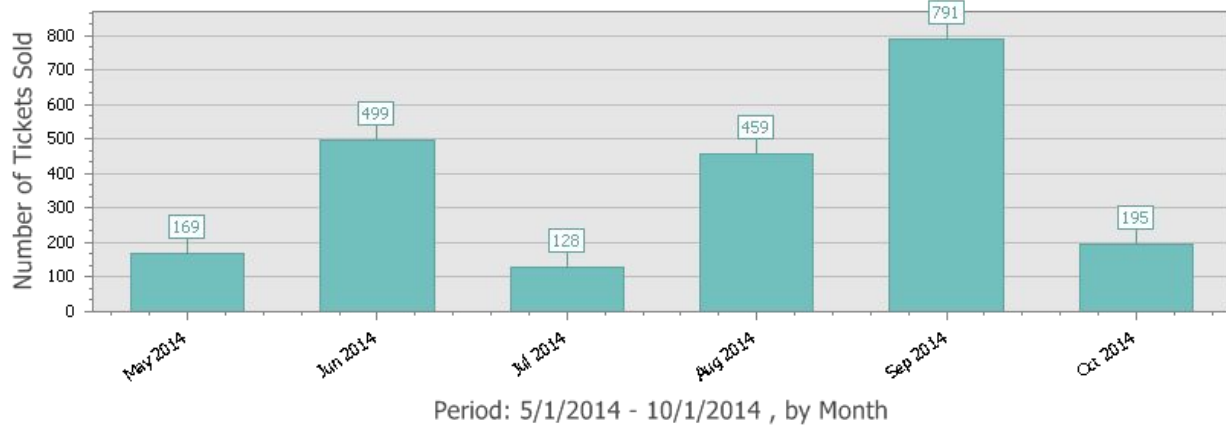


Burning Seed 2014 Afterburn Report – Finance

Income

Seed 2014’s population was 2326 adults and 120 children, compared to 2013’s 1103 adults and 56 children. This represents more than 100% growth in the adult population, 40% of which happened in the last month before the event (see charts below). This is consistent with the sales pattern of the last 3 years.



[insert separate graphic here of previous years’ sales patterns]

Income from ticket sales was \$336,499 (tbc), exceeding the initial conservative forecast of \$249,018 by **\$78,418** or **31%**. This pattern was anticipated on the basis of sales in previous years, but still cannot be relied upon. This continues to be an overall positive outcome for Burning Seed that has allowed freedom in our budget in other ways, but presented a range of budgeting difficulties.

year	adult population	growth
2009	30-40	n/a
2010	~400	+100-120%
2011	448	+12%
2012	547	+22%
2013	1103	+102%
2014	2326	+111%

