

2021 January 10



# Financial Report

For the Year 2020,  
Presented at the January 2021 AGM

Mark Sondheim,  
VCKC Treasurer

HOME COVID-19 OUR CLUB PROGRAMS EVENTS NEWS LINKS CONTACTS JOIN US

### Our Programs

- BIG CANOE
- CANOE
- DRAGON BOAT
- MARATHON CANOE
- OUTRIGGER
- SEA KAYAK
- STAND UP PADDLE BOARD

*Picture from 2019 Brooks trip*

Victoria Canoe and Kayak Club remains in solid financial shape as we begin 2021, in spite of the club being partially closed for 8½ months, from March 17 to the end of the year. The pages that follow give considerable detail, but are easy to review. They are structured as follows:

1. Financial Statement - Summary for 2020
  - Facilities
  - Club
  - Balance Sheet (2019 and 2020, based on Coast Capital accounts)
2. Quick Graphs
  - Financial Holdings: 2016 through 2020
  - Boats, Trailers, Compound: 2016 through 2020
3. 2021 Membership Estimates
4. 2021 Proposed Budget including New Spending
  - Facilities
  - Club
5. 2020 External Financial Review of 2019 Books

These will be reviewed at the AGM on January 12, 2020. Should you have any questions, I will be happy to answer them then.

Happy Paddling,

*Mark*

Mark Sondheim,  
VCKC Treasurer

2021 January 10

# 1 Financial Statement - Summary for 2020

In the pages that follow, the year end summaries for the facilities (clubhouse and compound) and club are given. These are followed by the balance sheet for the year, containing our Coast Capital account balances.

<b>Facilities Status: 2020</b>	
	<b>2020</b>
<b>REVENUE</b>	
Rent (lower in 2020 because of covid reduction for five months)	\$9,785.00
<b>TOTAL REVENUE</b>	<b>\$9,785.00</b>
<b>EXPENSE &amp; TRANSFER</b>	
Expenses: plumbing, electrical, furnace, paint in suite	-\$1,844.06
Compound: last boat shed (as per last year)	-\$2,417.28
Property taxes	-\$318.03
Saanich Water/Garbage (Suite assumes 70% of annual cost of \$1399.53)	-\$979.67
BC Hydro (Suite assumes (70% of annual cost of \$3135.12-\$478.44) The \$478.44 is the difference between 2020 and 2019, likely due to dehumidier and fan in basement. This amount is 100% the club.	-\$1,859.68
<b>TOTAL OUTGOING</b>	<b>-\$7,418.72</b>
<b>REVENUE minus OUTGOING</b>	<b>\$2,366.28</b>
<b>RESERVE</b>	
Current amount in facilities fund	\$58,916.23
Desired (i.e., target) amount in facilities	\$57,000.00
<b>CURRENT minus DESIRED</b>	<b>\$1,916.23</b>

Historically the club has absorbed some costs that really should be associated with the suite, and consequently should be considered as Facilities expenses. This applies specifically to property taxes, and percentages of Saanich Utilities (garbage/recycle and water) and BC Hydro. The assignment of 70% of the utilities expenses to the suite seems reasonable given that the club was partially closed for 8½ months of the year. In the case of electricity, we have been running a dehumidifier and fan in the basement since the early fall. The additional cost of running these is associated only with the club and is estimated by subtracting the total BC Hydro bill for 2019 from the bill for 2020. It is also possible that some of this difference should be assigned to the suite, but that has not been done in this accounting. We do not have a separate meter for the suite.

The suite is heated electrically, so all expenses associated with gas (Fortis) are assigned to the club.

<b>Club Status: 2020</b>	
<b>Category</b>	<b>2020</b>
Donations, Incoming, Grants	\$871.09
Paddling Courses	\$6,867.33
Training	\$5,238.00
Equipment sale (two old canoes)	\$107.00
<b>TOTAL REVENUE (associated with club)</b>	<b>\$37,193.42</b>

As has been the case in previous years, the bulk of our 2020 revenue was from membership. Storage remains small by comparison, as has been the case in previous years. However, it is also evident that courses and training made significant contributions. The training revenue is artificially high as much of that comes from kayak training by private companies that we had to reimburse (see the next page).

Following the recommendations made on October 1, 2019 by the Executive, rates were raised after the January 14, 2019 AGM for memberships, storage and most courses.

