

CULTURAL DEVELOPMENT NETWORK LIMITED

**ABN 57 399 480 298
ACN: 616 129 812**



**ANNUAL REPORT AND FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

DIRECTOR'S REPORT

The Board members and Directors present this report of the Cultural Development Network Ltd (CDN) and Creating Australia Ltd for the financial year ended 31st of December 2017.

Board Members and Directors of CDN

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

- Paul Holton, Chair
- Cr. Rod Fyffe, Treasurer
- Dr. Nicholas Hill, Secretary
- Hanut Singh Dodd
- Greg Box
- Lindy Allen

The Company Constitution allow for up to nine members.

During the 2017 CDN Annual General Meeting, board nominations were held. Paul Holton was elected as Chair and Cr. Rod Fyffe as Treasurer. The Board delegated the role of Company Secretary to CDN's Executive Officer, John Smithies. Hanut Singh Dodd, Nicholas Hill, Greg Box and Lindy Allen were elected as ordinary members and Directors.

Company Secretary

The following person held the delegated position of Company Secretary during the financial year.

John Smithies.

Principal Activities of Cultural Development Network (including Creating Australia)

CDN is exempt from Income Tax as a Charitable Institution. The Company's principle activity is to function as a network for local government-based arts and cultural development interests. CDN supports local government to take a lead role in assisting local communities to make and express their own culture. CDN's advocacy for arts and support to local government and local communities is directed towards the goal of 'a culturally rich and vibrant Australian society'.

Creating Australia is an independent company limited by guarantee with Tax Concession Charity status and DGR-1 status through the Register of Cultural Organisations. CA was established in 2013 and in 2016 became a subsidiary of the Cultural Development Network (CDN). Since the merge, CA functions as a valuable research platform intended to build the evidence-base for the impacts of cultural practice.

The theory of change underpinning CA's research is that evidence-based evaluation of arts and cultural activities can inform and strengthen policy development, arm funders and decisions makers with reasons to invest, and raise the standards of public discourse. Therefore, CA's research activity contributes to addressing CDN's goal of a 'culturally rich and vibrant Australian society.'

Board Members and Directors of CA

The single member in office at CA any time during or since the end of the year was: Cultural Development Network Ltd

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

- Paul Holton, Chair
- Cr. Rod Fyffe, Treasurer
- Dr. Nicholas Hill, Secretary
- Hanut Singh Dodd
- Greg Box
- Lindy Allen
- John Smithies

The Company Constitution allow for up to nine members. As CA is a single member company, no AGM was held in 2017.

Cultural Development Network Limited and Creating Australia Limited

In 2017, to achieve the goal of a cultural rich and vibrant Australian society CDN identified three objectives:

- Increased capability of local government to support the cultural development in their local jurisdiction.
- Increased leadership role of local communities in making and expressing their own culture through creative participation in the arts
- Increased leadership by artists in cultural development projects in local government

It was intended that by setting and meeting these objectives CDN would reach the following outcomes:

- An increase in the capability of local government to support the development of cultural development in their local jurisdiction
- Provided with available evidence, councils will increase investment in the leadership role of local communities in making and expressing their own culture through creative participation in the arts
- More local councils will employ artists as leaders on arts-based cultural development projects, and this will lead to the outcomes of more successful projects.

CDN is primarily funded by contracts with State Government (Creative Victoria) and the Commonwealth Government (Australia Council for the Arts) and has a formal partnership with RMIT University's School of Global, Urban and Social Studies and the Centre for Global Research who provide operational support through use of their office spaces, facilities and services. In 2017, the business activities of CDN were principally defined by the existing funding agreements with Creative Victoria and the Australia Council for the Arts.

Creative Victoria

In 2017 Creative Victoria supported the operations of CDN by specifically focusing on support and services CDN could deliver to Victorian Councils to build culturally rich and vibrant municipalities.

These services were delivered through:

- Providing advice and training on cultural development planning;
- Making available current information and research resources;
- Managing forums, round table discussions and focus groups;
- Undertaking research into the impacts of arts and cultural activity in cultural development, and;
- Advocating the role and activities of local government arts and cultural development of State Government of Victoria.

Australia Council for the Arts

In 2017 the Australia Council for the Arts supported the operations of CDN by specifically focusing on support and services CDN could deliver to local government to build culturally rich and vibrant municipalities.

These services were delivered through:

- Managing and reporting on the National Local Government Cultural Forum through the Australia Council's Corporate Plan Funding;
- Connecting the work of National Local Government Cultural Forum with all 564 councils by developing an on-line system for the sector through the Australia Council's Four-Year Key Organisation Funding.

Operating Results

The main not-for-profit business operations in 2017 included:

- Managing two meetings of the National Local Government Cultural Forum (made up of representatives from eight capital cities, seven local government associations, and their national peak body Australia Local Government Association (ALGA), Commonwealth Ministry for the Arts, Australia Council for the Arts and RMIT University.) In 2017 CDN worked closely with the Australia Council for the Arts to strengthen the National Local Government Cultural Forum to contribute to integrated cultural development planning, data collection and evaluation in Australia, informing state, territory and Commonwealth governments.
- Further developing CDN's local government cultural development planning framework and supporting councils across Australia while adopting this framework within their planning.
- Promoting and further trialing a schema of measurable cultural outcomes created by CDN and endorsed by the National Local Government Cultural Forum for the sector and integrating these into government programs across the country.
- Undertaking research to further develop outcome measures within the economic domain.
- Piloting the outcomes schema in various cultural contexts across indigenous Australia, the Asia-Pacific and North America.
- Establishing an agreed dataset of inputs and outputs, among local government professionals and trialling these nationally with a sample group of councils across all 22 council types across Australia.
- Developing a proof-of-concept online project builder and recorder.
- Working with RMIT University and other providers to develop opportunities to local government officers, through formal and informal events, seminars and conferences.

