



MULTICULTURAL ARTS VICTORIA INC.

(Incorporated under the Associations Incorporation Reform Act 2012)

Financial Report

FOR THE YEAR ENDED 31 DECEMBER 2019



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TREASURER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

It has been another successful year for Multicultural Arts Victoria Inc (MAV). The remarkable experience continues to provide an excellent result.

MAV recognises that the performing arts in many ways is the most democratic and accessible art form, open to everyone regardless of gender, age, ability or cultural and social economic background. It continues looking for at the diverse and engaging programming alongside with consistent financial result.

Review of Operating Performance

Recurrent funding from the grants and annual projects was \$1.3 million. Project funding from Creative Victoria increased to \$369K. Program delivery fees also substantially increased in 2019 to \$188K. MAV has continued revenue stream of 1.7 million. These successes reflect the amount of work that the senior management team is putting into ensuring continued levels of funding for MAV. Sound practices continue to be reinforced in managing available funding and these efforts are self-evident in the strong financial performance of the organisation this year.

Net Result

The net result for the year is a deficit \$10,645 (2018 surplus of \$116,690) and is the sum of the operating and non- operating result.

Cash Flow

The cash performance and position of MAV remain sound. Net cash and cash equivalents at the end of the 2019 year is \$576,344. This indicates the ongoing viability of the organisation's core operations and reflects not only the attractiveness of the core programmes offered, but the fiscal responsibility with which they are managed.

Balance Sheet

The MAV's balance sheet is dominated by the cash, short term deposit and listed equity securities with the revenue of \$1.3 million.

Overall property, plant and equipment increased in value at \$59,426. Additions including amount to \$16,821 and depreciation change for the year totalled \$10,458.

Net assets at the year-end have remained strong at \$972,040 which is clear indication of the entity's ongoing financial stability.

Corporate governance

During 2019, MAV continued its commitment to strong management and good corporate governance. A key aspect of this is the ongoing attention by the Board and staff at MAV to all aspects of planning and careful management of the financial position and performance of the organisation. The MAV Board played their part in a year of extraordinary resilience. The Board looked externally and into the future so that MAV itself adapts to the changing world around us, focussed on essential cultural shifts and to stay abreast of the ongoing activity of the organisation.

The Board will continue to work in 2020 and beyond to ensure the financial future of the organisation remains healthy.

TREASURER'S REPORT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

I want to thank the members, volunteers and staff for the work they have done over the past year to live the fundamental principles of Multicultural Art of Victoria Inc.

A handwritten signature in black ink, appearing to read 'Sabrina Kahrlic', with a stylized, flowing script.

Sabrina Kahrlic
Treasurer
Multicultural Arts Victoria Inc.

INDEPENDENT AUDITOR'S REPORT

To the members of Multicultural Arts Victoria Inc.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Multicultural Arts Victoria Inc. (the registered entity), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of Multicultural Arts Victoria Inc., is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter - subsequent event

We draw attention to Note 18 of the financial report, which describes the non-adjusting subsequent event on the impact of COVID-19 outbreak on the entity. Our opinion is not modified with respect to this matter.

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report, but does not include the financial report and our auditor's report thereon.



Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the responsible entities determine 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, responsible entities are responsible for assessing the registered 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 the responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the Financial Report

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

A handwritten signature in blue ink that reads 'Katherine Robertson'. Above the signature, the letters 'BDO' are written in a smaller, blue, sans-serif font.

Katherine Robertson
Director

Melbourne, 4 June 2020

STATEMENT BY THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

In accordance with a resolution of and on behalf of the Board of Management of Multicultural Arts Victoria Inc. (MAV) we, the undersigned are authorised to, and do so declare and certify that in the opinion of the Board:

(a) the attached financial statements and notes:

- give a true and fair view of the financial position and performance of MAV during and at the end of the financial year of MAV ending 31 December 2019; and
- satisfy the requirements of the Australian Charities and Not for Profit Commission Act 2012; and

(b) there are reasonable grounds to believe that MAV is able to pay all of its debts, as and when they become due and payable.



