



MULTICULTURAL ARTS VICTORIA INC.

(Incorporated under the Associations Incorporation Reform Act 2012)

Financial Report

FOR THE YEAR ENDED 31 DECEMBER 2014



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TREASURER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

It is with great pleasure that I present the 2014 Multicultural Arts Victoria Inc. (MAV) Financial Report.

In increasingly difficult times, MAV has completed another solid year from both programming and financial perspectives. Financially, the organisation's operating performance in 2014 as shown in the financial statements reveal an operating loss of \$45,447. This is a decrease of \$337,322 compared to the surplus reported in 2013. Combined with additional non-operating income of (\$4,646) which represents the net decrease in the value of direct equities held by the entity, the total loss for the year was (\$50,093).

MAV revenue for 2014 remains stable, whilst decreasing from the 2013 levels. The organisation remains extremely successful in attracting Grant and Subsidy income with more than \$1.38m generated during the year. While slightly up on 2013 levels, this is a reflection of the increasing financial support from local, state and federal government for our key programmes. 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, our financial result for 2014 compared to the previous year should be understood in light of the decrease in Philanthropy, Donations and Sponsorship income from 2013, due to the vast donation of Beverley Shelton and Martin Schonthal made in 2013. 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 2014 were unspent. Net assets at year end are slightly lower than their 2013 levels, but remain in excess of \$800,000 – 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 \$151,890, although this amount includes additional expenditure on marketing and promotion relative to previous years – expenditure we believe will benefit the organisation in 2015 and beyond. Given these factors, in a year where MAV's activities continue to expand, we believe the net outflow of cash of \$142,093 reflects MAV's investment in strengthening the financial future of the entity.

During 2014, 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 2015 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 2014 are driven by MAV's exceptional program delivery and the outstanding leadership of our Chief Executive Officer Jill Morgan AM and her 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 the first name "Brad" and last name "Potter" clearly distinguishable.

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 2014, the statement of 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 in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Associations Incorporation Reform Act 2012*, and for 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 2014, 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*.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'S. Scalzo', written in a cursive style.

Simon Scalzo

Partner
Melbourne, 15 May 2015

STATEMENT BY THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 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



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

15 May 2015
Melbourne

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

As lead auditor of Multicultural Arts Victoria Inc for the year ended 31 December 2014, 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

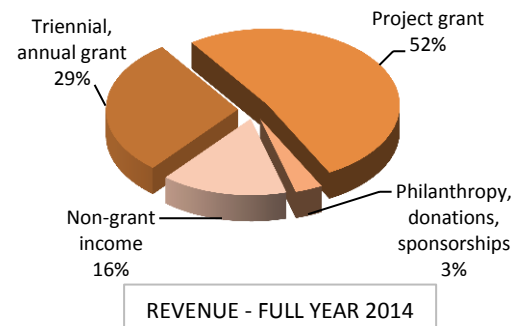
BDO East Coast Partnership

Melbourne, 15 May 2015

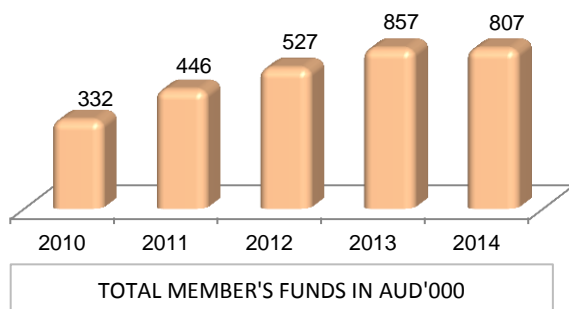
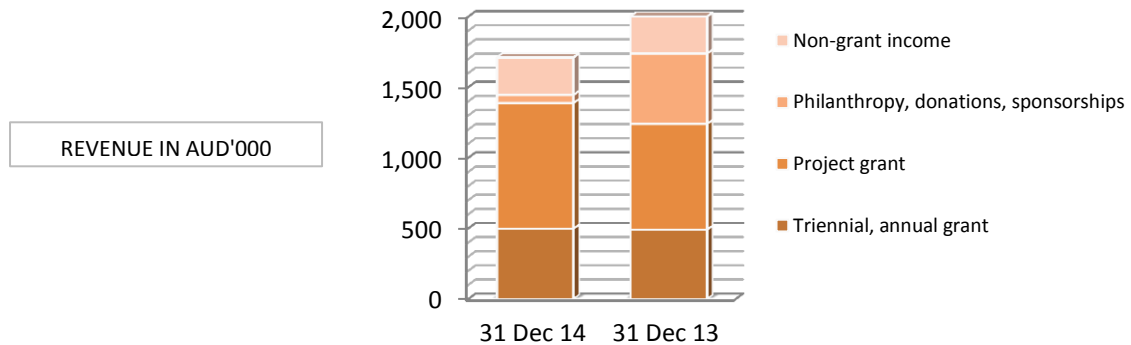
FINANCIAL SNAPSHOT FOR THE YEAR ENDED 31 DECEMBER 2014