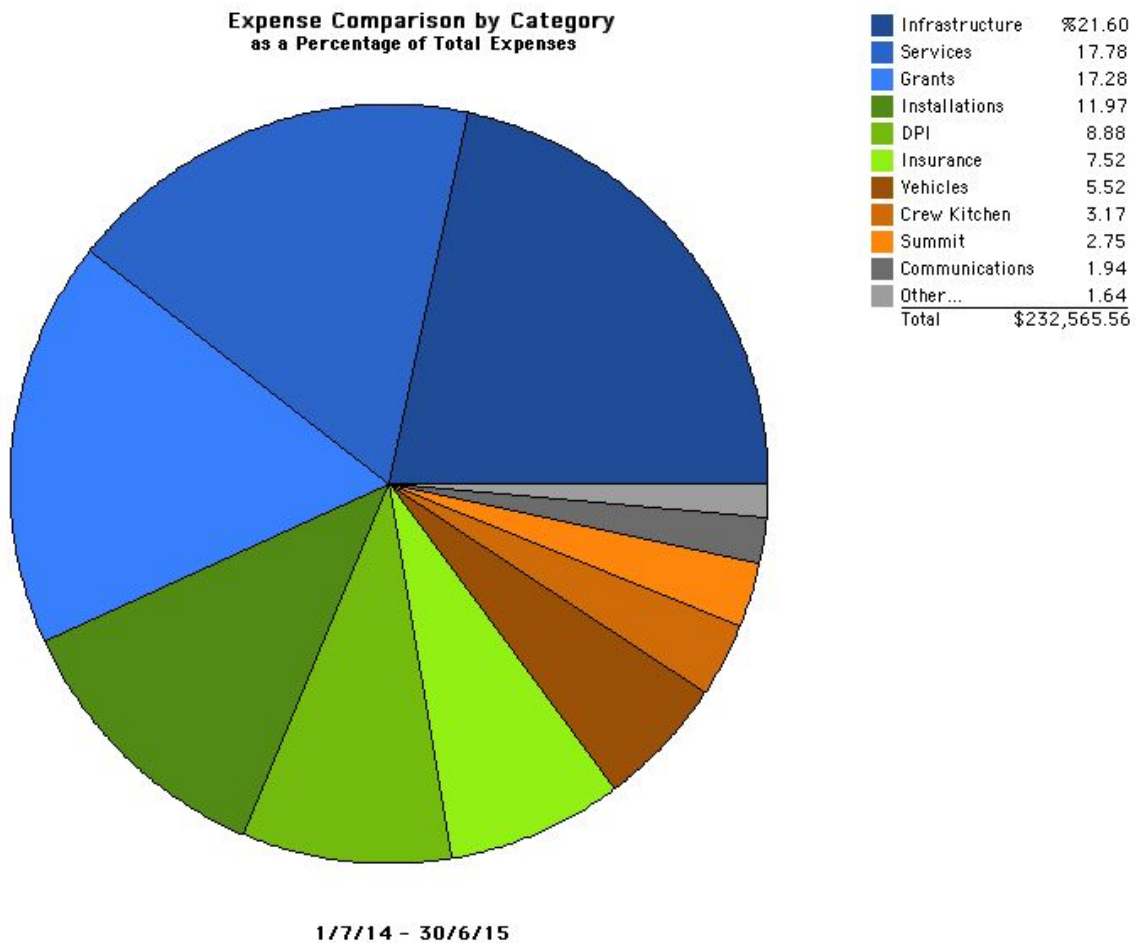
Our original budget was based on conservative growth projections of 15% population growth, with additional budget allocations based on 25%, 50% and 100% growth in population. Teams were notified as sales progressed that their budgets may increase by a given amount, and encouraged to have expansions, extensions or extras in mind. In an attempt to manage growth we capped ticket sales this year, and encouraged early purchase. This meant we were confident moving to the 50% budget by 23

August, compared to 2013 when income from late ticket sales (after many crews were already on site) made it impractical to use some of the larger budget allocations.

Net income for ice was \$1589 (\$3905 cost and \$5494 income). Ice sales were greatly improved from 2013, but still has plenty of space for improvement. Ice royalty (i.e. crew) were enthusiastic and fairly reliable, owing largely to the herculean efforts of the Community Crew Coordinators, but consistency of ice supply left much to be desired, which impacted the availability of ice during the sales hours on some days. Sales were managed by the site manager and others when available. A designated manager for this process may be needed in 2015.

Expenditure

Overall, Burning Seed cost \$238,678 (tbc) to produce (excluding capital expenditure), which will roughly hit its revised budget of \$249,262 with the addition of taxes, accounting fees etc. This was better performance than anticipated, given that the revised budget was created on the basis of 50% increase in population, rather than the 100% experienced and expenses such as toilet and venue costs scale with population growth. There were some unanticipated expenses, discussed separately below.



Infrastructure

Seed's single largest operating expense area is infrastructure. Seed infrastructure, including venue hire and site works, toilets, container transport, radio communications, gate/greeter construction, cost **\$49,333** in 2014, or 21% of total expenditure excluding capital. This is roughly twice last years' \$24,186, for an event twice the size, and exceeded its budget (based on 50% population growth) by \$5799 or 13%. The biggest factors in this were \$3056 increase in toilet expenditure, which scales with population growth, venue cost of \$4313 over budget due to population scale increase in site work costs including \$6331 for the water truck to keep the dust down, and payment for some services previously provided for free. In total, we spent substantially more than budgeted on items that scale directly with population like venue hire, toilets and siteworks; this was offset by spending less than expected on container movement and signs.

