

## Running Your SSO: Financial Management

# Cash Flow Model User Guide

January 2021



<https://www.sport.nsw.gov.au/clubs/ryssō/financialmanagement>

# Introduction

Using cash flow modelling can assist your Board, Committee of Management or executive monitor the financial health of your sporting organisation and undertake modelling and scenario planning.

A cash flow model can provide a detailed understanding of an organisations financial position, including its income, expenditure, investments and debts. A cash flow model can be used to project forward, considering different scenarios and possibilities and assisting an organisation to plan for the future.

The Office of Sport's Cash Flow Modelling Tool has been developed specifically for State Sporting Organisations and clubs to use.

## Using the Tool

- To use the Tool, you will need your organisation's financial reports from the current and/or previous financial year.
- The Tool is housed within an Excel spreadsheet and can be downloaded to use offline.
- Before you start, you will need to read this Cash Flow Modelling Tool user guide.
- It is recommended that you use the Tool in conjunction with your financial or accounting staff or volunteers.

## Disclaimer

The use of this Tool does not constitute legal or financial advice and is general in nature. It should not be acted upon without the full understanding of your current situation and future goals and objectives by a fully qualified professional financial or legal advisor. The Office of Sport accepts no liability or responsibility for the accuracy and suitability of any information generated or your reliance upon it.

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# 1. Model Methodology

The Model consists of two key input sheets:

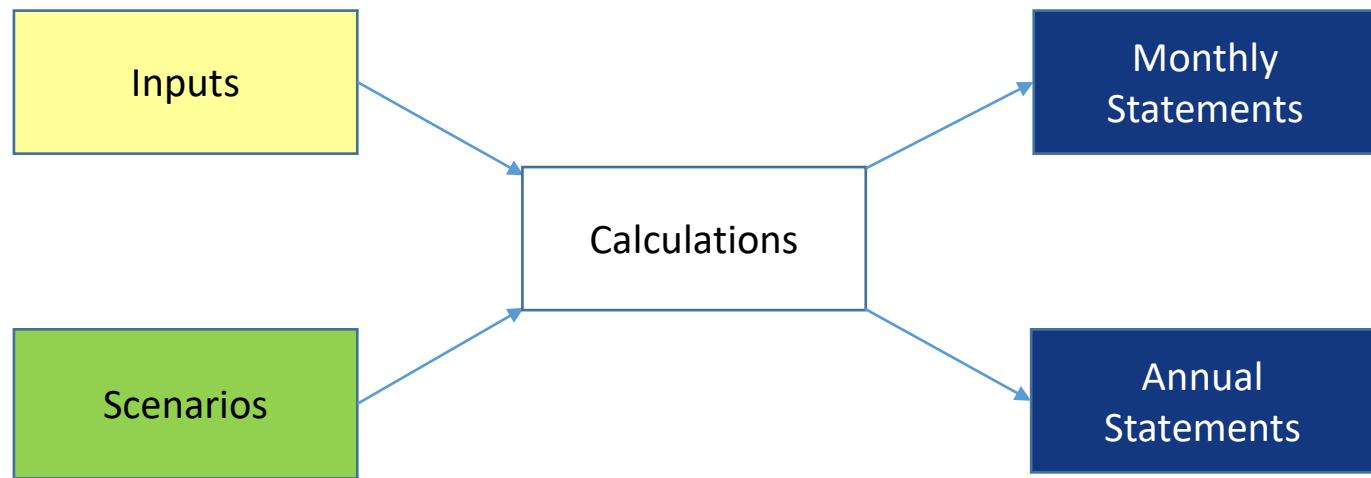
1. 'Inputs' worksheet, where the user can input their expected financial figures for a variety of different key line items
2. 'Scenarios' worksheet, where the user can input a variety of changes to these financial figures under different scenarios and can compare the benefits and costs of this.

This then flows into a 'calculations' worksheet, which performs the various background calculations using the model user inputs and the model assumptions and produces the output financial statements in the 'Monthly Statements' and 'Annual Statements' worksheets. A diagram and summary of this is also on the next two slides.

