

Access Arts Inc.

ABN 82 066 160 761

Annual Financial Report - 31 December 2018

**Access Arts Inc.
Management committee members' report
31 December 2018**

The management committee members present their report, together with the financial statements, on the incorporated association for the year ended 31 December 2018.

Officers

The following persons were officers of the incorporated association during the whole of the financial year and up to the date of this report, unless otherwise stated:

The Honourable Justice Thomas Bradley - President
Nicola Leahy - Treasurer
Elizabeth Crawford - Secretary

Committee members

The following persons were committee members of the incorporated association during the whole of the financial year and up to the date of this report, unless otherwise stated:

The Honourable Justice Thomas Bradley
Nicola Leahy
Elizabeth Crawford
Patrice McKay
Sam Nicolosi
Angela Tillmanns
Lorelei Baum
Weston Bruner
Adrian Morgan (appointed 21 March 2018)

Principal activities

The principal activity of the association during the financial year was working with people with disability and disadvantage, in the arts.

Going concern

During the 2018 financial year the association entered into a Heads of Agreement (HOA) with CPL - Choice Passion Life (CPL). In terms of the HOA, CPL will, directly or through a wholly owned subsidiary, assume the operations of Access Arts Inc. (AAI) and continue the current AAI mission (including its programmes, awards, events and client services). Additionally, the association's service agreement with the Queensland Department of Communities, Child Safety and Disability Services (the Department) expires on 30 June 2019. In terms of the agreement, the association receives annual grant funding of \$310,236 (excluding initiative specific allocations). However, with effect from 1 July 2018 the quarterly funding received by the association from the department has been reduced in respect of those participants who have transitioned to the National Disability Insurance Scheme (NDIS). The association expects that all existing customers of the association will have transferred to the NDIS by 30 June 2019. The association is therefore budgeting for a significant reduction in grant income from the department in the 2019 financial year. These events give rise to a material uncertainty that may cast significant doubt about the ability of the association to continue as a going concern.

In terms of the HOA and subject to its due diligence investigations, CPL expects to:

- offer employment to all AAI employees on terms that are equivalent to that employee's then current terms and conditions such that the employee is no worse off as a result of the proposed transaction;
- offer to engage all AAI contractors on the same, or substantially similar terms as they are currently engaged by AAI; and
- assume all accrued and/or outstanding employee entitlements

A Special General Meeting of members of the association has been convened for 13 March 2019 and the following special resolutions will be tabled:

- AAI be wound up and dissolved as an incorporated association; and
- If after the winding up of AAI, any surplus assets remain after payment of all of its debts and liabilities, those assets be transferred to Access Arts Limited, a wholly owned subsidiary of CPL.

Access Arts Inc.
Management committee members' report
31 December 2018

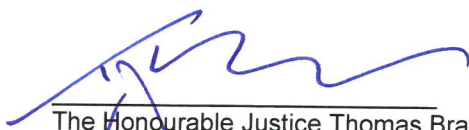
Financial statements are normally prepared on a going concern basis unless the Management Committee either intend to liquidate the association or to cease trading, or has no realistic alternative but to do so. The association's Management Committee considers that it is still appropriate to prepare these financial statements on a going concern basis until such time as the association's members vote on the proposed transaction with CPL. Should the members vote in favour of the proposed transaction, the use of the going concern basis for the preparation of any financial statements subsequent to the meeting will no longer be appropriate and the financial statements will need to be prepared on a liquidation basis. The liquidation basis of preparation will require all assets to be written down to their net realisable value (where relevant), liabilities stated at their estimated settlement amounts, and all assets and liabilities presented as current assets or current liabilities.

