



ARTS ACCESS VICTORIA

Arts Access Society Incorporated

ABN 34 192 751 897

Financial Report

For the year ending 31 December 2019

**Arts Access Society Incorporated, Trading as Arts Access Victoria
ABN 34 192 751 897**

Contents

| | |
|------------------------------------------------------------|----|
| Board Report | 3 |
| Auditor's Independence Declaration | 6 |
| Statement of Profit or Loss and Other Comprehensive Income | 7 |
| Statement of Financial Position | 8 |
| Statement of Changes in Equity | 9 |
| Statement of Cash Flows | 10 |
| Notes to the Financial Statements | 12 |
| Statement by Members of the Board | 24 |
| Independent Auditor's Report | 25 |

Board Report

Our board members presently report on the incorporated association for the financial year ended 31 December 2019

Members of The Board

Members of the board throughout the year end at the date of this report are:

Brad Sadler (Chairperson)
Peter Crowle (Treasurer)
Amanda Lawrie-Jones
Kate Hood
Luke King
Kristy Spillman
Sonia Turnbull

Board Observership 2020

Adrian Chye

Each board member has been in office since the start of the financial year to date of this report, unless otherwise stated.

Principal Activities

The principal activity of Arts Access Victoria during the financial year was to realise the cultural aspirations of people with a disability, by presenting work that challenges and extends notions of who is an artist, how art is made and who it is made for. The key issues that frame the development of our principal activity are:

- The right of all citizens to realise cultural aspirations, free from barriers, as artists, audiences and arts workers;
- The building of the creative case for inclusive practice, which positions artists with a disability as valued creators and innovators with unique and compelling stories to tell; and
- The development and growth of processes and outcomes associated with inclusive arts practice through rigorous evaluation and critique.

Board Report

Objectives

The objectives of Arts Access Victoria are to:

- To produce and present artistic work made by and with people with a disability that reflects best contemporary and inclusive arts practices.
- To facilitate meaningful career pathways within the arts and cultural community for artists with a disability.
- To transform the way the arts and cultural sector engages with people with a disability, as both practitioners and audiences.

Strategies

To achieve these stated objectives, Arts Access Victoria has adopted the following strategies:

- Place people with a disability at the heart of our practice, as industry leaders and cultural innovators
- Instigate social change by driving policy development and engaging with decision makers
- Ensure our capacity to grow to meet the changing needs and aspirations of our stakeholders
- Support vibrant arts and cultural activities for and by people with a disability in their communities
- Generate dynamic pathways that foster innovative and inclusive arts practice within the broader arts and cultural community
- Produce high quality profile events and public outcomes that advance sector development
- Collaborate and consult with individuals, industry and the community to deliver unique outcomes that strengthen the sectors we work with, generate community benefits and drive social change
- Build the creative case for inclusive practice, to complement social and economic agendas for reform
- Strengthen the capacity of the community, disability, and arts and cultural sectors to take on and deliver high quality, sustainable programs through collaborative approaches

Performance Measures

Arts Access Victoria measures its performance in achieving its objectives through setting quantitative annual targets. These targets are created for:

- Programs
- Participants
- Accessible performances, exhibitions and screenings
- Workshops and seminars
- Partnerships
- Mentorships
- Training and professional development

These quantitative annual targets are reviewed to ensure that the organisation's objectives are achieved.

Board Report

Operating Result

AAV completed the year with an Operational deficit of (\$59,155) with an overall surplus of \$133,882 driven by an increase in the value of our Trust Fund of \$193,037. AAV continues to deliver programs to our participants within the constraints of our income streams.

AAV continue to work through the NDIS transition and we have successfully transitioned all clients from pre NDIS funded programs to NDIS funding. The NDIS systems and processes comes at a cost as we need extra staff to manage the NDIS process. We are constrained by how much we can charge and are therefore continually working through the financial risk of the NDIS.

