



**St. Paul Dog Training Club  
Annual Report  
December 31, 2021**

Welcome to SPDTC's fiscal year 2021 annual report. We hope you find the information presented here illuminating. Our goal is to communicate our year from a financial perspective. Similarly, after reading this, we hope you have a good idea how the club has performed this year.

### Income Statement

| Income/Expense                              | Q1          | Q2          | Q3          | Q4          | YTD          |
|---|-------------|-------------|-------------|-------------|--------------|
| <b>Program Income</b>                       |             |             |             |             |              |
| Class Fees                                  | \$ 56,532   | \$ 41,775   | \$ 46,882   | \$ 47,621   | \$ 192,809   |
| Trial Fees                                  | 51,923      | 46,804      | 22,549      | 33,530      | \$ 154,806   |
| Seminars                                    | 1,115       | -           | -           | 5,612       | \$ 6,727     |
| <b>Gross Income</b>                         | \$ 109,571  | \$ 88,579   | \$ 69,431   | \$ 86,763   | \$ 354,343   |
| <b>Cost of Programs</b>                     |             |             |             |             |              |
| Cost of Instruction                         | (17,037)    | (32,938)    | (27,175)    | (36,017)    | \$ (113,167) |
| Cost of Trials                              | (22,041)    | (41,008)    | (12,462)    | (35,215)    | \$ (110,726) |
| <b>Total Cost of Programs</b>               | (39,078)    | (73,946)    | (39,637)    | (71,232)    | \$ (223,893) |
| <b>Gross Profit</b>                         | \$ 70,492   | \$ 14,633   | \$ 29,793   | \$ 15,531   | \$ 130,450   |
| <b>Operating Expense</b>                    |             |             |             |             |              |
| Maintenance & Repairs                       | \$ (7,499)  | \$ (5,795)  | \$ (4,940)  | \$ (5,550)  | \$ (23,784)  |
| Rent - Agility/Obedience                    | 1,838       | (3,676)     | (5,513)     | (5,514)     | (12,865)     |
| Rent - Nosework                             | (2,515)     | (3,141)     | (7,273)     | (9,023)     | (21,951)     |
| Utilities                                   | (3,335)     | (1,471)     | (1,352)     | (2,563)     | (8,720)      |
| PayPal Fees                                 | (2,527)     | (1,702)     | (2,038)     | (1,755)     | (8,023)      |
| Payroll Taxes                               | (2,346)     | (2,863)     | (1,911)     | (3,308)     | (10,429)     |
| Other Operating Expense                     | (5,847)     | (3,359)     | (7,976)     | (3,769)     | (20,951)     |
| <b>Total Operating Expense</b>              | \$ (22,231) | \$ (22,007) | \$ (31,004) | \$ (31,481) | \$ (106,723) |
| <b>Operating Profit/(Loss)</b>              | \$ 48,261   | \$ (7,374)  | \$ (1,211)  | \$ (15,950) | \$ 23,727    |
| <b>Other Income</b>                         |             |             |             |             |              |
| Auction                                     | \$ 10,176   | \$ -        | \$ -        | \$ (130)    | \$ 10,046    |
| Grants                                      | 15,000      | -           | -           | -           | 15,000       |
| Donations                                   | 5,749       | 325         | -           | 28          | 6,102        |
| Fundraising                                 | 2,629       | 46          | -           | -           | 2,675        |
| Membership                                  | 2,620       | 260         | 560         | 2,020       | 5,460        |
| <b>Total Other Income</b>                   | \$ 36,174   | \$ 631      | \$ 560      | \$ 1,918    | \$ 39,283    |
| <b>Miscellaneous Income/Expense</b>         |             |             |             |             |              |
| Miscellaneous Income                        | \$ (607)    | \$ 1,218    | \$ 829      | \$ 323      | \$ 1,763     |
| Miscellaneous Expense                       | -           | -           | (574)       | (242)       | (815)        |
| <b>Total Miscellaneous Income/(Expense)</b> | \$ (607)    | \$ 1,218    | \$ 255      | \$ 81       | \$ 947       |
| <b>Net Income/(Loss)</b>                    | \$ 83,829   | \$ (5,525)  | \$ (396)    | \$ (13,951) | \$ 63,957    |

For the year, net income was \$63.9 thousand on gross income of \$354.3 thousand. Gross profit, as a percentage of revenue, was 36.8%.



