SYDNEY GAY AND LESBIAN MARDI GRAS LTD
ABN 87 102 451 785

Financial Report
For the year ended 30 June 2018

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DIRECTORS' REPORT

The directors present their report together with the financial report of Sydney Gay and Lesbian Mardi Gras Ltd ("SGLMG") and its affiliate Mardi Gras Arts Ltd ("MGA") (together referred to as "the Group") 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 Groups' 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	Board Meetings B
Brandon Bear	24 August 2014		14	15
Jesse Matheson	12 November 2016		15	15
Kat Dopper	12 November 2016		10	15
Giovanni Campolo-Arcidiaco	23 September 2017		11	12
John Hannaford	23 September 2017		12	12
Robyn Kennedy	23 September 2017		12	12
Kate Wickett	23 September 2017		10	12
Christopher Brooke	30 January 2018		5	5
Damien Hodgkinson	19 August 2014	31 August 2017	2	2
Silke Bader	23 March 2016	23 September 2017	3	3
James Brechney	24 August 2014	7 November 2017	7	7

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.

Committee Membership

As at the date of this report, the Group had a Governance Audit and Risk Committee. Phillip Kershaw is Chair and Stacey Dowson is the Co-Chair of the Governance Audit and Risk Committee during the reporting year.

Members acting on that committee as at the date of this report were:

Name
Phillip Kershaw (Independent Co-Chair)
Stacey Dowson (Independent Co-Chair)
Sarah Morgan (Independent Member)
Alisdair Campbell (Independent Member)
Brandon Bear (Board Advisory Member)
Christopher Brooke (Board Advisory Member)

DIRECTORS' REPORT

Damien Hodgkinson (retired) is a non-executive director of Ceramic Fuel Limited (CFU), a litigation management and manufacturing business that was listed on the on the Australian Stock Exchange Limited until March 2018. None of the current directors, who were directors during this financial year of SGLMG, are currently directors of any publicly listed companies, nor have they had any such roles in the last 3 years.

Name	Qualifications	Experience	Special Responsibilities
Brandon Bear	Bachelor of Arts, University New England	Board Member for 5 years, Board Associate for 18 months, Fifteen years of experience in small not for profit governance in youth & community sector.	Co-Chair, Governance Audit and Risk Committee, Strategic Planning Committee, People and Culture Committee
Jesse Matheson	Bachelor of Communications (Journalism), University of Technology, Sydney. Graduate Certificate in Public Policy, University of Sydney	Board member for 19 months. Former Chair of SGLMG Membership Committee. 10 years volunteer experience across SGLMG working groups. 2 years Secretariat experience for public & NFP Boards.	Social Justice Committee (Co-Chair), Membership Committee (Chair), People & Culture Committee , 78ers Creative Working Group (Co-Chair)
Kat Dopper	Bachelor of Education	Board member for 19 months, Executive Event Producer for many brands and charities plus larger organisations such as Destination NSW & the City of Sydney, Founder and Director of Heaps Gay.	Membership Committee (Co-Chair), Funding Committee
Giovanni Campolo-Arcidiaco	BA in Italian Literature and Theatre History, Diploma in Internet and Multimedia, PRINCE2 Practitioner	Board member for 9 months; Membership Director of the Sydney Gay & Lesbian Business Association for 2 years; President of Queer Screen (Mardi Gras Film Festival) for 4 years.	Membership Committee (Co-Chair), 78ers Committee
John Hannaford	Master of Business Administration (currently obtaining) Charles Sturt University, Bachelor of Business (Management) Charles Sturt University, Certificate IV Training and Assessment, Certificate IV Frontline Management	Board member for 9 months, SGLMG Event Fundraising Manager for 5 years, SGLMG Volunteer for 10 years.	People and Culture (Chair), Public Fund Committee, 78ers Committee, 78ers Creative Working Group (Co-Chair)
Robyn Kennedy	Bachelor of Arts, University of NSW	Board member for 9 months, over 30 years' experience in social policy, planning and program development in both public and not for profit sectors. Expertise in funding of not for profits. A 78er (participant in first Mardi Gras).	Strategic Planning Committee (Chair), Social Justice Committee (Co-Chair)

