

SouthEastArts



*(NSW) INCORPORATED
(ABN 91 633 041 645)*

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014
CORE OPERATIONS**

	2014	2013
Income		
Administration Fees	22,450.00	3,350.00
Interest	7,151.69	4,952.02
MFA Core Funding	140,000.00	140,000.00
Government Contributions	47,506.37	47,431.55
Sundry Income	2,678.68	446.36
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TOTAL INCOME	219,786.74	196,179.93
	<hr/>	<hr/>
Expenses		
Accounting Fees	3,108.27	3,661.50
Accommodation	2,568.03	1,880.35
Advertising	631.70	597.71
Airfares	2,091.64	1,687.37
Audit Fees	4,265.00	3,605.00
Bank Fees	491.18	424.78
Board Meeting Expenses	7,500.16	6,100.54
Board Secretarial Expenses	532.38	500.00
Catering / Entertainment	717.55	1,340.62
Cleaning	481.00	--
Computer Costs	348.18	--
Depreciation	6,798.94	7,099.13
Electricity	769.17	--
Filing Fees	47.27	92.00
Freight	397.82	--
Fringe Benefits Tax	2,705.26	2,573.96
Graphic Design	--	903.64
Insurance – General	1,209.50	2,339.62
Interest – Motor Vehicle Loan	988.82	1,260.27
Internet Expenses	1,138.64	1,327.27
Living Allowance	2,137.34	1,362.56
Maintenance / Repairs	3,331.91	--
Materials	662.52	149.23
Motor Vehicle – Insurance and Registration	1,561.48	1,438.79
Motor Vehicle – Maintenance	2,257.00	712.09
Motor Vehicle – Petrol	5,780.63	5,095.11
Office Equipment	1,592.57	867.56
Postage	180.63	119.03
Printing and Stationery	3,726.91	2,312.94
Registrations	--	40.60
Rent	6,699.99	--
Sponsorship	4,072.73	1,950.00
Staff Amenities	403.20	--
Staff – Professional Development	227.27	--
Stationery	380.41	601.38
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Carried Forward	69,805.10	50,043.05



**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014
CORE OPERATIONS (CONTINUED)**

	2014	2013
<i>Brought Forward</i>	69,805.10	50,043.05
Subscriptions	1,987.73	2,051.08
Sundry Expenses	183.28	77.53
Telephone	2,598.61	1,604.57
Travel Expenses	914.53	747.65
Salaries and Wages	126,985.44	71,101.16
Salaries – Monaro Project	--	6,636.99
Salaries – Administration & Marketing	--	24,289.12
Salaries – CDFO	--	26,542.06
Workers Compensation Insurance	1,167.38	1,158.49
Provision for Annual Leave	3,739.30	(147.26)
Provision for Long Service Leave	269.86	8,558.62
Superannuation	11,769.98	11,104.67
TOTAL EXPENSES	<u>219,421.21</u>	<u>203,767.73</u>
SURPLUS / (DEFICIT) OF INCOME OVER EXPENSES	<u>365.53</u>	<u>(7,587.80)</u>

OTHER OPERATIONS

Income		
Donations	1,000.00	4,215.60
Membership	350.00	50.00
Participant Fees	281.82	1,769.53
Project Income – Other	259,657.48	170,580.47
Sponsorship	2,500.00	--
Ticket Sales	14,765.09	7,118.60
TOTAL INCOME	<u>278,554.39</u>	<u>183,734.20</u>
Expenses		
Accommodation	4,177.65	4,390.28
Accounting	163.64	--
Administration Charge	100.00	2,000.00
Advertising	460.80	2,338.94
Artist Fees	158,560.69	23,553.78
Bad Debts	3,860.80	--
Catering and Entertainment	1,210.03	1,565.84
Depreciation	12,994.63	5,788.68
Carried Forward	<u>181,528.24</u>	<u>39,637.52</u>



