1%
Expenses less Amortization	563,202	526,525	(36,677)	-6.5%

There are only seven expenditures that exceeded budget:

- Insurance expense was unbudgeted increase in insurance rates caused by moving to our own insurance for the bike programs instead of paying insurance as part of the broader fee structure with the iRide program. The increase was actually a net benefit as the insurance cost was previously included in the iRide program fee expenses.
- Utilities were primarily increased BC Hydro costs that are mostly attributed to the World ParaNordics but were maintained within the regular club expenditures due to the inability to differentiate in billing between World ParaNordic electricity usage and normal club usage.
- Professional fees were unbudgeted increases in PricewaterhouseCoopers expenses.
- Bank charges and interest were unbudgeted increases in bank transaction charges.
- Fuel and oil were World ParaNordic fuel increases for grooming that could not be allocated to the event due to bulk fuel delivery and storage.



- Telephone was minor unbudgeted increases in Telus costs.
- Business taxes and licenses were minor amounts above prior costs.

Most of the over budget costs were either related to World ParaNordics costs that could not be allocated or were uncontrollable costs increases. Most of the under budget costs are attributed to management control of spending with reduced revenues.

All capital expenditures were related to the World ParaNordics event and are covered in that budget. The increased amortization from prior year of \$138,769 to this year \$218,991 are the recognition of the growth in physical assets of the club by way of prior donations (the lighting project in 2017/2018) and the World ParaNordics (snow making, two new groomers, new mower, and visually impaired targets and stands).

Total capital asset investments in the last two fiscal years total \$1,174,197 (2018/2019 - \$582,353; 2017/2018 - \$591,844). All of these capital investments have been funded by third-party grants associated with private donations (lighting) or events (World ParaNordics).

Some of the Machine Fund restricted account funds (\$29,064) were used to purchase the new quad groomer and new rifles for biathlon but was replenished by a transfer of surplus funds from the unrestricted surplus.

Excess Revenue for the Year

The club passed a cash basis small surplus budget for the year that considered all expenditures – operational, capital, and the Pisten Bully lease payment. The club was able to achieve operational surplus cash revenue of \$49,748 before amortization and capital asset acquisition (See Statement of Changes in Net Assets). This is a substantial improvement from last fiscal year where the club experienced an operational deficit of \$9,974 after adjusting for the Rickbeil Family donation towards the 2017/2018 lighting project.

The last lease payment for the Pisten Bulley was also completed this year. When considering all of these factors, the unrestricted fund slightly shrank from \$53,546 to \$47,823 which is within a reasonable expectation of stable performance in the club's financial position.

IPC Statement of Operations (Schedule 1) Commentary

The IPC (World ParaNordic) budget had an event budget that started in fiscal 2016/17 and ended in this fiscal 2018/19 (three years). The revenue budget was \$1,848,611 with a forecast surplus of \$223,223 after capital expenditures.



REVENUE	Event Budget	Event Actual	Variance (\$)	Variance (%)
Memberships and fees	263,766	613	(263,153)	-99.8%
Grants and donations	1,579,845	1,590,369	10,524	0.7%
Interest and dividends	-	55,103	55,103	
Fundraising and sponsorships	5,000	182,000	177,000	3540.0%
Miscellaneous	-	598,312	598,312	
	1,848,611	2,426,397	577,786	31.3%
EXPENSES	Event Budget	Event Actual	Variance (\$)	Variance (%)
Wages and benefits	-	21,132	21,132	
Repairs and maintenance	562,881	1,141,074	578,193	102.7%
Office	8,500	7,369	(1,131)	-13.3%
Supplies	15,700	218,850	203,150	1293.9%
Insurance	-	1,175	1,175	
Professional fees	15,600	2,500	(13,100)	-84.0%
Bank charges and interest	2,000	1,755	(245)	-12.3%
Travel	183,281	23,158	(160,123)	-87.4%
Fuel and oil	-	408	408	
Training	-	51,282	51,282	
Honorariums and awards	-	6,000	6,000	
Advertising and promotion	182,979	38,374	(144,605)	-79.0%
Business taxes and licenses	-	8,187	8,187	
Equipment rental	36,538	81,395	44,857	122.8%
Memberships and subscriptions	7,500	-	(7,500)	-100.0%
	1,014,979	1,602,659	587,680	57.9%
Expenses less Amortization	1,014,979	1,602,659	587,680	57.9%
Operational Expenditure Surplus	833,632	823,738	(9,894)	-1.2%
Capital Expenditures	610,409	669,707	59,298	9.7%
Surplus	223,223	154,031	(69,192)	-31.0%

The World ParaNordic teams paid CNSC for their accommodations and meals as a flow-through. Miscellaneous revenue of \$584,236 was not established as a part of the event budget. The adjusted event revenue of \$1,842,161 is \$6,450 or 0.3% under budget. The adjusted expenses, recognizing the flow-through accommodations and meals, of \$1,018,423 are \$3,444 or 0.3% over budget. The capital expenditures were \$59,133 or 9.7% over budget.

