

Treasurer's Report to Vestry, 29 March 2020

Financial Report for the Year Ended 31 December 2019

Income and Expenditure

2019's outcome from regular activities against budget is set out below, alongside the 2018 outcome for comparison.

| 2018 Actual | | 2019 Actual | Change 2018-2019 | 2019 Budget | 2019 Variance vs Budget |
|-------------|---|----------------|------------------|-------------|-------------------------|
| | <i>Income</i> | | | | |
| 241,457 | Planned Giving | 265,397 | 23,940 | 240,000 | 25,397 |
| 85,878 | Open Plate Collections | 87,673 | 1,795 | 84,000 | 3,673 |
| 16,431 | Donations for Property Costs | 21,066 | 4,636 | 20,000 | 1,066 |
| 30,000 | Music Foundation Grants: Music Dept | 34,600 | 4,600 | 30,000 | 4,600 |
| 22,862 | Other Donations, Income and Fundraising | 25,661 | 2,799 | 30,000 | (4,339) |
| 18,625 | Fees for Services | 19,545 | 920 | 17,000 | 2,545 |
| 77,647 | Investment Income | 79,201 | 1,554 | 75,000 | 4,201 |
| 129,431 | Property Income | 113,743 | (15,688) | 135,000 | (21,257) |
| 35,217 | Cathedral and Hall Use | 44,832 | 9,614 | 40,000 | 4,832 |
| 26,668 | Cathedral Shop | 22,168 | (4,501) | 27,000 | (4,832) |
| 5,272 | Mission Offerings | 4,887 | (386) | 5,000 | (114) |
| 689,488 | | 718,772 | 29,284 | 703,000 | 15,772 |
| | <i>Expenditure</i> | | | | |
| 224,367 | Ministry | 231,200 | 6,833 | 229,000 | 2,200 |
| 89,062 | Worship, Music and Organ | 109,754 | 20,693 | 97,000 | 12,754 |
| 167,390 | Office and Support | 185,526 | 18,136 | 184,000 | 1,526 |
| 52,374 | Synodal Assessments | 56,491 | 4,118 | 52,000 | 4,491 |
| 31,057 | Insurance | 32,887 | 1,830 | 39,000 | (6,113) |
| 3,978 | AFSA Loan Interest | 2,251 | (1,727) | 3,000 | (749) |
| 90,207 | Property Costs, including Conservation | 50,032 | (40,175) | 100,000 | (49,968) |
| 42,329 | Council Rates & Utilities | 40,841 | (1,488) | 45,000 | (4,159) |
| 11,280 | Missions | 9,887 | (1,393) | 14,000 | (4,114) |
| 712,043 | | 718,870 | 6,826 | 763,000 | (44,130) |
| (22,555) | Operating Surplus/(Deficit) from regular activities | (97) | 22,458 | (60,000) | 59,903 |

An extremely encouraging break-even outcome from regular activities, noting in particular the following

Income:

- Planned Giving: an extremely encouraging result after holding steady in recent years. The congregation appears to have responded enthusiastically to the challenge of funding extra costs in relation to a full-time curate. Encouragingly, giving via the Open Plate was also up despite the increase in Planned Giving.
- Music Foundation Grants: extra grants provided for Good Friday and the St Nicolas Cantata, covering part of extra costs reflected in Worship, Music and Organ Expenditure.
- Other Donations, Income and Fundraising: no major fundraising event was held in 2019.
- Property Income: the 2019 budget was based on the assumption that the flat would provide a rental income throughout the year. It was untenanted for several months enabling, the flat to be developed.

Expenditure:

- Worship, Music and Organ: the significant increase in costs resulted from extra costs for major events, offset by additional Music Foundation grants; Council support for the Choir Tour; and a budgeting error in that organ tuning costs had not been restored to the budget after years of using the temporary electronic replacement.
- Insurance: the budget had been excessively pessimistic after shocks in recent years.
- Property Costs and Depreciation: the 2019 budget originally included two separate lines: \$50,000 for “general” property costs and \$50,000 for Conservation. Following decisions at the 2019 meeting of Synod, it is working with Cathedral Council on a new strategy for addressing Conservation works at the Cathedral, and the separate Conservation line in Cathedral Council’s accounts has been removed. Meanwhile, phase 2 of the high-level works will now be completed in 2020, and will be funded by Synod.
- Council Rates and Utilities: council benefited from a new electricity tariff.
- Missions: no major ABM project was funded as there was no major fundraising event. At its meeting in December 2019 Cathedral Council noted the extent of support which cannot be recorded in the accounts, including most visibly the weekly offerings of groceries for the Magdalene Centre. Funds collected for the bushfire appeal were also passed on directly to the Red Cross and not reflected in these accounts.

