

ARTS LAW CENTRE OF AUSTRALIA

ABN 71 002 706 256

FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2021



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ARTS LAW CENTRE OF AUSTRALIA
ABN 71 002 706 256



CORPORATE INFORMATION

Directors

The Hon. Justice John Sackar
Andrew Wiseman
Sarah Kwok
Debra Camden
Dr. Andrew Lu AO
Dr. Emma Hicks
Dr. Jared Thomas
Navid Bahadori
Daniel Creasey

Registered office and principal place of business

Heritage Level 1
North Mezzanine Queens Square
Register General's Building Entrance
Sydney NSW 2000

Auditors

W. W. Vick & Co.
Chartered Accountants
Level 3, 1 James Place
North Sydney, NSW, 2060



DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report on Arts Law Centre of Australia ("the Company") for the financial year ended 31 December 2021.

Principal activities

The principal activity of the Company during the financial year was the provision of legal services to artists and arts organisations.

No significant changes in the nature of the Company's activity occurred during the financial year.

Purpose, mission, vision and organisational values

Purpose:

Strengthening value and respect for arts and culture to make a better world.

Mission:

Empower artists and creative communities through the law.

Vision:

Arts Law Centre of Australia aspires to be widely recognised as the trusted source of advice for artists and creative communities and as the preeminent authority on artist's rights and arts law in Australia.

Organisational values:

In delivering our vision, Arts Law Centre of Australia is guided by the values of excellence, accessibility, empowerment of artists, integrity, collaboration and innovation.

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- i) Legal advice;
- ii) Professional development, education and legal resources;
- iii) Referrals to legal professionals;
- iv) Advocacy on law and policy issues for artists; and
- v) Legal services and resources to Indigenous communities and artists.

Performance measures

The following measures are used within the Company to monitor performance:

- i) Number of telephone advices provided;
- ii) Number of document review services provided;
- iii) Number of subscribers to our service;
- iv) Number of referrals to legal and other professionals;
- v) Number of educational seminars and workshops provided and attendances at each;
- vi) Number of publications produced and available for sale or distribution; and
- vii) Number of Aboriginal and Torres Strait Islander clients assisted.



**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Members' guarantee

Arts Law Centre of Australia is a company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$100 for members, subject to the provisions of the Company's constitution.

At 31 December 2021 the collective liability of members was \$900 (2020: \$900).

Directors' qualifications and experience

<u>Name</u>	<u>Qualifications, experience and responsibilities</u>
The Hon. Justice John Sackar President, elected 15 April 2019	
<i>Qualifications</i>	B of Laws, Masters of Laws Sydney University, Admitted as Barrister 1975, Appointed Queens Counsel 1987, and Appointed Justice of Supreme Court of NSW in 2011.
<i>Experience</i>	He practised in diverse areas of law both in trial and appellate work, in Australia, South East Asia and the United Kingdom. After practising as Queen's Counsel for nearly 25 years he was appointed a Judge of the Supreme Court of New South Wales in February 2011.
<i>Special responsibilities</i>	Member of Risk and Governance Committee.
Andrew Wiseman Vice President, elected 30 March 2009	
<i>Qualifications</i>	LLB (Hons), LLM
<i>Experience</i>	Intellectual property and technology lawyer with over 25 years' experience. He has built his reputation through his work for high-profile international and domestic clients across many industries on copyright, piracy, licensing, marketing, confidentiality, trade mark and is one of Australia's leading music industry lawyers; partner of Allens-Linklaters since 1995.
<i>Special responsibilities</i>	Member of the Communications, Marketing and Advocacy Committee.
Sarah Kwok Treasurer, elected 15 April 2019	
<i>Qualifications</i>	B of Business (Finance) and B of Law from University of Technology, Graduate Certificate of Accounting from Deakin University, Melbourne and a Chartered Accountant.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' qualifications and experience (continued)

Name

Qualifications, experience and responsibilities

Sarah Kwok (continued)

Experience

Sarah Kwok is an Associate Director in the KPMG Enterprise Advisory practice and leads the financial modelling and investor readiness capability within Enterprise Sydney. Sarah has 8 years' experience as a trusted advisor to high growth technology start ups and privately owned businesses in the mid market. Sarah has extensive experience in buy side and sell side financial due diligence having advised start ups, privately owned and public business across technology, media, manufacturing and construction. She has also assisted established businesses on growth strategy and the sustainability and feasibility of new projects.

Sarah is also on the board of 107 Projects, where she holds the role of the Treasurer.

Special responsibilities Member of Finance, Strategy and Marketing Committee.

Debra Camden

Appointed
18 April 2016

Qualifications

B. Business (Comm); Master of Business Administration.

Experience

More than 35 years' experience in media and communication, specialising in strategic communication planning and stakeholder engagement. The founder of a boutique communication consultancy; Has been a Journalist with the Brisbane Telegraph; Managing Director of Brisbane's tourism marketing authority; and Director of Queensland Events Corporation.

