

FLINDERS QUARTET INC.
FINANCIAL REPORT
for 14 September 2021

PURPOSE:

To provide the Board with an update of the 2021 Forecast and a draft of the 2022 Budget.

2021 FORECAST

1. The 2021 Forecast (refer to Attachment 1) presents a net surplus of \$5,416, which is a \$4,524 increase in surplus compared to the Forecast provided 31 August 2021 and is a result of further COVID-19 support grants received from Business Victoria.
2. All income and associated expenditure for the October concert/touring period has been removed from this Forecast.
3. This Forecast assumes that our 2021 Composer Development Program will proceed before the end of 2021, and the related expenditure is included.
4. Government funding of \$52,500 is confirmed for the year. Details of funding are available in Attachment 1.
5. Government COVID-19 stimulus of \$45,600 is confirmed and comprises the January-March 2021 JobKeeper plus February-August 2021 Business Victoria business costs assistance and support programs. Any future support available as a result of the current restrictions will be sought however is not included in the Forecast as it is not yet confirmed/received.
6. Total concert revenue earned to date is \$35,190 (being \$16,445 ticket sales and \$18,745 performance fees). All concert revenue for the remainder of the year has been removed from the Forecast due to the cancellations resulting from ongoing pandemic restrictions. This includes the \$12,000 performance fee that was to have been earned from the Australian Festival of Chamber Music as well as the October concert performance fees and ticket revenue.
7. Total Philanthropy target of \$235,000 is unchanged from the previous forecast. Of the \$235,000 target, \$16,470 is yet to be received/confirmed. Philanthropy amounts as outlined in the table below:

Philanthropy:	2021 forecast	2021 budget
Private Donations - confirmed	111,030	5,000
Private Donations - pledged	12,500	
Private Donations - unconfirmed	3,970	113,000
<i>Total Private Donations</i>	<i>127,500</i>	<i>118,000</i>
Trusts & Foundations - confirmed	107,500	36,500
Trusts & Foundations - unconfirmed	0	48,500
<i>Total Trusts and Foundations</i>	<i>107,500</i>	<i>85,000</i>
Total Philanthropy	235,000	203,000

8. Salaries expenditure has increased (compared to Budget) as a result of:
- a. New projects to be undertaken thanks to the Playking Foundation grant
 - b. Cancellation/reschedule fees paid to FQ personnel for work cancelled due to lockdowns, and budgeted casual calls to be paid to replacement musicians for outreach programs later in the year (should permanent FQ musicians be unable to undertake that work due to lockdowns and border restrictions). This extra salary expenditure is offset by the business support funding received from Business Victoria.

Cashflow

9. Flinders Quartet has \$329,590 of cash on hand as at 9 September 2021 with \$105,708 restricted for specific committed purposes.

2022 Draft Budget

10. The 2022 Draft Budget has been prepared under two scenarios recognising the Creative Victoria multi-year funding application that is in progress (outcome expected early to mid December 2021). The 2022 Draft Budget is presented in Attachment 2.
11. 2022 Draft Budget (Scenario 1)
- a. Scenario 1 presents revenue of \$535,900 and includes the unconfirmed Creative Victoria Creative Enterprises Program (CEP) four-year funding for \$190,000 per annum for 2022-2025.
 - b. Compared to the 2021 Forecast, there is a significant increase in Concert Revenue (in both scenarios) resulting from the Musica Viva Australia national tour scheduled for Feb/March 2022, as well as increases in ticket sales due to the anticipated easing of COVID-19 venue capacities restrictions.
 - c. There is an increase in salaries compared to 2021 resulting from:
 - increase in FTE salary fraction for current permanent part-time employees, from 0.31FTE to 0.4FTE (approx. \$9,700 per person x 6 people) offering greater job/salary security for FQ personnel, ensuring the stability of membership, commensurate with industry standard and security of artistically viable succession plan (aiming to get to 0.5FTE in 2023 with multi-year funding)
 - new 0.2FTE Artistic Director salary in recognition of AD workload and leadership position
 - new 0.2FTE Education Manager salary to better support and grow FQ's education/mentoring programs
 - new paid intern position
 - Musica Viva Australia national tour fees (this appears in both scenarios)
 - increase in guest artist fees for Sutherland Festival, Sydney concert, Return to Sender tour (this appears in both scenarios)
 - increased per diums for interstate touring to Sydney, Mildura and Return to Sender tour (this appears in both scenarios)
 - d. There are increases in event, recording and marketing costs, all resulting from our intention to self-produce more of our own digital content such as online concerts and studio recordings, rather than relying on third parties such as MDCH and ABC Classic.

This means we will have increased production and venue hire costs, but greater control over the use (including monetisation) and distribution of that content.