**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014
OTHER OPERATIONS (CONTINUED)**

	2014	2013
<i>Brought Forward</i>	181,528.24	39,637.52
Design	--	3,405.00
Electricity	222.20	--
Equipment Purchases	2,966.36	18,732.29
Equipment Hire	30.91	1,420.00
Exhibition Support	--	3,000.00
Freight	1,673.09	1,055.00
Graphic Design	250.00	76.25
Insurance	6,606.04	569.34
Internet Expenses	1,743.67	366.05
Living Allowance	719.60	224.68
Materials	4,080.25	1,410.23
Postage	108.27	13.45
Printing	1,571.00	955.69
Prizes	4,608.18	2,264.69
Production / Program	--	360.00
Professional Development	117.55	--
Project Management	11,450.00	5,816.09
Registrations	121.00	--
Rental	1,454.55	--
Set Construction	411.82	--
Speaker Fees	--	450.00
Sponsorship	1,500.00	3,074.55
Stationery	608.70	568.77
Sub-Contractors	25,768.79	84,340.18
Superannuation	2,173.64	1,303.54
Telephone	701.96	633.25
Travel Expenses	6,905.19	4,164.19
Wages and Salaries	25,466.82	15,275.54
Workers Compensation Insurance	146.33	--
Venue Hire	909.18	2,362.92
TOTAL EXPENSES	283,843.34	191,479.22
(DEFICIT) OF INCOME OVER EXPENSES	(5,288.95)	(7,745.02)

**SUMMARY OF INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

Operating Result – Core Operations	365.53	(7,587.80)
Operating Result – Other Operations	(5,288.95)	(7,745.02)
(DEFICIT) OF INCOME OVER EXPENSES	(4,923.42)	(15,332.82)



**BALANCE SHEET
AS AT 31 DECEMBER 2014**

	NOTE	2014	2013
Current Assets			
Cash and Cash Equivalents	2	332,171.30	244,587.69
Trade and Sundry Debtors		184.86	10,764.76
Prepayments		3,672.61	7,768.35
TOTAL CURRENT ASSETS		<u>336,028.77</u>	<u>263,120.80</u>
Non-Current Assets			
Plant and Equipment	3	37,601.18	51,283.83
Website at Cost		2,232.50	--
TOTAL NON-CURRENT ASSETS		<u>39,833.68</u>	<u>51,283.83</u>
TOTAL ASSETS		<u>375,862.45</u>	<u>314,404.63</u>
Current Liabilities			
Payables	4	324,100.99	257,813.15
Provision for Annual Leave		15,112.99	11,373.69
Provision for Long Service Leave		8,828.48	8,558.62
Borrowings	5	4,243.55	3,946.24
TOTAL CURRENT LIABILITIES		<u>352,286.01</u>	<u>281,691.70</u>
Non-Current Liabilities			
Borrowings	5	6,530.28	10,743.35
TOTAL NON-CURRENT LIABILITIES		<u>6,530.28</u>	<u>10,743.35</u>
TOTAL LIABILITIES		<u>358,816.29</u>	<u>292,435.05</u>
NET ASSETS		<u>17,046.16</u>	<u>21,969.58</u>
EQUITY			
Accumulated Funds			
Opening Accumulated Funds		9,499.58	24,832.40
Operating Result		(4,923.42)	(15,332.82)
Closing Accumulated Funds		<u>4,576.16</u>	<u>9,499.58</u>
Reserves			
Reserve for Long Service Leave		4,000.00	4,000.00
Reserve for Motor Vehicle		8,470.00	8,470.00
Total Reserves		<u>12,470.00</u>	<u>12,470.00</u>
TOTAL EQUITY		<u>17,046.16</u>	<u>21,969.58</u>

The above balance sheet should be read in conjunction with the accompanying notes.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. Statement of Accounting Policies

The association was incorporated under the Associations Incorporated Act, 1984, NSW as South East Arts Region Incorporated (# INC9877584). The association changed its legal name to South East Arts (NSW) Incorporated. It is registered with the Australian Business Register- Australian Business Number 91 633 041 645. The association is registered for the Goods and Services Tax purposes.

The association is classified as a "Tier 1" association for financial reporting requirements under the *Associations Incorporation Act 2009*, NSW. The association has elected to adopt the financial reporting requirements under *Class Order No. 11/01*. Under *Class Order No. 11/01*, the association is exempt from the requirements of section 43 (2) of the *Associations Incorporation Act 2009*, NSW, to prepare financial statements in accordance with Australian Accounting Standards except as noted in the class order.

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Act 2009* (NSW). The Board has determined that the association is not a reporting entity. The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

(a) Income tax

The Association has reviewed its income tax status and have assessed the Association to be exempt from income tax under section 50-45 of the *Income Tax Assessment Act, 1997*.

(b) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(c) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Motor Vehicle	5 years
Office equipment	3 years

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)**

1. Statement of Accounting Policies (continued)

(c) Property, Plant and Equipment (Continued)

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 with carrying amounts. These are included in the income statement.

(d) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Association prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(e) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Association has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(f) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include:
- interest on good loan for motor vehicle.