Services

Seed's second largest operational expense area is services. This includes accounting, medical, security and waste removal, and cost \$42,445 in 2014, or 18% of total expenditure excluding capital. This is also close to twice last years' \$24,186, for an event twice the size, and exceeded its budget (based on 50% population growth) by \$18,799. Of that difference, \$10,431 is due to recategorisation of waste services out of the general DPI budget, which we think will give a clearer picture of where and with whom Burning Seed is spending money going forward.

Medical, security, and waste removal services increased three-fold over 2013 to keep up with our growing population. Because budgeting was done on the basis of 50% growth, these areas exceeded their combined budget by \$18,800 or 80%.

This year, Burning Seed engaged professional medical services from Emergency Medical Management Pty Ltd. This move was deemed necessary by organisers to keep participants safe as the event grows. This was budgeted at \$10600, but rose to \$14,157 when insufficient appropriately skilled volunteers to assist in this area required longer work hours by the paid staff.

Grants

This year, Burning Seed gave away a total of \$40,190 in grants to art and theme camps of a budgeted \$45,300 (initially \$35,350), making it the third largest expenditure category. Art grants totalled \$27,863 on a budget of \$30000, with several projects yet to claim the remainder of their grant. Theme Camp grants distributed came to \$7,676 on a budget of \$10,300 (revised upwards from \$6000 with ticket sales).

Some grant recipients remain confused about the need for GST receipts, in spite of repeat communication and publication of the policy on the website. As a result, not all grant recipients received the final 20% installment of the grant. This was the first year that a major grant recipient failed to deliver a funded project. Artery and finance are still working through the implications of that for future funding, pending written report from the artist.

Major installations

Effigy came in slightly under its revised budget at \$14,028. Effigy team lead managed its own expenditure out of a dedicated account, which seems to have worked effectively for both effigy and finance teams.

Burning Seed spent \$10,782 on Temple materials of an initial budget of \$7000. This represents a 10-fold increase in material costs over 2013, as well as purchasing an additional \$2441 on dedicated tools for the project (which will be retained by Seed for future use). This was our first exploration into having an entire self-contained community team build a major installation, and it was a major learning experience on all sides. While artistically a huge success, the project exceeded its budget by a significant margin and, more importantly, was unable to account for \$1409 of the expenditure. This is an area that will require MUCH closer financial management in the future for a mutually beneficial outcome.

Centre Camp (\$3025) stepped up its artistic game significantly this year with the addition of painted furniture and a stage.

DPI, vehicles and crew kitchen

Taken together, DPI, vehicle expenses and crew kitchen make up \$30,821 in expenditure, or 17% of total expenditure.

DPI exceeded its general budget by \$11,542, or more than 100%. Of this, \$2441 was unbudgeted dedicated tools purchased for the Temple, and most of the remaining expenditure was higher than expected material costs for various new structures. As the biggest cost centre with the largest number of variables, it is unsurprising that it is also the area with the most challenges. DPI changes for 2014 including appointment of a separate stockade manager and DPI goddess improved its financial reporting significantly.

The crew kitchen performed well with respect to budget in spite of feeding more people than anticipated. Vehicle costs were \$4820 more than expected due to (1) larger population requiring more supply runs, and (2) unexpected repair (and extended hire period to accommodate repair) when a crew member was assaulted by a roo.

Other

Insurance jumped 258% in cost, from \$4496 in 2013 to \$17,476 in 2014, exceeding its initial \$6000 budget nearly three-fold.

This year the event secured \$20m in PL cover compared to \$10m in 2013. The higher amount was largely dictated by the terms of the permit to stage the event from the site owners Forestry. The higher level of cover accompanied by the expected doubling of event attendees to 2,400 saw the PL premium rise from \$4,496 to \$11,438.

It was decided that the event should take out Cancellation and Abandonment (C&A) cover for the first time for this year's Seed, largely over concerns that heavy and persistent rainfall during the lead up to the Seed could make the site inaccessible, resulting in the cancellation of the event. Without this cover in place the event would not have been able to refund all the ticket purchasers' money. The premium for this cover was \$4,906. The premium runs at approximately 2.2% of the sum insured and it is recommended that this cover be taken out again in future years.