Review of Operations

2017 opened as the first year of a new four-year funding agreement with Australia Council for the Arts and a new three-year funding agreement with Creative Victoria. The office re-opened for a week in mid-January and fully re-opened from 30 January 2017. The following reports briefly describe the organisations corporate activities in 2017.

Governance

From 01 January to 31 December 2017 both CA and CDN were registered as Company's Limited by Guarantee. Both companies can be governed by up to nine Board Directors. The CA and the CDN Board is required to meet a minimum of four times over an annual cycle. These meetings are usually scheduled as follows:

- | | |
|------------------|---|
| March: | approve annual report on previous year |
| May: | report on performance and program review from previous year |
| October: | four-year strategic planning with the Board |
| December: | approve Business Plan for the commencing calendar year |

For CDN, the Annual General Meeting is also held in conjunction with the May Board meeting each year.

In addition, both Boards maintain an option for two other meetings for strategic discussion and reviews which are available if matters are not timed with the governance cycle. In 2017 one additional meeting was held in October for both CA and CDN.

Cultural Development Network Limited and Creating Australia Limited

The National Local Government Cultural Forum (Cultural Forum) is a meeting of local government, state and commonwealth officers. The governance of the Cultural Forum is the responsibility of the CDN Board, with the CDN Chair being a member of the Cultural Forum. The Cultural Forum was chaired in 2017 by Penny Hutchinson, who previously acted as the CEO of Creative Victoria (previously Arts Victoria) for 13 years.

CDN Management reports to both the CA and the CDN Board on financial performance and program performance against key indicators agreed to by the Boards in the CDN Business Plan. Both Boards act as Finance and Risk Management Committees. The CDN Board reviews the performance of the previous year of both companies and reports it in the May CDN Board meeting. The Recruitment and Remuneration Committee consisting of both CA and CDN Board Directors consider the Management report against program objectives of the previous year and adjust the salary scale, taking into account CPI, organisation performance and financial position of the companies. The Recruitment and Remuneration Committee oversee the pay structure and terms of employment contracts for CDN staff and recruitment of its Executive Officer. There are currently no employees of CA and the operations of company are the responsibility of CDN Management.

The CDN and CA Board deliberates and decides on the nomination of the new Board Directors according to skills, representation and relationship relevant to the strategic plan. In 2017, Paul Holton was elected as Chair of both CA and CDN, Cr. Rod Fyffe as Treasurer of both CA and CDN and CDN Executive Officer, John Smithies, was delegated power to act as Company Secretary of CDN, already acting in this role for CA. The remaining members of CDN were elected as Directors of CA and CDN. In 2017, three director positions remained vacant on the CDN Board including the position of Deputy Chair, allocated to a practicing artist. While two director positions remained vacant on the CA Board.

Membership

CDN has an emphasis on free subscriber membership where it engages with a larger community of over 1,600 subscribers through the website and regular e-bulletin newsletter.

The formal membership of the company is only applicable to Board Directors.

Management and Administration

In 2017, CDN was managed by 3 staff, reaching a maximum of 2.4 EFT. The operations of the Company were carried out by John Smithies, Executive Officer (permanent full-time); Amy Stevenson, Administration Manager (permanent EFT 0.8); and Holly Schauble, Research Officer (permanent EFT 0.6). Dr. Kim Dunphy, University of Melbourne and Julie Marlow, Deep Rock Consulting engaged in consultancy work with CDN to support research initiatives throughout the year. Oana Sarge (University of Jyväskylä, Finland) and Raji Uppal (RMIT University, Melbourne) both undertook internships with CDN throughout 2017. The organisation also contracted specialist services such as accounting, design, website management, IT support and database development, as required. CDN contract Fame Group as its accountant and bookkeeper, and the annual audit will be completed by Eric Townsend Co Pty Ltd.

Through a formal MOU (2016-2020) with the School of Global, Urban and Social Sciences, CDN has been housed at RMIT University since 2012. This partnership sees office costs such as energy, communications, printing and security provided by the University. Since 2016 CDN has co-located with the Centre for Global Research on Swanston Street, in Melbourne Central Business District. In 2015, the CDN Executive Officer and CDN Senior Research Advisor (consultant) were given

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equivalent senior university staff positions as Adjunct Principal Research Fellows. In early 2017 CDN Administration Manager was given Associate Membership with the Centre.

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 company.

In our opinion, all appropriate information concerning the possible developments in and expected results of, CDN are contained in this report.

Communications

CDN communicates with its constituency and promotes its programs and industry news, through a monthly e-bulletin, the CDN website and through networks associated with event partners such as universities, councils and the local government associations.

Key indicators of efficacy of our marketing are:

- Volume of requests for advice and expertise from a range of organisations and individuals including funding bodies, local governments, academics and art workers;
- Requests for publications from local, interstate and overseas;
- Website visits, particularly to pages where CDN resources and tools are available
- eBulletin subscriptions

The organisations e-bulletin and the CDN website are the main communication channels used throughout the year.

eBulletin

The CDN eBulletin includes policy updates, sector news, cultural development planning tips, new resources and publications, and promotion of funding and professional development and networking opportunities. In 2017, 10 editions were distributed to more than 1,600 subscribers. Subscribers include a predominance of local government workers particularly from arts and culture departments but also include academics, policy experts, educators, individual practitioners; artists and arts professionals.

CDN Website

The CDN website offers three platforms for visitors to engage with the online content. These platforms include calls to action that invite visitors to: stay informed by using CDN's publications to support their work; use the CDN guide to create a cultural development plan; and measure outcomes using the schema of measurable cultural outcomes created by CDN. In 2017 the CDN website hosted 1971 unique user sessions. 1,370 of these sessions engaged Australian users, 155 engaged users from the USA and Canada, 43 from New Zealand, 64 from Asia, and 116 from Europe.

<http://www.culturaldevelopment.net.au>

Program Report

In 2017, CDN organised its business by responding to the CDN Strategic Plan 2017-2020. The strategic plan identifies three objectives to assist CDN in reaching its goal of 'a culturally rich and vibrant society.'

