

BEECHWORTH MONTESSORI CHILDREN'S GROUP INC

TREASURER'S REPORT FOR AGM 18 MARCH 2015

As the Treasurer of Beechworth Montessori I am pleased to present to the membership the audited Financial Statements for our organisation for the year ended 31 December 2014.

If anyone here would like to review the audited Financial Statements, you can do so by contacting me after the AGM and providing me with your email address and I will then forward you a copy.

For the purposes of today I will simply summarise our current financial position.

The total income or revenue for Beechworth Montessori for 2014 was \$1,485,428.00. This was up from our income in 2013 by \$198,115.00.

Our total expenses in 2014 were \$1,435,489.00, up from 2013 by \$181,007.00. The result for 2014 being an overall profit from ordinary activities of \$49,938.63. This is up from our 2013 profit from ordinary activities by \$17,107.00.

However, we also received the balance of our Commonwealth Building Refurbishment grant in this reporting period, which increased our overall profit for the year to \$106,392.63.

Our income was up \$150,712.00 on our original budget for a number of reasons including:-

1. Federal funding was greater than the original modelling predicted.
2. We received some disability funding that was not in the budget.
3. Some residual CAP funding from 2013 was paid in the 2014 reporting period.
4. We also received an additional \$50,000.00 in funding to compensate for the loss of the CAP funding that we previously received (but will no longer receive) as a rural school in Victoria.
5. Two early childhood grants were received including \$1,500.00 for IT and \$10,000.00 for floor coverings.

However, our expenses were also up by \$117,069.00, above our original budgeted expenses, largely due to an increased expenditure on wages and an increased provision for long service leave and sick leave allowances, an increased allowance for depreciation and electricity costs which exceeded our original budget expectations.

As treasurer I like to remind everyone that as an independent school we operate on a not for profit basis. This means that when we set fees it is not for the purpose of deriving a profit for the school, but only to ensure that we can cover the cost of delivering a quality Montessori education to the children attending the school on an ongoing basis. Our federal funding requirements also require us to budget for a cash surplus.

I am pleased to say that we now appear to be consistently achieving this goal and that we have hopefully reached a period of financial stability and sustainability.

This does not mean that the future is not without its challenges.

Specifically the future funding model for independent schools in Australia is still yet to be finally determined at both State and Federal Government levels.

The funding of independent schools will also be affected by the decision of the Government to drop the Education Maintenance Allowance as a payment to parents and to pay this funding directly to schools. Furthermore, we are yet to finally complete the refurbishment of our building and to create the multipurpose indoor area required by a school of our size.

Whilst an application has been made for a grant to enable the completion of this area, the result of that grant application will not be known until 16 April 2015.

If we are successful in obtaining the grant the school will still need to come up with additional funds, either through increasing our loan with the ANZ Bank or alternatively, by paying off our existing loan at a faster rate than required by the bank, so that we have additional funds that we can draw on to complete the works.

In addition we continue to try and work towards pay parity with government schools for our teaching staff, so that we can continue to attract and retain the best teachers available.

As always, it is difficult to find a balance between increasing fees to enable the school to operate at the best possible level, whilst trying to make a Montessori education available to as many students in the area as possible by keeping our fees as low as we possibly can.

Whilst our organisation has come a long way in a short time, there is still a lot we need to achieve in our new building, and ongoing fee increases are inevitable.

However, having said that, we do not want to lose any of our current students because of an inability to pay the fees and so I would encourage anyone with concerns about paying fees to approach someone on our finance subcommittee, being the Principal, Heather, the Finance Manager, Howard or the Treasurer, myself to discuss the financial assistance that may be available to you under our Financial Assistance Program.

Thank you.

LARA BLOCK

Treasurer

Beechworth Montessori Children's Group Inc

18 March 2015