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**Discussion and Analysis**

- **Revenue Recognition**

SPDTC employs the cash method of accounting. The cash method of accounting requires the recognition of revenue when payment is received. Similarly, expenses are recognized when payment is remitted, regardless of when the expense was incurred. What does this mean for SPDTC? When students pay for classes, they pay a fee for a “block” of classes that span several weeks. Tuition payments are received at the beginning of the block, but the income is only earned when the class is held. When thinking about expenses, they are recorded when payment is made. For example, an invoice may be received at the beginning of the month but isn’t paid until the end of the month. In this scenario the expense is recorded when the check is written. The effect of a cash-basis method of accounting is that often revenues are not matched with expenses. Therefore, revenue is ahead of expenses. Using our class example, teachers are paid monthly but the revenue is received in the first month.

- **Rent**

SPDTC has two leases with FelFam (our landlord). One lease is for the lower level and the other is for the Nosework Center. The rent for the lower level is \$1,837.92 and the term of the lease runs through April 25, 2025. On January 15, 2021, SPDTC entered into an agreement to defer rent as a result of the COVID pandemic. Rent was originally slated to be deferred for six months, but rent payments resumed in May and August as a result of the COVID grant. The rent for the Nosework Center is \$3,007 per month. The rent is composed of two components: rent and CAM (common area maintenance) charges. As noted above, the rent was originally deferred for six months, but CAM payments continued to be made (\$1,257.50). The full rent amount of \$3,007.50 resumed in August. Rent for both spaces for the year was \$38.5 thousand.

- **Utilities**

SPDTC is responsible for paying for electricity and heat for the lower level. Additionally, SPDTC is responsible for trash removal and other related occupancy costs. Among these costs we have phone, internet, and security monitoring. Finally, other categories included in utilities are web hosting and domain hosting, website maintenance, student management software, and data storage and productivity. Total utility expense for the year was \$20.2 thousand.

- **Maintenance & Repairs**

As part of our lease obligation, SPDTC is responsible for the HVAC system, which primarily consists of the two furnaces used for heating the lower level. We have a continuing maintenance agreement with NAC. NAC is also the company that repairs the furnace as needed. The total expense for HVAC was \$6.1 thousand. Other expenses include floor mats (\$3.5 thousand), weekly cleaning of both spaces, including trials (\$9.5 thousand), incidental repairs (\$2.6 thousand), and supplies. Total expense for the year was \$23.8 thousand.

- **PayPal**

In today’s digital economy, students and trial competitors have several payment options. Our classes rely almost exclusively on online payments. For Non-AKC trials, payment is made electronically. SPDTC accepts PayPal for payment of class tuition and trial entry fees. For all AKC events, payment is made by check. We receive the full amount. The cost of accepting PayPal is 3.49% of the sale amount plus a fixed fee of \$0.50 per transaction. The fees charged by PayPal are comparable to other providers. Total fees paid this year were \$8.0 thousand.



