

## Treasurers Report 2020

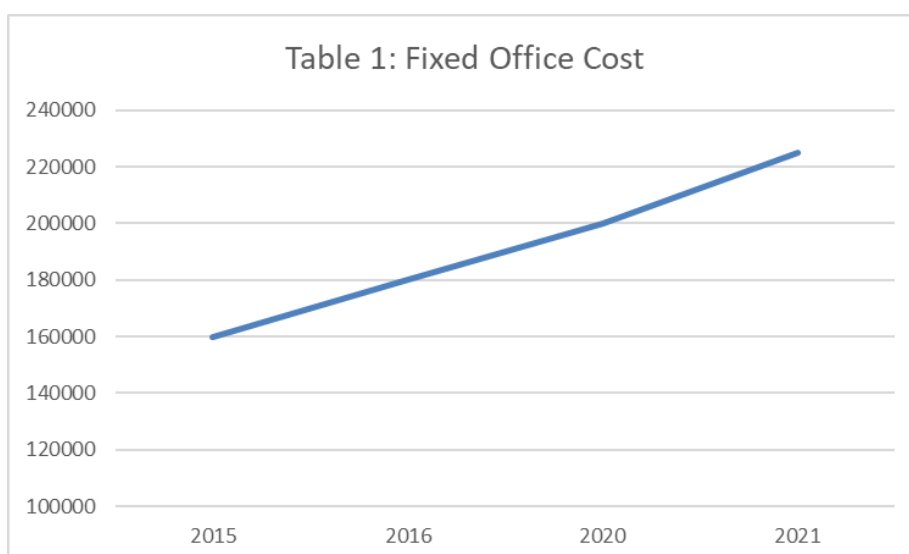
2020: What a year!

The APSI depends on strong revenue and expense management to be sustainable, and the net profit flowing from this enables the APSI to provide services and products to members. The APSI made a 'better-than-expected' profit of \$41,369 in 2020 and while this is good news, the Board is mindful that this profit was largely attributable to government support to business by way of grants and the JobKeeper subsidy.

Unpacking the net profit, revenue was a little more than \$480,000, and expenses totalled almost \$440,000. Without Government support of \$177,821, an operational grant of \$18,000 and rent relief, the APSI would have experienced a loss of around \$154,452 because of COVID-19 restrictions.

### Office and Corporate Costs

Over the last 5 years, as the APSI has grown and operations developed, the cost of administering the organisation has risen by 20%. To put this into context, in 2015 the APSI paid \$160,000 for the office and its office staff, and therefore revenue had to be at least this much before the APSI had money to reinvest in product improvements and innovations, member benefits and the Interski Congress. In 2020 the office cost \$200,000 and this figure is expected to be greater again in 2021, estimated at \$225,000, see Table 1. The increase is attributable to the cumulative impact of factors such increases in insurances, book-keeping service and rent, a small increase in the General Manager wage rate which has a flow on effect and an increase in office cleaning.

