

Finance Sub-Committee

# Finance Work Plan -2011

OBJECTIVE

FnSC  
3/1/2011

To produce an approved Finance Plan by Dec. 2011 that will describe the generic programs needed to meet revenue requirements for Club Infrastructure Expansion by 2016.

DISCUSSION

The Long Range Planning Committee (LRPC) is proposing several scenarios for Club Infrastructure expansion between 2011 and 2016. In summary, these are:

1. Basic maintenance of current infrastructure including updating of current facilities
2. Expansion of current Club house to enlarge lounge, dressing rooms, offices and bar / kitchen
3. Expansion of current arena from four sheets to six sheets
4. Purchase and modification of an existing but more modern facility.

<u>ISSUES</u>	<u>CURRENT STATUS/NEEDS</u>	<u>GOALS</u>	<u>ACTIVITIES</u>	<u>PROGRESS</u>
<p><b>Cost targets</b> To determine revenue requirements, the above scenarios obviously need to be costed. Initially, our cost estimates will be highly speculative but with time they will become more precise. However even speculative costing can be used to plan for revenue requirements .</p>	<p>At the moment (Mar. 2011) we have some guesstimates of how much each scenario would cost but they are not precise enough to make decisions. We need to develop more precision so that we can be reasonably sure that we are within 30% of final cost.</p>	<p>By Sep 2011, produce estimates of costs of the four scenarios that we believe are within 30% of final</p>	<p>In cooperation with the Facilities committee, obtain estimates from builders and other trades to determine costs of the three building scenarios .</p>	<p><b>Cost estimates have been obtained for the four scenarios</b>  <b>See attached sheets.</b></p>
<p><b>Membership Revenue</b> A major part of club revenue</p>	<p>We have reasonable projections for revenues from membership</p>	<p>To produce by Sep 2010 a revenue table that would</p>	<p>In cooperation with the Manger and the Treasurer, develop</p>	<p><b>Cost estimates have been</b></p>

comes from Membership fees and purchase of goods and services by them at the Pro Shop and the bar.	fees for various numbers of members. Do we have equivalent info for revenues from the bar and the pro-shop?	inform us as to how much net revenue (net of expenses) we would receive over the next five years for membership levels at 300, 325, 350, 375 and 400.	estimates of revenues from the Bar and Pro Shop over the next five years for different membership levels	<b>obtained for the four scenarios</b>  <b>See attached sheets.</b>
<b>Major Fund Raisers</b>	We have discussed organizing major Bonspiels as fund raisers. We have been given the opportunity to host the Ontario Tankard in Feb 2011.  ARE THERE OTHERS	To produce by Oct 2011, a list of 2 or 3 other major events that would produce revenue for the club		The 2011 Tankard was hosted by Grimsby CC resulting in roughly \$100K in revenue
<b>Bonds or debentures</b>	We know that several other clubs have used this method to obtain capital for expansion. If we were able to get 200 members to buy \$1000 bonds, we would get \$200,000 in working capital. However, this would cost us about \$8000 per year in interest.	To produce by Dec 2011 a prospectus for Members which would spell out the terms and conditions of a bond or debenture issue	Determine need , establish size of bonds, interest rates and terms  Assess response from the membership  * Senior or other members may be willing to serve as guarantors for Bank or other mortgages.	
<b>Federal Government Grants</b>	The Federal Government has a few Programs that offer a limited number of Grants that might be used to defray some of our costs. Two examples are: New Horizon Environmental subsidies. We need to determine what is available that would be applicable to our situation	By Oct. 2011 , prepare a list of all applicable Federal Government Programs, their mandate and rules and regulations. )	Do a web search and/or contact appropriate offices of the Federal Government that provide info. On Government programs. Find Club members who are/were Federal employees to assist with research (Marie Solvanson?)	
<b>Provincial Government Grants</b>	The Provincial Government has a	By Oct. 2011, prepare a list of all	Do a web search and/or contact	

