



## Finance Manager Annual Report for District Council – April 2024

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<b>Portfolio</b>	Finance Manager

### Overview

2023/204 was a very interesting year for the Finance Portfolio. Our income has been largely as projected despite lower-than-expected membership payments. We were able to avert a drop in income due to the increase in Membership fees from \$45 to \$60. From a budget perspective, there were variances in many line items, indicative of a poorly aligned budget and district success plan that has resulted. From an administrative perspective, most operational matters have flowed without much issue. The district missions have been timeously supported and cash flow managed within the prescripts.

### District 74 Profit & Loss (Actual vs. Budget Summary) (In ZAR)

Month Ending 12/31/2023			07/01/2023 Through 12/31/2023		
Actual	Budget	Variance	Actual	Budget	Variance
<b>District Revenue</b>					
25,274.01	41,766.83	(16,492.82)	1,028,083.10	1,150,564.52	(122,481.42)
330.00	8,169.92	(7,839.92)	35,160.00	49,019.52	(13,859.52)
97.75	0.00	97.75	97.75	0.00	97.75
<u>25,701.76</u>	<u>49,936.75</u>	<u>(24,234.99)</u>	<u>1,063,340.85</u>	<u>1,199,584.04</u>	<u>(136,243.19)</u>
<b>District Expenses</b>					
0.00	8,169.92	(8,169.92)	18,653.45	49,019.52	(30,366.07)
0.00	6,000.00	(6,000.00)	141,253.73	153,000.00	(11,746.27)
6,970.10	5,000.00	1,970.10	52,915.84	126,000.00	(73,084.16)
9,550.15	0.00	9,550.15	99,301.84	74,000.00	25,301.84
0.00	11,850.00	(11,850.00)	20,964.22	71,100.00	(50,135.78)
0.00	0.00	0.00	112,740.74	249,607.00	(136,866.26)
15,292.73	7,000.00	8,292.73	148,841.60	71,700.00	77,141.60
5,018.77	3,600.00	1,418.77	93,713.18	115,200.00	(21,486.82)
918.00	6,500.00	(5,582.00)	402,204.02	279,000.00	123,204.02
0.00	4,000.00	(4,000.00)	346,927.43	113,000.00	233,927.43
0.00	0.00	0.00	11,659.79	0.00	11,659.79
8,995.90	9,247.85	(251.95)	54,559.95	55,487.10	(927.15)
<u>46,745.65</u>	<u>61,367.77</u>	<u>(14,622.12)</u>	<u>1,503,735.79</u>	<u>1,357,113.62</u>	<u>146,622.17</u>
<u>(21,043.89)</u>	<u>(11,431.02)</u>	<u>(9,612.87)</u>	<u>(440,394.94)</u>	<u>(157,529.58)</u>	<u>(282,865.36)</u>
<b>Total Net Income</b>			<b>Total Net Income</b>		

## Total District Revenue

<b>Total District Revenue</b>	<b>1 063 340,85</b>	<b>1 199 584,04</b>	<b>(136 243,19)</b>
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District Revenue is largely driven by membership subscriptions. At the October renewal, D74 managed 3,839 against 3,821 at the same point in 2022. Projections which are from TI, have come in marginally lower than projected. Part of the reason for this could have been due to the high uptake of the \$15 discount special until the end of July, as evidenced by the high number of Treasurer Excellence Clubs.

## Total District Expenses

### Education & Training Expense

<b>Total Education &amp; Training Expense</b>	<b>112 740,74</b>	<b>249 607,00</b>	<b>(136 866,26)</b>
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Our greatest expenditure under the Education & Training is District and Club Officer Training. Budgeted under the first half of the year of this line-item training was the in-person Directorate training, whilst the first Club Officer Training was online. The September Directorate was forgone, which resulted in less than budgeted expenditure. The second round of Officer Training was held in training between January and February

### Recognition

<b>Total Recognition</b>	<b>141 253,73</b>	<b>153 000,00</b>	<b>(11 746,27)</b>
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Recognition shows a variance of (R11,746). Under this category, we have included all incentives for the Club Fitness Rewards, which is ongoing. In the first half of the year, the Smedley, Retention, Treasurer Excellence and the DCP Sprint award. The line item also includes the Q1 Hall of Fame, which was held online. It must be noted that several qualifying Clubs do not claim the vouchers that come with the achievement.

### Administration

<b>Administration Expenses</b>	<b>148 841,60</b>	<b>71 700,00</b>	<b>77 141,60</b>
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The overspending on administration is due to two large Zoom invoices, which were unexpected.

18 Aug USD 2,563.69 R48,628.84

21 Nov USD 2,644.98 R50,236.99

This was a result of the excess cloud storage for the Zoom account which accommodates all Divisions. A fixed monthly charge of \$115 to cover the Zoom Cloud Storage has been put in place

and will be gradually phased out to reduce the invoice relating to this activity. In addition, all Divisions and Zoom account users have been requested to use local drive storage as an alternative to lower the impact of additional charges being incurred in the future.