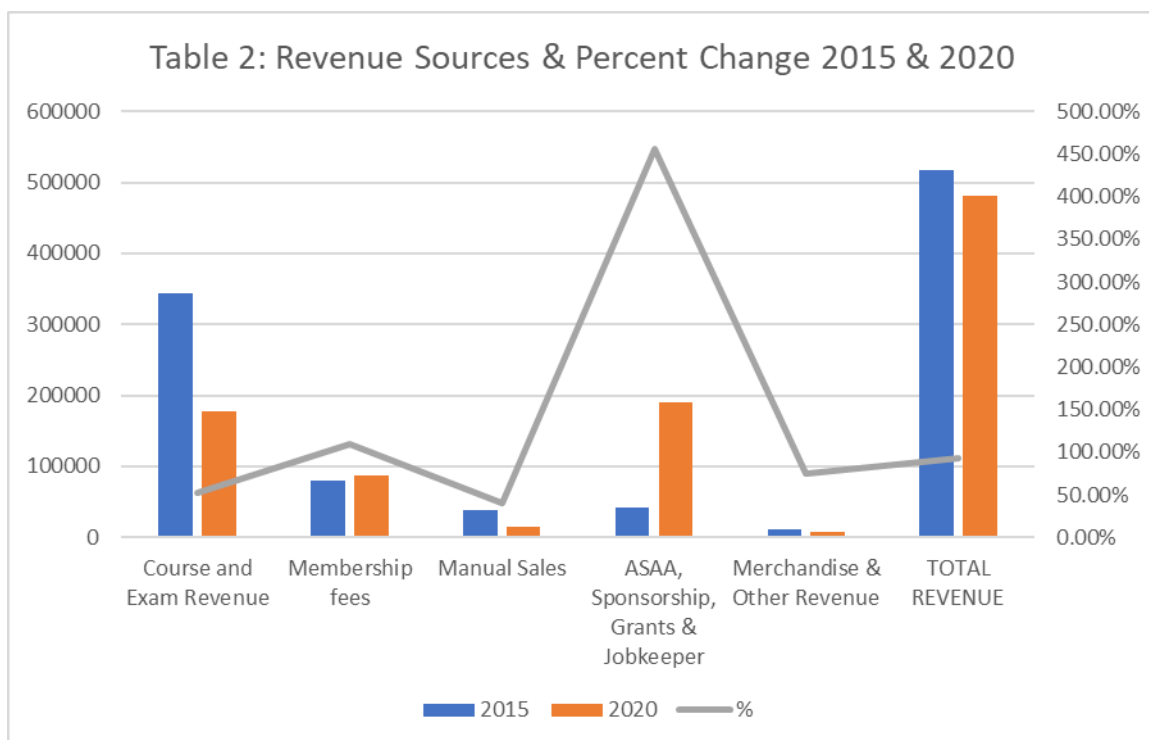


The biggest cost associated with the office is employee wages and in 2020 this totalled \$131,303. The Board of Management decided to continue to operate the APSI over the Australian winter season and received JobKeeper to subsidise wages for the three office employees. Additionally, the APSI benefits from the services of a bookkeeper which, along with fees paid to the auditor for the mandatory annual audit, added \$11,121 to the cost of the office in 2020.

The APSI received rent relief in 2020, however with a new lease in place from late 2020, the APSI now pays more for its office space per week than in previous years. For the first time, due to a change to accounting practice, rent due over the next 3 years until expiry of the lease is reported on the balance sheet (note 10).

### Revenue and Expenses

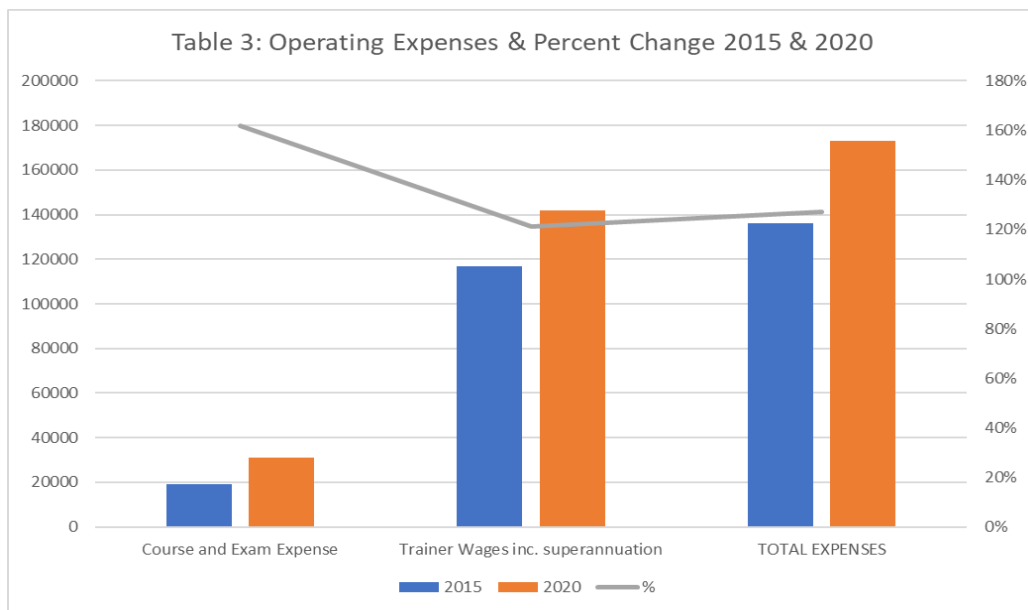
Courses and exams are consistently the APSI’s greatest revenue source, followed by membership, then income from manual sales. Table 2 shows APSI revenue from various sources in 2015 compared to 2020 and illustrates that government grants contributed more than course and exam income to total revenue in 2020. There was no ASAA income or sponsorship in 2020.