The Model has been setup in a user friendly manner, in particular it:

- Separates inputs, calculations and outputs.
- Uses consistent formatting throughout the Model with pre-defined styles.
- Logically groups inputs and calculations into logical blocks.
- Avoids hardcoded numbers in a formula, ensuring you will be able to trace all inputs to a calculation.
- Incorporates integrity checks.

## 2. Model Map



### 3. Worksheet Summary

The tab of each sheet in the Model is sectioned by a particular colour or by header tabs. The colour/ header tabs shows you how each tab is being used in the Model. A description of each work sheet is provided below:

Group	Sheet name	Sheet Summary
Model information	Disclaimer	Model information and disclaimer
	Contents	Provides general information on worksheet names and ability to quickly navigate to them
	Instructions	Provides general guidance on the Model structure and usability
	Checks	Performs a variety of check calculations and alerts the user if an error is detected
	Controls	Performs general model information calculations, such as certain timing elements. This worksheet can also be used to amend scenario names in the Model
Financial Inputs	Inputs	Model user to enter financial inputs in this worksheet.
Scenario Inputs	Scenarios	Model user to enter scenario profile inputs and select scenario profiles, along with interest rate and tax rate inputs for each scenario. This worksheet also contains key KPI information.
Calculations	Calculations	This worksheet contains calculations using the Model assumptions and inputs.
Output Sheets	Monthly Statements	Monthly financial statements
	Annual Statements	Annual financial statements

## 4. Colour Coding Of Cells

Each cell in the Model has a certain style which illustrates how the cell is used within the Model. No locking or protection of cells has been used on any of the styles in the Model so care must be taken by the users only to enter data into the appropriate cells.

### Cell formatting

-  100 Manual inputs that can be adjusted by the user
-  100 Parameters to control fixed model elements (such as the timeline) - should not be adjusted without caution.
-  100 Assumptions and outputs generated as a result of VBA routines (ie copy and paste routine)
-  100 Cells with formulas that simply 'call-up' data from other parts of the model, and that don't perform other operations on that data
-  Cells surrounded by formula or inputs that have been deliberately left blank and where no assumptions should be added. In some instances these are referred to by other formula by design.
-  This colour is used to indicate formula in cells that are deliberately different from those cells around it (rather than being a copy of the surrounding cells)

- Care should be taken when amending any values that are not in yellow input worksheets and not in yellow input cells.

## 5. Updating The Model – Financial Inputs

### Updating the ‘Inputs’ worksheet

The model user can input their various expected financial forecasts for a variety of line items in the ‘Inputs’ tab. These values should be entered only in cells formatted in yellow.

The screenshot shows a software interface for inputting financial data. At the top, there are three buttons: 'Check', 'OK', and 'Total'. Below these are two columns: 'Start' and 'End'. A table follows, showing dates from '1-Jul-20' to '1-Nov-20' in five-day increments. The first row of the table is greyed out. The second row is yellow and contains the values '1,000' and '50' respectively. Arrows point from two callout boxes to specific parts of the interface: one arrow points from a box containing the text 'Do not edit the names here (more information available on proceeding slides)' to the first row of the table; another arrow points from a box containing the text 'Values can be input in these yellow cells for each period' to the yellow row of the table.

	Check	OK	Total	Start	1-Jul-20 31-Jul-20	1-Aug-20 31-Aug-20	1-Sep-20 30-Sep-20	1-Oct-20 31-Oct-20	1-Nov-20 30-Nov-20
1.1 Club Affiliation Fees									
1.1.1 Income									
High Price									
Number of clubs									
Club Membership Price	#	\$							
					1,000	1,000	1,000	1,000	1,000
					50	50	50	50	50

