



MULTICULTURAL ARTS VICTORIA INC.

(Incorporated under the Associations Incorporation Reform Act 2012)

Financial Report

FOR THE YEAR ENDED 31 DECEMBER 2015



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TREASURER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

It is with great pleasure that I present the 2015 Multicultural Arts Victoria Inc. (MAV) Financial Report.

As you will note from reading this report, MAV has completed another outstanding year from a programming perspective, while at the same time delivering extremely solid financial results, both in terms of operating performance and year-end financial position. Financially, the organisation's operating performance in 2015 as shown in the financial statements reveal an operating loss of \$32,956. This is an improvement of \$12,491 on the operating result for 2014. Combined with additional non-operating expenditure of (\$8,904) which represents the net decrease in the value of direct equities held by the entity, the total loss for the year was (\$41,860).

MAV revenue for 2015 has increased from the 2014 levels. The organisation remains extremely successful in attracting Grant and Subsidy income with more than \$1.3m generated during the year. While slightly down on 2014 levels, this income level, in difficult economic times for many, is strong and reflects the financial support from local, state and federal government for our key programmes. There is no question that Grants and Subsidies will remain a major source of revenue for MAV for years to come, although it is important to note that senior management at MAV continue to work diligently to broaden the entity's revenue streams to reduce reliance on grant funding. Despite the significant positive social impact our programmes and initiatives have for communities, unfortunately we cannot assume that such funding levels will continue in the future. This means that our ability to attract funding from other sources is crucial. Importantly, revenue received from our other two main sources, philanthropy and 'non-grant income' both exceeded 2014 levels. The accumulated funds have enabled MAV to continue to expand its programs and activities. Without such reserves, some of our programmes will come under close scrutiny in future years as we continue to ensure our operations are fiscally responsible and that the entity remains financially sustainable.

The financial position of the organisation is extremely sound. Current assets are strong, and comprise primarily cash and cash equivalents held either at call, or in short term deposit accounts. Current assets easily exceed current liabilities which are represented primarily by Grants and Income Received in Advance – amounts that MAV has received in cash for programs and events which, at 31 December 2015 were unspent. Net assets at year end are slightly lower than their 2014 levels, but remain in excess of \$760,000 – a further indication of the entity's financial stability.

Finally, and most importantly, the cash performance and position of the organisation remain sound. Cash flows from operating activities show a net cash outflow of almost \$200,000, exacerbated by the slight fall in grant and subsidy income for the year. An important investment made by the organisation this year is the appointment of Andy Miller to the role of General Manager in September. Andy is a welcome addition to the team at MAV and a crucial part of our investment in the association's future. Given these factors, in a year where MAV's activities continue to expand, we believe the net outflow of cash of \$197,905 reflects MAV's investment in strengthening the financial future of the entity.

During 2015, MAV continued its commitment to strong management and good corporate governance. A key aspect of this is the ongoing attention by the Board and the staff at MAV to all aspects of planning and careful management of the financial position, performance and ongoing activities of the entity. The Board will continue to work in 2016 and beyond to ensure the financial future of the organisation remains healthy.

It is also important to acknowledge the ongoing appointment of the highly-regarded accounting firm BDO in conducting the annual audit for MAV. We see our association with our auditors as crucial in enabling us to continue enhancing our governance and reporting structures reflecting the serious commitment of MAV to good corporate governance.

The solid operating results for 2015 are driven by MAV's exceptional program delivery and the outstanding leadership of our Chief Executive Officer Jill Morgan AM, GM Andy Miller and their team who have significantly increased the level of projects delivered throughout the year. I would also like to acknowledge the amazing work of our Chair, Stefan Romaniw OAM. Stefan continues to provide MAV with strong strategic guidance, enabling us to best position the organisation for future sustainability and growth. The excellent efforts of our Finance and

IT Manager, Hung Nguyen CPA, are also recognised for his unwavering commitment to quality in managing the daily financial operations and for providing significant support to the Board in the form of timely information for analysis.