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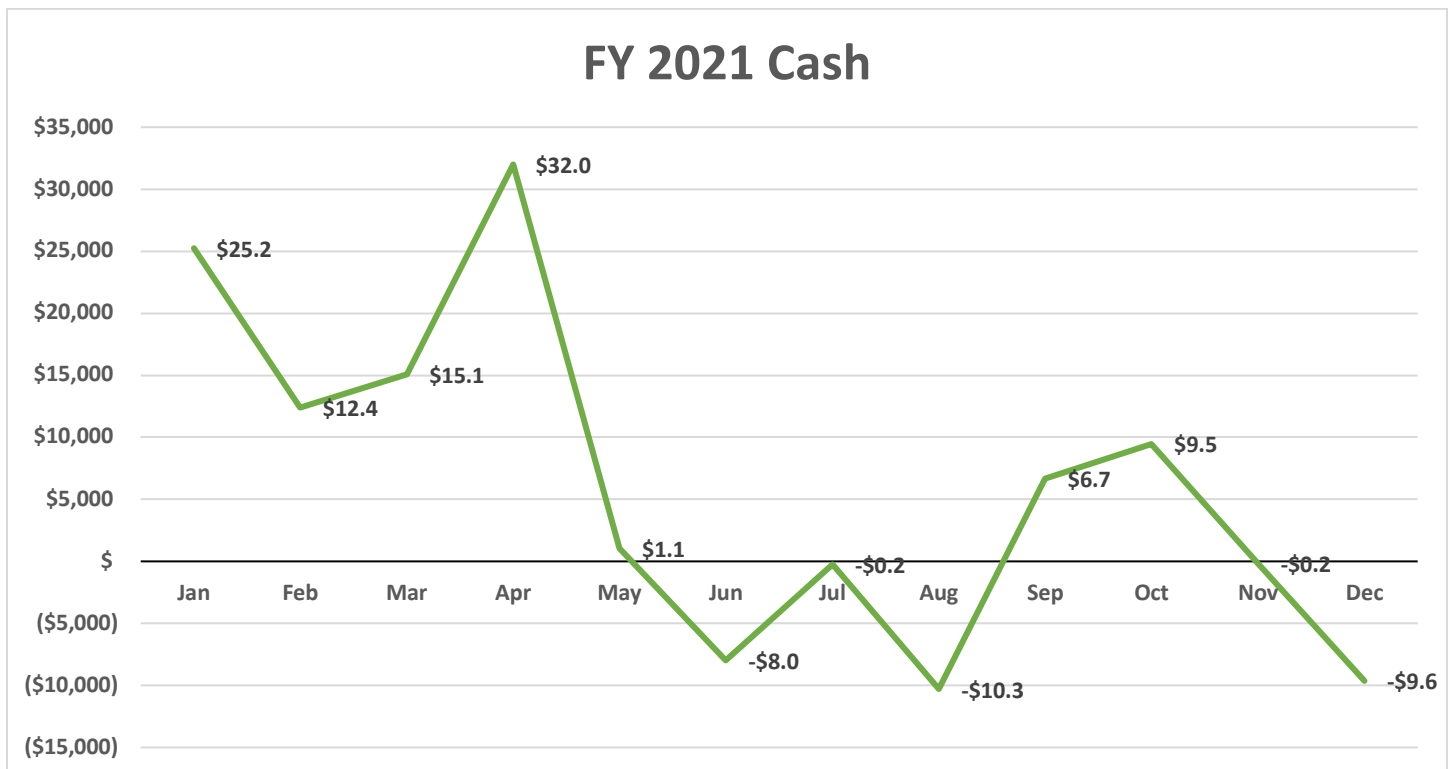
### Nosework, Agility, & Obedience Trials

Agility, Nosework, and Obedience trials are pivotal to the club's return to health in 2021. Net income from trials was \$49.7 thousand, which yields an operating profit percentage of 35.9%. The agility program had four trials this year. The nosework program put on eight trials; some AKC sanctioned, other sanctioned by the NACSW, and obedience had two.

|                | Nosework  | Agility   | Obedience | Total      |
|----------------|-----------|-----------|-----------|------------|
| Trial Fees     | \$ 87,506 | \$ 36,084 | \$ 14,659 | \$ 138,249 |
| Cost of Trials | (52,126)  | (23,637)  | (12,756)  | (88,519)   |
| Trial, Net     | \$ 35,380 | \$ 12,447 | \$ 1,903  | \$ 49,730  |

### Cash Flow

Cashflow is the lifeblood of any endeavor. A healthy cashflow is crucial for the long-term health of the club. In 2021, cash ebbed and flowed throughout the year. During the relatively quiet summer months (May-August) cashflow was often negative. Fixed expenses were the leading cause for this. Similarly, student participation in classes, particularly for agility and obedience, tend to be down in the summer months. Revenue is always ahead of expenses. Students pay for their classes in advance. Trial fees are often received weeks in advance of the actual event. Expenses for these events catch up weeks or months later. In the chart below you will see how the cash ebbed and flowed this year.

