

First Draft Incorporated

ABN 17 462 007 615

Financial Report 31 December 2015

Contents

First Draft Incorporated

	PAGE
Association information	2
Responsible entities' report	3
Assurance practitioner's independence declaration	7
Financial report	
Statement of surplus or deficit and other comprehensive income	8
Statement of financial position	9
Statement of changes in funds	10
Statement of cash flows	11
Notes to the financial statements	12
Responsible entities' declaration	25
Independent assurance practitioner's review report	26

Association Information

First Draft Incorporated

Responsible Entities	Andrew Brooks Consuelo Cavaniglia Flora Grant Alexander Kiers Anna McMahon Spence Messih Gina Mobayed Emily O'Connor	Chair
Registered Office and Principal Place of Business	13-17 Riley Street Woolloomooloo NSW 2011	
Assurance Practitioner	Steven J Miller & Co Chartered accountants	

Responsible Entities' Report

First Draft Incorporated

Your Responsible Entities present this report on the association for the financial year ended 31 December 2015.

Responsible Entities' meetings

The names of Responsible Entities in office during the year and until the date of this report, the number of meetings of Responsible Entities (including meetings of committees of Responsible Entities) held during the year, and the number of meetings attended by each Responsible Entity, are as follows:

	Date appointed	Date of cessation	Board A	B
Kate Britton	12 Dec 13	31 Dec 15	31	39
Andrew Brooks	16 Dec 14	Continuing	30	39
Consuelo Cavaniglia	31 Dec 15	Continuing	-	-
Elliot Bryce Foulkes	12 Dec 13	31 Dec 15	27	39
Jane Gillespie	12 Dec 13	31 Dec 15	33	39
Flora Grant	31 Dec 15	Continuing	-	-
Alexander Kiers	31 Dec 15	Continuing	-	-
Anna McMahon	16 Dec 14	Continuing	36	39
Spence Messih	16 Dec 14	Continuing	31	39
Gina Mobayed	16 Dec 14	Continuing	31	39
Emily O'Connor	31 Dec 15	Continuing	-	-
Tulleah Pearce	12 Dec 13	31 Dec 15	35	39

A Number of meetings the Responsible Entity attended

B Number of meetings the Responsible Entity was entitled to attend.

Principal activities

First Draft is a national artist-led organisation that fosters and creates a professional context for the exploration of experimental and emerging arts practice. The organisation delivers a diverse range of programs that are committed to furthering critical ideas and sustaining practices in contemporary art. These programs are: Exhibition, Curators, Studio Space, Writers and a regular series of public programs and live events. First Draft programs via national call-out twice annually hosting 48 exhibitions and over 10 public programs that present work by over 100 artists annually.

First Draft is a national leader in presenting emerging visual arts practices and is a training ground for the next generation of cultural practitioners in the visual arts sector through both its program and its Management. First Draft strives for artistic excellence, presenting the best work sourced nationally, across the full expanse of contemporary visual arts. We see ourselves as a national leader in developing a sustainable ARI model that attracts significant support from its communities. We support our programming with a critical dialogue that encourages audiences to access and understand the work we present, and create a national conversation around emerging art and artists.

Responsible Entities' Report

First Draft Incorporated

Review of Operations

In 2015 First Draft welcomed back directors Tulleah Pearce, Elliott Bryce Foulkes, Jane Gillespie and Kate Britton and newly instated directors, Andrew Books, Anna McMahon, Spence Messih and Gina Mobayed on 31 December 2014. The new board members replaced the outgoing directors Vaughan O'Connor, Andrew Moran, Wilna Fourie and JD Reforma who finished their tenure with the gallery on 1 December 2014.

For 30 years, First Draft has continued to run a sustainable governance model whilst working towards greater professionalisation of the organisation through employing a full-time General Manager and continuing to work with an Advisory Board, who supports the rotating management board. The 2015 Advisory board consisted of Philip Kier, Lisa Havilah, Steven Miller and James Roland who provided expertise and guidance in the areas of philanthropy, arts management, finance and law.

In 2015, First Draft undertook a renovation of the office space to provide a safer, more comfortable and professional working environment for employees and volunteers. First Draft also updated the courtyard at this time, which now features modular seating, a projection wall and garden. These upgrades were designed to enhance and professionalise the Depot building for all internal and external stakeholders, and provide greater opportunities to use these spaces in support of First Draft's artistic program, and as an important space within the local community. The courtyard works were supported by a Matching Grant, awarded by the City of Sydney.

