



Cultural Development Network

ABN 57 399 480 298

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015



National Local Government Cultural Forum Members, November 2015, Adelaide

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BOARD REPORT

The Board members present this report of the Cultural Development Network Incorporated (CDN) for the financial year ended 31st of December 2015.

Board Members

The names of the board members in office at any time during or since the end of the year are:

- Paul Holton, Chair
- Angela Bailey, Deputy Chair
- Cr. Rod Fyffe, Treasurer
- Dr. Nicholas Hill, Secretary
- Hanut Singh Dodd
- Nalika Peiris
- Greg Box

The Rules of Association allow for up to nine members. During the 2015 Annual General Meeting, board nominations were held. Paul Holton was elected as Chair, Cr. Rod Fyffe as Treasurer and Dr. Nicholas Hill, as Secretary. The remaining members were elected as ordinary members.

Principal Activities

CDN is an incorporated association subject to the provisions of the Associations Incorporation Reform Act 2012, Victoria. It is exempt from Income Tax as a Charitable Institution. The Association's principle activity is to function as a network for local government based arts and cultural development interests. CDN supports local government to take a lead role in assisting local communities to make and express their own culture. CDN's advocacy for arts and support to local government and local communities is directed towards the goal of 'a culturally rich and vibrant Australian society'.

For 2015 CDN set three objectives. These objectives are key milestones along the way to achieving the goal:

Increased capability of local government to support the cultural development in their local jurisdiction.

- Increased leadership role of local communities in making and expressing their own culture through creative participation in the arts

-Increased leadership by artists in cultural development projects in local government

It is intended that by setting and meeting these objectives CDN will reach the following outcomes:

- An increase in the capability of local government to support the development of cultural development in their local jurisdiction
- Provided with available evidence, councils will increase investment in the leadership role of local communities in making and expressing their own culture through creative participation in the arts
- More local councils will employ artists as leaders on arts-based cultural development projects, and this will lead to the outcomes of more successful projects.

In 2015 CDN used guiding principles to structure its activities and research. Developed by CDN for cultural development planning in local government, these principles require all CDN's activities to be based on values; directed towards goals; informed by evidence; underpinned by a theory change; focused on outcome; and respondent to change. The application of the planning principles provided a focus on three key relationships, namely local government, communities and artists.

CDN is primarily funded by contracts with State Government (Creative Victoria) and the Commonwealth Government (Australia Council for the Arts) and has a formal partnership with RMIT University's School of Global, Urban and Social Studies and the Centre for Global Research who provide operational support through use of their office spaces, facilities and services.

In 2015, the business activities of CDN were principally defined by the existing funding agreements with Creative Victoria and the Australia Council for the Arts.

Creative Victoria

In 2015 Creative Victoria supported the operations of CDN by specifically focusing on support and services CDN could deliver to

Victorian Councils in order to build culturally rich and vibrant communities.

These services were delivered through:

- Providing advice on cultural planning;
- Making available current information and research resources;
- Managing forums, round table discussions and focus groups;
- Initiating research into the impacts of arts and arts participation in cultural development, and;
- Advocating the role and activities of local government arts and cultural development of State Government of Victoria.

Australia Council for the Arts

In 2015 the Australia Council for the Arts supported the operations of CDN by specifically focusing on support and services CDN could deliver to local government in order to build culturally rich and vibrant communities.

These services were delivered through:

- Managing and reporting on the National Local Government Cultural Forum through the National Sector Development Initiative (NSDI) contract
- Managing and reporting on the Arts Central project as per the Creative Communities Partnership Initiative (CCPI) contract.

Operating Results

The main not-for-profit business operations of the Association in 2015 included:

- Managing two meetings of the National Local Government Cultural Forum (made up of representatives from eight capital cities, seven local government associations, and their national peak body Australia Local Government Association (ALGA), Commonwealth Ministry for the Arts, Australia Council for the Arts and RMIT University.) In 2015 CDN worked closely with the Australia Council for the Arts to strengthen the National Local Government Cultural Forum to contribute to integrated cultural development planning in Australia,

informing state, territory and Commonwealth governments.

-Further developing CDN's local government cultural development planning framework in Victoria, and working towards endorsement in all local government jurisdictions through the National Local Government Cultural Forum.

- Researching and developing a sustainable system for measurement of local government investment and outcomes in the arts and cultural development.

-Delivering and completing the 3rd year of the Arts Central Project (2013-2015), in partnership with the Central Goldfields Shire, in Victoria, and RMIT University.

-Completing an online/telephone survey with all 79 local councils in Victoria addressing themes such as contracting standards, employment processes and practice between artists and local councils, and formal processes for involving community leaders and their impact on projects.

-Undertaking a scoping of literature and public policy that best demonstrate the outcomes of creative participation, compared to outcomes of receptive participation.

- Working with RMIT University and other providers to develop opportunities to local government officers, through formal and informal events, seminars and conferences.

Review of Operations

As a result of a projected decrease in Commonwealth funding, CDN reduced the pace of its activities and moved some tasks and associated funds to 2016. In total \$55,000 has been allocated as funds received in advance.

In addition, CDN reduced some other expenditure, being careful to avoid unnecessary disruption to programs to ensure there was enough equity to smooth out the cash flow in 2016. As a result of this at the end of 2015 CDN was in a better position with a surplus of \$567.

The operations of the Association in 2015 were carried out by John Smithies, Director (permanent full-time); Dr. Kim Dunphy, Research Program Manager (permanent EFT 0.8); Lyndall Metzke, Administrator (permanent EFT 0.4); and Leda Yazgin, Research Assistant (casual). In April 2015, Amy Stevenson joined CDN as the Administration and Research Officer (permanent EFT 0.4) with Lyndall Metzke moving into a new position as Board Secretary (permanent EFT 0.4). In August Leda Yazgin and in November Lyndall Metzke both left CDN to pursue further studies, with Amy Stevenson taking over the Board Secretary responsibilities and increasing her hours to permanent EFT 0.7) The CDN partnership with RMIT University commenced through co-location in 2012. In 2015 this partnership was formalized through the signing of an MOU. This agreement allows CDN access to resources and office space as part of the Centre for Global Research, for the period of 2016-2020, while CDN continues to maintain its independent Board and corporate structure. RMIT University has prioritised this relationship in recognition of CDN's strong track record in research, applied policy development and national and international reputation. In addition, in 2015, the two CDN management positions were given equivalent senior University staff positions as Adjunct Principal Research Fellows.

