

Gasworks Arts Park



Annual Report 2010

Chair's Report

2010 was a transitional year and challenging beyond the way that such years normally are.

It marked the end of Crusader Hillis' period as CEO/Director of the Gasworks Arts Park. We thank him for his many contributions to the park and the pleasure of working with him. On his departure, the Board minuted "*gratitude and appreciation to Crusader for his work in strengthening the role of Gasworks Park in the arts and wider community [and] in promoting happy relationships within the internal staff groupings and the external relationships of the Park.*" His work in extending and strengthening the Art of Difference Festival and associated events, and in strengthening Gasworks' ties to external festivals is particularly appreciated.

It also marked the arrival of Tamara Jungwirth as General Manager. She came to us from a distinguished background in management at the Melbourne Museum and ACMI and we have benefitted from her verve, dedication, imagination and attention to detail. She took to her task not just as a holding operation and has laid foundations for a healthy and sustained life for the organization.

From the outset of the year we faced financial challenges. Some were inherent in our on-going funding situation: we had posted losses or marginal gains over a number of years; this left us vulnerable and reflected that, as the task of running the park became more complex, the shortfall between what we received from the City and the real cost of running the park was widening. In addition we had posted some bad results in 2009, with substantial losses on Midsumma and the late withdrawal of a number of sponsors from The Art of Difference Festival (consequent upon the GFC) resulting on a considerable shortfall in revenue for that important festival.

These issues raised questions as to whether the organization could see out the remainder of the year financially, let alone take on the longer commitment of a new Service Agreement (rebadged as Funding Deed) with the City of Port Phillip, due to commence in 2011.

Both issues required urgent and extensive negotiations with the city: the first to find whether we could gain assistance that would carry us to the end of the year; the second to establish a new basis of ongoing funding which would allow us to move with confidence into the ensuing three to five years.

The City gave careful and receptive attention to our concerns and needs. The outcome of the first problem was resolved by a bridging grant which carried us through till the end of the year and allowed us to repay debts which had been underpinning our balance sheet: the outcome to the second was not known until beyond the period covered in this report – make sure you read our next one!

We are most grateful to the responsiveness and care that the City gave through this difficult time and for enabling us to trade on. We look forward to continue working with them to animate the park.

While these issues were being dealt with in the engine room, a rich and entertaining program was created and maintained in the public eye and public access to the site enhanced. Tamara has reported about this in detail. Highlights were hosting Shaun Tan before he won his Oscar, and also winning best kids show for the Fringe Festival.

We also, working in collaboration with the City, laid the foundations for an urgently needed revamp of the theatre building with its network of facilities. An architect was engaged to create concept designs and consultants employed to review them. By the end of the year plans were

consolidating to embark upon this work in a series of stages. While much remained to be done and the finances involved are challenging, we are confident of a good outcome and once again thank the City for its attentiveness on the issue.

We, on the Board, are most grateful to the staff of the centre who, on a day to day basis, manage a challenging site cheerfully and professionally and present a complex program to the satisfaction of hirers and public alike. With such people at the centre's heart we face the future with confidence.

I thank the board for its unremitting work and patience during a difficult time.

James McCaughey
Chair

Treasurer's Report

The financial situation at Gasworks Inc. during 2010 was difficult. Years of financial struggle had resulted in ageing infrastructure throughout the organisation, ranging from theatre equipment to office computers. This load together with the carry-over losses from 2009, mentioned in the Chairman's Report, and the increasing costs of running this complex organisation, meant Gasworks was struggling to survive.

During the year it became obvious that without an increase in funding arrangements with the City, the organisation would have to cease to function. Discussions with the City followed, resulting in a one-off grant from the City to tide Gasworks over until a new funding agreement was agreed in 2011. This grant allowed Gasworks to pay off its debtors and to start replacing some of the ageing infrastructure. As well, Mirvac extended their rental of the Gatehouse which, at commercial rates, contributed to improving the financial situation.

During the year, various new financial systems were introduced, some of which the CEO has mentioned in her report. A concentrated effort was made to chase the large number of bad debtors which resulted in much success, and the few recalcitrants were put in the hands of the debt collectors. A system is now in place to monitor Aged Debtors, including a listing of Aged Debtors in the financial reports presented to the Board each month.

The switch of the financial software from Moneyworks to MYOB was made possible by the one-off grant received from the City. This, while initially involving a lot of data entry, has proved to be more user-friendly and comes with technical support. Gasworks' financial software is now the industry standard.

