



Financial Control and the GAA Club

Bainistiú Airgeadais agus an Club CLG

CLUB MAITH TOOLKIT



INTRODUCTION

GAA Clubs are complex undertakings. Increasingly they're also big businesses in financial terms, handling very large amounts of money. It's absolutely vital that GAA Clubs are open and accountable in financial terms. Most Clubs get their money from other people ... so it's essential that those people are content that their money is being used properly. It's not difficult to put in place and maintain good financial systems and procedures, whatever the size of the Club

SOME BASIC FINANCIAL CONTROL CONCEPTS

GAA Clubs aren't commercial businesses. But it's important they're aware of some basic concepts which can be applied in the GAA Club context:

INCOME AND EXPENDITURE ACCOUNT

In a business this is often termed the Profit and Loss Account. Basically, it outlines the Club's financial performance, usually over a year. The account should show what money has come into the Club and what money it has paid out. Typically, the individual amounts will be grouped under headings, possibly as follows:

INCOME

- Membership fees
- Club Lotto
- Gates
- Events
- Draw
- Sponsorship
- "Friends of ..." subscriptions
- Grants
- Miscellaneous

EXPENDITURE

- GAA affiliation fees; insurance; etc
- Playing gear
- Transport
- Teams' expenses
- Heat; light; and power
- Rates
- Maintenance
- Advertising
- Admin expenses
- Miscellaneous

CASH FLOW

This is exactly what it says ... the flow of cash into and out of the Club. It's a hugely important thing to be aware of: Clubs, just like businesses, need cash to pay the bills. It's quite possible to be financially sound and to be well on the way to producing a good end-of-year Income and Expenditure Account but to suffer cash-flow problems. A well-managed Club won't allow this to happen.

Cash Flow projections, whilst similar to budgets in terms of estimating expected income and expenditure, differs in that it is a key measure of your club's ability to place sufficient cash resources at a specific point in time to meet expected costs.

A cash flow projection should be prepared for a period, typically 3-6 months when the timing of upcoming income and expenditure can be reliably estimated. A basic cash flow could take the following format:

Available Funds *plus* Expected Income *less* Upcoming Expenditure *equals* Cash Flow Surplus/Deficit

Available Funds - A cash flow should always begin with your current bank balances and other available cash at hand. You should include any arranged overdrafts here as it important to note all available funds at a given point and time.

Expected Income – Here you should record all probable revenue in the selected period. It is important to be realistic so as not to overstate your income. Typical entries here will include:

- Outstanding Debtors (monies owed to the club)
- Weekly lotto income
- Expected social club income
- Grant income
- Upcoming fundraisers

Expected Expenditure- Here you should include all your anticipated expenditure in the selected period. It is important to be pessimistic here and plan for the worst case scenario so that the club is prepared for all eventualities. It is important to include:

- Any direct debits
- Outstanding creditors (monies owed by the club)
- Loan repayments
- Pitch Maintenance
- Planned developments
- Lotto winnings/jackpot

By then applying the above mentioned formula you should generate either a cash surplus or deficit. Interpreting these results will then inform the club's financial decision-making processes going forward particularly if the outcome is a cash flow deficit.

There are number of actions you can take if you find that your club is in a deficit:

Loan Holiday – During the current crisis some banks are offering a loan repayment holiday which can be of assistance to cash flow. Note that some lenders are still charging interest whilst deferring the basic repayment amount.

Bridging Loan – It may be beneficial to obtain a loan to help ease cash flow issues and business interruption loan.

Extending payment terms – Open a dialogue with your creditors i.e. County Board and agree a more suitable payment plan if you cannot meet immediate costs.

BUDGET

Working to a budget is one good way of helping manage cash-flow. It's also a tried and-tested overall financial management tool. Basically, a budget is an outline of what a Club intends to spend during the year ahead and when it intends to spend it. It's a way of first planning and then monitoring the Club's income and expenditure.

A Club budget would use the types of headings listed above for the Income and Expenditure Account. The Executive Committee should decide at the start of the year what it intends to spend under the various headings (e.g. identify an amount for playing gear). The Treasurer should then allocate that spend appropriately: for example, it's likely most playing gear would be bought at the

start of a season with smaller “top ups” later on. As the year progresses what actually happens is monitored against what was planned to happen.

