

HOCKEY PARTNERSHIP FOR PROGRESS

# FINANCIAL MANAGEMENT IN SPORT ORGANIZATIONS

GUIDE

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# INTRODUCTION

## What is Financial Management?

Financial management covers a variety of processes linked to managing financial resources in a sports organization, including (but not limited to):

- Financial Planning: Evaluating financing requirements and expenditure
- Financial Budgeting: Managing cash flows and ensuring the financial obligations are met on time
- Financial Reporting: Creating accurate financial reports, using them in decision-making

## Why is Financial Management important?

Sports organizations exist to provide value for their community and their members through core activities and programs. While the pursuit of profits is not the main purpose of the sports organization's existence, sound financial management practices must be implemented and maintained in order **for the organization to remain solvent, run the programs, develop, and pursue their strategic goals.**

## Who is responsible for Financial Management?

Depending on the type and size of the sports organization, responsibility for financial management is fore mostly in the domain of top decision-makers in the organization - **Board of directors** and the **President** while in larger organizations financial management is operationally run by a **Financial Officer** or a **Treasurer**. Some sports organizations also have a **Supervisory board** which is responsible for monitoring the organization's financials and reviewing the end year reports.

Even though the Board members are not all involved in financial management, they share the responsibility to review and discuss the important decisions, plans, and other financial documents, let alone be aware of the ongoing financial performance at every moment. All board members must also be involved in aligning the overall objectives to the financial objectives.

Financial management is one of the key factors that separate clubs that are successful from those that are either less successful or those that no longer exist.

# FINANCIAL PLANNING & BUDGETING

Financial planning is based on a clear set of organizational objectives and strategic plans. It means outlining all the things a sports organization **plans to do in the short and long term, financially evaluating** them and **finding necessary financial resources to implement them**. Since the financial resources in sports organizations are often limited, the planning process also includes prioritizing expenditure between the initiatives (what) and time frames (when). A budget is basically a tool for planning efficient and effective application of financial resources on a day-to-day basis so as to advance the long-term goals of the organization<sup>1</sup>.

In sports organizations and disciplines where a season calendar does not coincide with the annual calendar (e.g. season lasts from September until May) to also consider planning and budgeting on a season basis.

## Creating annual budget

### What do we want to achieve? (setting objectives)

Depending on the organization's objectives the Board of directors should set out time to plan and prioritize how to get there at least once a year. Good starting points are:

- What is our mission - why do we exist? *example: win the championship*
- What goals should we pursue to fulfill our mission? *example: improve our coaching staff*
- When do we need to achieve these goals? *example: in 5 years*
- What resources (financial) are required to reach these goals?

The Board should also consider and discuss its financial management policy when working on the budget: a conservative budget (creating a surplus), a break-even budget, or a deficit budget.

### How are we going to finance the process? (finding necessary financial resources)

In this step the Board members should discuss, identify, and evaluate all the income sources a sports organization has at its disposal. A good place to start is to look at financial reports from previous years. Note that funding sources can vary from year to year and not all are guaranteed until they are settled on your organization's bank account.

Things to consider:

- Where does our revenue come from (and how can we increase it)?
- When will we receive this money?
- What is the price to charge for our tickets and membership fee?
- What sources of external funding are available (and are we using all of them)?
- How certain are our income sources (on what assumptions are they founded)?

<sup>1</sup> [https://www.orser.sa.gov.au/sport\\_and\\_recreation/managing\\_your\\_club\\_or\\_association/resources\\_to\\_help\\_you\\_run\\_your\\_club/Financial\\_Management\\_Guide\\_2017\\_Complete\\_Document\\_.pdf](https://www.orser.sa.gov.au/sport_and_recreation/managing_your_club_or_association/resources_to_help_you_run_your_club/Financial_Management_Guide_2017_Complete_Document_.pdf)

