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Presidents Report 2020

On behalf of the Board of Directors of Gladesville RSL Community Club I have pleasure in presenting the Annual Financial Report for the year end 31 December 2020.

Covid-19

2020 proved to be a challenging year for all us and has continued into 2021. Most businesses were required to adjust and adapt in order to continue operating and comply with a range of rules and regulations under Public Health Orders.

I am incredibly proud of how our Club handled the Covid shutdown and the reopening period. On 22 March 2020 we received notice to cease trading the following day. With the threat of a potential six-month shutdown, we immediately started an aggressive cost reduction exercise. Every possible item of overhead expenditure was eliminated due to the uncertainty ahead. The toughest decision was standing down our staff but I must commend them all on their spirit and attitude during this time. Fortunately, the Federal Government announced the JobKeeper program shortly afterwards which was a great initiative to support both workers and businesses.

Just ten weeks after the shutdown we received notice we were able to reopen again with one week to prepare. Once again, our staff responded and we were able to restock and get our Club back open on 1 June 2020.

The next question was would patrons return and what impact would Covid restrictions have? It was pleasing our Members responded in support of the Club and we have been trading well since reopening. I must also thank all Members not only for their loyalty, but the compliance and respect to the health regulations imposed.

Our result was boosted with the support once again of our staff. We remained in the JobKeeper program until October which meant during this time wages were subsidised. Our full-time staff reduced hours to JobKeeper levels, whilst most of our casuals increased theirs. This made an big impact to our performance in the reopening period and greatly assisted in getting our Club back to some sort of "normality" sooner than expected. I really cannot thank the staff enough for their efforts over this difficult time, your support and attitude was simply amazing.

Also assisting during this time were our suppliers. Whilst their own businesses were suffering, they still assisted by deferring payments, waiving contractual agreements or simply checking in to see if there was anything they could do to assist.

We must also thank the State and Federal Governments for the financial stimulus throughout. This support not only helped in retaining staff, but the economic stimulus has given people the confidence to go out and spend which is exactly what all businesses needed to survive.

2020 Trading

With a ten-week closure we should be telling you that it was a difficult year but instead we have very positive news. We are showing an EBITDA of \$2.17 million for 2020 in comparison to \$1.37 million in 2019.

This is an increase of \$800,000. Whilst \$400,000 of this is attributable to Government stimulus it also shows how the support of Members, the effort of staff and the fast reaction of the Board and management have all helped to keep the Club in a strong position.

We also benefited from our ground floor refurbishment being completed in January 2020 and the external façade being completed in October 2020. I am sure you will all agree this has made a big difference to the Club and the positive reaction we have received from everyone shows we are heading in the right direction. In fact, it has been so successful and in conjunction with our strong performance we are now looking into bringing forward our 1st floor refurbishment earlier than planned.

You will notice the net profit posted is a negative figure. A decision was made to write off \$3.7 million in previous building improvements. As a non cash item this is not a figure of concern. In discussion with our auditors and with our historical asset records not being sufficiently detailed to explain the work undertaken, it was decided with the major refurbishment completed the timing was appropriate to write off previous refurbishments of the same areas.

Following the most recent work we also had our Quantity Surveyor provide a depreciation schedule so going forward our depreciation will take place over a more reasonable time period.

2020 Events

There were a few changes to our activities in 2020 but these are also positive stories.

At the time of the Covid shutdown the Seniors Living Development was not performing with pre-sale targets not being achieved. Since starting this project many years ago, the Seniors Living market has changed significantly. The recurring revenue from a boutique retirement village is not at the same level as when the project commenced.

The shutdown allowed us to put the development on pause and review our options. This resulted in a change to a residential development in partnership with Geron Property Trust. This means the Club no longer has to provide additional cash equity and the resulting profit share will be used to benefit the Club and the community on completion. Demolition of the site at Western Crescent has commenced with excavation and building to commence soon.

During the uncertain times of 2020 there was also discussions regarding the future of Gladesville RSL Youth Club. This resulted in some changes that have been beneficial. Rather than continuing to rent premises for dance and karate, a space was created on level 2 of the Club. This means we are making better use of underutilized space and do not have the liability of a lease. It has also been pleasing to see these families supporting the Club facilities before and after classes.

Gymnastics was our largest Youth Club and of most concern. The change to a residential development for the Western Crescent site meant the community facility was no longer appropriate for competitive gymnastics, only the recreational program. With the uncertainty of Covid, there were also concerns about the level of financial support the Club would be able to provide.

A number of opportunities and scenarios were discussed, the end result being our Gymnastics Advisory Committee setting up a not-for-profit entity called Gladesville Gymnastics. Whilst no longer part of the Youth Club and having no operational control, Gladesville RSL & Community Club is committed to remaining a financial partner to ensure this important community facility remains. It is pleasing to see that in the first term of 2021, Gladesville Gymnastics has already been able to increase participation numbers. With the increased assistance of parent volunteers and the independent status providing more opportunities to increase funding and reduce costs, this will be a win-win-win situation for Gladesville RSL, Gladesville Gymnastics and all gymnasts.

Community Contributions

Despite the challenges of 2020 we were still able to make a significant financial contribution to the community totaling over \$180,000.

Through the ClubGrants program we made significant contributions to veterans' services with grants to the Veterans Benevolent Fund, Gallipoli Scholarship Fund and the Kokoda Youth Leadership Challenge. We also continued our community support with grants to Gladesville Combined Pensioners, Sydney Community Services and Giant Steps. Our in-kind support included the provisions of meeting facilities at no cost to a range of community organisations.

This financial support also extends to the propagation of sport, with grants to support the sports of golf, swimming, darts, snooker, cricket, dance, karate and gymnastics.

Plans for the Future

Now there is a more positive outlook for the future, your Board is committed to pushing ahead with further improvements to the Club. We are currently looking at opportunities to improve the bistro and sports bar offer on Level 1. This is a preliminary discussion at this stage but there is potential this work could commence in early 2022.

The development of Western Crescent will continue in the coming years. Whilst this site still includes a community facility owned by the Club, no decision has been made at this time as to how it will be used.

Thank You

To our CEO Ashley Parmenter and the management team, on behalf of the Board and myself we are looking forward to the continued alignment of our goals for the short and long term future of our Club. Together your immense understanding of and passion for our business has remained and is very much appreciated.

Once again to our fantastic frontline staff you have made us proud throughout the year. To our administration staff, your contribution keeps the Club moving forward.

I also would like to take this opportunity to thank my fellow Directors. I am fortunate to have such a progressive and committed team to work with and I sincerely appreciate the support you have shown me within my role.

In our recent refurbishments and in our community contributions, we have always maintained the importance of acknowledging and honoring our veteran's past and present. As President of Gladesville RSL Sub Branch it would be remiss of me not to mention our Sub Branch members who contribute many hours on behalf of our veterans - Treasurer Jim Tyson, Secretary Peter Astridge, Womens Auxiliary Coordinator Enid Haslop and Ian Stevenson who is always there in support when needed.

During the year regrettably there have been members and loved ones depart. To all involved in the Club, we extend our deepest sympathies and condolences, and to all that are ill we wish you a speedy recovery.

Our thanks go to all our sporting clubs and the committee members of these clubs for your efforts in keeping your clubs active and supporting our club.

Last of all, on behalf of the Board of Directors, management and staff we say thank you, to you our loyal members for your support and patronage throughout the year.

Jim Butt

President