Special responsibilities Member of the Communication and Marketing Committee, Member of the Strategy Committee.

Dr. Andrew Lu AO

Appointed
12 June 2016

Qualifications

LLB from the University of Western Australia, LLM from the University of New England, and SJD from the Australian National University. He is a Fellow of ANZIIIF and a Chartered Tax Adviser.

Experience

Dr. Andrew Lu is a solicitor specialising in general insurance, health care liability, and medical defence. A partner of HBA Legal, he represents hospitals, health practitioners, and government in civil, coronial and disciplinary matters. He is an experienced trial and appellate advocate, and also appears at inquests and inquiries. Andrew graduated LLB from the University of Western Australia, LLM from New England, and SJD from The Australian National University.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' qualifications and experience (continued)

<u>Name</u>	<u>Qualifications, experience and responsibilities</u>
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Dr. Andrew Lu AO (continued)	
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<i>Experience (continued)</i>	Andrew is a Fellow of the Australian Academy of Law and of ANZILF, adjunct Senior Lecturer at UWA Law School, and a sessional Member of the State Administrative Tribunal.
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Andrew is also a non executive director of the Australian Youth Orchestra, and the National Gallery of Australia Foundation. A member of the Council of the Art Gallery of Western Australia Foundation, he chairs the Fulbright Commission's WA Selection Committee, and was awarded an Order of Australia medal in 2008.

<i>Special responsibilities</i>	Member of Risk and Governance Committee.
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Dr. Emma Hicks	
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Appointed 7 November 2019	
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<i>Qualifications</i>	Doctor of Philosophy (PhD) and Bachelor of Visual Arts (first class honours) from Sydney College of the Arts (University of Sydney), Advanced Dip. of Graphic Design and a Dip. of Fine Arts.
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<i>Experience</i>	Dr. Emma Hicks is a Sydney based artist, writer and academic of Gamilaroi and European heritage.
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In 2013, Emma received the Dr. Charles Perkins AO memorial prize at USYD. As a contemporary artist, Emma has exhibited both nationally and internationally working across film, installation and performance.

Emma's current roles include Coordinator for Aboriginal & Torres Strait Island Learning Programs at the Museum of Contemporary Art in the National Centre for Creative Learning and a casual academic for USYD. Emma is a current Australia Council peer assessor in the area of emerging and experimental arts. Emma also works as a freelance graphic designer. She has previously worked as a casual lecturer for Sydney College of the Arts across disciplines and as a sessional Lecturer for the National Art School. Emma has facilitated workshops in creative writing, professional art practice, filmmaking, Aboriginal art & culture & transcultural collaboration for institutions such as Sydney College of the Arts, UWSYD, USYD and National Art School.

Emma is passionate about language revitalisation and reclamation and is currently studying Gamilaraay language at EORA TAFE.

<i>Special responsibilities</i>	Member of Artists in the Black Committee.
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' qualifications and experience (continued)

<u>Name</u>	<u>Qualifications, experience and responsibilities</u>
Dr. Jared Thomas Appointed 20 November 2019	
<i>Qualifications</i>	PHD English, Creative Writing and Masters in English, Creative Writing (University of Adelaide), Graduate Diploma in English, Creative Writing and B. Arts (University of Adelaide).
<i>Experience</i>	<p>Dr. Jared Thomas is a Nukunu person of the Southern Flinders Ranges and the Curator of Aboriginal and Torres Strait Islander Art and Cultural Material at the South Australian Museum. An international award-winning author, his titles for children include The Game Day series with Patty Mills, Dallas Davis, the Scientist and the City Kids for children, and Sweet Guy, Calypso Summer and Songs that Sound Like Blood for young adults. Jared's writing explores the power of belonging and culture.</p> <p>Jared has worked as a University of South Australia Communications lecturer with a specialisation in protocols for art and creative production that involves Aboriginal people and culture, and Manager, Aboriginal and Torres Strait Islander Arts and Culture, Arts SA. He currently serves on the Australia Council for the Arts Aboriginal and Torres Strait Islander Strategy Panel. Jared is an Ambassador of the Indigenous Literacy Foundation and South Australian Premier's Reading Challenge.</p> <p>Jared's pursuits through the South Australian Museum explore new methodologies and models for engaging Aboriginal people and communities in the telling of their stories and the custodianship of their material culture.</p>
<i>Special responsibilities</i>	Member of Artists in the Black Committee.
Navid Bahadori Board member, appointed 1 February 2015	
<i>Qualifications</i>	LLB LLM B. of Commerce (Accounting), Chartered Tax Advisor.
<i>Experience</i>	Executive Producer and Managing Director at Broken Yellow, a film production and creative services company; solicitor and accountant; masters in commercial & taxation law; formerly Tax Manager at Deloitte Australia and Regional Taxation Manager at ResMed Australia; extensive commercial and accounting experience.
<i>Special responsibilities</i>	Member of Finance, Strategy and Advocacy Committee.



DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' qualifications and experience (continued)

<u>Name</u>	<u>Qualifications, experience and responsibilities</u>
Daniel Creasey Board member, appointed 20 October 2020	
<i>Qualifications</i>	Bachelor of Law (Honours), Bachelor of Media (Journalism), Barrister & Solicitor of the Supreme Court of Victoria and High Court of Australia.
<i>Experience</i>	<p>Daniel Creasey is Head of Pro Bono & Community Impact and Lead Pro Bono Counsel at King & Wood Mallesons (KWM) leading a team of pro bono & social impact experts via KWM Community Impact (pro bono, social mobility, skilled volunteering, philanthropy, First Nations empowerment & engagement, and reconciliation).</p> <p>Daniel also contributes to KWM's thinking and response in other areas including the UN SDGs and climate justice. He is admitted as a Barrister & Solicitor of the Supreme Court of Victoria and High Court of Australia.</p> <p>Daniel is a pro bono & social impact lawyer, a director on various company boards, is a small business owner and has global, regional and local experience.</p> <p>Daniel is passionate about promoting, protecting and enforcing the rights of all artists, especially, First Nations artists, arts centres and their communities.</p> <p>Daniel is also a Director of Reconciliation NSW and Aboriginal and Torres Strait Islander Family Legal Service QLD.</p>
<i>Special responsibilities</i>	Member of Artists in the Black Committee and Advocacy Committee.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.



**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Directors' meetings

During the financial year, 6 meetings of the Directors (including committees of the Directors) were held. Attendances were as follows:

<u>Name of the Director</u>	<u>Meetings, eligible to attend</u>	<u>Meetings attended</u>
The Hon. Justice John Sackar	6	6
Andrew Wiseman	6	5
Sarah Kwok	6	5
Debra Camden	6	6
Dr. Andrew Lu AO	6	6
Dr. Emma Hicks	6	3
Dr. Jared Thomas	6	5
Navid Bahadori	6	5
Daniel Creasey	6	4

Auditor's independence declaration

A copy of Auditor's Independence Declaration as required under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is included in page 37 of this financial report and forms part of the Directors' Report.

This report is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read "Sarah Kwok", written over a horizontal line.

Sarah Kwok

Director

Dated: 21 April 2022



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Revenue	6	1,613,298	1,107,866
Other income	6	360,983	539,166
Interest income		597	3,576
Employee benefits expense		(1,267,444)	(1,177,066)
Depreciation and amortization expense	8	(56,319)	(36,111)
Finance cost		(4,711)	(5,166)
Other operating expenses	7	(494,397)	(215,844)
Surplus before income tax		152,007	216,421
Income tax expense	3.3	-	-
Surplus after income tax		152,007	216,421
Other comprehensive income		-	-
Total comprehensive income for the year		152,007	216,421

The accompanying notes form part of these financial statements.



STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	1,203,437	1,249,920
Trade and other receivables	10	12,314	161,198
Inventories	11	898	898
Other financial assets	12	500,000	-
Other assets	13	14,389	20,102
TOTAL CURRENT ASSETS		<u>1,731,038</u>	<u>1,432,118</u>
NON-CURRENT ASSETS			
Plant and equipment	14	50,429	31,024
Intangible assets	15	9,337	8,425
Right-of-use assets	16	65,011	98,561
TOTAL NON-CURRENT ASSETS		<u>124,777</u>	<u>138,010</u>
TOTAL ASSETS		<u>1,855,815</u>	<u>1,570,128</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	141,382	102,394
Borrowings	18	-	781
Lease liabilities	19	34,019	38,418
Employee benefits	20	214,041	205,278
Other liabilities	21	521,109	394,770
TOTAL CURRENT LIABILITIES		<u>910,551</u>	<u>741,641</u>
NON-CURRENT LIABILITIES			
Lease liabilities	19	25,411	59,431
Employee benefits	20	8,860	10,070
TOTAL NON-CURRENT LIABILITIES		<u>34,271</u>	<u>69,501</u>
TOTAL LIABILITIES		<u>944,822</u>	<u>811,142</u>
NET ASSETS		<u>910,993</u>	<u>758,986</u>
EQUITY			
Retained surplus		<u>910,993</u>	<u>758,986</u>
TOTAL EQUITY		<u>910,993</u>	<u>758,986</u>

The accompanying notes form part of these financial statements.



STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Retained surplus \$	Total equity \$
Balance as at 1 January 2020	<u>542,565</u>	<u>542,565</u>
Comprehensive income		
Surplus for the year	216,421	216,421
Other comprehensive income	-	-
Total comprehensive income	<u>216,421</u>	<u>216,421</u>
Balance as at 31 December 2020	<u>758,986</u>	<u>758,986</u>
Comprehensive income		
Surplus for the year	152,007	152,007
Other comprehensive income	-	-
Total comprehensive income	<u>152,007</u>	<u>152,007</u>
Balance as at 31 December 2021	<u><u>910,993</u></u>	<u><u>910,993</u></u>



STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$ Inflows (Outflows)	2020 \$ Inflows (Outflows)
Cash flows from operating activities			
Receipts from customers, donations and grants		2,425,518	2,038,680
Interest received		597	3,576
Payments to suppliers and employees		(1,885,601)	(1,500,062)
Finance cost		(4,711)	(5,166)
Net cash provided by operating activities	23	535,803	537,028
Cash flows from investing activities			
Investment in term deposits		(500,000)	-
Purchase of plant and equipment		(40,686)	(28,258)
Purchase of intangible assets		(2,400)	-
Net cash used in investing activities		(543,086)	(28,258)
Cash flows from financing activities			
Lease liabilities		(38,419)	(15,207)
Borrowings		(781)	(9,027)
Net cash used in financing activities		(39,200)	(24,234)
Net (decrease) / increase in cash and cash equivalents		(46,483)	484,536
Cash and cash equivalent at the beginning of the year		1,249,920	765,384
Cash and cash equivalent at the end of the year	9	1,203,437	1,249,920

The accompanying notes form part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

These financial statements are for Arts Law Centre of Australia (“the Company”) as an individual entity. Arts Law Centre of Australia is a not for profit company, registered and domiciled in Australia.

The functional and presentation currency of the Company is Australian dollars and all values are rounded to the nearest dollar.

The financial statements for the year ended 31 December 2021 were approved and authorised for issuance by those charged with governance on 21 April 2022.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards, the Australian Charities and Not for Profits Commission Act 2012 and the Australian Charities Not for Profits Commission Regulations 2013. The Company is a not-for-profit entity for the purposes of preparing the financial statements.

2 Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 31 December 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

3 Summary of significant accounting policies

These financial statements have been prepared in accordance with the significant accounting policies disclosed below, which have been determined appropriate to meet the purposes of preparation by those charged with governance. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical cost unless otherwise stated in the notes.

The significant accounting policies that have been adopted in the preparation of the statements are as follows:

3.1 Revenue and other income

(a) Revenue from contracts with customers

The core principle of AASB15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Summary of significant accounting policies (continued)

3.1 Revenue and other income (continued)

(a) Revenue from contracts with customers (continued)

Revenue is recognised by applying a five-step model as follows:

- i) Identify the contract with the customer;
- ii) Identify the performance obligations;
- iii) Determine the transaction price;
- iv) Allocate the transaction price to the performance obligation; and
- v) Recognise revenue as and when control of the performance obligations is transferred.

(b) Grant income

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations, then the revenue is recognised when control of each performance obligation is satisfied.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements, there may be some performance obligations where control transfers at a point in time and other which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

(c) Rendering of services

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

(d) Royalties

Royalties are recognized as revenue when the amounts are received from the collection agency.

(e) Donations

Where donation income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

(f) Interest income

Interest income is recognised as it accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

(g) Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Summary of significant accounting policies (continued)

3.2 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 (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item 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 ATO is included with other receivables or payables in the statement of financial position.

3.3 Income tax

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

3.4 Operating expenses

Operating expenses are recognised in the statement of profit or loss and other comprehensive income upon utilisation of the service or at the date of their origin.

3.5 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

3.6 Inventories

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition, which is the deemed cost.

3.7 Intangible assets

(a) Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives ranging from 7.5 to 10 years.

(b) Software

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of five years.

Residual values and useful lives of intangible assets are reviewed at each reporting date. In addition, these are subject to impairment testing (refer to Note 3.9 for details of impairment).



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Summary of significant accounting policies (continued)

3.8 Plant and equipment

Plant and equipment are initially recognised at acquisition cost or fair value of contributions received including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

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

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 3.9 for details of impairment).

Depreciation is recognised on a straight-line basis over the assets' useful life to the Company, commencing when the asset is ready to use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The following useful lives are applied:

<u>Item</u>	<u>Useful life</u>
Plant and equipment	2 to 10 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in statement of profit or loss and other comprehensive income within other income or other expenses.

3.9 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts 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 asset's fair amount less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Summary of significant accounting policies (continued)

3.9 Impairment of assets (continued)

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

3.10 Leases

At inception of a contract, the Company assesses whether a lease exists - i.e., does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e., decision-making rights in relation to changing how and for what purpose the asset is used.

