

First Draft Incorporated

(an incorporated association)

ABN 17 462 007 615

Annual Financial Report

31 December 2017



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First Draft Incorporated

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Corporate Information

First Draft Incorporated

	Name	Special Responsibilities
Committee Members	Margaret Brink Jana Hawkins-Andersen Georgia Hobbs Peter Johnson Bridgit Moran Tahjee Moar Jade Muratore Kathleen Winten Justine Youseff Tian Zhang	Chair Deputy Chair
Registered Office and Principal Place of Business	13-17 Riley Street Woolloomooloo NSW 2011	
Public Officer	Peter Johnson	
Auditors	Steven J Miller & Co Chartered Accountants	

Committee Members' Report

First Draft Incorporated

The Committee members of First Draft Incorporated present their Report together with the financial statements for the year ended 31 December 2017 and the Independent Audit Report thereon.

Committee members' details and meetings

The following persons were committee members of First Draft Incorporated during or since the end of the financial year.

The number of meetings of committee members during the year and the number of meetings attended by each member is as follows:

Name	Date of Appointment	Date of cessation	Committee meetings	
			A	B
Margaret Brink	1 Jan 2018	Continuing	-	-
Flora Grant	31 Dec 2015	31 Dec 2017	21	16
Jana Hawkins-Andersen	1 Jan 2017	Continuing	21	19
Georgia Hobbs	1 Jan 2017	Continuing	21	21
Peter Johnson	1 Jan 2017	Continuing	21	18
Brigit Moran	1 Jan 2017	Continuing	21	19
Tahjee Moar	1 Jan 2018	Continuing	-	-
Jade Muratore	1 Jan 2017	Continuing	21	19
Emily O'Connor	31 Dec 2015	31 Dec 2017	21	15
Kathleen Winten	1 Jan 2017	Continuing	21	17
Justin Youseff	1 Jan 2018	Continuing	-	-
Tian Zhang	1 Jan 2018	Continuing	-	-

A Number of meetings the Member was entitled to attended

B Number of meetings the Member attended

Principal activities

Firstdraft is a national artist led organisation that creates an environment for artists to imagine the expanded possibilities of visual art practices. Our sustainable model of governance allows us to champion risk and encourage ambition in a professional gallery context. With artists, curators and writers at our centre we foster a diversity of practices, people and programs that epitomise excellence and contribute to dynamic local and global discourse.

Firstdraft's artistic activities fall into five broad categories: Exhibitions, Curators', Writers', Public Programs, and Outreach. The Exhibition, Curators', and Writers' Programs are administered via open call every six months to populate the following six months of programs. This short-lead model is vital to respond to rapid changes in emerging practice and allow early-career artists to realise ideas in a timely manner. Public Programs and Outreach are responsive and programmed by-invitation of the Firstdraft directorate to ensure a range of practices and demographics are represented.

Firstdraft 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. Firstdraft 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 artist-run initiative (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.

Committee Members' Report

First Draft Incorporated

Operating result

The surplus for the year amounted to **\$28,160** (2016: Surplus \$37,261).

Review of Operations

In 2017 Firstdraft welcomed back directors Jana Hawkins-Andersen, Georgia Hobbs, Peter Johnson, Brigit Moran, Jade Muratore and Kathleen Winten and newly instated directors Margaret Brink, Justin Youseff, Tian Zhang and Tahjee Moar on 1 January 2018. The new board members replaced the outgoing directors Flora Grant and Emily O'Connor who finished their tenure with the gallery on 31 December 2017.

For 30 years, Firstdraft 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. In 2017, Firstdraft added a 20 hour per week Program Officer position to its staff, a role that undertakes communications, gallery maintenance and program support. This position was made possible as a result of increased funding from ArtsNSW for the 2017 to 2018 triennium.

The 2017 Advisory Committee 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.

Firstdraft 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 30 volunteers. Firstdraft undertook recruitment for volunteers in 2017 and received a very positive response.

In 2017 Firstdraft continued to offer free shows to artists. 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.

In 2017 Firstdraft was able to provide a bursary to artists from regional NSW and Western Sydney, supported by ArtsNSW. This fund also supported Directors and staff to travel to regional NSW to undertake outreach and engagement activities.

