

2013 Annual Report

January 2013 – December 2013



Meeting of the **National Local Government Cultural Forum**, Perth, October 2013



Prepared by John Smithies

Cultural Development Network
21 March 2014
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The Board of Cultural Development Network present this report for the financial year ended 31st December 2013.

BOARD REPORT

The Board members present this report of Cultural Development Network Incorporated for the financial year ended 31st December 2013.

BOARD MEMBERS

The names of board members in office at any time during or since the end of the year are:

Nalika Peiris, Chair

Angela Bailey, Deputy Chair

Paul Holton, Treasurer

Hanut Singh Dodd

Dr Nicholas Hill

Greg Box

Cr Rod Fyffe

The Rules of the Association allow for up to nine members.

No changes to the Board in 2013.

Principal Activities

Cultural Development Network Incorporated is an incorporated association subject to the provisions of the *Associations Incorporation Reform Act 2012*, Victoria. It is exempt from Income Tax as a Charitable Institution. The Association's principle activity is to function as a network for local government based arts and cultural development interests. Cultural Development Network Incorporated supports local government to take a lead role assisting local communities to make and express their own culture.

The Cultural Development Network is primarily funded by contracts with State Government (Arts Victoria) and Commonwealth Government (Australia Council for the Arts).

There are two main not for profit business operations of the Association.

Firstly, is to run conferences, forums, roundtables and publications where individual practitioners, producers, managers, professionals and academics are able to present their ideas. The objective is to enable a diverse range of voices to feed into public policies that impact on the cultural life of communities.

Secondly, is to initiate and manage exemplar projects that provide research data and opportunities to demonstrate the principles of cultural development through community arts based activities.

In 2013, the business activities of Cultural Development Network were principally defined by the existing funding agreement with Arts Victoria

and a new agreement with the Australia Council for the Arts.

Arts Victoria

- the provision of professional advisory and advocacy services, programs and resources for community artists and cultural development staff in local government,
- the development of partnerships with community organisations and local government bodies to demonstrate exemplar projects that expand the knowledge and experience of participants (artists, communities, local government officers),
- participation as a community arts and cultural development service delivery agency in relation to the Australia Council for the Arts Community Partnerships Service Delivery Fund, 2012

Australia Council for the Arts

- Establish, manage and report on the National Local Government Cultural Forum.

Operating Results

In 2013, the Cultural Development Network established a new level of activity through the formal establishment and resourcing of the National Local Government Cultural Forum. In addition, CDN embarked on a major multi-year arts research project with the Australia Council for the Arts, Central Goldfields Shire and the Global Cities Research Institute, RMIT University. The commencement of these projects and the completion of earlier contracted projects placed CDN in a good position to recover from its 2012 deficit (due to funding Long Service Leave) and return to surplus and a strengthened equity. In 2013, CDN produced a surplus of \$15,400.

A small amount of expenditure from the 2013 contracts was not expended in 2012 and has been taken forward to 2014.

Review of Operations

The operations of the Association in 2013 were carried out by the John Smithies, Director, Kim Dunphy Program Manager, and Lyndall Metzke Administrator. In 2013, Dr Kim Dunphy was awarded her PhD.

The Board remained stable in 2013 with two vacancies that the Board has identified as suitable for a local government CEO and the second for a State Government officer.

In 2012 Cultural Development Network remains in its offices at RMIT University and anticipates remaining in that location for 2014.

The following reports briefly describe the organisations corporate activities in 2013.

GOVERNANCE

Cultural Development Network is an Incorporated Association that is governed by a Board of up to nine members. The Board meets the minimum of four times over an annual cycle:

The Annual General Meeting is held in conjunction with the May Board meeting each year

August: Forward Strategy and Business Planning with new Board

December: Approve Business Plan and Forward Year Budget

March: Approve Annual Report on previous year

May: Performance and Program Review of previous year

In addition, the Board maintains two other meetings for strategic discussion and reviews and available if matters are not timed with the governance cycle.

The National Local Government Cultural Forum (a.k.a. the Cultural Forum) is not an independent organisation but rather a meeting of local government, state and commonwealth officers. Therefore the governance of the Cultural Forum is the responsibility of the CDN Board and the CDN Chair is a member of the National Local Government Cultural Forum. The Cultural Forum is chaired in 2013 by Hon. Fred Chaney, AO from Perth, Western Australia.

The CDN management reports to the Board on financial performance and program performance against the key indicators agreed to by the Board in the Business Plan. The Board as a whole acts as the Finance Committee.

The Board reviews its operations in May of each year and reports in its May Board meeting. The Recruitment and Remuneration Committee of the Board considers the Management report against program objectives of the previous year and makes adjustments to the salary scale, taking into account CPI, organisational performance and financial position of the Association.

The Board has a Recruitment and Remuneration Committee which oversees the pay structure and terms of employment contracts for staff, recruitment of its executive officer. The Board deliberates and decides on nomination of new Board members.