REVENUE

AUD'000	Full Year Ended 31 December			
	2014	2013	Change	%
Triennial, annual grant	498	492	6	1%
Project grant (1)	890	749	141	19%
Philanthropy, donations, sponsorships	57	498	(441)	-88%
Non-grant income	265	348	(83)	-24%
Total revenue (2)	1,710	2,087	(377)	-18%
Net comprehensive income/(loss) (3)	(50)	330	(380)	-115%



1. Higher number of successful auspicing international projects contributed to the increase in project grant revenue.
2. Total revenue decreased by 18% due to the large bequest received in year 2013.
3. Net comprehensive loss comprised an operating loss of \$45,447 and a decrease of \$4,646 in the value of direct equities held by the entity.



CASH & NET ASSETS

AUD'000	Year Ended 31 December			
	2014	2013	Change	%
Cash & cash equivalents	488	630	(142)	-23%
Net assets	807	857	(50)	-6%

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 \$	2013 \$
REVENUE			
Grants and subsidies	2	1,388,122	1,240,784
Philanthropy, donations, sponsorships	2	57,331	498,171
Non-grant income	2	<u>264,662</u>	<u>310,113</u>
TOTAL REVENUE		<u>1,710,115</u>	<u>2,049,068</u>
EXPENSES			
Staff expenses		572,510	547,116
Program, event expenses		930,373	964,122
Marketing promotion expenses		157,910	150,815
Administration expenses		<u>94,769</u>	<u>95,140</u>
TOTAL EXPENSES		<u>1,755,562</u>	<u>1,757,193</u>
NET SURPLUS/(DEFICIT)	3	(45,447)	291,875
Income tax	1(b)	-	-
Other comprehensive income/(loss), net of tax		(4,646)	37,955
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>(50,093)</u>	<u>329,830</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	4	487,708	629,801
Trade and other receivables	5	129,348	59,410
Other financial assets	6	787,634	792,280
Other current assets	7	<u>25,877</u>	<u>19,226</u>
TOTAL CURRENT ASSETS		<u>1,430,567</u>	<u>1,500,717</u>
 NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>10,296</u>	<u>15,583</u>
TOTAL NON-CURRENT ASSETS		<u>10,296</u>	<u>15,583</u>
 TOTAL ASSETS		 <u>1,440,863</u>	 <u>1,516,300</u>
 CURRENT LIABILITIES			
Trade and other payables	9	81,857	110,248
Grants and income in advance	10	476,785	472,999
Provisions	11	<u>75,622</u>	<u>76,361</u>
TOTAL CURRENT LIABILITIES		<u>634,264</u>	<u>659,608</u>
 NON-CURRENT LIABILITIES			
Provisions	11	<u>-</u>	<u>-</u>
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
 TOTAL LIABILITIES		 <u>634,264</u>	 <u>659,608</u>
 NET ASSETS		 <u>806,599</u>	 <u>856,692</u>
 MEMBERS FUNDS			
Accumulated funds		<u>806,599</u>	<u>856,692</u>
 TOTAL MEMBERS FUNDS		 <u>806,599</u>	 <u>856,692</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Accumulated Funds \$	Total Members Funds \$
BALANCE AT 1 JANUARY 2013	526,862	526,862
Total comprehensive income for the year	<u>329,830</u>	<u>329,830</u>
BALANCE AT 31 DECEMBER 2013	856,692	856,692
Total comprehensive loss for the year	<u>(50,093)</u>	<u>(50,093)</u>
BALANCE AT 31 DECEMBER 2014	<u><u>806,599</u></u>	<u><u>806,599</u></u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014	2013
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, customers and fundraising		1,612,365	1,654,598
Interest received		19,963	26,471
Payments to suppliers and employees		<u>(1,784,218)</u>	<u>(1,711,526)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	13(b)	<u>(151,890)</u>	<u>(30,457)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		12,635	1,713
Payments for plant and equipment		<u>(2,838)</u>	<u>(6,176)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>9,797</u>	<u>(4,463)</u>
NET (DECREASE) INCREASE IN CASH HELD		(142,093)	(34,920)
Cash and cash equivalents at beginning of year		<u>629,801</u>	<u>664,721</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	13(a)	<u>487,708</u>	<u>629,801</u>

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

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.