The organization is in an extremely sound financial position with significant potential for further growth. I look forward to watching MAV continue to expand its programs and influence in the years to come.

A handwritten signature in black ink, appearing to read "Brad Potter". The signature is fluid and cursive, with a large initial "B" and "P".

Brad Potter Ph.D, CA, CPA
Treasurer
Multicultural Arts Victoria Inc.

INDEPENDENT AUDITOR'S REPORT

To the Members of Multicultural Arts Victoria Inc.

Report on the Financial Report

We have audited the accompanying financial report of Multicultural Arts Victoria Inc. (the Association), which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Board of Management.

Board of Management's Responsibility for the Financial Report

The Board of Management of the Association are responsible for the preparation and fair presentation of the financial report, and have determined the basis of preparation described in Note 1(a) is in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and is appropriate to meet the requirements of the *Associations Incorporation Reform Act 2012* and the needs of the members. The Board of Managements responsibility also includes such internal control as the Board of Management determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 of Management, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of Multicultural Arts Victoria Inc. as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporation Reform Act 2012*.

Basis of Accounting

Without modifying our opinion, we draw your attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Multicultural Arts Victoria Inc. to meet the requirements of the Associations Incorporation Reform Act 2012. As a result, the financial report may not be suitable for another purpose.

BDO East Coast Partnership



Simon Scalzo

Partner
Melbourne, 16 May 2016

STATEMENT BY THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

In the opinion of the Board of Management of Multicultural Arts Victoria Inc. the financial report:

1. presents a true and fair view of the financial position of the Association as at 31 December 2015 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board; and
2. at the date of this statement, there are reasonable grounds to believe that the Association 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 of Management by:



.....
Stefan Romaniw OAM
Chairperson

16 May 2016
Melbourne



.....
Bradley Potter Ph.D, CA, CPA
Treasurer

DECLARATION OF INDEPENDENCE BY SIMON SCALZO TO THE DIRECTORS OF MULTICULTURAL ARTS VICTORIA INC

As lead auditor of Multicultural Arts Victoria Inc for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of any applicable code of professional conduct in relation to the audit.



Simon Scalzo
Partner

BDO East Coast Partnership

Melbourne, 16 May 2016

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
REVENUE			
Grants and subsidies	2	1,314,357	1,388,122
Philanthropy, donations, sponsorships	2	108,677	57,331
Non-grant income	2	<u>383,425</u>	<u>264,662</u>
TOTAL REVENUE		<u>1,806,459</u>	<u>1,710,115</u>
EXPENSES			
Staff expenses		563,432	572,510
Program, event expenses		1,061,490	930,373
Marketing promotion expenses		128,966	157,910
Administration expenses		<u>85,527</u>	<u>94,769</u>
TOTAL EXPENSES		<u>1,839,415</u>	<u>1,755,562</u>
NET DEFICIT	3	(32,956)	(45,447)
Income tax	1(b)	-	-
Other comprehensive loss		(8,904)	(4,646)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(41,860)</u>	<u>(50,093)</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	4	289,803	487,708
Trade and other receivables	5	147,563	129,348
Other financial assets	6	778,730	787,634
Other current assets	7	<u>14,277</u>	<u>25,877</u>
TOTAL CURRENT ASSETS		<u>1,230,373</u>	<u>1,430,567</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>9,267</u>	<u>10,296</u>
TOTAL NON-CURRENT ASSETS		<u>9,267</u>	<u>10,296</u>
TOTAL ASSETS		<u>1,239,640</u>	<u>1,440,863</u>
CURRENT LIABILITIES			
Trade and other payables	9	116,774	81,857
Grants and income in advance	10	247,787	476,785
Provisions	11	<u>110,340</u>	<u>75,622</u>
TOTAL CURRENT LIABILITIES		<u>474,901</u>	<u>634,264</u>
NON-CURRENT LIABILITIES			
Provisions	11	<u>-</u>	<u>-</u>
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>474,901</u>	<u>634,264</u>
NET ASSETS		<u>764,739</u>	<u>806,599</u>
MEMBERS FUNDS			
Accumulated funds		<u>764,739</u>	<u>806,599</u>
TOTAL MEMBERS FUNDS		<u>764,739</u>	<u>806,599</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Accumulated Funds \$	Total Members Funds \$
BALANCE AT 1 JANUARY 2014	856,692	856,692
Total comprehensive loss for the year	<u>(50,093)</u>	<u>(50,093)</u>
BALANCE AT 31 DECEMBER 2014	<u>806,599</u>	<u>806,599</u>
BALANCE AT 1 JANUARY 2015	806,599	806,599
Total comprehensive loss for the year	<u>(41,860)</u>	<u>(41,860)</u>
BALANCE AT 31 DECEMBER 2015	<u><u>764,739</u></u>	<u><u>764,739</u></u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015	2014
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, customers and fundraising		1,522,666	1,612,365
Interest received		16,436	19,963
Payments to suppliers and employees		<u>(1,751,087)</u>	<u>(1,784,218)</u>
NET CASH USED IN OPERATING ACTIVITIES	13(b)	<u>(211,985)</u>	<u>(151,890)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		20,144	12,635
Payments for plant and equipment		<u>(6,064)</u>	<u>(2,838)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>14,080</u>	<u>9,797</u>
NET (DECREASE) INCREASE IN CASH HELD		(197,905)	(142,093)
Cash and cash equivalents at beginning of year		<u>487,708</u>	<u>629,801</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	13(a)	<u>289,803</u>	<u>487,708</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the *Associations Incorporation Reform Act 2012*.