- The Model user can change the values in all cells formatted in yellow on the ‘Inputs’ worksheet. The user should enter the numbers based on their ‘Base Case’ expectations and any deviances to expectation can be recorded within the Scenario inputs (described in the next slide).
- All revenue and expense items should be input as positive numbers. The model will automatically adjust for inflows and outflows in the calculations and outputs.
- All revenue and expense item inputs should be entered excluding GST. The model will automatically add GST to all cash flow items (except for employment expenses). The model assumes that GST is accrued on a ‘cash basis’ and paid quarterly.
- In each revenue and expense section, there is a separate field for a ‘days’ number as well. This input indicates the average days taken to convert revenues and expenses to the relevant cash flow items.
- Additionally, the ‘Inputs’ tab also contains an ‘additional items’ section for the user to input their asset, liability and equity balances at the beginning of the model period, enter their capital expenditure and depreciation & amortisation items and also input key debt values.
- The model also includes inputs for the collection of the opening balances of “Accounts Receivables” and “Account Payables” balances. These inputs are in nominal terms, excluding GST.

## 6. Updating The Model – Scenario Inputs

### Updating the ‘Scenarios’ worksheet

The ‘Scenarios’ worksheet in the model has a separate column of inputs for each Scenario. The user enters impact % values for each period in different profiles in section 2.2 of this worksheet.

Enter % values in the yellow cells for each period

	Start End	1-Jul-20 31-Jul-20	1-Aug-20 31-Aug-20	1-Sep-20 30-Sep-20	1-Oct-20 31-Oct-20	1-Nov-20 30-Nov-20	1-Dec-20 31-Dec-20
Profile 1		100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Profile 2		50.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Profile 3		100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Profile 4		100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Profile 5		100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Profile 6		100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Profile 7		100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Profile 8		100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Profile 9		100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

In section 2.1, the user can then select the relevant profile for each scenario and each line item.

Select the profile for each line item here

These are the scenarios. The scenario highlighted in yellow is the ‘live’ scenario currently shown in the financial statement outputs.

	1	2	3	4	5
Override	Base case	Best Case	Expected Case	Worst Case	New Case
Club Affiliation Fees	Profile 1	Profile 25	Profile 1		
Member Affiliation Fees	Profile 1	Profile 3			
Sponsorship	Profile 1	Profile 4			
Major Events	Profile 1	Profile 5			
Other Events	Profile 1	Profile 6			

2.1.3 Income Profile Selection

Club Affiliation Fees	Profile 1
Member Affiliation Fees	Profile 1
Sponsorship	Profile 1
Major Events	Profile 1
Other Events	Profile 1

## 6. Updating The Model – Scenario Inputs

### Updating the ‘Scenarios’ worksheet (2)

Once all inputs in the inputs worksheet and ‘Scenarios’ worksheet have been entered, the user can click on the ‘Run Scenarios’ button at the top of the Scenarios tab in order to quickly compare the key metrics between scenarios.

Click on the drop down arrow to change the ‘live’ scenario in the model

Click on the ‘Run Scenarios’ button to populate this table, based on financial and scenario inputs