<b>Club Status: 2020</b>	
<b>Category</b>	<b>2020</b>
<b>Expense Categories</b>	
Training	-\$8,654.16
Events (in 2020 no events held, but medals purchased)	-\$882.00
Misc General Administration	-\$1,525.38
AffiniPay fees + e-transfer fees	-\$1,479.52
Club Insurance	-\$1,162.50
Wild Apricot - Web Site	-\$2,501.51
Newsletter	-\$184.41
Saanich Water/Garbage (Club is 30% of annual cost in 2020)	-\$419.86
BC Hydro (Club is 30% of annual cost in 2020)	-\$1,276.54
Fortis Natural Gas	-\$923.33
Shaw Telephone and Internet	-\$1,626.95
Cleaning	-\$1,087.10
House & Grounds (building in basement, covid supplies, etc.)	-\$2,487.65
Trailers (insurance, parts, excluding capital purchases)	-\$331.44
Safety (include safety boat maintenance and boat lights)	-\$539.74
Program maintenance expenditures - all 7 programs	-\$2,219.42
Training	-\$3,416.16
<b>NEW SPENDING</b>	
SUPs & paddles (downpayment in 2019, balance in 2020)	-\$7,020.19
Used canoe	-\$300.00
<b>TOTAL EXPENDITURES (associated with club)</b>	<b>-\$38,037.86</b>

These can be grouped into six categories:

Admin: General administration; AffiniPay; e-transfer fees; club insurance; website; newsletter

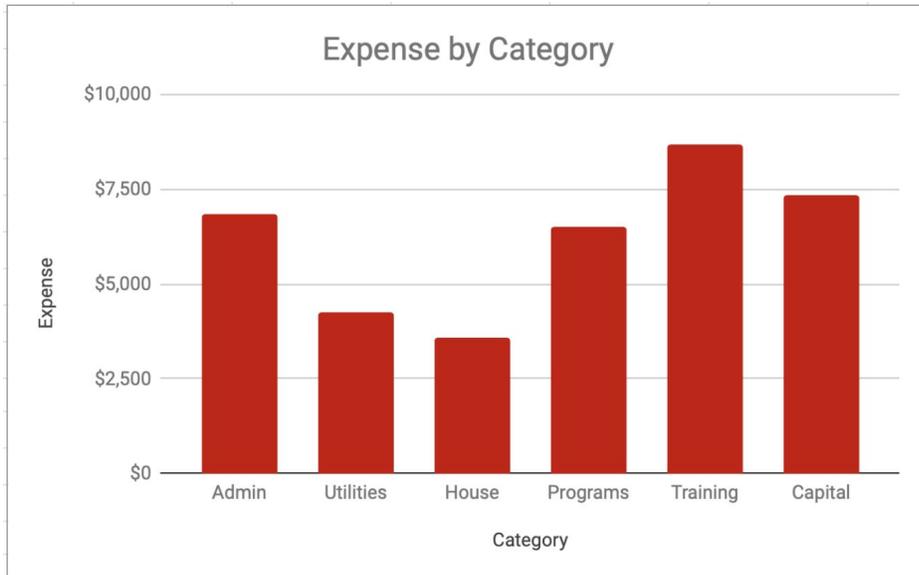
Utilities: gas; electricity; telephone and Internet; garbage/recycle pickup; water

House: house and grounds, including basement upgrades; cleaning (until covid measures were instituted)

Programs: paddling programs; safety; trailers

Capital: Purchase of seven SUPs + gear (the first 10% was paid in 2019); one used canoe

Training: Training expenses are so high because of the use of private companies. Some of this was reimbursed, but that portion associated with training instructors (\$3416.16) was not.



The overall running of the club, as represented by the Admin and Utilities categories involve largely fixed costs that together represent a significant part of our expenditures. However, our activities as represented by Programs and Capital, are larger. The House expenses include one-time improvements in the basement.

<b>TOTAL REVENUE (associated with club)</b>	<b>\$37,193.42</b>
<b>TOTAL EXPENDITURES (associated with club)</b>	<b>-\$38,037.86</b>
<b>REVENUE minus EXPENDITURES (both as assigned to club)</b>	<b>-\$844.44</b>

By the end of 2020, our revenue and expenditures were very similar; comparing just these two numbers, we are in the red by less than a \$1000. Given the limitations under which we have been labouring over the last 8½ months, this is an excellent outcome.