AAV have the ongoing challenge to replace existing Government Grants such as the \$275,000 annual grant from the Health Department with other income streams to support the operation. The AAV financial position remains strong as we work through the challenges of 2020 and beyond.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required by the Associations Incorporation Reform Act 2012 and section 60-40 of the Australian Charities and Not-for-profit Commission Act 2012 is included on page 6.

Signed in accordance with a resolution of the Members of the Board

Committee Member:



Committee Member:



Dated: 28/04/2020

Auditor's Independence Declaration

**UNDER THE ASSOCIATIONS INCORPORATION REFORM ACT 2012 AND SECTION 60-40 OF
THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there has been:

- (i) no contraventions of the auditor independence requirements as required by the Association Incorporation Reform Act 2012 and as set out in Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the Audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit



Eric Townsend
E. Townsend & Co

Dated: 28/04/2020

**Statement of Profit or Loss and Other Comprehensive Income
for The Year Ending 31 December 2019**

| | Dec-19 \$ | Dec-18 \$ |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------|
| Revenue | | |
| Event income | 2,476 | 2,509 |
| Activities Income | 562,786 | 318,437 |
| Private Sector and Other Income | 9,002 | 18,190 |
| Interest Income | 41,958 | 42,530 |
| Government Grants Operation | 1,406,806 | 1,693,760 |
| Government Grants Projects | 229,925 | 134,709 |
| Funds Brought Forward from Last Year | 262,262 | 433,848 |
| Funds Transferred to Next Year/Contract Liabilities | <u>(175,041)</u> | <u>(262,262)</u> |
| Total Revenue from Ordinary Activities | 2,340,174 | 2,381,721 |
| Expenses | | |
| Salaries, Wages and Artist Fees | 1,650,440 | 1,342,806 |
| Programs Costs | 331,250 | 445,702 |
| Marketing & Communications | 57,234 | 137,633 |
| Infrastructure Costs (Admin) | 309,927 | 395,425 |
| Depreciation Expenses | <u>50,479</u> | <u>40,162</u> |
| Total Expenses from Ordinary Activities | 2,399,329 | 2,361,728 |
| Surplus/(Deficit) from Ordinary Activities before income tax | (59,155) | 19,993 |
| Income Tax Expense | 0 | 0 |
| Surplus/(Deficit) from Ordinary Activities after income tax, attributable to the members of Arts Access Society incorporated. | (59,155) | 19,993 |
| Other comprehensive income/expense for the year net of tax | 0 | 0 |
| Asset Sales & Market Revaluation of Investments | 193,037 | (85,820) |
| Total comprehensive surplus/(deficit) for the year attributable to members of Arts Access Society Incorporated | <u>133,882</u> | <u>(65,827)</u> |

**Statement of Financial Position
For the Year Ending 31 December 2019**

| | Note | As at Dec-19 \$ | As at Dec-18 \$ |
|-----------------------------------------|------|-----------------------|-----------------------|
| Assets | | | |
| Current Assets | | | |
| Cash Assets | 2 | 364,521 | 647,659 |
| Receivables | 3 | 262,926 | 71,173 |
| Prepayments | 5 | <u>38,022</u> | <u>9,468</u> |
| <i>Total Current Assets</i> | | <u>665,469</u> | <u>728,300</u> |
| Non-Current Assets | | | |
| Property, plant and equipment | 6 | 267,355 | 122,134 |
| AA Trust Investment Holding | | <u>980,790</u> | <u>787,753</u> |
| <i>Total Non-Current Assets</i> | | <u>1,248,145</u> | <u>909,887</u> |
| Total Assets | | <u>1,913,614</u> | <u>1,638,187</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables | 8 | 139,039 | 64,596 |
| Employee Entitlements | 9 | 119 | 0 |
| Provisions | 10 | 68,520 | 43,687 |
| Income in Advance /Contract Liabilities | 11 | <u>677,132</u> | <u>644,213</u> |
| <i>Total Current Liabilities</i> | | <u>884,810</u> | <u>752,496</u> |
| Non-Current Liabilities | | | |
| Provisions | 10 | <u>31,616</u> | <u>22,385</u> |
| <i>Total Non-Current Liabilities</i> | | <u>31,616</u> | <u>22,385</u> |
| Total Liabilities | | <u>916,426</u> | <u>774,881</u> |
| Net Assets | | <u><u>997,188</u></u> | <u><u>863,306</u></u> |
| Members' Funds | | | |
| Accumulated surplus brought forward | 13 | 863,306 | 929,133 |
| Surplus/ (Deficit) This Year | | <u>133,882</u> | <u>(65,827)</u> |
| Total Members' Funds | | <u><u>997,188</u></u> | <u><u>863,306</u></u> |