The financial report covers Multicultural Arts Victoria Inc. as an individual entity. Multicultural Arts Victoria Inc. is an association incorporated in Victoria under the *Associations Incorporation Reform Act 2012*. The financial report is presented in Australian dollars.

The financial report was authorised for issue by the Board of Management on the date of signing of the Statement by the Board of Management.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of the financial report.

(a) Basis of Preparation

The financial report has been prepared on an accruals basis. The report is based on historic cost and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. The association is considered to be a Not-for-Profit entity and has prepared the financial statements in accordance with the requirements regarding Not-for-Profit entities as contained in Australian Accounting Standards.

(b) Income Tax

Any income derived by the association is exempt from Income Tax under the *Income Tax Assessment Act 1997* as the association's objective is the encouragement of art and culture and its business is not carried out for the purpose of profit or gain for its individual members.

(c) Revenue

Grants received that relate to periods beyond balance date have been treated as grants received in advance and appear as current liabilities in the Statement of Financial Position.

Donations are recognised at the time the pledge is made.

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

All revenue is stated net of the amount of goods and services tax (GST).

(d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which are disclosed as operating cash flows.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(f) Trade and Other Receivables

Trade accounts receivable are generally settled within 45 days and are carried at net amounts due. An allowance is raised for any doubtful debts based on a review of all outstanding amounts at balance date. Bad debts are written off in the period in which they are identified.

(g) Financial Instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available for sale assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are carried at fair value but if fair value cannot be reliably measured, these items are accounted for using the cost method. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity.

In the case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement."

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(h) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by the association to ensure it is not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The carrying amount of assets is immediately written down to its recoverable amount if greater than its estimated recoverable amount.

Depreciation

The depreciable amount of all items of plant and equipment is depreciated on a straight-line basis over their estimated useful lives to the association commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Office furniture and equipment	25%
Computer equipment	33%
Software license	33%

The residual values and useful lives of assets are reviewed and adjusted, if appropriate, at each balance date.

(i) Impairment of Assets

At each reporting date, the association reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Trade Payables

Trade accounts payable, including accruals not yet billed, are recognised when the association becomes obliged to make future payments as a result of a purchase of assets or services. Trade accounts payable are generally settled within 30 days.

(k) Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other 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.

Contributions are made by the association to an employee superannuation fund and are charged as expenses when incurred.

(l) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Critical Accounting Estimates and Judgements

The committee members evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the association.

There are no significant judgements or key assumptions made by management in the application of accounting policies that are considered to have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year.