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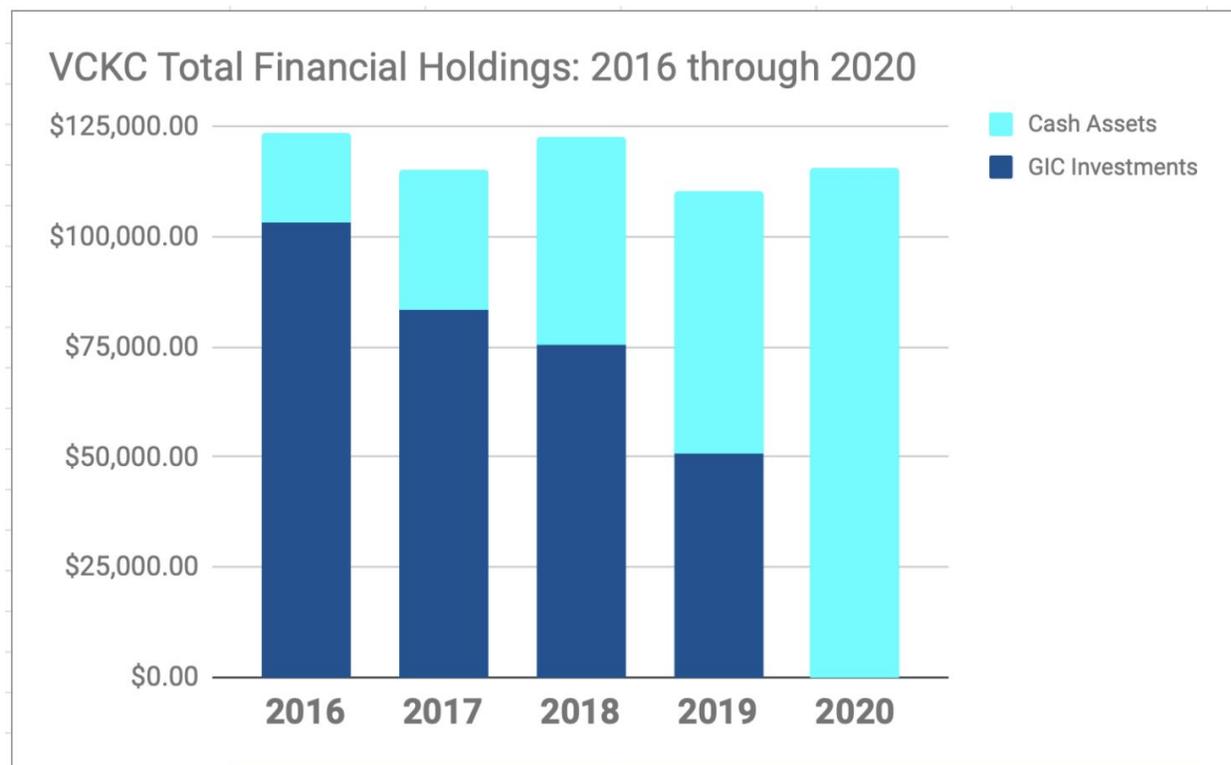
<b>BALANCE SHEET (based on Coast Capital accounts)</b>	<b>End of 2019</b>	<b>End of 2020</b>
Chequing account - as per Coast Capital account balance	\$9,302.85	\$7,221.05
Chequing account - liability: cheques, e-Transfers not yet cashed, etc.	-\$316.15	-\$446.79
Savings account - as per credit union balance	\$50,476.54	\$108,825.78
GIC (107) - Established May 2018; matured on 2020-05-28	\$51,000.00	--
<b>TOTAL</b>	<b>\$110,463.24</b>	<b>\$115,600.04</b>
Facilities - treated as a liability	-\$56,106.78	-\$58,916.23
Club Holdings (the difference)	\$54,356.46	\$56,683.81

The balance of our various accounts for 2019 and 2020 is provided in the following table. Note that although we manage our money as a Facilities fund and a Club fund, in fact we had three accounts at Coast Capital for the first part of the year: (i), chequing account, which is used as the general working account, (ii), a savings account, and (iii), a GIC. The GIC matured in May and the proceeds were deposited in the chequing account. It is noteworthy that by the end of 2020 we had more than \$5000 in total assets than we did a year earlier, with increases to both the Facilities and Club funds.

In summary, in spite of covid starting in mid-March, we have fared well financially in 2020.