These objectives reflect the values of the organisation that recognised the roles of arts and artists in cultural development with communities and the pivotal role that local government can make in successful cultural development.

The objectives had activities assigned that were based on evidence argued in the strategic plan and were focused on outcomes.

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Since releasing the measurable outcomes in 2016 there has been a growing demand on CDN for services and support in using the measures, both across government tiers in Australia and internationally. This increase in demand require CDN to revise its available resources for the year and prioritise activities relating to more to some strategic objectives, over others, weighing up the potential benefits to the sector in doing so. This response to demand remained to consider contracted commitments to the Australia Council for the Arts and Creative Victoria.

Activities in 2017 responding to Objective 1 Increased capability of local government to support the cultural development in their local jurisdiction.

The National Local Government Cultural Forum

CDN worked with the Australia Council for the Arts throughout 2017 to support the National Local Government Cultural Forum in promoting stronger cultural development practice in local government across Australia. The Forum offers national perspective of local cultural development, bringing together representatives from local government: the seven state and territory local government associations represented by staff of the policy units; the eight Australian capital cities who offer practical application and leadership, plus the national peak body for local government, Australian Local Government Association (ALGA). The other members are major national stakeholders, the Australia Council for the Arts – Community Partnerships and the Commonwealth Ministry for the Arts. The Forum is managed by the Cultural Development Network (CDN) in cooperation with the Australian Local Government Association (ALGA), and chaired by Penny Hutchinson, former Director of Creative Victoria. The group meets twice yearly to set objectives, and between meetings CDN works to address the objectives, supported by members of the working groups.

The Cultural Forum commenced in 2013 for a three-year term, with meetings held in Canberra and Perth. In 2014, meetings were hosted in Brisbane and Darwin, in 2015, in Hobart and Adelaide. In 2015, the Forum received funding from the Australia Council for the Arts for a further three-year program, and meetings have been held twice annually in Melbourne during the period 2016-2019. In 2017, CDN coordinated two meetings of the National Local Government Cultural Forum and managed the secretariat and the work plan defined by the Cultural Forum executive.

Data collection trials

A key objective of the Cultural Forum is to identify and collect a set of headline data that tells the story of local government's contribution to cultural life in Australia. Over 2015-2017 the eight capital cities worked together to develop and trial a set of key inputs (resources applied) and outputs (activities and commitments) that could be collected and used to define this scope, based on council-led cultural development activities across arts, libraries and heritage. They ran two years of collection and refinement of the dataset and in May 2017 brought the dataset back to the Cultural Forum for endorsement to go forward and trial with an additional set of 62 councils across Australia.

In September 2017 the project engaged a statically valid sample of councils across all jurisdictions in Australia to partake in the data collection. Local Government Associations and Capital Cities in each jurisdiction worked with the Cultural Development Network to support these sample councils to participate in the trial that will continue into 2018.

Measurable outcomes of cultural activity

The cultural outcomes that form part of the larger outcomes framework were released in 2016, which resulted in much interest and an increase in demand for CDN's services and support in applying these measures. At the end of 2017 a

number of local councils, arts organisations, public institutions, state governments and federal government agencies had worked with CDN to start integrating these evaluation measures into their programs including Creative Victoria, State Government of Victoria, Organisation Investment Program working with 90 arts organisations across Victoria, the City of Adelaide, the City of Sydney, the City of Perth, University of Melbourne student engagement precinct, City of Darebin, Nillumbik Shire Council, Yarra Ranges Shire Council, Whittlesea Council, Geelong Regional Alliance made up of five Victorian councils, Waverley Council, City of Paramatta, the Australian Public Libraries Association (APLA), Creative New Zealand and the Gold Coast Commonwealth Games.

As the five measurable cultural outcomes made their way into the consciousness and working trials it became evident that measurable outcomes in the other public policy domains were less developed than the cultural domain. In 2017 CDN continued its research and development of a sustainable system for measuring local government investment and outcomes in cultural development by focusing on defining economic outcomes of cultural activity. This research will continue into 2018.

Cultural Development Planning

CDN further developed its local government cultural development planning framework with guidelines and implementation tools for the planning framework published. CDN delivered a series of full day workshops across NSW and VIC, training council officers in how to create a plan from the framework. 13 cultural development planning workshops were held across the two states with more than 109 participating councils and more than 207 participants. Workshops were held in Waverley, Paramatta, Coffs Harbour, Wagga Wagga, Sydney, Preston, Broadford, Traralgon, Albury, Hamilton, and Kerang. Workshops were also delivered in Perth to more than 35 council representatives. Workshop participants from 2017 were asked to what extent they had generated new knowledge, ideas and insight (where 0 is none at all and 10 is the most imaginable) as a result of their participation in the workshop. 93.75% of respondents rated this change as 7 or above. When participants were asked to what extent the workshop had facilitated employment enhancing skills development for them (where 0 is none at all and 10 is the most imaginable), 94% rated this change as 6 or above. Many councils from these workshops took advantage of CDN's free planning doctor support services, where council officers creating their plan could receive ongoing consultation and advice from CDN throughout the plans development.

WhiteBox Outcomes Planning Platform

In 2017, CDN continued the design and development of a proof of concept online arts project system. The development of 'WhiteBox', the system formerly known as the working title of Zaps is a key piece of infrastructure to allow consistent building of evidence-based and outcome-focussed cultural development activities. Using contemporary on-line networks and open source database platforms the new system will operationalise CDN's framework of cultural development planning and schema of measurable outcomes. Without this capacity to use the knowledge in the field it will have minimal practical impact. Development of the system progressed well since in 2017 since having moved it from Darwin to Melbourne and having a budget for development over 2017-2018. In 2017 the development of this online tool was project managed by a Victorian based developer, Yarra Valley Hosting who will continue to develop the site to version 1.0 in 2018. CDN Executive Officer is working directly with the programmer and the trial site at City of Darebin.

