



MULTICULTURAL ARTS VICTORIA INC.

(Incorporated under the Associations Incorporation Reform Act 2012)

Financial Report

FOR THE YEAR ENDED 31 DECEMBER 2018



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**TREASURER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

I present the 2018 and my first Multicultural Arts Victoria Inc. (MAV) Financial Report with great pleasure.

2018 has been another terrific year for MAV and it is clear looking at the diverse and engaging programming alongside strong financial results. The result in 2018 was an operating surplus of \$149,357. Operating performance increased by 55% compared to 2017.

MAV revenue in 2018 it is in level with 2017. The success in attracting Grants and Subsidy income continues with a remarkable \$1.6m being generated this year. MAV had also had a more successful year in terms of attracting Non-grant Income and Sponsorships. The revenue in this stream increased by 32% compared to 2017. 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.

The financial position of the organisation has remained solid. Current assets are comprised primarily of 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 in Advance – amounts that MAV has received in cash for programs and events which, at 31 December 2018 were unspent. Net assets at year-end have improved by close to \$117k from their 2017 levels. A \$982,685 net assets position is a clear indication of the entity's ongoing financial stability.

The cash performance and position of MAV remain sound. Net cash and cash equivalents at the end of the 2018 year of 882,740. 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.

During 2018, 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 2019 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 2018 are driven by MAV's exceptional program delivery and the outstanding leadership of MAV former Chief Executive Officer Jill Morgan, her successor Veronica Pardo and the MAV team.

TREASURER'S REPORT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

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 'Sabrina Kahric', written in a cursive style.

Sabrina Kahric
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 2018, 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 statement by the board of management.

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* and the *Associations Incorporation Reform Act 2012*, including:

- (i) Giving a true and fair view of the association's financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards 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 association in accordance with 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* (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.

Other information

The board of management are responsible for the other information. The other information comprises the information in the association's annual report for the year ended 31 December 2018, 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 the board of management' for the Financial Report

The board of management of the association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *ACNC Act* and the *Associations Incorporation Reform Act 2012* and for such internal control as the board of management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the board of management are responsible for assessing the association'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 board of management either intend to liquidate the association or to cease operations, or has no realistic alternative but to do so.

The board of management of the association are responsible for overseeing the association'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_files/ar3.pdf.

This description forms part of our auditor's report.

BDO East Coast Partnership



James Mooney
Partner

Melbourne, 29 April 2019

STATEMENT BY THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018; 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

29 April 2018
Melbourne



.....
Sabrina Kahric
Treasurer



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**DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE BOARD OF MANAGEMENT OF
MULTICULTURAL ARTS VICTORIA INC.**

As lead auditor of Multicultural Arts Victoria Inc. for the year ended 31 December 2018, 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.

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

James Mooney
Partner

BDO East Coast Partnership

Melbourne, 29 April 2019

MULTICULTURAL ARTS VICTORIA INC.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
REVENUE			
Grants and subsidies	2	1,589,498	1,652,592
Philanthropy, donations, sponsorships	2	231,452	239,740
Non-grant income	2	409,812	309,608
TOTAL REVENUE		<u>2,230,762</u>	<u>2,201,940</u>
EXPENSES			
Staff expenses		728,639	712,515
Program, event expenses		1,095,420	1,106,507
Marketing promotion expenses		155,642	188,660
Administration expenses		101,704	97,852
TOTAL EXPENSES		<u>2,081,405</u>	<u>2,105,534</u>
SURPLUS BEFORE INCOME TAX	3	149,357	96,406
Income tax	1(b)	-	-
SURPLUS AFTER TAX		<u>149,357</u>	<u>96,406</u>
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss			
Net (decrease) increase in fair value of listed investments		(32,667)	1,644
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>116,690</u></u>	<u><u>98,050</u></u>

**MULTICULTURAL ARTS VICTORIA INC.
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	4	882,740	688,045
Trade and other receivables	5	209,864	76,794
Other financial assets	6	766,976	799,643
Other current assets	7	13,622	20,008
TOTAL CURRENT ASSETS		1,873,202	1,584,490
NON-CURRENT ASSETS			
Property, plant and equipment	8	13,798	6,888
TOTAL NON-CURRENT ASSETS		13,798	6,888
TOTAL ASSETS		1,887,000	1,591,378
CURRENT LIABILITIES			
Trade and other payables	9	257,113	142,165
Grants and income in advance	10	555,365	450,151
Provisions	11	91,837	133,068
TOTAL CURRENT LIABILITIES		904,315	725,384
TOTAL LIABILITIES		904,315	725,384
NET ASSETS		982,685	865,994
MEMBERS FUNDS			
Accumulated funds		970,035	820,677
Financial Assets at Fair Value Through Other Comprehensive Income reserves		12,650	45,317
TOTAL MEMBERS FUNDS		982,685	865,994