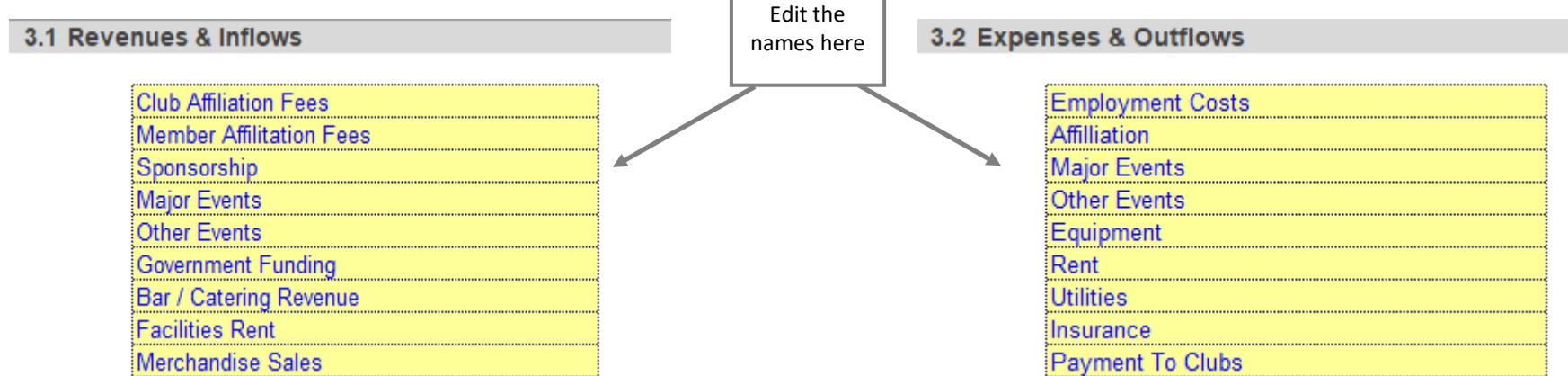
	1	2	3	4	5
Base case	7,977,000 (14,000,598) (6,023,598)	7,937,000 (14,000,598) (6,063,598)	750,000 -	-	-
Average EBITDA Margin	(75.1%)	(75.5%)	(76.4%)	100.0 %	-
Net Operating Cash Flow	(6,363,253)	(6,379,653)	(6,419,653)	750,000	-
First cash shortfall	(1,875,183)	(1,879,312)	(1,879,312)	No shortfall	No shortfall
Date of first cash shortfall	31-Aug-20	31-Aug-20	31-Aug-20	No shortfall	No shortfall
Minimum Cash Balance	(7,755,343)	(7,771,743)	(7,771,743)	95,851	0
Date of minimum cash balance	28-Feb-21	28-Feb-21	31-Aug-20	31-Jul-22	
Total debt drawn	1,000	1,000	1,000	1,000	
Total debt service	(105,262)	(105,262)	(101,000)	(101,000)	

Also, note that the Scenario names (e.g. ‘Base Case’) can be edited at the top of the ‘Scenarios’ worksheet.

## 7. Updating The Model – Item Names

### Updating the ‘Controls’ worksheet

In the ‘Controls’ tab, the Model user can update the names of line items. The user can change the names in all cells formatted in yellow.



If names are adjusted in the ‘Controls’ tab, the model will automatically change the names in the inputs, calculations and financial statements sections of the Model. Please note that the user should only update the item names in the ‘Controls’ tab and not in any other section of the Model.

#### 1.1.1 Income

Club Affiliation Fees  
Member Affiliation Fees  
Sponsorship  
Major Events  
Other Events  
Government Funding  
Bar / Catering Revenue  
Facilities Rent  
Merchandise Sales

For example, these corresponding names will be adjusted here. Only edit the item names in the ‘Controls’ tab.

#### 1.1.2 Expenses

Employment Costs  
Affiliation  
Major Events  
Other Events  
Equipment  
Rent  
Utilities  
Insurance  
Payment To Clubs

## 8. Error Checking

### Error checks

The Model contains a built-in error checker that will detect common user errors. For example, the Model will detect if the Balance Sheet does not balance or that the numbers in the financial statements do not reconcile. As shown below, where an error is detected, use the 'Model checks' section in the 'Checks' worksheet to identify the location of the Model error.

Below is an example of the model detecting an error, which is visible in the top left section of each worksheet

The model contains 1 errors      Check      Err

#### 2. Model Checks

##### Master Check

Err

Ensure the Master Check is displaying "OK". "Err" indicates the Model contains an error

#### 3 . Model checks section

##### 3.1 Model checks

###### Inputs

OK

###### Calculations

OK

###### Monthly Statements

Err

###### Annual Statements

OK



Use the "Model checks" section to identify the location of an error. In the example provided, the 'Monthly Statements' sheet contains an error.

