
GRIFFITH UNIVERSITY MEDICINE SOCIETY

06/11/2014

Dear GUMS Members,

One of our goals for GUMS in 2015 is to increase transparency. Thus before embarking upon some significant changes and improvements, we'd like to share the financial performance of GUMS for the 2014 calendar year. This Financial Summary will provide a brief review of our operations, expenditure, revenue and plans for the future.

As the newly elected Treasurer, I would like to produce biannual financial reports so that all our members are able to see how we are performing, rationale for changes, and of course, to invite feedback. Internally, our budget and accounting system is in the process of being revamped, allowing those working within GUMS to easily see their budget, request additional funds if required, and better predict our financial outcomes.

Previously, there has been questions raised regarding subsidisation of events, membership costs, expenditure/revenue and sustainability. We hope to make our financial situation clear to members so that everyone has a better understanding of our vision.

Our financial goals for 2015 and future years are:

- Ensure that we remain financially sustainable
- Provide the best quality events, services and goods that we can
- Introduce transparency and clarity to our financial status
- Produce a risk management plan to ensure that we remain viable even without sponsorship for at least one year
- Promote openness and communication – both within GUMS and to its members
- Remain compliant to relevant legislation and tax guidelines

We'll be introducing many changes in 2015 to make things even easier for our members, including our own online shop to manage event tickets and products. This, plus many other improvements form part of our greater strategy to promote growth, sustainability and innovation. Keep an eye out for more news of our improvements early next year. If you have any questions you can get in touch with me at r.huynh@gums.org.au.

Thanks,

Ronald Huynh

Treasurer

Griffith University Medical Society

GRIFFITH UNIVERSITY MEDICINE SOCIETY

2014 CALENDAR YEAR FINANCIAL SUMMARY

\$154,436.87

TOTAL EXPENDITURE IN
THE 2014 CALENDAR YEAR

\$147,272.60

TOTAL REVENUE IN THE
2014 CALENDAR YEAR

\$(10,164.27)

NET INCOME IN THE 2014
CALENDAR YEAR

SUMMARY

Our net income this year was $-\$10,164.27$, representing a shortfall of about 7%. We were able to remain operational despite this loss by leveraging existing funds from previous years.

The major source of revenue stemmed from ticket sales, which contributed around two thirds of our funding. The remainder consisted of around $\$34,321.10$ from sponsorship and grants, $\$4,765.00$ from GUMS membership and $\$7,331.50$ from the sale of merchandise.

Expenditure exceeded $\$150,000$ this year, primarily for venue hire, catering and entertainment/social based activities.

The majority of our events did not turn a profit, owing to the large amount of subsidisation we provided this year. Scrub Crawl and Med Revue were the only events which did – making $\$2,503.73$ and $\$384.64$, respectively. Net sales of merchandise were at breakeven, though the Clinical Skills Guide contributed $\$1,681.59$ in profits.

Account	Expenses	Revenue	Net
Accommodation	(1,340.00)		(1,340.00)
Administrative	(2,220.02)		(2,220.02)
Assets	(442.00)		(442.00)
Booking Fees	(3,020.11)		(3,020.11)
Catering	(12,813.28)		(12,813.28)
Donations	(653.37)		(653.37)
Entertainment	(18,053.05)		(18,053.05)
Event Specific	(11,763.35)		(11,763.35)
Income (sponsorship/ grants/interest)		34,321.10	34,321.10
Marketing Materials	(622.44)		(622.44)
Membership Fees	(1,423.81)		(1,423.81)
Memberships		4,765.00	4,765.00
Merchandise	(6,262.26)		(6,262.26)
Merchandise Sales		7,331.50	7,331.50
Software	(1,113.75)		(1,113.75)
Stationary	(68.17)		(68.17)
Subsidy	(3,737.78)		(3,737.78)
Ticket Sales		100,855.00	100,855.00
Travel	(6,604.70)		(6,604.70)
Venue Hire	(87,298.78)		(87,298.78)
Total	\$(157,436.87)	\$147,272.60	\$(10,164.27)

1.1 Summary of expenditure and revenue across accounts.

Note, these some values include projected revenue and expenditure for events which have not yet been completed, such as the Grad Ball and the Third Year EOX.

OUR SUBSIDISATION

The degree to which we are able to subsidise events throughout the year is dependent on a number of factors. Our goal is to try and price tickets so that they are as affordable as possible. Additionally, we guarantee that entry to our academic events are free. Moving forward, ticket prices will be determined to ensure that we provide the best value to our members, whilst maintaining financial sustainability.

We note that this year non-GUMS members have been able to access GUMS subsidised prices, which has impacted the ability for us to provide the best rate. In 2015 we'll be introducing several strategies to prevent this type of activity, making sure that the system remains fair and that all transactions are properly accountable.