Fundraising

Firstdraft has established its Annual Auction as a successful model of fundraising - in 2017, the event raised \$55,400 (net) and provided over \$12,800 in artist commissions. We have also sold works by emerging artists into major collections: James Roland, Dr Dick Quan, Pat Corrigan, Michael Hobbs, Steven Miller, Clinton Ng, Lisa Paulsen, Lisa Havilah, and Artbank.

Funding:

The organisation received funding support from the City of Sydney (CoS), Create NSW and the Australia Council for the Arts. In 2017 Firstdraft was supported by CoS through its Accommodation Grant Program, project funding for our public programs (\$15,000), capital investment in the gallery building exceeding \$100,000, and has built on strong relationships with the Creative City team.

In 2017 Firstdraft received \$130,000 in multi-year funding from Create NSW for organisational operations. Firstdraft also received multi-year funding from the Australia Council of \$110,000 the first instalment of an agreement until 2020.

Committee Members' Report

First Draft Incorporated

Review of Operations continued

Exhibition Program

In 2017 the exhibition program began on 11 January and over the year presented the work of 75 individual artists, collaborations or groups. Each artist was shown for four weeks in one of four galleries

	GALLERY 1	GALLERY 2	GALLERY 3	GALLERY 4
SHOW 1: 04.01.17 - 27.01.17	Emily McDaniel		Ben Leslie	Eugenia Lim
SHOW 2: 01.02.17 - 24.02.17	Mick Klepner Roe & Cinnamon Templeton	Jess Day & Emma Buswell	Elise Harmensen & Nathan Beard	Katy B. Plummer
SHOW 3: 01.03.17 - 24.03.17	Alair Pambegan	Jannah Quill	Nikki Lam & Siying Zhou	Hayley Millar
EXTRA: 26.03.17 - 01.04.17	Auto Italia			
SHOW 4: 05.04.17 - 28.04.17	JD Reforma	Lewis Doherty	Jane Polkinghorne & Ingrid Stiertzel	Aston Creus
SHOW 5: 03.05.17 - 26.05.17	Kate Britton		Andrew Varano	Anna Nazzari & Erin Coates
EXTRA: 28.05.17 - 03.06.17	Liquid Architecture			
SHOW 6: 07.06.17 - 30.06.17	Tyza Stewart	Linda Dement & Stephen Wright	Jasmine Guffond, Sije Nes & Jessica Ekomane	Nikolaus Dolman
SHOW 7: 05.07.17 - 28.07.17	Talia Smith		Emily Morandini	Holly Macdonald
SHOW 8: 02.08.17 - 25.08.17	Jimmy Nuttall & Nick Smith	Rhiannon Newton	Katherine Corcoran	Oliver Hull
AUCTION 27.08.17-02.09.16	Auction			
SHOW 9: 06.09.17 - 29.09.17	Guy Loudon, Loren Kronmyer & Dan McCabe	Margaret Brink	Hannah Hallam Eames, Samuel Jackson	Dale Buckley
SHOW 10: 04.10.17 - 27.10.17	Denise Thwates	Min Wong	Cybele Cox	Aaron Christopher Rees
SHOW 11: 01.11.17 - 24.11.17	Wilurai Kirkbright & Okapi Neon		Kalanjay Dhir	Brenton Smith
EXTRA 26.11.17 - 02.12.17	Xmas Party			
06.12.17 - 22.12.17	Gallery Works			

Committee Members' Report

First Draft Incorporated

Review of Operations continued

Curators' Program

The Firstdraft Curators' Program is an initiative to support emerging practitioners and experimental exhibition-making. Firstdraft Curators' Program is a core element of Firstdraft programming with three shows annually dedicated to ambitious exhibition by emerging curators. Firstdraft 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 2017 Firstdraft presented curatorial projects from Kate Britton, Talia Smith, Denise Thwaites, Emily McDaniel, and Ohni Neon.

Public Programs

In 2017, Firstdraft undertook seven major public programs: three Live Performance Nights that activate the gallery after hours and provide Firstdraft the opportunity to present live art in its unique premises in one-off programs curated by artists and curators; and four 'Around the Outside' events, which provide platforms for the discussion and debate of current issues in contemporary artistic practice, as well as being a reflexive space where current sector issues can be explored with our community.

Extending across art forms and with a focus on diversity, Firstdraft's Public Programs engaged and supported experimental practice and practitioners and work to foster a vibrant arts community and discourse. In 2017, Firstdraft hosted 12 evenings of artists talks showcasing at least 4 artists at each, school group tours, and conducted lectures at universities.

