

Central Coast Conservatorium of Music Inc

ABN 17 615 618 823

Annual Report - 31 December 2022

Central Coast Conservatorium of Music Inc
Contents
31 December 2022

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Central Coast Conservatorium of Music Inc
Committee members' report
31 December 2022

The committee members present their report, together with the financial statements, on the association for the year ended 31 December 2022.

Committee members

The following persons were committee members of the association during the whole of the financial year and up to the date of this report, unless otherwise stated:

Claire Braund
Peter Brandon (resigned 16 May 2022)
Tracie Elvidge (resigned 5 December 2022)
Kate McCallum
Jennifer Lush (resigned 16 May 2022)
Hilary Day
Rob Kitchen
Penny Lee
Bettina Pidcock (on leave from the Board)
Paul Murnane (appointed 16 May 2022)
Steven Stanke (appointed 16 May 2022, resigned 19 June 2022)

Objectives

Short term objectives

- provide quality musical education to local students
- contribute to the culture, lifestyle and development of the community.

Long term objectives

- to secure a permanent fit for purpose performance and rehearsal space at 45 Mann St and 126 Georgiana Terrace Gosford build as a partnership with the State government and TAFE NSW for the benefit of the Conservatorium and the Central Coast Community;
- to expand the programs offered so as to grow the involvement of the wider Central Coast Community; and
- to secure premises funding from the Education department in addition to the current in Shools Program funding.

Principal activities

During the financial year the principal continuing activities of the association consisted of:

- Provides music programs to 1200 student;
- Provide performance and rehearsal spaces for community groups.

Operating result

The surplus for the year amounted to \$1,020,191(2021: surplus of \$563,814)

Environmental issues

The committee members believe the association has complied with all significant environmental regulations under a law of the Commonwealth or of a state territory.

Events after the reporting period

Subsequent to year end, the Association was successful in obtaining approximately \$250,000 relating to the Creative Capital Funding Program. The funds will be utilised for acquiring essential digital equipment and optimise acoustic quality.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the association's operations, the results of those operations, or the association's state of affairs in future financial years.

Central Coast Conservatorium of Music Inc
Committee members' report
31 December 2022

Meetings of committee members

The number of meetings the Committee members were eligible to attend during the year ended 31 December 2022, and the number of meetings attended by each committee member was:

| | Meetings attended | Meetings eligible |
|--|----------------------|----------------------|
| Claire Braund | 8 | 8 |
| Peter Brandon (resigned 16 May 2022) | 3 | 3 |
| Tracie Elvidge (resigned 5 December 2022) | 7 | 7 |
| Kate McCallum | 6 | 8 |
| Jennifer Lush (resigned 16 May 2022) | 3 | 3 |
| Hilary Day | 8 | 8 |
| Rob Kitchen | 8 | 8 |
| Penny Lee | 7 | 8 |
| Paul Murnane (appointed 16 May 2022) | 5 | 5 |
| Steven Stanke (appointed 16 May 2022, resigned 19 June 2022) | 1 | 1 |

Auditor's independence declaration

A copy of the auditor's independence declaration is set out immediately after this committees' report

On behalf of the committee members

Claire Braund

Claire Braund
President

30 March 2023

Paul Murnane

Paul Murnane
Treasurer



HEAD OFFICE
Unit 1, 1 Pioneer Avenue
Tuggerah NSW 2259

OFFICES

- Sydney CBD
- Drummoyne
- Erina

BISHOP COLLINS

AUDIT PTY LTD

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**INDEPENDENT AUDITOR'S DECLARATION
TO THE MEMBERS OF CENTRAL COAST CONSERVATORIUM OF MUSIC INC**

We hereby declare that to the best of our knowledge and belief during the year ended 31 December 2022, there have been:

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

Name of Firm

Bishop Collins Audit Pty Ltd
Chartered Accountants

Name of Registered Company Auditor


Martin Le Marchant

Auditor's Registration No.

431227

Address

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated

30 March 2023



LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION



Directors: Glenn A Harris CA
Martin Le Marchant CA, Johan Van Der Westhuizen CA

Associate Director: Cecille Capucio CA



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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CENTRAL COAST CONSERVATORIUM OF MUSIC INC**

Audit Opinion

We have audited the accompanying financial report of Central Coast Conservatorium of Music Inc ('the Association') which comprises the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the Committee Members' Declaration.

In our opinion, the accompanying financial report of Central Coast Conservatorium of Music Inc is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- giving a true and fair view of the Association's financial position as at 31 December 2022 and of its performance for the year ended on that date; and
- complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and 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 our audit of the financial report in Australia. We also fulfilled our other ethical responsibilities in accordance with the Code.

