

RECOMMENDATION

The Board review the draft 2024 Budget prior to request for approval at the Board meeting on 7 December 2023, 5pm AEDT.

SUMMARY

1. The draft 2024 Budget (Attachment 1) presents a net surplus of \$396, which is \$2,939 less than the current forecast for 2023.
2. The 2023 Forecast (Attachment 2) presents a net surplus of \$4,643, which is \$3,797 better than the 2023 Budget. The figures in the 2023 Forecast are based on actuals up to and including 30 November 2023.
3. Total 2024 Revenue of \$483,019 is \$37,614 less than 2023 Forecast, primarily driven by reduced Concerts Revenue and Recording partially offset by increased Philanthropy.
4. Total 2024 Expenditure of \$482,623 is \$34,675 less than 2023 Forecast. This reduction in Expenditure has been proposed to ensure a net surplus and delivers a proposed reduction in activity.

CURRENT CASH POSITION

5. Flinders Quartet has \$346,698 cash on hand as at 1 December 2023 with \$4,500 restricted for specific committed purposes (all of which is forecast to be expended by 31 December 2023).

2024 SALARIES AND WAGES COSTS

6. The 2024 Draft Budget has been prepared based on the new pay model discussed and approved at the 21 September 2023 Board meeting, which sees the permanent musicians' base rate of pay remain the same, but the number of calls worked for that pay reduced, and extra work (additional calls) paid at a per call casual rate of \$200 plus on costs when funding or project income permits. Note that the base rate of pay reflected in this draft does not reflect a CPI or cost-of-living increase, and remains the same as for 2023.
7. CPI increases would have the following impact on the 2024 Budget:
 - 3% increases the permanent salaried employee budget by \$4,316
 - 4% increases the permanent salaried employee budget by \$5,755
 - 5% increases the permanent salaried employee budget by \$7,193
8. The \$200/call casual rate represents an approx 8% increase on the \$185/call FQ has paid in

2023, which is still somewhat low compared to the industry standard of around \$250/call.

2024 GOVERNMENT FUNDING

9. Government Funding includes confirmed multi-year government funding from Creative Victoria (\$100,000) and City of Melbourne (\$30,000), as well as project funding from Creative Australia (\$19,000).

2024 PHILANTHROPY

10. Philanthropy Revenue in the 2024 Draft Budget includes confirmed project funding from Besen Family Foundation, Cybec Foundation, and the Angior Family Foundation (total \$42,500).
11. Philanthropy Revenue also includes target amounts as follows:
 - a. \$7,500 to be sought from Robert Salzer Foundation (who have supported FQ annually for the past 10 years, so this amount is reasonably expected)
 - b. \$6,000 to be sought from Canny Quine Foundation who gives this amount annually to FQ, but we don't consider it confirmed revenue until received
 - c. \$218,000 in private donations to be sought

The increase in Philanthropy revenue year on year is due to a new matched-funding donor campaign planned for the first half of 2024.

2024 OTHER REVENUES

12. Compared to the 2023 Forecast revenue the 2024 Draft Budget shows:
 - a. decrease in Concert Revenue resulting from the 2023 Musica Viva Australia national tour income not being part of the 2024 figures.
 - b. decrease in Recording revenue due to fees received in 2023 for special recording projects not being part of the 2024 figures.

2024 EXPENDITURE

13. Compared to the 2023 Forecast expenditure:
 - a. decrease in Salaries resulting from the 2023 Musica Viva Australia national tour fees paid in addition to the 2023 salary.
 - b. increase in Event costs resulting from an increase in fees to be paid to composers for new work commissions in 2024; including two Ascend composer program participants receiving commission fees of \$6,000 each.
 - c. small decrease in Development costs due to no grant writer fees being budgeted for in 2024 (small increases in other Development costs have been included, including donor events/expenditure).
 - d. decrease in Recording costs with less studio recordings planned for 2024.
 - e. decrease in Travel costs with no interstate guest musicians requiring airfares, and no Strike a Chord mentees being brought to Melbourne in 2024.

OTHER INFORMATION

14. We await the outcome of our Ian Potter Foundation round 2 application, expected early/mid December. We have applied for \$75,000 per year for 2024 and 2025 to support the Ascend and Emerge composer programs, as well as FQ's new work commissioning activity. The income and related expenditure has not been included in the 2024 Draft Budget.

