

**ARTS
PROJECT**
AUSTRALIA

—
**Financial
Statements**
2023-24



Arts Project Australia Inc

ABN: 99 804 795 393

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For the Year Ended 30 June 2024

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Arts Project Australia Inc

ABN: 99 804 795 393

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue	3	2,960,456	2,722,546
Creative Victoria grants		100,000	100,000
Employee benefits expense		(2,143,360)	(1,974,276)
Depreciation and amortisation expense		(114,099)	(75,433)
Commission on art sales		(199,229)	(185,661)
Advertising/public relations		(13,034)	(12,521)
Building and equipment		(106,538)	(104,499)
Gallery		(59,808)	(37,799)
Postage and telecommunications		(16,140)	(23,621)
Minor asset purchases		(13,773)	(23,207)
Studio		(92,419)	(94,587)
Administration expenses		(548,272)	(329,240)
Finance and Interest		(10,326)	(9,835)
Surplus/(deficit) from operating activities		(256,542)	(48,133)
Foundation			
Foundation income		220,822	257,645
Foundation expense		(81,231)	(62,468)
Foundation - result for the year		139,591	195,177
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the year		(116,951)	147,044

The accompanying notes form part of these financial statements.

Arts Project Australia Inc

ABN: 99 804 795 393

Statement of Financial Position

As at 30 June 2024

	Note	2024 \$	2023 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	415,246	649,757
Trade and other receivables	5	215,675	226,030
Financial assets	6	1,654,017	1,590,200
Other assets	8	30,537	26,056
TOTAL CURRENT ASSETS		2,315,475	2,492,043
NON-CURRENT ASSETS			
Trade and other receivables	5	9,943	20,309
Right-of-use assets	9	87,569	40,123
Property, plant and equipment	7	1,802,791	1,801,747
TOTAL NON-CURRENT ASSETS		1,900,303	1,862,179
TOTAL ASSETS		4,215,778	4,354,222
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	143,635	161,800
Employee benefits	12	317,972	332,272
Deferred income	11	92,970	106,296
Lease liabilities	9	24,951	32,197
TOTAL CURRENT LIABILITIES		579,528	632,565
NON-CURRENT LIABILITIES			
Employee benefits	12	11,963	39,972
Lease liabilities	9	77,340	17,787
TOTAL NON-CURRENT LIABILITIES		89,303	57,759
TOTAL LIABILITIES		668,831	690,324
NET ASSETS		3,546,947	3,663,898
EQUITY			
Foundation Reserve	13	663,528	523,937
Retained earnings		2,883,419	3,139,961
TOTAL EQUITY		3,546,947	3,663,898

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2024

2024

	Retained Earnings	Foundation Reserve	Total
	\$	\$	\$
Balance at 1 July 2023	3,139,961	523,937	3,663,898
Deficit for the year	(116,951)	-	(116,951)
Transfer to Foundation	(139,591)	139,591	-
Balance at 30 June 2024	2,883,419	663,528	3,546,947

2023

	Retained Earnings	Foundation Reserve	Total
	\$	\$	\$
Balance at 1 July 2022	3,188,094	328,760	3,516,854
Surplus for the year	147,044	-	147,044
Transfer to Foundation	(195,177)	195,177	-
Balance at 30 June 2023	3,139,961	523,937	3,663,898

Arts Project Australia Inc

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Statement of Cash Flows For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from government grants		209,674	222,211
Sales of artwork		323,734	281,158
Interest Received		66,461	13,941
Operations - Studio, membership and fundraising		2,766,239	2,652,871
Cash payments to suppliers and employees		(3,418,200)	(2,808,749)
Interest paid on lease liabilities		(8,319)	(4,374)
Net cash provided by/(used in) operating activities		<u>(60,411)</u>	<u>357,058</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment		(87,699)	(161,403)
Net (increase)/decrease in Term Deposits		<u>(63,817)</u>	<u>(11,494)</u>
Net cash used by investing activities		<u>(151,516)</u>	<u>(172,897)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liabilities		<u>(22,584)</u>	<u>(22,585)</u>
Net cash used by financing activities		<u>(22,584)</u>	<u>(22,585)</u>
Net increase/(decrease) in cash and cash equivalents held		(234,511)	161,576
Cash and cash equivalents at beginning of year		<u>649,757</u>	<u>488,181</u>
Cash and cash equivalents at end of financial year	4	<u><u>415,246</u></u>	<u><u>649,757</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2024

The financial report covers Arts Project Australia Inc as an individual entity. Arts Project Australia Inc is a not-for-profit Incorporated Association in Victoria registered under the *Australian Charities and Not-for-profits Commission Act 2012*.

Comparatives are consistent with prior years, unless otherwise stated.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

1 Material Accounting Policy Information

(a) Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only the period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting judgements, estimates and assumptions are outlined in the notes below.

(b) Revenue

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Material Accounting Policy Information

(b) Revenue

Revenue from contracts with customers

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Association have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Association are:

Grant revenue (including grants related to projects) is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If performance obligations are attached to grant which must be fulfilled, the recognition of the grant revenue as revenue will be deferred until the fulfillment of those performance obligations.