## 2 Quick Graphs

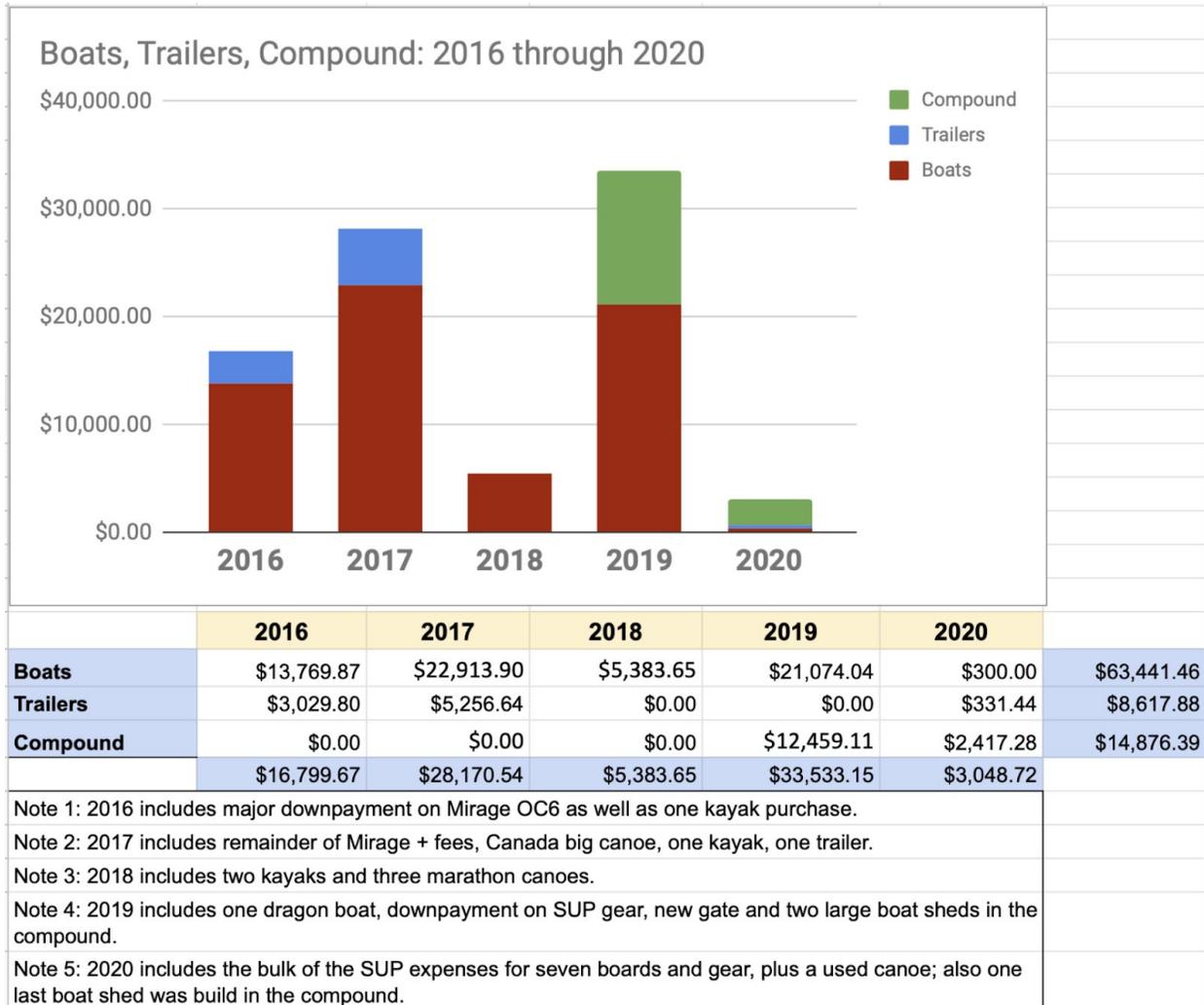
This first graph (and associated table) compares our financial resources over the last five years.



	2016	2017	2018	2019	2020
<b>GIC Investments</b>	\$103,289.03	\$83,349.19	\$75,500.00	\$51,000.00	\$0.00
<b>Cash Assets</b>	\$20,038.58	\$31,549.38	\$47,287.49	\$59,463.24	\$115,600.04
<b>Total</b>	\$123,327.61	\$114,898.57	\$122,787.49	\$110,463.24	\$115,600.04

The graph shows that overall our total assets have decreased a very modest amount over the last five years, and have actually increased compared in 2020 compared to 2019. This is another indication that as of the end of 2020 we are in solid financial shape.

Next we can consider our major capital expenditures over the last five years.