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy. The estimated life of the right-of-use assets is based on those of property and equipment. The right-of-use asset is subject to the impairment requirements and is assessed for impairment indicators at each reporting date (refer to Note 3.9 for details of impairment).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Summary of significant accounting policies (continued)

3.10 Leases (continued)

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g., CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.11 Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt instrument (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Summary of significant accounting policies (continued)

3.11 Financial instruments (continued)

Financial assets (continued)

Amortised cost (continued)

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in the statement of profit or loss and other comprehensive income. Gain or loss on derecognition is recognised in the statement of profit or loss and other comprehensive income.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk. The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade and other receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Summary of significant accounting policies (continued)

3.11 Financial instruments (continued)

Financial assets (continued)

Trade and other receivables (continued)

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of profit or loss and other comprehensive income.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the Company comprise trade payables, borrowings and other payables.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and regards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

3.12 Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. No liability is recognised if an outflow of economic resources as a result of a present obligation is not probable.

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Summary of significant accounting policies (continued)

3.13 Employee benefits

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in the statement of profit or loss and other comprehensive income.

4 Economic dependence

The Company is dependent on government grant funding for the majority of its revenue used to operate the business. At the date of this report, the Directors have no reason to believe the government grant funding will not continue to support the Company. Whilst some Federal and State grants are multi-year, others are on an annual basis only.

5 Significant accounting estimates and judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant accounting estimates and judgements made have been described below:

5.1 Significant accounting estimates

(a) Revenue recognition-long term contracts

The Company undertakes long term contracts which span a number of reporting periods. Recognition of revenue in relation to these contracts involves estimation of future costs of completing the contract and the expected outcome of the contract. The assumptions are based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

(b) Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5 Significant accounting estimates and judgments (continued)

5.2 Significant accounting judgements

(a) Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service.

As the Company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12 month period that follows (despite an informal Company policy that requires annual leave to be used within 18 months), the Directors believe that obligations for annual leave entitlements satisfy the definition of other long term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

	Note	2021 \$	2020 \$
6 Revenue and other income			
<i>Revenue</i>			
Grant revenue	6.1	1,276,817	920,694
Subscription income		122,343	99,488
Fundraising income		132,699	4,730
Donations		81,439	82,954
		<u>1,613,298</u>	<u>1,107,866</u>
<i>Other income</i>			
Royalties		1,978	1,660
Recoveries		17,671	15,408
Sales of publications		80,092	69,867
Education income		42,450	27,277
Artists in the Black Peak Body Services		107,440	76,600
ATO cash flow boost		-	100,000
ATO job-keeper		-	214,500
Consultancy fees		99,294	9,000
Miscellaneous		12,058	24,854
		<u>360,983</u>	<u>539,166</u>
Total revenue and other income		<u><u>1,974,281</u></u>	<u><u>1,647,032</u></u>



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
6 Revenue and other income (continued)		
6.1 Grant revenue		
- Australia Council for the Arts	271,725	251,724
- Attorney Generals Department	122,592	138,467
- Department of Infrastructure, Transport, Regional Development and Communications	150,000	132,753
- Create NSW	300,000	125,250
- Creative Victoria	70,000	60,000
- Arts Queensland	60,000	50,000
- Arts NT t/a Department of Tourism and Culture	25,000	25,000
- Department of Local Government, Sport and Cultural Industries, Culture and the Arts (WA)	60,000	40,000
- Arts ACT	23,000	15,500
- Arts Tasmania	10,000	7,000
- Arts South Australia	42,000	35,000
- Phonographic Performance Company of Australia	15,000	15,000
- APRA AMCOS	22,500	25,000
- Legal Aid NSW	85,000	-
- City of Sydney	20,000	-
	<u>1,276,817</u>	<u>920,694</u>
7 Other operating expenses		
Annual report costs	3,530	2,063
Audit fees	12,152	10,500
Brochures and flyers	-	1,700
Cleaning	-	6,134
Communications	17,301	18,239
Consultancy	300	15,633
Consulting fees - Business and IT strategy	85,610	24,000
Film production expenses	51,509	4,091
Fundraising	71,962	2,688
Insurance	12,452	9,714
Library costs	8,416	8,067
Printing and stationery	1,299	7,384
Repairs and maintenance	5,868	17,448
Rent	-	9,823
Subscriptions - trade associations	9,701	9,291
Travel and accommodation	58,335	13,568
Website development	113,087	20,985
Software licence	14,981	9,541
Interest on lease liabilities	5,315	5,194
Translation expense	6,435	-
Miscellaneous	16,144	19,781
	<u>494,397</u>	<u>215,844</u>



