



FREEMASONS
South Australia and the
Northern Territory

Our core values are:

- High Moral standards
- Commitment to family charity and community care
- Courtesy, honesty, and fairness in all dealings

FREEMASONS SA & NT

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OCTOBER COMMUNICATION – GRAND TREASURER’S REPORT

Dear Brethren

It is my pleasure to provide you the consolidated financial statements of the Grand Lodge of Antient Free and Accepted Freemasons of South Australian and the Northern Territory (AF&FM Inc) for 2017-18, audited by BDO Audit (SA) Pty Ltd.

Since the installation in April and the appointment of an incoming Board of Management (BoM) there has been a significant focus on the finances of AF&FM Inc by both the BoM and members. As such this Report endeavours to help interpret our audited financial statements to members, as well as provide information about the financial sustainability of AF&FM Inc's operations moving forward.

Audit Report

In attendance today is Mr Geoff Edwards, Partner (BDO Audit (SA) Pty Ltd), who is here to confirm the finalization of the Audit Report. Compared to the unaudited financial statements circulated with the Summons, the Audited Financial Statements differ in respect of one item, being the value of Investments reported in the Balance Sheet. Investments now include the value of 10% shareholding in Masonic Homes valued at \$10 at time of issue. This is explained in an updated Note 5 and in my presentation today.

Financial report

For the first time the financial statements consolidate the financial performance of AF&FM Inc with its subsidiary bodies: AF & FM Nominees Pty Ltd, AF & FM Investments Pty Ltd, AF & FM Event Pty Ltd. As a result, the year to year figures presented are not comparable with past years.

The most significant implication of this policy change is that the inclusion of AF & FM Nominees captures both the value of 254 North Terrace and mortgage on those premises. The consolidation of these accounts provides a more holistic picture of our finances to our members — in the one set of accounts — and which is consistent with our Grand Master's desire to provide more information and transparency to our members.

There have also been changes to naming conventions of some key account lines to make our report more intuitive and understandable to our members.

Financial outcome and commentary

In 2017-18 AF & FM Inc achieved a Net Loss of \$297,826, resulting in a decrease in Net Assets / Members Funds from \$3,909,782 (end 2016-17) to \$3,280,184 (end 2017-18). This loss has been funded by reductions in cash reserves and through sale of investments.

The principal driver of the financial result, as has been the case over several years, is the significant net cost of owning and operating the Masonic Centre / 254 North Terrace. Re-named accounts make the costs of operating the Masonic Centre more readily observable, which was a Net Cost of over \$222,000 in 2017-18. This highlights a key challenge to the BoM which is how to better utilise 254 North Terrace by finding additional sources of income from other users and uses, while managing the challenges of a heritage building requiring significant maintenance works.

More broadly, against the backdrop of declining membership and income, other costs of AF&FM Inc have shown an upward trend over recent years. This underscores that cost management must be a key focus of the BoM moving forward.

Outlook

The 2017-18 accounts include a number of one-off cost items that negatively impacted our results, including legal and staff separation costs of around \$200,000, which should not be incurred in 2018-19. The President of the Board of Management has also communicated to Brethren the BoM's focus on cost management, and that initiatives to date are anticipated to reduce ongoing expenses. There are also very active efforts to seek additional income through the use of North Terrace.

Initiatives to date include staff wages savings, cost sharing of the role of the interim Chief Executive Officer (who performs roles for other Masonic bodies), and other initiatives to manage costs. There is also significant effort on new users / tenants for 254 North Terrace, as well as discussions with potential development partners.

Closing

In providing this report I wish to recognise the outstanding contribution of the outgoing Grand Treasurer RW Bro Todd Cavendar OS, who has provided stewardship to the finances of Grand Lodge for over a decade.

Yours fraternally



Bradley Gay
Grand Treasurer
13 October 2018