MANAGEMENT & ADMINISTRATION

In 2013, Cultural Development Network was managed by 3 staff, through an average equivalent full-time of 2.0 positions over the 2013 year. The organisation also contracted specialist services such as accounting, design, web-site management, IT management as required. Office

costs such as energy, communications and security are provided by RMIT University through an exchange of letters with the Global Cities Research Institute. CDN contracted Figures R Us as its accountants and bookkeepers, and the Annual Audit for 2012 was carried out by Eric Townsend Co Pty Ltd, in early 2013. The organisation operates and reports on a calendar financial year. CDN aims to maintain a cash balance suitable to cover cash flow, some modest growth and sufficient funds in the event of a wind-up of the association.

MARKETING

Cultural Development Network markets itself and programs through a monthly e-bulletin and through networks associated with event partners such as universities and councils.

Key indicators of efficacy of our marketing are;

- volume of requests for advice and expertise from range of organisations and individuals including funding bodies, local governments, arts workers
- request for our publications from local, interstate and overseas
- when CDN runs forums or conferences it measures its success on attendance proportion to capacity and evaluations provided by attendees.

There were no CDN public events held in 2013.

The organisation's e-Bulletin, and the CDN Website are the main marketing channels used throughout the year.

Membership

Cultural Development Network is an incorporated association under the Victorian Associations Incorporation Reform Act 2012. It has an emphasis on free subscriber membership where it engages with a larger community of over 1,800 subscribers through the website and regular E-Bulletin. Subscribers include a predominance of local government workers particularly from arts and culture departments and individual practitioners; artists and arts workers.

The formal membership of the association is only applicable to Board Members.

e-Bulletin

The CDN monthly e-bulletin includes event information, news from the arts and cultural development sector, information about funding and resources. In 2013, 11 editions were distributed over the year to our list of 1,800 people, including our members, subscribers and organisations across Victoria, Australia and overseas colleagues.

CDN website

The CDN web-site provides a resource, with regular updates of papers and presentations from all CDN's events, available for free download.

www.culturaldevelopment.net.au/cdnevents.htm

Our Resource and Links pages connected people with ideas, events, research, publications and conferences throughout the world.

www.culturaldevelopment.net.au/resources.htm

PROGRAM REPORT

Cultural Development Network organises its business across four key areas; Networking; Public Programs; Projects and Advocacy.

Networking

CDN networking activities facilitate professional interaction between workers in the cultural development sector, artists and others from government and community sectors.

National Local Government Cultural Forum

2013 was the first year of the National Local Government Cultural Forum (a.k.a. the Cultural Forum). Developed with the seven local government associations around Australia, eight capital cities and the Commonwealth government, the first meeting was held in Canberra in June 2013. This followed several visits and meetings with each of the state and territory local government associations and the capital cities to draw up a list of headings that the Forum would discuss and organise into a forward agenda. This agenda was brought to the second Cultural Forum Meeting in Perth, October 2013 and the following decisions framed the future work of the Cultural Forum.

1. The Cultural Forum will work with and advise the ALGA on inter-government relationships and vertical planning where it impacts on arts and cultural development in local government
2. Collect additional local government data that demonstrates the scope of local government's contribution to the national arts and broader cultural agenda; and provides important information and knowledge that assists councils with their local arts and cultural development planning.
3. Develop a system for gathering usable arts and culture information by working with a sample group of councils to help define the usability of data and based on existing work happening in local government settings.

4. Analyse a small set of arts project case-studies to establish the range of measures, indicators and the dynamics that feature in local and community-based arts projects for use in informing the collection of data.
5. Develop models of arts and cultural infrastructure planning in local government and engage in discussion with a range of related organisations to provide the data, information and knowledge to councils and to ALGA in the context of broader local government infrastructure planning.

Castanet

The 'Castanet' network of Victorian arts service providers, arts peak bodies and related State Government policy units operated without Australia Council support in 2013. The *Castanet Exchange* had an initial roll-out in October to iron out electronic communications issues that stop email notifications making it through to some organisations email services.

The group holds roundtable meetings of the 12-15 service members and manages a small fund to develop and deliver initiatives that increase and improve the service to artists and developing arts groups across Victoria.

In 2013, *Castanet* initiated the development of a series of publications to be known as *The Arts Ripple Effect* to provide members and others with documented case studies on arts projects that make the case for arts investment because of the multifaceted connection that arts projects have across public policy areas.

Municipal Association of Victoria Arts and Culture Committee

CDN Director is a member of the Municipal Association of Victoria (MAV) Arts and Culture Committee and CDN provides secretarial support to the Committee. CDN works closely with MAV to develop the program of the Committee that supports arts and cultural planning across the councils in Victoria

Discourse and Debate

In 2013, the focus was on establishing the Cultural Forum nationally and commencing the discussion amongst local government arts leaders to draw up a national agenda.

CDN Program and Research manager took some leave to complete her PhD and this was awarded in late 2013

CDN Director and CDN Research Program Manager attended several forums and conferences in 2013 where they presented papers or participated in roundtable discussion on culture and planning.

Events included;

ACELG Local Government Researcher's Forum, Adelaide, June 2013

People and Planet, Conference, RMIT University, July 2013

The Cultural Policy Moment, Deakin University and Melbourne University, August 2013

Planning and Evaluation for Local Government Cultural Development Professionals, Murray Arts, Wodonga August 2013

Holistic Model of Outcome Evaluation for Arts Managers, Australasian Evaluation for Arts Engagement, Brisbane, September 2013

In 2013, CDN hosted international student Adriana Partal from Barcelona for a part-time, six month placement and research program position. The program commenced with a literature review and led to the development of a process of 'Cultural Impact Assessment' to be applied to government projects.

