

PURPOSE

To provide the Board with the draft 2021 year-end figures, and 2022 Budget for review and approval.

2022 BUDGET

1. The 2022 Budget information provided below is the same as in the report sent 24 January 2022, there haven't been any changes. We have Budget approval from Julian Burnside and Sandra Stoklossa and seek at least one more member of the FQ Board to approve.
2. The final draft of the 2022 Budget is provided as Attachment 1 for Board review, with approval sought. This Budget has been prepared on the basis of the confirmed \$100,000 grant for 2022 from Creative Victoria, as part of the successful Creative Enterprises Program (CEP) four-year funding application totalling \$400,00 over four years. This Budget does not include unconfirmed funding from RISE.
3. The draft 2022 Budget presents revenue of \$483,000 including the confirmed \$100,000 from Creative Victoria CEP; and a surplus of \$1,053.
4. The funding from Creative Victoria's CEP allows us to:
 - Increase the FTE salary fraction for the existing six permanent part-time musician and administration/management roles, from 0.31FTE to 0.4FTE (representing 170 calls/year) to enable the increased activity to be undertaken.
 - Formalise the Artistic Director position (Zoe), remunerated at 0.2FTE in recognition of AD workload and leadership position and representing 8 hours of administration per week.
 - Create a new Education Coordinator position (Helen) to better support and grow FQ's education/mentoring programs. With the CEP funding, this will be a 0.1FTE position representing 4 hours per week.
 - Build and launch FQ Digital and produce/distribute high quality online content (both free and paid); this increases event, production, recording and marketing costs, and contributes to concert revenue.
 - Increase development expenditure as we seek to undertake a formal evaluation of our Footscray High School residency, and to invest in inviting key program partners and participants to the 11am MRC concerts.
 - Undertake interstate touring of Katy Abbott's "Return to Sender".
 - Consolidate and hone strategies for growth in FQ's education and mentoring partnerships with:
 - MVA Strike a Chord ensembles - Cousin Quartet, Eureka Quartet, Piruli Quartet and future winners
 - Mildura's Mallee String Quartet, named FQ's regional ensemble in residence, providing further coaching, FQ traveling to Mildura twice in 2022 and investing in the Mallee String Quartet being leaders in their community

- Artistic Patrons of Resonance String Ensemble (Castlemaine and Woodend) involving the establishment of a string quartet in the area
 - Continuing to develop and grow relationship with Footscray High School 2022 working towards public outcome in 2023
5. Total budgeted concert revenue of \$63,500 is broken down as \$31,000 from confirmed/contracted 'presented' performance fees plus \$6,500 for concert engagements still in negotiation; and \$26,000 in projected ticket sales from self- and co-presented concerts, including target revenue for FQ Digital (\$5,000). The overall concert revenue figure is less than the previous draft Budgets presented as a result of the postponement of the Musica Viva Australia national tour to 2023.
6. Government funding of \$146,500 includes the confirmed grants from Australia Council (\$28,000), Creative Victoria CEP (\$100,000) and Creative Victoria project funding carried forward from 2021 (\$6,000). We intend to apply to Creative Victoria's Touring Victoria fund to support 2022 regional touring and have included an unconfirmed grant amount of \$12,500 for this purpose.

Government Funding:	2022 forecast	2021 actuals
Australia Council - confirmed	28,000	0
Creative Victoria - confirmed	100,000	19,500
City of Melbourne	0	15,000
Creative Victoria/Touring Vic - unconfirmed	12,500	18,000
RISE - unconfirmed	0	0
Carried forward from 2021 to 2022	6,000	-6,000
	146,500	46,500

7. Total Philanthropy of \$269,500 includes \$89,500 from Trusts & Foundations and \$180,000 in private donations. The increases in Artistic Director and Development Manager salaries resulting from the CEP funding enables FQ to leverage that investment through growth in philanthropic revenue in the coming years: improved stewardship of existing private and Trust & Foundation philanthropic relationships, development of new relationships, pursuit of additional multi-year funding opportunities, and growth of the bequest fund. The Philanthropy amounts as outlined in the table below:

Philanthropy:	2022 forecast	2021 actuals
Private Donations - confirmed	7,600	171,649
Private Donations - unconfirmed annual/renewable donations	127,400	0
Private Donation - unconfirmed supporting new work commissions	45,000	0
<i>Total Private Donations</i>	<i>180,000</i>	<i>171,649</i>
Trusts & Foundations - confirmed	55,500	91,500
Trusts & Foundations - unconfirmed	34,000	0
<i>Total Trusts and Foundations</i>	<i>89,500</i>	<i>91,500</i>
Total Philanthropy	269,500	263,149

8. Should the RISE application be successful, we will provide the Board with an updated 2022 Forecast reflecting the new income and proposed associated expenditure, some of which is outlined below:
- FTE salary fraction for the existing six permanent part-time musician and administration/management roles will increase to 0.5FTE (representing 180 calls/year). The move to reduce musicians' and administration voluntary hours is one that is difficult to represent in precise hourly terms. Industry standard is around 330-360 calls for a full-time musician position, recognising the amount of individual preparation time required for each program as being in addition to the 330-360 calls of ensemble rehearsal and performance time. At 0.5FTE, FQ achieves a sustainable workload.
 - Increase Artistic Director salary to 0.3FTE, representing 12 hours of administration per week, and reflective of a sustainable workload.
 - Increase Education Coordinator to a 0.2FTE position, with Helen retaining 0.1FTE and the additional 0.1FTE being shared equally among the FQ musicians (0.025FTE each) in recognition of the need to invest time into strategising as an ensemble to maximise the impact of FQ education activity as well as the individual preparation needed for educational activity.
 - Create a new paid intern position.
 - Additional investment in production, recording and marketing (including publicity); we are confident we can deliver quality activity with the 2022 Budget as presented, but if RISE is successful, it will greatly add to our resources to produce high quality documentation as well as a more highly resourced marketing plan.

Cashflow

1. Flinders Quartet has \$322,393 of cash on hand as at 2 February 2022, with \$70,000 restricted for specific purposes. The Creative Victoria \$100,000 has not yet been received and is not included in the cash on hand or restricted/committed cash figures.

2021 ACTUALS - DRAFT

1. The estimated 2021 year-end figures present a net surplus of \$77,966 (refer to Attachment 2). This represents a \$39,209 improvement on the 2021 forecast presented at the 25 November 2021 board meeting, resulting from expenditure forecast to be spent in 2021 but now carried forward into the 2022 Budget. These figures include some proposed/draft year-end adjustments and are pending external review. The financials will be sent to the accountants for finalisation in the coming weeks.