First Draft has a strong volunteer program which supports the organisation's operations and provides vital professional development opportunities for artists and arts administrators. Currently there is an established team of 20 volunteers.

In 2015, First Draft continued to offer free shows to artists, despite the loss of funding from the Australia Council. This initiative was able to continue given the success of the annual fundraising auction. Free exhibitions have increased the professionalism of artists, encouraged experimentation and reduced artists' financial burden to exhibit. It has increased the number of applications received and the quality of these applications, particularly from interstate artists which has strengthened and ensured our national profile as the leading Australian artist-led organisation. First Draft hosted significant international curators to the gallery assisted by our proximity to other major cultural institutions; Nicola Lees from Frieze, Pierre Bal-Blanc and Hendrik Folkerts from Documenta 14.

Fundraising

First Draft has established its Annual Auction as a successful model of fundraising - in 2015, the event raised \$53,500 (net) and provided over \$7,500 in artist commissions. The success of the fundraiser has allowed First Draft to continue to offer free shows to artists in the first half of 2016. We have also sold works by emerging artists into major collections: James Roland and Becky Sparks, Clinton Ng, Lisa Paulsen, Neil Hobbes, Postema Trust and Artbank. Due to lack of sales of the Annual Print edition this fundraising initiative was discontinued in 2015.

Responsible Entities' Report

First Draft Incorporated

Review of operations continued

Funding

The organisation received funding support from the City of Sydney (CoS) and Arts NSW. In 2015 First Draft was supported by CoS through its Accommodation Grant Program and project funding for our public programs (\$15,000) and has built on strong relationships with the Creative City team. In 2015 First Draft continued to receive \$91,260 in multi-year funding from Arts NSW for organisational operations. 2016 - 2018 will see First Draft receive increased funding from Arts NSW.

Curator Program

The First Draft Curators' Program is an initiative to support emerging practitioners and experimental exhibition-making. First Draft Curators' Program is a core element of First Draft programming with three shows annually dedicated to ambitious exhibition by emerging curators. First Draft encourages curators to work with emerging artists for their exhibitions, however also accepts proposals that bring emerging artist's work into conversation with more established peers. In 2015 First Draft presented curatorial projects from Consuelo Cavaniglia, Art Proper: Samantha Jade Williams and Annika Kristensen and Joanna Bayndrian's Portable Domains

Studio Program

First Draft continues to provide support and studio space to artists for developing an exhibition at First Draft Gallery through it's Studio program. The recipients were given a studio space at the Gallery for at least one month prior to their show. In 2015, recipients included Kailana Sommer, Georgia Hutchison, Elena Papanikolas, Rosie Deacon, Connie Anthes and Rebecca Gallo and Perth based artist Keiron Broadhurst.

Public Programs and Outreach

First Draft Public Programs run alongside the application-based exhibition program and are focused on critical discourse, performance, collaboration and engagement. Consisting of a program of live art and events that engage with critical ideas around creative practice, First Draft's public programs augment the exhibition program and allow the organisation to support innovative cultural practice to a diverse audience. A broad mix of curators, artists, writers, and performers are engaged annually.

Extending across art forms and with a focus on diversity, First Draft's Public Programs engaged and supported experimental practice and practitioners and work to foster a vibrant arts community and discourse. In 2015, First Draft hosted 12 evenings of artists talks showcasing at least 4 artists at each, school group tours, and conducted lectures at universities. The Live program presented Specifically Speaking curated by David Capra, Liquid Architecture and Ouroboros curated by Justin Shoulder.

In 2015 First Draft received philanthropic funds from the Keir Foundation in support of international outreach. This grant funded two First Draft directors to travel to Europe, where they attended the ARI Fair 'Supermarket' and met with several artist run initiatives across the United Kingdom, Amsterdam and Sweden. The directors also

Responsible Entities' Report

First Draft Incorporated

Review of operations continued

Public Programs and Outreach continued

conducted studio visits and met with artists. This was the first time in First Draft's history that international travel and outreach has been undertaken, along with significant support from a Foundation. First Draft made strong connections with similar organisations, and is working towards a presentation outcome in Australia in 2016 - 2017.

Contribution in winding up

The association is incorporated under the Associations Incorporation Act 2009. If the association is wound up, its constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the association. At 31 December 2015, the total amount that members of the association were liable to contribute if the association wound up is \$80. (2014 was \$120).

Signed in accordance with a resolution of the Responsible Entities:



GINA MOBAYED
Responsible Entity

Sydney

Date 26/04/16.





