

Poetry In Action Inc

Financial Statements

For the twelve months ended

31 December 2015

Independent audit report

To the members of Poetry In Action Incorporated

I have audited the accompanying financial report, being a special purpose financial report, of Poetry In Action Incorporated, which comprises the statement of financial position as at 31 December 2015, the profit and loss statement for the year then ended, the statement of cash flows for the year then ended and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Committee assertion statement.

The Committee responsibility for the financial report

The Committee is responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the *Incorporated Associations Act (NSW) 2009* and the needs of the members. The Committee's responsibility also includes such internal control as the Committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on our audit. I have conducted my audit in accordance with Australian Auditing Standards. Those 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 judgement, 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 Association's preparation 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 estimates 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 the Australian professional accounting bodies.

Electronic publication of the audited financial report

In the event that Poetry In Action Incorporated intends to electronically present the audited financial report and auditor's report on its internet website, responsibility for the electronic presentation of the financial report on Poetry In Action Incorporated's website is that of the Committee.

The security and controls over information on the website should be addressed by Poetry In Action Incorporated to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial report on Poetry In Action Incorporated's website is beyond the scope of the audit of the financial report.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Poetry In Action Incorporated as at 31 December 2015 and of its financial performance for the year then ended on that date and complies with Australian Accounting Standards to the extent described in Note 1.

Basis of accounting

Without modifying my opinion, I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Committee's reporting responsibilities. As a result, the financial report may not be suitable for another purpose.



Scott A Varker FCPA
17th day of June 2016

Poetry in Action Inc.

Statement by the Management Committee

For the twelve months ended 31 December 2015

In our opinion:

- (a) the accompanying financial report as set out on pages 2 – 9, being a special purpose financial statement, is drawn up so as to present fairly the state of affairs of the Association as at 31st December 2015 and the results of the Association for the year ended on that date (the reporting period);
- (b) the accounts of the Association have been properly prepared and are in accordance with the books of account of the Association; and
- (c) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

We confirm as follows:

- (a) The name of each Committee member of the Association during the reporting period were:

Simon Perrott – Chairman
Sally Patten
Phil Offer
Judy Lewis
Bryce Youngman
Hazem Shammass

- (b) The principal activity of the Association during the reporting period was performances to school groups through-out Victoria, South Australia, Western Australia, New South Wales and the ACT.
- (c) The net surplus of the Association for the reporting period was \$215.

Signed at 91 Canal Rd, Lilyfield

On 20th day of June 2016

Chairman

Secretary

Poetry in Action Inc
Profit & Loss Statement
For the Twelve Months Ended 31 December 2015

	<u>2015</u>	<u>2014</u>
Income		
Donations	40,000.00	78,872.73
PIA Income	456,736.07	416,569.10
Creative Projects Income	6,800.00	8,805.00
Government Grants Funding	77,000.00	80,000.00
Membership Fees Collected	10.00	-
Total Income	580,546.07	584,246.90
Cost of Goods Sold		
PIA production costs	-	127.73
Flights	11,632.90	11,426.81
Accommodation touring	46,368.27	40,445.90
Car hire touring	16,784.71	20,786.38
Petrol touring	48.48	696.13
Per Diems touring	19,473.84	20,940.32
Other touring (tolls etc)	1,849.36	3,110.78
Performance fees	-	750.00
Rehearsal fees	11,750.73	8,663.77
Actors salaries	150,064.22	136,199.85
Write, Direct & workshop fees	27,887.50	19,974.04
Subcontractors	35,791.59	7,803.70
Total Cost of Sales	321,651.60	270,925.41
Gross Profit	258,894.47	313,321.49
Expenses		
Office rent	11,164.75	9,291.19
Bookkeeping & Accounting	21,755.00	22,507.50
Office consumables	1,904.43	1,877.85
Insurance	6,204.07	3,920.77
Telephone/Internet	4,725.80	3,865.71
Office Equipment	1,757.88	1,092.76
Business Development	6,809.40	16,701.47
Catering etc	6,367.74	2,590.25
Marketing	10,592.56	10,864.55
Corporate Projects	3,304.83	7,715.45
Creative Projects	-	2,799.55
Employment Expenses		
Wages & Salaries	151,617.20	185,015.14
Other Employer Expenses	27,614.00	31,277.09
Total Employment Expenses	179,231.20	216,292.23
Total Expenses	253,817.66	299,519.28
Operating Profit	5,076.81	13,802.21