In total, the World ParaNordic event experienced an operating and capital expenditure budget variance of \$69,192 which was funded from the budget contingencies and resulted in a legacy surplus of \$154,031. Management of such a large budget and event over a period of three years is a testament to the efforts by the Local Organizing Committee to run an international quality event and to ensure that a legacy is left to the club.



The cash legacy surplus has been transferred to the restricted Facility Improvement Fund to be used to improve the CNSC facilities in future years. Together with the capital asset legacy, the World ParaNordic event provided \$823,738 in direct legacy value to CNSC and its members.

2019/20 Operating Budget

The 2019/20 operating budget has been presented with the 2018/19 and 2017/18 budgets and actual for trend reference.

REVENUE	2019/2020	2018/2019		2017/2018	
	Budget	Budget	Actual	Budget	Actual
Memberships and fees	513,001	531,306	485,453	537,627	499,482
Grants and donations	88,350	70,750	73,486	107,250	387,840
Interest and dividends	1,900	1,000	4,258	1,000	3,399
Fundraising and sponsorships	14,300	26,250	6,753	46,500	20,727
Miscellaneous	4,500	4,620	6,323	8,500	2,704
	622,051	633,926	576,273	700,877	914,152
EXPENSES					
Wages and benefits	331,327	287,012	278,348	283,337	309,934
Repairs and maintenance	88,315	78,750	61,846	86,551	84,295
Office	16,700	24,450	21,225	23,230	34,083
Supplies	26,150	42,320	43,501	35,258	30,223
Insurance	19,600	15,000	18,691	16,000	18,745
Utilities	21,317	17,000	20,893	17,000	17,512
Professional fees	18,000	14,500	15,277	13,000	13,192
Bank charges and interest	13,750	11,650	12,189	11,850	11,968
Travel	13,600	8,500	5,197	17,150	11,453
Fuel and oil	14,100	14,100	14,481	12,500	10,625
Training	11,000	12,750	5,680	15,415	9,203
Honorariums and awards	10,800	22,320	17,183	14,170	7,481
Advertising and promotion	7,200	7,000	4,694	6,700	6,212
Telephone	1,800	1,800	1,840	1,800	2,169
Business taxes and licenses	1,900	1,950	1,962	2,010	1,783
Equipment rental	3,500	3,500	3,513	6,500	198
Memberships and subscriptions	500	600	5	1,450	75
Amortization of property and equipment	-	28,020	218,991	28,020	138,769
	599,559	591,222	745,516	591,941	707,920
Expenses less Amortization	599,559	563,202	526,525	563,921	569,151
Pre-CapEx/Amortization Surplus/(Deficit)	22,492	70,724	49,748	136,956	345,001
Capital Expenditures	25,228	57,000	29,064	102,780	354,975
less: Unbudgeted Lighting Project					(254,039)
Adjusted Capital Expenditures	25,228	57,000	29,064	102,780	100,936
Pre-Amortization Surplus/(Deficit)	(2,736)	13,724	20,684 *	34,176	(9,974)



The 2019/20 Operating Budget forecasts 5.7% growth in Memberships and fees from 2018/19 actual and is overall forecasting revenue to be lower with a reduction of 7.9%.

Expenses are expected to grow by 13.9% from 2018/2019 actual with significant year-over-year changes in expenses are:

- Increase in Wages by hiring a biathlon coach for this year.
- Increase in Repairs and Maintenance for improvements to the lodge, operation of the snow making equipment, increased storage at the biathlon range for competition equipment, and other outbuilding maintenance.
- Decrease in Supplies as the biathlon rifles and race skis requirements were completed during the last fiscal year.
- Decrease in Honorariums and Awards after one-time purchase of volunteer coach jackets last year.
- Reduction in Office expenses by better purchasing decisions.

A small budget deficit of \$2,736 was approved with the request to the General Manager to find additional grant revenue or to control expenses during the fiscal year to balance the budget.

Conclusions

Caledonia Nordic Ski Club has a strong balance sheet with high quality assets. The club carries no external debt. Capital investments continue to be made each year through targeted fundraising activities to pay for those expenditures. The hosting of events, especially larger and international events, create excellent opportunities for investment in the club's assets and legacies to grow the benefits to members over the long term.

The addition of snowmaking equipment with the ability to guarantee snow for members and events are expected to allow the club to attract more events that bring capital investment to the club which improves the facility for all members year-round.

The club has a strong future ahead. Its financial position remains robust and it's considered an exceptional year-round family sports facility in Prince George. Thank you to all the staff, volunteers, and members for the last year!