Assurance Practitioner's Independence Declaration

To the Responsible Entities of First Draft Incorporated

In accordance with the requirements of section 60-40 the *Australian Charities and Not-for-profits Commission Act 2012*, as lead assurance practitioner for the review of First Draft Incorporated for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contravention of the assurance practitioner independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the review;
- (ii) no contravention of any applicable code of professional conduct in relation to the review.

STEVEN J MILLER & CO
Chartered Accountants

S J MILLER
Registered Company
Auditor No 4286

Sydney

Dated 21 / 4 / 16

Statement of Surplus or Deficit and other Comprehensive Income

for the year ended 31 December 2015
First Draft Incorporated

	Note	2015 \$	2014 \$
Revenue	4	291,149	262,330
Expenses			
Amortisation expense	5	(12,209)	(4,391)
Depreciation expense	5	(4,308)	(2,413)
Deficit on disposal of plant and equipment		(2,189)	-
Rent expenses		(76,841)	(74,148)
Employee benefits expense		(59,057)	(40,231)
Administration expenses		(112,793)	(86,463)
		-----	-----
Net surplus for the year		23,752	54,684
		=====	=====
Other comprehensive income		-	-
		-----	-----
Total comprehensive income for the year		23,752	54,684
		=====	=====

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

Statement of Financial Position

as at 31 December 2015
First Draft Incorporated

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	152,115	146,207
Trade and other receivables	7	2,771	794
Other assets	8	3,126	1,897
		-----	-----
Total current assets		158,012	148,898
		-----	-----
Non-current assets			
Property, plant and equipment	9	51,269	38,404
Intangible assets	10	6,331	9,450
		-----	-----
Total non-current assets		57,600	47,854
		-----	-----
TOTAL ASSETS		217,838	196,752
		=====	=====
LIABILITIES			
Current liabilities			
Trade and other payables	11	11,068	9,391
Provisions	12	2,872	498
Grant liabilities	13	1,510	10,453
		-----	-----
Total current liabilities		15,450	20,342
		-----	-----
TOTAL LIABILITIES		15,450	20,342
		=====	=====
NET ASSETS		202,388	176,410
		=====	=====
FUNDS			
Unrestricted funds		202,388	176,410
		=====	=====

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

Statement of Changes in Funds

for the year ended 31 December 2015
First Draft Incorporated

	UNRESTRICTED FUNDS \$
General Funds	
Balance at 1 January 2014	121,726
Total comprehensive income for the year	54,684

Balance at 31 December 2014	176,410
	=====
Balance at 1 January 2015	176,410
Total comprehensive income for the year	23,752

Balance at 31 December 2015	200,162
	=====

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

Statement of Cash Flows

for the year ended 31 December 2015
First Draft Incorporated

	Note	2015 \$	2014 \$
Operating activities			
<i>Receipts</i>			
Receipts from grants		166,346	190,858
Receipts from customers		86,455	63,862
Receipts from donors		26,691	11,969
Interest received		2,721	-
<i>Payments</i>			
Payments to suppliers and employees		(247,853)	(205,047)
Net cash provided by operating activities		34,360	61,642
Investing activities			
Purchase of property, plant and equipment	9	(28,452)	(33,882)
Purchase of intangible assets	10	-	(9,450)
Net cash used by investing activities		(28,452)	(43,332)
Net change in cash and cash equivalents		5,908	18,310
Cash and cash equivalents, beginning of the year		146,207	127,897
Cash and cash equivalents, end of the year	6	152,115	146,207

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

Notes to the Financial Statements

for the year ended 31 December 2015
First Draft Incorporated

NOTE	CONTENTS	PAGE
1	General information and statement of compliance	13
2	Changes in accounting policies	13
3	Summary of accounting policies	14
4	Revenue	20
4a	Net grant income	20
5	Expenses	21
	<i>Current assets</i>	
6	Cash and cash equivalents	21
7	Trade and other receivables	21
	<i>Non-current assets</i>	
8	Property, plant and equipment	22
9	Intangible assets	23
	<i>Current liabilities</i>	
10	Trade and other payables	23
11	Provisions	23
12	Grant liabilities	23
13	Commitments for expenditure	24
14	Related party transactions	24
15	Member's guarantee	24

Notes to the Financial Statements

for the year ended 31 December 2015

First Draft Incorporated

1 General information and statement of compliance

The financial report of the association includes the financial statements and notes of First Draft Incorporated.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. First Draft Incorporated is a not-for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 31 December 2015 were approved and authorised for issue by the Board of Responsible Entities on 26 April 2016.