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
8 Depreciation and amortization expense			
Depreciation of plant and equipment	14	21,281	19,533
Amortization of intangible assets	15	1,488	1,370
Amortization of right-of-use assets	16	33,550	15,208
		<u>56,319</u>	<u>36,111</u>
9 Cash and cash equivalents			
Cash on hand		34	34
Cash at bank		580,420	627,501
Short term deposits		622,983	622,385
		<u>1,203,437</u>	<u>1,249,920</u>
10 Trade and other receivables			
<i>Current</i>			
Trade receivables		11,750	160,547
Interest receivable		564	564
GST receivable		-	87
		<u>12,314</u>	<u>161,198</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Impairment of receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables to measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2021 is determined as Nil.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company has recognised a loss allowance of Nil against all receivables greater than 90 days because historical experience has indicated that these receivables are generally recoverable late.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10 Trade and other receivables (continued)

Impairment of receivables (continued)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over years past due, whichever occurs first.

	2021 \$	2020 \$
11 Inventories		
<i>Current</i>		
<i>At cost</i>		
Goods held for distribution	898	898
12 Other financial assets		
<i>Current</i>		
Term deposits - maturing date more than 3 months	500,000	-
13 Other assets		
<i>Current</i>		
Prepayments	14,389	20,102

14 Plant and equipment

	Plant and equipment \$	Leasehold improvements \$	Total 2021 \$	Total 2020 \$
<i>Cost</i>				
Opening	120,866	21,390	142,256	113,997
Additions	40,686	-	40,686	28,259
	161,552	21,390	182,942	142,256
<i>Accumulated depreciation and impairment</i>				
Opening	89,842	21,390	111,232	91,699
Charge for the year	21,281	-	21,281	19,533
	111,123	21,390	132,513	111,232
<i>Net carrying value</i>	50,429	-	50,429	31,024

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15 Intangible assets

	Patents, trademarks and other rights \$	Website development costs \$	Total 2021 \$	Total 2020 \$
Cost				
Opening	13,700	48,100	61,800	61,800
Additions	2,400	-	2,400	-
	16,100	48,100	64,200	61,800
Accumulated amortisation and impairment				
Opening	5,275	48,100	53,375	52,005
Charge for the year	1,488	-	1,488	1,370
	6,763	48,100	54,863	53,375
Net carrying value	9,337	-	9,337	8,425

16 Right-of-use assets

	Office \$	Photocopier \$	Total 2021 \$	Total 2020 \$
Cost				
Opening	122,280	12,300	134,580	31,374
Additions	-	-	-	103,206
	122,280	12,300	134,580	134,580
Accumulated amortisation				
Opening	29,616	6,403	36,019	20,811
Charge for the year	32,272	1,278	33,550	15,208
	61,888	7,681	69,569	36,019
Net carrying value	60,392	4,619	65,011	98,561



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
17 Trade and other payables		
<i>Current</i>		
Trade payables	22,485	53,540
GST payables	13,907	-
Employee related benefits	66,557	38,716
Sundry payables and accrued expenses	36,496	9,660
Corporate credit card	1,937	478
	141,382	102,394

Trade and other payables are unsecured, non interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short term nature of the balances.

	2021	2020
	\$	\$
18 Borrowings		
<i>Current</i>		
Bank loan	-	781
	-	781

A Commercial loan with the Westpac Banking Corporation had been entered into in February 2018 for a period of 3 years at an interest rate of 5.39%. The loan was fully repaid during the year as per terms of the agreement.

	2021	2020
	\$	\$
19 Lease liabilities		
<i>Minimum lease payments under non-cancellable operating leases:</i>		
Not later than one year	34,019	38,418
Between one to five years	25,411	59,431
	59,430	97,849

On 10 July 2020, Arts Law Centre of Australia entered into office lease agreement with Property NSW with a minimum term of 2 years plus an option of 1 year at minimum rental charge of \$2,916.67 per month. Lease was recognised by considering that the Management will exercise the option.

Subsequent to the year end 31 December 2021, the Management has exercised the option, thereby, the lease ends on 30 August 2023.

On 26 May 2020, the Company entered into equipment lease agreement with TOSHIBA Australia Pty Limited with a minimum term of 60 months at a minimum rental charge of \$119.6 per month.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
20 Employee benefits		
<i>Current</i>		
Long service leave	84,305	75,895
Annual leave	129,736	129,383
	<u>214,041</u>	<u>205,278</u>
<i>Non-current</i>		
Long service leave	8,860	10,070
	<u>8,860</u>	<u>10,070</u>
	<u>222,901</u>	<u>215,348</u>

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 3.13.

