



### **Financial Planning**

Your club may already have some existing income and expenditure forecasts or well developed business plans. In unforeseen circumstances, like these, these plans remain important but they are unlikely to reflect the reality of the situation you are currently facing.

Therefore it is important to undertake some emergency financial planning for your club as soon as you possibly can. Try and enlist the help of those who know the finances of your organisation best and work together (remotely) as much as possible to check and challenge each other's thinking and assumptions. It is also advisable to put an action plan in place to ensure you can meet your financial obligations.

You will need to fully understand your costs and liabilities (expenditure) as well as your income, cash in the bank and any savings/reserves. This will help you to fully calculate your immediate (next three months) and short-term (next six months) financial position. It will also help you to plan for any shortfalls you might have and think about what financial help you might need to address them.

### **Understanding your income**

Clubs can be very creative and resourceful about how they generate income. Most approach income generation in very different ways. For some, membership fees/subs and fundraisers will be their main sources of income. Others may receive regular donations, generate additional income through Gift Aid or kit sales, attract financial support via sponsorship or grant funding, or generate income through commercial activities, facility hire charges, training courses, parties, annual dinners/balls, holiday schemes and much more.

Having a detailed understanding of the regular and ad-hoc income your club or organisation generates is an essential part of your emergency financial planning.

In an emergency, it is important to consider the impact on your income by reducing or stopping your activities, events and other usual services for a period. As with your expenditure, we recommend you work out your expected income over a three and six month period. As part of this, it is suggested that you determine how much income is secure (will definitely come in), what is at risk (might come in) and what will be lost.

If you have an income forecast already prepared for the year, this can be a helpful starting point. You might also want to look at last year's accounts, your bank statements, booking data and any other sources you have available to you.

A good place to start would be to list out all of your known income sources and categorise them into secure, at risk and lost. This will help you understand exactly how much income you will have to keep your operations going during this period. When reviewing each source, consider testing whether activities and events could be rearranged, if members/users are happy to continue paying their membership fees/subs and the requirements of any grant providers/sponsors. This may help you avoid the loss of critical income.

Some clubs/organisation may have insurance policies that cover them for a loss of income, so it's best to check your policies carefully during this process.

## **Understanding your savings and reserves**

Most clubs may have some cash in the bank which they can access instantly. They may also have some petty cash onsite. Others may have savings accounts which are earmarked for known future expenditure on things like maintenance and the repair/replacement of facilities, kit and equipment or operating/pension costs (restricted reserves). Some may be lucky enough to have unrestricted reserves which they can draw on in the case of an emergency or for future unplanned projects.

Having a detailed understanding of your club's financial reserves (restricted and unrestricted savings), any relevant notice periods you have and other cash they may have onsite and in the bank will help to provide a more accurate picture of options for a club going forward.

## **Understanding your expenditure**

You can use any of your existing expenditure forecasts, your most recent club accounts and bank statements (including direct debits) to help you work out how much you spend on a regular basis.

We recommend that you determine if these costs are for either essential or non-essential items and work through each one to determine if you can pay, defer, spread the costs over a longer period or stop them and adjust your cash-flow accordingly; bearing in mind your position will be changing on a regular basis so keep on top of it.

## **Reviewing your income versus expenditure**

Once you have a clear picture of your income versus expenditure and any available savings, you will be in a much more informed position to think about your immediate and short-term future and any action you may need to take to help generate additional funds and/or reduce non-essential expenditure.

Unexpected costs regularly crop up, so you may want to apply a contingency sum in your expenditure projections or apply a sensitivity analysis to both your income and expenditure projections to help you plan for best and worst case scenarios. For example, what would happen if actual income went down and projected expenditure went up? Or, what would happen if actual expenditure went down and income went up?

Remember, timing is key. You might be planning over a three and six month period but we would recommend you try to understand and review your income and expenditure on a weekly basis during this critical period. Think about what dates you can expect to have money in and when you need to spend money out. This will help to plan to have enough cash when you need it.

Try and encourage people who owe you money to pay as quickly as possible and try to negotiate with those you may owe money to consider as long a payment plan as possible, such as landlords and land/water owners. In many cases, they may have prevented access to the sites so may be willing to reduce rent over this period.

## **Ideas to generate revenue**

Sailing and boating clubs are nothing if not resourceful and many have been coming up with innovative ways in which to raise revenue.

Some ideas you may want to consider are:

- Speak to your members and ask if they are happy to continue to pay membership subscriptions or make donations
- Consider starting a Crowd Funding campaign
- Run online courses or organise some virtual boating to help keep your members engaged
- Entice some of your more experienced members to give a webinar or online seminar
- Open a virtual bar at the weekends selling virtual drinks to your members.
- Explore securing loans from members
- Setup a 100 club (a private society lottery)

### **External Support**

There are a number of support schemes available which will either be communicated to you automatically or you will need to apply for directly.

- [Financial support for businesses during coronavirus \(COVID-19\)](#)
- [Guide to Sport England Community Emergency Fund](#)

### **Other things to think about**

Reviewing liabilities of trustees/directors/committee/board members. If your club is facing financial hardship, you should carefully review your constitution and articles to determine whether your trustees/directors/members are financially liable for any losses.