Information on Directors (continued)

Name	Qualifications	Experience	Special Responsibilities
Kate Wickett	Bachelor of Laws and Legal Practice, Law Flinders University, Graduate Diploma Communications (Public Relations), RMIT University, Master of Business Administration, Business, Monash University	Board member for 9 months, Midsumma Festival Board for almost four years, Board Associate for 12 months.	Co-Chair, Strategic Planning Committee, Funding Committee
Christopher Brooke	Bachelor of Economics (Accounting) - Flinders University, Master of Business Administration - University of Adelaide, Fellow CPA Australia, Fellow Institute of Chartered Secretaries and Administrators (London), Graduate Australian Institute of Company Directors, Justice of the Peace	Board member for 5 months, Board member of Aids Council of South Australia – 5 Years.	Treasurer, Governance Audit and Risk Committee
Damien Hodgkinson (retired)	Registered Liquidator Chartered Accountant	Board member for 4 years Chartered Accountant for 29 years. Managing Director of DEM Australasia.	Co-Chair, Budget Working Group, Public Fund Committee, Governance Audit and Risk Committee
Silke Bader (retired)	BA Business	Board member for 1 year Publisher, CEO and Editor In Chief for LOTL Magazine since 1999.	Membership Committee
James Brechney (retired)		Board member for 5 years DIY Rainbow, Previously executive and board member of ALSA, Northside Broadcasting Co-Operative.	Events Committee, Development Committee

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 the Group.

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.

Short-term and Long-term Objectives

The consolidated group's short-term objectives are to:

- Continue to organise and co-ordinate events of celebration, commemoration and protest; and engage in other activities as part of the lesbian, gay, bisexual, transgender, queer and intersex LGBTQI community;
- Consistently achieve events excellence through creativity, production value, community participation;
- Review and re-vision the organisation to meet the needs of its members and the community;
- Return the group to financial sustainability; and
- Increase the reserves of the consolidated group to ensure long term sustainability.

The consolidated group's long-term objectives are to:

- Organise and co-ordinate events of celebration, commemoration and protest; and engage in other activities as part of the gay, lesbian, transgender, bisexual, queer and intersex community;
- Increase visibility of the organisation within the wider community;
- Increase visitation to the organisation's events and programs both locally and overseas;
- Consistently achieve events excellence;
- Enhance events to ensure long term financial sustainability; and
- Increase the reserves of the consolidated group to ensure long term sustainability.

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

- Increase artistic and production excellence;
- Better involvement from and consultation with our members and community;
- Open and considered processes to recruit and retain talented people;
- Better decision making, planning and budgeting at all levels of the organisation; and
- Rigorous financial planning, monitoring, risk mitigation and cost control.

Key Performance Measures

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

The Group undertakes a number of surveys which assist in the measurement of a number of key performance measures, including:

- Attendance statistics;
- Unique visitation statistics;
- Financial impact;
- Satisfaction levels;
- Volunteer numbers; and,
- Member numbers.

The Group also undertakes the measurement of the profitability and key financial ratios of each of the events that the Group stages during the year.

DIRECTORS' REPORT

Principal Activities

The principal activities of the Group during the year were the organisation and co-ordination of an annual LGBTQI cultural and arts festival which produced events of celebration, commemoration and protest as a key part of advancing the community development and promoting the health and wellbeing of the LGBTQI community.

SGLMG is also the parent entity of MGA which forms part of the consolidated group. MGA activities during the year were the organisation of fundraising activities and administration of the MGA Gift Fund, the operation of the creative workshop, and the provision of management and administration services to 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 Group that occurred during the financial year under review.

Going Concern

The Group will always be reliant on the support for its events from investors, sponsors, members and community. The directors have undertaken a review of the organisational operating structure and consider that with effective cost control and cash management, the Group will continue to operate and provide services to its members, non-members and the community as a whole.

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 the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Environmental Regulation and Performance

The Group’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 Group paid a premium, to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors and officers.

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 Group, 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 wilful 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 Group.

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.