.....
Michael Van Vliet
Chairperson

4 June 2020
Melbourne



.....
Sabrina Kahric
Treasurer

DECLARATION OF INDEPENDENCE BY KATHERINE ROBERTSON TO THE BOARD OF MANAGEMENT OF MULTICULTURAL ARTS VICTORIA INC.

As lead auditor of Multicultural Arts Victorian Inc. for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Katherine Robertson
Director

BDO Audit Pty Ltd

Melbourne, 4 June 2020

MULTICULTURAL ARTS VICTORIA INC.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
REVENUE			
Grants and subsidies	2	1,296,338	1,589,498
Philanthropy, donations, sponsorships	2	84,836	231,452
Non-grant income	2	334,286	409,812
TOTAL REVENUE		<u>1,715,460</u>	<u>2,230,762</u>
EXPENSES			
Staff expenses		754,575	728,639
Program, event expenses		750,145	1,095,420
Marketing promotion expenses		119,343	155,642
Administration expenses		127,927	101,704
TOTAL EXPENSES		<u>1,751,990</u>	<u>2,081,405</u>
 (DEFICIT)/SURPLUS BEFORE INCOME TAX	 3	 (36,530)	 149,357
 Income tax	 1(b)	 -	 -
 (DEFICIT)/SURPLUS AFTER TAX		 <u>(36,530)</u>	 <u>149,357</u>
 Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss			
Net increase/(decrease) in fair value of listed investments		25,885	(32,667)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(10,645)</u></u>	<u><u>116,690</u></u>

MULTICULTURAL ARTS VICTORIA INC.
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	4	576,344	882,740
Trade and other receivables	5	17,596	209,864
Other financial assets	6	792,861	766,976
Other current assets	7	25,454	13,622
TOTAL CURRENT ASSETS		<u>1,412,255</u>	<u>1,873,202</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	20,161	13,798
TOTAL NON-CURRENT ASSETS		<u>20,161</u>	<u>13,798</u>
TOTAL ASSETS		<u>1,432,416</u>	<u>1,887,000</u>
CURRENT LIABILITIES			
Trade and other payables	9	87,608	257,113
Grants and income in advance	10	269,788	555,365
Provisions	11	93,359	91,837
TOTAL CURRENT LIABILITIES		<u>450,755</u>	<u>904,315</u>
NON-CURRENT LIABILITIES			
Provisions	11	9,621	-
TOTAL NON-CURRENT LIABILITIES		<u>9,621</u>	<u>-</u>
TOTAL LIABILITIES		<u>460,376</u>	<u>904,315</u>
NET ASSETS		<u>972,040</u>	<u>982,685</u>
MEMBERS FUNDS			
Accumulated funds		933,505	970,035
Financial Assets at Fair Value Through Other Comprehensive Income reserves		38,535	12,650
TOTAL MEMBERS FUNDS		<u>972,040</u>	<u>982,685</u>

**MULTICULTURAL ARTS VICTORIA INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Accumulated funds \$	Financial Assets at Fair Value Through Other Comprehensive Income reserve \$	Total member funds \$
BALANCE AT 1 JANUARY 2018	820,678	45,317	865,995
Surplus after tax	149,357	-	149,357
Other comprehensive loss	-	(32,667)	(32,667)
Total comprehensive income for the year	149,357	(32,667)	116,690
BALANCE AT 31 DECEMBER 2018	970,035	12,650	982,685
Deficit after tax	(36,530)	-	(36,530)
Other comprehensive income	-	25,885	25,885
Total comprehensive income for the year	(36,530)	25,885	(10,645)
BALANCE AT 31 DECEMBER 2019	933,505	38,535	972,040