**MULTICULTURAL ARTS VICTORIA INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Accumulated funds \$	Financial Assets at Fair Value Through Other Comprehensive Income reserve \$	Total member funds \$
BALANCE AT 1 JANUARY 2017	724,271	43,673	767,944
Surplus after tax	96,406	-	96,406
Other comprehensive income	-	1,644	1,644
BALANCE AT 31 DECEMBER 2017	<u>820,677</u>	<u>45,317</u>	<u>865,994</u>
Surplus after tax	149,358	-	149,358
Other comprehensive loss	-	(32,667)	(32,667)
BALANCE AT 31 DECEMBER 2018	<u><u>970,035</u></u>	<u><u>12,650</u></u>	<u><u>982,685</u></u>

**MULTICULTURAL ARTS VICTORIA INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, customers and fundraising		2,173,090	2,213,291
Interest received		9,460	10,593
Payments to suppliers and employees		<u>(1,995,889)</u>	<u>(2,020,404)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	13(b)	<u>186,661</u>	<u>203,480</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		20,357	18,826
Payments for plant and equipment		<u>(12,323)</u>	<u>(4,942)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>8,034</u>	<u>13,884</u>
NET INCREASE IN CASH HELD		194,695	217,364
Cash and cash equivalents at beginning of year		<u>688,045</u>	<u>470,681</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	13(a)	<u><u>882,740</u></u>	<u><u>688,045</u></u>

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

AASB 9 Financial Instruments

The entity has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

(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.

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 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 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

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

(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.

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Comparative Figures

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

(m) Critical Accounting Estimates and Judgements

The Board of Management evaluates 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 adopted

There have been a number of amendments made to Accounting Standards issued by the Australian Accounting Standards Board ("AASB") that are not yet adopted. The Board of Management do not believe that the standards AASB 15 and AASB 16 issued by the AASB that are not yet adopted have any material impact on the financial statements. These standards will be applied in the next reporting period.

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. REVENUE

	2018	2017
		\$
GRANTS AND SUBSIDIES		
Triennial funding		
Creative Victoria	336,000	336,000
City of Melbourne	56,000	60,000
Annual / project funding	0	
Australia Council	439,803	515,241
Creative Victoria	221,653	92,223
Office of Multicultural Affairs and Citizenship	267,532	334,805
Other	268,510	314,323
	1,589,498	1,652,592
PHILANTHROPY, DONATIONS, SPONSORSHIPS		
Philanthropy	151,164	176,500
Donations, fundraising	21,770	38,713
Sponsorships	58,518	24,527
	231,452	239,740
NON-GRANT INCOME		
Program delivery fee	47,950	50,025
Brokerage event	283,162	199,738
Membership	7,140	5,130
Service fee	5,000	1,450
Ticket, merchandise, stall hire	36,743	23,846
Interest, dividend received	29,817	29,419
	409,812	309,608
	2,230,762	2,201,940

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3. SURPLUS BEFORE INCOME TAX

	2018	2017
	\$	\$
Depreciation of plant and	5,413	4,332
Superannuation contributions	58,531	56,946

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist the following:

	2018	2017
	\$	\$
Cash at bank - CBA cheque account	194,559	127,036
Cash at bank - CBA gift fund	122,856	102,724
Cash at bank - CBA short term deposit	563,197	454,938
Paypal	1,428	2,647
Petty cash	700	700
	<u>882,740</u>	<u>688,045</u>

5. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Trade debtors	204,947	70,501
Less allowance for doubtful	-	-
	<u>204,947</u>	<u>70,501</u>
Sundry debtors	4,917	6,293
	<u>209,864</u>	<u>76,794</u>

As at 31 December 2018, the ageing of trade receivables is as follows:

	2018		2017	
	Debtors	Allowance	Debtors	Allowance
	\$	\$	\$	\$
Current	146,299	-	50,136	-
1 – 30 days	713	-	4,590	-
31 – 60 days	29,500	-	-	-
61 – 90 days	3,960	-	375	-
90 days +	24,475	-	15,400	-
	<u>204,947</u>	<u>-</u>	<u>70,501</u>	<u>-</u>

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. OTHER FINANCIAL ASSETS

Amortised cost asset comprises short-term deposits with fixed interest rates between 1.75% and 2.05%.

The carrying amounts of financial assets are as follows:

	2018	2017
	\$	\$
Amortised cost investments + Term deposit	500,000	500,000
Financial assets at Fair Value Through Other Comprehensive Income + Listed equity securities	266,976	299,643
	<u>766,976</u>	<u>799,643</u>

7. OTHER CURRENT ASSETS

	2018	2017
	\$	\$
Prepayments	13,622	13,488
Deferred expenses	-	6,520
	<u>13,622</u>	<u>20,008</u>

8. PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Computer equipment (at cost)	56,903	44,580
Less accumulated depreciation	(43,105)	(37,692)
	<u>13,798</u>	<u>6,888</u>
Office furniture and equipment (at cost)	-	13,495
Less accumulated depreciation	-	(13,495)
	<u>-</u>	<u>-</u>
	<u>13,798</u>	<u>6,888</u>