Activities in 2017 responding to Objective 2:

Increased leadership role of local communities in making and expressing their own culture through creative participation in the arts

Creating Australia Research Fund

In 2017 Creating Australia commenced its first research project, looking at a project lead by local Aboriginal Elders in Lake Tyers and Wurinbeena Ltd titled '*Three Bark Canoes*'. The research considers the role of community leaders while piloting CDN's cultural and social outcomes in a different cultural context. Critical to the research is identifying causal link between a cultural outcome of 'belonging to a shared heritage' to a social outcome of 'support and connection' to young Aboriginal men in the Lake Tyers region. Researchers from the Centre for Global Research, RMIT University, Peter Phipps and David Pollock have been contracted to work with CDN on this project, bringing with them a wealth of experience in undertaking research with Aboriginal communities.

Creating Australia (CA) research alongside the *Three Bark Canoes project* is the first and therefore an important project funded from the CA fund.

Activities in 2017 that responded to Objective 3:

Increased leadership by artists in cultural development projects in local government

In depth study of local government and artists relationships

In 2017 CDN commenced working with Darebin City Council as a case study of council's relationship to local artists. A literature review was written up that explored the role of artists in council led cultural activities and a discussion group was led by CDN consisting of local artists from the Darebin community. The initial findings from this discussion group intend to inform further research in this area in the future.

International and academic engagement

Internationally, CDN lead a delegation in Melbourne from the Bangkok Metropolitan Administration on cultural development planning and a site visit to a Victorian council (Organised through RMIT University and United Nations Global Compact Cities Program). CDN also provided advice to Creative New Zealand and consultants and academics across USA, Canada, Asia Pacific, UK and South Africa.

In May 2017, CDN lead a delegation of Australian local government cultural development managers and independent producers to participate in the United Cities and Local Government Culture Summit on Jeju Island, South Korea. Participants were invited to join CDN in its discussion and presentation with the Jeju provincial government and the study tour allowed participants to engage more reflectively with CDN and other study tour participants on the content of the summit.

CDN presented to a virtual study groups organised by the international research group, the Cultural Research Network, at the University of Melbourne as part of the Research Unit in Public Cultures seminar series, the Arts Forum hosted by The Ian Potter Foundation, the WALGA Local Government Convention, the Urban and Resilience Program RMIT University and the Arts West workshop series.

Key program funding

In 2017, CDN operated under the obligations defined in three funding agreements that support its core business.

Creative Victoria - Organisations Investment Program 2017-2020

The three-year Organisations Investment Program (OIP) commenced in 2017. The terms of the contract require CDN to report on two outcomes by undertaking evaluation for one activity and to submit annual industry data. Outcomes must include one cultural outcome and either a social or economic outcome.

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Australia Council for the Arts – Key Organisation Funding (2017-2020)

The four-year Key Organisation Funding commenced in 2017. CDN is required to report against a minimum of five outcomes in 2017, from an outcomes list provided by the funder. The outcomes supplement the reporting requirements of the funding agreement, which includes submission of financial data, statistical data and qualitative information on key achievements.

Australia Council for the Arts – National Local Government Cultural Forum 2015-2018

The Corporate Planning Funding supported the ongoing delivery of the National Local Government Cultural Forum for the period of 2015-2018. CDN provides a report directly to the Australia Council Board at the end of each funded year.

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 Ltd., the results of those operations, or the state of affairs of Cultural Development Network Ltd. in future financial years.

Significant Changes

There were no significant changes in 2017 that impact on the operations or future of CDN that are outside the normal funding cycles and uncertainties with public funding. CDN has confirmed funding for 2017-2020 through the Australia for the Arts Key Organisations funding program. CDN also has secured funding from Creative Victoria's Organisation Investment Program for 2017-2020.

Environmental Issues

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

Meetings of CDN Board Directors

The number of the meetings of the CDN Board Members and Directors held during the year ended December 2017 and the number of meetings attended by each member/director was:

Board Member & Director	CDN Meetings Number eligible to attend	CDN Meetings Number attended	CA Meetings Number eligible to attend	CA Meetings Number attended
Paul Holton	5	4	5	4
Rod Fyffe	5	3	5	1
Greg Box	5	5	5	4
Nick Hill	5	5	5	5
Hanut Singh Dodd	5	5	5	3
Lindy Allen	5	4	5	4
John Smithies	-	-	5	5

Information on CDN & CA Board Directors

CDN and CA are both managed by a Board of volunteers whose expertise includes arts practice, academia, local and state government, the non-profit sector and arts organisations.

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Paul Holton, Chair

Joined CDN in 2003, appointed Chair 2015 | Joined CA in 2016, appointed Chair in 2016

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.

Cr Rod Fyffe, Treasurer

Joined CDN in 2012, appointed Treasurer 2015; Joined CA in 2016, appointed Treasurer in 2016.

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.

Dr. Nicholas Hill, Director

Joined CDN in 2007 | Joined CA in 2016

Nick Hill is an experienced broad-band marketing and external relations professional, as well as an experienced lecturer and arts manager. Nick currently holds the position of Deputy Head of College at International House, University of Melbourne. His areas of expertise include leadership in international relations and business partnership development, particularly in education and cultural dialogue, managing engagement, enterprise risk and governance; and sustainability through commercial service, programme and research policy application. His qualifications include BA (Hons); PG DipM and MA. He 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.

Hanut Singh Dodd, Director

Joined CDN 2006 | Joined CA 2016

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 has worked as a Project Manager with the Alpine Resorts Coordinating Council and currently works with the Department of Environment, Land, Water and Planning.

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Greg Box, Director

Joined CDN in 2011 | Joined CA in 2016

Greg is currently the Manager of Creative Communities at Yarra Ranges Council. 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.