ATTACHMENT 1 – 2024 DRAFT BUDGET

FLINDERS QUARTET					
Financial Summary					
	2024 DRAFT BUDGET	2023 FORECAST	Variance '24 budget v '23 forecast	2022 ACTUALS	2021 ACTUALS
Income					
Concerts Revenue	58,869	107,139	-48,270	60,754	51,176
Government Funding	149,000	149,000	0	134,000	46,500
Government COVID-19 Stimulus	0	0	0	0	69,200
Philanthropy	274,000	255,000	19,000	251,379	263,148
Recording	1,150	13,328	-12,178	2,692	3,890
Other	0	0	0	9,400	0
Total Revenue	483,019	524,467	-41,448	458,225	433,914
Expenditure					
Permanent salaried employee costs	276,155	246,239	29,916	317,502	247,720
Casual employee costs	51,437	105,056	-53,619		
Contractors	7,500	11,291	-3,791		
Event costs	91,758	82,196	9,562	73,722	55,249
Development	5,900	6,623	-723	7,280	4,895
Recording	2,000	12,400	-10,400	2,012	11,030
Marketing	22,435	20,835	1,600	19,468	12,411
Travel	14,860	21,813	-6,953	22,519	8,177
Administration and other	10,578	13,371	-2,793	8,028	10,891
Total Expenditure	482,623	519,824	-37,201	450,531	350,373
NET SURPLUS / (DEFICIT)	396	4,643	-4,247	7,694	83,541
Government Funding:					
Australia Council - confirmed	19,000	19,000	0	28,000	0
Creative Victoria - confirmed	100,000	100,000	0	100,000	19,500
City of Melbourne - confirmed	30,000	30,000	0	0	15,000
Creative Partnerships	0	0	0	0	0
Creative Victoria/Touring Vic	0	0	0	0	18,000
Carried forward from 2021 to 2022	0	0	0	6,000	-6,000
	149,000	149,000	0	134,000	46,500
Philanthropy:					
Private Donations - confirmed	0	178,133	-178,133	183,879	171,648
Private Donations - pledged	0	0	0	0	0
Private Donations - unconfirmed	218,000	20,867	197,133	0	0
Trusts & Foundations - confirmed	56,000	56,000	0	48,000	111,000
Trusts & Foundations - unconfirmed	0	0	0	0	0
Carried forward from 2021 to 2022	0	0	0	19,500	-19,500
	274,000	255,000	19,000	251,379	263,148
Cash Reserves:					
Cash balances as at 1 December 2023	346,698				
Committed cash balances	61,500				
Philanthropy revenue at risk	218,000				

ATTACHMENT 2 – 2023 FORECAST

FLINDERS QUARTET					
Financial Summary					
	2023 FORECAST	2023 BUDGET	Variance	2022 ACTUALS	2021 ACTUALS
Income					
Concerts Revenue	107,139	113,591	-6,451	60,754	51,176
Government Funding	149,000	130,000	19,000	134,000	46,500
Government COVID-19 Stimulus	0	0	0	0	69,200
Philanthropy	255,000	227,500	27,500	251,379	263,148
Recording	13,328	4,800	8,528	2,692	3,890
Other	0	0	0	9,400	0
Total Revenue	524,467	475,891	48,577	458,225	433,914
Expenditure					
Permanent salaried employee costs	246,239	250,407	-4,169	317,502	247,720
Casual employee costs	105,056	81,847	23,209		
Contractors	11,291	5,850	5,441		
Event costs	82,195	77,919	4,276	73,722	55,249
Development	6,625	7,650	-1,025	7,280	4,895
Recording	12,400	0	12,400	2,012	11,030
Marketing	20,835	24,000	-3,165	19,468	12,411
Travel	21,813	18,570	3,243	22,519	8,177
Administration and other	13,371	8,800	4,571	8,028	10,891
Total Expenditure	519,824	475,044	44,780	450,532	350,373
NET SURPLUS / (DEFICIT)	4,643	847	3,797	7,693	83,541
Government Funding:					
Australia Council - confirmed	19,000	0	19,000	28,000	0
Creative Victoria - confirmed	100,000	100,000	0	100,000	19,500
City of Melbourne - confirmed	30,000	30,000	0	0	15,000
Creative Partnerships	0	0	0	0	0
Creative Victoria/Touring Vic	0	0	0	0	18,000
Carried forward from 2021 to 2022	0	0	0	6,000	-6,000
	149,000	130,000	19,000	134,000	46,500
Philanthropy:					
Private Donations - confirmed	178,133	0	178,133	183,879	171,648
Private Donations - pledged	0	0	0	0	0
Private Donations - unconfirmed	20,867	199,000	-178,133	0	0
Trusts & Foundations - confirmed	56,000	0	56,000	48,000	111,000
Trusts & Foundations - unconfirmed	0	28,500	-28,500	0	0
Carried forward from 2021 to 2022	0	0	0	19,500	-19,500
	255,000	227,500	27,500	251,379	263,148
Cash Reserves:					
Cash balances as at 1 December 2023	346,698				
Committed cash balances	4,500				
Philanthropy revenue at risk	20,867				

ATTACHMENT 3 – 2024 ACTIVITY COVERED UNDER BUDGET

Emerge composer program rehearsals and performance

Personal (sick) leave cover for Wilma's non-playing surgery recovery period in the first couple of months of 2024

Three concert programs (March, August and October)

- Self-presented in the Primrose Potters Salon at Melbourne Recital Centre, Montsalvat, St Johns Southgate, and St John's Church – total of 11 live concerts
- Made available for free on-demand streaming on FQ Digital – 2 digital concerts
- March concert program toured to regional Victoria and Northern Tasmania – minimum of 4 concerts
- August concert program toured to regional Victoria – minimum 2 concerts
- October concert program toured to regional Victoria and Sydney – minimum 2 concerts

Two open rehearsals (March and Oct)

Creative development, rehearsals and performance of new works by two composers: Gordon Kerry and Bryony Marks

Creative development of 'A Tale of Two Composers' commissioning project with Melody Eotvos and Rishin Singh; to be programmed and premiered in 2025

Studio recordings

- Gordon Kerry String Quartet No. 6 (March)
- 2x Ascend composers' new works (Nov)

Ascend composer program workshops, rehearsals, performance and studio recording (2 composer participating, unless successful Ian Potter Foundation allows for an increase on that number)

Experimental 'community concert' presented at Library at the Dock in Docklands, offering audiences a taste of chamber music at very low cost (supported with City of Melbourne funding)

Mentoring, workshops and side-by-side concerts with regional Victorian musicians through the Itet and Resonance programs – total 4 concerts

Conversion of FQ Digital into a free resource

2025 creative development period