The following reports briefly describe the organisation's corporate activities in 2015.

Governance

CDN is an Incorporation Association that is governed by a Board of up to nine members. The Board meets a minimum of four times over an annual cycle.

The Annual General Meeting is held in conjunction with the May Board meeting each year.

March: approve Annual Report on previous year

May: report on performance and program review from previous year

August: four-year strategic planning with the Board

December: approve Business Plan for the commencing calendar year

In addition, the Board maintains an option for two other meetings for strategic discussion and reviews which are available if matters are not timed with the governance cycle. In 2015 two additional meetings were held in October and November.

The National Local Government Cultural Forum (Cultural Forum) is a meeting of local government, state and commonwealth officers. The governance of the Cultural Forum is the responsibility of the CDN Board, with the CDN Chair being a member. The Cultural Forum was chaired in 2015 by Hon. Fred Chaney, AO from Perth, Western Australia who stepped down at the end of 2015. In November 2015, members of the Cultural Forum unanimously endorsed Penny Hutchinson to take over the chairing role in 2016. Penny brings with her a wealth of State level knowledge, having served as CEO of Creative Victoria (previously Arts Victoria) for 13 years.

The CDN Management reports to the Board on financial performance and program performance against key indicators agreed to by the Board in the Business Plan. The Board as a whole act as a Finance Committee. The Board reviews the performance of the previous year and reports it in the May Board meeting. The Recruitment and Remuneration Committee of the Board considers the Management report against program objectives of the previous year and make adjustments to the salary scale, taking into account CPI, organisation performance and financial position of the Association. The Recruitment and Remuneration Committee oversee the pay structure and terms of employment contracts for staff and recruitment of its Executive Officer.

The Board deliberates and decides on the nomination of the new Board Members according to skills, representation and relationship relevant to the strategic plan. In 2015, Paul Holton was elected as Chair, Cr. Rod Fyffe as Treasurer and Dr. Nicholas Hill as

Secretary. The remaining members were elected as ordinary members.

Membership

CDN is an incorporated association under the Victorian Associations Incorporation Reform Act 2012. It has an emphasis on free subscriber membership where it engages with a larger community of over 1,600 subscribers through the website and regular e-bulletin newsletter. The formal membership of the association is only applicable to Board Members.

Management and Administration

In 2015, CDN was managed by 5 staff, reaching a maximum of 2.8 EFT Staff during July 2015. The organisation also contracted specialist services such as accounting, design, website management, IT support and database development, as required.

Office costs such as energy, communications, printing and security were provided by RMIT University's Global Cities Research Institute through an exchange of letters. In December 2015, CDN and RMIT University signed an MOU which formally brought the organisation into the Centre for Global Research in the School of Global, Urban and Social Studies.

CDN contract Fame Group as its accountant and bookkeeper, and the annual audit will be completed by Eric Townsend Co Pty Ltd.

The organisation operates and reports on a calendar financial year. CDN aims to maintain a cash balance suitable to cover cash flow, some modest growth and sufficient funds in the event of a wind-up of the association.

Communications

CDN communicates with its constituency and promotes its programs and industry news, through a monthly e-bulletin, the CDN website and through networks associated with event partners such as universities, councils and the local government associations.

Key indicators of efficacy of our marketing are:

- Volume of requests for advice and expertise from a range of organisations and

individuals including funding bodies, local governments, academics and art workers;

- Requests for publications from local, interstate and overseas
- Website visits, particularly to pages where CDN resources and tools are available
- eBulletin subscriptions

The organisations e-bulletin and the CDN website are the main communication channels used throughout the year.

In 2015 the CDN website had an average of 123 unique visitors every month across the 12 month period, while the CDN monthly e-bulletin consistently had more than 1,600 subscribers. Subscribers include a predominance of local government workers particularly from arts and culture departments and individual practitioners; artists and art workers.

eBulletin

The [CDN eBulletin](#) includes policy updates, event information, professional development opportunities, new resources and publications, funding opportunities and news from the arts and cultural development sector. In 2015, 11 editions were distributed over the year to our list of over 1,600 people, including our members, subscribers and organisations across Victoria, Australia and overseas colleagues.

CDN Website

Throughout 2015 the [CDN website](#) provided site visitors with regular updates and presentations from CDN events, research, projects and network meetings. The Resource and links pages connected people with ideas, events, research, publications and conferences throughout the world.

In late 2015 the CDN website was reviewed with the intention to redesign and launch in early 2016. The new design will aim to provide a simpler resource for users, in particular local government officers and policy planners working in cultural development. In addition to the previous pages available on the site, the new design offers six platforms for visitors to engage with the website content. These platforms

include calls to action that invite visitors to: stay informed by using CDN's publications to support their work; engage with local, national and international networks; access CDN's resources to benchmark their council; use the CDN guide to create their cultural development plan; use CDN's online project tool to develop and execute their project; and ask questions of experts in the cultural development sector, using the Art Information Exchange.

<http://www.culturaldevelopment.net.au/>

Program Report

In 2015, CDN organised its business by responding to the CDN Strategic Plan 2015 – 2017. The strategic plan identifies three objectives to assist CDN in reaching its goal of 'a culturally rich and vibrant society.'

These objectives reflect the values of the organisation that recognised the roles of arts and artists in cultural development with communities and the pivotal role that local government can make in successful cultural development.

The objectives had activities assigned that were based on evidence argued in the strategic plan and were focused on outcomes.

The 2015 business plan took into account the available resources of the organisation and the contracted commitments to the Australia Council for the Arts *National Sector Development Initiative* (NSDI), *Creative Communities Partnership Initiatives* (CCPI) and Arts Victoria through the *Organisations Investment Program* (OIP).