The Group 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 Group against a liability incurred as such by an officer or auditor.

DIRECTORS' REPORT

Indemnification of Auditors

To the extent permitted by law, the Group 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, SGLMG, 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 SGLMG are liable to contribute if SGLMG is wound up is $2,560 (2017: $2,125).

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 audit for the financial year is provided with this report.

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

Director	Director
Brandon Bear	Christopher Brooke

Dated this 21st August 2018

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Sydney NSW 2000 Australia
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Auditor's Independence Declaration to the Directors of Sydney Gay and Lesbian Mardi Gras Limited

In relation to our audit of the financial report of Sydney Gay and Lesbian Mardi Gras 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

Ernst & Young

Daniel Cunningham

Daniel Cunningham
Partner
21 August 2018

Ernst & Young
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Independent Auditor's Report to the Members of Sydney Gay and Lesbian Mardi Gras Limited

Report on the Financial Report

Opinion

We have audited the financial report of Sydney Gay and Lesbian Mardi Gras Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 Group is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated 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 Group 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 Group'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 Group 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 Group'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 Group'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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Ernst & Young

Ernst & Young

Daniel Cunningham

Daniel Cunningham
Partner
Sydney
21 August 2018

SYDNEY GAY AND LESBIAN MARDI GRAS LTD
ABN 87 102 451 785

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	$	$
Ticket sales	2,824,489	1,896,563
Sponsorship	2,850,495	1,986,310
Membership income	85,649	31,346
Stallholder fees	156,829	138,709
Sale of goods	137,011	89,270
Festival revenue	623,044	344,175
Contra revenue	731,594	821,176
Parade entry fees	49,800	38,822
Donations	72,075	37,676
Other income	31,872	35,290
	7,562,858	5,419,337
Cost of sales	5,761,359	3,863,010
Gross profit	1,801,499	1,556,327
Occupancy costs	14,558	16,003
Employee benefits expense	1,272,370	915,858
Insurance	61,489	54,117
Amortisation of intangible software	3,855	914
Depreciation of property, plant and equipment	21,066	23,781
Bad debt expense	3,145	-
Operating lease rental expenses	68,426	49,178
Marketing & communications	106,688	189,318
Professional fees	43,442	61,872
Other expenses	139,856	71,862
	1,734,895	1,382,903
Results from operations	66,604	173,424
Interest income	674	2,185
Finance costs	(6,026)	(1,829)
Net finance income / (cost)	(5,352)	356
Net profit before income tax expense	61,252	173,780

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

SYDNEY GAY AND LESBIAN MARDI GRAS LTD
ABN 87 102 451 785

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

	2018 $	2017 $
Profit before income tax expense / (income tax benefit)	61,252	173,780
Income tax benefit / (income tax expense)	-	-
Profit for the year attributable to members of the group	61,252	173,780
Other comprehensive income	-	-
Income tax benefit / (income tax expense)	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive profit for the year, net of tax	61,252	173,780
Total comprehensive profit attributable to members of the group	61,252	173,780

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

SYDNEY GAY AND LESBIAN MARDI GRAS LTD
ABN 87 102 451 785

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018	2017
		$	$
CURRENT ASSETS			
Cash and cash equivalents	7	522,204	603,033
Trade and other receivables	8	273,822	141,062
Inventories	9	800	800
Prepayments	10	1,525	-
Other current assets	11	17,710	-
TOTAL CURRENT ASSETS		816,061	744,895
NON-CURRENT ASSETS			
Property, plant and equipment	12	69,574	56,249
Intangible assets	13	23,539	11,985
TOTAL NON-CURRENT ASSETS		93,113	68,234
TOTAL ASSETS		909,174	813,129
CURRENT LIABILITIES			
Trade and other payables	14	94,491	63,037
Other liabilities	15	-	67
Employee benefits liabilities	16	35,944	32,538
TOTAL CURRENT LIABILITIES		130,435	95,642
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		130,435	95,642
NET ASSETS		778,739	717,487
EQUITY			
Issued capital		-	-
Retained earnings		778,739	717,487
TOTAL EQUITY		778,739	717,487