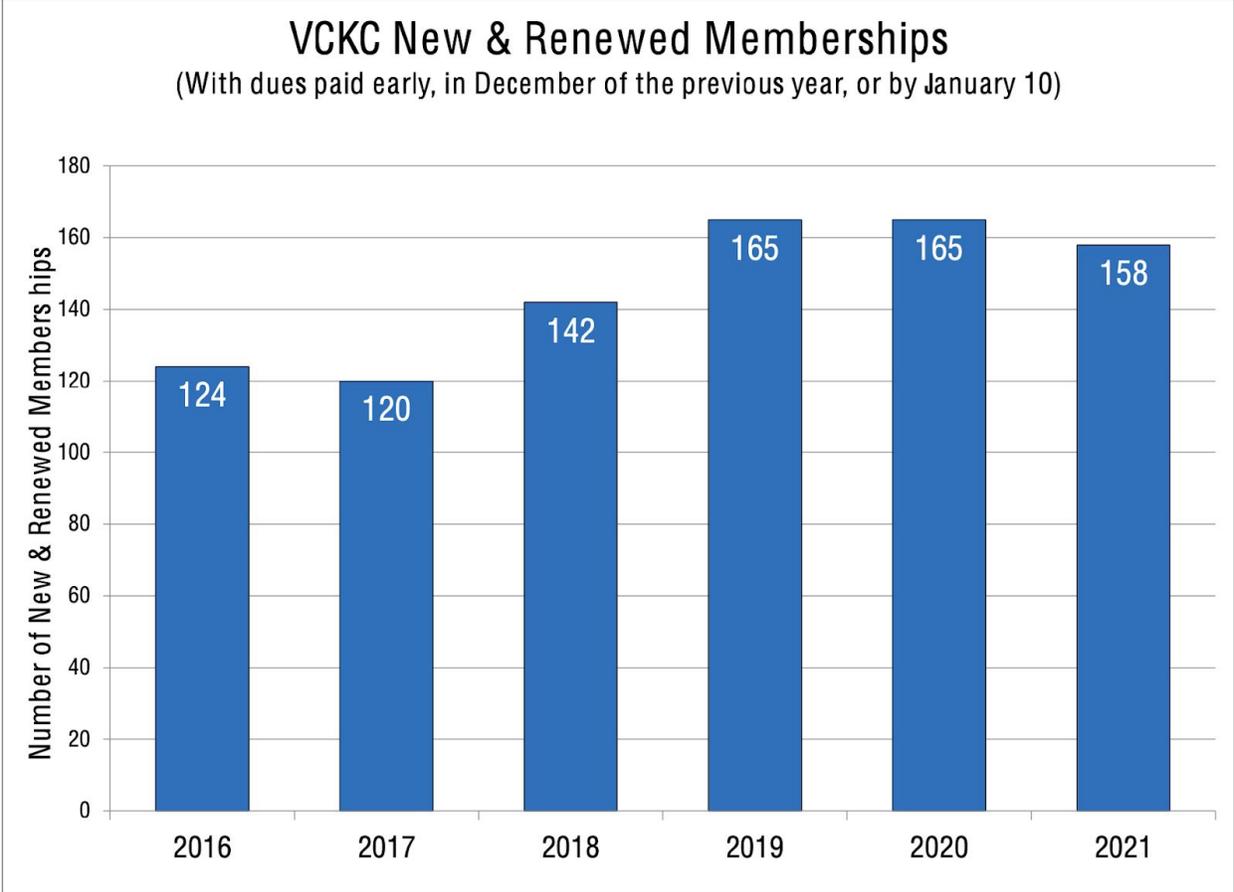
Over the last five years we have spent almost \$87,000 on major capital items: boats, trailers, and the compound. 73% was spent on boats, 10% on trailers, and 17% on the compound. Looking at the five columns for the five years, 2020 had much lower overall expenditures in comparison to the previous years. However, we still managed to purchase sufficient SUP equipment to run a SUP program, which in total then gives us seven viable paddling programs.

### 3. 2021 Membership Estimates

One point clear from the revenue numbers and graph on page 3 is the importance of membership to our bottom line. Memberships include both family and individual memberships.