The Cultural Forum initiated preliminary review and planning for data collection and research associated with the local government arts projects. This process was expanded to include sample councils nominated by state and territory local government associations.

Projects and Partnerships

CDN commenced a major three-year research project in 2013, with funding support through the Creative Communities Partnership Initiative (CCPI) of Community Partnerships of the Australia Council for the Arts.

The council partner is the Central Goldfields Shire and from 2013 to early 2016, CDN and RMIT University research partners will examine the impact of an arts led project on the culture of the region. The CGS council has a key objective of its Council Plan to move the 'resilient' culture of the community to an 'aspirations' culture. Defining and measuring any change as a result of the arts project is the primary project activity of CDN and the University. The CGS will manage the arts project, employ the artists and commit matching cash and infrastructure.

The *Home Lands* project that commenced in 2007 with the City of Melbourne was completed in 2013. The research findings from project partners at La Trobe University and Swinburne University will be presented sometime in 2014.

CONTRACTUAL ARRANGEMENTS

2013 was the year for the commencement of two new multi-year contracts with the Australia Council for the Arts. The *National Local Government Cultural Forum* is funded through the National Sector Development Initiative of the

Australia Council and runs from 2013 to 2015. The research project in Central Goldfields Shire, titled *Art Central* is funded from 2013 to early 2016 and CDN retains a small producer fee while disbursing the project funds made available by the Australia Council through the Creative Communities Partnership Initiative (CCPI).

In 2013, CDN was successful in applying for a new multi-year funding program from Arts Victoria, the *Organisations Investment Program (OIP)*. New contracts will be signed in early 2014 and funding will run from 2014 to 2016. The primary aim of the funding will be the state-wide support to local government arts and cultural development officers and cultural planners.

The LEAP Project contract finished in early 2013 with the final report made in June 2013.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of Cultural Development Network Inc., the results of those operations, or the state of affairs of Cultural Development Network Inc. in future financial years.

SIGNIFICANT CHANGES

2013 was the year that CDN took on a full national role for the first time since incorporation in Victoria in 2003. CDN had completed projects in partnerships in Queensland and NSW in the past but the Cultural Forum has placed CDN in a significant responsibility to build the strength and capacity of a national local government arts sector.

ENVIRONMENTAL ISSUES

The operations of the Cultural Development Network Inc. are not subject to particular or significant environmental regulations under a Commonwealth, State or Territory Law.

MEETINGS OF BOARD MEMBERS

The number of meetings of the Board members and of each Board Member held during the year ended 31 December 2013 and the numbers of meetings attended by each member were:

| BOARD | Meetings | |
|--------------------------------|---------------------------|-----------------|
| | Number eligible to attend | Number Attended |
| Nalika Peiris, Chair | 5 | 5 |
| Angela Bailey, Deputy Chair | 5 | 5 |
| Paul Holton, Treasurer | 5 | 4 |
| Hanut Singh Dodd | 5 | 3 |
| Dr Nicholas Hill | 5 | 3 |
| Greg Box | 5 | 4 |
| Cr Rod Fyffe | 5 | 2 |

Information on Board Members

Nalika Peiris

Chair (appointed May 2010, Chair from May 2012) Nalika is currently the Unit Manager Community Development and Social Policy at Moreland City Council. She has held a number of roles in inner city local government areas over the last 18 years. Her current professional and volunteer work has had a strong focus on issues of diversity, participation, community and cultural development and corporate planning. Nalika has a Bachelor of Education (Primary – Visual Arts Major), Master of Education (Arts Administration) and Advanced Diploma of Business Management and is a Graduate of the Australian Institute of Company Directors.

Angela Bailey

Deputy Chair, (appointed May 2006). Angela is a photographic artist with diverse experience in community-based practice. Angela has lectured and tutored in Photography at Monash University, Gippsland and University of Melbourne, and has work in collections including the National Gallery of Australia, Queensland Art Gallery and State Library of Victoria. Her qualifications include Post-Graduate Diploma in Fine Art-Photography VCA, Bachelor in Communication, QUT and Masters of Art Curatorship, University of Melbourne. In 2005, Angela received an Australia Council CCD Skills and Professional Development award for to travel to the United Kingdom. In addition to her role on the CDN Board, Angela is also a Life Member of Midsumma Festival and Brisbane Lesbian and Gay Pride Festival.

Paul Holton

Treasurer, (appointed May 2000). Paul is Director Development with East Gippsland Shire

Council. His role encompasses strategic management of Statutory Land Use Planning, Economic Development, Capital Projects and Council Enterprises across the East Gippsland Shire. He has worked in Local Government for over 20 years in areas such as arts facilities administration, cultural development, leisure facilities and events management. Paul was part of the team that initiated the highly successful Wangaratta Festival of Jazz. He is a former member of the Australia Council's Community Cultural Development Board.