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

SYDNEY GAY AND LESBIAN MARDI GRAS LTD
ABN 87 102 451 785

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Retained Earnings $	Total Equity $
As at 1 July 2017	717,487	717,487
Profit for year	61,252	61,252
Total comprehensive profit for the year	61,252	61,252
Balance at 30 June 2018	778,739	778,739

	Retained Earnings $	Total Equity $
As at 1 July 2016	543,707	543,707
Profit for year	173,780	173,780
Total comprehensive profit for the year	173,780	173,780
Balance at 30 June 2017	717,487	717,487

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

SYDNEY GAY AND LESBIAN MARDI GRAS LTD
ABN 87 102 451 785

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		$	$
OPERATING ACTIVITIES			
Receipts from customers		8,188,748	5,100,500
Payments to suppliers and employees		(8,214,425)	(5,057,315)
Interest Paid		(6,026)	-
Interest received		674	2,185
Net cash flows from (used in) operating activities	24	(31,029)	45,370
INVESTING ACTIVITIES			
Purchase of intangible assets		(15,409)	-
Purchase of property, plant and equipment		(34,391)	(20,193)
Net cash flows used in investing activities		(49,800)	(20,193)
Net increase (decrease) in cash and cash equivalents		(80,829)	25,177
Cash and cash equivalents at beginning of financial year		603,033	577,856
Cash and cash equivalents at end of financial year	7	522,204	603,033

Note 1: Corporate information

The consolidated financial statements of Sydney Gay and Lesbian Mardi Gras Ltd and its subsidiary (collectively, the 'Group') for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 21 August 2018.

Sydney Gay and Lesbian Mardi Gras Ltd ('SGLMG', The Company or the parent) is a company limited by guarantee domiciled in Australia.

The Group'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

The consolidated financial statements of the Group as at and for the year ended 30 June 2018 comprise the Company and its controlled entity (together referred to as the 'Group' and individually as 'Group entities'). The Group is a not-for-profits group and is primarily involved in event management and the production and co-ordination of the Sydney Gay and Lesbian Mardi Gras Festival.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The consolidated financial statements are for the entity consisting of SGLMG and its controlled entity Mardi Gras Arts Ltd.

Note 2: Basis of preparation

(i) Statement of Compliance

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001.* SGLMG is a not-for-profits entity for the purpose of preparing the consolidated financial statements.

The consolidated financial statements of SGLMG comply with 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 consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 21 August 2018.

(ii) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Note 2: **Basis of preparation (continued)**

(iii) Functional and presentation currency

Items included in the consolidated financial statements of SGLMG are measured using the currency of the economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(iv) Use of estimates and judgements

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 6.

(v) Comparative figures

*C*omparatives figures have been adjusted to conform with changes in presentation of current financial year.

Note 3: Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by the Group.

(a) Consolidation

SGLMG has the same Board of Directors as Mardi Gras Arts Ltd. This consolidated financial report reports the consolidated results of both entities.

(b) Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Note 3: **Significant accounting policies (continued)**

(c) Financial instruments

The Group initially recognises loans and receivables on the date that they are originated. Non-derivative financial assets are split into the following categories:

- financial assets at fair value through profit or loss,
- held-to-maturity financial assets,
- loans and receivables, and
- available-for-sale financial assets.

(i) Non-derivative financial assets

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Note 3: Significant accounting policies (continued)

(ii) Non-derivative financial liabilities

All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(d) Property, plant and equipment

Items of property, plant and equipment are measured at historical cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods of significant items of property, plant and equipment are as:

- Leasehold improvements 5 years or until expiration of lease
- Plant and equipment 4 or 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. 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.

Note 3: Significant accounting policies (continued)

(e) Intangible assets

(i) Trademarks and licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives, which vary from 10 to 30 years.

(ii) Software including www.mardigras.org.au website

Acquisition costs incurred in developing the Website and acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software. Amortisation is calculated on a straight-line basis over periods of 3.7 years.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

(g) Impairment

The carrying amounts of the Group's non-financial assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

(h) Employee benefits

(i) Short-term 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.