Lindy Allen, Director

Joined CDN in 2016: Joined CA in 2014, appointed Deputy Chair in 2016

Lindy is a highly-experienced senior executive, currently operating Living-Proof Media, an independent consultancy to the arts offering services including documentation, evaluation, writing and editing for publication. Recent roles include immediate past Chief Executive Officer of Regional Arts Australia (2012-2013) and former Chief Executive Officer of Regional Arts Victoria (2004-2012). During 2012-2013, Lindy was Executive Producer for the Centenary of Canberra's largest national community engagement program, One River, spanning four states and a territory. Current board roles include Falls Creek Resort Management Board, national body Creating Australia, the Cultural Development Network and Lakes Entrance based Wurinbeena. She is also Deputy Chair of the Narrandera-based arts organisation, the CAD Factory. She is a former Board member of Regional Arts Australia and the Australian Children's Theatre Foundation. Panel roles have included Judge: Victorian Tourism Awards (2015), RAA's RAD Fellowships (2015), Arts Victoria's Vic Arts Grants Program (2014), Judge: Council for Humanities Arts and Social Sciences (CHASS) Awards (2014), Judge: Australian Business Arts Foundation (ABaF) Awards (2009). Lindy has been an Australia Day Ambassador since 2010.

Indemnities and Insurance

CDN is covered by Alliance Insurance to insure each of its Directors against liabilities for cost and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Board Member and Director of CDN and CA other than conduct involving wilful breach of duty in relation to CDN and CA. In accordance with normal commercial practice under the terms of insurance contracts, the nature of the liability insured against the amount of the premium is confidential.

Board Director and Member Benefits

The Board Members and Directors of CDN are voluntary appointments made under the rules of Company constitutions. There is no annual membership fee to join either company. Neither during, nor since, the financial year have any Board Members or Directors received or been entitled to receive a benefit or remuneration from either company.

Cultural Development Network Limited and Creating Australia Limited

Board Member and Directors Interests in Contracts

No Board Members or Directors of either company receive any pecuniary interest as a result of contract or dealing with the companies.

Auditors' Independence Declaration

A copy of the auditors' independence has been received and is set out on page 17.

Signed in accordance with a resolution of the directors:

Dated this 20.03.2018

2018

CA Director:



CDN Director:



Cultural Development Network Limited and Creating Australia Limited

AUDITORS' INDEPENDENCE DECLARATION

**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 AND THE
AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012**

**TO THE DIRECTORS OF
CULTURAL DEVELOPMENT NETWORK LIMITED
AND CREATING AUSTRALIA LIMITED**

We hereby declare, that to the best of our knowledge and belief, during the financial year 31st December 2017 there have been no:

- (i) contraventions of the auditor independence requirements as set out in the Corporations Act 2001 and the Australian Charities and Not-for-Profits Commission Act 2012 in relation to the audit; and
- (ii) contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm: **E Townsend & Co**
Chartered Accountant



Name of Partner: Eric Townsend

Address: 15 Taylor Street
Ashburton Vic 3147

Dated this *29th March* **2018**

Cultural Development Network Limited and Creating Australia Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st DECEMBER 2017

	Note	Consolidated Group		Cultural Development Network Ltd	
		2017 \$	2016 \$	2017 \$	2016 \$
Revenue	2	445,940	408,488	445,390	291,768
Expenditure					
Auspice Program		0	3,000	0	3,000
Auditors' remuneration	3	7,560	5,280	4,600	4,600
Depreciation		1,704	1,082	1,394	515
Employee benefits expenses		258,236	178,134	258,236	175,097
Finance Costs		0	0	0	0
Administration		43,750	40,127	34,334	35,896
Marketing and Publications		2,431	5,949	2,431	5,749
Programs and Projects	4	134,687	68,708	134,687	65,358
Total expenditure		448,368	302,280	435,682	290,215
Surplus (Deficit) before income tax		(2,428)	106,207	9,708	1,553
Income Tax		0	0	0	0
Surplus (Deficit) after income tax		(2,428)	106,207	9,708	1,553
Other Comprehensive Income		0	0	0	0
Surplus (Deficit) attributable to members of the entity		(2,428)	106,207	9,708	1,553

The above statement is to be read in conjunction with the attached Notes to the Financial Accounts.

Cultural Development Network Limited and Creating Australia Limited

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31st DECEMBER 3017

	Note	Consolidated Group		Cultural Development Network Ltd	
		2017 \$	2016 \$	2017 \$	2016 \$
CURRENT ASSETS					
Cash and cash equivalents	5	386,277	330,486	285,253	218,057
Trade and other receivables	6	11,257	19,104	11,257	19,104
Other current assets	7	4,131	3,507	4,131	3,507
TOTAL CURRENT ASSETS		401,665	353,097	300,641	240,668
NON-CURRENT ASSETS					
Property, plant & equipment	8	3,331	3,382	3,058	2,799
Financial Assets	9	0	0	0	0
TOTAL NON-CURRENT		3,331	3,382	3,058	2,799
TOTAL ASSETS		404,996	356,479	303,699	243,467
CURRENT LIABILITIES					
Trade and other payables	10	46,499	29,885	45,205	29,012
Provisions	11	23,192	14,970	23,192	14,970
Income received in advance		9,750	8,800	9,750	0
Grants in advance		141,521	120,000	141,521	128,800
TOTAL CURRENT		220,962	173,655	219,668	172,782
NON-CURRENT LIABILITIES					
Provisions	11	7,714	4,076	7,714	4,076
TOTAL NON-CURRENT		7,714	4,076	7,714	4,076
TOTAL LIABILITIES		228,676	177,731	227,382	176,858
NET ASSETS (LIABILITIES)		176,320	178,745	76,317	66,609
EQUITY					
Retained Earnings	13	176,320	178,748	76,317	66,609
TOTAL EQUITY		176,320	178,748	76,317	66,609

The above statement is to be read in conjunction with the attached Notes to the Financial Accounts.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st DECEMBER 2017**

Consolidated Group	Note	Retained Earnings \$	Total \$
Balance at the end of 31 st December 2015	13	72,541	72,541
Profit (Loss) for the year ended 31 st December 2016		106,207	106,207
Balance at the end of the 31 st December 2016	13	178,748	178,748
Profit (Loss) for the year ended 31 st December 2017		(2,428)	(2,248)
Balance at the 31st December 2017		176,320	176,320