Hanut Singh Dodd

Member (Appointed May 2006). Hanut is a highly experienced cultural, heritage and tourism manager with skills in specialised areas such as museum management, cultural and environmental tourism, event management, exhibition development, public program management, architectural conservation, moveable cultural heritage and collection management. Hanut has more than ten years of experience working as a freelance curator and architectural conservator and has also worked for the NSW National Parks and Wildlife Service as Area Manager at the Hill End Historic Site, as Director of the National Wool Museum and for councils in Victoria including Cities of Melbourne, Port Phillip and Hume. Hanut is currently working as a Project Manager with the Alpine Resorts Coordinating Council.

Dr Nicholas Hill

Member (Appointed December 2007). Nick Hill is Lecturer, Arts Management and Media and Communications at the University of Melbourne. His qualifications include BA (Hons); PG DipM and MA. He has recently completed his PhD at South Bank University, England, on – "The Folk and the People: Patronage and Promotion in the Tamasha of Maharashtra". Previously he worked at South Bank University as Senior Lecturer in Arts Marketing and Course Director (Services Management program). His research interests include Arts & Patronage, South Asian Performing Arts (Folk – Popular – Traditional), Performing Arts Hybrids, Arts Marketing and Communications, Instrumental and Intrinsic Arts Benefits, Arts Ethnography, The lived experience and prism methodology.

Greg Box

Member (Appointed September 2011). Greg is currently the Manager of Arts Culture & Heritage at Yarra Ranges Council developing a number of cultural facilities. He has worked as an arts practitioner and administrator with many different communities from a diverse range of social and cultural backgrounds. Much of Greg's work has focussed on building community partnerships and cultural development projects at Greater

Dandenong and Yarra Ranges. In particular he has a strong background in creating public art in local government and helped establish SITE: RMIT Public Art within the school of art at RMIT.

Cr Rod Fyffe

Member (Appointed September, 2012). Representative of the Board of the Municipal Association of Victoria) Rod Fyffe has been a Councillor for the Greater Bendigo City Council since 1996 and Mayor in 2004, 2005 and 2011. He a member of the Board of the Municipal Association of Victoria (MAV) representing Rural North Central Victoria. He is also a member of the Insurance Committee, Chair of the Arts and Culture Committee and a member of the Professional Development Reference Group at MAV. Cr. Fyffe is a Member of the Ministerial Advisory Council on Libraries, a Member of the State Library Public Libraries Advisory Committee and a member of the Australian Packaging Covenant Council. He has been awarded the Victorian Councillor Service Award – 20 Years.

Indemnities and Insurance

The Cultural Development Network Inc. is covered by Alliance Insurance to insure each of the members against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Board Member of the Cultural Development Network Inc., other than conduct involving a willful breach of duty in relation to the Cultural Development Network Inc..

In accordance with normal commercial practices under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of the premiums are confidential.

Likely Future Developments and Expected Results

In our opinion, all appropriate information concerning the possible developments in, and expected results of, the operations of the Cultural Development Network Incorporated are contained in this report.

Board Member's Benefits

The Board Members of Cultural Development Network Incorporated are voluntary appointments made under the rules of the Association and pay an annual membership fee to the Association. Neither during, nor since, the financial year has any Board Members received or been entitled to receive a benefit or remuneration from the Association.

Board Member's Interests in Contracts

No Board Members of the Association receives any pecuniary interest as a result of contracts or dealings of the Association.

AUDITED FINANCIAL REPORTS**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st December 2013**

| | Note | 2013 \$ | 2012 \$ |
|---|------|----------------|-----------------|
| REVENUE | | | |
| Grant funding | | 399,157 | 157,559 |
| Other Revenue | | 8,433 | 73,171 |
| Interest Received | | 4,585 | 4,589 |
| TOTAL REVENUE | 2 | 412,175 | 235,319 |
| EXPENDITURE | | | |
| Depreciation | | 2,099 | 1,405 |
| Employee Benefit Expenses | | 163,621 | 146,694 |
| Finance Costs | | 0 | 0 |
| Infrastructure and Administration | | 27,334 | 24,795 |
| Business Development | | 1,147 | 1,224 |
| Marketing & Publications | | 3,876 | 7,675 |
| Programs & Project | | 68,698 | 63,793 |
| Auspice Grant Reimbursement | | 130,000 | 0 |
| TOTAL EXPENDITURE | 3 | 396,775 | 245,586 |
| PROFIT (LOSS) BEFORE INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE ENTITY | 3 | 15,400 | (10,267) |
| Income Tax | | 0 | 0 |
| PROFIT (LOSS) AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE ENTITY | | 15,400 | (10,267) |
| OTHER COMPREHENSIVE INCOME | | 0 | 0 |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE ENTITY | | 15,400 | (10,267) |