Table 1: Example - Income Sources for a small local hockey club

SEASON INCOME	TOTAL
<b>TOTAL</b>	<b>90.950 €</b>
Sales	8.325 €
Ticket Sales	6.765 €
Season Ticket Adults	1.800 €
Season Ticket Students	315 €
Daily Ticket Adults	3.750 €
Daily Ticket Students	900 €
Merchandise Sales	1.110 €
T-Shirts	360 €
Game Worn Jerseys	750 €
Other	0 €
Fan Games at Home Games	450 €
Game 1	450 €
Other	0 €
Membership Fees	40.225 €
Adult Membership Fees	625 €
Player Membership Fees	39.600 €
Other	0 €
Grants & Subsidiaries	22.000 €
Municipality Funds	16.000 €
Tax Returns from Households	2.500 €
Foundation for Sport	0 €
Ice Hockey Federation	3.500 €
Other	0 €
Sponsorships	20.400 €
General Sponsors	0 €
Golden Sponsors	10.000 €
Company A	5.000 €
Company B	5.000 €
Silver Sponsors	8.000 €
Company C	3.000 €
Company D	2.500 €
Company E	2.500 €
Bronze Sponsors	2.400 €
Company F	600 €
Company G	600 €
Company H	600 €
Company I	600 €

### What do we need/want to spend our money on?

In this step the Board members should identify and list all areas of expenditure, separating the items into categories by nature, by priority, by cost center, etc., and evaluating the cost. Organizations are suggested to use the previous year's financial reports and documentation to evaluate the costs easier.

Things to consider:

- What is the bare minimum expenditure for our organization to continue its existence and fulfil its mission at the level expected by our members and peer organizations?
- What expenses should be made to improve on a short-term?
- What should we invest in to improve on a long-term?

*Table 2: Example - Expenses for a local hockey club*

SEASON EXPENSES	TOTAL
<b>TOTAL</b>	<b>95.063 €</b>
General & Administration	2.448 €
Office Rent	1.080 €
Office Materials & Supplies	300 €
Accounting Services	720 €
Legal Services	0 €
Internet & Fixed Telephone	348 €
Mobile Phone	0 €
Travel	0 €
Other	0 €
Competitions & Games	44.055 €
Home Games	17.895 €
Game officials	12.435 €
Game officials (score keeper & statistics)	750 €
Doctor & Health Service	2.160 €
Security	750 €
After Game Meals	1.800 €
Other	0 €
Away Games	20.560 €
Transport	17.080 €
After Game Meals	3.480 €
Other	0 €
Competition Fees	5.600 €
Entry Fees	3.500 €
Player Registration Fees	1.200 €
Transfer Fees	900 €
Other	0 €
Ice Time	0 €
Equipment & Materials	15.060 €
Protective Equipment & Skates	3.000 €
Hockey Sticks	3.500 €
Consumables	700 €
Training Equipment	300 €
Team Jerseys	2.640 €
Team Socks	720 €
Team Clothing	4.200 €
Labor	30.200 €
Administration	0 €
General Secretary	0,00 €
Office Administrator	0,00 €
Coaching Staff	30.200 €
Head Coach Senior Team	12.000,00 €
Assistant Coach Senior Team	3.000,00 €
Head Coach U20	8.200,00 €

Head Coach U18 & Assistant Coach U20	7.000,00 €
Other	2.300 €
Physiotherapy & Rehabilitation	500 €
Medical Check-Ups	1.800 €
Merchandise	1.000 €
Product A	500 €
Product B	500 €

### Are our plans realistic? (prioritizing)

When joining the available financial resources and expenditure estimates the budget developers should aim for a realistic budget with balanced operating expenses and operating income. However, due to limited and unstable resources the Board will often face several challenges, make several trade-offs and force them to prioritize initiatives in order to balance the budget.

