

Treasurers Report to the AGM FY19

The financial performance of the organisation in FY19 represents, from a profitability perspective, an improvement on the previous FY results. However areas of under performance against the operational budgets set for the organisation for FY19 year create opportunities for further improvements to be made to the business operations of the organisation.

	FY19 \$	FY18 \$	Budget FY19 \$
Total Revenue	1,970,110	1,939,434	2,125,142
Direct Costs	1,187,016	1,295,981	1,421,509
Expenses	696,985	783,868	654,583
Net Surplus	86,109	-140,415	49,050
Net Surplus %	4.35%	-7.2%	2.5%
Cash at Bank	381,014*	195,016	

*This amount is the cash available for operations it excludes the money received for the building project

Revenue grew by 1.6% compared to FY18 results. This result is under the budget for total revenue set for FY19 by 7.3%. Contributing factors:

- Ensemble Revenue under budget by 26% (\$43K)
- Schools Revenue under budget by 14% (\$146k)
- 1 to 1 Revenue above budget by 4% (\$27k)
- Music Therapy Revenue above budget by 13% (5k)
- Instrument Hire Revenue above budget by 40% (\$15k)

Direct Costs reduced by 8.4% compared to FY18 and were under budget by 16.5%. This was mainly driven by the reduced activities in the Ensemble and Schools Programs creating a reduction in direct in the combined programs direct costs of 10.6% (\$100k).

Expenses were also reduced compared to FY18 due mainly to reduced rental costs and a reduction in marketing expenditure. The expense however exceeded the budget forecast by 6.5%(\$42k). Contributing factors:

- Administration Staff costs 2.8%(\$11k) above budget
- Unbudgeted Debt Collection Costs \$5k
- Instrument Repairs 60.7% (\$4k) above budget
- Unbudgeted Graphic Design Costs \$6k
- Computer expenses and support above budget by 127% (\$4k)

The Nett Surplus is a significant improvement on FY18 and exceeded the budgeted surplus by 75% (\$37k). The 4.35% surplus was the result of reduced expenses and not from business growth. It is a rate of return that has moved the organisation from a negative position caused by unforeseen/unbudgeted circumstances but it is only the start of a path to being a financially sustainable organisation. Cash reserves have increased but still do not provide a solid buffer from further unforeseen circumstances nor does it provide a platform to undertake special projects.

FY20

The Board is committed to creating a financially sustainable organisation. With the commencement of our renovation project, and as it progresses, there may be disruptions to operations which could have a negative financial impact. The FY20 Budget is under review to factor in the renovation and also now the COVID 19 ramifications (if any). Managing this period from a financial perspective will entail a number of hard decisions for the Board. We aim to work with the management team to find avenues to move away from unprofitable undertakings, or reshape them to become profitable and look at areas for growth of our offering, revenue and profitability. The aim is to provide the financial platform to create greater opportunities and resources for all internal and external stakeholders.

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Treasurer/Hon.Secretary