STATEMENT OF FINANCIAL POSITION AS AT 31st December 2013

| | Note | 2013 \$ | 2012 \$ |
|--------------------------------------|------|----------------|----------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 4 | 108,971 | 175,846 |
| Trade and Other Receivables | 5 | 48 | 339 |
| Other Current Assets | | 15,444 | 2,449 |
| TOTAL CURRENT ASSETS | | 124,463 | 178,634 |
| NON-CURRENT ASSETS | | | |
| Property, Plant & Equipment | 6 | 4,019 | 6,118 |
| TOTAL NON-CURRENT ASSETS | | 4,019 | 6,118 |
| TOTAL ASSETS | | 128,482 | 184,752 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 7 | 20,945 | 12,916 |
| Unspent Grant funds carried forward | | 19,058 | 95,933 |
| Short-term Provisions Payable | 8 | 25,486 | 28,310 |
| TOTAL CURRENT LIABILITIES | | 65,489 | 137,159 |
| NON-CURRENT LIABILITIES | | | |
| Long-term Provisions Payable | 8 | 0 | 0 |
| TOTAL NON-CURRENT LIABILITIES | | 0 | 0 |
| TOTAL LIABILITIES | | 65,489 | 137,159 |
| NET ASSETS | | 62,993 | 47,593 |
| EQUITY | | | |
| Retained Earnings | | 62,993 | 47,593 |
| TOTAL EQUITY | | 62,993 | 47,593 |

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st December 2013

| | Retained Earnings | Total Equity |
|---------------------------------------|----------------------|--------------|
| 2011 | | |
| Balance at end of financial year | 57,860 | 57,860 |
| 2012 | | |
| Profit (Loss) attributable to members | (10,267) | (10,267) |
| Balance at end of financial year | 47,593 | 47,593 |
| 2013 | | |
| Profit (Loss) attributable to members | 15,400 | 15,400 |
| Balance at end of financial year | 62,993 | 62,993 |

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st December 2013

| | Note | 2013 \$ | 2012 \$ |
|--|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating Grant Receipt | | 399,157 | 228,032 |
| Other Revenue | | 8,724 | 80,570 |
| Interest Received | | 4,585 | 4,589 |
| Payments to Suppliers & Employees | | (479,341) | (218,126) |
| NET CASH GENERATED (USED) BY OPERATING ACTIVITIES | 12 | (66,875) | 95,065 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of Property, Plant and Equipment | | 0 | (7,523) |
| Proceeds from Sale of Assets | | 0 | 0 |
| NET CASH GENERATED (USED) BY INVESTING ACTIVITIES | | 0 | (7,523) |
| NET INCREASE (DECREASE) IN CASH HELD | | (66,875) | 87,542 |
| Cash and Cash Equivalents at the beginning of the year | | 175,486 | 88,304 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 4 | 108,971 | 175,846 |

CULTURAL DEVELOPMENT NETWORK INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

The financial statements cover Cultural Development Network Incorporated as an individual entity. It is an association incorporated in Victoria under the Associations Incorporation Reform Act 2012. It is a not-for-profit charitable institution; as such it is exempt from income tax.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations and the Associations Incorporation Reform Act 2012

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Reporting basis and conventions

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.

ACCOUNTING POLICIES

Revenue

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognized upon the delivery of the service to the customers.

Grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

Comparative Figures

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

Critical Accounting Estimates and Judgments

The Committee Member evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates – Impairment

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognized in respect of this financial year.

Income Taxation

Charitable Institutions are exempt from income tax. This entity is endorsed by the Australian Charities and Not Profit Commission as a Charitable Institution. Therefore no income tax is payable by the entity.

Property, Plant and Equipment

Office Furniture and Equipment are carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. All assets are depreciated over the estimated useful lives of the assets to the entity.

Depreciation

The depreciable value of Office Furniture and Equipment is depreciated on a written down value (WDV) or a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of Asset | Depreciation Rate | Method |
|------------------------------|-------------------|--------------|
| Office furniture & Equipment | 15% | Written down |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the entity, are classified as finance leases.

Finance leases are capitalized by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognized as a liability and amortized on a straight-line basis over the life of the lease term.

FINANCIAL INSTRUMENTS

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Financial Instruments: Recognition and Measurement. Derivatives are also categorized as held for trading unless they are designated as hedges. Realized and unrealized gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortized cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at amortized cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value.

Financial liabilities

Non-derivative financial liabilities are recognized at amortized cost, comprising original debt less principal payments and amortization.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognized in the income statement.

As a not-for-profit entity the value in use of an asset may be equivalent to the depreciated

replacement cost of that asset when the future economic benefits of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits

Provisions

Provisions are recognized when the entity 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.

Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Unspent Grant Funds

Unspent Grant Funds available as revenue or liable to be returned to the grant provider in the following year are recognised as a current liability in the balance sheet. They are not treated as an operating surplus or profit.

AASB 101 – Presentation of Financial Statements

There have been changes in the Australian Accounting Standards Board (AASB) standards AASB101 that require changes to the presentation of certain information within the financial statements. Below is an overview of the key changes and their impact on these financial statements.

Disclosure impact

Terminology changes:- The revised version of AASB 101 contains a number of terminology changes, including to the names of the primary financial statements. Put simply the Profit and Loss Statement is now termed the 'Statement of Comprehensive Income' and the Balance Sheet is now the 'Statement of Financial Position'.

Reporting changes in equity:- The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from 'non-

owner' changes in equity. 'Non-owner' changes are shown in the Statement of Comprehensive Income and 'Owner changes' are shown in the Statement of Changes in Equity.