		2021	2020
	Note	\$	\$
21 Other liabilities			
<i>Current</i>			
Un expended grants / Grants in advance	21.1	437,221	322,500
Unearned income	21.2	83,888	72,270
		<u>521,109</u>	<u>394,770</u>



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
21 Other liabilities (continued)		
21.1 Un expended grants / Grants in advance		
Create NSW	-	150,000
Department of Communication and the Arts	75,000	75,000
APRA AMCOS	10,000	12,500
Legal aid - NSW	-	85,000
Regional Arts Australia	20,000	-
Australia Council for the Arts	137,221	-
Philanthropic Funding	195,000	-
	<u>437,221</u>	<u>322,500</u>
21.2 Unearned income		
Subscription	61,043	52,630
Publications	545	-
Artist in the Black	22,300	19,640
	<u>83,888</u>	<u>72,270</u>

22 Financial risk management

The Company's financial instruments consist mainly of cash and cash equivalents, trade and other receivables, term-deposits with banks, borrowings and trade and other payables.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 :Financial Instruments as detailed in the accounting policies to these financial report are as follows:

	Note	2021	2020
		\$	\$
<i>Financial assets</i>			
Cash and cash equivalents	9	1,203,437	1,249,920
Trade and other receivables	10	12,314	161,198
Other financial assets	12	500,000	-
		<u>1,715,751</u>	<u>1,411,118</u>
<i>Financial liabilities</i>			
Trade and other payables	17	141,382	102,394
Borrowings	18	-	781
		<u>141,382</u>	<u>103,175</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

23 Cash flow statement information

Reconciliation of cash

Cash at the end of financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2021 \$	2020 \$
Cash and cash equivalents	9	<u>1,203,437</u>	<u>1,249,920</u>
<i>Reconciliation of net cash provided by operating activities to surplus after income tax</i>			
Surplus after income tax		152,007	216,421
<i>Non-cash flows in surplus after income tax</i>			
Depreciation and amortization expense		56,319	36,111
<i>Changes in assets and liabilities</i>			
Decrease in trade and other receivables		148,884	75,719
Decrease in inventories		-	496
Decrease / (increase) in other assets		5,713	(10,789)
Increase / (decrease) in trade and other payables		38,988	(5,765)
Increase in employee benefits		7,553	64,841
Increase in other liabilities		126,339	159,994
Net cash provided by operating activities		<u>535,803</u>	<u>537,028</u>

24 Related party transactions

The Company's related parties' transactions include transactions as described below:

Key management personnel remuneration:

During the year, the Company paid \$590,553 (2020: \$549,357) as remuneration to the key management personnel of the Company.

Other related parties:

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

During the year, the Company paid \$96,560 (2020: \$93,278) to Suzanne Derry as gross salaries and wages. Suzanne Derry is the spouse of Navid Bahadori (a Board Member and Member of Finance, Strategy and Advocacy Committee).



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

25 Fundraising income and expenses

During the year, the Company raised funds through solicited corporate and general donations; gifts and the conduct of fundraising events and activities.

Information on the gross income and expenditure from fundraising activities conducted during the year for the purpose of the Charitable Fund Raising Act (NSW) 1991 is as follows:

	2021 \$	2020 \$
<i>Results from fundraising appeals</i>		
Gross income from fundraising, donations and contributions	214,138	87,684
Total cost of fundraising	<u>(71,962)</u>	<u>(2,688)</u>
<i>Net surplus from fundraising</i>	<u>142,176</u>	<u>84,996</u>
Surplus as a percentage to gross income	<u>66.39%</u>	<u>96.93%</u>
Total income of the Company	<u>1,974,878</u>	<u>1,650,608</u>
Total expenditure of the Company	<u>1,822,871</u>	<u>1,434,187</u>
Total cost of fundraising as a percentage of total income of the Company	<u>3.64%</u>	<u>0.16%</u>
Total cost of fundraising as a percentage of total expenditure of the Company	<u>3.95%</u>	<u>0.19%</u>

Total direct payments fundraising events include payments to sub-contractors who directly execute fundraising activities as well as payments for awards and prizes. The balance of expenditure incurred by the Company was applied to general operations which, while not directly allocated to a specific fundraising event, are applied to the furtherance of the Company's overall charitable objectives.

26 Contingencies and commitments

In the opinion of those charged with governance, the Company did not have any contingencies and commitments at 31 December 2021 (2020: None).

27 Subsequent events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.



RESPONSIBLE PERSONS' DECLARATION

The responsible persons declare that in the responsible persons' opinion:

- (a) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- (b) the financial statements and notes satisfy the requirements of *the Australian Charities and Not-for-profits Commission Act 2012* .

Signed in accordance with subsection 60.15(2) of *the Australian Charities and Not-for-profits Commission Regulations 2013* .

A handwritten signature in black ink, appearing to read "Sarah Kwok". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sarah Kwok

Director

Dated: 21 April 2022



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ARTS LAW CENTRE OF AUSTRALIA

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Arts Law Centre of Australia. (“the Company”), which comprises the statement of financial position as at 31 December 2021, 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 statements, including a summary of significant accounting policies, and the responsible persons’ declaration.