Writers' Program

The Firstdraft Writers' program acknowledges and explores the role of text and language in understanding and sharing experiences of art and will expand the forms of practice presented by the gallery. The Firstdraft Writers' program supported four emerging writers in 2017 for a three-month residency each. Participants are selected through open call application rounds by submitting a proposal to create new work, applicants are selected by Firstdraft's Directorate and will be afforded opportunities to realize their works in both the exhibition or public programs stream as appropriate to their application. 2017 participants were: Emma Size, Emily Stewart, Vincent Silk, Hana Aoake & Callum Devlin and Sarinah Masukour.

Outreach

Further embedding Firstdraft in the cultural conversation regionally, nationally and internationally is a key focus of the organisation over the next five years. In 2017, Firstdraft undertook completed a partnership with Cementa, supporting artist Paris Norton, who will subsequently exhibit at Firstdraft. Two new major partnerships were developed: a three-way partnership with Next Wave and ACE Open to support artist Elyas Navi to exhibit with all three partners; and with Goulburn.art Regional Gallery, supporting artist Jodie Whalen to undertake a three-week socially engaged residency in the Goulburn region.

Firstdraft has taken up smaller opportunities for collaboration and outreach as they arise, including the General Manager speaking at a Create NSW Road Show in Wagga Wagga, and hosting a NAVA industry panel on 23 May 2017. Firstdraft has also actively participated All Conference, the new network and advocacy body for artist-run initiatives.

In 2015 Firstdraft received philanthropic funds from the Keir Foundation in support of international outreach. This grant funded two Firstdraft directors to undertake a research trip in 2016. Subsequently in early 2017, UK-based collective Auto Italia South East held a week-long workshop with local artists, which culminated in a two-night performance event.

Committee Members' Report

First Draft Incorporated

Committee members' qualifications and experience

Name and qualifications	Experience and special responsibilities
Margaret Brink MA (Fine Arts), BA (Hons) (Visual Art), Advanced Dip (Design & Illustration)	Artist
Jana Hawkins-Andersen MA (Research), BA (Hons) (Visual Art)	Artist
Georgia Hobbs MA (Arts Admin), BA (History and Theories, Asian studies)	Art consultant, Artbank (2017-present)
Peter Johnson MA (Arts Admin), BA (Adv.)	Assistant Curator, C3 West, Museum of Contemporary Art (2014-present) Chair
Brigit Moran MA (Museum and Heritage), BA (English), BA (B.F.A)	Marketing, Communication and Development Manager, 4A Center for Contemporary Asian Art (Sept 2016 - present)
Tahjee Moar BA (Theory)	Curator and Arts Administrator
Jade Muratore MA (Curating and Cultural Leadership), BA (Theory)	Freelance Curator and Creative Producer (2012- present) Artist Deputy Chair and Treasurer
Kathleen Winten MA (Curating and Cultural Leadership), BA (Design)	Executive Producer, Woman in the Art. Program Coordinator, Performance Space (2017- present)
Justine Youseff MA (Fine Arts), BA (Fine Arts), Dip (Fine Arts)	Artist, Art Educator
Tian Zhang MA (Curating), BA (Hons) (Psychology), BA (Psychology and Business), Dip (History and Film)	Independent Curator and Cultural Producer

Committee Members' Report

First Draft Incorporated

Contribution in winding up

The association is incorporated under the Associations Incorporation Act 2009. If the association is wound up, the 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 2017, the total amount that members of the association are liable to contribute if the association wound up was \$60 (2016: \$80).

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under s.60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is included in page 9 of this financial report and forms part of the Committee Members' Report.

Signed in accordance with a resolution of the Committee members.



PETER JOHNSON
Committee Member

Sydney

Dated 12 / 5 / 18



Auditor's Independence Declaration

To the Committee Members of First Draft Incorporated:

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of First Draft Incorporated for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

Steven J Miller & Co

STEVEN J MILLER & CO
Chartered Accountants

S J Miller

S J MILLER
Registered Company
Auditor No 4286

Sydney

Dated 10/5/18

Statement of Surplus or Deficit and Other Comprehensive Income

For the year ended 31 December 2017
First Draft Incorporated

	Note	2017 \$	2016 \$
Revenue	4	445,251	329,134
Other income	4	250	1,244
Administration expenses		(22,363)	(22,124)
Amortisation expense	8/9	(8,594)	(9,379)
Depreciation expense	8	(4,369)	(4,822)
Facilities expense		(113,147)	(101,215)
Employee benefits expense	11	(135,830)	(85,487)
Project expenses		(133,038)	(70,090)
Surplus before income tax		28,160	37,261
Income tax expense	3.7	-	-
Surplus for the year		28,160	37,261
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		28,160	37,261

