

Ireland Lacrosse

Report of the Budget, Finance and Sponsorship Committee

(v3.0, September 2018)



Background Summary:

A new **Budget, Finance and Sponsorship Committee (BF&SC)** was agreed by the **Ireland Lacrosse Executive Board** at its meeting of **2 April 2018**, and it was formally established at the **Ireland Lacrosse Annual General Meeting (AGM)** which took place on **13 April 2018** – the formal record of that decision is available in the minutes for the AGM published at <http://main.irelandlacrosse.ie/about-us/>. The **Terms of Reference** for the BF&SC are available in section 14 of the **Ireland Lacrosse Governance Manual** which is available on the Ireland Lacrosse website at <http://main.irelandlacrosse.ie/wp-content/uploads/2010/09/Ireland-Lacrosse-Governance-Manual-24-May-2018.pdf>.

The membership of the BF&SC, as per decision at the AGM, is as follows (other individuals may be added in due course):

- Michael Kennedy (CEO, Ireland Lacrosse, Chair)
- John Frame (Financial Director, Ireland Lacrosse)
- Sean Gibson (Indoor Director, Ireland Lacrosse)
- Laura Stokes (Team Manager, Ireland Women's Team)

The first meeting of the BF&SC took place on **16 August 2018** via conference call (approx. 1.5hrs) with all members present. This report from the BF&SC provides a background summary, information about National (and Éire) Team financing, identification of issues/risks, and new arrangements to mitigate financial risk. All questions or feedback may be submitted to the BF&SC via info@irelandlacrosse.ie.

- With the recent development and submission of the application to **Sport Ireland** for formal recognition as a National Governing Body (NGB), this has required us to examine all policies and procedures relating to the operation of the organisation. This includes financial management and also risk management. Policies and procedures relating to this have been developed, were presented at the AGM on 13 April 2018, and may be found in **sections 3.6 and 3.7 (National Teams)** and **section 5 (Financial Management, Budgeting and Accountability)** of the **Ireland Lacrosse Book of Rules**, which is available on the Ireland Lacrosse website at <http://main.irelandlacrosse.ie/wp-content/uploads/2018/05/Ireland-Lacrosse-Book-of-Rules-25-May-2018.pdf>. If in future we wish to apply and avail of government funding, it is essential that we have a sound and effective mode of operating in this respect.
- Ireland Lacrosse and the ILNA have no paid staff members and all those involved in the organisation are volunteers, however, we are working towards the goal of transforming Ireland Lacrosse into a national governing body for sport just like many other such bodies in Ireland, and the establishment and activities of the BF&SC are intended to directly contribute to this transition. It is also intended to promote transparency about the financial management of the organisation among its membership.
- Ireland Lacrosse runs on extremely tight margins. The **annual overhead for the organisation is approx. €12,052 (2017 amount)** with a rough breakdown as follows:
 - €130 – Website costs (www.irelandlacrosse.ie)
 - €450 – Membership management system costs
 - €2400 – Travel insurance (covers all members, including club teams, travel teams and national teams)
 - €1900 – Personal Accident insurance (as above, covers all members)
 - €1800 – Public Liability insurance (commonly required to rent any facilities)
 - €700 – Annual Return to the Companies Registration Office (CRO) in Dublin including external Accountant fees (required)
 - €1387 – Annual Membership Dues for the Federation of Irish Sport (€175), European Lacrosse Federation (€200), and Federation of International Lacrosse (\$1200=€1012)
 - €1100 – ILNA Annual Return fees for the State of Virginia, USA (where ILNA is incorporated)
 - €485 – ILNA Wells Fargo bank fees
 - €1700 – US Lacrosse Convention booth rental (this is used to sell Ireland Lacrosse apparel, which normally sells out completely and normally generates income which is more than double the cost of this overhead)
- The primary, predictable and reliable sources of annual income for the organisation are (approx. 2017 amounts):
 - €3189 – Membership Fees (€10 for people in Ireland; €35 for people outside Ireland)
 - \$800 (=€685) – Online Shop profit-share (www.lacrosse.com/ireland)
 - €2000 (approx.) – US Lacrosse Convention apparel sale profit (after apparel purchase costs are deducted)
 - €6200 National (and Éire) Team Income – an Ireland Lacrosse Administration Levy of €1000 per team is applied, as is an Ireland Lacrosse Insurance Levy of €100 per player.
- The (2017 sample) **€12,052** overhead is barely met by the approx. **€12,074** of income.