(g) Funding and Government Contributions in Advance

Funding and Government Contributions received for periods after the end of the financial year have been carried forward as a current liability.

(h) Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)**

1. Statement of Accounting Policies (continued)

(i) Going Concern Basis

The accounts have been prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Association has booked considerable liabilities for funding and contributions to be utilised in future periods. The Association has sufficient cash reserves to continue as a going concern.

(j) Ongoing Government Financial Support

The accounts have been prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Association is dependent on government grants and contributions as a continuing source of revenue. In the event that current government contracts and funding were to cease, the association would have to significantly restructure its operations to meet its commitments.

	2014	2013
2. Cash and Cash Equivalents		
General Account	51,462.32	17,593.13
Internet Savings Account	275,499.74	169,824.79
Long Service Leave Account	5,209.24	2,746.90
Visa Credit Card Account	--	1,883.90
Term Deposit	--	52,538.97
	<u>332,171.30</u>	<u>244,587.69</u>
	=====	=====
3. Plant and Equipment		
Motor Vehicles at cost	28,979.09	28,979.09
Less: Accumulated Depreciation	(14,972.53)	(9,176.71)
	<u>14,006.56</u>	<u>19,802.38</u>
Office Equipment, at cost	7,333.65	3,822.73
Less: Accumulated Depreciation	(2,736.77)	(3,343.33)
	<u>4,596.88</u>	<u>479.40</u>
Furniture & Fixtures, at cost	2,134.81	2,134.81
Less: Accumulated Depreciation	(853.92)	(426.96)
	<u>1,280.89</u>	<u>1,707.85</u>
Prices Exhibit, at cost	35,082.88	35,082.88
Less: Accumulated Depreciation	(17,366.03)	(5,788.68)
	<u>17,716.85</u>	<u>29,294.20</u>
	<u>37,601.18</u>	<u>51,283.83</u>
	=====	=====



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)**

	2014	2013
4. Payables		
Visa Credit Card Account	1,414.26	--
Accrued Expenses	3,865.00	3,465.00
GST Payable	8,916.00	12,494.59
Payroll Liabilities	9,946.48	10,302.25
Grants in Advance	275,825.72	208,006.24
Government Contributions in Advance	24,133.53	23,545.07
	<u>324,100.99</u>	<u>257,813.15</u>
	=====	=====
5. Borrowings		
Current – Motor Vehicle Loan	4,243.55	3,946.24
Non-Current – Motor Vehicle Loan	6,530.28	10,743.35
	<u>10,773.83</u>	<u>14,689.59</u>
	=====	=====



(NSW) INCORPORATED
(ABN 91 633 041 646)

STATEMENT BY THE BOARD FOR THE YEAR ENDED 31 DECEMBER 2014

The Board has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Board the financial report as set out on pages 2 to 9:

1. Presents a true and fair view of the financial position of South East Arts (NSW) (Non-reporting) Incorporated as at 31 December 2014 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that South East Arts (NSW) (Non-reporting) Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:

Member:

A handwritten signature in blue ink, appearing to be "B. S. O. A.", written over the "Member:" label.

Place:

B.S.O.A.

Date:

12/4/15

Member:



ABN 36 472 755 795

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
SOUTH EAST ARTS (NSW) INCORPORATED
(NON-REPORTING)**

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of South East Arts (NSW) Incorporated (non-reporting) (the association), which comprises the balance sheet as at 31 December 2014, the income and expenditure statement for the year ended, a summary of significant accounting policies, other explanatory notes and the statement by members of the Board.

Board's Responsibility for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the needs of the members. The Board's responsibilities also include establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Board's financial reporting requirements. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
SOUTH EAST ARTS (NSW) INCORPORATED
(NON-REPORTING) (CONTINUED)**

Qualification

As is common for organisations of this type, it is not practicable for the association to maintain an effective system of internal control over all income amounts until their initial entry in the accounting records. Accordingly, our audit in relation to income amounts was limited to amounts recorded.

Qualified Audit Opinion

In our opinion, subject to the effects of such adjustments, if any, that might have been determined to be necessary had the limitation referred to in the qualification paragraph not existed, the financial report of the association presents fairly, in all material aspects the financial position of the association as at 31 December 2014 and of its financial performance for the year then ended in accordance with the accounting policies in Note 1 to the financial statements.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the association to meet the requirements of the *Associations Incorporation Act 2009 (NSW)*. As a result, the financial report may not be suitable for another purpose.

KOTHES**Chartered Accountants**

Simon Byrne
Registered Company Auditor # 153624
Partner
Bega, 30 March 2015