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.

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.

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.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2014**

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 2014**

2. REVENUE

	2014	2013
	\$	\$
GRANTS AND SUBSIDIES		
Triennial funding		
Arts Victoria	320,000	315,811
City of Melbourne	58,406	56,760
Annual / project funding		
Australia Council	240,008	179,300
Arts Victoria	45,374	65,100
Office of Multicultural Affairs and Citizenship	343,203	325,810
Other	381,131	298,003
	<u>1,388,122</u>	<u>1,240,784</u>
 PHILANTHROPY, DONATIONS, SPONSORSHIPS		
Philanthropy	30,000	93,970
Donations	2,076	403,081
Sponsorships	25,255	1,120
	<u>57,331</u>	<u>498,171</u>
 NON-GRANT INCOME		
Program delivery fee	34,250	26,700
Brokerage event	173,515	228,742
Membership	7,070	5,930
Service fee	312	2,723
Ticket, merchandise, stall hire	16,917	17,835
Interest, dividend received	32,598	28,183
	<u>264,662</u>	<u>310,113</u>
	<u>1,710,115</u>	<u>2,049,068</u>

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

3. RESULT

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

	2014	2013
	\$	\$
Depreciation of plant and equipment	8,126	9,954
Superannuation contributions	47,322	42,173

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist the following:

	2014	2013
	\$	\$
Cash at bank - CBA cheque account	134,876	144,156
Cash at bank - CBA gift fund	135,633	124,488
Cash at bank - CBA short term deposit	216,499	360,457
Petty cash	700	700
	<u>487,708</u>	<u>629,801</u>

5. TRADE AND OTHER RECEIVABLES

	2014	2013
	\$	\$
CURRENT		
Trade debtors	128,348	49,093
Less allowance for doubtful debts	-	-
	<u>128,348</u>	<u>49,093</u>
Sundry debtors	1,000	10,317
	<u>129,348</u>	<u>59,410</u>

As at 31 December 2014, the ageing of trade receivables is as follows:

	2014		2013	
	Debtors	Allowance	Debtors	Allowance
	\$	\$	\$	\$
Current	107,344	-	27,461	-
1 – 30 days	4,042	-	14,443	-
31 – 60 days	14,762	-	3,960	-
61 – 90 days	-	-	3,229	-
90 days +	2,200	-	-	-
	<u>128,348</u>	<u>-</u>	<u>49,093</u>	<u>-</u>

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

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:

	2014	2013
	\$	\$
Held-to-maturity investment + Term deposit	500,000	500,000
Available-for-sales financial asset + Listed equity securities	287,634	292,280
	<u>787,634</u>	<u>792,280</u>

7. OTHER CURRENT ASSETS

	2014	2013
	\$	\$
CURRENT		
Prepayments	8,573	1,817
Deferred expenses	17,304	17,409
	<u>25,877</u>	<u>19,226</u>

8. PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	\$	\$
Computer equipment (at cost)	43,398	42,698
Less accumulated depreciation	(36,359)	(32,110)
	<u>7,039</u>	<u>10,588</u>
Office furniture and equipment (at cost)	13,495	15,631
Less accumulated depreciation	(10,238)	(10,636)
	<u>3,257</u>	<u>4,995</u>
	<u>10,296</u>	<u>15,583</u>

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

Reconciliation of movements in carrying amounts of plant and equipment:

	2014	2013
Computer equipment	\$	\$
Opening balance	10,588	13,850
Additions	2,839	5,077
Depreciation	(6,388)	(8,339)
Closing balance	<u>7,039</u>	<u>10,588</u>
 Office equipment		
Opening balance	4,995	5,511
Additions	0	1,099
Depreciation	(1,738)	(1,615)
Closing balance	<u>3,257</u>	<u>4,995</u>