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Donations and bequests are recognised as revenue when received unless they require fulfilment of performance obligations, where they are carried forward as income in advance in the statement of financial position and recognised as revenue upon fulfilment of the performance obligations either at a point in time or over a period of time.

Revenue from sales of artworks is recognised at the point of sale where the control of the goods passes to the customer.

Fees charged for services provided to artists are recognised when services are provided.

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

All revenue is stated net of the amount of goods and services tax.

(c) Income Tax

The Association is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(d) Financial instruments

Financial instruments are made up of term deposits with a maturity of more than 3 months. Interest income is recognised in profit or loss. The term deposits are subject to an insignificant risk of change in value

Notes to the Financial Statements

For the Year Ended 30 June 2024

1 Material Accounting Policy Information

(e) Leases

Right-of-use asset

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

Lease Liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Association's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Association's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Association has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Association recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(f) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Association, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Notes to the Financial Statements
For the Year Ended 30 June 2024

1 Material Accounting Policy Information

(f) Property, plant and equipment

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	10% - 33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Impairment of non-financial assets

At the end of each reporting period the Association determines whether there is an evidence of an impairment indicator for non-financial assets. Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

(h) Employee benefits

Provision is made for the entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related services, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Association classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the service. Provision is made for the entity's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by referenced to market yields at the end of the reporting period on high quality government bonds that have maturity dates that approximate the term of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss.

From 1 January 2020, the Portable Long Service Scheme came into effect which had an impact on the Association's employees leave entitlements. The employees impacted by the act are no longer provided long service entitlements. The Association pay a levy to the Authority of 1.65% based on the employees' ordinary pay.

The Association pays contributions to certain accumulation superannuation plans. Contributions are recognised in the statement of comprehensive income when they are due. The Association has no obligation to pay further contributions to these plans.

Notes to the Financial Statements

For the Year Ended 30 June 2024

2 Critical Accounting Estimates and Judgments

The Directors and management make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - long service leave

The provision for long service leave entitlements is derived from an assessment of relevant employee retention rates, future salary levels, inflation, and timing of payment.

Key estimates - Depreciable assets

The charge in respect of periodic depreciation is derived after determining an estimate of an assets useful life and expected residual value at the end of its life. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

3 Revenue

	2024	2023
	\$	\$
Revenue from contracts with customers		
- Sale of artwork	323,734	281,158
- Studio fees	2,423,153	2,335,985
- Leasing of artwork	29,039	30,112
	<u>2,775,926</u>	<u>2,647,255</u>
Other revenue		
- Interest income	51,859	29,498
- Government grants	223,000	138,874
- Other revenue	9,671	6,919
	<u>284,530</u>	<u>175,291</u>
Total revenue	<u>3,060,456</u>	<u>2,822,546</u>

Arts Project Australia Inc

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Notes to the Financial Statements For the Year Ended 30 June 2024

4 Cash and Cash Equivalents

	2024	2023
	\$	\$
Cash on hand	300	300
Bank balances	414,946	649,457
	<u>415,246</u>	<u>649,757</u>

5 Trade and Other Receivables

CURRENT

Trade receivables	128,921	150,257
Other receivables - PLSA	84,215	58,632
Accrued income	2,539	17,141
	<u>215,675</u>	<u>226,030</u>

NON-CURRENT

Other receivables - PLSA	9,943	20,309
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The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

6 Financial assets

Term Deposits	1,654,017	1,590,200
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Notes to the Financial Statements

For the Year Ended 30 June 2024

7 Property, plant and equipment

	2024 \$	2023 \$
LAND AND BUILDINGS		
Freehold land		
At cost	264,000	264,000
Total Land	264,000	264,000
Buildings		
At cost	1,648,456	1,648,456
Accumulated depreciation	(303,695)	(252,850)
Total buildings	1,344,761	1,395,606
Total land and buildings	1,608,761	1,659,606
Plant and equipment		
At cost	455,946	330,502
Accumulated depreciation	(294,315)	(264,239)
Total plant and equipment	161,631	66,263
Motor vehicles		
At cost	61,576	61,576
Accumulated depreciation	(29,177)	(23,442)
Total motor vehicles	32,399	38,134
Website development - work in progress		
At cost	-	37,744
Total website development - work in progress	-	37,744
Total property, plant and equipment	1,802,791	1,801,747

Movements in Carrying Amounts

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

	Land \$	Buildings \$	Plant and Equipment and Art Collection \$	Motor Vehicles \$	Website development - work in progress \$	Total \$
Year ended 30 June 2024						
Balance at the beginning of year	264,000	1,395,606	66,263	38,134	37,744	1,801,747
Additions	-	-	87,700	-	-	87,700
Transfers	-	-	37,744	-	(37,744)	-
Depreciation expense	-	(50,845)	(30,076)	(5,735)	-	(86,656)
Balance at the end of the year	264,000	1,344,761	161,631	32,399	-	1,802,791

Arts Project Australia Inc

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Notes to the Financial Statements For the Year Ended 30 June 2024