This statement should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

For the year ended 31 December 2017

First Draft Incorporated

	Note	2017 \$	2016 \$
Assets			
Current			
Cash and cash equivalents	5	469,704	392,930
Trade and other receivables	6	749	2,694
Other assets	7	2,263	3,317
Current assets		472,716	398,941
Non-current			
Property, plant and equipment	8	52,123	56,387
Intangible assets	9	2,842	4,242
Non-current assets		54,965	60,629
Total assets		527,681	459,570
Liabilities			
Current			
Trade and other payables	10	37,333	33,344
Employee provisions	11.2	2,699	1,129
Grants liabilities	12	220,027	186,477
Current liabilities		260,059	220,950
Non-current			
Employee provisions	11.2	2,039	1,197
Total liabilities		262,098	222,147
Net assets		265,583	237,423
Equity			
General funds - unrestricted		94,831	227,792
Designated reserves - unrestricted		170,752	9,631
Total equity		265,583	237,423

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2017

First Draft Incorporated

Unrestricted Funds

	International Exchange Reserve	Safety Net Reserve	Capital Expenditure Reserve	Program Reserve	Opportunity Reserve	Show Support Reserve	General Funds	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2016	-	-	-	-	-	-	200,162	200,162
Surplus for the year	-	-	-	-	-	-	37,261	37,261
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	37,261	37,261
Transfer to/(from) reserves	5,524	-	-	-	-	4,107	(9,631)	-
Balance at 31 December 2016	5,524	-	-	-	-	4,107	227,792	237,423
Balance at 1 January 2017	5,524	-	-	-	-	4,107	227,792	237,423
Surplus for the year	-	-	-	-	-	-	28,160	28,160
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	28,160	28,160
Sub total	5,524	-	-	-	-	4,107	255,952	265,583
Transfer to/(from) reserves	(5,524)	140,600	12,225	8,785	8,785	(3,750)	(161,121)	-
Balance at 31 December 2017	-	140,600	12,225	8,785	8,785	357	94,831	265,583

This statement should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

For the year ended 31 December 2017

First Draft Incorporated

	Note	2017 \$	2016 \$
Operating activities			
Receipts from:			
• Customers		13,489	11,200
• Donors		95,186	104,544
• Government grants		370,465	396,634
• Interest income		1,856	2,065
Payments to clients, suppliers and employees		(396,923)	(257,391)
Net cash provided by operating activities		84,073	257,052
Investing activities			
Proceeds from disposal of leasehold improvements		-	2,000
Purchases of property, plant and equipment		(7,299)	(18,237)
Net cash used in investing activities		(7,299)	(16,237)
Net change in cash and cash equivalents		76,774	240,815
Cash and cash equivalents, beginning of year		392,930	152,115
Cash and cash equivalents, end of year		469,704	392,930

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2017
First Draft Incorporated

1 General information and statement of compliance

The financial report 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 2017 were approved and authorised for issuance by the Committee members.

2 Changes in accounting policies

2.1 New and revised standards that are effective for these financial statements

AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not For-Profit Public-Sector Entities. AASB 2015-6 amends AASB 124 Related Party Disclosures to extend the scope of that Standard to include not for-profit public-sector entities. Key disclosures required under the amendments for not-for-profit public-sector entities include:

- Identification of key management personnel (KMP);
- KMP compensation; and
- Identification of related parties and transactions with those related parties

AASB 2015-6 is applicable to annual reporting periods beginning on or after 1 July 2016. The adoption of these amendments has not had a material impact on the company.

AASB 2015-7 makes amendments to AASB 13 Fair Value Measurement to exempt not-for-profit public-sector entities from certain requirements of the Standard. The amendments were made to provide relief for not-for-profit public-sector entities from making certain disclosures about the fair value measurement of assets within the scope of AASB 116 Property, Plant and Equipment which are primarily held for their current service potential rather than for the purpose of generating future cash flows.