Statement of Changes in Equity
For the Year Ending 31 December 2019

| | Note | Total |
|------------------------------------------------------|------|----------------|
| Balance at 30 June 2017 | | 929,133 |
| Surplus (Deficit) attributable to members | | 19,993 |
| Market Revaluation of Investment Increase (Decrease) | | (85,820) |
| Balance at 31 December 2018 | | 863,306 |
| Surplus (Deficit) attributable to members | | (59,155) |
| Market Revaluation of Investment Increase (Decrease) | | 193,037 |
| Balance at 31 December 2019 | | 997,188 |

Statement of Cash Flows
For the Year Ending 31 December 2019

| | Note | Dec-19 \$ | Dec-18 \$ |
|-----------------------------------------------------|------|-----------------------|-----------------------|
| Cash Flow from Operating Activities | | | |
| Government Grants Operations (inc GST) | | 1,344,207 | 1,863,136 |
| Government Grants Projects (inc GST) | | 244,833 | 148,180 |
| Events, Activities and Other Income (inc GST) | | 632,347 | 375,250 |
| Payments to Suppliers and employees | | (2,157,747) | (2,410,648) |
| Interest received | | <u>41,958</u> | <u>42,530</u> |
| Net cash provided by (used in) operating activities | A | 105,598 | 18,448 |
| Cash Flow from Investing Activities | | | |
| (Increase)/Decrease in Investment Holding | | (193,037) | (55,543) |
| Proceeds from Sale of Plant | | 0 | 0 |
| Payments for Intangible Assets - Website | | (152,140) | 0 |
| Payments for property, plant and equipment | | <u>(43,559)</u> | <u>(17,616)</u> |
| Net cash provided by (used in) investing activities | | (388,736) | (73,159) |
| Net increase (decrease) in cash held | | <u>(283,138)</u> | <u>(54,711)</u> |
| Cash at the beginning of the year | | <u>647,659</u> | <u>702,370</u> |
| Cash at the end of the year (Note A) | | <u><u>364,521</u></u> | <u><u>647,659</u></u> |

**Statement of Cash Flows
For the Year Ending 31 December 2019**

| | Note | Dec-19 \$ | Dec-18 \$ |
|--------------------------------------------------------------------------------------------|------|-----------------------|----------------------|
| Note A | | | |
| Reconciliation of Net Cash Provided By/ Used in Operating Activities to Net Surplus | | | |
| Operating surplus/(deficit) after tax | | 133,882 | 19,993 |
| Add back non-cash items: | | | |
| Depreciation | | <u>50,478</u> | <u>40,162</u> |
| Net cash provided by operating activities before changes in Assets and Liabilities | | <u>184,360</u> | <u>40,162</u> |
| Changes in assets and liabilities during the financial year: | | | |
| (Increase) decrease in trade and term debtors | | (191,753) | 192,880 |
| (Increase) decrease in deposits paid | | 0 | 25,622 |
| (Increase) decrease in prepayments | | (28,554) | 7,720 |
| (Increase) decrease in inventory | | 0 | 0 |
| Increase (decrease) in trade creditors and accruals | | 74,443 | (42,953) |
| Increase (decrease) in employee entitlements | | 119 | (9,016) |
| Increase (decrease) in provisions | | 34,064 | (31,576) |
| Increase (decrease) in income in short-term financial liabilities | | 0 | (4,579) |
| Increase (decrease) in income in advance | | <u>32,919</u> | <u>(93,985)</u> |
| Net cash provided by (used in) operating activities | | <u><u>105,598</u></u> | <u><u>84,275</u></u> |