8 Other Assets

	2024	2023
	\$	\$
CURRENT		
Prepayments	30,537	26,056

9 Leases

Right-of-use assets

	Buildings	Total
	\$	\$
Year ended 30 June 2024		
Balance at beginning of year	40,123	40,123
Additions to right-of-use assets	66,402	66,402
Depreciation charge	(18,956)	(18,956)
Balance at end of year	87,569	87,569

Lease liabilities

	2024	2023
	\$	\$
Lease liabilities - current	24,951	32,197
Lease liabilities - non current	77,340	17,787
	102,291	49,984

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Association is a lessee are shown below:

	2024	2023
	\$	\$
Interest expense on lease liabilities	(8,319)	(4,374)
Depreciation of right-of-use assets	(27,443)	(26,820)
	(35,762)	(31,194)

10 Trade and Other Payables

	2024	2023
	\$	\$
Current		
Trade payables	68,713	98,194
Sundry payables and accrued expenses	31,565	25,570

Notes to the Financial Statements

For the Year Ended 30 June 2024

10 Trade and Other Payables

	2024	2023
	\$	\$
S&W Payable	38,166	36,348
Other payables	5,191	1,688
Total Trade and Other Payables	<u>143,635</u>	<u>161,800</u>

11 Other Liabilities

CURRENT		
Contract liabilities	92,970	106,296
Total Other Liabilities	<u>92,970</u>	<u>106,296</u>

12 Employee Benefits

Current liabilities		
Long service leave	194,443	218,877
Annual Leave	123,529	113,395
	<u>317,972</u>	<u>332,272</u>
Non-current liabilities		
Long service leave	11,963	39,972
Total	<u>11,963</u>	<u>39,972</u>

13 Reserves

(a) Retained Earnings

Retained earnings represents the funds of the Association that are not designated for particular purposes.

(b) Foundation Reserve

The board of APA adopted the Foundation Charter on 23 August 2021 and established the foundation on 8th March 2023 with the appointment of the acting chairperson and by way of a committee. The first year of the operation of the foundation was the year ended 30 June 2023.

Foundation income and expenses represent donations from APA donors, both individual and philanthropic bodies, and the directly attributed expenses including marketing resources and fund raising costs. These amounts are recognised in profit and loss as derived.

Transfers to and from accumulated surplus and the foundation reserve are resolved based the financial requirements of the entity.

Notes to the Financial Statements

For the Year Ended 30 June 2024

14 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Association was \$ 535,867 (2023: \$ 735,386).

15 Auditors' Remuneration

	2024	2023
	\$	\$
Remuneration of the auditor		
- Audit fees	13,100	12,500

16 Contingencies

In the opinion of the Directors, the Association did not have any contingencies at 30 June 2024 (30 June 2023:None).

17 Related Parties

(a) The Association's main related parties are as follows:

The Association's main related parties of the Responsible Entities and the key management personnel.

For transactions relating to key management personnel - refer to Note 14.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

The nature of services provided by SW Accountants & Advisors were for general advisory assistance.

	Purchases	Sales
	\$	\$
SW Accountants & Advisors (Rick Hemphill)	937	-
Birkenhead Consulting (Neil Twist)	8,000	-
Key Management Personnel (Membership, donations and artwork purchase)	-	2,188
Board/Committee Members (Membership, donations and artwork purchase)	-	25,526

Arts Project Australia Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2024

18 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

19 Statutory Information

The registered office and principal place of business of the association is:

Arts Project Australia Inc
24 High Street
Norrthcote Vic 3070

Responsible Entities' Declaration

The committee members of the entity are the responsible persons and the responsible persons declare that:

- 1. The financial statements and notes, as set out on pages 1-15, are in accordance with the *Australian Charities and Not-for profits Commission Act 2012* and:
 - (a) complying with Australian Accounting Standards - Simplified Disclosure Standards and the *Australian Charities and Not-for-profit Commission Regulations 2013*; and
 - (b) give a true and fair view of the financial position as at 30 June 2024 and of the performance for the year ended on that date of the entity.
- 2. In the responsible persons' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

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



President



Treasurer

Dated 28 October 2024

Arts Project Australia Inc

ABN: 99 804 795 393

Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 To the members of Arts Project Australia Inc

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

ACCRU MELBOURNE (AUDIT) PTY LTD



A N Samadi
Director

28 October 2024

Arts Project Australia Inc

Independent Audit Report to the members of Arts Project Australia Inc

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Arts Project Australia Inc, which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the responsible entities' declaration.

In our opinion the financial report of Arts Project Australia Inc has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of Arts Project Australia Inc's financial position as at 30 June 2024 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Responsible Entities for the Financial Report

The responsible persons of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the ACNC Act, and for such internal control as the responsible entities 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, the responsible persons are responsible for assessing Arts Project Australia Inc'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 responsible entities either intends to liquidate Arts Project Australia Inc 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 Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

Independent Audit Report to the members of Arts Project Australia Inc

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

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

We communicate with 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 we identify during our audit.



ACCRU MELBOURNE (AUDIT) PTY LTD



A N Samadi
Director

28 October 2024

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