

FLINDERS QUARTET INC.
FINANCIAL REPORT
for 25 November 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 \$38,757, which is a \$10,900 increase in surplus compared to the Forecast provided 10 November 2021 and is a result of an unexpected \$24,000 donation from David Hamilton/Dorset Renewable Industries, the earlier-than-expected ending of the Business Victoria COVID-19 support payments, and a 'carry-forward' of funds from Betty Amsden Foundation into the 2022 Draft Budget.
2. This Forecast assumes that the following activities will be completed before the end of December 2021 with all related expenditure included:
 - a. Composer Development Program
 - b. Footscray High School recording as a modified outcome for the residency
 - c. New work creative development period for commissions to be premiered in 2022
 - d. Beethoven Op. 131 filming (serves the dual purpose of delivering a modified outcome for both regional and digital funding agreements, and producing content for the new 'FQ Digital' platform)
 - e. Cheetham "Bungaree" studio recording with ABC Classic
3. Total concert revenue earned to date is \$40,750: \$16,445 ticket sales, \$18,745 performance fees, and most recently \$1,600 cancellation fee from MRC for October activity and \$3,960 from Adelaide Festival of Chamber Music (AFCM) for the 2021 festival cancellation fee (invoiced but not yet received in the bank account). No further concert revenue is anticipated for 2021.
4. Government funding of \$52,500 has been confirmed and received, however unspent amounts of \$6,000 of the Creative Victoria project funding have been carried forward to the 2022 Budget, recognising the funded activity and outcomes that won't be completed until mid-2022 (as per the funding agreement with Creative Victoria). Details of funding are available in Attachment 1.
5. Government COVID-19 stimulus of \$69,200 has been received and comprises the January-March 2021 JobKeeper plus February-October 2021 Business Victoria business costs assistance and support programs (we had originally forecast to receive a further \$5,600 in November but Business Victoria has now confirmed that the program's final payments was made in October). No further COVID-19 government support is anticipated.
6. Total Philanthropy of \$249,549 is confirmed and includes \$91,500 from Trusts & Foundations and \$158,049 in private donations. A 2021 year-end carry forward has already been actioned in Trusts & Foundations revenue to reallocate \$19,500 to the 2022 Budget, recognising Betty Amsden Foundation, Playking Foundation and Cybec Foundation funded activity and outcomes that won't be completed until mid-2022. Private donation target for 2021 has been exceeded and with the

recent launch of a new commissioning campaign (“FQ Syndicate”), we anticipate receipt of further donations before the end of 2021 but these are not included in the Forecast. Philanthropy amounts as outlined in the table below:

Philanthropy:	2021 forecast	2021 budget
Private Donations - confirmed	158,049	5,000
Private Donations - pledged	0	
Private Donations - unconfirmed	0	113,000
<i>Total Private Donations</i>	<i>158,049</i>	<i>118,000</i>
Trusts & Foundations - confirmed	91,500	36,500
Trusts & Foundations - unconfirmed	0	48,500
<i>Total Trusts and Foundations</i>	<i>91,500</i>	<i>85,000</i>
Total Philanthropy	249,549	203,000

7. Salaries expenditure has previously reported increases (compared to Budget) as a result of:
- a. 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 funded activity (should permanent FQ musicians be unable to undertake that work due to lockdowns and border restrictions). This extra salary expenditure is offset by cancellation fees received from Melbourne Recital Centre and the AFCM, plus the business support funding received from Business Victoria.

Cashflow

8. Flinders Quartet has \$350,272 of cash on hand as at 22 November 2021 with \$92,508 restricted for specific committed purposes.

2022 Draft Budget

9. The latest version of the draft Budget is provided as Attachment 2; the only change from the draft Budget provided 10 November 2021 is a reduction in the unconfirmed Trusts & Foundations amount as a result of the \$7,500 carry-forward from Betty Amsden Foundation. Approval for this Budget will not be sought until after the outcome of Creative Victoria multi-year funding application is known in early-mid December. We will then provide a final 2022 Budget via email circular for the Board’s review and approval.
10. The draft Budget has been prepared under two scenarios due to the uncertainty around two significant funding applications that have been submitted for 2022 activity:
- Creative Victoria ‘Creative Enterprises Program’ (CEP) for \$190,000/year for four years (outcome expected early to mid December 2021)
 - The Federal RISE funding program for \$260,000 over two years (outcome expected mid to late December 2021)

Budget scenario 1 assumes success with both of these applications and includes \$190,000 for Year 1 of the Creative Victoria’s CEP funding, and \$130,000 for Year 1 of the RISE grant. We

acknowledge that, should we be successful in one or both grant applications, there is a chance that we won't receive the full amounts submitted for. Should that happen, the associated expenditure related to the funded activity will be reduced in line with the revenue.

Budget scenario 2 assumes that both applications are unsuccessful and no new funding will be secured for 2022.