Should the association's members vote against the proposed transaction with CPL, the association will continue as a going concern. The Management Committee has considered a number of options for the 31 December 2019 financial year which will limit any negative cash flow position. The following are significant inputs into each option:

- The association's service agreement with the Queensland Department of Communities, Child Safety and Disability Services expires on 30 June 2019. The association is therefore budgeting for a significant reduction in grant income from the department in the 2019 financial year.
- The reduction in grant income will be offset, to some extent, by an expected increase in income from the NDIS.
- The association has successfully secured additional funding from Arts Queensland of \$150,000 per annum for the 2019 and 2020 financial years to continue the workshops.
- At some time during 2019, the current format of the workshops will be reviewed. If the workshops cease to operate, the additional funding from Arts Queensland will not be received.

The Management Committee is of the opinion that at the date of signature of the financial report there are reasonable and supportable grounds to believe that the association will be able to meet its liabilities from its assets in the ordinary course of business should the members vote either in favour of or against the proposed transaction with CPL. Should the members vote against the proposed transaction, the association will be able to meet its liabilities from its assets for a period of not less than twelve months from the date of signature of the audit report on the this financial report to the date of signature of the audit report on the financial report for the year ending 31 December 2019.

On behalf of the management committee members



The Honourable Justice Thomas Bradley
President
11 March 2019



Nicola Leahy
Treasurer

Access Arts Inc.
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General information

The financial statements cover Access Arts Inc. as an individual entity. The financial statements are presented in Australian dollars, which is Access Arts Inc.'s functional and presentation currency.

Access Arts Inc. is a not-for-profit incorporated association registered under the Associations Incorporation Act Queensland (1981), and is registered as a charity under the Australian Charities and Not-for-profits Commission Act 2012. The association operates in Australia.

The financial statements were authorised for issue on 11 March 2019.

Access Arts Inc.
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2018

	2018 \$	2017 \$
Revenue		
Queensland Government grants - Arts Queensland	206,000	266,361
Queensland Government grants - Department of Communities, Child Safety and Disability Services	301,316	325,207
Queensland Government grants - Department of Child Safety, Youth and Women	3,000	-
Australian Government grants - Department of Prime Minister and Cabinet	67,296	67,296
Australian Government grants - Department of Health	2,486	-
Other grants	2,300	8,246
Donations	16,288	12,861
Workshop fees	28,163	25,504
Interest	3,390	3,484
Other revenue	34,497	70,587
NDIS	19,658	-
Total revenue	<u>684,394</u>	<u>779,546</u>
Expenses		
Computer and IT expenses and support	(16,409)	(10,370)
Consultants and contractors	(9,496)	(44,169)
Employee benefits expense	(530,678)	(541,047)
Depreciation and amortisation expense	(4,537)	(3,519)
Insurance	(7,159)	(7,448)
Marketing, promotion and publicity	(10,678)	(12,670)
Department of Prime Minister and Cabinet partnership and project expenses	(15,263)	(15,296)
Postage, internet and telephone	(8,267)	(6,443)
Printing and stationery	(3,485)	(3,886)
Rent and outgoings	(35,291)	(37,108)
Repairs and maintenance	(758)	(1,037)
Resource materials	(6,166)	(5,785)
Staff, Board and Arts worker training	(9,013)	(2,120)
Travel and accommodation	(5,841)	(12,781)
Venue and equipment hire	(17,762)	(39,861)
Other expenses	(19,801)	(27,421)
Total expenses	<u>(700,604)</u>	<u>(770,961)</u>
Surplus/(deficit) for the year	(16,210)	8,585
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>(16,210)</u></u>	<u><u>8,585</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Access Arts Inc.
Statement of financial position
As at 31 December 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	3	296,841	339,470
Trade and other receivables	4	2,566	70
Other	5	15,228	12,598
Total current assets		<u>314,635</u>	<u>352,138</u>
Non-current assets			
Property, plant and equipment	6	13,420	7,378
Total non-current assets		<u>13,420</u>	<u>7,378</u>
Total assets		<u>328,055</u>	<u>359,516</u>
Liabilities			
Current liabilities			
Trade and other payables	7	42,542	45,118
Employee benefits	8	13,281	18,362
Other	9	3,243	2,294
Total current liabilities		<u>59,066</u>	<u>65,774</u>
Non-current liabilities			
Employee benefits	10	11,621	6,560
Total non-current liabilities		<u>11,621</u>	<u>6,560</u>
Total liabilities		<u>70,687</u>	<u>72,334</u>
Net assets		<u>257,368</u>	<u>287,182</u>
Equity			
Restricted reserves	11	110,811	124,415
Retained surpluses		<u>146,557</u>	<u>162,767</u>
Total equity		<u>257,368</u>	<u>287,182</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Access Arts Inc.
Statement of changes in equity
For the year ended 31 December 2018