# 9. Model Outputs – Financial Statements

Once all the inputs are entered, the Model's key outputs in the 'live' scenario are available in the 'Monthly Statements' and 'Annual Statements' worksheets. These worksheets contain:

- The **Income Statement**, which summarizes the SSO's income and expenses and Net profit for the year.
- The **Cash Flow Statement**, which summarizes the SSO's cash income and cash expenditure for the year.
- The **Balance Sheet** keeps track of all the clubs assets, liabilities and equity for the period. Assets include cash and fixed assets and liabilities include any debt or tax payable to the ATO.

The 'Monthly Statements' tab provides the financial statements by month and the 'Annual Statements' tab summarises the numbers by year.

All checks are OK	Check	OK	Total	Start End	1-Jul-20 30-Jun-21
<b>1.1 Income Statement</b>					
1.1.1 Income					
Club Affiliation Fees	\$		750,000		600,000
Member Affiliation Fees	\$		10,000		10,000
Sponsorship	\$		10,000		10,000
Major Events	\$		1,155,000		1,155,000
Other Events	\$		20,000		20,000
Government Funding	\$		1,000,000		1,000,000
Bar / Catering Revenue	\$		5,000,000		5,000,000
Facilities Rent	\$		4,000		4,000
Merchandise Sales	\$		18,000		18,000
Active Kids	\$		10,000		10,000
Other Income	\$		10,000		10,000
[Spare] Income 1	\$		10,000		10,000
[Spare] Income 2	\$		-		-
[Spare] Income 3	\$		-		-
[Spare] Income 4	\$		-		-
[Spare] Income 5	\$		-		-
<b>Total</b>	<b>\$</b>		<b>7,997,000</b>		<b>7,847,000</b>
	OK	OK			
1.1.2 Expenses					
Employment Costs					
			(14,000,000)		(14,000,000)
All checks are OK	Check	OK	Total	Start End	1-Jul-20 30-Jun-21
<b>1.2 Cash Flow Statement</b>					
1.2.1 Cash Flow From Operating Activities					
Receipts	\$		750,000		500,000
Club Affiliation Fees	\$		10,000		10,000
Member Affiliation Fees	\$		10,000		10,000
Sponsorship	\$		1,155,000		1,155,000
Major Events	\$		20,000		20,000
Other Events	\$		1,000,000		1,000,000
Government Funding	\$		5,000,000		5,000,000
Bar / Catering Revenue	\$		4,000		4,000
Facilities Rent	\$		18,000		18,000
Merchandise Sales	\$		10,000		10,000
Active Kids	\$		10,000		10,000
Other Income	\$		-		-
[Spare] Income 1	\$		-		-
[Spare] Income 2	\$		-		-
[Spare] Income 3	\$		-		-
[Spare] Income 4	\$		-		-
[Spare] Income 5	\$		-		-
GST Received on Cash Receipts	\$		804,700		779,700
GST Received from ATO	\$		-		-
<b>Total</b>	<b>\$</b>		<b>8,801,700</b>		<b>8,526,700</b>
	OK	OK			
Less Payments					
Employment Costs					
			(14,000,000)		(14,000,000)
All checks are OK	Check	OK	Total	Start End	1-Jul-20 30-Jun-21
<b>1.3 Balance Sheet</b>					
1.3.1 Assets					
Cash	\$				(6,444,904)
Fixed Assets	\$		41,000		2,224,545
Debtors & Tax Assets	\$		100,000		
Account Receivables	\$				
GST Asset	\$				
<b>Total</b>	<b>\$</b>				<b>(4,079,358)</b>
	OK	OK			
1.3.2 Liabilities					
Interest-Bearing Liabilities	\$				51,424
Tax Liabilities	\$		14,951		-
Account Payables	\$				
GST Liabilities	\$				
<b>Total</b>	<b>\$</b>				<b>120,705</b>
	OK	OK			
<b>Net Assets</b>					
	OK	OK			
1.3.3 Equity					
Total Equity	\$				# (4,266,438)
	OK	OK			
1.3.4 Balance Sheet Check					
Check					OK