

TO: Member Clubs, Associate Members, Life Members
FROM: Hamish Grey, Chief Executive
SUBJECT: Supporting Information for 2018 AGM Papers
DATE: 4 July 2018

The purpose of this memo is to provide further information in support of a number of items on the 2018 AGM Agenda, a number of which require endorsement of the meeting. We trust this clarification prior to the meeting will be useful to you.

Agenda Item 9 – Financial Report

ENDORSEMENT:

The Board is seeking endorsement from the meeting to accept the Audited Financial Statements.

BACKGROUND:

Whilst the Finance Manager, Debrah Breedt, will be in attendance at the AGM and can respond to questions from the floor, notes to the main variances from the 2016/17 to the 2017/18 figures are also being provided now. These are operational notes and not considered part of the formal Notes to the Financial Statements as provided by the Auditors in the Audited Financial Statements.

The Audited Financial Statements for the year ended 31 March 2018 are included in the following pages. Overall the results show a surplus for the year of \$72k before exceptional items are taken into consideration. Writing off \$135k from the balance sheet for these exceptional items results in a deficit for the year of \$64k.

Prior to finalising this year's Financial Accounts the executive team agreed with the Board to conduct a review of historical Balance Sheet items to ensure that any items listed on the balance sheet retain a material commercial value for Athletics NZ. As a consequence of that review a decision was made that the following items no longer have a material commercial value and should be written off as exceptional items in this year:

- Obsolete stock including engraved medals and Fundamental Movement Manuals with a total value of \$26k;
- Software and Websites which were not previously amortised, and are not deemed to have any value if they were to be amortised retrospectively, to the value of \$60k; and
- The development of a Get Set Go DVD started a number of years ago and reported as Work in Progress to a total value of \$49k and which is now not deemed to have any future commercial value to the company as a consequence of the development of online resources.

As a consequence of the review and in agreement with the Board and Auditors, these items totalling \$135k have been written off as exceptional items in this year.

To retain clarity for comparative purposes these exceptional items are disregarded in the following commentary outlining the major variances in income and expenditure, as well as sources of income, between the 2016/17 and 2017/18 financial years.

Income

Overall income increased by \$817k in the 2017/18 year to a total of \$6.161m. The main reason for the increase was an uplift in Sport New Zealand funding for high performance programmes and projects

totalling \$650k. This was a direct consequence of the outstanding results in the 2016 Rio Olympics and Paralympics which saw Athletics NZ recognised as a Tier 1 sport by High Performance Sport New Zealand.

This increase was augmented by a \$48k uplift in grant funding in general, \$112 additional funding to support national community programmes such as Get Set Go and Run Jump Throw, \$27k increase in event income as a consequence of sponsorship to stage the Sir Graeme Douglas International Track Challenge and Vertical Pursuit Pole Vault in Auckland City, and \$23k generated by the one-off sale of old Athletics NZ apparel at the end of a sponsorship arrangement.

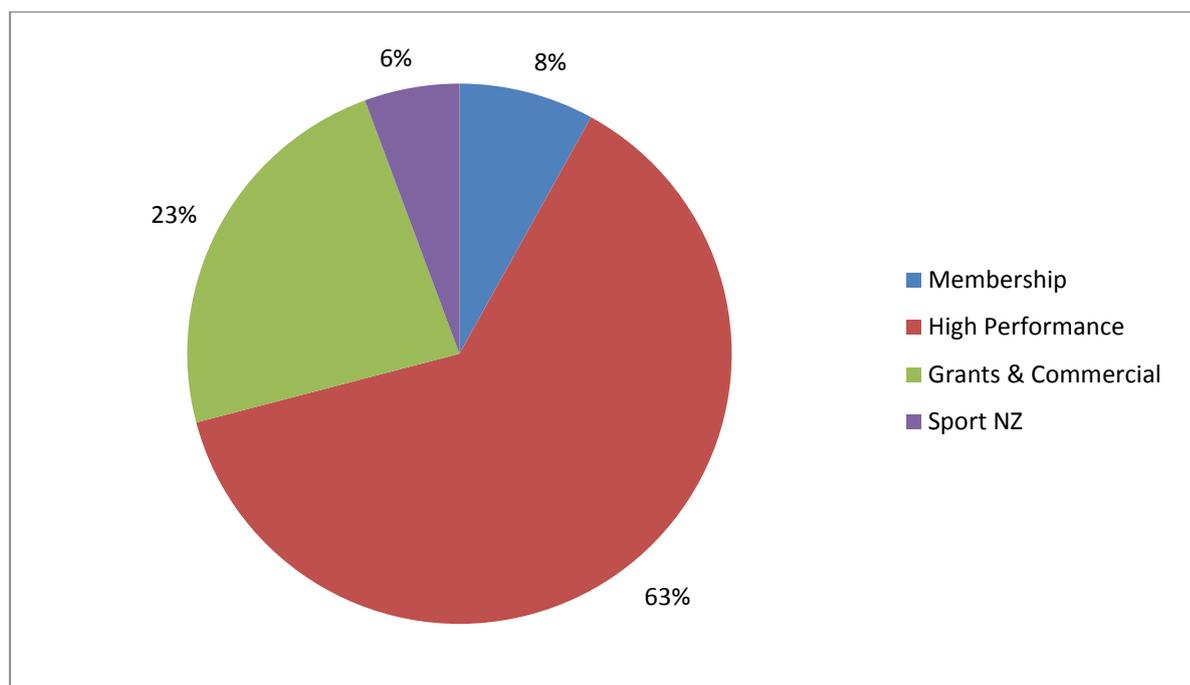
These increases were partially offset by a decrease in membership income of \$39k. This is due to a decline of 1,034 in paying membership numbers, with the majority of members lost being in the 7-14 year category.