Activities in 2015 responding to Objective 1

Increased capability of local government to support the cultural development in their local jurisdiction

The National Local Government Cultural Forum

CDN worked with the Australia Council for the Arts throughout 2015 to support **National Local Government Cultural Forum** in its contribution to integrated cultural development planning in Australia informing state, territory and Commonwealth governments. The National Local Government Cultural Forum commenced in 2013 with three years of funding. It includes representatives from the seven local government associations around Australia, eight capital cities and Commonwealth government. In 2015, CDN completed two meetings of the National Local Government Cultural Forum and managed the secretariat and the work plan defined by the Cultural Forum executive.

CDN continued its research and development of a sustainable system for measuring local government investment and outcomes in cultural development. In 2015 an **outcome schema** was developed across five public policy domains (cultural, social, civic, economic and environmental) which nominated the measurable outcomes that participation in the arts can lead to, across each of these domains. CDN worked with capital cities members from the National Local Government Cultural Forum to identify a dataset of inputs and outputs measures and then collected, reported, analysed and further refined these throughout the year.

CDN also worked with local Victorian councils to develop a set of **benchmarking measures** for use across Victorian councils. A sub-committee made of up local councilors and local government officers extended the scope of the benchmarking exercise to ensure compatibility with capital city data was maintained. Measurable outcomes are yet to be included by the Victorian benchmarking group.

CDN further developed its local government **Cultural Development Planning Framework**. Guidelines and implementation tools for the planning framework were completed and published.



Professional Development Forum: Cultural Development Planning in Local Government in Victoria, May, 2015

In 2015, CDN continued the design and development of a proof of concept online arts project system ‘Zaps’, intended to be useful and accessible to any council officer in Australia. Critical was that it provided a common framework for building arts and culture projects as well as recorded the key data, forming a database of detailed projects for access by other officers. Five councils from around Australia were nominated through the National Local Government Cultural Forum who commenced participation in a long-term trial. These councils were made up of Ipswich (QLD), Mandurah (WA), Tiwi Islands (NT), Maribyrnong (VIC) and Southern Midlands (TAS).

Leading the Zaps project in 2015 was Oddzon Software in partnership with Darwin Community Arts (DCA). Zaps is a software project created by CDN through the National Local Government Cultural Forum.

The Ministry for the Arts, Australia Council for the Arts and Creative Victoria remain interested in tracking the progress and implications for arts project planning tool. CDN were successful in an Expression of Interest to participate in a trial of CultureCounts (online evaluation tool) with Creative Victoria and the Central Goldfields Shire. CDN and SmartyGrants (online grants management tool) also agreed to pilot the Zaps system with SmartyGrants in partnership with the City of Melbourne and the Shire of Yarra Ranges.

Engagement with the University Sector

In 2015, CDN partnered with RMIT University to deliver the **Regional Studies Association Conference**, where CDN’s research from 2015 was presented. Discussion commenced with the University of Melbourne’s Centre for Cultural Partnerships regarding the Cultural Development Planning Framework as a unit in their master’s course. CDN Director and CDN Research Program Manager were also formally acknowledged by the RMIT University as Adjunct Principal Senior Research Fellows. Such activity intends to increase access to professional development opportunities for local council officers and policy makers working in the field of art and cultural development.

Activities in 2015 responding to Objective 2

Increased leadership role of local communities in making and expressing their own culture through creative participation in the arts

CDN formed a theory on the role of community leadership through its previous work on nine multi-year projects with councils across Victoria, New South Wales and Queensland. Articulating this important component of community engagement led to the publication of a theory of five dynamic relationships in 2015.

At the same time the components of this theory were also relevant in **the Art Central project** that CDN was running in Central Goldfields Shire with the Australia Council for the Arts.



Art Central Project 2013-2015. Central Goldfields Shire, Victoria.

Arts Central

The Creative Communities Partnership Initiative in Central Goldfields Shire, Victoria (2013-2015) received its last year of funding in 2015 and finalised the 3 year project. This work informs the next stage of building evidenced based arts and cultural development planning across Australian municipalities.

In particular, the three-year project in Central Goldfields brought the role of community leadership into focus as the Council changed its approach and the community leaders aimed to maintain the directions they first envisaged for the project.

In 2015 CDN undertook a [telephone/online survey with all 79 of Victorian councils](#) on whether councils have a) formal processes for involving community leaders in the programming decisions and b) if they determine the outcomes of the projects. The survey indicated that 41 of 79 councils had arts or cultural committees and 19 of those councils claimed those committees have input into determining program outcomes. Work remains to be done to understand the relationship of those committees to other inputs and outputs of those councils. Our context analysis indicates that community leadership increases quality, reach and sustainability of cultural development activity.

In 2015 CDN scoped for literature to compare outcomes of creative participation and receptive participation in order to understand how to increase the overall reach of

participation. From this research we now know that information about the relative benefits of creative participation as opposed to receptive participation is not yet easily available and therefore not fully used by the local government sector to inform their work.

Activities in 2015 that responded to Objective 3

Increased leadership by artists in cultural development projects in local government

Creating Australia

In December 2015 CDN announced that it would proceed with a merger of [Creating Australia](#) from the beginning of 2016. Creating Australia (CA) has assets of nearly \$100,000 and Deductible Gift Recipient (DGR) status. As CA was focussed on providing a national voice and service to artists working with communities for social outcomes, this merger has the potential to support the objective of increasing leadership by artists. The merger will be completed in late January 2016.

In 2015 CDN conducted a telephone survey with all 79 Victorian councils to build data on whether councils have a) employed artists and b) was it through council-wide procurement process or with a specific artist-focus, and c) as sole-traders, incorporated entity or employees. The survey explored current procurement regulations, contracting and conditions that relate to the contracting/employment of artists in cultural development roles. CDN started with all with all 79 Victorian Councils and capital cities across each of the 8 states and territories throughout a with all 79 Victorian Councils Australia. Analysis of information gathered from the survey commenced in 2015. Work on this activity with CDN's five sample councils of the

Cultural Forum has slowed due to uncertainty over funding.