Procedures for day-to-day handling of finances by staff were implemented. As well as double signatures required for cheque handling, these included a debit card (with a limit) being organised, thus avoiding the nuisance value of having to reimburse staff members when their personal credit cards were used for Gasworks' business.

Despite the financial struggles during the year - the hand-to-mouth existence with the strains on staff that that involves - Gasworks, thanks to its dedicated team, survived and was rewarded. The one-off grant from the City mentioned above and a particularly successful December, meant that 2011 started on a firm financial footing.

Fran Church
Treasurer

Director & CEO's Report

Through the operation and mission of Gasworks Arts Park and the dedication of its staff and board, the City of Port Phillip community is able to enjoy a wide range of arts activities including festivals, exhibitions, classes, workshops, shows, markets and art for sale. Many of the staff and board are local residents themselves. Attendance in 2010 was over 130,000 and 50,000 people visited our website.

In my first year as CEO, 2010 was a year of consolidation financially after a number of annual losses in recent times. With the active involvement of the board, the strategic direction of Gasworks Arts Park was amended so that the new focus is about delivering cultural services and engagement for and on behalf of the City of Port Phillip community. It was also a year when the staff team changed significantly and a new skill base came to the team at Gasworks Arts Park. This new team is well positioned to deliver programming and marketing in a professional and financially responsible way, which is responsive to the local community.

2010 ACTIVITY LEVELS

Performing Arts

- 61 theatre shows comprising 208 performances in 2010 across a range of genres including dance, circus, comedy, theatre, music and kids. These are a mix of Gasworks co-productions and shows by companies hiring our theatre venues.
- Festivals: Gasworks was a hub for a number of Melbourne's signature arts festivals including Fringe, Midsumma, and Melbourne International Comedy Festival
- Highlights included doubling the ticket sales for the Fringe Festival compared with the previous year, and winning two Fringe awards: best children's show and best Indigenous performer. A number of shows were sold out during the year including Kapow!, The Nincompoops, TV Live on Stage and Shaun Tan's author and illustrator presentation.

Visual Arts

- Gallery Shows: 35 exhibitions, with over 300 works hung and a sales rate of over 50% of works available for sale.
- Many of the artists who exhibit at Gasworks are resident in the City of Port Phillip, and it is difficult to find commercial gallery space opportunities, therefore Gasworks provides a positive economic contribution to local artists as well as professional mentoring by our Visual Arts Manager.
- Resident artists: 13 artists work at Gasworks and contribute to a community program ranging across sculpture, painting and ceramics. The ceramics kiln is open to the public and a firing service is offered by one of our resident ceramicists.

Events, Workshops, Markets, Holiday Programs

- Kids Holiday Programs were presented four times in the year, regularly attended by over 1500 children. Subjects ranged across magic, dance, music, drama, stop motion animation, crafts, painting, drawing and a huge variety of other skills.
- Our monthly Farmers Markets were each attended by 2,000 people
- We presented a Story Day & Children's Writing Competition in October, with prizes presented by the Mayor of the City of Port Phillip
- Creative Workshops for children and adults: workshop leaders offered over 400 workshops per annum in the following subjects – dance, music, drawing, painting, yoga and crafts. These are taught during school terms.
- We also co-ordinated numerous private functions including product launches, conferences, wakes and weddings.

OPERATIONAL CHALLENGES

For the first part of the year the new website did not forward venue hire inquiries to our office; this continued for some months until reported and rectified, and had a sizeable impact on venue booking levels and revenue.

Over winter, the lack of park lighting became potentially hazardous for staff leaving the office after 5pm. This was discussed with council and plans are in early stages to install lights that can get a power source from above the ground, due to contamination concerns inherent in digging up existing cable. Later in the year, our box office was the target of professional safe crackers overnight. The attempted robbery was unsuccessful but caused significant damage. No staff members were hurt in the episode but police and our insurance company became involved.

The toilets continued to emit unpleasant odours from the pipes, and the phone system gave ominous signs that it was coming to the end of its life. After five years the file server for the computer network became unreliable, and plans were put in place to replace it. The finance system was also proving problematic so work was done to make a transition to MYOB after December 31, 2010.

OPERATIONAL HIGHLIGHTS

With the appointment of a new Web Services Co-ordinator, the website improved throughout the year and was transformed from a liability to an asset. We made as many improvements as possible given the limitations of the underlying template, which will be addressed when funds allow. Also in the marketing area, September saw the printing and launch of the Gasworks new-look Season Guide. This guide had great feedback across the arts sector as well as from the public.