(ii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting year are discounted to present value.

(iii) Retirement benefit obligations

Contributions payable by the Group 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.

Note 3: Significant accounting policies (continued)

(i) Revenue recognition

(i) Sale of goods – retail

The Group sells tickets to events directly and through third party ticket agencies. Revenue from the sale of tickets to events is recognised upon delivery of the service to the customer. Third party ticketing agencies usually remit ticket money within 14 days of the event being held. Revenue from the sale of other goods to customers is recorded on delivery of the goods to customers.

(ii) Membership subscriptions

Revenue from members' subscriptions revenue is recognised at the point in time when substantially all of the benefits are received by the members. Revenue is recognised when the Sydney Gay and Lesbian Mardi Gras Season occurs, at which time members are able to receive the benefit of discounted tickets to events.

(iii) Donations

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

(iv) Contra revenue and expense

Revenue from contra revenue and expenditure is recognised when the Group receives "in kind" goods and services. When the contribution does not represent an asset at balance date, the Group recognises an expense and associated revenue for these "in kind" goods and services in the consolidated financial report. Where the "in kind" goods and services represent an asset at balance date, both the asset and revenue are recognised in the consolidated financial report.

(v) Sponsorship income

Sponsorship income in respect of an event is recognised on the day that the event occurs. Sponsorship not directly related to events is recognised as income in the year in which sponsorship benefits are bestowed.

(vi) Licence fees

Licence fees are recognised when the right to receive the revenue has been established.

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

(j) Government grants

Grants from the City of Sydney and Destination NSW are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will have complied with any conditions associated with the grant. Event specific grants are brought to account on the day that the event occurs.

Note 3: Significant accounting policies (continued)

(k) Leases

(i) Leased assets

Assets held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 22).

(ii) Lease payments

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(l) Income tax

No income tax expense or benefit for the year has been recorded (Note 5).

(*m) Finance income and finance costs*

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise bank fees and interest on loans and short-term funding.

(n) Going Concern

The Group will always be reliant on the support for its events from investors, sponsors, members and community. The directors believe that through tight budgetary controls and effective cash management, the Group will continue to operate and provide services to its members, non-members and the community as a whole.

(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 IFRS 15 and 16 on the entity for the year ended 30 June 2020 and future years. For the year ended 30 June 2018, there is no financial impact and effect.

(p) 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 and payables are stated inclusive of the 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.

Note 4: Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group does not use derivative financial instruments because the Group does not have direct interest rate risk, borrowings and direct currency exposures for overseas artists are minimal and limited in terms of timing and as such, they are not hedged and they are converted to foreign currency at the date of payment of the fees.

Note 5: Income tax

The Group has sought and received independent advice confirming that the Group is income tax exempt for the periods ended 30 June 2003, 2004 and 2005, and continued to self-assess for the years ended 30 June 2006, 30 June 2007, for the nine months ended 31 March 2008, and the periods ended 31 March 2009, 31 March 2010, 31 March 2011. The Company was registered as a charity with the Australian Taxation Office with effect from 3 December 2012 and was tax exempt from the same date.

Note 6: Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

The Group does not believe that any significant judgments, estimates and assumptions have been made in applying accounting policies that will impact upon amounts recognised in the consolidated financial statements.

	2018	2017
	$	$
Note 7: Cash and cash equivalents		
Cash at bank	522,204	603,033
	522,204	603,033

(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 consolidated statement of cash flows.

(b) Risk exposure

The group's exposure to interest rate risk is discussed in Note 4. 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".

	2018 $	2017 $
Note 8: Trade and other receivables		
Trade receivables	240,694	141,060
Goods & service tax	17,583	-
	258,277	141,060
Accrued income	15,543	-
Other receivables	2	2
	273,822	141,062

Trade receivables are non-interest bearing and are generally on terms of 30-90 days. During the year $3,145 of debt was written off (2017: $0)

(a) Impaired receivables

As at 30 June 2018, no debts were considered impaired

(b) Past due but not impaired

As at 30 June 2018, trade receivables of $24,833 (2017: $36,176) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these past due trade receivables is as follows:

	2018	2017
Up to 3 months	50,498	-
Over 3 months / under 6 months	165,363	-
Over 6 months	24,833	36,176
	240,694	36,176

(c) Not past due and not impaired

The current trade receivables of $215,860 (2017: $104,884) and current other receivables of $0 (2017: $0) are not past due. Based on the credit history, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

(d) Other receivables

These amounts generally arise from transactions which have not been invoiced as at year-end, but accrued to match revenues with expenses incurred.