**MULTICULTURAL ARTS VICTORIA INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, customers and fundraising		1,591,430	2,173,090
Payments to suppliers and employees		(1,911,725)	(1,995,889)
Interest received		10,057	9,460
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES		<u>(310,238)</u>	<u>186,661</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		20,663	20,357
Payments for plant and equipment		(16,821)	(12,323)
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>3,842</u>	<u>8,034</u>
NET (DECREASE)/INCREASE IN CASH HELD		(306,396)	194,695
Cash and cash equivalents at beginning of year		<u>882,740</u>	<u>688,045</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	<u>576,344</u>	<u>882,740</u>

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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, the Australian Charities and Not-For-Profit Commission Act 2012 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 principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The incorporated 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

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

AASB 15 Revenue from Contracts with Customers

The incorporated 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 amortised over the contract period.

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 16 Leases

The incorporated association has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 1058 Income of Not-for-Profit Entities

The incorporated association has adopted AASB 1058 from 1 January 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption

AASB 15, AASB 16 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.

The impact of adoption new Australian accounting standards on the entity is not material.

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The incorporated association recognises revenue as follows:

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 recognises 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.

Sales revenue

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

Donations

Donations are recognised at the time the pledge is made.

Grants

Grant revenue is recognised in profit or loss when the incorporated association satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the incorporated association is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

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

Volunteer services

The incorporated association has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the incorporated association for the annual reporting period ended 31 December 2019. The incorporated association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(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) 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.

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.

(d) 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.

(e) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 45 days.

The entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

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.

(h) 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.

The association did not identify any indicators of material impairment throughout the year.

(i) 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.

(j) 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.

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Comparative Figures

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

(l) Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Employee benefits provision

As discussed in Note 1(j), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. REVENUE

	2019	2018
REVENUE FROM CONTRACTS WITH CUSTOMERS		
GRANTS AND SUBSIDIES		
Triennial funding		
Creative Victoria	336,000	336,000
City of Melbourne	56,000	56,000
Annual / project funding		
Australia Council	262,737	439,803
Creative Victoria	369,096	221,653
Office of Multicultural Affair and Citizenship	133,643	267,532
Local Councils and others	138,862	268,510
Philanthropy	68,916	151,164
	<u>1,365,254</u>	<u>1,740,662</u>
 NON-GRANT INCOME		
Program delivery fee	188,328	47,950
Brokerage event	95,446	283,162
Membership	591	7,140
Service fee	-	5,000
Ticket, merchandise, stall hire	19,200	36,743
	<u>303,565</u>	<u>379,995</u>
 OTHER INCOME		
Donations, fundraising	118	21,770
Sponsorships	15,802	58,518
Interest, dividend received	30,721	29,817
	<u>46,641</u>	<u>110,105</u>
	<u><u>1,715,460</u></u>	<u><u>2,230,762</u></u>

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. (DEFICIT)/SURPLUS BEFORE INCOME TAX

	2019	2018
	\$	\$
Depreciation of plant and equipment	10,458	5,413
Superannuation contributions	61,810	58,531

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist the following:

	2019	2018
	\$	\$
Cash at bank - CBA cheque account	57,182	194,559
Cash at bank - CBA gift fund	143,888	122,856
Cash at bank - CBA savings account	374,577	563,197
Paypal	43	1,428
Petty cash	654	700
	<u>576,344</u>	<u>882,740</u>

5. TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
Trade debtors	10,817	204,947
Less allowance for expected credit losses	-	-
	<u>10,817</u>	<u>204,947</u>
Sundry debtors	6,779	4,917
	<u>17,596</u>	<u>209,864</u>

As at 31 December 2019, the ageing of trade receivables is as follows:

	2019		2018	
	Debtors	Allowance	Debtors	Allowance
	\$	\$	\$	\$
Current	7,967	-	146,299	-
1 – 30 days	2,256	-	713	-
31 – 60 days	594	-	29,500	-
61 – 90 days	-	-	3,960	-
90 days +	-	-	24,475	-
	<u>10,817</u>	<u>-</u>	<u>204,947</u>	<u>-</u>

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

6. OTHER FINANCIAL ASSETS

Amortised cost asset comprises short-term deposits with fixed interest rates between 1.00% and 2.45%.

