

MARDI GRAS ARTS LTD
ABN 41 158 800 018

Financial Report
For the year ended 30 June 2018

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MARDI GRAS ARTS LTD
ABN 41 158 800 018

DIRECTORS' REPORT

The directors present their report together with the financial report of Mardi Gras Arts Ltd (“MGA”) for the year ended 30 June 2018 and auditor’s report thereon.

List of Directors and Term of Office

The names and details of the directors in office at any time during or since the end of the year are set out below. The number of meetings of directors held during the year and the number of meetings attended by each director are further set out below.

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

Name	Date appointed	Date Retired	Board Meetings	
			A	B
Brandon Bear	24 August 2014		6	7
Jesse Matheson	12 November 2016		7	7
Kat Dopper	12 November 2016		4	7
Giovanni Campolo-Arcidiaco	23 September 2017		5	6
John Hannaford	23 September 2017		5	6
Robyn Kennedy	23 September 2017		5	6
Kate Wickett	23 September 2017		2	6
Christopher Brooke	30 January 2018		6	6
Damien Hodgkinson	19 August 2014	31 August 2017	1	1
Silke Bader	23 March 2016	23 September 2017	1	1
James Brechney	24 August 2014	7 November 2017	1	1

A – Number of meetings attended during the year

B – Number of meetings held during the time the director held office during the year

All directors were eligible to attend all meetings held.

Information on Directors

Damen Hodgkinson (retired) is a non-executive director of Ceramic Fuel Limited (CFU), a litigation management and manufacturing business that was listed on the Australian Stock Exchange Limited until March 2018.

None of the current directors, who were directors during this financial year of MGA, are currently directors of any publicly listed companies, nor have they had any such roles in the last 3 years.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, no directors had any interests in the shares and options of MGA.

Company Secretary

Tai Phan

Tai Phan was appointed as Company Secretary on 26 October 2016 and resigned on 30 January 2018.

David Sellin

David Sellin was appointed as Company Secretary on 30 January 2018.

MARDI GRAS ARTS LTD
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DIRECTORS' REPORT

Key Performance Measures

MGA measures its performance through the use of both quantitative and qualitative benchmarks to assess the financial sustainability of the Company and whether the Company is achieving its short-term and long-term objectives.

Principal Activities

The principal activities of MGA during the year were the organisation of fund raising activities administration of the MGA Gift Fund, the operation of the creative workshop, and staffing and administration services to the parent company Sydney Gay and Lesbian Mardi Gras Ltd (“SGLMG”).

No significant change in the nature of these activities occurred during the year.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Significant Events after the Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of MGA, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Environmental Regulation and Performance

MGA’s operations are not registered by any significant environmental regulation under laws of the Commonwealth or of a State or Territory.

Indemnification and Insurance of Directors and Officers

During the year, the immediate parent company, Sydney Gay and Lesbian Mardi Gras Ltd paid a premium, to insure all officers of the MGA. The officers of MGA covered by the insurance policy include all MGA directors.

Subject to some exceptions, the liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under terms of the contract.

MGA has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Company against a liability incurred as such by an officer or auditor.

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DIRECTORS' REPORT

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Public Company Limited by Guarantee

The entity, MGA is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the entity. Based on the number of members as at 30 June 2018, the total amount that members of MGA are liable to contribute if MGA is wound up is \$1,729 (2017: \$1,382).

Going Concern

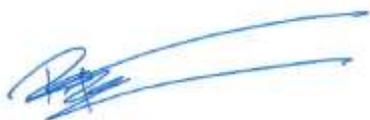
The accounts have been prepared on a going concern basis. MGA has received an undertaking from the immediate parent entity, Sydney Gay and Lesbian Mardi Gras Ltd that the immediate parent entity will support MGA to meet its debts as and when they fall due for a minimum period of twelve months from the date of signing of the 2018 financial reports for MGA.

Auditor's Independence Declaration

A copy of the auditor's declaration under subdivision 60-C of the Australian Charities and Not-for-Profits Commission Act 2012 in relation to the review for the financial year is provided with this report.

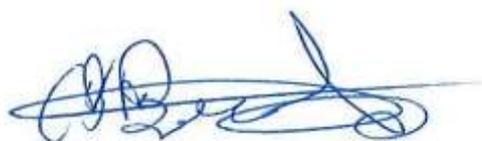
Signed in accordance with a resolution of the Board of Directors:

Director



Brandon Bear

Director



Christopher Brooke

Dated this 21st day of August 2018

Auditor's Independence Declaration to the Directors of Mardi Gras Arts Limited

In relation to our audit of the financial report of Mardi Gras Arts Limited for the financial year ended 30 June 2018, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.