	Restricted reserves \$	Retained surpluses \$	Total equity \$
Balance at 1 January 2017	131,466	154,182	285,648
Surplus for the year	-	8,585	8,585
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	8,585	8,585
Net movement in reserves (note 11)	(7,051)	-	(7,051)
Balance at 31 December 2017	<u>124,415</u>	<u>162,767</u>	<u>287,182</u>
	Restricted reserves \$	Retained surpluses \$	Total equity \$
Balance at 1 January 2018	124,415	162,767	287,182
Deficit for the year	-	(16,210)	(16,210)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(16,210)	(16,210)
Net movement in reserves (note 11)	(13,604)	-	(13,604)
Balance at 31 December 2018	<u>110,811</u>	<u>146,557</u>	<u>257,368</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Access Arts Inc.
Statement of cash flows
For the year ended 31 December 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from government and customers (inclusive of GST)		741,439	859,292
Payments to suppliers and employees (inclusive of GST)		<u>(763,275)</u>	<u>(796,784)</u>
Interest received		<u>(21,836)</u> 3,390	<u>62,508</u> 3,484
Net cash from/(used in) operating activities		<u>(18,446)</u>	<u>65,992</u>
Cash flows from investing activities			
Payments for property, plant and equipment	6	<u>(10,579)</u>	-
Net cash used in investing activities		<u>(10,579)</u>	-
Cash flows from financing activities			
Restricted reserves - net movement		<u>(13,604)</u>	<u>(7,051)</u>
Net cash used in financing activities		<u>(13,604)</u>	<u>(7,051)</u>
Net increase/(decrease) in cash and cash equivalents		(42,629)	58,941
Cash and cash equivalents at the beginning of the financial year		<u>339,470</u>	<u>280,529</u>
Cash and cash equivalents at the end of the financial year	3	<u><u>296,841</u></u>	<u><u>339,470</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

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

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

Going concern

During the 2018 financial year the association entered into a Heads of Agreement (HOA) with CPL - Choice Passion Life (CPL). In terms of the HOA, CPL will, directly or through a wholly owned subsidiary, assume the operations of Access Arts Inc. (AAI) and continue the current AAI mission (including its programmes, awards, events and client services). Additionally, the association's service agreement with the Queensland Department of Communities, Child Safety and Disability Services (the Department) expires on 30 June 2019. In terms of the agreement, the association receives annual grant funding of \$310,236 (excluding initiative specific allocations). However, with effect from 1 July 2018 the quarterly funding received by the association from the department has been reduced in respect of those participants who have transitioned to the National Disability Insurance Scheme (NDIS). The association expects that all existing customers of the association will have transferred to the NDIS by 30 June 2019. The association is therefore budgeting for a significant reduction in grant income from the department in the 2019 financial year. These events give rise to a material uncertainty that may cast significant doubt about the ability of the association to continue as a going concern.