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National (and Éire) Teams:

- **National (and Éire) Teams** – since 2004, the player financial obligation to participate with the Irish national team (and Éire teams) has been in the range of **€1600-€2500**. The amount has been kept as low as possible in order to facilitate participation with the teams, including and especially for domestic players. The cost can fluctuate within this range based on a number of factors – how the selection process is organised and where, the cost of the relevant tournament, and transport and shipping costs (for uniforms, apparel, equipment) which also depend on the location of the tournament. A **Tournament Business Plan** is required for each national (and Éire) team which outlines proposed arrangements for the relevant event. The Ireland Lacrosse Financial Director maintains **Tournament Accounts** to track player payments, and all other income and expenditure. The costs associated with each national (or Éire) team (as accounted for in the relevant budget) include (but are not limited to) the following:
 - **FIL Participation Fee** – normally \$1500 per national team per tournament, payable in two instalments, half in the summer and half by December in the year before the relevant tournament. Éire team fees can vary.
 - **Selection Process overheads** – this includes field rental costs, purchase of pinneys, water, balls, and meeting room costs. Tryouts in the USA have helped to subsidise tryouts (and training camps) in Ireland.
 - **Coach and Staff Travel** – USA/Canadian-based Head Coaches and Assistant Coaches must pay their own way to Ireland on their first trip connected with their involvement with a national team or Éire team; for subsequent trips, a €500 travel stipend is provided within that team’s budget. Coaches and Staff also receive a €500 travel stipend for the tournament itself. Staff typically includes a Team Manager, Athletic Trainer/Physiotherapist and any Interns (who make a significant financial contribution which more than covers their costs, including for travel). We continue to try to improve our organization of the coaches and staff for the Éire teams.
 - **Coach and Staff Accommodation** – applies to all tryouts, training camps, and the event/tournament itself.
 - **FIL Referee/Umpire costs** – FIL policy is that the cost of accommodation and meals for tournament officials must be shared among the teams which participate in that tournament (this is typically approx. \$3500 per tournament).
 - **Training Camp** – dependent on planned duration and location of camp, typically this takes place in the same locale as the tournament itself, will include accommodation, meals, airport and internal transport, field rental costs, meeting room costs, balls, water, and ice, and all covered for all players, coaches and staff.
 - **Uniforms/Apparel/Equipment (UAE)** – this is a source of ongoing review and evaluation, including vis-à-vis suppliers (Irish/UK/USA/Canadian/Pakistani suppliers have all been used previously and are considered on an ongoing basis), type of relationship (one-off purchases versus sponsorship/partnership), type and range of items, quantity of items, design of items (e.g. sublimation, embroidery, customization), and shipping costs and logistics (a major issue depending on where the supplier is based and where the items need to be shipped to). There are existing partnership arrangements with STX (equipment) and Under Armour (uniforms and apparel) which cover the national teams – these are due to expire in September 2019. Éire teams can also be covered by these arrangements, though we often use the Éire teams as a testing ground for potential new suppliers and arrangements.
 - **Ireland Lacrosse Administration Fee (€1000 per team) & Insurance Levy (€100 per player)** – built into each national (and Éire) team budget. The income to Ireland Lacrosse derived from this can fluctuate based on how many teams are competing in a given year, and it is also dependent on each team being within budget for the respective event - if a team is in deficit, this income to the organisation is lost.
 - **Miscellaneous** – mouthguards, medical supplies, ice, ice baths during tournaments, laundry costs, national team caps for each player making their debut for Ireland, gifts for opposing teams, gifts for tournament hosts, social events or excursions, lanyards for players/coaches/staff, tickets for entry to tournament games and other events, etc.
- For the participation of any Irish national team (or Éire team) in any tournament, the **Tournament Business Plan** must be approved by the **Ireland Lacrosse Executive Board**. This plan is available to all players, coaches and staff by requesting it from the Ireland Lacrosse Financial Director. The Tournament Business Plan is intended to capture all arrangements pertaining to that national team, as well as the overall budget. More recently, Ireland Lacrosse has also started appointing **Team Managers** who are responsible for developing and monitoring the Tournament Business Plan and handling the broad range of logistics (and budgeting) associated with these events.
- Fundraising events or activities for specific national teams are the responsibility of the members of that team, including players, coaches and staff. Ireland Lacrosse has had good success with the following mechanisms: **National Team Internship Programme, Player of the Game Sponsorship, Team Sponsors, Player Sponsors, and Pub Fundraisers** (including on the Saturday night at the **US Lacrosse Convention** in January each year).

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Issues and Risks:

Overheads:

- The organisation's reliable and steady income is barely sufficient to cover its overheads.
- Running the organization on such tight margins means the amount of money available to invest in development activities in Ireland is marginal. Development activity is rarely profit-generating, and it needs to be supported and subsidized by other activities which Ireland Lacrosse oversees and manages, including the national (and Éire) teams.
- The new membership system has been difficult to implement and there have been issues with its overall management, which has led to loss of anticipated income.
- Fundraising plans and initiatives do not always hit their targets for a wide variety of reasons.
- There is no current financial scope to expand the activities of the organisation, for example through professional memberships which could yield financial and non-financial benefits.