Club Income should be treated in exactly the same way.

Using budgets means everyone knows what’s what in financial terms within the Club. For example, managers and coaches know what resources they have available and Events/ Lotto Committees know how much they have to raise. Budgets of course should be set at realistic levels.

DEPRECIATION

This involves spreading the cost of fixed assets (e.g. buildings and equipment) over their working life. For example, if we bought a mower at £10,000/ €10,00 and expect it to last five years, then we depreciate it at £2,000/€2,000 a year. The purchase should not be reflected in our Income and Expenditure account but taken to the Balance Sheet and treated as a Fixed Asset and depreciated over its estimated working life. The depreciation figure (£2000/€2000) should be reflected as an expense in our Income and Expenditure Account.

It is important for us is to realise that all fixed assets have a lifespan ... and that we (a) need to have a sense of what that lifespan is; and (b) start thinking before the event about how we’re going to fund its replacement.

BALANCE SHEET

The balance sheet gives you a snapshot of the financial standing of your Club at a particular point in time. Put simply it summarises your assets (i.e. what the Club owns or is owed) and your liabilities (what your Club in turn owes to others). If your liabilities are greater than your assets then you’re in major trouble! Usually you’ll need some expert help to draw up a Balance Sheet but it can be a useful exercise to show the members just what the Club is worth. A typical club Balance Sheet would take the following format:

Fixed Assets

Land & Buildings

Floodlights

Equipment

Current Assets

Debtors (monies owed to club)

Prepayments (Gala deposit etc)

Ticket Debtors

Cash at Hand

Bank Balances

Club Merchandise Stock

Total Assets

Current Liabilities

Trade Creditors (monies owed by the club)

Bank Loans

Capital Grants

Net Assets (Total Assets less Current Liabilities)

Reserves

Surplus B/fwd

Surplus/Deficit for the Year

Net Reserves

The Club Accounts template is available to download at <https://ulster.gaa.ie/community/resources/> providing a sample layout for club financial statements.

The guidelines below reflect best financial management practice and should be taken on board by all GAA Clubs:

Club Bank Accounts

- The Club should have one or more bank accounts, e.g. a current account and possibly deposit and or loan accounts.
- All Club financial business should be carried out through these authorised bank accounts.
- A number of authorised cheque signatories should be approved by the Executive Committee.
- All cheques should be signed by at least two of the authorised signatories.
- The authorised signatories should include the Club Chairperson; Treasurer; and Secretary.

Accounting for Cash

- Cash holdings should be kept to a minimum and all cash sums deposited into the Club accounts as quickly as possible.
- Cash transactions on behalf of the Club should be by exception and for small amounts only.
- There should be a separation of duties which if combined would enable one person to record and process a complete transaction. This will help reduce scope for errors as well as deliberate manipulation or abuse.

Procurement of Goods

- All expenditure over £100/ €100 (or another agreed figure) should require a Purchase Order Number from the Club Treasurer
- All Club expenditure of over £500/€500 (or another agreed figure) should be formally approved in advance at a full Executive Committee meeting.
- The Treasurer should, at each Executive Committee meeting, give an account of all Income and Expenditure incurred since the previous meeting and give the current position in terms of each of the Club's bank accounts.
- All expenditure should be on foot of properly-vouched invoices or other appropriate documentation.
- At least three tender prices should be sought for all works/tasks estimated to cost over £5,000/ €5,000 (or another agreed figure).

Annual Accounts

- A proper, written financial statement should be presented at the Club's AGM: the Treasurer should explain the statement to the meeting and answer any questions on it.
- That financial statement should outline: - The Club's financial position at the start of the year. - Income during the year. - Expenditure during the year. - The Club's financial position at the end of the year.
- The Club should comply as appropriate with any other financial requirements imposed by funders and others the Club may work in partnership with.
- The Club should keep an up-to-date asset register of its main items of equipment, e.g. playing gear; footballs/ sliotars/hurleys/helmets; mowers; gym equipment; computers; videos; televisions; etc.