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2018	2017
	\$	\$
Computer equipment		
Opening balance	6,888	6,251
Additions	12,324	4,942
Depreciation	(5,414)	(4,305)
Closing balance	13,798	6,888
 Office equipment		
Opening balance	-	27
Additions	-	-
Depreciation	-	(27)
Closing balance	-	-

9. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Creditors	191,085	67,203
Sundry creditors and accruals	66,028	74,962
	257,113	142,165

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. INCOME IN ADVANCE

	2018	2017
	\$	\$
Grants in advance	555,365	450,151
	555,365	450,151
	555,365	450,151

11. PROVISIONS

	2018	2017
	\$	\$
Provision for annual leave	40,493	33,323
Provision for long service leave	51,344	99,745
	91,837	133,068
	91,837	133,068

12. AUDITOR'S REMUNERATION

	2018	2017
	\$	\$
Audit fee	9,500	9,200
	9,500	9,200
	9,500	9,200

MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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:

	2018	2017
	\$	\$
Cash at bank - CBA cheque account	194,559	127,036
Cash at bank - CBA gift fund	122,856	102,724
Cash at bank - CBA short term deposit	563,197	454,938
Paypal	1,428	2,647
Petty cash	700	700
	<u>882,740</u>	<u>688,045</u>

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

	2018	2017
	\$	\$
Surplus for the year	149,357	96,406
Adjustment for:		
Depreciation expense	5,413	4,332
Dividend income received	(20,356)	(18,826)
Change in assets and liabilities:		
(Increase)/decrease in trade, other receivables	(133,070)	70,737
Decrease/increase in other current assets	6,386	(1,710)
Increase in creditors and accruals	114,948	64,871
Increase/(decrease) in income in advance	105,214	(29,967)
Increase in provisions	(41,231)	17,637
Net cash provided by operating activities	<u>186,661</u>	<u>203,480</u>

14. KEY MANAGEMENT PERSONNEL COMPENSATION

	2018	2017
	\$	\$
Short-term employee benefits	<u>139,921</u>	<u>119,397</u>
	<u>139,921</u>	<u>119,397</u>

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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	Appointed May 2018
Huss Mustafa OAM – Deputy Chairperson	Independent	Active
Symon Kohut – Deputy Chairperson	Independent	Appointed May 2018
Bayarkhuu Purevedorj – Treasurer	Independent	Active
Linda Petrone – Secretary	Independent	Appointed May 2018
Fiona Ford	Independent	Appointed May 2018
Carolina Aguilera de Snow	Independent	Appointed May 2018
Chidambaram Srinivasan	Independent	Appointed May 2018
George Lekakis AO	Independent	Resigned May 2018
Miriam Suss OAM	Independent	Resigned May 2018
Hilary Bucumi	Independent	Resigned May 2018
Katie McLeish	Independent	Resigned May 2018
David Wright	Independent	Resigned May 2018
Judith Klepner	Independent	Resigned May 2018

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

There were no related party transactions during the year.

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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 \$
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>
2017						
Financial assets						
Cash	0.41	581,974	-	-	106,071	688,045
Trade and other receivables	-	-	-	-	76,794	76,794
Term deposit	1.75	500,000	-	-	-	500,000
Listed securities	-	-	-	-	299,643	299,643
		<u>1,081,974</u>	<u>-</u>	<u>-</u>	<u>482,508</u>	<u>1,564,482</u>
Financial liabilities						
Trade and other payables	-	-	-	-	142,165	142,165
		<u>-</u>	<u>-</u>	<u>-</u>	<u>142,165</u>	<u>142,165</u>

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16. FINANCIAL INSTRUMENTS (Continued)

(b) Risk exposures and responses

Sensitivity analysis

At 31 December 2018, 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
Interest rate movement				
+2.0%	25,155	21,639	25,155	21,639
- 2.0%	(25,155)	(21,639)	(25,155)	(21,639)

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

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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 2018 and 31 December 2017:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2018				
Listed securities	266,976	-	-	266,976
Total financial assets	<u>266,976</u>	<u>-</u>	<u>-</u>	<u>266,976</u>
2017				
Listed securities	299,643	-	-	299,643
Total financial assets	<u>299,643</u>	<u>-</u>	<u>-</u>	<u>299,643</u>

There were no transfers between Level 1 and Level 2 in 2018 or 2017.

17. LEASING COMMITMENTS

Operating Lease Commitments

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

	2018 \$	2017 \$
Payable – minimum lease commitments	\$	\$
- Not later than one year	-	15,722
- Later than one year but not later than 5 years	-	44,683
- Later than 5 years	-	-
	<u>-</u>	<u>60,405</u>

The lease at the South Melbourne Town Hall was cancelled after a major damage caused the roof collapse in October 2018. The office was temporarily relocated downstairs on a month-by-month basis. New lease is being negotiated with Darebin City Council to relocate the office to the Northcote Town Hall.

18. CONTINGENT LIABILITIES

The incorporated association had no contingent liabilities as at 31 December 2018 and 31 December 2017.

19. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2018 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.

**MULTICULTURAL ARTS VICTORIA INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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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.