In terms of the HOA and subject to its due diligence investigations, CPL expects to:

- offer employment to all AAI employees on terms that are equivalent to that employee's then current terms and conditions such that the employee is no worse off as a result of the proposed transaction;
- offer to engage all AAI contractors on the same, or substantially similar terms as they are currently engaged by AAI; and
- assume all accrued and/or outstanding employee entitlements

A Special General Meeting of members of the association has been convened for 13 March 2019 and the following special resolutions will be tabled:

- AAI be wound up and dissolved as an incorporated association; and
- If after the winding up of AAI, any surplus assets remain after payment of all of its debts and liabilities, those assets be transferred to Access Arts Limited, a wholly owned subsidiary of CPL.

Financial statements are normally prepared on a going concern basis unless the Management Committee either intends to liquidate the association or to cease trading, or has no realistic alternative but to do so. The association's Management Committee considers that it is still appropriate to prepare these financial statements on a going concern basis until such time as the association's members vote on the proposed transaction with CPL. Should the members vote in favour of the proposed transaction, the use of the going concern basis for the preparation of any financial statements subsequent to the meeting will no longer be appropriate and the financial statements will need to be prepared on a liquidation basis. The liquidation basis of preparation will require all assets to be written down to their net realisable value (where relevant), liabilities stated at their estimated settlement amounts, and all assets and liabilities presented as current assets or current liabilities.

Should the association's members vote against the proposed transaction with CPL, the association will continue as a going concern. The Management Committee has considered a number of options for the 31 December 2019 financial year which will limit any negative cash flow position. The following are significant inputs into each option:

- The association's service agreement with the Queensland Department of Communities, Child Safety and Disability Services expires on 30 June 2019. The association is therefore budgeting for a significant reduction in grant income from the department in the 2019 financial year.
- The reduction in grant income will be offset, to some extent, by an expected increase in income from the NDIS.
- The association has successfully secured additional funding from Arts Queensland of \$150,000 per annum for the 2019 and 2020 financial years to continue the workshops.
- At some time during 2019, the current format of the workshops will be reviewed. If the workshops cease to operate, the additional funding from Arts Queensland will not be received.

Note 1. Significant accounting policies (continued)

The Management Committee is of the opinion that at the date of signature of the financial report there are reasonable and supportable grounds to believe that the association will be able to meet its liabilities from its assets in the ordinary course of business should the members vote either in favour of or against the proposed transaction with CPL. Should the members vote against the proposed transaction, the association will be able to meet its liabilities from its assets for a period of not less than twelve months from the date of signature of the audit report on the this financial report to the date of signature of the audit report on the financial report for the year ending 31 December 2019.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') as appropriate for not-for profit oriented entities, and the Australian Charities and Not-for-profits Commission Act 2012.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the incorporated association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. No amounts are included in the financial statements for services donated by volunteers.

Grants

Revenue from non-reciprocal grants (contributions), is recognised when the association obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the association and the amount of the contribution can be measured reliably. A non-reciprocal grant or contribution is the receipt by the association of an asset, including the right to receive cash or other forms of asset without giving approximately equal value to the grantor.

Rendering of services

Revenue from the rendering of services is generally recognised once the service has been delivered.

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.

Income tax

As the incorporated association is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

Note 1. Significant accounting policies (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the incorporated association will not be able to collect all amounts due according to the original terms of the receivables.

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

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Production equipment	20% per annum
Office furniture and equipment	20% per annum

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Accruals are represented by liabilities for goods and services incurred prior to the year end date that have not yet been paid, invoiced or formally agreed with the supplier.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Access Arts Inc.
Notes to the financial statements
31 December 2018

Note 1. Significant accounting policies (continued)

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

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. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

Note 3. Current assets - cash and cash equivalents

	2018 \$	2017 \$
Cash on hand	250	250
Cash at bank	184,416	214,805
Cash at bank - SAFE Fund	90,594	89,940
Cash at bank - Access Arts Achievement Awards	21,581	34,475
	<u>296,841</u>	<u>339,470</u>

The bank accounts for the SAFE Fund and the Access Arts Achievement Awards are restricted to the SAFE Fund reserve and Access Arts Achievement Awards reserve (refer note 11).

