

WANGARATTA FESTIVAL OF JAZZ INC.
A0029046U

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2018**

WANGARATTA FESTIVAL OF JAZZ INC.

A0029046U

**INCOME AND EXPENDITURE STATEMENT FOR THE
YEAR ENDED 31 DECEMBER 2018**

	Note	2018 \$	2017 \$
Revenue	3	660,848	711,998
Expenditure			
Festival Administration		(129,301)	(109,601)
Marketing & Public Relations		(30,444)	(49,001)
Artistic Expenses		(320,456)	(358,165)
Operating Expenses		(210,572)	(202,706)
Volunteer & Other Expenses		(9,694)	(10,172)
Contribution to WFoJB Development Fund		-	-
Surplus (deficit)		<u>(39,619)</u>	<u>(17,648)</u>

This statement should be read in conjunction with the attached notes to the financial statements.

WANGARATTA FESTIVAL OF JAZZ INC.

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Note	2018	2017
		\$	\$
Asset			
Current assets			
Cash and cash equivalents	4	14,791	19,426
Accounts receivable and other debtors	5	84,941	27,638
Total current assets		<u>99,732</u>	<u>47,062</u>
Total assets		<u>99,732</u>	<u>47,062</u>
Liabilities			
Current liabilities			
Trade creditors and other payables	6	148,542	56,253
Total current liabilities		<u>148,542</u>	<u>56,253</u>
Total liabilities		<u>148,542</u>	<u>56,253</u>
Net assets		<u>(48,810)</u>	<u>(9,191)</u>
Equity			
Retained surplus / (Deficit)		<u>(48,810)</u>	<u>(9,191)</u>
Net worth		<u>(48,810)</u>	<u>(9,191)</u>

This statement should be read in conjunction with the attached notes to the financial statements.

WANGARATTA FESTIVAL OF JAZZ INC.

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**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2018**

	Retained surplus (deficit)	Total
	\$	\$
Balance at 1 January 2017	8,457	8,457
Surplus/(deficit) for the year	(17,648)	(17,648)
Balance at 31 December 2017	(9,191)	(9,191)
Balance at 1 January 2018	(9,191)	(9,191)
Surplus/(deficit) for the year	(39,619)	(39,619)
Balance at 31 December 2018	(48,810)	(48,810)

This statement should be read in conjunction with the attached notes to the financial statements.

WANGARATTA FESTIVAL OF JAZZ INC.

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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
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	Note	
Cashflows from operating activities		
Payments		
Performers Fees	(320,456)	(358,165)
Suppliers	(315,696)	(360,513)
Receipts		
Interest received	173	304
Other	327,060	374,036
Cash flows from Grants and Sponsorships		
Receipts from Grants and Sponsorships	304,285	322,809
<i>Net cash provided by operating activities</i>	7 <u>(4,634)</u>	<u>(21,529)</u>
Cashflows from investing activities		
Payments for property, plant & equipment	-	-
Proceeds from sale of property, plant & equipment	-	-
<i>Net cash used in investing activities</i>	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Net Borrowings	-	-
Repayment of borrowings	-	-
<i>Net used in financing activities</i>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held	(4,634)	(21,529)
Cash at the beginning of the year	19,426	40,955
Cash at the end of the year	3 <u>14,791</u>	<u>19,426</u>

This statement should be read in conjunction with the attached notes to the financial statements.

WANGARATTA FESTIVAL OF JAZZ INC.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: BASIS OF PREPARATION

a) Statement of compliance

The committee has determined that the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements. The financial report is a special purpose financial report which has been prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Reform Act 2012 and the Australian Charities and Not-for-profits Commission Act 2012.

These financial statements have been prepared in accordance with following Australian Accounting Standards:

AASB 101 Presentation of Financial Statements

AASB 107 Statement of Cash Flows

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1031 Materiality

AASB 1048 Interpretation of Standards

AASB 1054 Australian Additional Disclosures

b) Basis of measurement

The financial statements have been prepared on an accrual basis and are based on historical cost and do not take into account changing money values except where specifically stated.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt.

Revenue from ticket sales are recognised in the period the event occurs.

Sponsorship and Grant revenue is recognised in the period the event occurs. Any unspent grants that require repayment are recognised as deferred income on the balance sheet.

b) Income Tax

The association is a not-for-profit organisation and is exempt from income tax under section 50-45 of the *Income Tax Assessment Act 1997*.

c) Cash & Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities within three months.

d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated inclusive of GST.

e) Trade creditors and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days on recognition of the liability.

WANGARATTA FESTIVAL OF JAZZ INC.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018**