National (and Éire) Team Budgets:

- **Player Financial Obligations:** Players often do not make their financial obligation payments on time – these are needed by the deadlines provided in order to meet costs and pay invoices and suppliers for the events. Failure to make payments on time leads to cashflow problems for the organization.
- **Within the last three years**, two national (or Éire) teams have been over-budget.
- Where a national (or Éire) team budget may be in profit, the surplus goes to Ireland Lacrosse; where it may be in deficit, this creates a major financial problem for the organisation and exposes it to significant risk. There are many reasons why a national team may not be within budget – planned fundraising activities do not hit their targets, sponsorship arrangements fall through, weather conditions create costly problems, errors are made on the part of UAE suppliers or by those working on behalf of Ireland Lacrosse, bank charges and transfer fees are not accounted for, unanticipated shipping or customs costs arise, or unanticipated tournament-related costs arise. For a not-for-profit organization entirely run by volunteers, many of whom do not have professional expertise in the various critical aspects of organization management, operating across multiple borders and time zones, and with a very wide variety of stakeholders, and through an ongoing period of change/expansion/contraction, it is inevitable that not everything works as it should. However, as the overall margins for Ireland Lacrosse are so tight, such issues which inevitably arise put the financial well-being of the organization at risk.
- Many coaches and staff do not receive the appropriate and budgeted-for reimbursements for travel costs in a timely fashion. There are also several instances where unanticipated costs which have arisen have been met by coaches or staff using their own personal finances, and reimbursement for this has often also not been made in a timely fashion.
- Ireland Lacrosse continuously reviews its overhead costs to find opportunities to reduce these costs; we also continuously seek opportunities for funding such as grants, though these are typically earmarked for specific activities (and so cannot be used to cover general costs or overheads); we also frequently engage in fundraising activities, though these tend to be focused on particular national teams and so such income is included in the respective national team budget; we also frequently consider a range of possible suppliers of uniforms, apparel and equipment (UAE), including for national teams but not limited to them, and including through expanded sponsorship/partnership arrangements.
- The Ireland Lacrosse portfolio of five national teams is not being used to maximize sponsorship arrangements for the benefit of all teams and the organisation as a whole. Fundraising strategies are not utilised in a uniform way across all national teams.
- The **Tournament Business Plan** model is not always successful – plans are often not submitted, not completed, or not updated on an ongoing basis. In such instances, it is extremely difficult to manage cashflow as it becomes impossible to predict the timeframes in which payments must be made to suppliers, coaches, staff and tournament organisers.
- There are too many people involved with Ireland Lacrosse making decisions which have financial implications for the organization. This must be managed more effectively for the benefit of all concerned.

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New Arrangements to Mitigate Financial Risk:

- The BF&SC will ensure, as a matter of urgency, that all outstanding debts and payments are paid as soon as possible, and in a timely fashion going forward.
- The **Budget, Finance and Sponsorship Committee (BF&SC)** will be responsible for making all decisions relating to the finances of Ireland Lacrosse (and the ILNA), including overseeing, or directly managing, the budget for each of the national (and Éire) teams. The BF&SC will also consider the relevance or appropriateness of use of the **Tournament Business Plans**.
- The BF&SC will seek to harmonise policy and strategy in relation to the budget and finances of all national teams - this includes in relation to the **Ireland Lacrosse Administration Fee, Insurance Levy, Staff Travel Harmonisation, National Team Intern Programme, Player of the Game Sponsorship**, and the potential contribution that national teams can make to development in Ireland. Also, a formal process will commence shortly to consider new options for **UAE** for the organization – this process will be overseen and managed by the BF&SC and led by Sean Gibson, and input from all members of Ireland Lacrosse in this process is welcome. The final proposals will be subject to the approval of the BF&SC and the Ireland Lacrosse Executive Board.
- Any appointed **Team Managers (or Head Coach/Assistant Coach/Other Staff member)** must liaise with the BF&SC on any financial matters. The BF&SC must approve all expenditure – either all specific items of expenditure or an overall budget, as it sees fit. This includes selection of UAE items and suppliers, choice of accommodation/meal packages for tournaments, travel arrangements, etc.
- Ireland Lacrosse will not pay any invoices or suppliers where this expenditure has not been approved by the BF&SC.
- Requests for information made by the BF&SC to any member of Ireland Lacrosse, including players, coaches and staff for the national (and Éire) teams, regarding any financial matters, including with respect to fundraising income, anticipated expenses, and supplier or event payments (including timelines) must be responded to in a timely manner.
- **National (and Éire) team player financial obligations** - the decision about the exact amounts and the timeframe in which payments must be received from players to Ireland Lacrosse will be made by the BF&SC.
- The BF&SC will consider the overall financial picture for Ireland Lacrosse as a whole, and will develop an **Ireland Lacrosse Finance Strategy** with the aim of 1) ensuring the financial health of the organisation; 2) supporting and investing in the development of lacrosse in Ireland; and 3) supporting the Irish, Éire and other teams within Ireland Lacrosse's remit. This plan will be developed and submitted for consideration to the Ireland Lacrosse Executive Board, and will be subject to the approval of that Board.
- Only the Ireland Lacrosse CEO and Financial Director may execute transactions on any of the official Ireland Lacrosse accounts.

Ireland Lacrosse welcomes input and feedback from its members, including feedback on this document. Any and all enquiries about the finances or financial management of Ireland Lacrosse or any of its activities may be sent to info@irelandlacrosse.ie and any such enquiries received will be considered by the BF&SC and responded to.