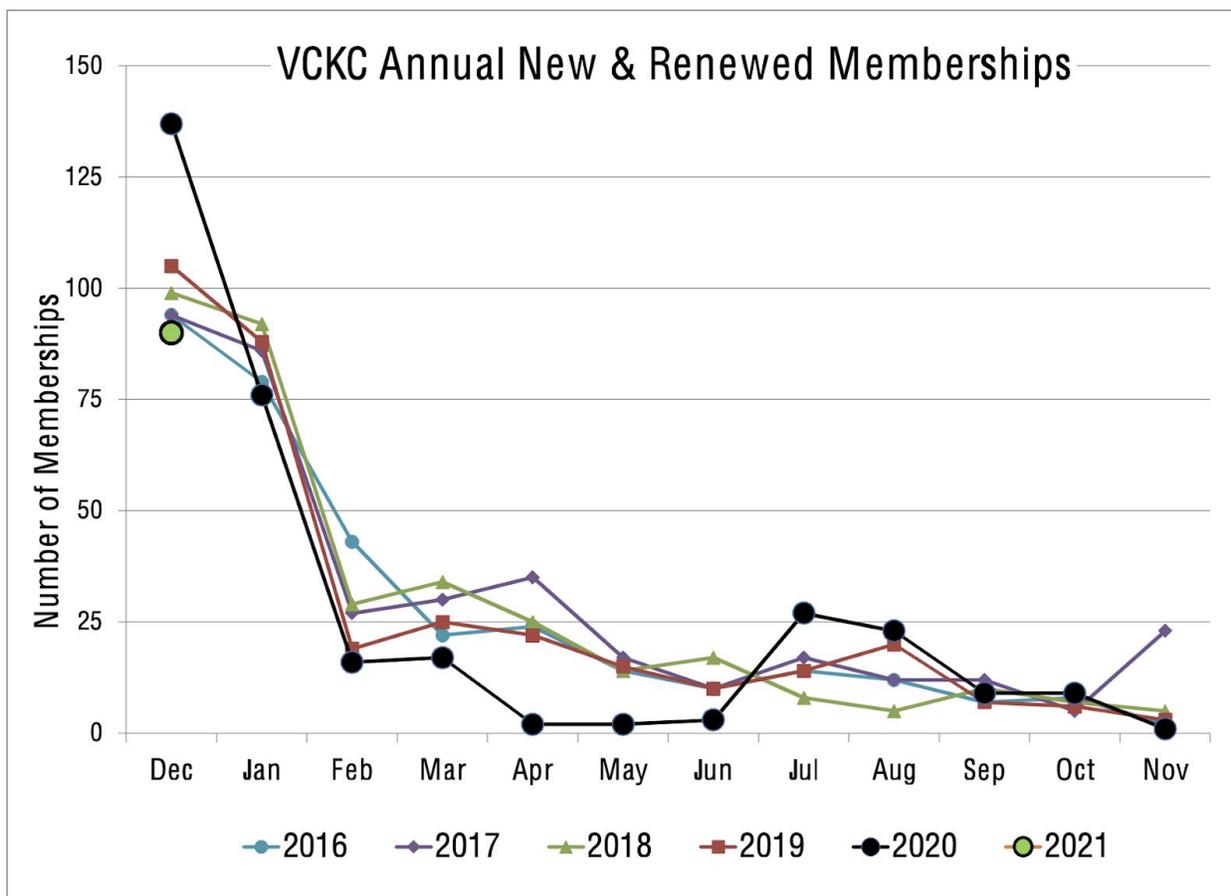
The graph below compares sign-ups from December 1 of the following year through January 10, for six years. So in spite of covid, the beginning of 2021 is noticeably better than the equivalent numbers for 2016 through 2018. The 2021 number is 96% of that for 2019 or 2020. This very strong result during this difficult time shows a clear commitment to the club.

However, because of the severity of the current covid restrictions, and the likelihood that they will continue for some time, the renewals or new sign-ups for the remainder of the year can be expected to be lower in 2021 compared to the previous two years. These results are very encouraging nonetheless.



The big question moving forward is the degree to which people will renew or start a new membership in 2021 for 2021. A comparison of month by month sign-up rates is instructive. The graph below shows the full years for 2016 through 2020. A single dot is shown for 2021, since we have only one month of data so far for 2021.

Looking at the black line for 2020, we see a big jump from June to July, when a number of courses were scheduled. This suggests that we are likely to see very low sign-ups until the club opens up to some degree again and courses are provided. When this will occur is difficult to predict, but my assumption is that it will not be until the summer, and the fall is more likely. In the club estimates given in Section 4 below, different scenarios are provided, based on the percentage of membership for 2021 compared to hard numbers for 2020.



## 4. 2020 Proposed Budget including New Spending

The facilities budget is not impacted significantly by covid. The big news here is that Saanich supports our request to build a dock but further information is required before authorization can be provided. The table below assumes that the dock will proceed. By the end of 2021 we should have about \$50,400 in the Facilities fund. This is about \$6600 less than the contingency amount of \$57,000. However, in 2022 the fund will grow sufficiently to exceed the desired contingency.