While a near break-even outcome against a \$60,000 shortfall budget appears surprising, the change in the approach to Conservation work covers most of the difference.

It was noted that Office and Support Costs were significantly lower in 2018 due to vacancies in some roles. Throughout 2019 staffing in this area totalled 2.0 FTE (Full Time Equivalent), and current personnel are working very well together.

“Below the line”:

- Completion of the Organ Project: expenditure in 2019 was largely the final invoice from Harrison and Harrison, covered by a grant from St Peter’s Cathedral Music Foundation Inc. Overall, the Restoration of the Organ (including completion of the casework) cost a total of \$1,496,751. The Music Foundation’s Organ appeal received donations and related investment income totalling \$1,354,296, and the Music Foundation contributed a total of \$1,409,238 to the project. The balance of \$87,513 was raised by direct donations and fundraising initiatives within the Cathedral.
- Bequest from Jean Dibben, invested in AFSA Endowment Units in line with Synod policy. In line with the terms of the bequest, half of the amount recorded is in the Cathedral General Bequests account and half in a restricted Cathedral Choir bequest account.
- While separately recorded, funds for the Memorial Garden are held in the Cathedral’s bank accounts and help support cashflow.

Balance Sheet

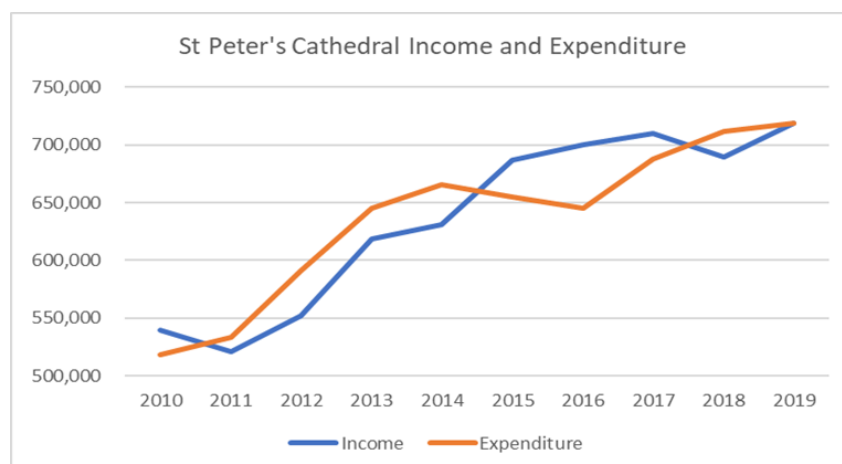
While the balance sheet appears to have increased significantly, this is largely covered by the triennial restatement of freehold property in line with the state government valuation.

Close Flat: The cost of upgrading the flat has been recorded as an increase in the underlying property value. A 10-year loan from Anglican Funds SA for \$150,000 has been arranged to cover the costs. At the Balance Sheet date, this had not been fully drawn and \$50,000 was included in sundry creditors to cover the final progress claim in 2020.

Investments: following a stronger market performance in 2019, the unrealised market gain reported in the Investments Revaluation Reserve has increased significantly.

Long Term Income and Expenditure

The longer term picture continues to be one of steady growth in income and expenditure, with a near break-even average outcome over many years. The graph below illustrates income tracking expenditure over 10 years.



Budget

The budget for 2020 adopted by Cathedral Council on 18 December 2019 is set out below:

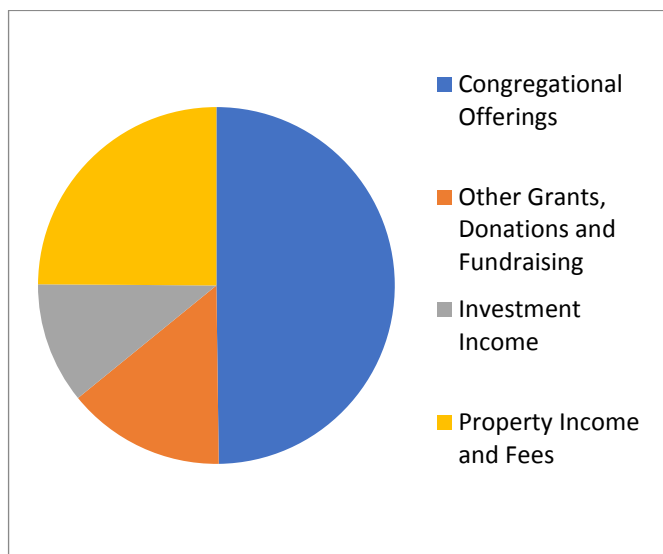
| | 2019 Budget | 2019 Actual | 2020 Budget | Budget increase/ (decrease) |
|---|----------------|----------------|-----------------|-----------------------------------|
| <i>Income</i> | | | | |
| Planned Giving | 240,000 | 265,397 | 268,000 | 28,000 |
| Open Plate Collections | 84,000 | 87,673 | 86,000 | 2,000 |
| Donations for Property Costs | 20,000 | 21,066 | 22,000 | 2,000 |
| Music Foundation Grants: Music Dept | 30,000 | 34,600 | 30,000 | - |
| Other Donations, Income and Fundraising | 30,000 | 25,661 | 20,000 | (10,000) |
| Fees for Services | 17,000 | 19,545 | 18,000 | 1,000 |
| Investment Income | 75,000 | 79,201 | 78,000 | 3,000 |
| Property Income | 135,000 | 113,743 | 114,000 | (21,000) |
| Cathedral and Hall Use | 40,000 | 44,832 | 45,000 | 5,000 |
| Cathedral Shop | 27,000 | 22,168 | 25,000 | (2,000) |
| Mission Offerings | 5,000 | 4,887 | 5,000 | - |
| | 703,000 | 718,772 | 711,000 | 8,000 |
| <i>Expenditure</i> | | | | |
| Ministry | 229,000 | 231,200 | 244,000 | 15,000 |
| Worship, Music and Organ | 97,000 | 109,754 | 100,000 | 3,000 |
| Office and Support | 184,000 | 185,526 | 190,000 | 6,000 |
| Synodal Assessments | 52,000 | 56,491 | 57,000 | 5,000 |
| Insurance | 39,000 | 32,887 | 36,000 | (3,000) |
| AFSA Loan Interest | 3,000 | 2,251 | 8,000 | 5,000 |
| Property Costs, including Conservation | 100,000 | 50,032 | 55,000 | (45,000) |
| Council Rates & Utilities | 45,000 | 40,841 | 45,000 | - |
| Missions | 14,000 | 9,887 | 10,000 | (4,000) |
| | 763,000 | 718,870 | 745,000 | (18,000) |
| Operating Surplus/(Deficit) from regular activities | (60,000) | (97) | (34,000) | 26,000 |

It will be noted that the 2020 budget is closely aligned with the 2019 outcome, with the exception of the following:

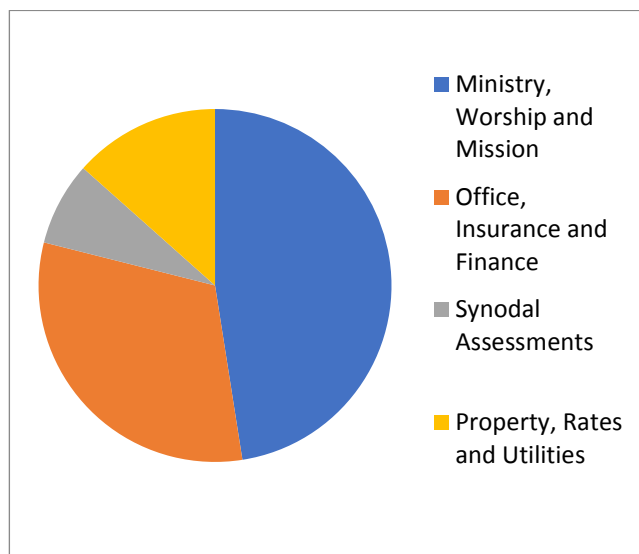
- Other Donations, Income and Fundraising: no special fundraising events are scheduled for 2020, and donations in 2019 may have been increased by Cathedral 150 events.
- Similarly, no additional grants over and above the annual \$30,000 from the Muusic Foundation have been promised.
- Ministry Costs: in 2020, the Cathedral has a full-time assistant curate (half-time in 2019). Half of the additional cost is being met by the Diocese via a grant from the O’Leary Bakewell Fund. Cathedral council’s additional cost is partly reflected by increased cash expenditure on Ministry, and partly by reduced property income and utilities costs as the new curate is accommodated in the newly renovated Close Flat. Overall, paid clergy in 2020 will increase from 2.3 to 2.8 FTE.
- Other staff numbers are budgeted to remain consistent with 2019: approximately 0.75 FTE worship and music and 2.0 FTE Office and Support.
- Insurance: the 2020 budget was calculated on the assumption of a 10% increase over 2019 costs. We have received the invoice for the period up to 31 October 2020 and this has proved accurate.
- AFSA Loan Interest: reflects the new loan for the development of the Close Flat.

The budgeted income and expenditure can be broken down as follows:

Income



Expenditure



At the time of writing, it appears likely that income from Fees, Cathedral and Hall Use and the Cathedral Shop as well as Open Plate Offerings will be significantly affected by Covid-19. Meanwhile, we have very little “optional” expenditure. It must therefore be anticipated that meeting the budget for the full year will prove very challenging.

Kevin Stracey
 Treasurer, St Peter’s Cathedral
 19 March 2020