Gasworks forged a number of important arts-industry networks in 2010. We joined the Guarantee Against Loss (GAL) program with Arts Victoria which will underwrite our performing arts program to an amount of \$12k each financial year. We joined the small venues network, a subcommittee of the Victorian Association of Performing Arts Centres, and this network met at Gasworks in December. Furthermore we started work on a local partnership with Yarra Trams and the Butterfly Club for joint Midsumma Festival promotions in the coming year.

Physical improvements to the site included the renovation of the Garden Studio, with old cabinetry gutted, walls and ceiling painted, and new carpet fitted. The result is a New York loft style activities room. A porthole-type display case was designed and installed by resident artist Michael Sibel outside the sculpture studio, and this was launched at Gasworks Foundation event at the end of the year.

Gasworks saw a very pleasing upturn in private function activity by the end of 2010, incorporating weddings, conferences, wakes and product launches. Also by the end of the year, 12 of our resident artists signed occupancy agreements for a further 2 years, current to 31 December 2012. Two decided to move on, leaving 2 vacancies to be offered to new artists.

IMPROVEMENTS TO FINANCIAL PROCEDURES

A new system was implemented where dual signoff from two managers is required before a payment is processed by the finance department. Also debt control procedures were tightened to combat a build-up of aged and doubtful debtors. This included the cafe rental, which had fallen several months behind but was repaid after the appropriate negotiations were held. The year ended with a transition of the finance system from Moneyworks to the industry standard MYOB financial software.

The financial outcome of 2010, bolstered by additional funding from the City of Port Phillip, puts us in a position where we are debt free, bad debts owing to us have been collected or written off, equipment that cannot be located or is beyond its useful life has been written off, and we end the year with sufficient surplus to combat the decreases in rental revenue from the café and Gatehouse we face in 2011. With ageing office and theatre infrastructure, operating costs must increase in the near future and the case for our operating funding to catch up with the realities of running a busy multi-arts precinct has been actively discussed with the City of Port Phillip.

THANKS

In the middle of the Christmas/New Year break, a number of staff returned at short notice to Gasworks to organize a wake for 200 people for arts identity Gerry Kerlin, who had died suddenly prior to Christmas. This was just one example of the enormous dedication that staff members have shown throughout the year, and I thank them all for their effort, insight, energy and enthusiasm. Thanks also to the board for their involvement and particularly the Chair of the Board, James McCaughey, for his ongoing wisdom and advice. Much has been achieved in a short time and much more remains to be done.

Tamara Jungwirth
Director & CEO

19th July 2011



Gasworks Arts Park
21 Graham Street
Albert Park VIC 3206

Sean Denham & Associates
Suite 6, 707 Mt Alexander Road
Moonee Ponds Vic 3039

Dear Sean,

This representation letter is provided in connection with your audit of the financial report of **Gasworks Arts Inc.** for the year ended **31 December 2010** for the purpose of expressing an opinion as to whether the financial report is, in all material respects, presented fairly in accordance with Accounting Standards and UIG Consensus Views, and the **Gasworks Arts Inc.** constitution.

We acknowledge our responsibility for ensuring that the financial report is in accordance with the Accounting Standards, UIG Consensus Views and the **Gasworks Arts Inc.** constitution and confirm that the financial report is free of material misstatements, including omissions.

We confirm, to the best of our knowledge and belief, the following representations made to you during our audit.

General

- 1 All financial records and related data have been made available for inspection. All material transactions have been properly recorded in the accounting records underlying the financial report. An accurate and complete list of members has been provided.
- 2 There have been no irregularities involving any member of management or other members of the Association that could have a material effect on the financial statements.
- 3 There have been no:
 - violations or possible violations of law or regulations, the effects of which should be considered for disclosure in the financial statements or as a basis for recording a contingent loss; or
 - communications from regulatory authorities concerning non-compliance with, or deficiencies in, financial reporting practices.
- 4 The financial records of **Gasworks Arts Inc.** have been kept so as to be sufficient to enable a financial report to be prepared and audited, and other records and registers required by the **Gasworks Arts Inc.** constitution have been properly kept and are up to date.

Assets

- 5 Adequate provision has been made for allowances which may be given and for losses which may be sustained in connection with the collection of accounts receivable and non-trade receivables.
- 6 There were no deficiencies or encumbrances attaching to the title of the Co-operative's assets at reporting date other than those reflected in the financial statements.
- 7 There are no agreements to repurchase assets previously recorded in the accounting records as sold.
- 8 Adequate provision has been made in the financial statements for any permanent diminution in the value to the association of any non-current assets.