Note 4. Current assets - trade and other receivables

	2018 \$	2017 \$
Trade receivables	2,166	-
Other receivables	400	70
	<u>2,566</u>	<u>70</u>

Note 5. Current assets - other

	2018 \$	2017 \$
Prepayments	8,053	5,423
Security deposits	7,175	7,175
	<u>15,228</u>	<u>12,598</u>

Access Arts Inc.
Notes to the financial statements
31 December 2018

Note 6. Non-current assets - property, plant and equipment

	2018 \$	2017 \$
Production equipment - at cost	12,781	12,781
Less: Accumulated depreciation	(12,312)	(11,876)
	<u>469</u>	<u>905</u>
Office furniture and equipment - at cost	36,865	26,286
Less: Accumulated depreciation	(23,914)	(19,813)
	<u>12,951</u>	<u>6,473</u>
	<u><u>13,420</u></u>	<u><u>7,378</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Production equipment \$	Office furniture and equipment \$	Total \$
Balance at 1 January 2018	905	6,473	7,378
Additions	-	10,579	10,579
Depreciation expense	(436)	(4,101)	(4,537)
Balance at 31 December 2018	<u><u>469</u></u>	<u><u>12,951</u></u>	<u><u>13,420</u></u>

Note 7. Current liabilities - trade and other payables

	2018 \$	2017 \$
Trade payables	3,786	1,620
Credit card facilities	1,405	1,316
Accrued expenses	4,750	9,720
BAS payable	9,577	14,646
Other payables	23,024	17,816
	<u><u>42,542</u></u>	<u><u>45,118</u></u>

Note 8. Current liabilities - employee benefits

	2018 \$	2017 \$
Annual leave	<u><u>13,281</u></u>	<u><u>18,362</u></u>

Note 9. Current liabilities - other

	2018 \$	2017 \$
Revenue received in advance	<u><u>3,243</u></u>	<u><u>2,294</u></u>

Access Arts Inc.
Notes to the financial statements
31 December 2018

Note 10. Non-current liabilities - employee benefits

	2018 \$	2017 \$
Long service leave	11,621	6,560

Note 11. Equity - restricted reserves

Restricted reserves refer to donations and contributions made to the association where the contributor or donor has designated the funds towards a specific appeal or purpose.

	2018 \$	2017 \$
SAFE Fund	90,594	89,940
Access Arts Achievement Awards	20,217	34,475
	<u>110,811</u>	<u>124,415</u>

SAFE Fund

The SAFE fund was established by a Life Member to provide flexible assistance to emerging and professional artists living in Queensland who experience disability. Access Arts awards SAFE grants of up to \$1,000.

Access Arts Achievement Awards

The Access Arts Achievement Award provides up to \$10,000 funding for Queensland artists, arts workers and producers with disability working in any art form to create, develop, present, produce, exhibit and/or tour their work.

Movements in restricted reserves

Movements in the restricted reserves during the current and previous financial year are set out below:

	SAFE Fund \$	Access Arts Achievement Awards \$	Total \$
Balance at 1 January 2017	91,320	40,146	131,466
Interest income	1,570	(146)	1,424
Grants - disbursements	(2,950)	-	(2,950)
Awards	-	(5,525)	(5,525)
Balance at 31 December 2017	89,940	34,475	124,415
Interest income	1,654	-	1,654
Grants - disbursements	(1,000)	(14,258)	(15,258)
Balance at 31 December 2018	<u>90,594</u>	<u>20,217</u>	<u>110,811</u>

Note 12. Key management personnel disclosures

Compensation

The aggregate compensation made to management committee members and other members of key management personnel of the incorporated association is set out below:

	2018 \$	2017 \$
Aggregate compensation	<u>105,456</u>	<u>106,744</u>

Access Arts Inc.
Notes to the financial statements
31 December 2018

Note 13. Commitments

	2018 \$	2017 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	<u>1,360</u>	<u>29,981</u>

Operating lease commitments includes contracted amounts for the association's offices and equipment under non-cancellable operating leases expiring within 1 year. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 14. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 12.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 15. Economic dependency

The association is dependent on Arts Queensland and the Queensland Department of Communities, Child Safety and Disability Services for the majority of its revenue. Grant income represents 84% (2017: 84%) of total revenue. The grants received from Arts Queensland and the Queensland Department of Communities, Child Safety and Disability Services comprise 35% (2017: 40%) and 52% (2017: 49%) of the total grant revenue respectively.