Notes to the Financial Statements for The Year Ending 31 December 2019

The financial statements cover Arts Access Society Incorporated (trading as Arts Access Victoria). It is incorporated under the Associations Incorporating Reform Act 2012 and a registered entity under the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act). It is a public benevolent institution; as such it is exempt from income tax.

1. Statement of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards, the Associations Incorporation Reform Act 2012, and the Australian Charities and Not-for-profits Act 2012 (ACNC Act) and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation).

Australian Accounting Standards set out accounting policies the Australian Accounting Standards Board (AASB) has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historical costs where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the associations' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2 onwards.

Revenue Recognition

Revenue from contracts with customers.

Revenue is recognised at an amount that reflects the consideration to which the incorporated association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the incorporated association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration with the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Notes to the Financial Statements for The Year Ending 31 December 2019

1. Statement of Significant Accounting Policies (cont.)

Sales Revenue

Events, fundraising and raffles are recognised when received or receivable.

Donations

Donations are recognised at the time they are received.

Grants

Grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Unspent grants are carried forward as current liabilities as an obligation to deliver the economic value that exists to the funding provider and are now referred to as Contract Liabilities in the Statement of Financial Position.

Income Tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Property, Plant and Equipment

Property Leasehold

222 Bank Street South Melbourne is currently leased from the City of Port Phillip. The lease agreement is over a period of ten years. Any leasehold improvements made to the property are amortized over the life of the lease.

Depreciation

The depreciable amount of motor vehicles and office furniture and equipment are depreciated on a written down value (WDV) over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the unexpired period of the lease.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds received with the written down value of the asset. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Provisions

Provisions are recognised when the entity has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other shorter, highly liquid investments with original maturities of three months and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Arts Access Society Incorporated, Trading as Arts Access Victoria

ABN 34 192 751 897

Notes to the Financial Statements for The Year Ending 31 December 2019

1. Statement of Significant Accounting Policies (cont.)

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Services

Revenue from the rendering of a service is recognized upon the delivery of the service to the customers. All revenue is stated net of the amount of Goods and Services Tax (GST).

Other Revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the costs of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Key Estimates - Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised in this financial year.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the association's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the association's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**Notes to the Financial Statements
for The Year Ending 31 December 2019**

1. Statement of Significant Accounting Policies (cont.)

New or amended Accounting Standards and Interpretations adopted:

The association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the association.

The following Accounting Standards and Interpretations are most relevant to the association:

AASB 9 Financial Instruments

The association has adopted AASB 9 from 1 January 2019. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The association has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortized over the contract period.

Impact of adoption

AASB 9 and AASB 15 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 January 2019.

**Notes to the Financial Statements
for The Year Ending 31 December 2019**

| | Dec-19 \$ | Dec-18 \$ |
|-----------------------------|----------------|----------------|
| Note 2: Cash Assets | | |
| Cash at Bank - CBA & NAB | 69,314 | 97,459 |
| Bank Savings Accounts - NAB | 294,607 | 549,600 |
| Petty Cash | <u>600</u> | <u>600</u> |
| | <u>364,521</u> | <u>647,659</u> |
| Note 3: Receivables | | |
| Trade debtors | 223,097 | 37,306 |
| Sundry debtor | 597 | 0 |
| Interest Receivable | <u>39,232</u> | <u>33,867</u> |
| | <u>262,926</u> | <u>71,173</u> |

Current trade debtors are generally on 14-day terms. NDIS payments are on a 14-day cycle however this may extend out to 30 days. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts (if any) have been included in other expense items.