In our opinion, except for the effects of the matter described in the basis for qualified opinion, the accompanying financial report of the Company has been prepared in accordance with Division 60 of *the Australian Charities and Not for Profits Commission Act 2021*, including:

- a) giving a true and fair view of the Company’s financial position as at 31 December 2021 and of its financial performance for the year ended; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of *the Australian Charities and Not for Profits Commission Regulations 2013*.

Basis for Qualified Opinion

It is not always practicable for the Company to establish accounting controls over all forms of donations prior to receipt of these funds and accordingly it is not possible for our examination to include procedures which extend beyond the amounts of such income recorded in the accounting records of the Company.

In respect to the qualification above, based on our review of the internal controls, nothing has come to our attention, which would cause us to believe that the internal controls over income from fundraising and donations by the Company are not appropriate.

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 Company in accordance with the auditor independence requirements of *the Australian Charities and Not for Profits Commission Act 2012* (ACNC Act) and the ethical requirements of *the Accounting Professional and Ethical Standards Board’s APES 110 Code of Ethics for Professional Accountants* (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.

Level 3, 1 James Place, North Sydney, NSW, 2060.
PO Box 20037, World Square, NSW 2002
Phone: 02 8071 0300

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Legislation





INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ARTS LAW CENTRE OF AUSTRALIA (CONTINUED)

Other Information

Directors are responsible for the other information. The other information comprises the information included in the Company's financial report (such as Directors' Report) for the year ended 31 December 2021 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 Responsible Entities for the Financial Report

The responsible entities of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of *the ACNC Act*. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a 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 responsible entities are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the Company or to cease operations, or have 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 the financial report.



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ARTS LAW CENTRE OF AUSTRALIA (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report (continued)

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

We communicate with the responsible entities 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.

Report on Other Legal and Regulatory Requirements Additional Scope Pursuant to *the Charitable Fundraising Act 1991*

In addition, our audit report has been prepared for the members of the Company in accordance with Section 24(2) of *the Charitable Fundraising Act 1991*. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the ACNC Act. These additional procedures included obtaining an understanding of the internal control structure for fund raising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to *the Charitable Fundraising Act 1991 and its Regulations*.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal period end financial adjustments for such matters as accrual, prepayments, provisioning and valuation necessary for period end financial statement preparation. The performance of our audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial statements. The review is not a comprehensive review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems. The audit opinion expressed in this report pursuant to *the Charitable Fundraising Act 1991 and its Regulations* has been formed on the above basis.

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



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ARTS LAW CENTRE OF AUSTRALIA (CONTINUED)

Qualified Opinion pursuant to the Charitable Fundraising Act 1991

In our opinion, except for the effects, if any of the qualification set out above:

- (a) The financial report of Arts Law Centre of Australia gives a true and fair view of the financial result of fundraising appeal activities for the year 1 January 2021 to 31 December 2021;
- (b) The financial report has been properly drawn up, and the associated records have been properly kept for the year 1 January 2021 to 31 December 2021, in accordance with *the Charitable Fundraising Act 1991 and its Regulations*;
- (c) Money received as a result of fundraising appeal activities conducted during the year from 1 January 2021 to 31 December 2021 has been properly accounted for and applied in accordance with *the Charitable Fundraising Act 1991 and its Regulations*; and
- (d) There are reasonable grounds to believe that Arts Law of Australia will be able to pay its debts as and when they fall due.

W. W. Vick & Co.

Chartered Accountants

Level 3
1 James Place
North Sydney NSW 2060

Ray Khalil - Partner

Date: 21 April 2022

W. W. Vick & Co.

Chartered Accountants

ABN 14 568 923 714



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF ARTS LAW CENTRE OF AUSTRALIA

I declare that, to the best of my knowledge and belief for the year ended 31 December 2021, there have been:

- (i) no contraventions of the auditor independence requirements of *the Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

W. W. Vick & Co.

Chartered Accountants

Ray Khalil - Partner

Date: 21 April 2022

Level 3, 1 James Place, North Sydney, NSW, 2060.
PO Box 20037, World Square, NSW 2002
Phone: 02 8071 0300

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under Professional
Standards
Legislation



W. W. Vick & Co.

Chartered Accountants

ABN 14 568 923 714



DISCLAIMER ADDITIONAL FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2021

The additional financial data presented on pages 39 - 40 is in accordance with the books and records of the Arts Law Centre of Australia ("the Company") which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 31 December 2021.

It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided.

Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than the Company) in respect of such data, including any errors of omissions therein however caused.

W. W. Vick & Co.
Chartered Accountants

Ray Khalil - Partner

Date: 21 April 2022

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