Additional Activities in 2015

The decision of the Commonwealth Government to reduce funding to the Australia Council for the Arts had a direct impact on CDN's funding in 2016. In advance of that reduced funding CDN reduced activities in the latter part of 2015 to conserve cash resources for a lower activity year in 2016.

CDN made formal submission to the Commonwealth Senate Legal and Constitutional and Affairs References Committee, on their inquiry into the impact of the 2014 and 2015 Commonwealth budget decisions on the arts.

In addition to strategic activities, CDN delivered on the following unscheduled activities:

- CDN Director appeared before the Senate Committee at their public hearing in Melbourne
- CDN provided a formal response to the Victorian Government's Creative Industries Discussion Paper regarding a new industry policy for the State
- CDN provided a formal response to an invitation from the Ministry for the Arts to comment on their draft NPEA (National Program for Excellence in the Arts)
- CDN assisted the AFL ArtsReady program to prepare a campaign for local government in Australia to take up trainee opportunities through this federally funded program
- CDN Director and Administrator/Research Assistant facilitated three forums over two days in Geelong to assist the G21 Alliance and the City of Greater Geelong in relation to the Creative Industries consultation and the Senate Inquiry
- CDN Director led an all-day community consultation on cultural development planning in the South Gippsland Shire
- CDN Research Program Manager consulted to a local arts company on their planning and utilising CDN's planning framework
- CDN Director met with Australia Council and Ministry for the Arts managers re the

Cultural Forum and the relationship of that work with Commonwealth programs

- CDN Director attended the ALGA General Assembly and was present for the Australia Council appearance on the panel on the arts and local government

Projects and Partners / Contractually Funded Objectives

In 2015, CDN operated under the obligations defined in three funding agreements that support its core business.

Creative Victoria - Organisations Investment Program 2014-2016

The three-year Organisations Investment Program (OIP) commenced in 2014 and the terms of the contract refer to the 'Activity' as the business plan or the organisation and its stated work outlined in the assessment framework. The Organisations Investment Program (OIP) specifies *contributions* that the Victorian Government expects the arts organisations to make in 2015 and CDN selected eight of those contributions. These contributions are written into the objectives in the business plan. The primary aim of the funding is state-wide support to local government arts and culture development officers and cultural planners.

Australia Council for the Arts - Community Partnerships, National Sector Development Initiative (NSDI), 2013 - 2015

The National Sector Development Initiative funded the following objectives.

Increase the awareness and understanding of the community arts and cultural development sector and practice.

-Grow community arts and cultural development practice to ensure that there are opportunities for individuals and communities to actively participate in excellent artistic practices

- Provide support for the community arts and cultural development sector to present and

promote in a responsive way that impact on perceptions, policy and programs
 CDN delivers these objectives through the National Local Government Cultural Forum.

Australia Council for the Arts - Community Partnerships, Creative Communities Partnership Initiative (CCPI), 2013 - 2015

The Community Partnerships, Creative Communities Partnership Initiative (CCPI) funded the following objectives.

- Build a high quality, participatory arts program in the Central Goldfields that provide individual community members with increased opportunities to directly participate in all aspects of artistic processes of excellence across all art forms and practices.
- Develop partnerships in community based arts programs with long-term outcomes and stimulates innovative approaches in the use of the arts to enhance community wellbeing.

After Balance Date Events

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

Significant Changes

There were no significant changes in 2015 that impact on the operations or future of CDN that are outside the normal funding cycles and uncertainties with public funding. The Australia Council program for four year Key Organisation Funding was deffered from 2016 to 2017 due to decisions announced by the Government in the Commonwealth budget. This resulted in the organisation reducing its activities in lthe second half of 2015 in order to operate at a lower level during 2016 until increased funding in 2017 is confirmed, or not. This is anticipated to be announced in April 2016. The CDN Board maintains a reserve of funds to accommodate any unexpected change in public funding funding.

Environmental Issues

The operations of the Cultural Development Network Inc. are not subject to particular or significant environmental regulations under a Commonwealth, State or Territory Law.

Meetings of Board Members

The number of the meetings of the Board Members held during the year ended December 2015 and the number of meetings attended by each member was:

Board Member	Meetings - number eligible to attend	Meetings - number attended
Paul Holton	6	5
Angela Bailey	6	6
Rod Fyffe	6	4
Greg Box	6	6
Nick Hill	6	6
Nalika Peiris	6	4
Hanut Singh Dodd	6	4

Information on Board Members

CDN is managed by a Board of volunteers whose expertise includes arts practice, academia, local and state government, the non-profit sector and arts organisations.

Paul Holton, Chair, (joined 2003, appointed Chair May 2015)

Paul is Director Development with East Gippsland Shire Council. His role encompasses strategic management of Statutory Land Use Planning, Economic Development, Capital Projects and Council



Enterprises across the East Gippsland Shire. He has worked in Local Government for over 20 years in areas such as arts facilities administration, cultural development, leisure facilities and events management. Paul was

part of the team that initiated the highly successful Wangaratta Festival of Jazz. He is a former member of the Australia Council's Community Cultural Development Board.

Angela Bailey, Deputy Chair, (joined May 2006)

Angela is a photographic artist with diverse experience in community-based practice. Angela has lectured and tutored in Photography at



Monash University, Gippsland and University of Melbourne, and has work in collections including the National Gallery of Australia, Queensland Art Gallery and State Library of Victoria. Her qualifications include Post-Graduate Diploma in Fine Art-Photography VCA, Bachelor in Communication, QUT and Masters of Art Curatorship, University of Melbourne. In 2005, Angela received an Australia Council CCD Skills and Professional Development award for to travel to the United Kingdom. In addition to her role on the CDN Board, Angela is also a Life Member of Midsumma Festival and Brisbane Lesbian and Gay Pride Festival.

Mayor Rod Fyffe, Treasurer (joined September, 2012, appointed Treasurer May 2015)

Rod Fyffe has been a Councillor for the Greater Bendigo City Council since 1996 and Mayor in 2004, 2005 and 2011. He a member of the Board of the Municipal Association of Victoria (MAV)



representing Rural North Central Victoria. He is also a member of the Insurance Committee, Chair of the Arts and Culture Committee and a member of the Professional Development

Reference Group at MAV. Cr. Fyffe is a Member of the Ministerial Advisory Council on Libraries, a Member of the State Library Public Libraries Advisory Committee and a member of the Australian Packaging Covenant Council. He has been awarded the Victorian Councillor Service Award – 20 Years.