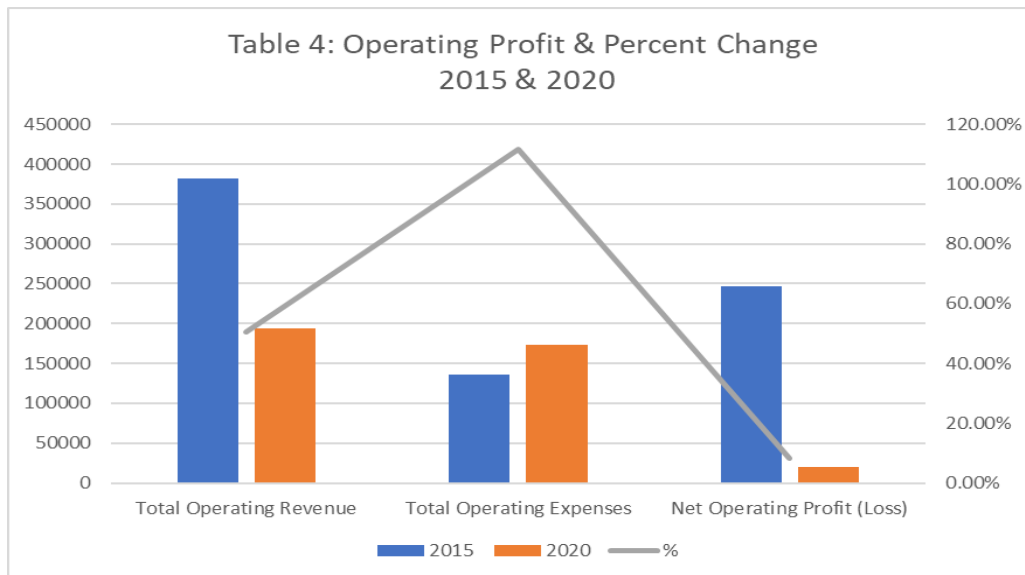
Few programs were conducted in 2020, with course and exam revenue reduced by around 75% from 2019. Courses and exams generated approximately \$178,000. Manual sales were correspondingly low, contributing revenue of only \$15,689 compared to \$55,032 in 2019.

Membership income was \$88,093 in 2020, a 43% drop on 2019, however this result was better than expected. The Board of Management thanks members for their support over what was an extremely difficult year for everyone.

Despite the fewer programs delivered, the 2020 operating expense (**course and exam expenses and trainer wages only**) was 27% greater than five years ago, totalling \$173,000. Course and exam expense (accommodation, travel, meals and mileage) was 62% higher than in 2015, largely attributable to the meal allowance introduced a couple of years ago. The trainer wage expense was 21% greater than it was in 2015 due to the cumulative effect of incremental increases in the wage rate paid to trainers over the five-year period.



Removing office costs and membership income from consideration, looking only at operating revenues and expenses (this time including manual sales in revenue), Table 4 illustrates that APSI operating profit was marginal in 2020, minimally better than break even.



### Other Financial Considerations

**Japan Operations:** Japan operations generated course and exam revenue in early 2020 of about \$99,000. Japan travel and expenses accounted for \$11,137.06 which, plus trainer wages of around \$50,000 yielded a profit for Japan operations of roughly \$37,860. During 2021 the Board is revising the Chart of Accounts to provide more accurate figures for Japan.

**Interski:** With the APSI experiencing a loss in 2019, there was no net profit (NP) to contribute any funds to the Interski account in 2020. This year, 25% of the 2020 NP will give Interski 2023 savings a boost from around \$27,000 to just over \$37,000.

**Staff turnover:** In late 2020 the APSI's General Manager (GM), Richard Hocking, resigned. All prescribed entitlements were paid. The Board of Management appreciated former GM, Andrew Rae, returning to work part-time for the APSI to support the organisation and office staff over the recruitment of, and transition to, a new GM. The APSI did not qualify to receive the JobKeeper allowance to subsidise Mr Rae's employment.

**SnowPro:** Members received a hard copy SnowPro in 2020 with printing costing \$16,460, postage additional. Many copies were 'returned to sender'. We could consider printing and posting fewer copies to reduce this expense in future. There has been debate at Board level about the merits of moving to an electronic SnowPro. If you have a view on this, the Board would appreciate hearing it – email [apsi@apsi.net.au](mailto:apsi@apsi.net.au).

**Pricing:** Pricing is always a vexed issue as the Board seeks to balance affordable products with maintaining viability of the organisation. Prices have not increased in several years, and the Board considered that the 2020 COVID-19-affected season was not the time to increase prices. During 2021, the Board is launching a strategic project around pricing, to build a fair model, or policy, to support evidence-based and consistent price setting.

**Professional Fees:** In 2021 the APSI successfully defended a matter in the Fair Work Commission. In 2020, in the lead up to the hearing, the APSI expended \$9,336 on legal support and a further \$7,500 to settle the matter.

## **Conclusion**

The APSI fared remarkably well over 2020 thanks to Government support, and the Board of Management, GM, Technical Directors and Technical Committees worked hard to offer members alternative products and learning opportunities to APSI's standard courses and exams. During 2021, the APSI is planning to invest in improving these initiatives as well as developing quality innovative new products that continue to build the APSI's international reputation as a world-class snowsport training and accreditation institution.