Credit Risk – Trade and Other Receivables

The entity does not have any material credit risk to any single receivable or groups of receivables. The following table details the entity's trade and other receivables exposed to credit risk with aging analysis and impairment provided for thereon. Amounts are considered as past due when the debt has not been settled with the terms and conditions agreed between the entity and the debtor party. A provision for impairment is assessed as mentioned above. An assessment has been made that both debts within trading terms and debts that have not been impaired will be received. There are no financial assets that would have been impaired or past due had they not been negotiated.

| | Gross Amount | Less impaired | Within Trading Terms | Past due but not impaired | Past due but not impaired | Past due but not impaired |
|---------------------|-----------------|------------------|----------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | | 14-30 days | 30-45 days | 45-60 days | |
| 2018 | | | | | | |
| Interest Receivable | 33,867 | | 33,867 | - | - | - |
| Other Receivables | <u>37,306</u> | | <u>37,306</u> | - | - | - |
| Total | <u>71,173</u> | - | <u>71,173</u> | - | - | - |
| 2019 | | | | | | |
| Interest Receivable | 39,232 | | 39,232 | - | - | - |
| Other Receivables | <u>223,694</u> | | <u>223,694</u> | - | - | - |
| Total | <u>262,926</u> | - | <u>262,926</u> | - | - | - |

**Notes to the Financial Statements
For the Year Ending 31 December 2019**

| | Dec-19 \$ | Dec-18 \$ |
|----------------------------------------------|----------------|----------------|
| Note 4: Inventory | Nil | Nil |
| Note 5: Other Assets | | |
| Current Prepayments | | |
| Insurance | 1,685 | 4,757 |
| Rent | 27,183 | 0 |
| Other Prepayments | 9,155 | 4,711 |
| | <u>38,022</u> | <u>9,468</u> |
| Note 6: Property, Plant and Equipment | | |
| Leasehold improvements: | | |
| At cost | 77,351 | 77,351 |
| Less: Accumulated depreciation | (68,720) | (60,985) |
| | <u>8,631</u> | <u>16,366</u> |
| Computer & Furniture: | | |
| At cost | 191,738 | 148,179 |
| Less: Accumulated depreciation | (136,407) | (124,267) |
| | <u>55,331</u> | <u>23,912</u> |
| Motor vehicles: | | |
| Motor vehicle | 31,902 | 31,902 |
| Less: Accumulated depreciation | (17,545) | (11,165) |
| Nebular Trailer | 132,407 | 132,407 |
| Less: Accumulated depreciation | (99,306) | (86,065) |
| | <u>47,458</u> | <u>67,079</u> |
| Websites | | |
| At cost | 186,240 | 34,100 |
| Less: Accumulated depreciation | (30,305) | (19,323) |
| | <u>155,935</u> | <u>14,777</u> |
| Total Property, Plant & Equipment | 267,355 | 122,134 |

**Notes to the Financial Statements
For the Year Ending 31 December 2019**

Movements in carrying amounts for each class of property, plant and equipment

13310

| | Office Furniture and Equipment | Motor Vehicles | Leasehold | Website | Total |
|--------------------------------------|-----------------------------------|-------------------|---------------|----------------|----------------|
| Carrying amount at 31/12/19 | 55,331 | 47,458 | 8,631 | 155,935 | 267,355 |
| Additions as cost | 43,559 | 0 | 0 | 152,140 | 195,699 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Depreciation expense | 12,140 | 19,621 | 7,735 | 10,982 | 50,478 |
| Carrying amount at 31/12/18 | 23,912 | 67,079 | 16,366 | 14,777 | 122,134 |
| Additions as cost | 17,616 | 0 | 0 | 0 | 17,616 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Depreciation expense | 5,986 | 19,621 | 7,735 | 6,820 | 40,162 |
| Carrying amount at 31/12/2017 | 12,282 | 86,700 | 24,101 | 21,597 | 144,680 |

| | Dec-19 \$ | Dec-18 \$ |
|-------------------------|----------------|---------------|
| Note 8: Payables | | |
| Trade creditors | 132,039 | 58,196 |
| Audit Fees | 7,000 | 6,400 |
| | <u>139,039</u> | <u>64,596</u> |