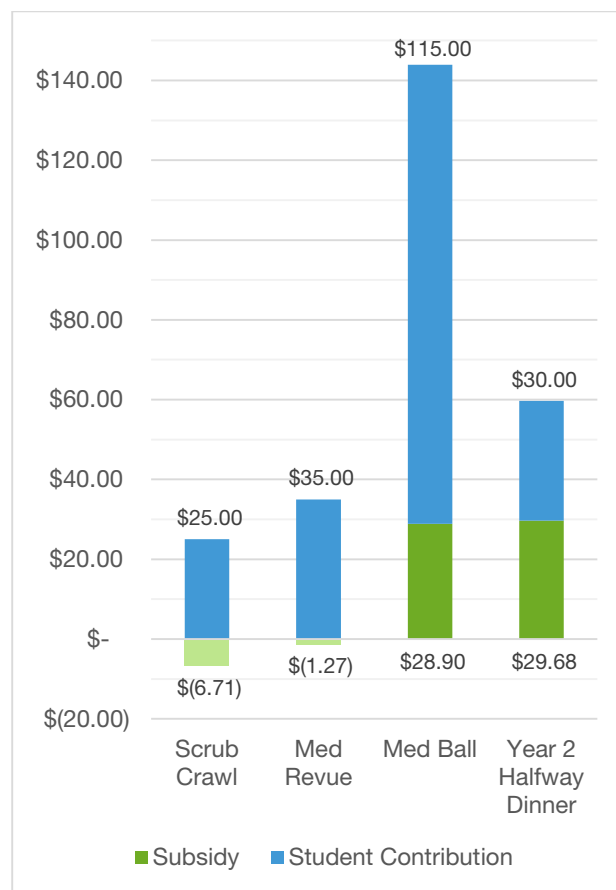
Further to our contribution towards GUMS members' tickets, we also provide a range of academic subsidies throughout the year which we hope to make even more accessible next year. We anticipate to provide several thousand dollars' worth of funding in 2015.

Figure 1.2 shows the extent to which we have managed to reduce some of the more costly or major events, after taking into account the already lower GUMS member prices.

For instance, as one of our most significant social events on the calendar, Med Ball tickets were priced at \$125.00 to non-GUMS members and \$115.00 to GUMS members. In addition to the \$10 discount, we absorbed a further \$28.90 – representing 25% of the ticket price.

Profits from cheaper events, such as Scrub Crawl where approximately \$6.71 was made from each ticket, are utilised to fund free events, such as our academic evenings or to cross subsidise more expensive events to assist in financial accessibility.

We also ran seven free academic evenings over the year and exam preparation sessions, such as the practice OSCES, at a total cost of \$5854.00.



1.2 Example of ticket subsidies and profit on some of our popular events in 2014.

Note that negative figures represent profit to GUMS.

MEMBERSHIP ENHANCEMENTS

Enabling a steady and reliable revenue stream is important to our organisation, as it allows us to better meet demands and provide more innovative benefits.

One of the changes that will occur in 2015 is the introduction of a new GUMS tier, with an annual fee. This will provide discounts on event tickets, publications and other merchandise from our store, along with a number of other benefits.

Lifetime and four yearly memberships will be discontinued; those already on such a subscription will continue to have access to features of their membership. They can also upgrade to the new GUMS premium tier if they wish to take advantage of the additional features.

Moving to this system will occur in conjunction with a major overhaul of our IT infrastructure, with further details to be announced at the beginning of 2015.

The rationale for this change is to simplify to a single paid option. In addition, we will allow students to be

part of GUMS without a paid membership, inviting all new students at the beginning of the academic year to register on our website. This will provide a basic level of membership that will not include any ticket or product discounts.

We found that only around two thirds of first year students in 2014 were registered GUMS members. Given that the society represents the entire school of medical students and provides assistance to the student body, such as running practice OSCEs, we feel it is necessary to provide a free membership option.

LEGAL AND TAX IMPLICATIONS

Reviewing current company structure as an incorporated association and financial situation has revealed a need to reassess our tax status.

The Australian Tax Office currently enforces three major types of taxes to an organisation such as GUMS.

- Income tax, which is a 30% tax charged on all profits made during a financial year.
- Goods and Services Tax (GST), which is a 10% tax added onto all goods and services an organisation provides.
- PAYG Withholding Tax, which tax withheld from staff who receive a salary or are paid for their job.

Of these, we have determined that to remain compliant, we will need to introduce GST to our event tickets, products and services. As a completely volunteer run society, PAYG Withholding does not apply to us; and our type of organisation allows us to be exempt from Income tax.

We are required to be GST registered when our revenue in a financial year exceeds \$150,000, which is likely to occur.

As a result, we will need to include GST on all transactions which include taxable items – which is essentially all our sales. We will try to minimise the impact of this to students, but there may be slight increases in some prices.

FUTURE PLANS

To remain financially sustainable means that we are able to support ourselves on an ongoing basis without requiring external financial assistance.

It also means that we are prepared for potential risks, such as the loss of sponsors or unexpected increases in expenses. In these circumstances GUMS aims to minimise financial impact on its members.

Given our significant shortfall of over \$10,000 this year, we aim to return our operating income to surplus. In the long term we intend to accumulate sufficient reserves to be able to run GUMS for at least a year without any sponsorship. This foresight will provide a safeguard for future generations of GUMS as well as provide a nominal increase to our operating revenue stemming from interest on our investment.

The most noticeable change most students will see from next year is the transition to our own online store and payment gateway provided by Commonwealth Bank, rather than managing sales through TryBooking. Projected savings to GUMS is around \$1,000 each year, as well as saving students \$0.30 on each transaction.

Moving to an annual membership for GUMS also improves our revenue. Although the full benefits won't be realised for several years, it is expected to generate an additional \$5,000 of yearly income by 2018.

Also, we will ensure that only eligible students have access to the subsidised GUMS prices for tickets and products. This will be achieved and enforced on our new online store.

These changes are important to allow GUMS to run at its best and to better support its members.

We will provide regular updates on our website to keep everyone informed of any changes and invite any feedback or questions.