Cultural Development Network Limited	Note	Retained Earnings \$	Total \$
Balance at the end of 31 st December 2015	13	65,056	65,056
Profit (Loss) for the year ended 31 st December 2016		1,553	1,553
Balance at the end of the 31 st December 2016	13	66,609	66,609
Profit (Loss) for the year ended 31 st December 2017		9,708	9,708
Balance at the 31st December 2017		76,317	76,317

The above statement is to be read in conjunction with the attached Notes to the Financial Accounts

Cultural Development Network Limited and Creating Australia Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2017

	Note	Consolidated Group		Cultural Development	
		2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		\$	\$	\$	\$
Operating Grant Receipts Inc GST		462,000	347,600	462,000	316,000
Interest Received		2,500	3,028	1,950	2,183
Other Revenue Inc GST		38,622	45,032	38,622	19,879
(Less) Payments to suppliers and employees		(445,678)	(353,507)	(433,723)	(298,523)
Finance costs		0	0	0	0
Net cash provided by (used in) operating activities	14	57,444	42,153	68,849	39,539
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from Sale of property, plant & equipment		0	0	0	0
Purchase of property, plant & equipment		(1,653)	(2,239)	(1,653)	(2,238)
Net cash provided by (used in) investing activities		(1,653)	(2,239)	(1,653)	(2,238)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net cash provided by (used in) financing activities		0	0	0	0
Net Increase (decrease) in cash held		55,791	39,914	67,196	37,301
Cash at the beginning of the financial year		330,486	290,572	218,057	180,756
Cash at the end of the financial year	5	386,277	330,486	285,253	218,057

The above statement is to be read in conjunction with the attached Notes to the Financial Accounts

**CULTURAL DEVELOPMENT NETWORK LIMITED
AND CONTROLLED ENTITY CREATING AUSTRALIA LIMITED**

1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 and the Australian Charities and Not-for-profits Commission Act 2012.

The financial report covers Cultural Development Network Limited and controlled entity. Creating Australia Limited and are company's incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

Principles of Consolidation

A controlled entity is an entity over which the parent company has the power to govern the financial and operating policies so as to obtain benefits from its activities. There is one controlled entity Creating Australia Limited. As at reporting date the assets and liabilities and income and expense of the controlled entities is added into the consolidated accounts for the period that the entity was controlled during the financial year. All inter-group transactions and balances are eliminated on consolidation.

Revenue

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

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

Grant revenue is recognized at fair value where there is reasonable expectation that the Grant will be received and all grant conditions will be met. Grants for expenses are treated as annual income. Grants for assets are credited to deferred income and taken to annual revenue at the same value as the grant financed asset's depreciation charge.

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

**CULTURAL DEVELOPMENT NETWORK LIMITED
AND CONTROLLED ENTITY CREATING AUSTRALIA LIMITED**

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and 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 directors 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 group assesses impairment at each reporting date by evaluating conditions specific to the group 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 several key estimates.

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

Income Taxation

Cultural Development Network Limited and Controlled Entity is endorsed as a Charitable Institution and is exempt from income tax

Employee Benefits

Provision is made for the group'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.

Long service leave is provided on a pro rata basis for all employees with more than 5-years of service.

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 losses.

Property

Office equipment

Office equipment is measured on the cost basis less depreciation and impairment losses.

**CULTURAL DEVELOPMENT NETWORK LIMITED
AND CONTROLLED ENTITY CREATING AUSTRALIA LIMITED**

The carrying amount of office equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets including office equipment, is depreciated on a written down value (WDV) or a straight line basis over their useful lives to the group commencing from the time the asset is held ready for use.

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

Class of Fixed Assets	Depreciation Rate
Office Equipment	10.00-33.33% Straight Line

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

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.

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.

Financial liabilities

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

Impairment of assets

At each reporting date, the group assesses whether there is objective evidence that an asset has been impaired by comparing future cash flows from that asset with its carrying value. In the case of available-for-sale assets, a prolonged decline in the value of the asset is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

Provisions

Provisions are recognised when the group 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.

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.

**CULTURAL DEVELOPMENT NETWORK LIMITED
AND CONTROLLED ENTITY CREATING AUSTRALIA LIMITED**

2 Revenue	Consolidated Group		Cultural Development Network Limited	
	2017	2016	2017	2016
	\$	\$	\$	\$
Grant income				
Australian Council - NSDI	150,000	157,500	150,000	157,500
Australian Council - CORE	210,000	5,000	210,000	0
Creative Victoria	60,000	53,500	60,000	53,500
Arts Vic Project	0	0	0	0
Grants Brought Forward	15,000	163,521	15,000	55,000
Less transfer to grants carried	(26,671)	(15,000)	(26,671)	(15,000)
Grant funding income	408,329	364,521	408,329	251,000
Other Revenue				
Memberships	0	0	0	0
Conference	1,773	1,372	1,773	1,372
Book Sales and	0	0	0	0
Sponsorship and Conference	0	0	0	0
Other contracts	33,104	30,440	33,104	30,440
Sundry Income	234	9,126	234	6,773
Other Revenue	35,111	40,938	35,111	38,585
Interest received	2,500	3,028	1,950	2,183
TOTAL REVENUE	445,940	408,487	445,390	291,768

3 Auditors' Remuneration	Consolidated Group		Cultural Development Network Limited	
	2017	2016	2017	2016
	\$	\$	\$	\$
Auditor's Remuneration paid payable to E Townsend & Co				
Auditing the financial report	3,800	3,300	3,300	3,300
Other Services (Financial)	3,760	1,980	1,300	1,300
	7,560	5,280	4,600	4,600