Table 3: Example - Combined budget for a local hockey club

SEASON INCOME	90.950,00 €	95.063,00 €	SEASON EXPENSES
Sales	8.325,00 €	2.448,00 €	General & Administration
Membership Fees	40.225,00 €	44.055,00 €	Competitions & Games
Grants & Subsidiaries	22.000,00 €	- €	Ice Time
Sponsorships	20.400,00 €	15.060,00 €	Equipment & Materials
		30.200,00 €	Labor
		2.300,00 €	Other
		1.000,00 €	Merchandise
Deficit / Surplus		- 4.113,00 €	

Depending on the projected balance (surplus or deficit) the Board members will have to consider:

- What expenses could be avoided or lowered?
  - What is fundamental to our organization's existence and operations?
  - What can be considered as a commodity that we can survive without?
  - Can we decrease/avoid some costs by compensating them?
- What income source we are currently not exploiting to its full potential?
  - How can we improve our negotiating position?
  - How can we attract more sponsorships and donations?
- What initiatives would have the biggest impact on short term?
- What initiatives would have the biggest impact on long term?

Prioritizing on spending money on short-term improvements can hurt development, while spending money on long-term improvements and not taking care of the day-to-day operations can prevent an organization from existing in the future.

### Creating a cash flow budget

For a sports organization to continue to operate efficiently and effectively it must have enough cash to pay for its obligations on time. Due to limited and unsteady income this is sometimes difficult to achieve, especially for the small clubs which operate on small cash reserves. The timing and amount of cash receipts and payments are therefore the two most important factors in cash flow budgeting.

Upon creation of annual budget, it is suggested for the clubs, even the smaller ones, to create monthly budgets where all the projected income and expenditures are included. This will help them to identify periods (months) where the receipts and expenditures are not balanced and might cause cash management problems. Organization should use this information to prepare counter measures, such as:

- Negotiate payment delay terms in advance
- Taking a short-term loan at the bank
- Improving efforts to employ additional income sources

*Table 4: Example - Cash Flow Budget for 4 months in a local hockey club*

CASH FLOW TOTAL	Aug	Sep	Oct	Nov
Opening Balance	2.046 €	-2.248 €	-3.855 €	-1.216 €
NET Cash Flow Operations + NET Cash Flow Financing	-4.294 €	-1.607 €	2.639 €	-3.027 €
NET Cash Flow Operations	-14.294 €	-562 €	3.684 €	-1.982 €
NET Cash Flow Financing	10.000 €	-1.045 €	-1.045 €	-1.045 €
Closing Balance	-2.248 €	-3.855 €	-1.216 €	-4.243 €

↑ Combine Cash Flow from Operations & Cash Flow from Financing to get Cash Flow Total ↑

CASH FLOW from OPERATIONS	Aug	Sep	Oct	Nov
Inflows from Operations (income)	6.980 €	11.213 €	12.408 €	7.578 €
Sales	680 €	2.513 €	958 €	1.178 €
Membership Fees	3.600 €	3.600 €	3.600 €	3.600 €
Grants & Subsidiaries	0 €	3.500 €	4.000 €	0 €
Sponsorships	2.700 €	1.600 €	3.850 €	2.800 €
Outflows from Operations (expenses)	21.274 €	11.774 €	8.724 €	9.559 €
General & Administration	204 €	204 €	204 €	204 €
Competitions & Games	3.210 €	8.520 €	5.470 €	4.805 €
Ice Time	0 €	0 €	0 €	0 €
Equipment & Materials	13.010 €	0 €	0 €	1.500 €
Labor	3.000 €	3.000 €	3.000 €	3.000 €
Other	1.850 €	50 €	50 €	50 €
NET (Total Income - Total Expenses)	-14.294 €	-562 €	3.684 €	-1.982 €
CASH FLOW from FINANCING	Aug	Sep	Oct	Nov
Inflows from Loans Received	10.000 €	0 €	0 €	0 €
Outflows for Loan Repayments	0 €	1.045 €	1.045 €	1.045 €
NET (Loan Received - Loans Repayments)	10.000 €	-1.045 €	-1.045 €	-1.045 €

Example: In the case above (Table 4) we have a cash flow budget overview which consists of cash flow from operations and cash flow from financing for months August - October. You can see very negative cash flow from operations in August due to increased spending (buying equipment for players) while the income is still low because there are no games played in August (no income from ticket sales). This is the reason why board upon identifying a huge deficit in cash flow decided to take a short-term loan in order to improve liquidity.

Creating monthly cash flow budgets enables early identification of imbalances and liquidity challenges as well as implement counter measures while the issues are still controllable.