(n) Impact of new or revised Australian Accounting Standards or Interpretations that are not yet effective

There have been a number of amendments made to Accounting Standards issued by the Australian Accounting Standards Board ("AASB") that are not yet effective. The committee members do not believe that the new and revised standards issued by the AASB that are not yet effective will have any material impact on the financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. REVENUE

	2015	2014
	\$	\$
GRANTS AND SUBSIDIES		
<u>Triennial funding</u>		
Arts Victoria	320,000	320,000
City of Melbourne	56,000	58,406
<u>Annual / project funding</u>		
Australia Council	186,084	240,008
Arts Victoria	261,417	45,374
Office of Multicultural Affairs and Citizenship	180,000	343,203
Other	310,856	381,131
	<u>1,314,357</u>	<u>1,388,122</u>
 PHILANTHROPY, DONATIONS, SPONSORSHIPS		
Philanthropy	71,765	30,000
Donations	2,348	2,076
Sponsorships	34,564	25,255
	<u>108,677</u>	<u>57,331</u>
 NON-GRANT INCOME		
Program delivery fee	143,716	34,250
Brokerage event	172,837	173,515
Membership	5,540	7,070
Service fee	13,069	312
Ticket, merchandise, stall hire	11,683	16,917
Interest, dividend received	36,580	32,598
	<u>383,425</u>	<u>264,662</u>
 TOTAL REVENUE	<u>1,806,459</u>	<u>1,710,115</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

3. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging as expenses:

	2015	2014
	\$	\$
Depreciation of plant and equipment	7,093	8,126
Superannuation contributions	42,344	47,322

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist the following:

	2015	2014
	\$	\$
Cash at bank - CBA cheque account	67,892	134,876
Cash at bank - CBA gift fund	151,503	135,633
Cash at bank - CBA short term deposit	69,708	216,499
Petty cash	700	700
	<u>289,803</u>	<u>487,708</u>

5. TRADE AND OTHER RECEIVABLES

	2015	2014
	\$	\$
CURRENT		
Trade debtors	141,838	128,348
Sundry debtors	5,725	1,000
	<u>147,563</u>	<u>129,348</u>

As at 31 December 2015, the ageing of trade receivables is as follows:

	2015		2014	
	Debtors	Allowance	Debtors	Allowance
	\$	\$	\$	\$
Current	131,426	-	107,344	-
1 – 30 days	4,681	-	4,042	-
31 – 60 days	1,716	-	14,762	-
61 – 90 days	2,959	-	-	-
90 days +	1,056	-	2,200	-
	<u>141,838</u>	<u>-</u>	<u>128,348</u>	<u>-</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. OTHER FINANCIAL ASSETS

Held-to-maturity asset comprises short-term deposits with fixed interest rates between 3.05% and 4.45%.

The carrying amounts of financial assets are as follows:

	2015	2014
	\$	\$
Held-to-maturity investment + Term deposit	500,000	500,000
Available-for-sales financial asset + Listed equity securities	278,730	287,634
	<u>778,730</u>	<u>787,634</u>

7. OTHER CURRENT ASSETS

	2015	2014
	\$	\$
CURRENT		
Prepayments	13,830	8,573
Deferred expenses	447	17,304
	<u>14,277</u>	<u>25,877</u>

8. PROPERTY, PLANT AND EQUIPMENT

	2015	2014
	\$	\$
Computer equipment (at cost)	49,462	43,398
Less accumulated depreciation	(41,715)	(36,359)
	<u>7,747</u>	<u>7,039</u>
Office furniture and equipment (at cost)	13,495	13,495
Less accumulated depreciation	(11,975)	(10,238)
	<u>1,520</u>	<u>3,257</u>
	<u>9,267</u>	<u>10,296</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

Reconciliation of movements in carrying amounts of plant and equipment:

	2015	2014
	\$	\$
Computer equipment		
Opening balance	7,039	10,588
Additions	6,064	2,839
Depreciation	(5,356)	(6,388)
Closing balance	<u>7,747</u>	<u>7,039</u>
 Office equipment		
Opening balance	3,257	4,995
Additions	-	-
Depreciation	(1,737)	(1,738)
Closing balance	<u>1,520</u>	<u>3,257</u>