Dr Nicholas Hill, Secretary (joined December 2007, appointed Secretary May 2015)

Nick Hill is a lecturer and arts manager. His qualifications include BA (Hons); PG DipM and MA. He has recently completed his PhD at South Bank University, England, on – “The Folk and the People:



Patronage and Promotion in the Tamasha of Maharashtra”. Previously he worked at South Bank University as Senior Lecturer in Arts Marketing and Course Director (Services Management program). His research interests include Arts & Patronage, South Asian Performing Arts (Folk – Popular – Traditional), Performing Arts Hybrids, Arts Marketing and Communications, Instrumental and Intrinsic Arts Benefits, Arts Ethnography, The lived experience and prism methodology.

Hanut Singh Dodd, Member (joined May 2006)

Hanut is a highly experienced cultural, heritage and tourism manager with skills in specialised areas such as museum management, cultural and environmental tourism, event



management, exhibition development, public program management, architectural conservation, moveable cultural heritage and collection management. Hanut has more than ten years of experience working as a freelance

curator and architectural conservator and has also worked for the NSW National Parks and Wildlife Service as Area Manager at the Hill End Historic Site, as Director of the National Wool Museum and for councils in Victoria including Cities of Melbourne, Port Phillip and Hume. Hanut is currently working as a Project Manager with the Alpine Resorts Coordinating Council.

Greg Box, Member (joined May 2011)

Greg is currently the Manager of Arts Culture & Heritage at Yarra Ranges Council developing a number of cultural facilities. He has worked as an arts practitioner and administrator with many different communities from a diverse range of social and cultural backgrounds. Much of Greg's work has focussed on building community partnerships and cultural development projects at Greater Dandenong and Yarra Ranges. In particular he has a strong background in creating public art in local government and helped establish SITE: RMIT Public Art within the school of art at RMIT.



Nalika Peiris, Member (joined May 2010)

Nalika is currently the Unit Manager Community Development and Social Policy at Moreland City Council. She has held a number of roles in inner city local government areas over the last 18 years. Her current professional and volunteer work has had a strong focus on issues of diversity, participation, community and cultural development and corporate planning. Nalika has a Bachelor of Education (Primary – Visual Arts Major), Master of Education (Arts Administration) and Advanced Diploma of



Business Management and is a Graduate of the Australian Institute of Company Directors.

Indemnities and Insurance

CDN is covered by Alliance Insurance to insure each of its members against liabilities for cost and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Board Member of CDN other than conduct involving willful breach of duty in relation to CDN. In accordance with normal commercial practice under the terms of insurance contracts, the nature of the liability insured against the amount of the premium is confidential.

Likely Future Developments and Expected Results

Appointment of new Board Member

In late 2015, the CDN Board had passed a motion for Lindy Allen to join the Board as an ongoing Director of Creating Australia Limited and as part of the merger arrangements details in the Deed of Merger signed in December 2015. In March 2016, the CDN Board will formally appoint Lindy Allen as a CDN Board Member.

Lindy Allen (to be appointed March 2016, Board member)

Lindy is a highly-experienced senior executive, currently operating Living-Proof Media, an independent consultancy to the arts offering services including documentation, evaluation, writing and editing for publication. Recent roles include immediate past Chief Executive Officer of Regional Arts Australia (2012-2013) and former Chief Executive Officer of Regional Arts Victoria (2004-2012). During 2012-2013, Lindy was Executive Producer for the Centenary of Canberra's largest national community engagement program, One River, spanning four states and a territory. Lindy is a current Board Member of the national body Creating Australia, board member of Lakes



Entrance based Wurrinbeena, and Deputy Chair of the Narrandera based arts organisation, the CAD Factory. She is a former Board member of Regional Arts Australia and the Australian Children's Theatre Foundation.

Conversion to a Company Limited by Guarantee

CDN was incorporated in Victoria, with Consumer Affairs Victoria, on 1 January 2003. In December 2012, CDN registered with the Australian Charities and Not-for-profits Commission (ACNC), the Commonwealth body for registered charities. As CDN has become more active nationally, CDN management considered a structural change to register with ASIC as an Australian body that wishes to carry on business in one or more states or territories other than Victoria under Part 5B.2 of the Corporations Act.

This was considered as one step away from eventually becoming a company limited by guarantee. In October 2015, the CDN Board agreed to resolve to convert to a Company Limited by Guarantee by Special Resolution. The CDN Board agreed to consider adopting a new Constitution with effect from registration

as a company limited by guarantee. These recommendations were accepted and will be pursued in 2016. The CDN constitution, along with a timeline for the proposed conversion was distributed to Board Members and a review of the constitutions was actioned with recommended amendments to the constitutions to be reviewed in 2016.

In our opinion, all appropriate information concerning the possible developments in and expected results of, CDN are contained in this report.

Board Member Benefits

The Board Members of CDN are voluntary appointments made under the rules of the Association. There is no annual membership fee to the Association. Neither during, nor since, the financial year have any Board Members received or been entitled to receive a benefit or remuneration from the Association.