The carrying amounts of financial assets are as follows:

	2018	2018
	\$	\$
Amortised cost investments + Term deposit	500,000	500,000
Financial assets at Fair Value Through Other Comprehensive Income + Listed equity securities	292,861	266,976
	<u>792,861</u>	<u>766,976</u>

7. OTHER CURRENT ASSETS

	2019	2018
	\$	\$
Prepayments	15,681	13,622
Deferred expenses	9,773	-
	<u>25,454</u>	<u>13,622</u>

8. PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	\$	\$
Computer equipment (at cost)	46,387	56,903
Less accumulated depreciation	(36,347)	(43,105)
	<u>10,040</u>	<u>13,798</u>
Office furniture and equipment (at cost)	13,039	-
Less accumulated depreciation	(2,918)	-
	<u>10,121</u>	<u>-</u>
	<u>20,161</u>	<u>13,798</u>

MULTICULTURAL ARTS VICTORIA INC.
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FOR THE YEAR ENDED 31 DECEMBER 2019

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2019	2018
	\$	\$
Computer equipment		
Opening balance	13,798	6,888
Additions	3,782	12,324
Depreciation	(7,540)	(5,414)
Closing balance	<u>10,040</u>	<u>13,798</u>
 Office equipment		
Opening balance	-	-
Additions	13,039	-
Depreciation	(2,918)	-
Closing balance	<u>10,121</u>	<u>-</u>

9. TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Creditors	27,910	191,085
Sundry creditors and accruals	59,698	66,028
	<u>87,608</u>	<u>257,113</u>

MULTICULTURAL ARTS VICTORIA INC.
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10. INCOME IN ADVANCE

	2019	2018
	\$	\$
Grants in advance	269,788	555,365
	<u>269,788</u>	<u>555,365</u>

11. PROVISIONS

	2019	2018
	\$	\$
CURRENT		
Provision for annual leave	44,667	40,493
Provision for long service leave	38,692	51,344
Other provisions	10,000	-
	<u>93,359</u>	<u>91,837</u>
 NON-CURRENT		
Provision for long service leave	9,621	-
	<u>9,621</u>	<u>-</u>

12. AUDITOR'S REMUNERATION

	2019	2018
	\$	\$
Audit fee	11,500	9,500
	<u>11,500</u>	<u>9,500</u>

MULTICULTURAL ARTS VICTORIA INC.
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13. CASH FLOW INFORMATION

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:

	2019	2018
	\$	\$
Cash at bank - CBA cheque account	57,182	194,559
Cash at bank - CBA gift fund	143,888	122,856
Cash at bank - CBA savings account	374,577	563,197
Paypal	43	1,428
Petty cash	654	700
	<u>576,344</u>	<u>882,740</u>

14. KEY MANAGEMENT PERSONNEL COMPENSATION

	2019	2018
	\$	\$
Short-term employee benefits	106,008	127,782
Post-employment benefits	10,071	12,139
	<u>116,079</u>	<u>139,921</u>

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FOR THE YEAR ENDED 31 DECEMBER 2019**

15. BOARD OF MANAGEMENT AND RELATED PARTY TRANSACTIONS

The persons who have been a member of the Board of Management at any time during the financial year are as follows:

Michael Van Vliet – Chairperson	Independent	Active
Huss Mustafa OAM – Deputy Chairperson	Independent	Active
Symon Kohut – Deputy Chairperson	Independent	Active
Bayarkhuu Purevedorj – Treasurer	Independent	Resigned May 2019
Linda Petrone – Secretary	Independent	Active
Fiona Ford	Independent	Active
Carolina Aguilera de Snow	Independent	Active
Chidambaram Srinivasan	Independent	Active
Teresa De Fazio	Independent	Active
Sabrina Kahric – Treasurer	Independent	March 2019
Marcus Wong	Independent	March 2019
Marie Alleman	Independent	March 2019
Jamie Lewis	Independent	March 2019
Angela Sagoe-Crentsil	Independent	March 2019

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

There were no related party transactions during the year.