Note 9: Employee Entitlements

Current Liability

| | | |
|--------------------------|------------|----------|
| PAYG Withholding Payable | 0 | 0 |
| Accrued Superannuation | 119 | 0 |
| | <u>119</u> | <u>0</u> |

Note 10: Provisions

Current Liability

| | | |
|----------------------------|--------|--------|
| Provision for Annual Leave | 68,520 | 43,687 |
|----------------------------|--------|--------|

Non-Current Liability

| | | |
|----------------------------------|--------|--------|
| Provision for Long Service Leave | 31,616 | 22,385 |
|----------------------------------|--------|--------|

Arts Access Society Incorporated, Trading as Arts Access Victoria

ABN 34 192 751 897

**Notes to the Financial Statements
For the Year Ending 31 December 2019**

| | Dec-19 \$ | Dec-18 \$ |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| Note 11: Income in Advance/Contract Liabilities | | |
| NDIS Transition Funds - carried forward/Contract Liabilities | 140,000 | 356,499 |
| Unspent Other Film Festival - transfer to 2020 | 15,000 | |
| Auspice - Anna Seymour | 2,742 | |
| Auspice - Michael Crane | 10,050 | |
| Auspice - Greg Muir | 6,780 | |
| Stella Young Award | 469 | |
| Income in Advance/Contract Liabilities | <u>175,041</u> | <u>356,499</u> |
| Note 11: Grant Funds Received in Advance | | |
| | | 287,714 |
| Arts Centre for 2020 | 8,000 | |
| Estimate of DHHS Reimbursement for overpayment for SRS | 20,000 | |
| Creative Victoria - NDIS Transition Funding | 150,000 | |
| Creative Victoria - Jan - June 2020 Contract | 168,000 | |
| Australia Council - Jan - June 2020 Contract | 139,091 | |
| Patricia Corneli funding - L Hall Scholarship | 2,000 | |
| Arts Centre funding for 2020 - Into the Groove | 15,000 | |
| Grant Funds Received in Advance | <u>502,091</u> | <u>287,714</u> |
| Total Income in Advance/Contract Liabilities | <u><u>677,132</u></u> | <u><u>644,213</u></u> |
| NOTE: We now recognize Grant Funding that is invoiced in the current year for the following year as Grants Received in Advance to differentiate them from Unspent program funds carried forward. | | |
| Note 12: Capital and Leasing Commitments | | |
| Operating Lease Commitments | | |
| Non-cancellable operating lease contracted for but not capitalized in the financial statements | | |
| Payable – minimum lease payments | | |
| <ul style="list-style-type: none"> • No longer than one year • Longer than one year but not longer than five years • Greater than five years | 50,000 100,000 <u>0</u> | 50,000 100,000 <u>0</u> |
| | <u>150,000</u> | <u>150,000</u> |
| Note 13: Retained Surplus | | |
| Retained surplus/ (deficit) at the beginning of year | 863,306 | 929,133 |
| Operating Surplus/(deficit) attributable to members | (59,155) | 19,993 |
| Market Revaluation of investments | <u>193,037</u> | <u>(85,820)</u> |
| Retained surplus/ (deficit) at end of year | <u>997,188</u> | <u>863,306</u> |

**Notes to the Financial Statements
 for The Year Ending 31 December 2019**

Note 15: Economic Dependence

The entity is economically dependent on Commonwealth, State and Local Government grant funding and philanthropic grant funding. If funds are not spent in accordance with grant conditions, grants can be reclaimed in full or part and future funds can be suspended. The entity is dependent on the continued receipt of grants. Arts Access is in the process of transitioning to the National Disability Insurance Scheme (NDIS). This means that for a number of significant programs we will no longer receive grants but contract with individual participants. We are assuming that we will be able to retain our current level of income following this transition.