These financial statements should be read in conjunction with the attached Notes

Poetry in Action Inc
Profit & Loss Statement
For the Twelve Months Ended 31 December 2015

	<u>2015</u>	<u>2014</u>
Other Income		
Interest Income	1,776.75	2,595.01
Total Other Income	<u>1,776.75</u>	<u>2,595.01</u>
Other Expenses		
Bank fees & Interest	1,201.12	997.84
Depreciation - Computers	5,437.92	5,574.96
Total Other Expenses	<u>6,639.04</u>	<u>6,572.80</u>
Net Surplus / (Deficit)	<u>214.52</u>	<u>9,824.42</u>

These financial statements should be read in conjunction with the attached Notes

Poetry in Action Inc
Balance Sheet
As at 31 December 2015

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash On Hand		
PIA account	48,363.43	120,080.07
Donations Account	920.00	2,042.53
Term Deposit	160,420.55	101,647.61
Productions account	-	2.33
Total Cash On Hand	209,703.98	223,772.54
Pledges Receivable	6,197.50	7,977.00
Other Receivables	3,508.00	4,007.00
Total Current Assets	219,409.48	235,756.54
Non-Current Assets		
Computer Equipment - Cost	7,873.37	7,873.37
Computer Equipment - Accum Depr	(6,715.71)	(4,486.38)
Office Furniture - Cost	11,135.85	8,485.85
Office Furniture - Acc Depr	(7,899.69)	(2,836.36)
Touring Equipment - Cost	319.50	320.00
Touring Equipment - Acc Depr	(106.96)	(106.96)
Total Non-Current Assets	4,606.36	9,249.52
Total Assets	224,015.84	245,006.06
Liabilities		
Current Liabilities		
Trade creditors	943.15	-
Unearned income	156,071.25	177,199.75
Leave Liabilities	728.74	-
Superannuation Payable	7,835.99	8,650.12
PAYG Withholding Payable	4,571.00	5,505.00
Total Current Liabilities	170,150.13	191,354.87
Total Liabilities	170,150.13	191,354.87
Net Assets	53,865.71	53,651.19
Equity		
Retained Earnings	23,532.30	13,707.88
Current Year Surplus / (Deficit)	214.52	9,824.42
Contributed Capital	30,118.89	30,118.89
Total Equity	53,865.71	53,651.19

These financial statements should be read in conjunction with the attached Notes

Poetry in Action Inc
Statement of Cash Flows
For the Twelve Months Ended 31 December 2015

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES		
<i>Operating Cash Inflows</i>		
Receipts from customers	484,696.07	509,244.33
Grants	77,000.00	80,000.00
Interest received	1,776.75	2,595.01
<i>Total Operating Cash Inflows</i>	563,472.82	591,839.34
<i>Operating Cash Outflows</i>		
Cost of sales	(285,860.01)	(270,925.41)
Operating expenses		
Salaries	(179,231.20)	(216,292.23)
Employee provisions	728.74	(6,163.58)
Other operating expenses	(111,183.03)	(101,932.70)
<i>Total Operating Cash Outflows</i>	(575,545.50)	(595,313.92)
Net cash used in operating activities	(12,072.68)	(3,474.58)
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(794.76)	(11,658.40)
Net cash used in investing activities	(794.76)	(11,658.40)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(1,201.12)	(997.84)
Net cash used in financial activities	(1,201.12)	(997.84)
Net increase/(decrease) in cash and cash equivalents	(14,068.56)	(16,130.82)
Cash at beginning of the year	223,772.54	239,903.36
Cash at end of the period	209,703.98	223,772.54

These financial statements should be read in conjunction with the attached Notes

Poetry in Action Inc
Statement of Changes in Equity
For the Twelve Months Ended 31 December 2015