### **Marketing Outside of Toastmasters Expenses**

<b>Total Marketing Outside of Toastmasters Expenses</b>	<b>99 301,84</b>	<b>74 000,00</b>	<b>25 301,84</b>
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Our website is our key mouthpiece to the world. To this end, an outside contractor is retained to maintain the website, as well as a backend contractor for backend processes for the day-to-day running of the website. To attract leads the District runs lead generation via Facebook.

### **Public Relations Expense**

<b>Total Public Relations Expenses</b>	<b>20 964,22</b>	<b>71 100,00</b>	<b>(50 135,78)</b>
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Not too many PR programs have been run under this line item as most activities have been channelled via the Marketing outside Toastmasters expenses line.

### **Club Growth**

<b>Total Club Growth</b>	<b>52 915,84</b>	<b>126 000,00</b>	<b>(73 084,16)</b>
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Our Club growth initiatives have included lead generation (although captured under Marketing outside Toastmasters). We also have Toastmasters weeks which involve some activities that localize activities at the Division level. Out of the number of Divisions, only 3 such activities were held, namely Division D (Cape Town), Division P (Durban), Division B (Madagascar) and Division Z&W (Harare) were held in the first half of the year. Several similar Toastmasters Weeks will be held in the second half of the year. This will ultimately see greater movement in the funds budgeted. Whilst we look forward to an immediate return on investment, the results of these Toastmasters Weeks often take time to come to fruition and these initiatives may very well lead to new clubs in the future rather than immediately.

## Travel

<b>Total Travel Expense</b>	<b>402 204,02</b>	<b>279 000,00</b>	<b>123 204,02</b>
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## Lodgings

<b>Total Lodging Expense</b>	<b>346 927,43</b>	<b>113 000,00</b>	<b>233 927,43</b>
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It must be noted that the Travel and Lodging lines are driven by the need to have District leaders travel on District business. Aligned to this fact it must be noted that leaders have had to travel to a geographically dispersed District spanning 12 Countries and 14 Divisions. Added to this is the fact that a Quintet instead of a Trio in our transition phase. A further point that would account for the variance is the accruals were reversed at the beginning of the year and added to expense line items. Furthermore, items in support of Education and Training and Club Growth will incorporate travel and concomitant lodgings. Key travels, in this half of the year would have involved the inauguration dinner, which involved 14 District Directors, and 10 Cabinet members in July. Furthermore, a Cabinet strategy session instead of a Directorate September meeting was held in August, Toastmasters weeks were also held in July (Cape Town and Durban), Madagascar, and Zimbabwe (December)

## Total Net Income

<b>Total Net Income</b>	<b>(440 394,94)</b>	<b>(157 529,58)</b>	<b>(282 865,36)</b>
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A net deficit Income of (440 394,94) was accumulated by the end of December 2023. Critical to this is the accrual of expenses from the previous cycle. Furthermore, an unforeseen storage charge of just under R100,000 for Zoom cloud storage was incurred. This has exacerbated an anticipated R157,529 deficit. Several line items are expected to align in the second half of the year, however, lower-than-expected renewal numbers could result in a critical cash flow position, with one eye on the 25% income retention for the incoming cycle. A greater member retainment and recruitment drive will be needed to improve the District's financial position.

## **Personal Reflections**

### **Challenges**

The greatest challenge has been the misalignment of our actions and stated intent as submitted in our success plan which informed the budget process. An inability to remain true to our original plans has resulted in shifts in needs and therefore resulted in variances, where certain activities have required more resources than originally required. However, our bottom line remains healthy.

The current FM is grateful to the previous FM who has been greatly supportive and continues to be available, however, in hindsight, a minor issue was the onboarding and acclimatisation to the systems used. This will inform the handover process to the incoming Finance Managers to ensure that new incumbents hit the ground running.

Conference financing is fairly independent of the Finance portfolio; however, some financial observations can be made. Firstly, marketing an event can never be overstated. Coca-cola a global brand does not stop spending on PR and marketing. As great and self-selling as the conference is publicity is never harmful. Secondly, sponsorship, especially in Gauteng could have been explored more to subsidize the cost of the event, especially with many corporate partners with whom we already have relations with. Hopefully, the conference will be a great success. However, for subsequent events, we could leverage our established corporate partnerships more and explore new ones.

### **Leadership skills developed in the role**

Over the last few months, a few skills have been developed by the incumbent. Records keeping and management is one of the growth areas that can be reported. The need for planning and budget alignment has come out very strongly.

The skill of being supportive without being intrusive has also been greatly developed. However, the need to know when to remain non-intrusive and when to guide remains a growth challenge as evidenced in the line variations that emanated from an underdeveloped alignment to planning and final execution of plans resulting in variances between actual expenditure and budget. Earlier interventions (guide) could have averted these. The contribution to a leadership team has also been a great learning opportunity and experience as well.

## **Closing Remarks**

A better alignment between the District Success Plan and Budget will result in more predictable expenditure patterns. This should be a great lesson to take forward to the next cycle. Invest in thinking about our goals and targets, what initiatives these will take to achieve, and finally the resources (financial) needed. Having said this it is acknowledged that plans and tactics must be dynamic and adapted to the ground environment.