

TREASURERS REPORT 2019-2020

BACKGROUND

Financially, 2019-20 has been the most challenging year in the history of the AAA with a consolidated Corporate and Regional deficit of \$148,440 (as reflected in the Audited Financial Statements)

The unprecedented downturn required the Company in early 2020 to call back \$150,000 in investment funds in term deposit to under pin the operations of the Company for the remainder of the financial year.

Many members have suffered and continue to suffer from years of never-ending drought, then frightening fires. Add to this, in some locations our members were affected by floods. The effects of the extended drought in particular has seen registration and transfers down by between 10 to 20%.

- The flow on effect of the projected Profit & Loss was for the Board to make the following decisions;
 - Limitations on Regional capitation payments
 - The cessation of a number of expected transfer payments into reserve funds for Market Access, Commercialisation, R & D & Youth in late 2019.

Changes to the Accounting Standards has resulting in the Final Audited Statements showing distorting expenditure in the cost centres of Depreciation, Interest Charges and the Auditors have provided the following explanation:

“The interest in the below journal is due to mandatory adoption of AASB 16 – where in the past rent was paid and it goes through as rental expense, a right of use asset and lease liability has to added to the balance sheet, the way that this goes through the profit and loss now is through depreciation of the right of use asset (this is the yearly depreciation for the right of use asset), and interest portion of lease payments for the lease liability (this is the interest calculated for the lease liability at an incremental borrowing rate of 4.5%) . The adjustment to equity is accounting for the difference in interest last year”

THE PRESENT

Now we have COVID 19.

- The virus itself saw staff working from home for some weeks, all face to face Board & Committee meetings change to on-line (whilst challenging) it has helped the budget balance with travel expenses significantly reduced.
- The scope of support from Animal Health Australia has been reduced with the accompanying budget saving
- The contract with “World of Alpacas” was not continued, with resultant saving
- Reversal of decision to appoint a part time Accounts payable/receivable clerk
- Reviewed all contracts resulting in savings (telephone, teleconferencing, cleaning)
- Centralised regional accounting - MYOB License saving, Audit Qualification
- Continued work of CEO in streamlining office procedures.

On the flipside the resultant downturn in activities i.e. shows and events, allowed the AAA to qualify for the Job Keeper payments for all 3 staff members and in addition the ATO stimulus payments.

THE FUTURE 2020-2021 – Going forward.

As Treasurer I presented to the Board in early July 2020, a balanced fiscally prudent budget for the upcoming financial year - that budget has subsequently been ratified and approved as an operational base.

This budget does however have serious impacts for a number of the AAA activities in the 20-21 FY:

- No regional capitation in the current year
- Limited judges travel support for regions
- No judges training funding
- Increased support of “virtual” member education
- No AYE in current year funding (though Reserve still available)
- No market access funding

The recent announcement of the extension to the Job Keeper payments scheme will secure staff positions for 2020-2021.

Memberships are tracking in line with budget estimates, however as expected registrations and transfers are continuing to feel the impact of COVID 19 and the drought with a further estimated 20% downturn factored on to the 2019-2020 results. But it is early days yet.

All Regions have adequate balances in their regional accounts and most have further funds in their Regional Investment Reserve Accounts.

The AAA continues to have a sound financial basis with:

- The asset of the building in Melbourne which still income producing (though reduced by the Covid effect)
- Currently cash at bank amounts – held both centrally and at the regional level are adequate
- Good levels of membership renewals to this point of time
- At a general level, sales appear to be picking up, hopefully will translate into increased revenue.
- It has rained in many places – not all, but this should underpin matings and future cria registrations.
- All of these projections are based on the relaxing of COVID 19 regulations in the future and shows and events starting again.

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