2 Change in accounting policies

New and revised standards that are effective for annual periods beginning on or after 1 January 2015.

2.1 Changes in accounting estimates

During the current reporting period, the association changed the discount rate used in measuring its other long term employee benefits (annual leave and long service leave) from the Australian government bond rate to the high quality corporate bond rate. This change was necessitated by developments in the Australian business environment that confirmed there is a sufficiently observable, deep and liquid market in high quality Australian corporate bonds to satisfy the requirements in AASB 119 *Employee Benefits*. The association has concluded that this has resulted in a change in accounting estimate in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

2.2 New and revised standards those are effective for these financial statements

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2015. Information on the more significant standard(s) is presented below.

AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle*.

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2010–2012 Cycle*:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)

Notes to the Financial Statements

for the year ended 31 December 2015
First Draft Incorporated

2 Change in accounting policies continued

2.2 New and revised standards those are effective for these financial statements continued

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014.

The adoption of the above amendments has not had a material impact on the association as they are largely of the nature of clarification of existing requirements.

3 Summary of accounting policies

3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

3.2 Revenue recognition

Revenue is recognised when the association is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenue is recognised for the major business activities as follows:

Revenue from Grant Funding

Grant funding is received based on payment schedules contained in a funding agreement between the funding bodies and the association and is recognised in the calendar year for which it is intended under the terms of the agreement due to the conditional nature of the funding. Any funding not spent on the planned activities agreed between the parties at the start of each calendar year is required to be repaid.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the association gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Notes to the Financial Statements

for the year ended 31 December 2015
First Draft Incorporated

3 Summary of accounting policies continued

3.3 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with the use of resources.

Fundraising costs are those incurred on seeking voluntary contributions by donation and do not include costs of disseminating information relating to the activities carried on by the association.

3.4 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand. For the purposes of the statement of cash flows, cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

3.5 Trade and other receivables

Trade receivables, which comprise amounts due from services provided, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Normal terms of settlement are usually within 30 days. The notional amount of the receivable is deemed to reflect fair value.

An allowance for doubtful debts is made when there is objective evidence that the association will not be able to collect the debts. Bad debts are written off when identified.

3.6 Property, plant and equipment

Each class of property, plant and equipment are carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and any impairment losses.

Items of plant and equipment are depreciated over their useful lives to the association from the time the asset is held ready for use. Depreciation is calculated on a straight-line basis over the expected useful economic lives of the assets as follows:

The useful life for each class of asset is:

Plant and equipment	5 years
---------------------	---------

Impairment

The carrying values of plant and equipment is reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying values may be impaired.

Notes to the Financial Statements

for the year ended 31 December 2015
First Draft Incorporated

3 Summary of accounting policies *continued*

3.6 Property, plant and equipment *continued*

Impairment *continued*

The recoverable amount of property, plant and equipment and intangibles is the higher of fair value less costs to sell and value in use. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

Impairment exists when the carrying value of an asset exceeds the estimated recoverable amount. The asset is then written down to its recoverable amount.

Impairment losses are recognised in the statement of surplus or deficit and other comprehensive income.

De-recognition and disposal

An item of plant and equipment is derecognised upon disposal or when the item is no longer used in the operations of the association. Any gain or loss arising from de-recognition is recognised in the statement of surplus or deficit and other comprehensive income.

3.7 Intangibles

Recognition of other intangible assets

Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.8. The following useful lives are applied:

- software: 3-5 years
- website: 5 years

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the surplus or deficit on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

Notes to the Financial Statements

for the year ended 31 December 2015

First Draft Incorporated

3 Summary of significant accounting policies continued

3.8 Impairment testing of intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Association's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset

3.9 Trade creditors and other payables

Trade payables and other payables represent liabilities for goods and services provided to the association prior to the end of the financial period that are unpaid. These amounts are usually settled in 30 days. The notional amount of the payables is deemed to reflect fair value.

3.10 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, maternity leave and long service leave where it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the association in respect of services provided by employees up to reporting date.

Notes to the Financial Statements

for the year ended 31 December 2015
First Draft Incorporated

3 Summary of accounting policies continued

3.11 Taxation

Income tax

No provision for income tax has been raised as the Group is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

3.12 Comparative figures

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

3.13 Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the association can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

3.14 Economic dependence

The association is dependent upon the ongoing receipt of Federal and State Government grants and community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report Management has no reason to believe that this financial support will not continue.