**CULTURAL DEVELOPMENT NETWORK LIMITED
AND CONTROLLED ENTITY CREATING AUSTRALIA LIMITED**

	Consolidated Group		Cultural Development Network Limited	
	2017	2016	2017	2016
4 Other Expenses	\$	\$	\$	\$
Bad and doubtful debts				
Trade Receivables	0	0	0	0
Total bad and doubtful debts	0	0	0	0
Rental expense on operating				
Operating Lease Minimum				
Contingent Rentals on finance	0	0	0	0

	Consolidated Group		Cultural Development Network Limited	
	2017	2016	2017	2016
5 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 balance sheet as follows:

Current Assets				
Cash at Bank	19,425	110,822	10,786	100,228
Cash at Bank Investment	366,852	219,664	274,467	117,829
Total Current Assets	386,277	330,486	285,253	218,057

	Consolidated Group		Cultural Development Network Limited	
	2017	2016	2017	2016
6 Trade and Other Receivables				
Current	\$	\$	\$	\$
Trade debtors	11,257	19,104	11,257	19,104
Less: Provision for impairment	0	0	0	0
Other receivables	0	0	0	0
Total trade and other receivables	11,257	19,104	11,257	19,104

7 Other Current Assets	Consolidated Group	Cultural Development Network Ltd
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**CULTURAL DEVELOPMENT NETWORK LIMITED
AND CONTROLLED ENTITY CREATING AUSTRALIA LIMITED**

	2017	2016	2017	2016
Current	\$	\$	\$	\$
Prepayments	4,131	3,507	4,131	3,507
8 Property, Plant and				
Office Equipment at cost	15,022	13,369	13,102	11,450
Less: Accumulated depreciation	(11,691)	(9,987)	(10,044)	(8,650)
Total Office Equipment	3,331	3,382	3,058	2,799
Total property, plant &	3,331	3,382	3,058	2,799

Movements in Carrying Amounts

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

Consolidated Group

	Office Equipment	Total
Carrying amount at acquisition	2,225	2,225
2016		
Additions at cost	2,239	2,239
Disposals	0	0
Depreciation Expense	(1,082)	(1,082)
Carrying amount at end year 2016	3,382	3,382
2017		
Additions at cost	1,653	1,653
Disposals	0	0
Depreciation Expense	(1,704)	(1,704)
Carrying amount at end year 2017	3,331	3,331

**CULTURAL DEVELOPMENT NETWORK LIMITED
AND CONTROLLED ENTITY CREATING AUSTRALIA LIMITED**

Cultural Development Network Limited	Office & Equipment	Total
Carrying value at end of year 2016	1,076	1,076
Additions at cost	2,238	2,238
Disposals	0	0
Depreciation Expense	515	515
Carrying amount at end year 2016	2,799	2,799
2017		
Additions at cost	1,652	1,652
Disposals	0	0
Depreciation Expense	1,394	1,395
Carrying amount at end year 2017	3,058	3,058

9 Financial Assets

	Consolidated Group		Cultural Development Network Ltd	
	2017	2016	2017	2016
	\$	\$	\$	\$
Creating Australia Network is a Company Limited by Guarantee				
Unlisted investments at cost				
Shares in subsidiary company	0	0	0	0

10 Trade and Other Payables	Consolidated Group		Cultural Development Network Ltd	
	2017	2016	2017	2016
	\$	\$	\$	\$
Current – Unsecured Liabilities				
Trade payables	14,915	25,258	14,915	24,412
Sundry Creditors	31,584	4,600	30,290	4,600
	46,499	29,885	45,205	29,012

**CULTURAL DEVELOPMENT NETWORK LIMITED
AND CONTROLLED ENTITY CREATING AUSTRALIA LIMITED**

11 Provisions	Consolidated Group		Cultural Development	
	2017	2016	2017	2016
Employee Benefits				
Current	\$	\$	\$	\$
Annual Leave	23,192	14,970	23,192	14,970
Long Service Leave	0	0	0	0
Total Current at 31st	23,192	14,407	23,192	14,970
Provisions				
Long Service Leave	7,714	4,076	7,714	4,076
TOTAL PROVISIONS	30,906	19,046	30,906	19,046

12 Equity and Members guarantee

Cultural Development Network Limited and Controlled Entity is a company limited by guarantee.

The members of the company have undertaken to contribute an amount not more than \$100.00 each to the property of the company if it is wound up whilst they are still members or within one year after they cease to be a member.

13	Retained Earnings	Consolidated Group		Cultural Development Network Ltd	
		2017	2016	2017	2016
		\$	\$	\$	\$
	Retained earnings	178,748	72,541	66,609	65,056
	Net profit (Net loss) attributable to members of	(2,428)	106,207	9,708	1,553
	Retained earnings (accumulated losses) at the end of the financial year	176,320	178,748	76,317	66,609

**CULTURAL DEVELOPMENT NETWORK LIMITED
AND CONTROLLED ENTITY CREATING AUSTRALIA LIMITED**

14 Cash Flow Information

	Consolidated Group		Cultural Development Network Ltd	
	2017	2016	2017	2016
Reconciliation of cash flow from operations with Profit/(Loss) after Income Tax				
	\$	\$	\$	\$
Surplus (Deficit) after tax	(2,428)	106,207	9,708	1,553
Non-cash flows in profit				
Depreciation	1,704	1,082	1,394	515
Increase (Decrease) in Provisions	11,860	(10,102)	11,860	(8,992)
Changes in assets and liabilities				
(Increase) Decrease in Prepayments	(624)	(1,065)	(624)	(1,065)
Decrease/(Increase) in receivables	7,847	(9,953)	7,847	(19,042)
Increase / (Decrease) in payables	16,614	(495)	16,193	1,570
Increase / (Decrease) in Grants in advance	21,521	(52,321)	12,721	65,000
(Decrease)/Increase in Income in Advance	950	8,800	9,750	0
Cash flow from operations	57,444	42,153	68,849	39,539