<b>2021 Proposed Budget, Victoria Canoe and Kayak Club</b>	
<b>Estimated Item</b>	<b>Estimate</b>
<b>PROPOSED 2021 FACILITIES BUDGET</b>	
<b>REVENUE: Rental of Suite</b>	\$12,120.00
Above based on 12 months at \$1010/month (no rent increase because of covid)	
<b>EXPENSES: Taxes</b>	-\$318.03
Associated with occupancy of suite	
<b>EXPENSES: Dock Expansion</b>	-\$15,000.00
Approved by Saanich	
<b>EXPENSES: Operational for Facilities - Miscellaneous</b>	-\$2,000.00
Above associated with suite	
<b>EXPENSES: Share of Saanich Utilities (garbage/recycle, water) &amp; Electricity</b>	-\$2,839.35
Above associated with suite	
<b>FACILITIES BALANCE, for end of 2020</b>	\$58,474.16
<b>ESTIMATE OF FACILITIES BALANCE, for end of 2021</b>	<b>\$50,436.78</b>
<b>DESIRED CONTINGENCY FUND FOR FACILITIES</b>	\$57,000.00
<b>ESTIMATED BALANCE ABOVE CONTINGENCY, for end of 2021</b>	-\$6,563.22
<b>This is a reasonable result. In 2022 we will have more than the contingency.</b>	

In the table below revenue for the club is predicted for three scenarios: 50%, 60% and 70% membership for 2021, compared to 2020. The Events row is zero, as it is assumed that no events will be held in 2021. If we are able to move some events to the fall, that will change this picture, depending upon the particular events. The membership estimates are adjusted to reflect the different percentages and the different costs of membership before and after the 2020 AGM.

Just to be clear, on the table below and the tables that follow, the numbers represent the total amounts for 2021 under three different scenarios. These scenarios are based solely on membership revenue. The dollar amounts are related to the actual number of memberships (renewals or new), which is why the material presented earlier in Section 3 is relevant.

Looking at the table below, operational expenses are fixed. The differences in the three 2021 scenarios are found in the proposed new spending. Most of this involves capital expenditures. At 50%, 60%, and 70%, we recommend purchasing one boat, two boats or three boats, respectively. The two current OC1s are well used, so obtaining another one seems well justified. Purchasing youth-sized kayaks would make kayaking more attractive to many families. So depending upon which scenario applies, we may want to consider proceeding with up to two of them.

<b>2021 Proposed Club Budget, Victoria Canoe and Kayak Club</b>		<b>2020-Actual</b>	<b>2021-Proposed</b>	<b>2021-Proposed</b>	<b>2021-Proposed</b>
<b>Estimated Item</b>			<b>50% Membership</b>	<b>60% Membership</b>	<b>70% Membership</b>
<b>EXPENSES: Operational</b>					
Training		-\$8,654.16	\$0.00	\$0.00	\$0.00
Events (in 2020 no events held, but medals purchased)		-\$882.00	\$0.00	\$0.00	\$0.00
Misc General Administration		-\$1,525.38	-\$1,500.00	-\$1,500.00	-\$1,500.00
AffiniPay fees + e-transfer fees		-\$1,479.52	-\$1,500.00	-\$1,500.00	-\$1,500.00
Club Insurance		-\$1,162.50	-\$1,200.00	-\$1,200.00	-\$1,200.00
Wild Apricot - Web Site		-\$2,501.51	-\$2,500.00	-\$2,500.00	-\$2,500.00
Newsletter		-\$184.41	\$0.00	\$0.00	\$0.00
Saanich Water/Garbage (Club is 30% of annual cost in 2020)		-\$419.86	-\$420.00	-\$420.00	-\$420.00
BC Hydro (Club is 30% of annual cost in 2020)		-\$1,276.54	-\$1,400.00	-\$1,400.00	-\$1,400.00
Fortis Natural Gas		-\$923.33	-\$900.00	-\$900.00	-\$900.00
Shaw Telephone and Internet		-\$1,626.95	-\$1,600.00	-\$1,600.00	-\$1,600.00
Cleaning		-\$1,087.10	-\$1,500.00	-\$1,500.00	-\$1,500.00
House & Grounds (building in basement, covid supplies, etc.)		-\$2,487.65	-\$2,000.00	-\$2,000.00	-\$2,000.00
Trailers (insurance, parts, excluding capital purchases)		-\$331.44	-\$200.00	-\$200.00	-\$200.00
Safety (include safety boat maintenance and boat lights)		-\$539.74	-\$300.00	-\$300.00	-\$300.00
Program maintenance expenditures - all 7 programs		-\$2,219.42	-\$2,500.00	-\$2,500.00	-\$2,500.00
Training		-\$3,416.16	-\$3,000.00	-\$3,000.00	-\$3,000.00
<b>TOTAL ESTIMATED OPERATIONAL EXPENSES</b>		<b>-\$27,301.51</b>	<b>-\$20,520.00</b>	<b>-\$20,520.00</b>	<b>-\$20,520.00</b>
<b>PROPOSED NEW SPENDING</b>					
New-to-us used canoe		-\$300.00			
OC1 (first)			-\$5,000.00	-\$5,000.00	-\$5,000.00
OC1 (second)					
Youth sized kayak (first), including skirts & paddles				-\$1,500.00	-\$1,500.00
Youth sized kayak (second), including skirts & paddles					-\$1,500.00
Stand Up Paddleboards (7), with paddles and leashes		-\$7,020.19			
Training - Instructors (including instructor certification assistance)		-\$3,416.16	-\$3,000.00	-\$3,000.00	-\$3,000.00
<b>Dock development</b>			-\$16,000.00	-\$16,000.00	-\$16,000.00
<b>TOTAL PROPOSED NEW SPENDING</b>		<b>-\$10,736.35</b>	<b>-\$24,000.00</b>	<b>-\$25,500.00</b>	<b>-\$27,000.00</b>
<b>ESTIMATED OPERATIONAL plus PROPOSED NEW SPENDING (EXPENSES)</b>		<b>-\$38,037.86</b>	<b>-\$44,520.00</b>	<b>-\$46,020.00</b>	<b>-\$47,520.00</b>