Board Members Interests in Contracts

No Board Members of the Association receive any pecuniary interest as a result of contract or dealing with the Association.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31st December 2015

	<i>Note</i>	<i>2015</i>	<i>2014</i>
		\$	\$
REVENUE			
Grant funding		374,000	375,500
Other Revenue		8,689	23,238
Interest Received		3,025	3,407
TOTAL REVENUE	2	385,714	402,145
EXPENDITURE			
Depreciation		844	2,099
Employee Benefit Expenses		205,238	179,870
Finance Costs		0	0
Infrastructure and Administration		31,072	29,896
Business Development		0	0
Marketing & Publications		2,590	3,884
Programs & Project		50,404	52,900
Auspice Grant Reimbursement		95,000	132,000
TOTAL EXPENDITURE	3	385,148	400,649
SURPLUS (DEFICIT) BEFORE INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE ENTITY	3	567	1,496
Income Tax		0	0
SURPLUS (DEFICIT) AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE ENTITY		567	1,496
Other Comprehensive Income		0	0
TOTAL COMPREHENSIVE SURPLUS (DEFICIT) FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE ENTITY		567	1,496

STATEMENT OF FINANCIAL POSITION

AS AT 31st December 2015

	Note	2015	2014
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	180,756	103,628
Trade and Other Receivables	5	62	1,160
Other Current Assets		2,442	12,181
TOTAL CURRENT ASSETS		<u>183,260</u>	<u>116,969</u>
NON-CURRENT ASSETS			
Property, Plant & Equipment	6	1,076	1,920
TOTAL NON-CURRENT ASSETS		<u>1,076</u>	<u>1,920</u>
TOTAL ASSETS		<u>184,336</u>	<u>118,889</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	7	27,442	14,960
Unspent Grant funds and Grants in Advance		63,800	13,801
Short-term Provisions Payable	8	28,038	25,639
TOTAL CURRENT LIABILITIES		<u>119,280</u>	<u>54,400</u>
NON-CURRENT LIABILITIES			
Long-term Provisions Payable	8	0	0
TOTAL NON-CURRENT LIABILITIES		<u>0</u>	<u>0</u>
TOTAL LIABILITIES		<u>119,280</u>	<u>54,400</u>
NET ASSETS		<u>65,056</u>	<u>64,489</u>
EQUITY			
Retained Earnings		65,056	64,489
TOTAL EQUITY		<u>65,056</u>	<u>64,489</u>

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31st December 2015

	Retained Earnings	Total Equity
2013		
Balance at end of financial year	62,993	62,993
2014		
Surplus (Deficit) attributable to members	1,496	1,496
Balance at end of financial year	64,489	64,489
2015		
Surplus (Deficit) attributable to members	567	567
Balance at end of financial year	65,056	65,056

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st December 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grant Receipt		471,399	413,050
Other Revenue		10,766	24,128
Interest Received		3,025	3,407
Payments to Suppliers & Employees		(408,062)	(445,928)
NET CASH GENERATED (USED) BY OPERATING ACTIVITIES	12	77,128	(5,343)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Property, Plant and Equipment		0	0
Proceeds from Sale of Assets		0	0
NET CASH GENERATED (USED) BY INVESTING ACTIVITIES		0	0
NET INCREASE (DECREASE) IN CASH HELD		77,128	(5,343)
Cash and Cash Equivalents at the beginning of the year		103,628	108,971
Cash and Cash Equivalents at the end of the Year		180,756	103,628

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st December 2015

The financial statements cover Cultural Development Network Incorporated as an individual entity. It is an association incorporated in Victoria under the Associations Incorporation Reform Act 2012. It is a not-for-profit charitable institution; as such it is exempt from income tax.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards, and the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the Australian Charities and Not-for-profits Commission Regulation (ACNC Regulation 2013)

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Reporting basis and conventions

The financial statements have been prepared on an accruals basis and are based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

Revenue

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognized upon the delivery of the service to the customers.

Grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Comparative Figures

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

Critical Accounting Estimates and Judgments

The Committee Member evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates – Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number a key estimates.

No impairment has been recognized in respect of this financial year.

Income Taxation

Charitable Institutions are exempt from income tax. This entity is endorsed by the Australian Charities and Not Profit Commission as a Charitable Institution. Therefore no income tax is payable by the entity.

Property, Plant and Equipment

Office Furniture and Equipment

Office Furniture and Equipment are carried at cost as the Association has adopted the Cost Model under AASB116 Property, Plant and Equipment Accounting standard or fair value less, where applicable, any accumulated depreciation and impairment losses. All assets are depreciated over the estimated useful lives of the assets to the entity.

Depreciation

The depreciable value of Office Furniture and Equipment is depreciated on a written down value (WDV) or a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rate	Method
Office furniture & Equipment	15%	Written down

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the entity, are classified as finance leases. Finance leases are capitalized by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognized as a liability and amortized on a straight-line basis over the life of the lease term.

Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Financial Instruments: Recognition and Measurement. Derivatives are also categorized as held for trading unless they are designated as hedges. Realized and unrealized gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortized cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at amortized cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value.

Financial liabilities

Non-derivative financial liabilities are recognized at amortized cost, comprising original debt less principal payments and amortization.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognized in the income statement.

As a not-for-profit entity the value in use of an asset may be equivalent to the depreciated replacement cost of that asset when the future economic benefits of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits

Provisions

Provisions are recognized when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Unspent Grant Funds

Unspent Grant Funds available as revenue or liable to be returned to the grant provider in the following year are recognised as a current liability in the balance sheet. They are not treated as an operating surplus or profit.

AASB 101 – Presentation of Financial Statements

There have been changes in the Australian Accounting Standards Board (AASB) standards AASB101 that require changes to the presentation of certain information within the financial statements. Below is an overview of the key changes and their impact on these financial statements.

Disclosure impact

Terminology changes:- The revised version of AASB 101 contains a number of terminology changes, including to the names of the primary financial statements. Put simply the Profit and Loss Statement is now termed the 'Statement of Comprehensive Income' and the Balance Sheet is now the 'Statement of Financial Position'.

Reporting changes in equity:- The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from 'non-owner' changes in equity. 'Non-owner' changes are shown in the Statement of Comprehensive Income and 'Owner changes' are shown in the Statement of Changes in Equity.

Other comprehensive income:- AASB 101 introduces the concept of 'Other Comprehensive Income', which is income and expense items that are not required to be shown in the Profit and Loss under other Australian Accounting Standards.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application for future accounting periods. The entity has decided against early adoption of these standards.