AASB 2015-7 is applicable to annual reporting periods beginning on or after 1 July 2016. The adoption of these amendments has not had a material impact on the company.

AASB 2016-2 is applicable to annual reporting periods beginning on or after 1 January 2017. The adoption of these amendments has not had a material impact on the Company. AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities. This Standard amends AASB 136 Impairment of Assets to:

- Remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and
- Clarify that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that:
 - AASB 136 does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets; and
 - AASB 136 applies to such assets accounted for under the cost model in AASB 116 and AASB 138.

Notes to the Financial Statements

For the year ended 31 December 2017
First Draft Incorporated

2 Changes in accounting policies

2.1 New and revised standards that are effective for these financial statements

AASB 2016-4 is applicable to annual reporting periods beginning on or after 1 January 2017. The adoption of these amendments has not had a material impact on the company.

AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities AASB 2016-7 amends the mandatory effective date of AASB 15 for not-for-profit entities so that AASB 15 is required to be applied by such entities for annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018.

AASB 2016-7 is applicable to annual reporting periods beginning on or after 1 January 2017. The adoption of these amendments has not had a material impact on the company.

AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle This Standard clarifies the scope of AASB 12 Disclosure of Interests in Other Entities by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations.

AASB 2017-2 is applicable to annual reporting periods beginning on or after 1 January 2017. The adoption of these amendments has not had a material impact on the company.

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

Revenue comprises revenue from the sale of goods, services income, government grants, fundraising activities and client contributions. Revenue from major activities and services is shown in Note 4.

Revenue is measured by reference to the fair value of consideration received or receivable by the Association for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Association's different activities have been met. Details of the activity-specific recognition criteria are described below.

Sale of goods

Revenue from the sale of goods comprises revenue earned from the sale of goods donated and purchased for resale. Sales revenue is recognised when the control of goods passes to the customer.

Notes to the Financial Statements

For the year ended 31 December 2017
First Draft Incorporated

3 Summary of accounting policies continued

3.2 Revenue continued

Government grants

A number of the Association's programs are supported by grants received from the Federal, State and Local governments. If conditions are attached to a grant which must be satisfied before the Association is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Where a grant is received on the condition that specified services are delivered, to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year-end until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Association obtains control of the funds, economic benefits are probable, and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Where the Association receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

Donations and bequests

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.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the Association becomes legally entitled to the shares or property.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

3.3 Operating expenses

Operating expenses are recognised in surplus or deficit upon utilisation of the service or at the date of their origin.

3.4 Intangible assets

Recognition of other intangible assets:

Acquired intangible assets

Website construction costs are capitalised on the basis of the costs incurred to acquire and install the specific website.

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 3.14. The following useful lives are applied:

- Website: 33% pa

Notes to the Financial Statements

For the year ended 31 December 2017

First Draft Incorporated

3 Summary of accounting policies continued

3.4 Intangible assets continued

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

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

3.5 Property, plant and equipment

Leasehold improvements, plant and other equipment

Leasehold improvements, plant and other equipment (comprising office furniture and equipment) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Association's management.

Leasehold improvements, plant and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of leasehold improvements, plant and other equipment. The following useful lives are applied:

- Office equipment: 20% pa
- Office furniture: 20% pa
- Computer equipment: 20% pa
- Leasehold improvements: life of lease

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in surplus or deficit within other income or other expenses.

3.6 Leases

Operating leases

Where the Association is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.7 Income taxes

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

Notes to the Financial Statements

For the year ended 31 December 2017

First Draft Incorporated

3 Summary of accounting policies continued

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The association's liabilities for long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The association presents employee benefit obligations as current liabilities in the statement of financial position if the association does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Post-employment benefits plans

The association provides post-employment benefits through defined contribution plans.

Defined contribution plans

The association pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The association has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

3.10 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.

Notes to the Financial Statements

For the year ended 31 December 2017
First Draft Incorporated

3 Summary of accounting policies continued

3.12 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

3.13 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 and fundraising. At the date of this report Management has no reason to believe that this financial support will not continue.

3.14 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.

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 assets.

3.14 Significant management judgement in applying accounting policies continued

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.