Other comprehensive income:- AASB 101 introduces the concept of 'Other Comprehensive Income', which is income and expense items that are not required to be shown in the Profit and Loss under other Australian Accounting Standards.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application for future accounting periods. The entity has decided against early adoption of these standards.

| NOTE 2 | REVENUE | 2013 | 2012 |
|----------------------|---|----------------|----------------|
| | | \$ | \$ |
| Grant income | | | |
| | Australian Council - NSDI | 175,000 | 0 |
| | Australian Council - CCPI | 140,000 | 0 |
| | Australia Council Triennial | 0 | 69,500 |
| | Arts Victoria Triennial | 55,532 | 54,474 |
| | City of Melbourne | 0 | 7,585 |
| | Vic Health | 15,625 | 25,000 |
| | Arts Vic Project | 25,000 | 25,000 |
| | Less transfer to Grants In Advance | (10,000) | (25,000) |
| | Grant funding income | 399,157 | 157,559 |
| Other Revenue | | | |
| | Memberships | 4,309 | 20 |
| | Conference | 0 | 54,712 |
| | Book Sales and reimbursements | 2,512 | 308 |
| | Sponsorship and Conference Dinner Sales | 1,612 | 2,000 |
| | Partner Contributions and Other | 0 | 16,131 |
| | Other Revenue | 8,433 | 73,171 |
| | Interest received | 4,585 | 4,589 |
| | TOTAL REVENUE | 13,018 | 235,319 |

| NOTE 3 | REVENUE AND EXPENSE ITEMS | 2013 | 2013 |
|---|--|--------------|--------------|
| | | \$ | \$ |
| Auditor's remuneration for | | | |
| | Audit or review of financial statements | 4,500 | 3,900 |
| | Total Auditor's Remuneration | 4,500 | 3,900 |
| Bad and doubtful debts | | | |
| | Trade Receivables | 0 | 0 |
| | Total bad and doubtful debts | 0 | 0 |
| Rental expense on operating leases | | | |
| | Operating Lease Minimum Lease Payment | 0 | 0 |

| Significant Revenue and Expense items from prior year | 2013 | 2012 |
|--|----------------|-----------------|
| The following significant revenue and expense changes are relevant in explaining the financial performance [Unfavourable in ()] | \$ | \$ |
| Grant Funding | 241,000 | (15,000) |
| Other Revenue | (65,000) | 31,000 |
| | 176,000 | 16,000 |
| Expenses | | |
| Employees | 16,000 | (6,000) |
| Infrastructure and Administration | 3,000 | (6,000) |
| Business Development | - | 1,000 |
| Marketing & Publications | (3,000) | - |
| Program Projects | 5,000 | (15,000) |
| Auspice Grant Reimbursement | 130,000 | - |
| Sub total | 151,000 | (26,000) |
| Net profit (Loss) | 25,000 | (10,000) |

NOTE 4 CASH AND CASH EQUIVALENTS

Reconciliation of cash

Cash at the end of the financial period as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

Current Assets

| | | |
|--------------------------------|----------------|----------------|
| Cash on hand | 0 | 33 |
| Cash at Bank | 67,596 | 62,746 |
| Investment Account | 41,375 | 113,067 |
| Cash at end of the year | 108,971 | 175,846 |

NOTE 5 TRADE AND OTHER RECEIVABLES

Current

| | | |
|--|-----------|------------|
| Trade Debtors | 48 | 339 |
| Less: Provision for Impairment of receivables | - | - |
| Total current trade and other receivables | 48 | 339 |

Provision for impairment of receivables

Current trade debtors are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognized when there is objective evidence that an individual trade receivable is impaired. These amounts (if any) have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:-

| | 2013 | 2012 |
|--------------------------------------|-------------|-------------|
| | \$ | \$ |
| Provision for impairment | | |
| Balance at 31st December 2011 | 0 | 0 |
| Charge for year | 0 | 0 |
| Written off | 0 | 0 |
| Balance at 31st December 2012 | 0 | 0 |
| Charge for year | 0 | 0 |
| Written off | 0 | 0 |
| Balance at 31st December 2013 | 0 | 0 |

Credit risk – Trade and Other Receivables

The entity does not have any material credit risk to any single receivable or group of receivables.

| | |
|-----------|------------|
| 48 | 339 |
|-----------|------------|

The following table details the entity's trade and other receivables exposed to credit risk with aging analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the entity and the debtor party. A provision for impairment is assessed as mentioned above.

An assessment has been made that both debts within trading terms and debts that have not been impaired will be received.

There are no financial assets that would have been impaired or past due had they not been renegotiated.

| | Gross amount | Less impaired | Within trading terms | Past due but not impaired 31-60 days | Past due but not impaired 61-90 days | Past due but not impaired 90+ days |
|----------------------------|--------------|---------------|----------------------|--------------------------------------|--------------------------------------|------------------------------------|
| 2012 | | | | | | |
| Trade and term receivables | 339 | 0 | 339 | 0 | 0 | 0 |
| Other receivables | | | | | | |
| Total | 339 | 0 | 339 | 0 | 0 | 0 |
| 2013 | | | | | | |
| Trade and term receivables | 48 | 0 | 48 | 0 | 0 | 0 |
| Other receivables | | | | | | |
| Total | 48 | 0 | 48 | 0 | 0 | 0 |

| NOTE 6 | PROPERTY, PLANT AND EQUIPMENT | 2013 | 2012 |
|---------------|--|--------------|--------------|
| | Office Equipment | 9,212 | 9,212 |
| | Less: Accumulated depreciation | (5,193) | (3,094) |
| | Total Office Equipment | 4,019 | 6,118 |
| | Total Property, Plant and Equipment | 4,019 | 6,118 |