Note 16: Financial Risk Management

The entity's financial instruments consist of deposits with banks and short-term investments, accounts receivable and payables. The total for each category of financial instruments measured in accordance with AASB 9 is as follows:

| | Dec-19 \$ | Dec-18 \$ |
|-----------------------------------------|----------------|----------------|
| Financial Assets | | |
| Cash and cash equivalents | 364,521 | 647,659 |
| Loan and receivables | <u>262,926</u> | <u>71,173</u> |
| Total financial assets | <u>627,447</u> | <u>718,832</u> |
| Financial Liabilities | | |
| Financial liabilities at amortized cost | | |
| • Trade and other payables | 139,039 | 64,596 |
| • Grants unspent and in advance | <u>677,132</u> | <u>644,213</u> |
| Total financial liabilities | <u>816,171</u> | <u>708,809</u> |

Financial Risk Management Policies

The Board of Management's overall risk management strategy is to assist the entity in meeting its financial targets whilst minimizing potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Management on a regular basis. These include credit risk policies and future cash flow requirement. The entity does not have any derivative instruments at the end of the reporting period.

Specific Financial Risk Exposures and Management

The main risks the entity is exposed to through its financial instruments are interest rates, liquidity and credit.

(A) Credit risk

Credit risk is the risk that parties that owe money do not pay. The maximum exposure to credit risk excluding the value of any collateral or other security at balance date to recognised financial assets is the carrying amount net of any provisions for impairment of those assets as disclosed in the statement of financial position and notes to financial statements. The entity does not have any significant concentration of credit risk exposure to any single or group of counter-parties under financial instruments entered into by the entity.

Notes to the Financial Statements
for The Year Ending 31 December 2019

(B) Liquidity Risk

Liquidity risk arises due to the possibility that the entity might encounter difficulty in settling its own debts or facilities. The entity manages this risk by managing credit risk on amounts owed to it and through monitoring cash flows. Financial liability and financial asset maturity analysis:

| | Within 1 year | | Over 1 year | | Total | |
|-------------------------------------------------|------------------|----------------|-------------|------|------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial liabilities due for payment | | | | | | |
| Trade and other payables | 139,039 | 64,596 | - | - | 139,039 | 64,596 |
| Income in Advance | 677,132 | 644,213 | - | - | 677,132 | 644,213 |
| Total expected outflows | 816,171 | 708,809 | | | 816,171 | 708,809 |
| Financial assets - cash flows realizable | | | | | | |
| Cash and cash equivalents | 364,521 | 647,659 | - | - | 364,521 | 647,659 |
| Trade and other receivables | 262,926 | 71,173 | - | - | 262,926 | 71,173 |
| Total anticipated inflows | 627,447 | 718,832 | | | 627,447 | 718,832 |
| Net inflows (outflows) on financial instruments | (188,724) | 10,023 | | | (188,724) | 10,023 |

(C) Market Risk/ Interest Rate Risk

Exposure to interest rate risk arises whereby future changes in interest rates will affect future cash flows or the fair value of financial assets and liabilities.

Sensitivity Analysis

The following table illustrates sensitivities to the entity's exposure to interest rates and equity prices (if equities held). The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in any particular variable is dependent on other variables.

| | | Profit | Equity |
|--------------------------------------------|-----|--------|------------|
| | | \$ | \$ |
| Year ended 31 Dec 2019 | | | |
| + or - 1% in interest rates of \$300k | +/- | 3,000 | +/- 3,000 |
| + or - 10% in listed investments of \$980k | +/- | 98,000 | +/- 98,000 |
| Year ended 31 Dec 2018 | | | |
| + or - 2% in interest rates of \$550k | +/- | 11,000 | +/- 11,000 |
| + or - 10% in listed investments of \$787k | +/- | 78,700 | +/- 78,700 |

Notes to the Financial Statements for The Year Ending 31 December 2019

(D) Foreign Currency Risk

The entity is not exposed to fluctuations in foreign currency.