NOTE 2 REVENUE	2015	2014
	\$	\$
Grant income		
Australian Council - NSDI	217,500	175,000
Australian Council - CCPI	140,000	140,000
Arts Victoria Triennial	53,500	53,500
Arts Vic Project	15,000	0
Grants Brought Forward	3,000	10,000
Less transfer to Grants In Advance	(55,000)	(3,000)
Grant funding income	<u>374,000</u>	<u>375,500</u>
Other Revenue		
Memberships	2,001	4,273
Conference	2,664	13,227
Book Sales and reimbursements	26	0
Sponsorship and Conference Dinner Sales	0	6,602
Income Carried Forward	0	(2,001)
Sundry Income	3,998	1,137
Other Revenue	<u>8,689</u>	<u>23,238</u>
Interest received	3,025	3,407
TOTAL REVENUE	<u>385,714</u>	<u>402,145</u>

NOTE 3 REVENUE AND EXPENSE ITEMS

Auditor's remuneration for		
<i>Audit or review of financial statements</i>	3,300	3,300
<i>Other Services (Financial Accounts Presentation)</i>	1,300	1,200
	<u>4,600</u>	<u>4,500</u>
Bad and doubtful debts		
Trade Receivables	<u>0</u>	<u>0</u>
Total bad and doubtful debts	<u>0</u>	<u>0</u>
Rental expense on operating leases		
Operating Lease Minimum Lease Payment	<u>0</u>	<u>0</u>

Significant Revenue and Expense items from prior year

The following significant revenue and expense changes are relevant
 In explaining the financial performance [Unfavourable in ()]

	2015	2014
Grant Funding	(1)	(24)
Other Revenue	(15)	14

	(16)	(10)
Expenses		
Employees	25	16
Infrastructure and Administration	0	2
Business Development	0	(1)
Marketing & Publications	(2)	0
Program Projects	(3)	(16)
Auspice Grant Reimbursement	(37)	2
	(17)	4
Net profit (Loss)	(1)	(14)

NOTE 4 CASH AND CASH EQUIVALENTS

Reconciliation of cash

Cash at the end of the financial period as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

Current Assets

Cash on hand	-	-
Cash at Bank	64,085	63,330
Investment Account	116,671	40,298
	180,756	103,628

NOTE 5 TRADE AND OTHER RECEIVABLES

Current

Trade Debtors	62	1,160
Less: Provision for Impairment of receivables	0	0
Total current trade and other receivables	62	1,160

Provision for impairment of receivables

Current trade debtors are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognized when there is objective evidence that an individual trade receivable is impaired. These amounts (if any) have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:-

2015	2014
\$	\$

Provision for impairment		
Balance at 31st December 2013	0	0
Charge for year	0	0
Written off	0	0
Balance at 31st December 2014	0	0
Charge for year	0	0
Written off	0	0
Balance at 31st December 2015	0	0

Credit risk – Trade and Other Receivables

The entity does not have any material credit risk to any single receivable or group of receivables.	0	0
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The following table details the entity’s trade and other receivables exposed to credit risk with aging analysis and impairment provided for thereon. Amounts are considered as “past due” when the debt has not been settled within the terms and conditions agreed between the entity and the debtor party. A provision for impairment is assessed as mentioned above.

An assessment has been made that both debts within trading terms and debts that have not been impaired will be received.

There are no financial assets that would have been impaired or past due had they not been renegotiated.

	Gross amount	Less impaired	Within trading terms	Past due but not impaired 31-60 days	Past due but not impaired 61-90 days	Past due but not impaired 90+ days
2014						
Trade and term receivables	1,160	0	1,160			
Other receivables						
Total	1,160	0	1,160			
2015						
Trade and term receivables	62	0	62			
Other receivables						
Total	62	0	62			

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

	2015	2014
Office Equipment	9,212	9,212
Less: Accumulated depreciation	(8,136)	(7,292)
Total Office Equipment	1,076	1,920
Total Property, Plant and Equipment	1,076	1,920

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment

	Office Equipment	Total
2013		
Carrying amount at end year	4,019	4,019
2014		
Additions at cost	0	0
Disposals	0	0
Depreciation Expense	2,099	2,099
Carrying amount at end year	1,920	1,920
2015		
Additions at cost	0	0
Disposals	0	0
Depreciation Expense	844	844
Carrying amount at end year	1,076	1,076

NOTE 7 TRADE AND OTHER PAYABLES

	2015 \$	2014 \$
Trade Creditors	22,842	2,308
Sundry Creditors	4,600	12,652
	27,442	14,960

NOTE 8 PROVISIONS

Current Provisions		
Staff Annual Leave	11,105	10,347
Long Service Leave	16,933	15,292
	28,038	25,639
Non-current Provisions		
Long Service Leave	0	0
TOTAL PROVISIONS	28,038	25,639

NOTE 9 CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalized in the financial statements:

Payable – minimum lease payments

no longer than 1 year	0	0
longer than 1 year but not longer than 5 years	0	0
greater than 5 years	0	0

Capital Expenditure commitments

Capital Expenditure commitments contracted for:

Plant & Equipment purchases

Capital Expenditure projects

Payable

no longer than 1 year	0	0
longer than 1 year but not longer than 5 years	0	0
greater than 5 years	0	0

NOTE 10 CONTINGENT LIABILITIES & CONTINGENT ASSETS

Estimates of the potential financial effect of contingent liabilities that may become payable are:

No contingent Liabilities or Assets exist.

NOTE 11 EVENTS AFTER THE BALANCE SHEET DATE

There have been no material non-adjusting events after the reporting date, nor has any information been received about conditions at reporting date that have not been included in this report.

The Association completed the merger with Creating Australia on the 28th January 2016 which was signed as a deed of merger on the 2nd December 2015.

NOTE 12 CASH FLOW INFORMATION

Reconciliation of cash flow from operations to surplus (deficit) for the year

	2015	2014
	\$	\$
Profit (Loss) for the year	567	1,496
Add back Loss on Sale Assets		
Add back non-cash items		
Depreciation	844	2,099
Increase (Decrease) in Provisions	2,399	153
	3,810	3,748
Changes in Assets and Liabilities		
(Increase) Decrease in Prepayments	9,739	3,263
(Increase) Decrease in Trade & Other Receivables	1,098	(1,112)
Increase (Decrease) in Trade and Other Payables	12,482	(5,985)
Increase (Decrease) in Grants unspent and received in Advance	49,999	(5,257)
NET CASH GENERATED (USED) BY OPERATING ACTIVITIES	77,128	(5,343)

NOTE 13 ECONOMIC DEPENDENCE

The entity is economically dependent on Commonwealth and State Government departments for Grant Funding. If funds are not spent in accordance with Grant Conditions, the departments can suspend future grants or reclaim all or part of the grant(s). The entity is dependent on the continued receipt of grants

NOTE 14 FINANCIAL RISK MANAGEMENT

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans and borrowings and mortgages.

