

FLINDERS QUARTET INC.
FINANCIAL REPORT
 prepared by Wendy Avilov
 22 August 2022

PURPOSE

To provide the Board with an update of the 2022 Forecast (including details about the philanthropic revenue targets for the remainder of 2022) ahead of the 24 August 2022 Board meeting, and to propose a timeline/process for drafting of the 2023 Budget.

2022 FORECAST

1. The 2022 Forecast (refer to Attachment 1) presents a net surplus of \$3,282, which is a \$1,338 improvement compared to the Forecast provided for the 6 April 2022 Board meeting.
2. Concert revenue has decreased (compared to the approved Budget) due to March-August 2022 ticket sale revenue falling just short of targets. Across our 2022 self-presented and co-presented concerts to date, only the Montsalvat concert in May has exceeded the forecast ticket revenue (by \$15). Presented concert fee revenue remains unchanged.
 - \$14,739 received in ticket sales to date; \$7,549 target for remainder of 2022
 - \$24,923 received in concert fees to date; \$14,600 target for remainder of 2022
3. Government Funding was reduced by \$12,500 earlier this year due to a regional touring grant we were to seek no longer being available to fund 2022 activity. There is no unconfirmed Government funding in the 2022 Forecast.
4. At this point in the year, it is unlikely that any further Trusts & Foundations revenue will be secured for 2022 activity, so a review of the Philanthropy revenue targets has been undertaken. Some of the previous Trusts & Foundations target revenue has been reallocated to the private donation target, and a cost review has been undertaken to reduce expenditure (further detail provided in point 8, below) and therefore enable the reduction of the revenue target. Currently \$46,339 remains at risk for the balance of 2022, the table below provides a breakdown of the targets to secure that donor revenue:

Philanthropy revenue update as at 22 August:			
	Forecast	To be raised	Confirmed/received
Private Donations new target (original budget target: \$180,000)	\$ 183,000	\$ 46,339	\$ 136,661
Trusts & Foundations (original budget target: \$89,500)	\$ 67,500	\$ -	\$ 67,500
Total	\$ 250,500	\$ 46,339	\$ 204,161
Targets to reduce at risk private donation revenue:		\$ 46,339	to be raised
Fifth String to renew		\$ 10,500	
Existing general donors to renew		\$ 8,224	
New donors		\$ 13,965	
One-off commission support - Brenda Gifford new work		\$ 2,650	Target: FQ Syndicate #4
One-off commission support - Ella Macens		\$ 11,000	Pledged: Andrew and Aida (50% deposit, balance payable in 2023)
Targets to reduce at risk Trusts and Foundation revenue		\$ -	
Betty Amsden Foundation		\$ -	application opening postponed to early 2023
Balnaves Foundation		\$ -	application will still be submitted in 2022 but the forecast no longer relies on it

5. Even though the \$22,000 Trusts & Foundations revenue we were targeting Balnaves Foundation for has been removed from the 2022 Forecast, we will still submit this application. Should it be successful, we will reincorporate the portion of the grant that applies to 2022 activity into the 2022 Forecast (and the balance into the 2023 Budget).
6. Trusts and Foundations confirmed amounts totalling \$67,500 being:
 - Robert Salzer Foundation \$7,000
 - Cybec Foundation \$8,000 carried forward from 2021 plus \$20,000 for 2022 activity
 - Besen Family Foundation \$10,000
 - Canny Quine Foundation (Linda Herd) \$6,000
 - Lyngala Foundation (Anthony Adair and Karen McLeod Adair) \$5,000
 - Betty Amsden Foundation \$7,500 carried forward from 2021
 - Playking Foundation \$4,000 carried forward from 2021
7. 'Other' revenue of \$4,400 has been added, reflecting some education/mentoring/workshop work the quartet has undertaken for Shelford Girls' Grammar and Melbourne Recital Centre.
8. To offset reduction in Philanthropic revenue, a cost review has been undertaken. The following reductions have been applied:
 - Event costs have been reduced: APRA and box office fees are tied to ticket sales revenue and thereby reduced due to lower ticket sales; commission fees reduced due to reconceiving of Clare Strong commission project; production expenses to date have come in under budget; venue hire costs reduced due to shift from studio recordings to live concert recordings.
 - Development costs were reduced earlier in 2022 by switching an evaluation of the secondary school residency program from an external evaluation to an internal one (and absorbing the work involved into salaries). The November MRC concert and post-concert dinner will be the final donor event for 2022; the remaining event budget has been removed.
 - Recording budget has been reduced due to the shift from studio recordings to live concert recordings.
 - Marketing costs have been reduced as our preferred publicist was unable to take on our 2022 work; this work has been undertaken internally (Zoe, Wendy, and Katherine) instead. Advertising and collateral budget also decreased, with in-house digital collateral (videos, artwork, etc) production and a focus on EDMs, social media, online event listings, and cross-promotion partnerships.
 - Small increase in travel expenditure due to COVID musician replacement (flights, accommodation) and anticipated preparation work in 2022 with 2023 violinists from interstate (2).
9. Katherine Lee has passed her four-month trial with flying colours, and we are very pleased with the contribution she has made to the FQ team. She is currently employed part-time 0.4 FTE based on a \$65,000 salary plus super and other on costs (0.4 FTE = \$26,000 plus on costs). In recognition of her excellent work, we seek the Board's approval to increase her salary basis to \$70,000 plus on costs (0.4 FTE = \$28,000 plus on costs) commencing from September 2022. In anticipation of the Board's approval, this increase has already been incorporated into the 2022

Forecast presented in this report. For the September-December 2022 period and factoring in on costs, this results in an approximate \$850 impact on the bottom line.