9. TRADE AND OTHER PAYABLES

	2014	2013
CURRENT	\$	\$
Creditors	30,206	41,444
Sundry creditors and accruals	51,651	68,804
	<u>81,857</u>	<u>110,248</u>

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

10. INCOME IN ADVANCE

	2014	2013
CURRENT	\$	\$
Grants in advance	476,785	472,999
	<u>476,785</u>	<u>472,999</u>

11. PROVISIONS

	2014	2013
CURRENT	\$	\$
Provision for annual leave	34,567	41,801
Provision for long service leave	41,055	34,560
	<u>75,622</u>	<u>76,361</u>
NON-CURRENT		
Provision for long service leave	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

12. AUDITOR'S REMUNERATION

	2014	2013
	\$	\$
Audit fee	8,500	7,950
	<u>8,500</u>	<u>7,950</u>

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

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:

	2014	2013
	\$	\$
Cash at bank - CBA cheque account	134,876	144,156
Cash at bank - CBA gift fund	135,633	124,488
Cash at bank - CBA short term deposit	216,499	360,457
Petty cash	700	700
	<u>487,708</u>	<u>629,801</u>

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

	2014	2013
	\$	\$
Surplus for the year	(50,093)	329,830
Non-cash items:		
Depreciation expense	8,126	9,954
Adjustments to net surplus	(7,990)	(39,667)
Change in assets and liabilities:		
(Increase) / Decrease in trade, other receivables	(68,938)	10,695
(Increase) in short-term investments	-	(254,325)
(Increase) / Decrease in other current assets	(7,651)	36,791
(Decrease) in creditors and accruals	(28,391)	(9,294)
(Decrease) / Increase in income in advance	3,786	(122,657)
Increase in provisions	(739)	8,216
Net cash provided by operating activities	<u>(151,890)</u>	<u>(30,457)</u>

14. KEY MANAGEMENT PERSONNEL COMPENSATION

	2014	2013
	\$	\$
Short-term employee benefits	91,659	88,710
	<u>91,659</u>	<u>88,710</u>

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

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
Ronald Koo – Secretary	Independent	Active
Professor Ruth Rentschler OAM	Independent	Active
Marcello D’Amico	Independent	Active
Kay Natrass	Independent	Active
Hilary Bucumi	Independent	Active
Karen Toohey	Independent	Resigned March 2014
Miriam Suss	Independent	Active
Katie McLeish	Independent	Active
David Wright	Independent	Appointed May 2014

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 2014**

16. FINANCIAL INSTRUMENTS (Continued)

(b) Risk exposures and responses

Interest rate risk

The association's exposure to market interest rates relates primarily to short term deposits held.

Management monitors term deposit rates and balances the achievement of high rates against the flexibility offered by at call funds.

Sensitivity analysis

At 31 December 2014, 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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Interest rate movement				
+2.0%	9,754	12,596	9,754	12,596
- 2.0%	(9,754)	(12,596)	(9,754)	(12,596)

Liquidity risk

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

Maturities of financial liabilities

The table below analyses the association's financial liabilities:

	Maturing within 0 – 3 months	Maturing within 3 - 12 months	Total
	\$	\$	\$
2014			
Trade and sundry creditors	81,857	-	81,857
Total financial liabilities	81,857	-	81,857
2013			
Trade and sundry creditors	110,248	-	110,248
Total financial liabilities	110,248	-	110,248

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

16. FINANCIAL INSTRUMENTS (Continued)

(b) Risk exposures and responses

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 2014 and 31 December 2013:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2014				
Term deposit	-	500,000	-	500,000
Listed securities	287,634	-	-	287,634
Total financial liabilities	287,634	500,000	-	787,634
2013				
Term deposit	-	500,000	-	500,000
Listed securities	292,280	-	-	292,280
Total financial liabilities	292,280	500,000	-	792,280

There were no transfers between Level 1 and Level 2 in 2014 or 2013.

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

17. LEASING COMMITMENTS

Operating Lease Commitments

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

	2014	2013
Payable – minimum lease commitments	\$	\$
- Not later than one year	16,391	15,913
- Later than one year but not later than 5 years	20,599	36,990
- Later than 5 years	-	-
	<u>36,990</u>	<u>52,903</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. 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.