The totals for each category of financial instruments, measured in accordance with AASB 139 is as follows:-

	2015	2014
	\$	\$
Financial assets		
Cash and cash equivalents	180,756	103,628
Loans and Receivables	62	1,160
Total financial assets	<u>180,818</u>	<u>104,788</u>
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables	27,442	14,960
Grants unspent and in advance	63,800	13,801
Total financial liabilities	<u>91,242</u>	<u>28,761</u>

Financial risk management policies

The Committee Members' overall risk management strategy is to assist the entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Committee Members on a regular basis. These include credit risk policies and future cash flow requirements. The entity does not have any derivative instruments at the end of the reporting period.

Specific Financial Risk Exposures and Management

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

(a) Credit risk

Credit risk is the risk that parties that owe money do not pay it.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The entity does not have any significant concentration of credit risk exposure to any single, or group, of counter-parties under financial instruments entered into by the entity. A profile of credit risk appears above under the Note on 'Trade and Other Receivables'

(b) Liquidity risk

Liquidity risk arises due to the possibility that the entity might encounter difficulty in settling its own debts or other liabilities. The entity manages this risk by managing credit risk on amounts owed to it, monitoring forecast cash flows and ensuring that adequate unutilized borrowing facilities are maintained.

Financial liability and financial asset maturity analysis

	Within 1 year		Over 1 year		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Financial liabilities due for payment						
Trade and other payables (excluding employee benefit provisions and deferred income)	27	15			27	15
Grants unspent and in advance	64	14			64	14
Total expected outflows	91	29			91	29
Financial assets – cash flows realizable						
Cash and cash equivalents	181	104			181	104
Trade and other receivables	-	-			-	-
Total anticipated inflows	181	104			181	104
Net inflow (outflow) on financial instruments	90	75			90	75

(c) Market Risk

Interest rate risk

Exposure to interest rate risk arises whereby future changes in interest rates will affect future cash flows or the fair value of financial assets and liabilities.

Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in their market price.

Sensitivity analysis

The following table illustrates sensitivities to the entity's expose in interest rates and equity prices (if equities held). The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in any particular variable is independent of other variables

		Profit \$		Equity \$
Year ended 31st December 2014				
+ or – 2% in interest rates	+/-	806	+/-	806
+ or - 10% in listed investments	+/-	0	+/-	0
Year ended 31st December 2015				
+ or – 2% in interest rates	+/-	2,340	+/-	2,340
+ or - 10% in listed investments	+/-	0	+/-	0

(d) Foreign currency risk

The entity is not exposed to fluctuations in foreign currency.

Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organized markets in standardized form other than listed investments.

The differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market to those instruments since their initial recognition by the entity. Most of these instruments which are carried at amortised cost (e.g. trade receivables, loan liabilities) are to be held until maturity and therefore their current net fair values bear little relevance to the entity.

As appropriate the net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

NOTE 15 KEY MANAGEMENT PERSONNEL COMPENSATION

	2015	2014
	\$	\$
The total of remuneration paid to key management personnel (KMP) of the entity during the year is as follows:		
Short-term employee benefits	85,404	84,236
Post-employment benefits	8,113	7,792
Other long-term benefits	-	-
Termination benefits	<u>93,517</u>	<u>92,028</u>

NOTE 16 RELATED PARTY TRANSACTIONS

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

During or since the end of the previous financial year, a Committee Members/Executive of the Entity has not received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Committee Members/Executives shown in the accounts, or the fixed salary of a full-time employee of the Entity), by reason of a contract made by the Entity with the Committee Member/Executive or with a firm of which he/she is a member or with an entity in which he/she has a substantial financial interest.

None of the Governing Committee received a salary from the association

NOTE 17 ASSOCIATION DETAILS

The registered office of the association is:

Level 9, 240 Little Collins St
Melbourne, Victoria

The principal place of business is: at the registered office.

STATEMENT BY MEMBERS OF THE COMMITTEE

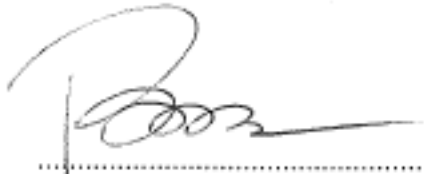
Per section 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013.

The Committee declare that in the committee’s opinion:

- 1 The financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act).

2 At the date of this statement there are reasonable grounds to believe that Cultural Development Network Incorporated is able to pay its debts as and when they fall due.

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


..... Paul Holton

Dated this 27th of May 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE CULTURAL DEVELOPMENT NETWORK INCORPORATED

Report on the financial report

I have audited the accompanying financial report of Cultural Development Network Incorporated (the association) which comprises the Statement of Financial Position as at 31st December 2015, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year ended on that date a summary of significant accounting policies, other explanatory notes and the statement of the committee.

Committees' Responsibility for the Financial Report

The committee of the association is responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and such internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimate made by the committee, as well as evaluating the overall presentation of the financial report

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit I have complied with the independence requirements of Australian professional ethical pronouncements

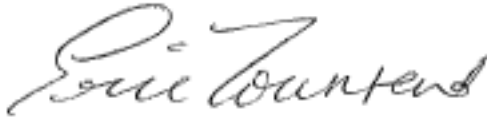
Auditor's Opinion

In my opinion:

The financial report of Cultural Development Network Incorporated is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act (ACNC Act) including:

- i. giving a true and fair view of the association's financial position as at 31st December 2015 and its performance and its cash flows for the year ended on that date and
- ii. complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013

Name of firm E Townsend & Co



Name of Auditor Eric Townsend

Address 15 Taylor Street
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Dated this **2016**