The event also secured Volunteer Workers insurance for the first time this year in order to provide some element of protection for volunteer participants against injury. The premium for this cover was \$1,311. Further research is required on whether this or an alternative type cover is the most appropriate cover for Seed volunteers for future events.

Capital Expenditure

Over time, Burning Seed is investing in capital needed to run the festival independently and sustainably. Expenditure priorities have been focused on (1) replacing hired durable items (e.g. marquees, generators) with purchased gear, and (2) replacing loaned essential gear (e.g. tools, fire trailer) with purchased gear to mitigate risk of not having it when needed. These purchases are prioritised by need, and purchase price less expenditure avoided. Candidate expenditures were then subject an extended process of discussion and whittling down by Burning Seed team leads and REC directors.

This year, Seed spent \$13,017 on capital goods, of which \$2113 was agreed in the previous financial year but only paid on 1 July. The largest non-tool capital expenditure was a 2nd hand stretch tent purchased from South Africa for \$4235 and imported at a cost of \$1253.

Expenditure Outstanding

Some year-end expenses, such as taxes (budgeted at \$15,850) and accounting fees (budgeted at \$1109), have yet to be paid. REC is now GST registered, and will have to retain funds against an unknown 2015 obligation.

Major Lessons for 2015

This was a watershed year for Burning Seed, the first when operating from primarily from cash on hand. We are still scrambling to get good systems in place and learn from our experiences with growth, which makes running the event quite different year to year. Important lessons for finance this year are:

- Budgeting guidelines for build teams

- Clarity between DPI and other teams about tool needs to avoid bottlenecks

- Significant expenses, like medical, security and insurance need to be organised earlier

- Clear schedule for budget revisions based on ticket sales

- Need inventory management system that allows quick access to the following info:

 - purchase price and date

 - physical location

 - last and next scheduled service, expected asset life

 - depreciated value

 - connection to other inventory (e.g. batteries, cables)

We've transitioned from a cash-poor organisation to one that has a bit of wealth to manage, and we need to adjust our thinking accordingly. Our money is earning far too little in interest, and this needs to be addressed. Additionally, surplus from 2014 can be used to fund 2015 large art grants, which can be paid out earlier than they were in 2014.

Having separate card accounts for DPI, Effigy and Kitchen continues to be a huge improvement for those teams and for finance. An additional account should be set up next year for the Temple project to manage expenditure. Confusion about use of cards, which have differing daily limits for credit

and check transactions, meant that several payments were made off of personal accounts when on site, requiring repayment. This was inconvenient for both finance and the onsite crew, and should be resolved from here forward.

However at \$5/month for each card account that is only used about 3 months out of the year, I believe that we're spending more than we need in bank fees, and should consider lower cost possibilities.

Site vehicle repairs needed again. We should revisit insurance coverage and ensure that it's appropriate for our situation.

Medical costs exceeded expectations due to insufficient volunteers needed to be replaced with paid full time staff. How can we address this in the future?

Gate was out by \$180 on the ~120 kids tickets sold, as a result of not all gate supervisors counting money, or communicating the need to do so to incoming staff. Responsibility for this is shared between finance and gate, as deposit slips were prepared by finance to facilitate this process but not actually given to gate. Gate declined to have daily money pickups by finance, but this may have been a good choice. If we continue to have cash sales on gate--even for kids--we need to ensure better cash handling procedures.

The role of finance has become too large for one person to undertake in a volunteer capacity. Replacement finance lead will be eased in in 2015, along with a move to cloud based accounting that will allow cost centres to enter more of their own expenses as they go.

Total performance against budget is presented here

<https://drive.google.com/file/d/0B8SH6OatqB7UTXIKX09HQ2R0cW8/view?usp=sharing>

Balance sheet as at 21/12/14

Cash and Bank Accounts

DPI expenses 109.29

Effigy Expenses 669.32

Expense 1,142.54

Income 125,879.01

Kitchen 82.73

Petty Cash 150.31

St George 10,621.32

Total Assets 138,654.52