(E) Investment Risk - Arts Access Trust

The Arts Access Trust was established by deed on 12 July 1993 as a perpetual Charitable Trust. The assets are held in perpetuity on behalf of the Victorian Community Foundation by Equity Trustees. Investment decisions are the responsibility Equity Trustees and Arts Access is reliant on them to make prudent investment decisions. Returns in 2019 were positive reflecting a positive year on all financial markets.

Note 17: Key Management Personnel Compensation

| | Dec-19 | Dec-18 |
|------------------------------------------------------------------------|----------------|----------------|
| | \$ | \$ |
| Salary and wages | 238,000 | 299,000 |
| Short term employee benefits (annual and sick leave entitlements) | 26,431 | 43,687 |
| Long term employee benefits (superannuation and long service leave) | 14,080 | 22,385 |
| Termination benefits | | |
| | <u>278,511</u> | <u>365,072</u> |

Note 18: Related Party Transaction

Transactions with related parties

There were no transactions with related parties during the current or previous financial year.

Receivable from and payable to related parties

There were no trade receivable from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 19: Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by E. Townsend and Co, the auditor of the association.

| | Dec-19 | Dec-18 |
|-----------------------------------|--------------|--------------|
| | \$ | \$ |
| Audit services - E. Townsend & Co | | |
| Audit of the financial statements | 7,000 | 6,400 |
| | <u>7,000</u> | <u>6,400</u> |

Note 20: Contingent Liabilities

The Association had no contingent liabilities as at 31 December 2019

Note 21: Entity Details

The registered office of Arts Access Society Incorporated, trading as Arts Access Victoria, is 222 Bank Street, South Melbourne VIC 3125. The principal place of business is at the registered office.

**Notes to the Financial Statements
for The Year Ending 31 December 2019**

Note 22: Covid-19 - Financial Risk

Subsequent to the date of this report, the operations of AAV has been adversely impacted due to the COVID-19 global pandemic. We are continually working through the operational and financial Risk to AAV.

A number of immediate changes to our programs, additional controls and funding initiatives have been implemented. We are yet to determine what the overall impact is to deliver our 2020 programs effectively.

We are also anticipating a reduction in the value of our Trust Fund due the decline in the Australian equities markets.

We continue to work with Government agencies and key stakeholders to manage the Risks associated with COVID-19.

Director's Declaration

per section 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013 and the Association Incorporation Reform Act 2012

For the Year Ending 31 December 2019

The board declare that in their opinion the financial report as set out on pages 3 to 21:

1. The financial statements and Notes satisfy the requirements of the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-profits Commission Act 2012.
2. There are reasonable grounds to believe that Arts Access Victoria is able to pay its debts as and when they become due and payable.

Signed in accordance with the Associations Incorporation Reform Act 2012 and subsection 60.12(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

Committee Member:



Committee Member:



Dated: 28/04/2020

Independent Auditor's Report to the Members of Arts Access Society Incorporated

Opinion

I have audited the financial report of the Arts Access Victoria (the Entity) which comprises the Statement of Financial Position as at 31st December 2019, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and the declaration by those charged with governance.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Entity as at the 31st December 2019 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, the Associations Incorporation Reform Act 2012 and Division 60 of the Australian Charities and Not-for-profits Commission regulation 2013.

Basis for Opinion.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Independent Auditor's Report to the Members of Arts Access Society Incorporated

Auditor's responsibility for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists. I am required to draw attention in my auditor's report to the disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease or continue as a going concern.

Arts Access Society Incorporated, Trading as Arts Access Victoria
ABN 34 192 751 897

**Independent Auditor's Report to the Members of
Arts Access Society Incorporated**

Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including deficiencies in internal control that I identify during my audit.

Name of firm E Townsend & Co

A handwritten signature in black ink that reads "Eric Townsend". The signature is written in a cursive, flowing style.

Name of Auditor Eric Townsend

Address 15 Taylor Street
Ashburton Vic 3147

Dated: 28/04/2020