Liabilities

- 9 All liabilities which have arisen or which will arise out of the activities of the Association to the end of the financial year have been included in the financial report.
- 10 There were no contractual commitments for capital expenditure at reporting date not included in the financial statements or the notes thereto.
- 11 There were no contingent liabilities, including guarantees, at reporting date which are not disclosed in the financial report or the notes thereto.

Other

- 12 No events have occurred subsequent to reporting date which would require adjustment to or disclosure in the financial report.
- 13 The Association has no plans or intentions that may materially affect the book value or classification of assets and liabilities at reporting date.
- 14 All details concerning related party transactions and related amounts receivable or payable (including purchases, loans and guarantees) have been correctly recorded in the accounting records and have been properly disclosed in the Association's financial report or the notes thereto, either where required by statute or where such disclosure is necessary for the fair presentation of the Association's financial report.
- 15 Other than as detailed in the association's financial report, the Association is not aware of any breach or non-compliance with the terms of any contractual arrangements, however caused, which could initiate claims on the Association which would have effect on the Association's financial report.
- 16 The Association has an established procedure whereby the adequacy of insurance cover on all assets and insurable risks is reviewed. This review has been performed, and where it is considered appropriate, assets and insurable risks of the association are adequately covered by insurance.
- 17 The minutes of committee meetings made available to you are a complete and authentic record of all meetings since the start of the financial year to the date of this letter. All statutory records were properly kept during the period.
- 18 Records maintained during the period were in accordance with the Australian Taxation Office requirements.
- 19 We have responded fully to all inquiries made to us during the course of your examination.
- 20 Nothing has come to our attention that would indicate that the financial report is inaccurate, incomplete or otherwise misleading.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those considered necessary for that purpose.

..... *[Signature]*

(Signed)

..... *20/7/2011*

(Date)

..... *CHAIR*

(Position)

GASWORKS ARTS INC.

FINANCIAL REPORT

**FOR THE YEAR ENDED
31 DECEMBER 2010**

GASWORKS ARTS INC.

FINANCIAL REPORT

**FOR THE YEAR ENDED
31 DECEMBER 2010**

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GASWORKS ARTS INC.

**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED
31 DECEMBER 2010**

	Note	2010	2009
		\$	\$
INCOME			
Rental Recoveries		174,333	83,084
Tickets and bar sales		281,836	261,731
Venue Hire		255,983	254,573
Sponsorship & Donations		66,287	51,827
Grants		536,840	579,514
Interest Income		4,637	337
Sundry Income		668	1,072
		<u>1,320,584</u>	<u>1,232,138</u>
 EXPENDITURE			
<u>Administration</u>			
Annual leave		3,727	(5,450)
Artists - Share of Box Office		4,817	4,205
Audit fee		2,750	2,500
Bad and doubtful debts		16,150	230
Bank fees		14,228	13,700
Catering		5,953	11,434
Consultants		5,478	47,921
Depreciation		45,833	22,888
Donations		11,000	-
Electricity and gas		26,431	20,769
Insurance		7,509	7,855
Office and management expenses		53,755	64,015
Telephone		3,606	5,015
Salaries and wages		712,356	753,901
Superannuation		50,286	48,018
Workcover		8,624	8,566
Loan Repayments		70,000	-
		<u>1,042,503</u>	<u>1,005,567</u>
 <u>Production</u>			
Bar purchases		59,162	62,879
Freight		323	783
Maintenance		9,493	21,067
Travel and accommodation		5,214	34,017
Vehicle and equipment hire		10,235	23,244
		<u>84,427</u>	<u>141,990</u>

GASWORKS ARTS INC.

**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED
31 DECEMBER 2010**

	Note	2010 \$	2009 \$
<u>Marketing</u>			
Advertising, publicity, promotions		28,543	34,214
Graphic design		8,743	21,395
Printing and distribution		32,445	35,413
Other marketing		8,927	17,507
Web Design		24,447	-
		<u>103,105</u>	<u>108,529</u>
		<u>1,230,035</u>	<u>1,256,086</u>
Profit before income tax		90,549	(23,948)
Income tax expense	2	<u>-</u>	<u>-</u>
Profit after income tax		90,549	(23,948)
Retained Profits(Losses) at the beginning of the financial year		<u>14,828</u>	<u>38,776</u>
Retained Profits at the end of the financial year		<u>105,377</u>	<u>14,828</u>

GASWORKS ARTS INC.

