

## Caulfield Hebrew Congregation Inc.

### 2016 Annual General Meeting Treasurers Report

The year recently ended to 30 April 2016 was very challenging. As you will have noted from reading the audited financial statements we ended up incurring an operating loss of \$146,458 which was \$50,612 worse than the loss of \$95,846 in the previous year. It was particularly disappointing because we had budgeted to achieve a small surplus before depreciation.

The profit and loss report summarises the major categories of income and expenditure. It is in more detail than last year and I hope that it gives members an appropriate level of detail whilst concentrating on the major issues without getting lost in the details.

- This year, we recognised the COSV levy as income and the related payment to COSV as an expense for the first time. The effect was to increase net seat rental income by \$29k which approximated the increase in seat rentals for the year. Seat rental charges had been increased by CPI however that benefit was offset by write-offs and an increase in the provision for uncollectable debts.
- Program expenses and revenue relate to the high Holiday activities including the choir and the coffee tents; providing kiddushim throughout the year, and running many other activities including the Seniors Club, Caulfield Bubs, Kids Club, Yom Ha'atzmaut breakfast, Bar- and Batmitzvah programs and various others. As much as possible we try to make each activity self-funding by charging fees to recover its costs. This year, the net cost of programs after recoveries was \$139k which was \$14k less than the previous year because there was no Yom Ha'atzmaut breakfast because of timing differences. In the coming year we are planning to reduce our net cost with a greater emphasis on seeking Kiddush sponsors and cutting back a little on the volume of food provided which we think was becoming a little too much.
- Other donations were reduced this year because each year we have been receiving a donation of \$25k towards to cost of our youth director and this year we received nil because two donations had been received in the prior year due to timing differences.
- Hall hire and rent increased this year with greater utilisation of the hall.
- Repairs continue to be an on-going battle for the shule as the property gets older. This year we were hit with urgent and unexpected major repairs to the shule roof that cost \$33k. I don't think the roof had been touched since it was built and considering there was asbestos involved, I was most relieved to find that Selwyn had kept the cost down to that price.
- You will note that our biggest expense category is employment expenses which this year cost a total of \$937k. We currently have 13 staff in full or part time roles plus we employ casuals from time to time to assist with kids club and other activities as required. Managing this cost is a big challenge. This year, after the resignation of our general manager, Miriam Suss, we decided to consolidate our administration by boosting the role of Yael Garkawe, Rabbi Genende's PA and not replacing Miriam. The savings in this action were offset by an increase in leave liabilities of \$41k. This included 13k resulting from identifying some leave record keeping errors some years ago.
- Last year, I believe that there were some members' queries regarding the nature of other expenses. Other property expenses includes power, insurance and rates, whilst the other

expenses category includes general office costs, audit and bank charges. There were no major changes in these categories.

As you know last year we obtained the members approval to proceed with expenditure on the redevelopment. This has been incurred on the basis that it is to be independently funded. Up to 30 April 2016 we have incurred expenditure of \$222k which, in accordance with accounting standards, has been treated as capital work in progress. This cost has been matched by donations of which \$216k had been received up to year end.

With an operating loss for the year of \$147k, the obvious question is what impact has it had on the shule and what are we going to do about it in the future. For those that understand finances, at 30 April 2016 we had a working capital deficiency of \$209k. This is covered by a long-standing bank loan facility which we had need to draw upon for a few months at the end of the year and until we start receiving next year's membership fees. So we are OK in the short term. In the longer term we need to recover the losses of the last two years rather than keeping incurring them. As I have previously advised, the reality is that there is limited discretion to reduce expenses and also limited ability to convince members to pay more for seat rentals. In this situation, we are looking for opportunities to make our various programs cover their own costs by slight increases in fees if practical and by increases in donations.

Our budget for 2015 plans for a return to a small surplus. The biggest improvements are expected to come from monitoring programs expenditure more closely and being more proactive in achieving recoveries and donations for our programs with a focus on having all programs being self-funded as much as possible.

I would also like to report on some changes to our administration. Sadly, many of you have experienced the frustrations of dealing with inadequate and erroneous shule information. In particular last year we accepted that our main membership database system had to be replaced. After looking at various alternatives, we decided to install a new system provided by our existing software supplier. That system went live on 1 May 2015. Unfortunately the installation process involved many major challenges and it took a change in accounting staff and over six months of major frustrations and effort before it was working reliably. Although there is still some fine tuning required, in general terms the computer system is a big improvement.

In addition to good systems, a good administration also needs good people and good processes. I am pleased to advise that we now have an excellent admin team and together we are upgrading and improving our office processes to improve the level of service to members. In particular I would like to thank our accounts manager, Simona Weinstein who has made major changes to our accounting processes in a challenging environment. Thanks also to Yael and Sharon who do a great job and are working well as a team.

Finally I would like to say thank you to Anthony and our Board but in particular a key but extremely cheap team member. Selwyn Nadelman quietly fixes all sorts of issues such as seating allocations and invoicing, repairs and maintenance, member complaints and queries, and much more. He is at the shule almost every day. It is indeed a pleasure working with him.

G E Blashki  
Hon Treasurer  
11 September 2016