CASHFLOW

10. Flinders Quartet has \$376,272 of cash on hand as at 22 August 2022, with \$38,250 restricted for specific purposes. The Creative Victoria \$100,000 for 2022 has received, however it has not been included in the restricted/committed cash figures as it is for core organisational funding.

2023 BUDGET - DRAFT

11. Drafting of the 2023 Budget will commence in early September, and with the outcomes of four significant grant applications expected in the time period between mid-October to early December, we propose the following timeline:

- w/c Oct 17th – draft 2023 Budget circulated to the Board via email (two of the four grant application outcomes should be known by this week)
- w/c Oct 24th – draft 2023 Budget meeting held online for those Board members interested in discussing/questioning the draft Budget
- early Nov – revisions to draft Budget based on meeting with the Board
- early Dec – expecting to hear about the remaining two grant application outcomes; once known, the final 2023 Budget will be included in the Dec 7th Board meeting papers
- Dec 7th Board meeting – Board approval to be sought for final 2023 Budget

2021 FINANCIALS - FINALISED

12. The 2021 year-end financials were finalised 14 April 2022 and a copy of the statement has been uploaded to the [General Papers](#) URL, along with the accountant's letter to the Board stating that the accounts have been finalised and in the course of the review found to be in good order.

ATTACHMENT 1 – 2022 FORECAST

FLINDERS QUARTET Financial Summary								
	2022 FORECAST	2022 APPROVED BUDGET	Variation	2021 DRAFT ACTUALS	2020 ACTUAL	2019ACTUALS	2018ACTUALS	2017 ACTUALS
Income								
Concerts Revenue	61,811	63,500	-1,689	51,176	39,661	56,263	66,625	71,564
Government Funding	134,000	146,500	-12,500	46,500	88,000	21,000	61,000	48,500
Government COVID-19 Stimulus	0	0	0	69,200	179,744			
Philanthropy	250,500	269,500	-19,000	263,148	201,225	167,530	163,077	159,435
Recording	3,500	3,500	0	3,890	715	3,450	1,125	2,169
Other	4,400	0	4,400	0	0	13,628	0	2,073
Total Revenue	454,211	483,000	-28,789	433,914	509,344	261,871	291,827	283,741
Expenditure								
Salaries	320,916	320,999	-83	247,720	265,189	161,983	162,656	158,425
Event costs	67,868	76,354	-8,486	55,249	50,114	27,729	45,890	54,461
Development	6,354	14,100	-7,746	4,895	16,088	37,347	19,594	13,854
Recording	2,012	6,000	-3,988	11,030	6,280	10,952	11,701	7,557
Marketing	22,981	35,474	-12,493	12,411	11,030	12,961	21,873	15,372
Travel	21,415	19,670	1,745	8,177	4,147	11,784	14,148	8,907
Administration and other	9,381	9,350	31	10,891	8,444	6,186	6,696	13,031
Total Expenditure	450,928	481,947	-31,019	350,373	361,293	268,942	282,558	271,607
NET SURPLUS / (DEFICIT)	3,282	1,053	2,229	83,541	148,051	-7,071	9,269	12,134
Government Funding:								
Australia Council - confirmed	28,000	28,000	0	0	20,000	21,000	38,000	18,500
Creative Victoria - confirmed	100,000	100,000	0	19,500	21,000	0	23,000	15,000
City of Melbourne	0	0	0	15,000	12,000	0	0	0
Creative Partnerships	0	0	0	0	25,000	0	0	15,000
Creative Victoria/Touring Vic	0	12,500	-12,500	18,000	10,000	0		0
RISE	0	0	0	0				
Carried forward from 2021 to 2022	6000	6000	0	-6,000				
	134,000	146,500	-12,500	46,500	88,000	21,000	61,000	48,500
Philanthropy:								
Private Donations - confirmed	136,661	7,600	129,061	171,648	111,025	131,030	106,827	151,935
Private Donations - pledged	11,000	0	11,000	0				
Private Donations - unconfirmed	35,339	172,400	-137,061	0				
Trusts & Foundations - confirmed	48,000	36,000	12,000	111,000	90,200	36,500	56250	7500
Trusts & Foundations - unconfirmed	0	34000	-34,000	0				
Carried forward from 2021 to 2022	19500	19,500	0	-19,500				
	250,500	269,500	-19,000	263,148	201,225	167,530	163,077	159,435
Cash Reserves:								
Cash balances as at 22 August 2022	376,272							
Committed cash balances	38,250							
Philanthropy revenue at risk	46,339							