Note 9: Inventory

	2018	2017
Inventory – At cost	800	800

Inventory comprises of auction items held for re-sale. As at 30 June 2018, inventory of $0 (2017: $0) was written off as obsolete.

	2018	2017
	$	$
Note 10: Prepayments		
Prepayments	1,525	-

Note 11: Other current assets

	2018	2017
Bonds & deposits	17,710	-
	17,710	-

(a) Impaired other current assets

As at 30 June 2018, no other current assets were impaired.

(b) Past due but not impaired

As at 30 June 2018, no other current assets were past due.

(c) Other current assets

Bonds & Deposits are non-interest bearing and represent security deposits.

Note 12: Property, plant and equipment

	2018	2017
Plant and equipment		
Cost or fair value	278,550	244,160
Accumulated depreciation	(208,976)	(187,911)
	69,574	56,249
Leasehold improvements		
Cost or fair value	77,827	77,827
Accumulated depreciation	(77,827)	(77,827)
	-	-
Net property, plant and equipment	69,574	56,249

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant & equipment	Leasehold improvements	Total
	$	$	$
2018			
Opening net book amount	56,249	-	56,249
Additions	34,391	-	34,391
Depreciation charge	(21,066)	-	(21,066)
Closing net book amount	69,574	-	69,574

Note 13: Intangible assets

	2018	2017
	$	$
Software		
Cost or fair value	68,639	53,230
Accumulated amortisation	(56,161)	(53,230)
	12,478	-
Trademarks and domain names		
Cost or fair value	18,877	18,877
Accumulated amortisation	(7,816)	(6,892)
	11,061	11,985
Net intangible assets	23,539	11,985

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	Trademarks & Domain Names	Total
	$	$	$
2018			
Opening net book amount	-	11,985	11,985
Additions	15,409	-	15,409
Amortisation charge	(2,931)	(924)	(3,855)
Closing net book amount	12,478	11,061	23,539

Note 14: Trade and other payables

	2018	2017
	$	$
Trade payables	68,791	49,388
Other payables	25,700	13,649
	94,491	63,037

Note 15: Other liabilities

CURRENT		
Membership subscriptions paid in advance	-	67
	-	67

	2018	2017
	$	$
Note 16: Employee benefits liabilities		
Liability for superannuation	5,088	-
Liability for annual leave	30,856	32,538
	35,944	32,538

Note 17: Member guarantee

SGLMG is incorporated with the liability of members limited by guarantee. In accordance with the SGLMG constitution, the liability of each member is limited to $1.00 in the event SGLMG is wound up. All memberships are of 1 year duration unless otherwise stated.

The number of members at the end of the financial year was:

	2018	2017
	No.	No.
Friends with benefits	-	31
Friends	2,060	1,912
Friends with benefits, 3 year	-	12
78ers	159	40
Concession	154	-
Friends overseas	187	130
	2,560	2,125

	2018	2017
	$	$
Note 18: Key management personnel		
Key management personnel compensation		
Key management personnel compensation	-	-

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

All staff are retained by MGA and provided to SGLMG under an inter-company services agreement.

Note 19: Contingencies

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

Note 20: 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.

Note 21: Related party transactions

A *related party transaction* is a transfer of resources, services or obligations between a reporting entity and a related party.

Directors and committee members receive limited attendance benefits to its own events in accordance with SGLMG's volunteer policy.

Directors receive reimbursement for expenses incurred during the normal carry out of duties in attending board meetings, or SGLMG events.

These transactions are carried out on an 'arms-length' basis. The company has an established process for ensuring transparency for related party transactions.