	<p>few Programs that offer a limited number of Grants that might be used to defray some of our costs. Some examples are:</p> <p>Trillium Grants - would contribute in excess of \$ 100,000 with a proof of need and other criteria,</p>	<p>applicable Provincial Government Programs, their mandate and rules and regulations.</p>	<p>appropriate offices of the Provincial Government that provide info. On Government programs. Find Club members who are/were Provincial employees to assist.</p>	
<p><b>Municipal Government and School Boards</b></p>	<p>Some funds may be available but we must demonstrate a benefit to the Town or School Board eg – Kids recreation. <b>This usually means tapping into a Town or Board priority.</b> These may be loans as opposed to a grant.</p>	<p>By Oct 2011, determine a strategy for approaching the Municipal Governments and School Boards</p>	<p>Find Club Members who are/were town employees or teachers who will do the research.</p>	
<p><b>Curling Associations</b></p>	<p>The OCA can provide small loans for building of club infrastructure. There may be <b>indirect</b> ways for club members to get tax receipts for donations to the OCA that would</p>	<p>By Oct 2011, determine the terms and conditions for loans from the OCA and for tax deductions for donations (B Cox to do the latter)</p>	<p>We have just learned of a grant program offered by the CCA</p>	
<p><b>Sponsorships &amp; Advertising</b></p>	<p>The Club already receives significant revenues from Sponsors and Advertisers. Increased advertising and sponsorship is always possible but we are close to viable limits.</p> <p>Other avenues to explore might include:</p> <p>Naming rights for the new building</p>	<p>By Dec 2011 to have a plan to increase revenue from sponsorship and Advertising by 20%.</p> <p>To develop a strategy for other sources of advertising income such as new building naming rights</p>		

NOTES

Financial figures :

Income and number of members (based on 2009 estimates of 310 adult members)

Averages Profit per member		Per Club	
Membership Fees -	\$341		106,000
Bar	129		41,000
Pro Shop	29		9,000
Advertising	12		3,700
Rentals	41		12,000
Total	\$ 552	Total	172,000

Average Expenditure per member –		Club	
Employees	\$ 231		72,000
- Utilities	107		33,000
Taxes & Insurance	39		12,000
Administration	59		18,000
Maintenance	58		18,000
Employees	231		72,000
Total	\$ 494	total	153,000
Net	\$ 58.00	\$	19,000

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Result of Membership Increase

# of members	Income	Expenses	Net	5 % expense increase
310	172,000	153,000	19,000	12,000
350	194,000	153,000	31,000	24,000
375	208,000	153,000	55,000	48,000
400	221,000	153,000	68,000	60,000

\* at 350 members if we save \$ \$ 24,000 per year for 5 years - we would have \$ 120,000  
 at 375 members ' 48,000 ' ' ' \$ 240,000  
 at 400 members ' 60,000 ' ' ' \$ 300,000

These could add to the expenditures to renovate.

INTEREST annually required to service a Bank Loan Bank Line of Credit, Mortgage or Bonds

Finance Sub-Committee Work Plan

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Amount Borrowed	4 %	5 %	8 %
\$ 200,000	\$ 8,000	10,000	16,000
500,000	20,000	25,000	40,000
750,000	30,000	37,500	60,000
1,000,000	40,000	50,000	80,000
2,000,000	80,000	100,000	160,000

Mortgage Tables      yearly payment ( interest plus principle )

Amount	Rate %	5 yr	10 yr	15 yr	20 yr
250,000	8	60,900	<b>36,400</b>	28,700	25,100

Finance Sub-Committee Work Plan

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	5	56,700	<b>31,900</b>	23,800	19,800
	4	55,300	<b>30,400</b>	22,200	18,200
500,000	8	121,700	72,800	57,400	50,200
	5	113,300	63,700	<b>47,500</b>	39,600
	4	110,500	60,800	<b>44,400</b>	36,400
1,000,000	8		145,600	114,700	100,400
	5		122,300	94,900	79,200
	4		121,500	88,800	72,800
2,000,000	5			189,800	158,400
	4			177,600	145,500

If we averaged 375 members for 5 years we could spend up to \$ 900 ,000 on the Club.

Savings \$ 240,000

Tankard and Trillium \$ 200,000

Loan \$ 500,000

Total \$ 940,000

400 members with savings of \$ 300,000 = \$ 1,000,000

If we could have loans (mortgage, bonds, etc.) at 4 % or 5 % and have 400 members we could support borrowing \$500,000. over 15 years. It would be difficult to finance projects over \$ 1,000,000.

For all these ventures we will need a full complete plan of what we are wanting especially if we hope to raise any funds from outside sources. Our Club members are really is the major source of funds. The only real way to gain significant funds outside of our membership is the Tankard and the Trillium Funds. Some Sponsorship and Advertising funding may be possible.

Within the Club increases in dues should cover on going expenses. Extra revenue from each member would involve more Club activities – bonspiels, fun nights, kitchen revenues , TV sports events, garage sales , etc. These are all volunteer dependent.

WE will need a clear VISION of what we want to do and then follow that up with lots of ENTHUSIASM and ADVERTISING