Ernst & Young



Daniel Cunningham
Partner
21 August 2018

MARDI GRAS ARTS LTD
ABN 41 158 800 018

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Donations	9,466	2,990
Management and service fees	1,597,722	1,218,464
Other income	<u>536,642</u>	<u>275,690</u>
	<u>2,143,830</u>	<u>1,497,144</u>
Cost of sales	<u>568,676</u>	<u>339,291</u>
Gross profit	<u>1,575,154</u>	<u>1,157,853</u>
Occupancy costs	14,558	16,003
Employee benefits expense	1,228,566	885,207
Insurance	242	(1,455)
Amortisation of intangible software	2,931	-
Depreciation of property, plant and equipment	12,570	6,425
Operating lease rental expenses	68,426	49,178
Professional fees	22,470	44,905
Amounts paid to contractors	74,558	25,629
Other expenses	<u>129,790</u>	<u>71,508</u>
	<u>1,554,111</u>	<u>1,097,400</u>
Results from operations	<u>21,043</u>	<u>60,453</u>
Net finance costs	<u>(9,559)</u>	<u>(11,978)</u>
Net profit before income tax expense	<u><u>11,484</u></u>	<u><u>48,475</u></u>

The above statement of profit and loss should be read in conjunction with the accompanying notes.

MARDI GRAS ARTS LTD
ABN 41 158 800 018

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Profit before income tax expense (income tax benefit)	11,484	48,475
Income tax benefit (income tax expense)	<u>-</u>	<u>-</u>
Profit for the year attributable to members of the entity	11,484	48,475
Other comprehensive income	-	-
Income tax benefit (income tax expense)	<u>-</u>	<u>-</u>
Other comprehensive income, net of tax	<u>-</u>	<u>-</u>
Total comprehensive profit for the year, net of tax	<u>11,484</u>	<u>48,475</u>
Total comprehensive profit attributable to members of the entity	<u>11,484</u>	<u>48,475</u>

The above statement of other comprehensive income should be read in conjunction with the accompanying notes.

MARDI GRAS ARTS LTD
ABN 41 158 800 018

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	2	158,869	267,807
Trade and other receivables	3	33,115	4
Prepayments	4	<u>1,525</u>	<u>-</u>
TOTAL CURRENT ASSETS		<u>193,509</u>	<u>267,811</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	56,495	36,975
Intangible assets	6	<u>12,478</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS		<u>68,973</u>	<u>36,975</u>
TOTAL ASSETS		<u>262,482</u>	<u>304,786</u>
CURRENT LIABILITIES			
Trade and other payables	7	<u>90,129</u>	<u>55,562</u>
TOTAL CURRENT LIABILITIES		<u>90,129</u>	<u>55,562</u>
NON-CURRENT LIABILITIES			
Loans	8	<u>110,362</u>	<u>198,717</u>
TOTAL NON-CURRENT LIABILITIES		<u>110,362</u>	<u>198,717</u>
TOTAL LIABILITIES		<u>200,491</u>	<u>254,279</u>
NET ASSETS		<u>61,991</u>	<u>50,507</u>
EQUITY			
Retained earnings		<u>61,991</u>	<u>50,507</u>
TOTAL EQUITY		<u>61,991</u>	<u>50,507</u>

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

MARDI GRAS ARTS LTD
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Retained Earnings	Total Equity
	\$	\$
As at 1 July 2017	50,507	50,507
Other comprehensive income	-	-
Profit for year	<u>11,484</u>	<u>11,484</u>
Total comprehensive profit for the year	<u>11,484</u>	<u>11,484</u>
Balance at 30 June 2018	<u><u>61,991</u></u>	<u><u>61,991</u></u>
As at 1 July 2016	2,032	2,032
Other comprehensive income	-	-
Profit for year	<u>48,475</u>	<u>48,475</u>
Total comprehensive profit for the year	<u>48,475</u>	<u>48,475</u>
Balance at 30 June 2017	<u><u>50,507</u></u>	<u><u>50,507</u></u>

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

MARDI GRAS ARTS LTD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
OPERATING ACTIVITIES			
Receipts from customers		760,491	1,527,260
Payments to suppliers and employees		<u>(821,930)</u>	<u>(1,373,338)</u>
Net cash flows from operating activities	11	<u>(61,439)</u>	<u>153,922</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(32,090)	(18,596)
Purchase of intangibles		<u>(15,409)</u>	<u>-</u>
Net cash flows used in investing activities		<u>(47,499)</u>	<u>(18,596)</u>
Net increase in cash and cash equivalents		(108,938)	135,326
Cash and cash equivalents at beginning of financial year		<u>267,807</u>	<u>132,481</u>
Cash and cash equivalents at end of financial year	2	<u><u>158,869</u></u>	<u><u>267,807</u></u>

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

MARDI GRAS ARTS LTD
ABN 41 158 800 018

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Statement of Significant Accounting Policies

Corporate information

The financial statements of Mardi Gras Arts Ltd ('MGA') for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 21 August 2018.