ATTACHMENT 1 – 2022 BUDGET FOR REVIEW AND APPROVAL

FLINDERS QUARTET Financial Summary						
	2022 BUDGET	2021 DRAFT ACTUALS	Variation	2020 ACTUAL	2019ACTUALS	2018ACTUALS
Income						
Concerts Revenue	63,500	47,216	16,284	39,661	56,263	66,625
Government Funding	146,500	46,500	100,000	88,000	21,000	61,000
Government COVID-19 Stimulus	0	69,200	-69,200	179,744		
Philanthropy	269,500	263,149	6,352	201,225	167,530	163,077
Recording	3,500	3,890	-390	715	3,450	1,125
Other	0	0	0	0	13,628	0
Total Revenue	483,000	429,955	53,046	509,344	261,871	291,827
Expenditure						
Salaries	320,999	251,261	69,737	265,189	161,983	162,656
Event costs	76,354	53,249	23,105	50,114	27,729	45,890
Development	14,100	4,895	9,205	16,088	37,347	19,594
Recording	6,000	1,620	4,380	6,280	10,952	11,701
Marketing	35,474	24,029	11,445	11,030	12,961	21,873
Travel	19,670	8,177	11,493	4,147	11,784	14,148
Administration and other	9,350	8,757	593	8,444	6,186	6,696
Total Expenditure	481,947	351,989	129,958	361,293	268,942	282,558
NET SURPLUS / (DEFICIT)	1,053	77,966	-76,912	148,051	-7,071	9,269
Government Funding:						
Australia Council - confirmed	28,000	0	28,000	20,000	21,000	38,000
Creative Victoria - confirmed	100,000	19,500	80,500	21,000	0	23,000
City of Melbourne	0	15,000	-15,000	12,000	0	0
Creative Partnerships	0	0	0	25,000	0	0
Creative Victoria/Touring Vic - unconfirmed	12,500	18,000	-5,500	10,000	0	
RISE - unconfirmed	0	0				
Carried forward from 2021 to 2022	6,000	-6,000				
	146,500	46,500	88,000	88,000	21,000	61,000
Philanthropy:						
Private Donations - confirmed	7,600	171,649	-164,049	111,025	131,030	106,827
Private Donations - pledged	0	0	0			
Private Donations - unconfirmed	172,400	0	172,400			
Trusts & Foundations - confirmed	36,000	111,000	-75,000	90,200	36,500	56,250
Trusts & Foundations - unconfirmed	34,000	0	34,000			
Carried forward from 2021 to 2022	19,500	-19,500				
	269,500	263,149	-32,649	201,225	167,530	163,077
Cash Reserves:						
Cash balances as at 20 Jan 2022	322,393					
Committed cash balances	70,000					
Philanthropy revenue at risk	206,400					

ATTACHMENT 2 – 2021 ACTUALS (DRAFT)

FLINDERS QUARTET Financial Summary						
	2021 DRAFT ACTUALS	2021 BUDGET	Var \$	2020 ACTUAL	2020B	Var \$
Income						
Concerts Revenue	47,216	62,500	-15,284	39,661	76,500	-36,839
Government Funding	46,500	90,000	-43,500	88,000	78,000	10,000
Government COVID-19 Stimulus	69,200	0	69,200	179,744	0	179,744
Philanthropy	263,149	203,000	60,149	201,225	190,000	11,225
Recording	3,890	4,500	-610	715	5,500	-4,785
Other	0	0	0	0	0	0
Total Revenue	429,955	360,000	69,955	509,344	350,000	159,344
Expenditure						
Salaries	251,261	233,656	17,605	265,189	228,950	36,239
Event costs	53,249	70,984	-17,735	50,114	51,365	-1,251
Development	4,895	7,208	-2,313	16,088	11,400	4,688
Recording	1,620	3,000	-1,380	6,280	4,000	2,280
Marketing	24,030	26,070	-2,040	11,030	29,000	-17,970
Travel	8,177	11,320	-3,143	4,147	15,845	-11,698
Administration and other	8,757	9,488	-731	8,444	7,564	880
Total Expenditure	351,990	361,726	-9,736	361,293	348,124	13,169
NET SURPLUS / (DEFICIT)	77,966	-1,726	79,692	148,051	1,876	146,175
Government Funding:						
Australia Council - unsuccessful	0	20,000	-20,000	20,000	19,000	-19,000
Creative Victoria - confirmed	19,500	55,000	-35,500	21,000	19,000	500
City of Melbourne - confirmed	15,000	15,000	0	12,000	15,000	0
Creative Partnerships	0	0	0	25,000	25,000	-25,000
Creative Victoria/Touring Vic - confirmed	18,000	0	18,000	10,000		18,000
Creative Vic (project) - carry forward to '22	-6,000					
	46,500	90,000	-37,500	88,000	78,000	-25,500
Philanthropy:						
Private Donations - confirmed	171,649	5,000	166,649	111,025	135,000	36,649
Private Donations - pledged	0		0			
Private Donations - unconfirmed	0	113,000	-113,000			
Trusts & Foundations - confirmed	111,000	36,500	74,500	90,200	55,000	56,000
Trusts & Foundations - unconfirmed	0	48,500	-48,500			
Trusts & Foundation - carry forward to '22	-19,500					
	263,149	203,000	79,649	201,225	190,000	92,649