

# Guide for community treasurers



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## Case Study 1

# Numbers the key, says festival treasurer

If your community organisation is seeking corporate or government funding for a new project, you'd be wise to heed the advice of Tim Todhunter, newly appointed treasurer of the Castlemaine State Festival in Victoria.

Todhunter says it's crucial to include the value of contributed services and voluntary effort when you prepare your budget.

'If you don't recognise this, it understates the role of the local community, and the state government, local council and corporate sponsorship therefore looks way out of proportion,' he says.

For example, if a graphic designer donates time to design brochures and a local printer produces them at no cost, the contribution may well be worth \$15,000 to \$20,000.

And while the Castlemaine Festival can't put a value on the time contributed by volunteers who make sandwiches or run a sausage sizzle, it can put a firm figure on the weekly hours contributed by voluntary administration support.

Todhunter says you are likely to find that the community voluntary contribution and sponsorship together amount to around \$2 for every \$1 from government – and this should be made clear in the budget.

Otherwise, governments may feel they are being asked to give a disproportionate amount of money to support an event.

The highly-regarded biennial Castlemaine Festival has a budget of between \$500,000 and \$750,000, depending on its scope and size.

About a third comes from box office receipts, a third from State and local government and the balance from the local community and businesses.

One of Todhunter's first steps as treasurer was to dissect past monthly and annual accounts. He presented them to the committee in a format that was relevant for a biennial event, where income does not necessarily co-incide with expenditure.

He charted figures from the last three biennial years, tracking the timing of income streams from various sources, the timing of all expenditure and analysing box office receipts for each activity.

He then generated a comprehensive 2004 - 2005 budget package which gave the committee a clear picture of the economics for next year's festival.

'Even when you are a year away from the event, this gives you the comfort that you are tracking in an appropriate, manageable and controlled way,' he says.

The budget shows which events were financial successes and failures, helping the artistic director and committee to either avoid certain types of events or cross-subsidise those that are artistically important.

It also assists in producing sound financial submissions to government and other potential sponsors.

Todhunter recognises that members of voluntary committees may not have a great deal of experience with budgets and finance.

So a key element of the treasurer's role is to help committee members understand how the pattern of financial activities fits with the activities of the organisation.

Once committee members are confident they have an economic picture they understand, they can focus on being more creative about an event.

'It can be very liberating,' he says. 'The committee is freed up to do more, and therefore make an even more successful event.'

Todhunter, who has an economics degree and a strong business background, has served as honorary treasurer for a number of organisations.



## Case Study 4

# Fine-tuning their investments

When the Youth Music Foundation of Australia Inc. set financial goals in 1990, it believed the return on an investment of \$200,000 would service awards for promising young Australian musicians to study overseas.

The interest rate was then 17 per cent and, as interest rates went down, the YMFA had to lift its fund-raising target to \$400,000.

But as YMFA treasurer Lino Bresciani says, setting goals within realistic financial parameters is a major challenge for voluntary organisations.

'Never over-reach what can be afforded, always be conservative with revenue targets, and allow a margin for cost over-runs on budgeted expenditure,' he says.

Bresciani became treasurer of the foundation when it was set up in 1988. A civil engineer who holds a graduate diploma in business administration, he had 10 years experience as the honorary secretary of the Victorian branch of the Association of Professional Engineers, and also served on the federal council.

'It's of vital importance for the treasurer to really understand the aims and operations of the organisation,' he says. 'You must also recognise the organisation's strengths and weaknesses, particularly with regard to its ability to raise funds and control its expenses.'

The YMFA became a corporate body in 1990, and donations became tax deductible when it was listed on the federal government's register of cultural organisations.

Its main method of raising funds is through music events and recitals, with performers often drawn from the ranks of those who have been assisted by YMFA. They include internationally renowned London-based pianist Piers Lane, operatic soprano Leanne Kenneally and Eddie Muliaumasaeli'i, who is lead bass with the State Opera Innsbruck in Austria.

More than 150 events have been organised, and Bresciani says his role has become easier as a history of loyal support and financially successful events has been established.

'We treat every event as an independent financial project, which is expected to show a profit. We estimate costs, forecast attendance and set admission prices to produce a small profit which then augments the YMFA fund.'

The YMFA intends remaining a small organisation with few fixed costs that can be run by its volunteer council members.

It has also managed to avoid the conflict between creative directors and finance directors that is so common in arts organisations.

'The finance people have to understand the creative people and their operations,' Bresciani says. 'It is essential to agree on realistic budget projections and on ways to keep within those budgets.'

'Risk areas should be identified and managed jointly. New ventures always require some market research, but even quite informal enquiry can be of benefit and help with the decision making process.'