3.15 Significant management judgement in applying accounting policies

When preparing the financial statements, Management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Notes to the Financial Statements

for the year ended 31 December 2015
First Draft Incorporated

3 Summary of accounting policies continued

3.15 Significant management judgement in applying accounting policies continued

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

3.16 Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal trading activities and the realisation of assets and settlement of liabilities in the normal course of business. The association's continued existence is ultimately dependent upon the success of future productions, fundraising activities and government support.

If the association is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and in amounts different from those stated in the financial report.

Notes to the Financial Statements

for the year ended 31 December 2015
First Draft Incorporated

	Note	2015 \$	2014 \$
4 Revenue			
Revenue from ordinary activities			
Arts NSW and Museums and Galleries NSW Mentorship		2,380	-
Depot rent received		-	257
Donations		26,691	11,969
Equipment hire fees		716	368
Exhibition fees		19,625	13,201
Fundraising		64,075	47,798
Net grant income	4(a)	172,909	185,705
Sales of prints and publications		1,418	2,550
		-----	-----
		287,814	261,848
		-----	-----
Revenue from outside the ordinary activities			
Interest received		2,721	167
Sundry Income		614	315
		-----	-----
		3,335	482
		-----	-----
Total revenue and other income		291,149	262,330
		=====	=====
4a Net grant income			
Unexpended grants – 1 January			
The Australia Council for the Arts		-	5,300
City of Sydney Council		10,170	-
Copyright Agency		283	-
		-----	-----
		10,453	5,300
Add:			
Grants received during the year			
Arts NSW – Core funding		91,620	91,620
Australia Council for the Arts – Project funding		-	20,000
City of Sydney Council – Rental Subsidy		64,846	62,957
City of Sydney Council – Project funding		-	13,881
City of Sydney Council – Matching grant program		7,500	-
Copyright Agency		-	2,400
		-----	-----
		163,966	190,858
		-----	-----
Sub-total		174,419	196,158
		-----	-----

Notes to the Financial Statements

for the year ended 31 December 2015
First Draft Incorporated

	2015 \$	2014 \$
4a Net grant income <i>continued</i>		
Sub-total brought forward	174,419	196,158
Less:		
Unexpended grants – 31 December		
City of Sydney Council – Sponsorship	(1,477)	(10,170)
Copyright Agency	(33)	(283)
	-----	-----
	(1,510)	(10,453)
	-----	-----
Net grant income	172,909	185,705
	=====	=====

5 Expenses

The surplus includes the following specific expenses:

<i>Depreciation and amortisation expense</i>		
Plant and equipment and intangible assets	7,427	2,413
Leasehold improvements	9,090	4,391
	-----	-----
Total depreciation and amortisation	16,517	6,804
	=====	=====

6 Cash and cash equivalents

Cash at bank and on hand	152,115	146,207
	=====	=====

7 Trade and other receivables

Sundry receivables	694	694
Trade debtors	93	100
GST recoverable	1,984	-
	-----	-----
Total trade and other receivables	2,771	794
	=====	=====

8 Other assets

Current		
Prepayments - general	3,126	1,897
	=====	=====

Notes to the Financial Statements

for the year ended 31 December 2015
First Draft Incorporated

	2015 \$	2014 \$
9 Property, plant and equipment		
Property		
Leasehold improvements - at cost	50,722	35,825
Accumulated amortisation	(17,984)	(8,894)
	-----	-----
Total leasehold Improvements	32,738	26,931
	=====	=====
Reconciliations		
Reconciliation of the carrying amount of Leasehold Improvements at the beginning and end of the current financial year:		
Carrying amount – 1 January	26,931	3,785
Additions	14,897	27,537
Amortisation	(9,090)	(4,391)
	-----	-----
Carrying amount – 31 December	32,738	26,931
	=====	=====
Plant and equipment		
Office furniture, fittings and equipment - at cost	29,294	30,318
Accumulated depreciation	(10,763)	(18,845)
	-----	-----
Total plant and equipment	18,531	11,473
	=====	=====
Reconciliations		
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current financial year:		
Carrying amount – 1 January	11,473	7,541
Additions	13,555	6,345
Depreciation	(4,308)	(2,413)
Disposals	(2,189)	-
	-----	-----
Carrying amount – 31 December	18,531	11,473
	=====	=====
Total property, plant and equipment	51,269	38,404
	=====	=====