**ASSETS AND LIABILITIES STATEMENT
31 DECEMBER 2010**

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash	3	192,324	133,210
Trade and other receivables	4	<u>138,951</u>	<u>126,567</u>
TOTAL CURRENT ASSETS		<u>331,275</u>	<u>259,777</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	<u>71,708</u>	<u>95,327</u>
TOTAL NON-CURRENT ASSETS		<u>71,708</u>	<u>95,327</u>
TOTAL ASSETS		<u>402,983</u>	<u>355,104</u>
CURRENT LIABILITIES			
Trade and other creditors	6	169,705	142,487
Amounts received in advance	7	96,600	99,836
Provisions	8	<u>24,047</u>	<u>20,299</u>
TOTAL CURRENT LIABILITIES		<u>290,352</u>	<u>262,622</u>
NON-CURRENT LIABILITIES			
Trade and other creditors	6	7,254	7,654
Loans		<u>-</u>	<u>70,000</u>
TOTAL NON-CURRENT LIABILITIES		<u>7,254</u>	<u>77,654</u>
TOTAL LIABILITIES		<u>297,606</u>	<u>340,276</u>
NET ASSETS		<u>105,377</u>	<u>14,828</u>
MEMBERS FUNDS			
Retained profits		<u>105,377</u>	<u>14,828</u>
TOTAL MEMBERS FUNDS		<u>105,377</u>	<u>14,828</u>

GASWORKS ARTS INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31 DECEMBER 2010**

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Grants received		522,684	531,295
Other receipts		779,107	610,530
Payments to suppliers and employees		(1,155,100)	(1,180,326)
Interest received		<u>4,637</u>	<u>337</u>
Net Cash provided by operating activities	9	<u>151,328</u>	<u>(38,164)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property and equipment		<u>(22,214)</u>	<u>(38,982)</u>
Net Cash provided by (used in) investing activities		<u>(22,214)</u>	<u>(38,982)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds received from/(Repayment of) loan funding		<u>(70,000)</u>	<u>70,000</u>
Net Cash provided by (used in) financing activities		<u>(70,000)</u>	<u>70,000</u>
Net increase (decrease) in cash held		59,114	(7,146)
Cash at the beginning of the year		133,210	140,356
Cash at the end of the year		<u><u>192,324</u></u>	<u><u>133,210</u></u>

GASWORKS ARTS INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2010**

Note 1: Statement of Significant Accounting Policies

This financial report is special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporations Act 1981 (Vic). The committee has determined that the association is not a reporting entity.

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

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in preparation of this financial report.

a. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly investment with original maturities of three months or less.

b. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income). The association does not apply deferred tax.

Current income tax expense charged to the profit and loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

The Association is exempt from paying income tax by virtue of Section 50-45 of the Income Tax Assessment Act, 1997. Accordingly, tax effect accounting has not been adopted.

c. Property, Plant and Equipment

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all property, plant and equipment is depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use. Leasehold Improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

d. Employee Entitlements

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of estimated future cash outflows to be made for those benefits.

Provision is made for the Association's liability for long service leave from commencement of employment, not from the 5 year employment period normally accrued as industry practice.

GASWORKS ARTS INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2010**

Note 1: Statement of Significant Accounting Policies (cont.)

e. Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

f. Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expenses to the income statement.

g. Revenue

Revenue is brought to account when received and to the extent that it relates to the subsequent period it is disclosed as a liability.

Grant Income

Grant income received, other than for specific purposes, is brought to account for the period to which the grant relates. Income received from the City of Port Phillip to the value of \$70,000 has been set aside to cover expected loss of rental income from tenants in the 2011 financial year.

Deferred Income

Unspent grant income received in relation to specific projects and events is not brought to account as revenue in the current year but deferred as a liability in the financial statements until spent for the purpose received.

Capital Grants

Grant Income received relating to the purchase of capital items is shown as Unamortised Capital Grant and brought to account over the expected life of the asset in proportion to the related depreciation charge.

Interest Revenue

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

Donations

Donation income is recognised when the entity obtains control over the funds which is generally at the time of receipt.

h. 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 Tax 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 payable in the assets and liabilities statement are shown inclusive of GST.

GASWORKS ARTS INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2010**

Note 1: Statement of Significant Accounting Policies (cont.)

i. Deductible Gift Recipient Status

Gasworks Arts Inc operates the Gasworks Arts Inc Donations Fund. This fund has received endorsement by the Australian Taxation Office to act as a Deductible Gift Recipient.

