

 **Matt Simpson**

 CCC-Treasurer

**Background**

Coogee Care Centre’s Financial Report for the year ending 31 December 2023 was audited by Justin Weiner from StewartBrown Chartered Accountants. Copies of this report have been made available to members to review before this AGM.

Coogee Care Centre is a not-for-profit association – providing Before School Care, After School Care and Vacation Care services for the Coogee community. There is a strong demand for these services and Coogee Care Centre is one of the largest out of school hours OOSH care centres in the Eastern Suburbs of Sydney with a capacity of 270 in ASC.

**Financial Result for 2023**

Coogee Care Centre recognised total comprehensive loss for 2023 of $140,000 (compared to a loss of $159,885 in 2022). The 2023 result reflected the impact of attendance levels declining from the previous year, not being offset by reductions in staffing costs.

Overall loss for the year compared to a budgeted loss of $15k. There were several contributing factors and decisions made by the committee which drove this amount.

* Fee income over the year was $110k below budget. The budget for 2023 included expected increases in attendance, particularly over the second half of the year which did not eventuate:
	+ For the 6 months to 30 June 2023, fee income was $647k - $37k higher than same period in previous year but $22k below budget.
	+ For the 6 months to 31 December 2023, fee income was $635k – a decline from the previous 6 months, $61k below the same period in previous year and $88k below budget.
* As a NFP with a strong desire to maintain and support the community – staffing levels were held over the final 6 months of the year despite enrolments not growing to levels expected. This meant the centre was able to keep staff employed as the labour market shortened and the economy started to slow – supporting the community and ensuring the strength of the centre. This included maintaining an ongoing permanent administrative support.
* Overall, for 2023 operating expenses were $16k or 1.11% more than budgeted indicating adherence to budget, but no further cost saving initiatives taking place to offset the shortfall in budgeted income.

The ongoing financial health of the centre is paramount to all decisions made, and it was due to the quality of the centre’s balance sheet and cash reserves that we were able to support these items, maintaining a high-quality service and supporting the community.

Pleasingly our program to recover reduce instances of unpaid debts continues to improve with trade receivables of $17k in December 2023 compared to $57k for December 2022. The centre finished 2023 with a cash balance of $495k.

**Outlook for 2024**

The Budget for 2024 for the Coogee Care Centre considers the lower levels of attendance experienced in the last half of 2023 continuing into 2024.

Overall, we are budgeting for a marginal increase in revenue from $1,282k to $1,302k driven by the following:

* **Attendance**: We expect 75% capacity for ASC and 65% capacity for BSC and VAC care (this compares with 82% and 70% in the 2023 budget).
* **Price**: Under our existing lease with the Department of Education we have an annual 5% fee increase applied in July. With ongoing increases in costs, we have factored in an 8% increase across ASC, BSC and VC to apply from July. We require approval from both CPS and DOE for this. We also have plans to introduce an ‘experience levy’ for vacation care activities where there are significant costs (such as visits to Ice Zoo and Archie Bros). This is not reflected in the budget.
* In an environment of continuing declines in consumer confidence we need to carefully manage our pricing to cover increased costs, but not to adversely impact our attendance rates. This will be monitored closely over the next 12 months.

At the current level of attendance, we need to rebase our costs to a more sustainable level. Overall, our expenses are budgeted to decrease from $1,422k to $1,398k with the following specific comments:

* An initial benchmark activity indicates our education, operating and administration costs are broadly in line with expectations of a similar sized centre. These costs have been held relatively flat in the 2024 budget requiring managing to offset inflationary increases with centre efficiencies.
* Employee expenses are however running higher than expectations and we are aware there is a required 10% increase in educator salaries in 2024. We are conducting a review into the opportunities to reduce employee expenses to a sustainable level and have factored the impact of this into H2 of this year per the budget.

The budget reflects an annual loss of $96k. The second half of the year set to record a small profit offsetting the continued losses incurred in H1.

**Acknowledgements**

Thanks goes to the centre’s bookkeeper Viridity for all the work done in managing the finances of the centre. Thanks also goes to Jenny, Kate, Mason and Kara and the team for their contribution to day-to-day administration. The centre is a complex operation and closing out the 2023 financials continues to be smoother than the previous year thanks to management attention during the year.

We now need to formally accept the Auditors report on the 2023 accounts.

**Attachment:**