Notes to the Financial Statements

For the year ended 31 December 2017
First Draft Incorporated

4 Revenue

	Note	2017 \$	2016 \$
Revenue			
Donations		22,861	32,610
Equipment hire fees		112	290
Exhibition fees		10,827	10,857
Fundraising revenue		72,325	71,645
Net grant income	4.1	336,915	211,667
Sales of prints and publications		355	-
Investment income:			
• Interest		1,856	2,065
		445,251	329,134
Other income			
Net surplus on disposal of property, plant and equipment		-	994
Sundry income		250	250
		250	1,244
Total revenue and other income		445,501	330,378

4.1 Net grant income

	Note	2017 \$	2016 \$
Unexpended grants - 1 January	4.2	1,477	1,510
Grants received in advance - 1 January	4.3	185,000	-
Grants received during the year	4.4	370,465	396,634
		556,942	398,144
<i>Less:</i>			
Unexpended grants - 31 December	4.5	(14,477)	(1,477)
Grants received in advance - 31 December	4.6	(205,550)	(185,000)
		(220,027)	(186,477)
Net grant income		336,915	211,667

Notes to the Financial Statements

For the year ended 31 December 2017
First Draft Incorporated

4 Revenue continued

4.2 Unexpended grants – 1 January

	Note	2017 \$	2016 \$
City of Sydney Council		1,477	1,477
Copyright Agency Limited		-	33
		1,477	1,510

4.3 Grants received in advance – 1 January

	Note	2017 \$	2016 \$
Create NSW		130,000	-
Australia Council for the Arts		55,000	-
		185,000	-

4.4 Grants received during the year

	Note	2017 \$	2016 \$
Create NSW		150,000	250,000
Australia Council for the Arts		110,550	55,000
City of Sydney Council		96,915	91,634
Creative Partners		13,000	-
		370,465	396,634

4.5 Unexpended grants – 31 December

	Note	2017 \$	2016 \$
City of Sydney Council		1,477	1,477
Copyright Agency Limited		13,000	-
		14,477	1,477

4.6 Grants received in advance – 31 December

	Note	2017 \$	2016 \$
Create NSW		150,000	130,000
Australia Council for the Arts		55,550	55,000
		205,550	185,000

Notes to the Financial Statements

For the year ended 31 December 2017
First Draft Incorporated

5 Cash and cash equivalents

Cash and cash equivalents consist the following:

	Note	2017 \$	2016 \$
Cash on hand		36	3,949
Cash at bank		469,668	388,981
Cash and cash equivalents		469,704	392,930

5.1 Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the statement of financial position as follows:

	Note	2017 \$	2016 \$
Cash and cash equivalents		469,704	392,930

6 Trade and other receivables

	Note	2017 \$	2016 \$
Current			
Accrued income		-	2,000
Sundry receivables		749	694
		749	2,694

7 Other assets

	Note	2017 \$	2016 \$
Current:			
Prepayments		2,263	3,317
		2,263	3,317

Notes to the Financial Statements

For the year ended 31 December 2017
First Draft Incorporated

8 Property, plant and equipment

Details of the association's property, plant and equipment and their carrying amounts are as follows:

	Leasehold improvements	Computer Equipment	Office furniture and equipment	Total 2017
	\$	\$	\$	\$
Gross carrying amount				
Balance 1 January 2017	54,820	4,860	30,746	90,426
Additions	7,299	-	-	7,300
Balance 31 December 2017	62,119	4,860	30,746	97,725
Depreciation and impairment				
Balance 1 January 2017	(20,911)	(2,078)	(11,050)	34,039
Amortisation/depreciation	(7,194)	(557)	(3,812)	(11,563)
Balance 31 December 2017	(28,105)	(2,635)	(14,862)	(45,602)
Carrying amount 31 December 2017	34,014	2,225	15,884	52,123

	Leasehold improvements	Computer equipment	Office furniture and equipment	Total 2016
	\$	\$	\$	\$
Gross carrying amount				
Balance 1 January 2016	50,722	3,315	25,978	80,015
Additions	9,248	1,545	7,444	18,237
Disposals	(5,150)	-	(2,676)	(7,826)
Balance 31 December 2016	54,820	4,860	30,746	90,426
Depreciation and impairment				
Balance 1 January 2016	(17,984)	(1,517)	(9,246)	(28,747)
Amortisation/depreciation	(7,290)	(561)	(4,261)	(12,112)
Disposals	4,363	-	2,457	6,820
Balance 31 December 2016	(20,911)	(2,078)	(11,050)	(34,039)
Carrying amount 31 December 2016	33,909	2,782	19,696	56,387