Expenditure

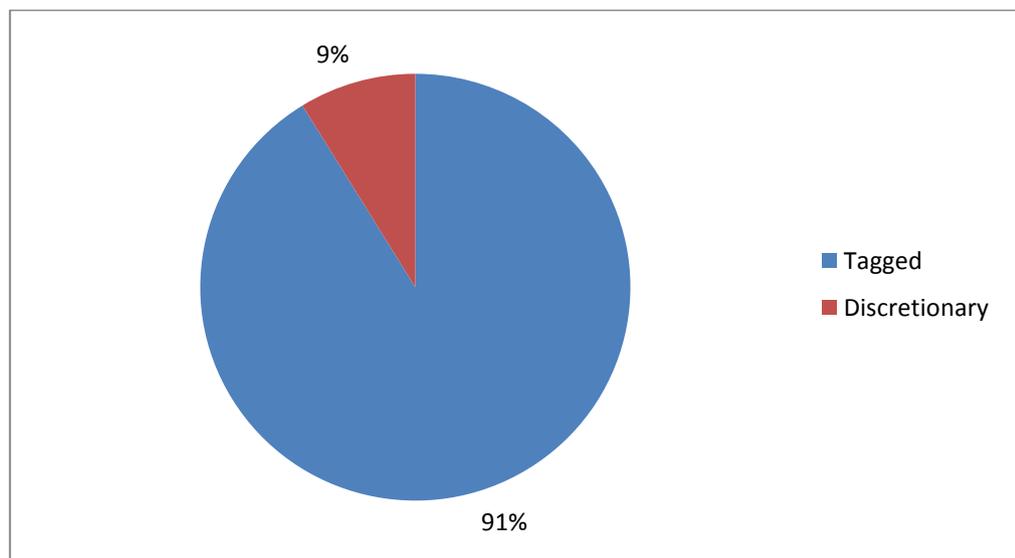
Overall expenditure increased by \$790k in the 2017/18 year to a total of \$6.089m (excluding exceptional items as detailed above).

The main increases in expenditure relate directly to the additional income centres outlined above with tagged funding being utilised to fund greater activities in national programmes to benefit member clubs (\$103k) and increased investment in high performance programmes (\$723k). The increase in expenditure on Membership (\$15k) reflects an increased license fee for the member database and one off incentives offered to clubs to register members online, and staff recruitment (\$12k) reflects the fact that there were costs to recruit a new Chief Executive Officer and Commercial Manager during the year. Bank fees increased (\$5k) as a consequence of additional charges for online payments of membership fees. These increases were off-set by some savings achieved across a range of cost centres.

The following outlines the sources of income for Athletics NZ in 2017/18.



This shows starkly our reliance on the Sport NZ Group funding (69%), with the predominant focus of that funding from High Performance Sport NZ (63%) and tagged to fund our high performance programmes. As a consequence of the funding received from the Sport NZ Group and other tagged grant funding from Trusts and project specific sponsorships, we have very little discretionary funding. This is demonstrated below:



The upshot of this is that membership income is not used to support any high performance or community programme initiatives. It is largely used to cover some of the core costs of running the organisation.

Balance Sheet

With writing off the exceptional items the deficit for the year totals \$64k. Whilst this means we are comfortable that our assets are now all realistically represented, it has resulted in our total equity reducing from \$449k to \$385k at the year end. With a reserves policy that targets the ability to cover six months operating costs the Board has budgeted for a modest surplus in the new financial year as we seek to rebuild reserves over time.

Agenda Item 10.a – Election of Patron

With the recent sad passing of our Patron Arthur Eustace, the Board has decided not to rush into seeking a replacement at this time. The position of Patron will therefore remain vacant until considered in a more timely manner at the 2019 Annual Meeting.

Agenda Item 10.e – Election of Office Holders

ENDORSEMENT:

The Board is seeking endorsement from the meeting to accept the recommendation of the Board Appointments Panel (BAP). In support of their recommendation, a report from the BAP is below.

BACKGROUND:

The BAP consisted of Jane Huria (Independent representative), John Tylden (Member Club representative) and Chris Maister (Board representative). Twelve people applied for the three available positions on the Board, including one incumbent Board member seeking re-election.

Based on the requisite skills the Board identified as being advantageous to compliment the current Board members, a short-list of six candidates were selected by the BAP for interview. Interviews were then held on 14 June.

Following the interviews, the BAP reached their decision for the appointed candidate and the two recommended candidates.

All unsuccessful applicants indicated they appreciated being considered for the role and the BAP has encouraged them to stay connected with the sport and to consider any opportunity that may exist for them to be more closely connected with Athletics in the future.

The BAP were impressed with the interest the sport is attracting and the standard of applicants. The BAP are confident that the Board and Athletics New Zealand will be well served by those chosen for the appointed and recommended positions. They are:

Appointed: Cameron Taylor

Recommended: Jo O'Sullivan and Paul Spinks

Short bios on the three candidates can be found [here](#)

Agenda Item 14 – Special Resolution to alter the Constitution

ENDORSEMENT:

The Board is seeking endorsement from the meeting to accept their recommendation to change the Constitution.

BACKGROUND:

The Board is proposing to change the Constitution by increasing the term of office for the President and Vice President from one to two years. This matter was discussed at the 2017 Annual Meeting where it was agreed that it should be introduced. It recognises that two years is a more realistic period for a President to serve and contribute by giving the person in the role the necessary time to better understand the workings of Athletics NZ.