

# 2023 FINANCE COMMITTEE

## ANNUAL REPORT

### **Executive Summary:**

This Finance Committee Report provides a high-level overview of the financial activities, decisions, and recommendations made by the Finance Committee of Business North Harbour during the financial year ended 30 June 2023. The report outlines high-level financial details of the Committee's insights to guide the organisation's financial strategy. For members that wish to examine a little deeper into the financial performance of Business North Harbour, we have the Finance Committee's annual report available in addition to the full audited accounts.

### **Financial Goals and Objectives:**

The Finance Committee reaffirms its commitment to achieving the following financial goals:

- Ensuring financial stability and sustainability.
- Managing expenses responsibly and efficiently.
- Safeguarding the organisation against financial and operational risks.

### **Budget Approval**

The budget approval process is a critical aspect of financial management for Business North Harbour, ensuring that financial resources are allocated efficiently and are aligned with our strategic goals. Budgets are completed by the Finance Committee and drafts are approved by Board Members. Final budgets for the following year are set at the AGM which typically occurs in October and these budgets are unable to be changed without calling an extra-ordinary special meeting. Budgets are set with the best intent to allocate sufficient financial resources based on historical data as well as projected forecasts. However volatile economic operating environments can sometimes cause variances financially and as an organisation we need to pivot accordingly. Regular variance analysis is performed to compare actual financial performance against the approved budget. Any significant variances are investigated and addressed.

### **Financial Performance**

#### **Income:**

Total income generated in financial year 2022/2023 was \$955,127 against a budget of \$971,125 indicating a small variance of -1.6%. Many of you will be aware that levies to members are based on the number of commercial properties based in the Business North Harbour BID. This is important as member fees directly correlate with the number of commercial properties within our BID. Business North Harbour applied for and received from Auckland Council \$732,404 in the targeted rate levy for 2022/2023.

Other notable income generated is derived from advertising, sponsorship, membership subscriptions and functions and events. In the financial year there was a variance of -15.2% for advertising, sponsorship and membership subscriptions income against budget. This is mainly due to a less than expected uptake in our sponsorship and membership subscriptions. For Functions and Events, there was a variance of -34.9% against budget. This is due to most of the events held are normally run at breakeven or a loss for the benefit of our members.

### Expenses:

Expenses are a crucial component of a financial report as they directly impact the organisation's financial health and liquidity. Business North Harbour is proud to inform our members that the majority of the category expenses were kept within budget for the financial year.

However, a couple of notable variances include the following:

- a) Functions and Events (-18.9%). As mentioned previously this is because it generally costs us more to hold these top end events with world class speakers for the benefit of our members rather than trying to make a profit from it.
- b) Crime Prevention & WMIF (-12.2%). BNH independently contracted Vanguard Security to patrol the BID for members outside business hours. Expenditure is higher than expected in this category, mainly due to the increased cost in petrol and projects to keep our business community feeling safer. We know from member engagement surveys that this is also one of the main benefits that resonates well with members.

### Statement of Financial Position

#### Assets:

The majority of assets is cash held in the bank from targeted rates. These are paid quarterly and will be held in our on-call bank accounts in advance to meet upcoming expenses throughout the quarter. We utilise the funds according to budget with minimal variances.

	NOTES	30 JUN 2023	30 JUN 2022
<b>Assets</b>			
<b>Current Assets</b>			
Bank Accounts and Cash	7	217,671	356,642
Trade Receivables		11,267	4,058
Prepayments		1,158	6,010
Interest Accrual		298	117
Goods and Services Tax		7,214	8,106
<b>Total Current Assets</b>		<b>237,609</b>	<b>374,933</b>
<b>Non-Current Assets</b>			
Term Deposits	8	69,403	69,403
Property, Plant and Equipment	9	36,375	44,991
Intangible Assets	10	2,640	5,520
<b>Total Non-Current Assets</b>		<b>108,418</b>	<b>119,914</b>
<b>Total Assets</b>		<b>346,027</b>	<b>494,847</b>

**Liabilities:**

Our liabilities totalled \$130,157 of which \$52,721 is receipts in advance relating to additional funding received from Auckland Council for crime prevention and funding received from Upper Harbour Local Board for the food waste initiative. This liability will be extinguished the day after balance date (1st July) when the funds become due.

<b>Liabilities</b>		
<b>Current Liabilities</b>		
Business Credit Cards		
	1,495	1,324
Trade Payables	28,438	21,329
Accruals and Provisions	4,900	4,900
Receipts In Advance	11	52,721
		183,901
Wages and Holiday Pay Accrued	40,078	34,872
Hire Purchase Liability	2,526	2,715
<b>Total Current Liabilities</b>	<b>130,157</b>	<b>249,043</b>
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**Equity:**

Retained earnings this year is \$215,870. It represents a portion of the organisation profit that is retained within the business.

<b>EQUITY</b>		
Retained Earnings	215,870	245,804
<b>Total EQUITY</b>	<b>215,870</b>	<b>245,804</b>

**Conclusion:**

The Finance Committee has played a crucial role in overseeing the financial affairs of Business North Harbour during the 2022/2023 financial year. I believe we have maintained a strong financial position with robust cash flow management and prudent expenses control. The organisation remains vigilant in monitoring and managing financial risks against volatile economic challenges. We are confident that the recommendations and decisions made will contribute to the organisation's financial health and long-term success.

Last but not least, thank you to Kevin O'Leary (GM) and the finance committee for their contribution and especially Kate Thorpe (Accounts administrator) whose diligence in preparation for committee meetings means that they are always on point.

Yours Sincerely

Ketien Chur

Finance Committee Chair