	Contributed Capital	Retained Earnings	Total Equity
Balance as at 1 January 2014	30,118.89	13,707.88	43,826.77
Surplus / (Deficit) for the 2014 year	-	9,824.42	9,824.42
Balance as at 31 December 2014	30,118.89	23,532.30	53,651.19
Surplus / (Deficit) for the 2015 year	-	214.52	214.52
Balance as at 31 December 2015	30,118.89	23,746.82	53,865.71

These financial statements should be read in conjunction with the attached Notes

1. Statement of Significant Accounting Policies

Poetry in Action Incorporated is not a reporting entity because the Committee is of the opinion that there are no users dependent on general purpose financial reports. Therefore this financial report is a "Special Purpose Financial Report" that has been prepared solely to satisfy the financial reporting requirements of the Committee and the *Associations Incorporation Act (NSW) 2009*.

The financial report has been prepared under an exemption provided by Class Order 11/01 issued under the authority of section 53(1) of the *Associations Incorporation (NSW) Act 2009* and clause 8(2) of the *Associations Incorporation Regulation (NSW) 2010*. The financial report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the Committee to meet the needs of the members.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following accounting standards and significant accounting policies have been adopted in the preparation of this financial report.

- AASB 101 Presentation of Financial Statements
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1048 Interpretation and Application of Standards

2. Trade and Other Receivables

Amounts owed are recognised and carried at original invoice amounts less any allowance for uncollectable amounts. An allowance for doubtful debts is made when there is objective evidence that the Association will not be able to collect the debts. Bad debts are written off when identified.

3. Trade and Other Payables

Amounts owing are carried at their invoiced cost and represent a liability for goods and services provided to the Association prior to the end of the reporting period that are unpaid and arise when the Association becomes obliged to make future payments in respect of the purchase of these goods and services.

4. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

a. Revenue from performances

Revenue from the sale of performances is recognised only when the performances have been delivered. During the 2015 year total deposits of \$156,071.25 (2014: \$177,199.75) were received for performances to be conducted in 2016.

b. Government grants

Grants received from government are recognised during the period in which the requirements of the grant program are acquitted, notwithstanding that the grant monies may be received in an earlier period. During 2015 a grant of \$77,000 was received from Arts NSW which was acquitted during the 2015 year. A similar grant of \$80,000 was received in the 2013 year and acquitted and recognised as income in the 2014 year.

c. Donations

Donations are recognised when they are made or unconditionally pledged by the donor or when any conditions subsequent imposed by the donor have been unconditionally met.

d. Membership fees

Membership fees are recognised when they are paid by the members.

e. Interest

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument

5. Employee Benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

In determining the liability for employee entitlements related on-costs have also been included in the liability.

6. Provisions

Provisions are recognised when the association 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. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

7. Income Tax

No income tax is payable by the Association, as it is exempt under Section 23(g) of the *Income Tax Assessment Act 1997*.

8. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and service tax, except:

- i. where the amount of GST incurred is not recoverable from the Australian Tax Office. It is recognised as part of the cost of acquisition of an asset or as part of an item of the expense.
- ii. receivables and payables are shown inclusive of GST.

9. Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in-hand and short term deposits with an original maturity of three months or less plus bank overdrafts.

10. Critical Accounting Estimates and Judgments

In preparing this financial report, the Committee was required to make estimates and assumptions. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

11. Contingent Liabilities

The Association has occupied an office space located at 91 Canal Road, Lilyfield since 13th November 2007 under a licence agreement with Legs On The Wall Inc. The original licence was for a period of two years with an end date of 13th November 2009. The licence has not been formally renewed since the end date and therefore the agreement to occupy the office space has proceeded on a month-to-month basis.

Under the terms of the original licence, upon vacating the premises, the Association must make good any damage caused to the premises. It is expected that some superficial repairs will be required to restore the premises to the original condition at the inception of the licence agreement. However, given their nature, a reliable cost estimate of the repairs has not been determined by the Committee as at the reporting date and therefore a provision has not been recognised in the financial statements as at that date.