# FINANCIAL REPORTING & MONITORING

## Monthly financial reports

Monthly monitoring, reporting, and planning of cash flows, despite not requested by the law, is important because it enables organizations to identify any deficiencies or risks and respond by challenging them while the issues are still controllable.

Monthly reporting is straightforward activity where the person responsible collects and records:

- Past month data (compared to the budget)
  - All realized expenses
  - All realized income
  - Short-term obligations not paid for on due date
  - Income planned but not realized
- Next month planned data
  - All planned expenses
  - All planned income

Table 5: Example - Monthly Budget Report for a local hockey club

Monthly Report	Previous Month (SEP 2019)			Current Month
	Budget Projected	Budget Realized	Difference	Budget Projected
<b>INCOME TOTAL</b>	<b>11.213 €</b>	<b>10.400 €</b>	<b>-813 €</b>	<b>12.348 €</b>
Sales	2.513 €	2.250 €	-263 €	898 €
Ticket Sales	2.235 €	1.900 €	-335 €	620 €
Merchandise Sales	278 €	350 €	73 €	278 €
Fan Games at Home Games	0 €	0 €	0 €	60 €
Membership Fees	3.600 €	3.600 €	0 €	3.600 €
Grants & Subsidiaries	3.500 €	3.500 €	0 €	4.000 €
Sponsorships	1.600 €	1.050 €	-550 €	3.850 €
General Sponsor	0 €	0 €	0 €	0 €
Golden Sponsor	1.000 €	500 €	-500 €	2.000 €
Silver Sponsor	550 €	550 €	0 €	1.800 €
Bronze Sponsor	50 €	0 €	-50 €	50 €
<b>EXPENSES TOTAL</b>	<b>11.774 €</b>	<b>11.590 €</b>	<b>184 €</b>	<b>8.724 €</b>
General & Administration	204 €	180 €	24 €	204 €
Competitions & Games	8.520 €	8.060 €	460 €	5.470 €
Home Games	310 €	310 €	0 €	2.510 €
Away Games	2.610 €	2.750 €	-140 €	2.960 €
Competition Fees	5.600 €	5.000 €	600 €	0 €
Ice Time	0 €	0 €	0 €	0 €
Equipment & Materials	0 €	300 €	-300 €	0 €
Salaries	3.000 €	3.000 €	0 €	3.000 €
Other	50 €	50 €	0 €	50 €
<b>NET DIFFERENCE</b>	<b>-562 €</b>	<b>-1.190 €</b>	<b>-629 €</b>	

	Projected	Realized	Difference	Projected
<b>Opening Balance (Cash start of the month)</b>	<b>-2.248 €</b>	<b>-2.248 €</b>	<b>0 €</b>	<b>-3.855 €</b>
<b>Free Cash Flow</b>	<b>-1.607 €</b>	<b>-1.674 €</b>	<b>-67 €</b>	<b>2.639 €</b>
Cash Flow Operations	-562 €	-629 €	-67 €	3.684 €
Cash Flow Financing	-1.045 €	-1.045 €	0 €	-1.045 €
<b>Closing Balance (Cash end of the month)</b>	<b>-3.855 €</b>	<b>-3.922 €</b>	<b>-67 €</b>	<b>-1.216 €</b>

Example: In the Table 5 above we have a monthly budget report by comparing planned cash flow (Column: Budget Projected) with realized budget (Column: Budget Realized) we can observe that realization was not as it was planned. The club realized lower income than planned, mainly due to lower ticket sales and sponsors not paying the agreed amount on time. On the other hand, club also realized lower expenditure than planned due to lower Competition Fees and lower expenditure on Equipment & Materials. Both influences combined still resulted in negative net difference (- 629 €) which transferred into the next month.

Always explore the reasons why the realized budget differs from the, even though you might have miscalculated when you were planning. If the net difference is positive, there's nothing to worry about. However, if the net difference is negative, it will negatively affect your future cash-flows and should be investigated promptly. In such case, the counter measures should be taken. For example, if your ticket sales are lower than what you planned, you should look into strategies to bring more fans to your games.

