

# University of the Third Age Brisbane Inc.

## Annual General Meeting 14 April 2021

### Treasurer's Report

#### FINANCIAL POSITION 2020

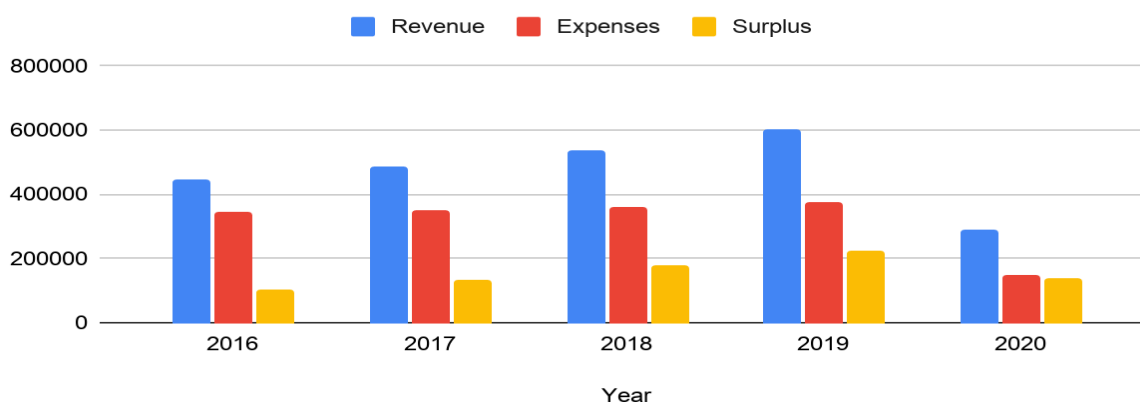
The audited financial statements of the Association for the year ended 31 December 2020 have been circulated.

From the following chart and figures summarising our financial performance over the past five years you can see the impact of having to close our offices in March 2020. The income in 2020 shows we managed to maintain 48% of income as compared to the previous year. This income came from memberships and 3 months of normal classes in January to March. Subsequent months income came from initiating online classes via Zoom for which members made voluntary fees and gave generous donations. This enabled us to be able to keep our classrooms available for the opening up of face- to-face classes.

We managed to reduce our expenditure to essential outgoings by sending class schedules by email. Also by deferral of our mortgage repayments for 6 months and through negotiations with our Adelaide Street lease for 50% abatement and 50% deferral for 9 months based on a reduced income percentage from the previous year.

**Note: The Revenue, Expenses and Surplus in the chart show cash items only;** they exclude non-cash items such as depreciation and lease accounting so the surplus is higher than the Net Surplus reported in the accompanying audited figures.

#### Financial Summary



Cash-	Revenue	Expenses	Surplus
2016	\$448,212	\$343,318	\$104,894
2017	\$486,005	\$352,130	\$133,875
2018	\$538,001	\$358,860	\$179,141
2019	\$604,479	\$377,302	\$227,178
2020	\$290,826	\$149,696	\$141,130

## Non-Cash Items Affecting the Financial Statements –

In 2020 the compulsory implementation of a new accounting standard: AASB 16: Leases had an impact on our financial accounts. This standard applied to the lease of the Adelaide Street venue for the period 01 January 2019 to 31 July 2026.

The standard requires lessees to capitalise leases on the Balance Sheet which were previously recognised as an expense on the profit and loss. A right of use asset and associated lease liability is recorded and represents the right to use an asset under a lease contract over the life of the lease.

The Right of Use asset is classed as an intangible asset, which is a resource with long-term financial value to a business.

The impact of the deferral of the lease payment due to venue closure during the year on the lease calculation resulted in a non-cash expense adjustment of **\$105,800 which resulted in a loss of \$39,648 for the year**. The lease liability will unwind in future periods so net profit will not be as impacted in the coming years and will have no impact on overall profit over the life of the lease.