**CULTURAL DEVELOPMENT NETWORK LIMITED
AND CONTROLLED ENTITY CREATING AUSTRALIA LIMITED**

15	Key Management Personnel Compensation	Consolidated Group		Cultural Development Network Ltd	
		2017	2016	2017	2016
		\$	\$	\$	\$
	Short Term Employee	105,870	88,533	105,870	88,533
	Post-Employment Benefits	10,058	8,411	10,058	8,411
	Total Key Management	115,928	96,944	115,928	96,944
16	Capital and Leasing Commitments	Consolidated Group		Cultural Development Network Ltd	
		2017	2016	2017	2016
		\$	\$	\$	\$
	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	0	0
	- longer than 1 year but not longer than 5 years	0	0	0	0
	- greater than 5 years	0	0	0	0
	Capital Expenditure commitments				
	Capital Expenditure commitments contracted				
	- Plant & Equipment	0	0	0	0
	- Capital Expenditure	0	0	0	0
	Payable				
	- no longer than 1 year	0	0	0	0
	- longer than 1 year but	0	0	0	0
	- greater than 5 years	0	0	0	0

17 Contingent Liabilities & Contingent Assets

Estimates of the potential financial effect of contingent liabilities that may become payable are: No contingent liabilities or assets exist.

**CULTURAL DEVELOPMENT NETWORK LIMITED
AND CONTROLLED ENTITY CREATING AUSTRALIA LIMITED**

18 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.

19 Financial Instruments

a. Financial Risk Management

The entity financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

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

Treasury Risk Management

The Board considers currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Financial Risks

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

Interest rate risk

The company and the controlled entity is not exposed to any significant interest rate risk.

Foreign currency risk

The company and the controlled entity is not exposed to any significant foreign currency risk.

Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that sufficient liquid assets, mainly cash are available to pay debts as and when they become due and payable.

Credit risk

The company and the controlled entity are not exposed to any significant credit risk.

Price risk

The entity is not exposed to any material commodity price risk.

b. Interest Rate Risk and Financial Asset and Liability Maturity Analysis

The entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate because of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

**CULTURAL DEVELOPMENT NETWORK LIMITED
AND CONTROLLED ENTITY CREATING AUSTRALIA LIMITED**

Financial asset and Financial liability maturity analysis

Consolidated Group Financial Assets	Within 1 Year		1 to 5 Years	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash & Cash equivalents	386,277	330,486	0	0
Receivables	11,257	19,104	0	0
Other Current Assets	4,131	3,507	0	0
Total Financial Assets	401,665	353,097	0	0

Consolidated Group

	Within 1 Year		1 to 5 Years	
	2017	2016	2017	2016
Financial Liabilities	\$	\$	\$	\$
Grants in Advance	141,521	120,000	0	0
Income in Advance	9,750	8,800	0	0
Trade and other payables	46,499	29,885	0	0
Total Financial Liabilities	197,770	158,685	0	0

**Financial asset and
Financial liability maturity
analysis**

Financial Assets	Within 1 Year		1 to 5 Years	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash & Cash equivalents	285,213	218,057	0	0
Receivables	11,257	19,104	0	0
Other Current Assets	4,131	3,507	0	0
Total Financial Assets	300,641	240,668	0	0

**Cultural Development
Network Ltd**

	Within 1 Year		1 to 5 Years	
	2017	2016	2017	2016
Financial Liabilities	\$	\$	\$	\$
Grants in Advance	191,521	128,800	0	0
Income in Advance	9,750	0	0	0
Trade and other payables	45,205	29,012	0	0
Total Financial Liabilities	196,476	157,812	0	0

c. 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

**CULTURAL DEVELOPMENT NETWORK LIMITED
AND CONTROLLED ENTITY CREATING AUSTRALIA LIMITED**

assets and financial liabilities are readily traded on organized markets in standardized form other than listed investments.

Financial assets where the carrying amount exceeds net fair values have not been written down as the group intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Sensitivity analysis

The following table illustrates sensitivities to the entity's expose 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 2016				
+ or – 2% in interest rates	+/-	2,356	+/-	2,356
+ or - 10% in listed investments	+/-	-	+/-	-
Year ended 31st December 2017				
+ or – 2% in interest rates	+/-	7,726	+/-	7,726
+ or - 10% in listed investments	+/-	-	+/-	-

22 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.

23 Group Details

The registered office of the group is:

Level 4
411 Swanston Street (RMIT University Building 37)
Melbourne Victoria Australia 3000

The principal place of business is at the registered office

DIRECTORS' DECLARATION PER SECTION 60.15 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION REGULATION 2013 AND THE CORPORATIONS ACT 2001

The directors of the group declare that:

The financial statements and notes, as set out on pages 1 to 32, are in accordance with the Corporations Act 2001 and the Australian Charities and Not-for-profit Commission Act 2012 (ACNC Act):

comply with Australian Accounting Standards and the Corporations Regulations 2001; and the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) give a true and fair view of the financial position as at 31st December 2017 and of the performance for the year period ended on that date of the group.

In the director's opinion there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable

Signed in accordance with subsection 60.15(2) of the Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the Corporations Act 2001

Dated this 29.03 2018



Director



Director

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CULTURAL DEVELOPMENT LIMITED AND
CONTROLLED ENTITY CREATING AUSTRALIA NETWORK LIMITED

Opinion

I have audited the financial report of the Cultural Development Limited and Controlled Entity Creating Australia Limited which comprises the Statement of Financial Position as at 31st December 2017, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended, notes to the financial statements including a summary of significant accounting policies and the declaration by those charged with governance.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Cultural Development Network Limited and Controlled group as at the 31st December 2017, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards, the Corporations Act 2001 and The Australian Charities and Not-for-Profits Commission Act 2012.

Basis for Opinion.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines 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 management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibility for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on the financial report.

As part of an audit in accordance with the Australian Auditing Standards I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists. I am required to draw attention in my auditor's report to the disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease or 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.

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

Name of firm

E Townsend & Co



Eric Townsend

15 Taylor Street
Ashburton VIC 3147

Dated this

29th March 2018