## Annual financial reports

Most sports organizations publish their annual financial reports to the authorities and their organization's members at yearly assembly to comply with the legal requirements. Usually these reports include:

- Income Statement (profit and loss statement)
- Balance Sheet

Depending on the organizational size and legal form in some cases an independent audit is required.

It is suggested that the annual financial reports include the previous year's figures. This enables the managers, supervisors, and members to analyze financial performance and position of the club in comparison to the previous year.

### Income Statement (Profit and Loss Statement)

Income statement shows how much money the organization has made (revenues) and how much it spent (expenditure) over the past calendar year (season).

### Balance Sheet

Balance sheet states the financial position of the organization that lists assets (what is owned), liabilities (what is owed), and equity (what is left). In other words, the balance sheet illustrates organization's net worth.

Always make sure to timely provide complete financial reports prepared according to the legal requirements in your country.

## Analyzing the financial health of a club

### Liquidity ratios

Measure the organization's ability to pay off its short-term obligations. As a general rule, the higher the liquidity ratios the better is the club's ability to withstand tight cash flow periods.

- **Current ratio = Total current assets / Total current liabilities**  
Enables clubs to see if their current assets are sufficient to meet its due debts with a margin of safety.
- **Quick ratio = Current assets – inventory / Current liabilities – overdraft**  
Helps club to evaluate how quickly can it convert current assets (without inventory) into cash to pay for the current liabilities.

### Solvency Ratios

Measure an organization's ability to meet its long-term financial obligations.

- **Leverage ratio = Total liabilities / Equity**  
Indicates the extent to which the organization relies on debt financing in comparison to equity. In general, the higher the ratio, the more difficult it will be to borrow more money.
- **Debt to Assets = Total liabilities / Total assets**  
Measures the percentage of assets being financed by liabilities. Clubs should aim to for this ratio to be less than 1.

### Profitability benchmarks

Measure the organization's performance and indicate how successful its operations are.

- **Net margin benchmark = Net profit / Net income**  
Measures the percentage of income left after all expenses, except income tax. It is a good way to measure organization's profitability with profitability of other organizations.

Table 6: Example - Comparison of Net Margin between two comparable ice hockey clubs

	HK SLAVIJA JUNIOR	HD JESENICE MLADI
Net Income	272.210 €	269.993 €
Net Expenses	270.256 €	264.192 €
EBT	1.954 €	5.800 €
<i>in revenue %</i>	0,72%	2,15%
Profit Tax	56 €	120 €
Net Profit / Loss	+1.898 €	+5.680 €
<b>Net Margin Benchmark →</b>	<b>0,7%</b>	<b>2,1%</b>

Example: Comparing two hockey clubs with similar characterizations in Table 6 above shows that HD Jesenice Mladi is more profitable than HK Slavija Junior.

### Operational benchmarks

Measure performance of specific activities or projects of the organization. They enable the decision-makers to quickly see how profitable each activity is.

- **Activity expense to total expense benchmark = Activity expense / Total expense**  
Indicates to management which activities are the most expensive and should be investigated in terms how to decrease them.

Table 7: Example - Activity expense to total expense benchmark

SEASON EXPENSES	Activity expense to total expense benchmark ↓	TOTAL
TOTAL	<b>100%</b>	95.063 €
General & Administration	<b>2,6%</b>	2.448 €
Competitions & Games	<b>46,3%</b>	44.055 €
Home Games	<b>18,8%</b>	17.895 €
→ Game officials	13,1%	12.435 €
Game officials (score keeper & statistics)	0,8%	750 €
Doctor & Health Service	2,3%	2.160 €
Security	0,8%	750 €
After Game Meals	1,9%	1.800 €
Other	0,0%	0 €
Away Games	21,6%	20.560 €
→ Transport	18,0%	17.080 €
After Game Meals	3,7%	3.480 €
Other	0,0%	0 €
Competition Fees	<b>5,9%</b>	5.600 €
Entry Fees	<b>3,7%</b>	3.500 €
Player Registration Fees	<b>1,3%</b>	1.200 €
Transfer Fees	<b>0,9%</b>	900 €
Other	<b>0,0%</b>	0 €
Ice Time	<b>0,0%</b>	0 €
Equipment & Materials	<b>15,8%</b>	15.060 €
Labor	<b>31,8%</b>	30.200 €
Other	<b>2,4%</b>	2.300 €
Merchandise	<b>1,1%</b>	1.000 €