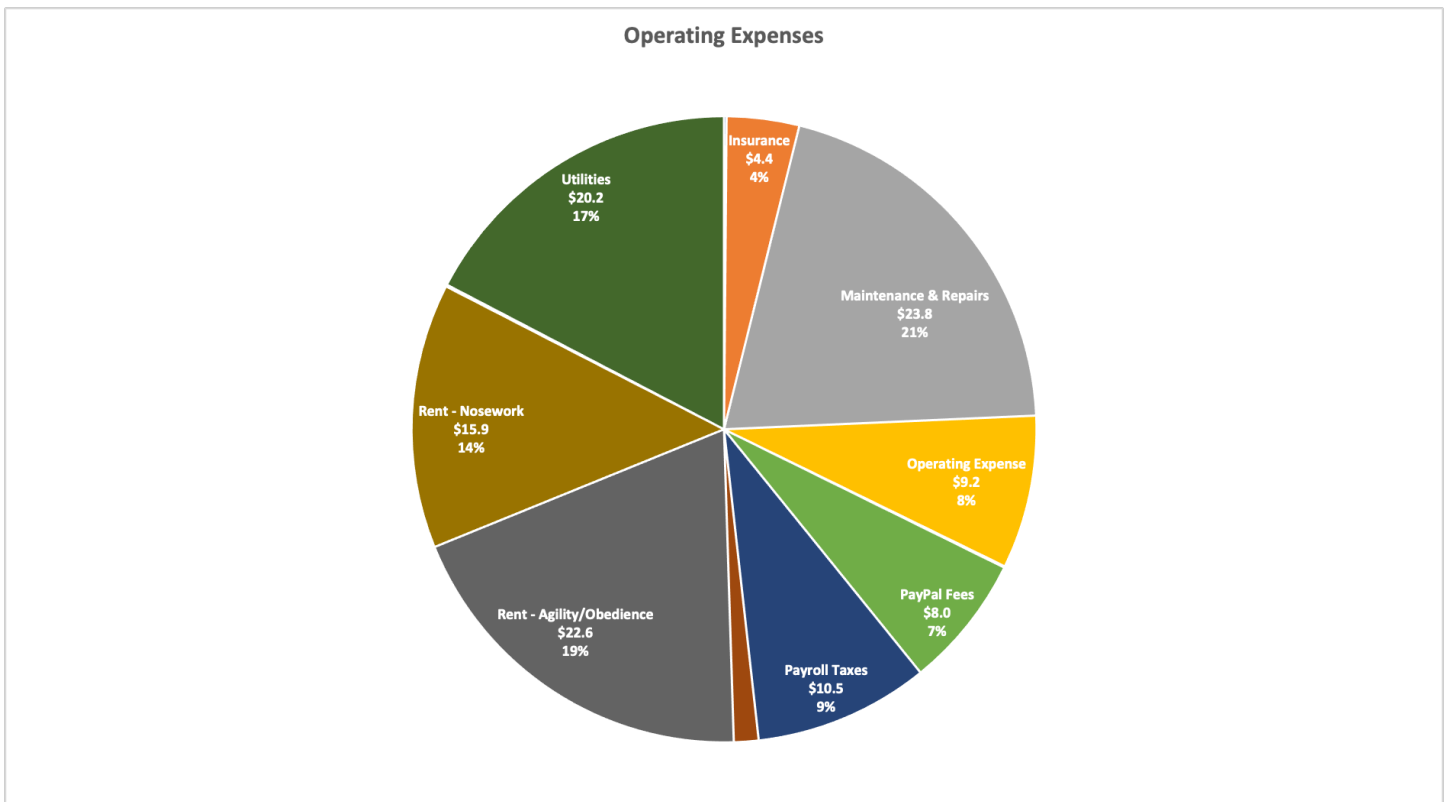




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## **Operating Expenses**

Operating expenses, which are largely fixed costs, as a percentage of operating income, were 30.1%. The most significant costs for 2021 were occupancy costs, e.g., rent, utilities, and maintenance and repairs. In total, these constitute approximately 71% of total operating expenses. The chart below gives us an idea of this.



## **Fundraising**

The generosity of all of you cannot be understated. In the early months of 2021, you all stepped up in a big way. The combination of fundraising, donations, and the auction brought in \$18.8 thousand for the club. Thank you! Another contributor to the success of the club this year was a COVID grant from Dakota County. We received a grant of \$15 thousand, which we have set aside.

## **Conclusion**

As of December 31, 2021, the club has \$88.4 thousand in our Wells Fargo accounts. Of this, \$60.5 thousand is in our savings account. During all of 2021, we never had to “dip” into the savings account. We ended the year on a positive note!

**THANK YOU TO EACH AND EVERYONE OF YOU, OUR MEMBERS!**