The association receives \$200,000 annually from Arts Queensland under The Organisations Fund grant. The grant represented 97% (2017: 75%) of the funding received from Arts Queensland in the 2018 financial year. This grant agreement expires on 31 December 2020. The other grants received from Arts Queensland during the 2018 financial year were for specific projects.

The association entered into a service agreement with the Queensland Department of Communities, Child Safety and Disability Services on 1 July 2017. The agreement expires on 30 June 2019 and in terms of the agreement, the association receives annual grant funding of \$310,236 (excluding initiative specific allocations). However, with effect from 1 July 2018 the quarterly funding received by the association from the department has been reduced for those participants who have transitioned to the National Disability Insurance Scheme (NDIS). The association expects that all existing customers of the association will have moved to the NDIS or a continuity of support program by 30 June 2019.

Note 16. Events after the reporting period

A Special General Meeting of members of the association has been convened for 13 March 2019 and the following special resolutions will be tabled:

- Access Arts Inc. be wound up and dissolved as an incorporated association on or before 13 March 2019; and
- If after the winding up of AAI, any surplus assets remain after payment of all of its debts and liabilities, those assets be transferred to Access Arts Limited a wholly owned subsidiary of CPL - Choice Passion Life.

No other 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.

Access Arts Inc.
Notes to the financial statements
31 December 2018

Note 17. Remuneration of auditors


	2018 \$	2017 \$
Audit services - Wessels & Co Pty Ltd		
Audit of the financial statements	<u>4,500</u>	<u>4,500</u>

Access Arts Inc.
Management committee members' declaration
31 December 2018


In the management committee members' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements, and the Australian Charities and Not-for-profits Commission Act 2012;
- the attached financial statements and notes give a true and fair view of the incorporated association's financial position as at 31 December 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the incorporated association will be able to pay its debts as and when they become due and payable.

On behalf of the management committee members



The Honourable Justice Thomas Bradley
President
11 March 2019



Nicola Leahy
Treasurer

Independent Auditor's Report

To the Members of Access Arts Inc.

Opinion

We have audited the financial report of Access Arts Inc. (the association), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Management Committee Members' declaration.

In our opinion the accompanying financial report of Access Arts 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 association's financial position as at 31 December 2018 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 association in accordance with 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements. During the 2018 financial year the association entered into a Heads of Agreement (HOA) with CPL – Choice Passion Life (CPL). In terms of the HOA, CPL will, directly or through a wholly owned subsidiary, assume the operations of Access Arts Inc. A Special General Meeting of members of the association has been convened for 13 March 2019 to consider the CPL offer. Additionally, the association's service agreement with the Queensland Department of Communities, Child Safety and Disability Services expires on 30 June 2019. These events give rise to a material uncertainty that may cast significant doubt about the ability of the association to continue as a going concern. Our opinion is not modified in respect of these matters.

Other Information

The Management Committee are responsible for the other information. The other information comprises the content of the Management Committee Members' report on page 1 and the attached Unaudited Income Statement, 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, 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 Management Committee for the Financial Report

The Management Committee of the association is responsible for the preparation and fair presentation of the financial report in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Management Committee 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, the Management Committee is 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 Management Committee either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

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 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Management Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Wessels & Co Pty Ltd

Wessels & Co Pty Ltd



Wayne Wessels

Director

Signed at Brisbane on 12 March 2019