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment

| | Office Equipment | Total |
|------------------------------------|-------------------------|--------------|
| 2011 | | |
| Carrying amount at end year | 294 | 294 |
| 2012 | | |
| Additions at cost | 7,523 | 7,523 |
| Disposals | 294 | 294 |
| Depreciation Expense | (1,405) | (1,405) |
| Carrying amount at end year | 6,118 | 6,118 |
| 2013 | | |
| Additions at cost | 0 | 0 |
| Disposals | 0 | 0 |
| Depreciation Expense | 2,099 | 2,099 |
| Carrying amount at end year | 4,019 | 4,019 |

| NOTE 7 | TRADE AND OTHER PAYABLES | 2013 | 2012 |
|-------------------------------|---------------------------------|---------------|---------------|
| | | \$ | \$ |
| | Trade Creditors | 9,714 | 892 |
| | Sundry Creditors | 11,231 | 12,024 |
| | | 20,945 | 12,916 |
| NOTE 8 | PROVISIONS | | |
| Current Provisions | | | |
| | Staff Annual Leave | 7,336 | 12,704 |
| | Long Service Leave | 18,150 | 15,606 |
| | | 25,486 | 28,310 |
| Non-current Provisions | | | |
| | Long Service Leave | 0 | 0 |
| | TOTAL PROVISIONS | 25,486 | 28,310 |

NOTE 9 CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalized in the financial statements:

Payable – minimum lease payments

| | | |
|--|---|---|
| - no longer than 1 year | 0 | 0 |
| - longer than 1 year but not longer than 5 years | 0 | 0 |
| - greater than 5 years | 0 | 0 |

Capital Expenditure commitments

Capital Expenditure commitments contracted for:

- Plant & Equipment purchases
- Capital Expenditure projects

Payable

| | | |
|--|---|---|
| - no longer than 1 year | 0 | 0 |
| - longer than 1 year but not longer than 5 years | 0 | 0 |
| - greater than 5 years | 0 | 0 |

NOTE 10 CONTINGENT LIABILITIES & CONTINGENT ASSETS

Estimates of the potential financial effect of contingent liabilities that may become payable are:

No contingent Liabilities or Assets exist.

NOTE 11 EVENTS AFTER THE BALANCE SHEET DATE

There have been no material non-adjusting events after the reporting date, nor has any information been received about conditions at reporting date that have not been included in this report.

NOTE 12 CASH FLOW INFORMATION

Reconciliation of cash flow from operations to surplus (deficit) for the year

| | 2013 | 2012 |
|---|-----------------|---------------|
| | \$ | \$ |
| Profit (Loss) for the year | 15,400 | (236) |
| Add back Loss on Sale Assets | | |
| Add back non-cash items | | |
| Depreciation | 2,099 | 1,405 |
| Increase (Decrease) in Provisions | (2,824) | 19,392 |
| | 725 | 20,561 |
| Changes in Assets and Liabilities | | |
| (Increase) Decrease in Prepayments | (12,995) | 143 |
| (Increase) Decrease in Trade & Other Receivables | 291 | 7,399 |
| Increase (Decrease) in Trade and Other Payables | 8,029 | 6,520 |
| Increase (Decrease) in Grants unspent and received in Advance | (76,875) | 70,473 |
| NET CASH GENERATED (USED) BY OPERATING ACTIVITIES | (66,875) | 95,065 |

NOTE 14 ECONOMIC DEPENDENCE

The entity is economically dependent on Commonwealth and State Government departments for Grant Funding. If funds are not spent in accordance with Grant Conditions the departments can suspend future grants or reclaim all or part of the grant(s). The entity is dependent on the continued receipt of grants

NOTE 15 FINANCIAL RISK MANAGEMENT

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans and borrowings and mortgages.

The totals for each category of financial instruments, measured in accordance with AASB 139 is as follows:-

| | 2013 | 2012 |
|---|----------------|----------------|
| | \$ | \$ |
| Financial assets | | |
| Cash and cash equivalents | 108,971 | 175,846 |
| Loans and Receivables | 48 | 339 |
| Total financial assets | 109,019 | 176,185 |
| Financial liabilities | | |
| Financial liabilities at amortised cost | 20,945 | |
| - Trade and other payables | | 12,916 |
| - Grants unspent and in advance | 19,058 | 95,933 |
| Total financial liabilities | 40,003 | 108,849 |

Financial risk management policies

The Committee Members' overall risk management strategy is to assist the entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Committee Members on a regular basis. These include credit risk policies and future cash flow requirements

The entity does not have any derivative instruments at the end of the reporting period.

Specific Financial Risk Exposures and Management

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

(a) Credit risk

Credit risk is the risk that parties that owe money do not pay it.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The entity does not have any significant concentration of credit risk exposure to any single, or group, of counter-parties under financial instruments entered into by the entity. A profile of credit risk appears above under the Note on 'Trade and Other Receivables'

(b) Liquidity risk

Liquidity risk arises due to the possibility that the entity might encounter difficulty in settling its own debts or other liabilities. The entity manages this risk by managing credit risk on amounts owed to it, monitoring forecast cash flows and ensuring that adequate unutilized borrowing facilities are maintained.