11. Scenario 1 Draft 2022 budget (includes CEP and RISE funding)

- a. Scenario 1 presents revenue of \$693,600 including the unconfirmed Creative Victoria CEP and Federal RISE grants.
- 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 0.5FTE to enable the increased activity to be undertaken should the CEP and RISE grant applications be successful
 - new 0.3FTE 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, 2022 Program One subscription series concerts, 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 increased activity with CEP and RISE funding, including the production of more of our own high quality 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.
- e. Increase in travel expenditure due to a return to regional and interstate touring (this appears in both scenarios).

12. Scenario 2 Draft 2022 budget (no new funding secured)

- a. This budget scenario assumes that the CEP and RISE funding applications are unsuccessful and therefore does not include that 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, 2022 Program One subscription series concerts, 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. Increase in travel expenditure due to a return to regional and interstate touring (this appears in both scenarios).
- e. 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.

ATTACHMENT 1 - FINANCIAL SUMMARY 2021

FLINDERS QUARTET				
Financial Summary				
	2021 FORECAST	2021 BUDGET	Var \$	2020 ACTUAL
Income				
Concerts Revenue	40,750	62,500	-21,750	39,661
Government Funding	46,500	90,000	-43,500	88,000
Government COVID-19 Stimulus	69,200	0	69,200	179,744
Philanthropy	249,549	203,000	46,549	201,225
Recording	4,890	4,500	390	715
Other	0	0	0	0
Total Revenue	410,889	360,000	50,889	509,344
Expenditure				
Salaries	258,802	233,656	25,146	265,189
Event costs	58,659	70,984	-12,325	50,114
Development	2,774	7,208	-4,434	16,088
Recording	2,000	3,000	-1,000	6,280
Marketing	28,202	26,070	2,132	11,030
Travel	12,220	11,320	900	4,147
Administration and other	9,474	9,488	-14	8,444
Total Expenditure	372,132	361,726	10,406	361,293
NET SURPLUS / (DEFICIT)	38,757	-1,726	40,483	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
Creative Vic (project) - carry forward to '22	-6,000			
	46,500	90,000	-37,500	88,000
Philanthropy:				
Private Donations - confirmed	158,049	5,000	153,049	111,025
Private Donations - pledged	0		0	
Private Donations - unconfirmed	0	113,000	-113,000	
Trusts & Foundations - confirmed	111,000	36,500	74,500	90,200
Trusts & Foundations - unconfirmed	0	48,500	-48,500	
Trusts & Foundation - carry forward to '22	-19,500			
	249,549	203,000	66,049	201,225
Cash Reserves:				
Cash balances at 22 Nov	350,272			
Committed cash balances	92,508			
Philanthropy revenue at risk	0			

ATTACHMENT 2 – DRAFT BUDGET 2022

FLINDERS QUARTET					
Financial Summary					
	Scenario 2 2022 BUDGET without large grants	Scenario 1 2022 BUDGET with large grants	2021 FORECAST	Variation between 2021 and 2022 Scenario 1	2020 ACTUAL
Income					
Concerts Revenue	103,600	103,600	40,750	62,850	39,661
Government Funding	44,000	354,000	46,500	307,500	88,000
Government COVID-19 Stimulus	0	0	69,200	-69,200	179,744
Philanthropy	280,000	210,000	249,549	-39,549	201,225
Recording	4,800	2,500	4,890	-2,390	715
Other	0	0	0	0	0
Total Revenue	432,400	670,100	410,889	259,211	509,344
Expenditure					
Salaries	281,020	470,531	258,802	211,729	265,189
Event costs	78,644	85,894	58,659	27,235	50,114
Development	8,182	16,802	2,774	14,028	16,088
Recording	2,000	12,000	2,000	10,000	6,280
Marketing	32,800	47,000	28,202	18,798	11,030
Travel	19,345	19,345	12,220	7,125	4,147
Administration and other	9,850	9,850	9,474	376	8,444
Total Expenditure	431,842	661,422	372,131	289,291	361,293
NET SURPLUS / (DEFICIT)	558	8,678	38,758	-30,080	148,051
Government Funding:					
Australia Council - unconfirmed	28,000	28,000	0	28,000	20,000
Creative Victoria - unconfirmed	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
RISE - unconfirmed	0	130,000	0		
Carried forward from 2021	6,000	6,000	-6,000		
	44,000	354,000	46,500	165,500	88,000
Philanthropy:					
Private Donations - confirmed	0	0	158,049	-158,049	111,025
Private Donations - pledged	12,500	12,500	0	12,500	
Private Donations - unconfirmed	178,000	128,000	0	128,000	
Trusts & Foundations - confirmed	36,000	36,000	111,000	-75,000	90,200
Trusts & Foundations - unconfirmed	34,000	14,000	0	14,000	
Carried forward from 2021	19,500	19,500	-19,500		
	280,000	210,000	249,549	-78,549	201,225
Cash Reserves:					
Philanthropy revenue at risk	224,500	154,500			