9. TRADE AND OTHER PAYABLES

	2015	2014
	\$	\$
CURRENT		
Creditors	92,331	30,206
Sundry creditors and accruals	24,443	51,651
	<u>116,774</u>	<u>81,857</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

10. INCOME IN ADVANCE

	2015	2014
CURRENT	\$	\$
Grants in advance	247,787	476,785
	<u>247,787</u>	<u>476,785</u>

11. PROVISIONS

	2015	2014
CURRENT	\$	\$
Provision for annual leave	35,309	34,567
Provision for long service leave	75,031	41,055
	<u>110,340</u>	<u>75,622</u>
NON-CURRENT		
Provision for long service leave	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

12. AUDITOR'S REMUNERATION

	2015	2014
	\$	\$
Audit fee	8,950	8,500
	<u>8,950</u>	<u>8,500</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

13. CASH FLOW INFORMATION

a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks net of outstanding bank overdrafts. Cash and cash equivalents at the end of the year, as shown in the Statement of Cash Flows, is reconciled to the related items in the Statement of Financial Position as follows:

	2015	2014
	\$	\$
Cash at bank - CBA cheque account	67,892	134,876
Cash at bank - CBA gift fund	151,503	135,633
Cash at bank - CBA short term deposit	69,708	216,499
Petty cash	700	700
	<u>289,803</u>	<u>487,708</u>

b) Reconciliation of Net Cash Provided By Operating Activities to Surplus for the year

	2015	2014
	\$	\$
(Loss) for the year	(41,860)	(50,093)
Non-cash items:		
Depreciation expense	7,093	8,126
Adjustments to net (loss)	(11,240)	(7,990)
Change in assets and liabilities:		
(Increase) / Decrease in trade, other receivables	(18,215)	(68,938)
Decrease / (Increase) in other current assets	11,600	(7,651)
Increase / (Decrease) in creditors and accruals	34,917	(28,391)
(Decrease) / Increase in income in advance	(228,998)	3,786
Increase / (Decrease) in provisions	34,718	(739)
Net cash used in operating activities	<u>(211,985)</u>	<u>(151,890)</u>

14. KEY MANAGEMENT PERSONNEL COMPENSATION

	2015	2014
	\$	\$
Short-term employee benefits		
Salary	90,733	83,803
Post-employment benefits	8,619	7,856
	<u>99,352</u>	<u>91,659</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

15. RELATED PARTY TRANSACTIONS

The names of each person who has been a member of the Board of Management at any time during the financial year are as follows:

Stefan Romaniw OAM – Chairperson	Independent	Active
Natalia Moravski – Deputy Chairperson	Independent	Active
Dr Geraldine Kennett – Deputy Chairperson	Independent	Active
Dr Brad Potter – Treasurer	Independent	Active
Miriam Suss – Secretary	Independent	Active
Ronald Koo	Independent	Inactive (travelling)
Professor Ruth Rentschler OAM	Independent	Resigned May 2015
Marcello D’Amico	Independent	Active
Kay Natrass	Independent	Active
Hilary Bucumi	Independent	Active
Katie McLeish	Independent	Active
David Wright	Independent	Active
Cheri Ong	Independent	Appointed Jan 2016

The Board of Management do not receive remuneration for their services on the committee.

There were no related party transactions during the year.

16. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The association’s principal financial instruments comprise receivables, payables, and cash and short-term deposits. These activities expose the association to a variety of financial risks: interest rate risk, credit risk, and liquidity risk.

The association manages the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate and by being aware of market forecasts for interest rates. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through general business budgets and forecasts.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. FINANCIAL INSTRUMENTS (Continued)

(b) Risk exposures and responses

Interest rate risk

Exposure to market interest rates, primarily to cash investments held. At balance date, the association had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges.