Total reimbursements and outlays to directors and related companies amounted to $nil (2017: $182)

Note 22: Commitments

Non-cancellable operating lease commitments
SGLMG leases an office under a non-cancellable operating lease expiring in 2018.

	2018 $	**2017** $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
within one year	68,425	68,425
later than one year and not later than five years	-	-
	68,425	68,425

There is an intercompany revolving loan facility provided to MGA of up to $350,000. The facility is currently drawn to $112,214 and allows further draw-downs to fund the workshop each season.

Note 23: Group entities

Mardi Gras Arts Ltd

Mardi Gras Arts Ltd was incorporated on 4th June 2012. Mardi Gras Arts Ltd is deemed to be a controlled entity of Sydney Gay and Lesbian Mardi Gras Ltd by the fact that all the Directors of Mardi Gras Arts Ltd are the Directors of Sydney Gay and Lesbian Mardi Gras Ltd and any change to the constitution of MGA is subject to a resolution of the members of Sydney Gay and Lesbian Mardi Gras Ltd.

Note 24: Reconciliation of profit to net cash inflow from operating activities

	2018 $	2017 $
Profit for the year	61,252	173,780
Interest expense	(674)	(2,185)
Depreciation and amortisation	24,921	24,695
Bad debt expense	3,145	-
Provisions	22,408	-
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	(132,760)	16,366
(Increase) / decrease in other prepayments	(1,525)	-
(Increase) / decrease in other current assets	(17,710)	3,924
Increase in other non-current assets	(24,879)	-
(Decrease) / increase in trade and other payables	31,454	(187,410)
Increase in employment benefits	3,406	18,489
Decrease in other liabilities	(67)	(2,289)
Net cash inflow / (outflow) from operating activities	(31,029)	45,370

Note 25: Charitable fundraising activities

Below is additional information furnished under the Charitable Fundraising Act 1991 and the Office of Charities Fundraising Authorities Conditions.

Income Statement for each Fundraising Appeal for the year ended 30 June 2018

	Proceeds $	Surplus $	Margin %
Fundraising Appeals			
- Fair Day Bucket Collection	36,149	36,149	100%
- Medical Tent Bucket Collection	863	863	100%
Totals from all Fundraising Appeals	**37,012**	**37,012**	100%

Notes to Fundraising for Charitable Purposes

During the year ended 30 June 2018, Sydney Gay and Lesbian Mardi Gras Ltd ("SGLMG") achieved a net surplus of $37,012 from fundraising activities defined under the Charitable Fundraising Act. SGLMG received income from two sources of activity:

- Fair Day Bucket Collections;
- Medical Tent Bucket Collections;

The gross proceeds from these activities are disclosed in Statement of Comprehensive Income (as part of "Donations" and "Other Income") and realised $37,012.

Note 26: Information relating to Sydney Gay and Lesbian Mardi Gras Ltd (the Parent)

	2018	**2017**
	$	$
Total assets	739,471	694,934
Current liabilities	22,723	40,081
Total liabilities	22,723	40,081
Retained earnings	666,981	654,852
Profit of the Parent entity	49,767	113,178
Total revenue of the Parent entity	7,024,552	5,142,263

SYDNEY GAY AND LESBIAN MARDI GRAS LTD
ABN 87 102 451 785

DIRECTORS' DECLARATION

The directors of the Group declare that:

1. The consolidated financial statements and notes, as set out on pages 12-32, 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 Group's financial position as at 30 June 2018 and of its performance for the year ended on that date of the Group.

2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

3. As an authorised fundraiser:

    (a) the Consolidated Statement of Comprehensive Income (income statement) gives a true and fair view of all income and expenditure of the Group with respect to fundraising appeals, and

    (b) the Consolidated Statement of Financial Position (balance sheet) gives a true and fair view of the state of affairs of the Group with respect to fundraising appeals conducted by the Group, 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 Group, and

    (d) the internal controls exercised by the Group are appropriate and effective in accounting for all income received and applied by the Group from all of our fundraising appeals.

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

Director	Director
Brandon Bear	Christophe Brooke

Dated this 21st day of August 2018