MGA is a company limited by guarantee incorporated and domiciled in Australia. The Company's principal place of business and contact details are:

Address: Suite 6, 94 Oxford Street,
Darlinghurst NSW 2010
Telephone: 02 9383 0900
Email: reception@mardigrasarts.org.au
Web address: www.mardigras.org.au

a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB) and requirements of the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

The financial statements have been prepared under the historical cost basis. Items included in the financial statements of MGA are measured in Australian dollars.

The financial statements provide comparative information in respect of the previous year.

MGA is a not-for-profits private sector entity. Therefore, MGA has elected to present Tier 2 General Purpose Financial Statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The preparation of financial statements required the use of certain critical accounting estimates. This requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note (j).

b) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand that is readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash includes cash on hand and term deposits with banks or financial institutions, investments in money market instruments maturing with less than three months and net of bank overdrafts.

c) Revenue recognition

Revenue is recognised when delivery has been performed, the amount of revenue can be measured reliably and it is probable that it will be received by the economic entity. Interest revenue earned on bank accounts is recognised upon receipt.

MARDI GRAS ARTS LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Statement of Significant Accounting Policies (continued)

c) Revenue recognition (continued)

(i) Donations

Revenue from donations is recognised when the Company receives donations or where the Company has an unconditional commitment from the donor.

(ii) Management fees

Management fees are recognised when it is probable that the economic benefits will flow to the Company.

(iii) Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

(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).
- receivables, payables are stated inclusive of amount of GST receivable from, or payable.

The net amount of GST recoverable from or payable to the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

(e) Trade and other receivables

Trade receivables, which generally have a 30-day term, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for any uncollectible amounts. Collectability of trade receivables is reviewed continually. Debts that are known to be uncollectible are written off when identified. An allowance for provision for impairment of trade receivables is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment loss is recognised in the income statement within other expenses.

(f) Trade and other payables

Trade payables and other payables are carried at cost. They represent liabilities for goods and services provided to the Company prior to the end of the year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

(g) Members funds

This is a public company limited by guarantee pursuant to the constitution of the Company, members funds are \$nil.

(h) Income tax

No income tax expense or benefit for the year has been recorded as the Company is tax exempt.

MARDI GRAS ARTS LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Statement of Significant Accounting Policies (continued)

(m) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the year in which the employees render the related service are measured at the amounts expected to be paid when the liabilities are settled. All short-term employee benefit obligations are presented as trade and other payables.

Contributions payable by the Company to an employee superannuation fund are recognised in the statement of financial position as a liability, after deducting any contributions already paid and in the income statement as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

(n) Going concern

The accounts have been prepared on a going concern basis. MGA has received an undertaking from the immediate parent entity, Sydney Gay and Lesbian Mardi Gras Ltd that the immediate parent entity will support MGA to meet its debts as and when they fall due for a minimum period of twelve months from the date of signing of the 2018 financial reports for MGA.

(o) Changes in accounting policies, new and amended standards and interpretations

Management and the directors are evaluating the financial impact and effect of the introduction of AASB15 and AASB16 on the entity for the year ended 30 June 2018 and future years. For the year ended 30 June 2018, there is no financial impact and effect.

	2018	2017
	\$	\$
Note 2: Cash and cash equivalents		
Cash	<u>158,869</u>	<u>267,807</u>
	<u>158,869</u>	<u>267,807</u>

(a) Reconciliation to cash at the end of the year

The above figures agree to cash at the end of the financial year as shown in the statement of cash flows.

(b) Risk exposure

The Company's exposure to interest rate risk is discussed in note 1. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of cash and cash equivalents mentioned above.

(c) Public Fund

As at the end of the year, an amount of \$100,238 (\$2017: \$94,578) is held as part of the MGA public fund and is not available for use as general working capital. Withdrawals from the public fund are subject to approval of the Public Fund Committee in accordance with the requirements set out by the Register of Cultural Organisations, "ROCO".

MARDI GRAS ARTS LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Note 3: Trade and other receivables		
Goods & services tax	-	2
Trade receivables	<u>33,115</u>	<u>2</u>
	<u>33,115</u>	<u>4</u>

(a) Impaired receivables

As at 30 June 2018, no debts were considered impaired.

Note 4: Prepayments

Prepayments	<u>1,525</u>	<u>-</u>
	<u>1,525</u>	<u>-</u>

Note 5: Property, plant and equipment

Plant and equipment

Cost	78,170	46,079
Accumulated depreciation	<u>(21,675)</u>	<u>(9,104)</u>
	<u>56,495</u>	<u>36,975</u>
Net property, plant and equipment	<u>56,495</u>	<u>36,975</u>

Movement in carrying amounts

Movement in the carrying amounts of plant and equipment between the beginning and the end of the current financial year.