The association's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

	Weighted average interest rate %	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Non- interest bearing \$	Total \$
2015						
Financial assets						
Cash	0.71	137,600	-	-	152,203	289,803
Trade and other receivables	-	-	-	-	147,563	147,563
Term deposit	1.75	500,000	-	-	-	500,000
Listed securities	-	-	-	-	278,730	278,730
		637,600	-	-	578,496	1,216,096
Financial liabilities						
Trade and other payables	-	-	-	-	116,774	116,774
		-	-	-	116,774	116,774
2014						
Financial assets						
Cash	1.39	351,375	-	-	136,333	487,708
Trade and other receivables	-	-	-	-	129,348	129,348
Term deposit	1.75	500,000	-	-	-	500,000
Listed securities	-	-	-	-	287,634	287,634
		851,375	-	-	553,315	1,404,690
Financial liabilities						
Trade and other payables	-	-	-	-	81,857	81,857
		-	-	-	81,857	81,857

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. FINANCIAL INSTRUMENTS (Continued)

(b) Risk exposures and responses

Sensitivity analysis

At 31 December 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax surplus and equity would have been affected as follows:

	Net Surplus		Net Assets	
	Higher / (Lower)		Higher / (Lower)	
	Year Ended		As at	
	31 December		31 December	
	2015	2014	2015	2014
Interest rate movement	\$	\$	\$	\$
+2.0%	15,822	19,780	15,822	19,780
- 2.0%	(15,822)	(19,780)	(15,822)	(19,780)

Liquidity risk

The association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

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 of those assets, net of any allowance for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial report.

The association trades only with recognised, creditworthy third parties, and as such collateral is not requested. All sales are on cash basis and as such there is no credit risk on trade receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the association's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

Foreign currency risk

The association is not exposed to any material foreign currency risk.

Price risk

The association is not exposed to any material commodity price risk.

(c) Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2015 and 31 December 2014:

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2015				
Term deposit	-	500,000	-	500,000
Listed securities	278,730	-	-	278,730
Total financial liabilities	<u>278,730</u>	<u>500,000</u>	<u>-</u>	<u>778,730</u>
2014				
Term deposit	-	500,000	-	500,000
Listed securities	287,634	-	-	287,634
Total financial liabilities	<u>287,634</u>	<u>500,000</u>	<u>-</u>	<u>787,634</u>

There were no transfers between Level 1 and Level 2 in 2015 or 2014.

17. LEASING COMMITMENTS

Operating Lease Commitments

Non-cancellable operating lease contracted for but not capitalised in the financial statements

	2015 \$	2014 \$
Payable – minimum lease commitments	\$	\$
- Not later than one year	16,883	16,391
- Later than one year but not later than 5 years	3,716	20,599
- Later than 5 years	-	-
	<u>20,599</u>	<u>36,990</u>

The lease is a non-cancellable premises lease with a six-year term and with an expiry date of the 19th of March 2017.

18. CONTINGENT LIABILITIES

The incorporated association had no contingent liabilities as at 31 December 2015 and 31 December 2014.

19. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

20. ASSOCIATION DETAILS

Multicultural Arts Victoria Inc. (MAV) operates in Australia as a non-profit organisation promoting cultural diversity in the arts. The organisation represents artists and communities from culturally and linguistically diverse backgrounds. MAV's main purposes are to produce and promote an outstanding high quality culturally diverse artistic program; to provide vital connections, support structures and pathways that enable culturally diverse artists and communities to create exceptional art; and to play a critical advocacy role in providing a forum, through the arts, to ensure acceptance and understanding of cultural diversity.

MAV is a membership based organisation representing individuals, groups and communities across all art forms; music, dance, theatre, film and TV, visual arts and new media. Main services provided by the organisation include Event Production and Management; Funding Submission and Management services; Brokering Cultural Artists and Events; Marketing and Promoting culturally diverse artists and events; Advocating for cultural diversity; Touring and Cultural Exchanges.

The registered office and principal place of business of the association is: Level 1, 208-220 Bank Street, South Melbourne Town Hall, South Melbourne Victoria 3205.