Example: In Table 7 above you can see that two highest expenses are Game Officials (13,1%) and Transport (18%). While Game Officials costs is not under control of the club because the Game Official Fees and the number of games are set by the governing body, the transport costs could be explored for optimization. The management should obtain at least 3 offers from other transport service providers and discuss possibility to compensate at least part of the total amount in exchange for promotion via the club's communication channels and media space.

- **Activity income to total income benchmark = Activity income / Total income**  
Indicates to management which income source generates the highest proportion of the club's income. This ratio shows which is the most important income source and should be protected with great care. If it's possible, club's must seek to balance their income sources as much as possible to minimize risks.

Table 8: Example - Activity income to total income benchmark

SEASON INCOME	Activity income to total income benchmark ↓	TOTAL
TOTAL	<b>100%</b>	90.950 €
→ Sales	<b>9,2%</b>	8.325 €
→ Ticket Sales	<b>7,4%</b>	6.765 €
Merchandise Sales	<b>1,2%</b>	1.110 €
Fan Games at Home Games	<b>0,5%</b>	450 €
→ Membership Fees	<b>44,2%</b>	40.225 €
Adult Membership Fees	<b>0,7%</b>	625 €
Player Membership Fees	<b>43,5%</b>	39.600 €

Other	0,0%	0 €
→ Grants & Subsidiaries	24,2%	22.000 €
Municipality Funds	17,6%	16.000 €
Tax Returns from Households	2,7%	2.500 €
Foundation for Sport	0,0%	0 €
Ice Hockey Federation	3,8%	3.500 €
Other	0,0%	0 €
→ Sponsorships	22,4%	20.400 €
→ General Sponsor	0,0%	0 €
Golden Sponsors	11,0%	10.000 €
Silver Sponsors	8,8%	8.000 €
Bronze Sponsors	2,6%	2.400 €

Example: In Table 8 above you can see that the highest income source groups are Membership Fees (44,2 %), Grants & Subsidiaries (24,2%), and Sponsorships (22,4%). Membership Fees, especially Player Membership Fees which are paid by the parents, are essential for club existence and should be protected with great care by taking preventive measures that will keep the young players in the club in the future and parents satisfied. On another note, income from sales is quite low in comparison to the other three sources. The club should in this case explore options on how to increase income from sales (mainly increase fan attendance at games). By increasing income from sales, the club will further diversify its income sources and reduce its reliance on external funding sources (Grants & Subsidiaries, Sponsorships). Another potential income source that has not been exploited is finding a General Sponsor.

### Balance sheet ratios

Measure how efficiently an organization is using its assets to make a profit.

- **Return on Investment = Net Profit before Tax / Equity X 100**  
Indicates whether the organization is achieving its objectives and making appropriate return from its activities on the funds it raises and receives.

Comparing these ratios at least on a yearly basis (end of reporting period) enables organizations to see their strengths and weaknesses of its operations.

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# FINANCIAL RISK MANAGEMENT

One of the key responsibilities of the management board is to assess, monitor, and mitigate operational (e.g. loss of membership in the league) and financial risks (e.g. losing major income source). While evaluating and monitoring the financial risks may not completely prevent the financial downfall of an organisation, it helps its management to be more aware of the signs of trouble and respond quicker to challenge issues when they are still small and controllable.

## General approach to risk management

1. Identification of risks
2. Evaluating the risks
  - a. Internal vs. External (can we influence it or not)
  - b. Odds (how likely it is to occur) score from 0 - 5
  - c. Impact (can it hurt us) score from 0 -5
  - d. Multiply the Odds with Impact to get the score for each identified risk and sort them in descending to identify risks you have to follow closely.
3. Identify the key indicators that will help you to identify early that the likeliness of negative outcome has increased
4. Identify preventive measures and policies to challenge the issue as they arise
5. Organize monthly/quarterly/yearly monitoring cycles in which you collect and analyze the key indicators and, if required, implement the mitigation measures.