Notes to the Financial Statements

For the year ended 31 December 2017
First Draft Incorporated

9 Intangible assets

Details of the association's intangible assets and their carrying amounts are as follows:

	2017 \$	2016 \$
Website		
Gross carrying amount		
Balance 1 January	9,450	9,450
Additions	-	-
Balance 31 December	9,450	9,450
Amortisation and impairment		
Balance 1 January	(5,208)	(3,119)
Amortisation	(1,400)	(2,089)
Balance 31 December	(6,608)	(5,208)
Carrying amount 31 December	2,842	4,242

10 Trade and other payables

Trade and other payables recognised consist of the following:

	Note	2017 \$	2016 \$
Current:			
Bond and key deposits		600	600
Other creditors and accruals		6,207	10,103
Net GST payable		23,191	16,471
Superannuation payable		3,200	1,749
Trade payables		4,135	4,420
		37,333	33,343

11 Employee remuneration

11.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	Note	2017 \$	2016 \$
Employee entitlement provided for/(written back)		2,954	(546)
Other employee related expenses		6,934	11,292
Superannuation contributions		9,945	5,782
Wages and salaries		114,375	68,092
Workers compensation insurance		1,622	867
Employee benefits expense		135,830	85,487

Notes to the Financial Statements

For the year ended 31 December 2017
First Draft Incorporated

11 Employee remuneration continued

11.2 Employee provisions

The liabilities recognised for employee benefits consist of the following amounts:

	Note	2017 \$	2016 \$
Current			
Annual leave		2,699	1,129
Non-current:			
Long service leave		2,039	1,197
		4,738	2,326

12 Grants liabilities

Grants liabilities can be summarised as follows:

	Note	2017 \$	2016 \$
Unexpended grants	4.5	14,477	1,477
Grants received in advance	4.6	205,550	185,000
		220,027	186,477

13 Leases

Operating leases as lessee

The Association's future minimum operating lease payments are as follows:

	Minimum lease payments due			
	Within 1 year \$	1 to 5 years \$	After 5 years \$	Total \$
31 December 2016	12,725	-	47,567	60,292
31 December 2017	13,107	-	34,078	47,185

14 Related party transactions

The association's related parties include its key management personnel and related entities as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

14.1 Transactions with related entities

During the year there were no payments made to committee member related entities. No amounts are payable to or receivable from committee members or committee member related entities at the reporting date.

Notes to the Financial Statements

For the year ended 31 December 2017

First Draft Incorporated

14.2 Transactions with key management personnel

Key management of the Association are the General Manager of First Draft Incorporated and members of the Committee. Key management personnel remuneration includes the following expenses:

	2017 \$	2016 \$
Total key management personnel remuneration	65,343	58,488

15 Contingent liabilities

There are no contingent liabilities that have been incurred by the Association in relation to 2017 or 2016.

16 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

17 Member's guarantee

The association is incorporated under the Associations Incorporation Act 2009. If the association is wound up, the constitution states that each member is required to contribute a maximum \$10 each towards meeting any outstanding obligations of the association. At 31 December 2017, the total amount that members of the association are liable to contribute if the association wound up is \$60 (2016: \$80).

18 Charitable fundraising

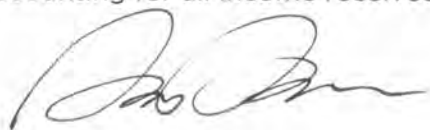
The association holds an authority to fundraise under the Charitable Fundraising Act, 1991 (NSW) and conducts fundraising appeals throughout the year. Additional information and declarations required to be furnished under the Act are as follows:

All funds raised from fundraising activities, net of direct costs, were applied to the association's normal operations. The association did not conduct any appeals in which traders were engaged.

Declaration by Committee Member as required by the Charitable Fundraising Act 1991 (NSW)

I, Peter Johnson, Committee member of First Draft Incorporated, declare that in my opinion:

- a) the accounts for the year ended 31 December 2017, give a true and fair view of all income and expenditure of First Draft Incorporated with respect to fundraising appeals; and
- b) the statement of financial position as at 31 December 2017 gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- c) the provisions of the Charitable Fundraising Act 1991 (NSW) and the regulations under that Act and the conditions attached to the authority have been complied with; and
- d) the internal controls exercised by First Draft Incorporated are appropriate and effective in accounting for all income received and applied from any of its fundraising appeals.