12. 2022 Draft Budget (Scenario 2 without CEP)

- a. Given the possibility of the multi-year funding application being unsuccessful and the significant impact on the budget, an alternate scenario has been prepared that does not include the multi-year funding revenue nor the associated salaries and other expenditure.
 - b. Compared to the 2021 Forecast, there is a significant increase in Concert Revenue (in both scenarios) resulting from the Musica Viva Australia national tour scheduled for Feb/March 2022, as well as increases in ticket sales due to the anticipated easing of COVID-19 venue capacities restrictions.
 - c. There is an increase in salaries compared to 2021 resulting from:
 - Musica Viva Australia national tour fees (this appears in both scenarios)
 - increase in guest artist fees for Sutherland Festival, Sydney concert, Return to Sender tour (this appears in both scenarios)
 - increased per diums for interstate touring to Sydney, Mildura and Return to Sender tour (this appears in both scenarios)
13. In both 2022 budget scenarios, there is an increase in development expenditure as we seek to undertake a formal evaluation of our Footscray High School residency (we have approached Betty Amsden Foundation about supporting that activity), and we also would like to invest in inviting key program partners and participants to the 11am MRC concerts.
14. We now have confirmation that our applications to City of Melbourne and Helen Macpherson Smith Trust for 2022 activity have both been unsuccessful, and the updated 2022 Draft Budget presented in this report has been revised accordingly (compared to the version prepared for and discussed at the financial catch up on 31 August 2021).

ATTACHMENT 1 - FINANCIAL SUMMARY 2021

FLINDERS QUARTET				
Financial Summary				
	2021 FORECAST	2021 BUDGET	Var \$	2020 ACTUAL
Income				
Concerts Revenue	35,190	62,500	-27,310	39,661
Government Funding	52,500	90,000	-37,500	88,000
Government COVID-19 Stimulus	45,600	0	45,600	179,744
Philanthropy	235,000	203,000	32,000	201,225
Recording	3,950	4,500	-550	715
Other	0	0	0	0
Total Revenue	372,240	360,000	12,240	509,344
Expenditure				
Salaries	255,049	233,656	21,393	265,189
Event costs	56,799	70,984	-14,185	50,114
Development	2,450	7,208	-4,758	16,088
Recording	2,000	3,000	-1,000	6,280
Marketing	28,386	26,070	2,316	11,030
Travel	13,290	11,320	1,970	4,147
Administration and other	8,850	9,488	-638	8,444
Total Expenditure	366,824	361,726	5,098	361,293
NET SURPLUS / (DEFICIT)	5,416	-1,726	7,142	148,051
Government Funding:				
Australia Council - unsuccessful	0	20,000	-20,000	20,000
Creative Victoria - confirmed	19,500	55,000	-35,500	21,000
City of Melbourne - confirmed	15,000	15,000	0	12,000
Creative Partnerships	0	0	0	25,000
Creative Victoria/Touring Vic - confirmed	18,000	0	18,000	10,000
	52,500	90,000	-37,500	88,000
Philanthropy:				
Private Donations - confirmed	111,030	5,000	106,030	111,025
Private Donations - pledged	12,500		12,500	
Private Donations - unconfirmed	3,970	113,000	-109,030	
Trusts & Foundations - confirmed	107,500	36,500	71,000	90,200
Trusts & Foundations - unconfirmed	0	48,500	-48,500	
	235,000	203,000	32,000	201,225
Cash Reserves:				
Cash balances at 9 Sept	329,590			
Committed cash balances	105,708			
Philanthropy revenue at risk	16,470			

ATTACHMENT 2 – DRAFT BUDGET 2022

FLINDERS QUARTET					
Financial Summary					
	Scenario 2	Scenario 1		Variation	
	2022 BUDGET	2022	2021	between 2021	2020
	without CEP	BUDGET	FORECAST	and 2022	ACTUAL
				Scenario 1	
Income					
Concerts Revenue	108,100	108,100	53,190	54,910	39,661
Government Funding	38,000	218,000	52,500	165,500	88,000
Government COVID-19 Stimulus	0	0	30,200	-30,200	179,744
Philanthropy	247,500	207,500	235,000	-27,500	201,225
Recording	4,800	2,300	5,000	-2,700	715
Other	0	0	0	0	0
Total Revenue	398,400	535,900	375,890	160,010	509,344
Expenditure					
Salaries	275,620	375,245	245,913	129,332	265,189
Event costs	64,619	77,869	62,051	15,818	50,114
Development	8,182	8,432	3,145	5,287	16,088
Recording	2,000	12,000	2,000	10,000	6,280
Marketing	28,300	36,000	28,386	7,614	11,030
Travel	12,645	12,645	12,604	41	4,147
Administration and other	9,050	9,550	8,850	700	8,444
Total Expenditure	400,417	531,741	362,949	168,792	361,293
NET SURPLUS / (DEFICIT)	-2,017	4,159	12,941	-8,782	148,051
Government Funding:					
Australia Council	28,000	28,000	0	28,000	20,000
Creative Victoria	10,000	190,000	19,500	170,500	21,000
City of Melbourne	0	0	15,000	-15,000	12,000
Creative Partnerships	0	0	0	0	25,000
Creative Victoria/Touring Vic	0	0	18,000	-18,000	10,000
	38,000	218,000	52,500	165,500	88,000
Philanthropy:					
Private Donations - confirmed		0	108,780	-108,780	111,025
Private Donations - pledged		0	13,500	-13,500	
Private Donations - unconfirmed	170,000	140,000	5,220	134,780	
Trusts & Foundations - confirmed	36,000	36,000	107,500	-71,500	90,200
Trusts & Foundations - unconfirmed	41,500	31,500	0	31,500	
	247,500	207,500	235,000	-27,500	201,225