

Bikes & Boards Fact Sheet

- The Board of Directors, through its Finance and Risk Committee, conducted a review of Bikes & Boards over the course of the summer. Their review consisted of examining the following factors, per the Board of Directors policy on service closure:
 - Availability, cost, and convenience of products and services at Bikes & Boards and comparable local stores
 - Satisfaction with Bikes & Boards and comparable local stores
 - Financial results for the service since its inception
 - Financial return to management and staff
- Upon completing the review, the Board found that
 - There are four establishments in the Kingston area offering similar services to Bikes & Boards. All are highly rated by customers, near the University District, and open longer hours than Bikes & Boards.
 - The service was projected to lose over \$40,000 during the 2018 fiscal year. With optimistic assumptions for revenue growth and efficiency gains, the service would continue to lose over \$40,000 a year through 2021, accumulating a total retained deficit of \$195,161.
 - Breaking even would require, though not be guaranteed by, raising prices substantially (doubling or tripling), and eliminating most staff positions. Making those changes would undermine the price advantage that separates the service from its competitors, and remove staff positions that are necessary for the service to operate reliably.
- Due to the availability of comparable services in the Kingston area and the fact that the service is not financially viable, the Board determined that it was necessary to close it as a corporate service and transition it into a club. The timing of the transition was chosen to mitigate as much of the projected deficit as possible, which is especially important given the impending minimum wage increases and the effect that they will have on the AMS's financial position and ability to fund other ongoing programs.
- The deficit of individual AMS services deeply affects our ability to continue to provide the same level of services and opportunities to students in accordance with our mandate and adherence to the double-bottom line.

Financial Statement Model for Bikes & Boards

INCOME STATEMENT

Fiscal year	2012A	2013A	2014A	2015A	2016A	2017A	2018P	2019P	2020P	2021P
Fiscal year end date	4/30/12	4/30/13	4/30/14	4/30/15	4/30/16	4/30/17	4/30/15	4/30/16	4/30/17	4/30/18
Revenue	429	440	4,231	8,043	4,876	6,676	10,310	12,372	14,846	17,816
Cost of sales (enter as -)	(5,398)	(1,039)	(2,719)	(5,609)	(3,530)	(4,037)	(4,550)	(4,949)	(5,939)	(7,126)
Gross Profit	(4,969)	(599)	1,512	2,434	1,346	2,638	5,760	7,423	8,908	10,689
Selling, general & administrative (enter as -)	0	0	(2,653)	(1,576)	(485)	(519)	(2,820)	(3,093)	(3,712)	(4,454)
Wages and salaries (enter as -)	0	0	0	0	0	(12,892)	(34,148)	(36,107)	(37,945)	(39,070)
Operating profit	(4,969)	(599)	(1,141)	858	861	(10,772)	(31,208)	(31,777)	(32,749)	(32,834)
Administrative Charge (enter as -)	0	0	0	0	0	0	(1,000)	(1,000)	(1,000)	(1,000)
Space Allocation (enter as -)	0	0	(1,800)	(1,800)	(2,901)	(8,066)	(8,066)	(8,066)	(8,066)	(8,066)
Net Surplus (Deficit)	(4,969)	(599)	(2,941)	(942)	(2,040)	(18,838)	(40,274)	(40,843)	(41,815)	(41,900)
Retained Surplus (Deficit)	(4,969)	(5,568)	(8,510)	(9,452)	(11,491)	(30,329)	(70,603)	(111,446)	(153,261)	(195,161)

Growth rates & margins										
Revenue growth		2.6%	861.6%	90.1%	(39.4%)	36.9%	54.4%	20.0%	20.0%	20.0%
Gross profit as % of sales	(1159.0%)	(136.2%)	35.7%	30.3%	27.6%	39.5%	55.9%	60.0%	60.0%	60.0%
SG&A margin	0.0%	0.0%	62.7%	19.6%	9.9%	7.8%	27.4%	25.0%	25.0%	25.0%

SENSITIVITY ANALYSIS

2021 Deficit Sensitivity

	(\$41,900)	Revenue growth rate				
		5.0%	10.0%	20.0%	50.0%	100.0%
Gross	50.0%	(45,152)	(44,705)	(43,682)	(39,436)	(27,516)
Profit	55.0%	(44,555)	(44,019)	(42,791)	(37,697)	(23,392)
Margin:	60.0%	(43,958)	(43,333)	(41,900)	(35,957)	(19,268)
	65.0%	(43,361)	(42,646)	(41,009)	(34,217)	(15,144)
	70.0%	(42,765)	(41,960)	(40,118)	(32,477)	(11,020)