	Plant & equipment	Total
	\$	\$
2018		
Opening net book amount	36,975	36,975
Additions	32,090	32,090
Depreciation	<u>(12,570)</u>	<u>(12,570)</u>
Closing net book amount	<u>56,495</u>	<u>56,495</u>

MARDI GRAS ARTS LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Note 6: Intangible assets		
Software		
Cost	15,409	-
Accumulated amortisation	<u>(2,931)</u>	<u>-</u>
	<u>12,478</u>	<u>-</u>
Net Intangible assets	<u><u>12,478</u></u>	<u><u>-</u></u>

Movements in carrying amounts

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year.

	Software	Total
	\$	\$
2018		
Opening net book amount	-	-
Additions	15,409	15,409
Amortisation	<u>(2,931)</u>	<u>(2,931)</u>
Closing net book amount	<u><u>12,478</u></u>	<u><u>12,478</u></u>
	2018	2017
	\$	\$

Note 7: Trade and other payables

Trade payables	46,773	18,024
Other payables	<u>43,356</u>	<u>37,538</u>
	<u><u>90,129</u></u>	<u><u>55,562</u></u>

Note 8: Loans

Parent entity revolving loan	<u>110,362</u>	<u>198,717</u>
	<u><u>110,362</u></u>	<u><u>198,717</u></u>

On 1 November 2014, MGA entered into a revolving loan facility of up to \$350,000. The facility is currently drawn to \$110,362 and is due to terminate on 30 June 2019. The loan is repayable within 8 weeks from the date the lender gives notice in writing to the borrower requiring the repayment of the outstanding amount but not before 30 June 2019. The rate of interest depending on certain conditions being met is between 6.5% per annum and 9.5% per annum (or such other rate as may be agreed between the Borrower and Lender from time to time).

MARDI GRAS ARTS LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 9: Contingencies

As at 30 June 2018, there were no other contingent assets or liabilities.

Note 10: Events after balance sheet date

There have been no items of significance subsequent to 30 June 2018, and as at the date of this report that would impact the results as outlined in this financial report.

	2018	2017
	\$	\$
Note 11: Reconciliation of profit / (loss) to net cash inflow from operating activities		
Profit for the year	11,484	48,475
Depreciation and amortisation	15,501	6,425
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	(33,111)	2,498
(Increase) / decrease in prepayments	(1,525)	-
Increase / (decrease) in trade and other payables	34,567	(96,003)
Increase / (decrease) in other liabilities	<u>(88,355)</u>	<u>192,527</u>
Net cash inflow from operating activities	<u>(61,439)</u>	<u>153,922</u>

Note 12: Member guarantee

MGA is incorporated with the liability of members limited by guarantee. In accordance with the MGA constitution, the liability of the members, is limited to \$1,729 (2017: \$1,293) in the event MGA is wound up.

Note 13: Key management personnel

Key management personnel compensation

Key management personnel compensation	<u>-</u>	<u>-</u>
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All directors provide their services on a voluntary basis and do not, other than for reimbursement of approved expenses incurred, receive remuneration from the Company. The directors were considered to be the only Key Management Personnel of the Company because they are the only persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key decisions in respect of planning, directing and controlling are only made by the Board of Directors.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 14: Related party transactions

MGA provided the following services to its immediate parent, SGLMG:

(a) Workshop

MGA provides a workshop to SGLMG to build floats for the SGLMG parade. MGA charges the full costs of the workshop and a management fee back to SGLMG.

(b) Management services

MGA employs the management staff and provides management services back to SGLMG on a shared cost basis. Costs are shared at the end of each financial year on a pro-rata basis to revenue.

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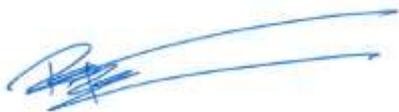
DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6-18, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date of the Company.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. As an authorised fundraiser:
 - (a) the Statement of Profit or Loss and Statement of Other Comprehensive Income gives a true and fair view of all income and expenditure of the Company with respect to fundraising appeals, and
 - (b) the Statement of Financial Position gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals conducted by the Company, and
 - (c) the provisions of the Charitable Fundraising Act 1991, the Regulations under the Act and the conditions attached to the authority have been complied with by the Company, and
 - (d) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from all of our fundraising appeals.

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

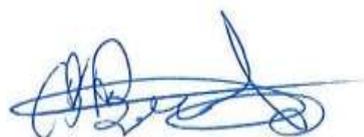
Director



Brandon Bear

Dated this 21st day of August 2018

Director



Christopher Brooke

Independent Auditor's Report to the Members of Mardi Gras Arts Limited

Report on the Financial Report

Opinion

We have audited the financial report of Mardi Gras Arts Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Daniel Cunningham'.

Daniel Cunningham
Partner
Sydney
21 August 2018