Table 9: Example - Risk evaluation sheet with preventive and response measures

Risk Description	Indicator	Odds [1-5]	Impact [1-5]	Score [1-25]	Preventive Measure	Response Measure
Sponsor don't pay on due date	Payment not received as agreed in the contract	3	5	15	Dully monitor payments, compared to the contractual agreement (monthly).	Discuss payments in smaller installments
Loss of general sponsor	General sponsor not interested in renewal talks	2	5	10	Discuss solutions with sponsors, balance expectations, increase fundraising activities with other sponsors	Increase marketing activities, create a new (better) proposal. Search for other General Sponsors.
Grants available from the City Government will be lower than we planned	We don't meet the conditions	2	4	8	Run your organizations to fit the conditions (conditions from previous year can indicate a good direction). Immediately upon release of the conditions evaluate your chances to fit the conditions and realistically evaluate potential Grant Amount.	Increase fundraising activities with sponsors. Adjust your organization's internal factors to fit the City Government's conditions (at least for the next year).

## Internal Controls

Include measures taken within an organisation to:

- Reduce the risk of loss;
- Reduce the risk or error;
- Provide some level of assurance over the validity of the books and records.

Where there exists an opportunity for loss or error – you should be looking to implement control measures to minimize the exposure.

Sports organizations should perform regular risk assessment, risk occurrence indicators, and mitigation measures. When assessing financial risks in sports organisations, among other risks (e.g. loss of assets), the most important thing to consider is the longevity and certainty of revenue sources.

The Approach to Financial Risk Assessment can be followed to assess other types of risks (operating, public image, technical, etc.)

## LEARN MORE ABOUT FINANCIAL MANAGEMENT IN SPORT

To access the complete “Financial Management Toolkit” and other free learning materials we invite you to

Visit our [knowledge database](#) where you can download:

- Financial Management Guide
- Financial Management Budget (Step by Step guide), Template, and Example
- Financial Management Monthly Report (Step by Step guide), Template and Example
- Financial Risk Management Report (Step by Step guide), Template, Example

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- Rok Snoj, Ice Hockey Federation of Slovenia by Rok Snoj, Ice Hockey Federation of Slovenia [\[watch\]](#)

## ABOUT HPP PROJECT

The Hockey Partnership for Progress (HPP) is a joint effort of five ice hockey federations (IHF) in Western Balkan Region to improve governance in ice hockey with a goal to address key aspects of sports ecosystem that have been neglected and thus lacked progress ever since the establishment of ice hockey federations in Croatia, Bosnia & Herzegovina, Northern Macedonia, Serbia, and Slovenia. A three-year project is co-funded by the Erasmus+ programme in the amount of 394.010 euros.

The participating IHFs used to share competitions and country, but unfortunately, their cooperation was violently interrupted by the Balkan wars that disintegrated Yugoslavia. Today the participating federations have reached a maturity level when they have managed to establish a new joint International Hockey (IHL) League. However, in order for the ice hockey in the region to attract media, sponsors, governmental and fan affection, and thus grow, a joint effort should be made to establish good governance practices and turn the vicious circle of negative consequences into a positive direction.

The HPP project focuses to improve the abilities of all relevant stakeholders involved through various educational activities, building on each other and guiding participants from all levels towards better alignment with Good governance principles. Primarily the project aims to improve the management which influences all the other subsystems and stakeholders, while other stakeholders (coaches, referees, players) will also be addressed with specific topics to help them improve their role as full members of the ice hockey ecosystem and develop their skills to reach minimum standards.

With the help of expert project partners, including Sport Institute of Finland, IHF Austria, International Ice Hockey Federation (IIHF) and University of Ljubljana (Faculty of Economics & Faculty of Sports), the project aims to enable Project Partners access to high-quality educational contents and experts who will help them step up their efforts in development of ice hockey in their respective countries and start closing the quality gap with more advanced ice hockey nations across the world.



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