	2010	2009
	\$	\$
Note 2: Income Tax Expense		
Prima facie tax payable on operating profit at 30% (2009: 30%)	27,165	(7,184)
Less tax effect of:		
- non-taxable member income arising from principle of mutuality	<u>(27,165)</u>	<u>7,184</u>
Income tax expense	<u>-</u>	<u>-</u>
 Note 3: Cash and cash equivalents		
Cash on hand	1,670	2,713
Cash at bank	189,614	129,337
Trust account - Public Fund	<u>1,040</u>	<u>1,160</u>
	<u>192,324</u>	<u>133,210</u>
 Note 4: Trade and other receivables		
Trade debtors	132,202	121,282
Prepayments	<u>6,749</u>	<u>5,285</u>
	<u>138,951</u>	<u>126,567</u>
 Note 5: Property, plant and equipment		
Furniture and equipment - at cost	261,662	239,449
Less accumulated depreciation	<u>(189,954)</u>	<u>(144,122)</u>
	<u>71,708</u>	<u>95,327</u>
 Leasehold Improvements - at cost	11,750	11,750
Less accumulated depreciation	<u>(11,750)</u>	<u>(11,750)</u>
	<u>-</u>	<u>-</u>
	<u>71,708</u>	<u>95,327</u>

GASWORKS ARTS INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2010**

	2010	2009
	\$	\$
Note 6: Trade and other payables		
Current		
Trade Creditors and accruals	16,151	50,517
PAYG Tax payable	8,140	6,938
GST payable	35,726	19,275
Other creditors	16,048	16,486
Holding accounts	85,355	40,966
Bonds Payable	<u>8,285</u>	<u>8,305</u>
	<u>169,705</u>	<u>142,487</u>
 Non-Current		
Bonds Payable	<u>7,254</u>	<u>7,654</u>
 Note 7: Amounts received in advance		
Grants in advance	<u>96,600</u>	<u>99,836</u>
 Note 8: Provisions		
Current		
Provision for annual leave	<u>24,047</u>	<u>20,299</u>
 Note 8: Loans		
Non-Current		
Long-term loans	<u>-</u>	<u>70,000</u>

GASWORKS ARTS INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2010**

	2010	2009
	\$	\$
Note 9: Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax		
Profit after income tax	90,549	(23,948)
Cash flows excluded from operating profit attributable to operating activities		
Non-cash flows in profit		
- Depreciation	45,833	22,888
- Provision for doubtful debts	-	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other debtors	(12,384)	(16,173)
- Increase/(decrease) in trade and other payables	26,818	32,739
- Increase/(decrease) in amounts received in advance	(3,236)	(48,219)
- Increase/(decrease) in provisions	3,748	(5,451)
Net cash provided by Operating Activities	151,328	(38,164)

GASWORKS ARTS INC.

**STATEMENT BY MEMBERS OF THE COMMITTEE
FOR THE YEAR ENDED
31 DECEMBER 2010**

The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial report as set out on pages 1 to 9:


1. Presents a true and fair view of the financial position of Gasworks Arts Inc. and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that the Gasworks Arts Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:



James McCaughey - Chairperson

Dated: 20/7/2011



Fran Church - Treasurer

Dated: 20.7.11

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
GASWORKS ARTS INC.**

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Gasworks Arts Inc., which comprises the statement of assets and liabilities, statement of cash flows as at 31 December 2010, and the income and expenditure statement, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee.

Committee's Responsibility for the Financial Report

The committee of Gasworks Arts Inc are responsible for the preparation of the financial report, and have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the Associations Incorporation Act 1981 (Vic) and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conduct our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

Auditor's Opinion

In our opinion:

The financial report of Gasworks Arts Inc. is in accordance with the Associations Incorporation Act 1981 (Vic) including:

- i. giving a true and fair view of the Association's financial position as at 31 December 2010 and of their performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act 1981 (Vic).

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Gasworks Arts inc. to meet the requirements of the Associations Incorporation Act 1981 (Vic). As a result, the financial report may not be suitable for another purpose.

We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.


Sean Denham

Dated: 21 July 2011
Suite 6, 707 Mt Alexander Road
Moonee Ponds VIC 3039

CERTIFICATE BY MEMBER OF THE COMMITTEE

I JAMES O'CAUGHEY, and I FRAN CHURCH, certify that:

This annual statement was/will be submitted to the members of the association at its annual general meeting.

James O'Caughy
Chairperson

Dated: 20/7/2011

[Signature]
Treasurer

Dated: 20.7.11

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