Financial liability and financial asset maturity analysis

| | Within 1 year | | Over 1 year | | Total | |
|---|---------------|------------|-------------|----------|------------|------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial liabilities due for payment | | | | | | |
| Trade and other payables (excluding employee benefit provisions and deferred income) | 21 | 13 | 0 | 0 | 21 | 13 |
| Grants unspent and in advance | 19 | 96 | 0 | 0 | 19 | 96 |
| Total expected outflows | 40 | 109 | 0 | 0 | 40 | 109 |
| Financial assets – cash flows realizable | | | | | | |
| Cash and cash equivalents | 109 | 176 | 0 | 0 | 109 | 176 |
| Trade and other receivables | 0 | 0 | 0 | 0 | 0 | 0 |
| Total anticipated inflows | 109 | 176 | 0 | 0 | 109 | 176 |
| Net inflow (outflow) on financial instruments | 69 | 67 | 0 | 0 | 69 | 67 |

(c) Market Risk**Interest rate risk**

Exposure to interest rate risk arises whereby future changes in interest rates will affect future cash flows or the fair value of financial assets and liabilities.

Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in their market price.

Sensitivity analysis

The following table illustrates sensitivities to the entity's exposure in interest rates and equity prices (if equities held). The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in any particular variable is independent of other variables

| | | Profit \$ | | Equity \$ |
|--------------------------------------|-----|--------------|-----|--------------|
| Year ended 31st December 2012 | | | | |
| + or – 2% in interest rates | +/- | 2,260 | +/- | 2,260 |
| + or - 10% in listed investments | +/- | 0 | +/- | 0 |
| Year ended 31st December 2013 | | | | |
| + or – 2% in interest rates | +/- | 828 | +/- | 828 |
| + or - 10% in listed investments | +/- | 0 | +/- | 0 |

(d) Foreign currency risk

The entity is not exposed to fluctuations in foreign currency.

Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organized markets in standardized form other than listed investments.

The differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market to those instruments since their initial recognition by the entity. Most of these instruments which are carried at amortised cost (e.g. trade receivables, loan liabilities) are to be held until maturity and therefore their current net fair values bear little relevance to the entity.

As appropriate the net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to the financial statements.

NOTE 16 KEY MANAGEMENT PERSONNEL COMPENSATION

| | 2013 | 2012 |
|---|---------------|----------------|
| | \$ | \$ |
| The total of remuneration paid to key management personnel (KMP) of the entity during the year is as follows: | | |
| Short-term employee benefits | 83,058 | 94,250 |
| Post-employment benefits | 7,475 | 8,482 |
| Other long-term benefits | - | - |
| Termination benefits | 90,533 | 102,732 |

NOTE 17 RELATED PARTY TRANSACTIONS

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

During or since the end of the previous financial year, a Committee Members/Executive of the Entity has not received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Committee Members/Executives shown in the accounts, or the fixed salary of a full-time employee of the Entity), by reason of a contract made by the Entity with the Committee Member/Executive or with a firm of which he/she is a member or with an entity in which he/she has a substantial financial interest.

None of the Governing Committee received a salary from the association

NOTE 18 ASSOCIATION DETAILS

The registered office of the association is:

Level 2, 17-23 Lygon Street
Carlton South, Victoria

The principal place of business is: at the registered office

STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the committee, the financial report as set out on pages 6 to 28:

1. Presents fairly the financial position of Cultural Development Network Incorporated as at 31st December 2013 and its performance for the year ended on that date in accordance with Australian Accounting Standards of the Australian Standards Board.
2. At the date of this statement there are reasonable grounds to believe that Cultural Development Network Incorporated will be able to pay its debts as and when they fall due.

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



Nalika Peiris
Chair, CDN Board

Dated this 14th day of February, 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CULTURAL DEVELOPMENT NETWORK INCORPORATED**Report on the financial report**

I have audited the accompanying financial report of Cultural Development Network Incorporated (the association) which comprises the Statement of Financial Position as at 31st December 2013, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year ended on that date a summary of significant accounting policies, other explanatory notes and the statement of the committee.

Committees' Responsibility for the Financial Report

The committee of the association is responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the Associations Incorporation Reform Act 2012. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I 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 the 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 risk 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 estimate made by the committee, as well as evaluating the overall presentation of the financial report

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

Independence

In conducting my audit I have complied with the independence requirements of Australian professional ethical pronouncements

Auditor's Opinion

In my opinion:

The financial report of Cultural Development Network Incorporated is in accordance with the Associations Incorporation Reform Act 2012 including:

- i. giving a true and fair view of the association's financial position as at 31st December 2013 and its performance and its cash flows for the year ended on that date and
- ii. complying with Australian Accounting Standards and the Associations Incorporation Reform Act 2012.

Name of firm E Townsend & Co



Name of Auditor Eric Townsend

Address 15 Taylor Street
Ashburton Vic 3147

Dated this 14th day of February, 2014