

Valued MTFL Members,

In keeping with this league's constitution and transparency policy, the MTFL Executive is sharing with you a concern it has with the league's cash-on-hand balance. As a result of various league initiatives and expenditures made during the 2012 season, the league's cash reserve (including a majority of the league's cash reserve for performance bond re-payment) has been depleted.

Although the league's overall financial position does remain "good" due to the league having various assets (sellable equipment), the league's cash-on-hand balance is of concern.

The Executive is disappointed that it did not do a better job of forecasting expenses and following better financial management practices (which it has employed in the past) so as to have avoided this situation.

In 2012 many new initiatives were incorporated for the benefit of teams and players. It is important to note that none of the expenses were frivolous or considered money wasted. All expenses were meant to enhance the league and provide improved service and value to the membership, and the Executive is confident that the majority of the league membership would be in agreement.

A/ What assets does the league have?

- i) Tournament equipment: 20 sets of goal posts pads, 1000 TC-7 field cones, megaphone, 12 safety vests. Present value is over \$5000.
- ii) Non-tournament equipment: \$150 worth of TC-7 field cones as well as \$1400 worth of goal post pads. These items are available for purchase by veteran referees and/or new teams in the league.
- iii) \$979 cash-on-hand in the league's TD Bank account.

B/ What went wrong?

1. Some expenses were new initiatives and could be considered ill-advised given the finances at the time. Examples include:

- i) MTFL2011 Yearbook printing costs (\$1000 incurred to date);
- ii) Professional photographer (\$1000);
- iii) MTFL website administration automations (~\$500);
- iv) A purchase of ten goal post pad sets (\$2700) and TC-7 field cones

2. Some expenses were under estimated in the budget forecast for 2012. Examples include:

- i) ARGOS ticket: under estimated by ~\$700
- ii) MOA fees: under estimated by ~\$1000
- iii) Prizing for play-offs: under estimated by ~\$1500

3. The model for building the 2012 budget presented at the AGM was flawed.

- i) Most forecasting was based on a 40-team league while our league was comprised of 33 teams this year. An additional \$50 per team was required to cover this shortfall.
- ii) Our model had a “best” and “worst” case estimate for each planned expense increase. In reality, an additional \$50 per team was required to address standard expenses forecasted purely on league size alone.
- iii) The model had a ‘best’ and ‘worst’ case estimate for each planned expense increase. The actual estimate used was based on the ‘best’ estimate, whereas in hindsight, had we used the ‘worst’ estimate, a further \$50 would have been in the per team fee increase for the 2012 season.

Thus, instead of asking for and gaining approval for a \$150 per team fee increase (during the 2012 AGM), the Executive should have sought a \$250 increase per team to cover items i) and ii) above.

C/ What can we do to remedy this situation?

1. The Executive has been pursuing (now and prior to our financial situation being known), additional revenue-generating methods, including:
 - i) (present) Web space advertizing;
 - ii) (present) 2012 Year Book advertizing;
 - iii) (future) TFOnt Trillium tour (~Jun-2013 “Brampton”) for which TFOnt has already indicated MTFLL will be a prime candidate for hosting;
 - iv) (future) annual poker tournament (~Feb each year);
 - v) (future) annual 50/50 cash draw (~year end party each year).
2. The Executive is reviewing and revising estimates for all expenses planned for 2013, and is also considering if there is a need to propose an increase to team fees for 2013.
3. The Executive is hoping to increase the league size by three or four teams should field permit access/availability remain at levels similar to those during the 2012 season.

D/ How can we avoid this problem in the future?

1. Improve expense forecasting and projections;
2. Proceed based on ‘worst case’ rather than ‘best case’ projections;
3. Assess all expenditures that enhance the league but do not provide revenue-making opportunities;
4. Avoid expenses that have not been previously accounted for;
5. Develop and make accessible a system that shows up-to-date finances and projections;
6. Ensure the approval of any plan for an expense request is consistent with retaining a minimum balance in our league bank account which must cover a cash call for all performance bonds.

E/ How long will it take to remedy?

1. The good news is the situation can be remedied as quickly as the 2013 AGM.

Finally, as has been our custom, a fully accurate account of the league’s finances and bank balance will be included in the 2013 AGM package to be issued in Mar. 2013.

However, at this time the Executive wishes to inform you of this situation and allow you an opportunity to make your comments and suggestions known.

Sincerely,
John Schiebel
MTFL President & Registrar