## CASH POSITION 2020

There was a positive cash position at the beginning of the 2020 year. The year commenced with a mortgage loan balance of \$180,000 that was taken out in December 2019 to refinance the Creek Street office.

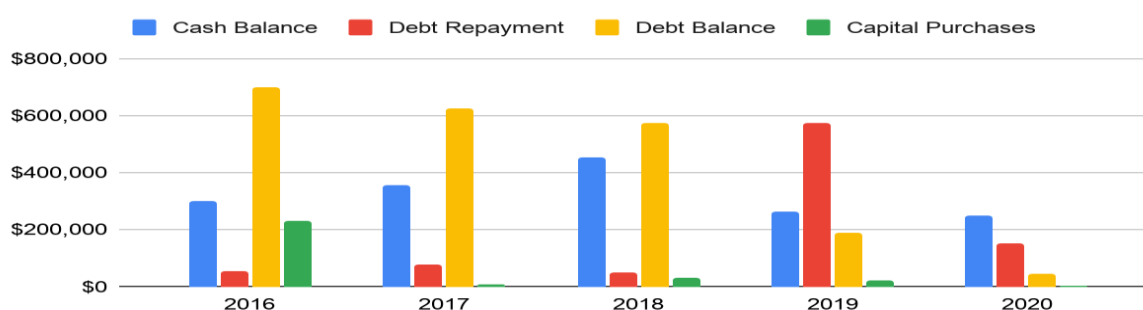
During the year the Management Committee looked at options to better utilise existing funds that were held in bank accounts. The decision was made to make a one-off payment of \$100,000 into our mortgage account. This had a two-fold result in that the Creek Street office was safeguarded against possible sale to meet future obligations elsewhere. There was a resulting reduction on monthly interest expense payable and the additional payment went into a redraw account which had immediate access to funds if needed.

The end result of this is that the mortgage will be paid in full in June 2021.

Our cash at bank accounts reduce as we need to retain \$56,000 to guarantee the rent for Adelaide Street and \$80,000 for working capital to cover breaks when income declines.

The chart and figures below show how cash generated by our operating surpluses has been saved and spent over the period.

### Cash Utilisation



	Cash Balance	Debt Repayment	Debt Balance	Capital Purchases
2016	\$298,707	\$52,750	\$698,750	\$230,023
2017	\$353,970	\$75,975	\$622,775	\$6,701
2018	\$455,504	\$49,700	\$573,075	\$30,149
2019	\$261,020	\$573,075	\$188,885	\$22,756
2020	\$249,532	\$149,992	\$43,994	\$3,062

## **SUMMARY FOR 2020**

The year turned out to be a year of many challenges. The biggest of which was to adapt to changing circumstances beyond our control. This was successfully achieved by quickly changing to online teaching which was able to keep our members engaged with U3A Brisbane.

A proactive approach by Committee members to reduce our expenditure during venue closures meant that we are able to open to classes in 2021.

The implementation of a compulsory accounting standard Accounting for Leases has a major initial impact on our financial accounts.

The challenge of increasing demand and efficient utilisation of our resources remains with us and occupies the minds of the Management Committee members.

I have to acknowledge that my task as treasurer is aided by the many office volunteers who ensure the recording methods developed over years and the new changes that have been implemented. I thank all the volunteers who give their time to ensure the success of U3A Brisbane.

**A BIG THANK YOU** to all members who generously gave donations to enable the future viability of U3A Brisbane.

## **FORECAST FOR 2021**

The 2021 year has commenced with a return to limited face to face classes.

Membership payments have helped in the successful re-opening of both venues.

We have changed receipts of memberships and class fees to mainly online only, and payment of class fees are upfront at the beginning of each term.

Forward projections based on a reduced membership base shows that U3A Brisbane will have a small overall surplus this year and will be financially viable to pay all debt when due. We all look forward to another successful year and hopefully a return to resuming all classes.

Thank you

Lyndall Beattie

Treasurer U3A Brisbane