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

(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 \$
2019						
Financial assets						
Cash	0.09	431,759	-	-	144,585	576,344
Trade and other receivables	-	-	-	-	17,596	17,596
Term deposit	0.50	500,000	-	-	-	500,000
Listed securities	-	-	-	-	292,861	292,861
		<u>931,759</u>	<u>-</u>	<u>-</u>	<u>455,042</u>	<u>1,386,801</u>
Financial liabilities						
Trade and other payables	-	-	-	-	87,608	87,608
		<u>-</u>	<u>-</u>	<u>-</u>	<u>87,608</u>	<u>87,608</u>
2018						
Financial assets						
Cash	0.32	757,756	-	-	124,984	882,740
Trade and other receivables	-	-	-	-	209,864	209,864
Term deposit	1.50	500,000	-	-	-	500,000
Listed securities	-	-	-	-	266,976	266,976
		<u>1,257,756</u>	<u>-</u>	<u>-</u>	<u>601,824</u>	<u>1,859,580</u>
Financial liabilities						
Trade and other payables	-	-	-	-	257,113	257,113
		<u>-</u>	<u>-</u>	<u>-</u>	<u>257,113</u>	<u>257,113</u>

**MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Risk exposures and responses

Sensitivity analysis

At 31 December 2019, 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 Higher / (Lower) Year Ended 31 December		Net Assets Higher / (Lower) As at 31 December	
	2019	2018	2019	2018
Interest rate movement	\$	\$	\$	\$
+2.0%	18,635	25,155	18,635	25,155
- 2.0%	(18,635)	(25,155)	(18,635)	(25,155)

Liquidity risk

MAV manages liquidity risk closely through the careful forecasting of cash flows and also through the maintenance of adequate levels of reserves.

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.

All sales are on cash basis and as such there is minimal 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.

Foreign currency risk

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

Price risk

The association does not trade in commodities and is therefore 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

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

16. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement of financial instruments

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 2019 and 31 December 2018:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2019				
Listed securities	292,861	-	-	292,861
Total financial assets	292,861	-	-	292,861
2018				
Listed securities	266,976	-	-	266,976
Total financial assets	266,976	-	-	266,976

There were no transfers between Level 1 and Level 2 in 2019 or 2018.

17. CONTINGENT LIABILITIES

The incorporated association had no contingent liabilities as at 31 December 2019 and 31 December 2018.

18. EVENTS AFTER THE REPORTING PERIOD

Impact of the COVID-19 pandemic

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Financial Impact

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Association's financial condition, liquidity, and future results of operations during 2020. Management are actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

The Association has been significantly impacted by the COVID-19 pandemic in terms of programming. Most of the 2020 programs have been cancelled or delayed. Based on management's projections, the 2020 operating revenue is expected to drop to \$1,196,465 (30% less than FY2019) with the 2020 operating result expected to be approximately \$150,000 in deficit. These projections do not factor in the Australian Government's small business stimulus package of \$100,000 Cash Flow Boost, \$195,000 JobKeeper payment and \$105,704 from the Victorian government Strategic Investment Package which the Association is expecting to receive.

These Government response packages to COVID-19 and continued State and Federal funding will allow the organisation to operate through the pandemic.

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

18. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

There were no other matters or circumstances that have arisen which significantly affected or may significantly affect the operations of Association, the results of those operations, or the state of affairs of the Association.

19. 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, Northcote Town Hall Arts Centre, 189 High Street, Northcote Victoria 3070.