Note that in all three scenarios, we would be proceeding with the dock. The dock development is estimated at \$16,000 which is about \$3600 more than our estimate of actually building it. That gives up a bit of money to pay for consulting fees to help meet Saanich's conditions for proceeding. This may well prove too little, in which case the dock expenses will be higher than \$16,000. The Executive will need to investigate this further and will need to receive final approval from Saanich before hard numbers can be provided.

The last question to address is how sound will the club's finances be under the three scenarios. This is answered by the following table. For the 50%, 60%, and 70% scenarios, our club balances are estimated to be about \$48,700.00, \$49,800.00, and \$50,900.00 respectively. All three are well above our contingency value. So although covid will have a big impact on VCKC in 2021, the club will remain strong financially.

<b>2021 Proposed Club Budget, Victoria Canoe and Kayak Club</b>	<b>2020-Actual</b>	<b>2021-Proposed 50% Membership</b>	<b>2021-Proposed 60% Membership</b>	<b>2021-Proposed 70% Membership</b>
<b>Estimated Item</b>				
<b>REVENUE minus EXPENSES</b>				
This line shows the difference between proposed revenue and expenses for 2020.	<b>-\$844.44</b>	<b>-\$9,820.00</b>	<b>-\$8,720.00</b>	<b>-\$7,620.00</b>
<b>CLUB BALANCE, estimate for end of year</b>				
As of 2021 December 31 (as of 2020 December 31 for 2020 for the first column)	<b>\$58,474.16</b>	<b>\$48,654.16</b>	<b>\$49,754.16</b>	<b>\$50,854.16</b>
<b>CLUB CONTINGENCY</b>				
Contingency: cost of running club for one year, without capital expenditures	\$25,000.00	\$25,000.00	\$25,000.00	\$25,000.00
<b>RESERVE: CLUB BALANCE - CLUB CONTINGENCY, estimate for end of year</b>				
These values are all strongly in the black.	\$33,474.16	\$23,654.16	\$24,754.16	\$25,854.16

## 5. 2020 External Financial Review of 2019 Books

### CHEQUES & BALANCES Bookkeeping Services



December 22, 2020

To the members of The Victoria Canoe and Kayak Club;

We have reviewed the operations and financial statements of the Victoria Canoe and Kayak Club for the year ended December 31, 2019.

Our review consisted of reviewing information provided by management, comparison of the related financial documents such as bank statements, deposit statements, invoices and other relevant documentation. Comparisons were also made to the previous years' financial statements.

We reviewed the bank statements and deposit statements to the balance sheet and found no major issues or concerns.

We have reviewed the Operating Income Statement, Capital Equipment Income Statement and the House Lease and Rental Income Statement. Again, we have no issues or concerns with their representation.

In conclusion, the statements as presented represent fairly the Income and Operations of the Victoria Canoe and Kayak Club.

Sincerely,



Lori Dunn

Administrative Partner

Cheques & Balances Bookkeeping Services (2020)