PETER JOHNSON
Committee Member

Sydney

Date 12/5 /18



Independent Auditor's Report

To the members of
First Draft Incorporated

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of First Draft Incorporated, which comprises the statement of financial position as at 31 December 2017, the statement of surplus or deficit and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Committee members' declaration.

In my opinion the financial report of First Draft Incorporated has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) Giving a true and fair view of the association's financial position as at 31 December 2017 and of its financial performance and cash flows for the year then ended; and
- (b) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 31 December 2017, but does not include the financial report and my auditor's report.

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

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

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



Independent Auditor's Report

To the members of
First Draft Incorporated

Committee members' Responsibility for the Financial Report

The Committee members of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the Committee members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, committee members are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee members either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

Auditor's Responsibility for Audit of the Financial Report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by committee members.
- Conclude on the appropriateness of the committee members' 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 registered entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. My 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 registered entity to cease to continue as a going concern.

Independent Auditor's Report

To the members of
First Draft Incorporated

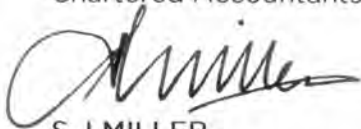
Auditor's Responsibility for Audit of the Financial Report continued

- 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



STEVEN J MILLER & CO
Chartered Accountants



S J MILLER
Registered Company
Auditor No 4286

Sydney

Dated 14 / 5 / 18

Additional Financial Information Disclaimer

First Draft Incorporated

The additional financial data presented on pages 31 and 32 are in accordance with the books and records of the company which have been subjected to the auditing procedures applied in my statutory audit of the company for the year ended 31 December 2017. It will be appreciated that my statutory audit did not cover all details of the additional financial information. Accordingly, I do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

In accordance with my firm's policy, I advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the consolidated entity) in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however caused.



STEVEN J MILLER & CO
Chartered Accountants



S J MILLER
Registered Company
Auditor No 4286

Sydney

Dated 14/5/18

Detailed Statements of Surplus or Deficit

For the year ended 31 December 2017
First Draft Incorporated

SCHEDULE 1 – GENERAL OPERATIONS

	Note Sch	2017 \$	2016 \$
INCOME			
Donations received		22,861	32,610
Fundraising income		72,325	71,645
Gallery rent and equipment hire income		10,939	11,147
Government grants	4.1	336,915	211,667
Investment income:			
• Interest		1,856	2,065
Sales of prints and publications		355	-
Service income		250	250
Net surplus on disposal of property, plant and equipment		-	994
TOTAL INCOME		445,501	330,378
LESS: EXPENDITURE	Sch 2	(417,341)	(293,117)
NET SURPLUS		28,160	37,261

The above UNAUDITED detailed statement of surplus or deficit should be read in conjunction with the disclaimer.

Detailed Statements of Surplus or Deficit

For the year ended 31 December 2017
First Draft Incorporated

SCHEDULE 2 – GENERAL OPERATIONS

	Note	2017 \$	2016 \$
EXPENSES			
Advertising		4,784	4,681
Artists' fees		74,535	32,048
Auditor's remuneration		5,582	5,928
Bank charges		319	164
Bookkeeping fees		3,493	2,944
Catering expenses		15,713	17,201
Computer expenses		-	172
Contractors' fees		4,622	3,480
Curator fee		10,375	6,875
Cleaning		2,687	2,335
Electricity		4,264	3,819
Employee entitlement provided for/(written back)		2,954	(546)
Depreciation and amortisation	8/9	12,963	14,201
Insurances		2,369	2,322
Internet charges		699	775
Licensing fees		927	220
Other employee related expenses		1,608	3,811
Office supplies		780	410
PayPal fees		990	1,257
Project costs		31,147	14,760
Rent		97,440	86,988
Repairs and maintenance		3,903	3,254
Salaries and wages		114,375	68,092
Staff training		1,624	1,401
Software and equipment expenses		2,064	2,149
Subscriptions and memberships		25	863
Superannuation		9,945	5,782
Travelling expenses		453	1,807
Waste disposal		4,191	3,194
Water rates		663	1,624
Website maintenance costs		225	239
Workers' compensation insurance		1,622	867
TOTAL EXPENDITURE		417,341	293,117

The above UNAUDITED detailed statement of surplus or deficit should be read in conjunction with the disclaimer.