	2018	2017
	\$	\$
NOTE 3: REVENUE		
Grants - Arts Victoria	118,755	171,104
Sponsorship	160,000	77,000
Private Sponsorship	53,955	89,555
Ticket Sales	303,462	337,654
Vendors	24,503	29,018
Other Products	-	7,364
Interest Received	173	304
	<u>660,848</u>	<u>711,998</u>
NOTE 4: CASH & CASH EQUIVILENTS		
Bank Account - Operating	8,941	8,497
Bank Account - Flexi	920	3,014
Bank Account - Hume	4,930	7,914
	<u>14,791</u>	<u>19,426</u>
NOTE 5: TRADE & OTHER RECEIVABLES		
Debtors	67,026	14,850
Prepaid Expenses	-	268
Sundry Receivables	-	-
GST Paid	17,915	12,520
	<u>84,941</u>	<u>27,638</u>
NOTE 6: TRADE & OTHER PAYABLES		
Creditors	91,725	31,155
Insurance Premium Funding	4,610	-
GST Collected	6,201	2,977
Income in advance	23,751	-
Related Entity Loan - Development Fund	22,255	22,121
	<u>148,542</u>	<u>56,253</u>
NOTE 7: RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES		
Operating Result	(39,619)	(17,648)
(Increase)/Decrease in Prepayments	-	-
(Increase)/Decrease in Debtors	(52,176)	(14,838)
(Increase)/Decrease in Loans	-	-
Increase/(Decrease) in Creditors	60,069	10,509
Increase/(Decrease) in Other Creditors	4,610	-
Increase/(Decrease) in Tax Liabilities	(1,269)	448
Increase/(Decrease) in Income in Advance	23,751	-
	<u>(4,634)</u>	<u>(21,529)</u>

WANGARATTA FESTIVAL OF JAZZ INC.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018**

NOTE 8: RECONCILIATION OF CASH

For the purpose of the Statement of Cash Flows, cash includes cash on hand, cash at bank and investments in money market instruments. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the items in the balance sheet as follows:

Cash & Cash Equivalents (Note 4)	<u>14,791</u>	<u>19,426</u>
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NOTE 9 - MATERIAL UNCERTAINTY REGARDING CONTINUATION AS A GOING CONCERN

The Association has insufficient assets to service its liabilities. The excess of liabilities over assets at 31 December 2018 was \$48,810. In addition the Association recorded a financial loss this financial year of \$39,619.

The Committee have prepared the financial statements on a going concern basis after taking into account the following:

- No festival will be held in the 2019 year resulting in significantly reduced costs this year. This year will be used as a consolidation year to minimise costs and better plan for the festival in 2020.
- A grant totalling \$118,755p.a. has been secured for the 2019 & 2020 year from Creative Victoria. This amount is not effected by no festival being held in 2019.
- The Liabilities as at 31 December 2018 includes a liability for income in advance for the 2019 year for a grant from Creative Victoria.
- The Liabilities as at 31 December 2018 includes a liability for a loan from the development fund totalling \$22,255. It is expected that this loan won't be called upon in 2019.
- The 2019 budget has been prepared which includes a surplus. This budget includes a number of grants, sponsorship and donations that have not yet been secured.

The above matters indicate that, if the Association cannot record profits, secure additional revenue items and ultimately improve its cash position or enter into alternative arrangements, that the Association may not be able to continue as a going concern and would be forced to realise its assets to extinguish its liabilities at a value different to those stated in the financial report.

WANGARATTA FESTIVAL OF JAZZ INC.

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STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the committee of the Festival:

- a The accompanying income and expenditure statement is drawn up so as to give a true and fair view of the trading results of the Association for the 12 months ended 31 December 2018.
- b The accompanying balance sheet is drawn up so as to give a true and fair view of the state of affairs of the Association as at the 31 December 2018.
- c As at the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

The accounts of the Association have been made out in accordance with applicable Australian Accounting Standards.

Signed in accordance with a resolution of the members of the Wangaratta Festival of Jazz Inc.

Place: Wangaratta

Date: 4 March 2019

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Member

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Member

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE COMMITTEE OF WANGARATTA FESTIVAL OF JAZZ INCORPORATED**

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Wangaratta Festival of Jazz Incorporated for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

BUSH & CAMPBELL PTY LTD
Chartered Accountants

David Rosetta
Director

4 March 2019

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF:
WANGARATTA FESTIVAL OF JAZZ INCORPORATED**

Qualified Auditors Opinion

We have audited the accompanying financial report of Wangaratta Festival of Jazz Incorporated, which comprises the statement of financial position as at 31 December 2018, and the statement of income and expenditure, statement of changes in equity and cash flow statement for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the Committee' declaration.

In our opinion, subject to the limitations noted in the Basis for Qualified Opinion Section of our report, the financial report of Wangaratta Festival of Jazz Incorporated is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Reform Act 2012*, including:

- (i) giving a true and fair view of the Association's financial position as at 31 December 2018 and of their performance for the year ended on that date; and
- (i) complying with relevant Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Qualified Opinion

As is common for an organisation of this type, it is not practicable for the Association to maintain a robust system of internal control over the receipting cycle until initial entry into the bank account and accounting records. Accordingly, our audit in relation to income was limited to testing amounts recorded as being received by the Association and as such we give no opinion over the completeness of revenue.

Material Uncertainty Related to Going Concern

We draw attention to Note 9 in the financial report, which indicates that the Association incurred a net loss of \$39,619 during the year ended 31 December 2018 and, as of that date, the Associations liabilities exceeded its total assets by \$48,810. As stated in Note 9, these events or conditions, along with other matters as set forth in Note 9, indicate that a material uncertainty exists that may cast significant doubt on the Associations ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The special purpose financial report has been prepared to assist the entity to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Reform Act 2012*. As a result, the financial report may not be suitable for any other purpose.

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* 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 responsibilities in accordance with the Code.

Independence

We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012* has been given to the Committee of the Association as at the time of this auditor's report.

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

Committee' Responsibility for the Financial Report

The Committee of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal controls as the 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, management 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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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.

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/Home.aspx>. This description forms part of our auditor's report.

BUSH & CAMPBELL PTY LTD
Chartered Accountants

David Rosetta
Director

4 March 2019