Notes to the Financial Statements

for the year ended 31 December 2015
First Draft Incorporated

	2015 \$	2014 \$
10 Intangible assets		
Website		
Website - at cost	9,450	9,450
Accumulated amortisation	(3,119)	-
	-----	-----
Total intangible assets	6,331	9,450
	=====	=====
Reconciliations		
Reconciliation of the carrying amount of Website at the beginning and end of the current financial year:		
Carrying amount – 1 January	9,450	-
Additions	-	9,450
Amortisation	(3,119)	-
	-----	-----
Carrying amount – 31 December	6,331	9,450
	=====	=====
11 Trade and other payables		
Bond and key deposits	2,850	2,050
Trade creditors	1,023	1,320
Other creditors and accruals	5,916	4,847
Superannuation payable	1,279	912
GST payable	-	262
	-----	-----
Total trade and other payables	11,068	9,391
	=====	=====
12 Provisions		
Provision for annual leave	2,872	498
	=====	=====
13 Grant liabilities		
Unexpended government grants:		
City of Sydney Council	1,477	10,170
Copyright Council	33	283
	-----	-----
Total unexpended government grants	1,510	10,453
	=====	=====

Notes to the Financial Statements

for the year ended 31 December 2015
First Draft Incorporated

2015	2014
\$	\$

14 Commitments for expenditure

Operating leases

Riley Street, Woolloomooloo Depot

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Due within 1 year	38,988	76,841
Due between 1 year and 5 years	-	38,988
	-----	-----
	38,988	115,829
	=====	=====

The lease agreement with the association's Landlord does not specify a requirement for making good of the premises at the expiration of the tenancy other than leaving the premises and the fittings in good and reasonable repair. The Responsible Entities have considered that this cost would be immaterial and accordingly no provision for Make Good has been deemed necessary in the financial report.

15 Related party transactions

15.1 Transactions with key management personnel

The Responsible Entities act in an honorary capacity and receive no compensation for their services other than those disclosed at 13.1 below.

Any persons having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including any Responsible Entity is considered key management personnel.

2015	2014
\$	\$

Total key management personnel compensation	59,057	39,975
	=====	=====

16 Member's guarantee

The association is incorporated under the Associations Incorporation Act 2009. If the association is wound up, its constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the association. At 31 December 2015, the total amount that members of the association were liable to contribute if the association wound up is \$80. (2014 was \$120).

Responsible Entities' Declaration

The responsible entities of the association declare that:

- (a) the financial statements and notes, as set out on pages 8 to 24, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) give a true and fair view of the financial position as at 31 December 2015 and of the performance for the year ended on that date of the entity; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Act 2012*; and
- (b) There are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable.

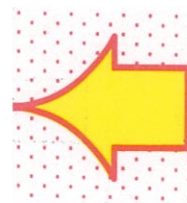
Sign in accordance with a resolution of the Board of responsible entities:



GINA MOBAYED
Responsible Entity

Sydney

Dated 26 / 04 / 16.





Independent Assurance Practitioner's Review Report

To the members of First Draft Inc.

Report on the financial report

I have reviewed the financial report of First Draft Incorporated (the association), which comprises the statement of financial position as at 31 December 2015, the statement of surplus or deficit and other comprehensive income, statement of changes in funds and statement of cash flows for the year ended on that date, and notes comprising a summary of accounting policies.

Members' Responsibility for the Financial Report

The members of the association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013 under the Australian Charities and Not-for-profits Commission Act 2012*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Assurance Practitioner's responsibility

My responsibility is to express a conclusion on the financial report based on my review. I conducted my review in accordance with Standard on Review Engagements ASRE 2400 *Review of Financial Report Performed by an Assurance Practitioner Who is Not the Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to my attention that causes me to believe that the financial report is not presented fairly, in all material respects, in accordance with the *Australian Charities and Not-for-profits Commission Regulation 2013 under the Australian Charities and Not-for-profits Commission Act 2012*. ASRE 2400 requires me to comply with the requirements of the applicable code of professional conduct of a professional accounting body.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Independence

In conducting my review, I have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Independent Assurance Practitioner's Review Report

To the members of First Draft Inc.

Conclusion

Based on my review, which is not an audit, nothing has come to my attention that causes me to believe that the financial report of First Draft Incorporated does not present fairly, in all material respects, the financial position of the association as at 31 December 2015, and its financial performance and its cash flows for the year ended on that date, in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* including:

- i) giving a true and fair view of the association's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board


STEVEN J MILLER & CO
Chartered Accountant



S J MILLER
Registered Company
Auditor No 4286

Sydney

Dated

9, 5, 16