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



LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION



Directors: Glenn A Harris CA
Martin Le Marchant CA, Johan Van Der Westhuizen CA

Associate Director: Cecille Capucio CA



Responsible Entities' Responsibilities for the Financial Report

The Responsible Entities ('Committee Members') of the Association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards- Simplified Disclosure Requirements to the extent described in Note 2 to the financial report, the *Associations Incorporations Act (NSW) 2009* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Committee Members determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee Members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee Members either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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



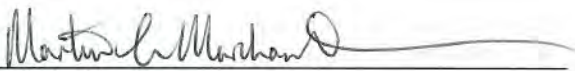
We communicate with the Committee Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Committee Members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Name of Firm

Bishop Collins Audit Pty Ltd
Chartered Accountants

Name of Registered Company Auditor


Martin Le Marchant

Auditor's Registration No.

431227

Address

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated

30 March 2023

Central Coast Conservatorium of Music Inc
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

| | Note | 2022 \$ | 2021 \$ |
|--|-------------|--------------------------|--------------------------|
| Revenue | 5 | 2,074,597 | 2,016,812 |
| Other income | 6 | 922,600 | 602,365 |
| Total revenue | | <u>2,997,197</u> | <u>2,619,177</u> |
| Expenses | | | |
| Employee benefits expense | | (1,557,183) | (1,729,703) |
| Depreciation and amortisation expense | | (43,797) | (40,011) |
| Insurance expense | | (33,306) | (31,262) |
| Events expense | | (47,519) | (5,601) |
| Repairs and maintenance expense | | (21,095) | (19,620) |
| Scholarships paid | | (32,760) | (42,743) |
| IT expense | | (51,542) | (30,599) |
| Finance costs | | (7,645) | (8,452) |
| Occupancy expenses | | (117,980) | (102,401) |
| Patron fund expenses | 22 | (9,368) | (6,731) |
| Other expenses | | (54,811) | (38,240) |
| Total expenses | | <u>(1,977,006)</u> | <u>(2,055,363)</u> |
| Surplus before income tax expense | | 1,020,191 | 563,814 |
| Income tax expense | | - | - |
| Surplus after income tax expense for the year | 16 | 1,020,191 | 563,814 |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year | | <u>1,020,191</u> | <u>563,814</u> |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Central Coast Conservatorium of Music Inc
Statement of financial position
As at 31 December 2022

| | Note | 2022 \$ | 2021 \$ |
|--------------------------------|-------------|--------------------------|--------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 851,983 | 2,152,009 |
| Trade and other receivables | 8 | 104,322 | 21,953 |
| Other | 9 | 16,116 | 19,370 |
| Total current assets | | <u>972,421</u> | <u>2,193,332</u> |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 2,590,132 | 1,403,423 |
| Intangibles | 11 | 7,017 | 10,526 |
| Total non-current assets | | <u>2,597,149</u> | <u>1,413,949</u> |
| Total assets | | <u>3,569,570</u> | <u>3,607,281</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 100,648 | 92,645 |
| Employee benefits | 13 | 56,927 | 272,685 |
| Other | 14 | 106,876 | 1,003,633 |
| Total current liabilities | | <u>264,451</u> | <u>1,368,963</u> |
| Non-current liabilities | | | |
| Employee benefits | 15 | 80,836 | 34,226 |
| Total non-current liabilities | | <u>80,836</u> | <u>34,226</u> |
| Total liabilities | | <u>345,287</u> | <u>1,403,189</u> |
| Net assets | | <u>3,224,283</u> | <u>2,204,092</u> |
| Equity | | | |
| Retained surpluses | 16 | 3,224,283 | 2,204,092 |
| Total equity | | <u>3,224,283</u> | <u>2,204,092</u> |

The above statement of financial position should be read in conjunction with the accompanying notes

Central Coast Conservatorium of Music Inc
Statement of changes in equity
For the year ended 31 December 2022

| | Retained surpluses \$ | Total equity \$ |
|---|--------------------------------------|----------------------------|
| Balance at 1 January 2021 | 1,640,278 | 1,640,278 |
| Surplus after income tax expense for the year | 563,814 | 563,814 |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year | 563,814 | 563,814 |
| Balance at 31 December 2021 | <u>2,204,092</u> | <u>2,204,092</u> |
| | Retained surpluses \$ | Total equity \$ |
| Balance at 1 January 2022 | 2,204,092 | 2,204,092 |
| Surplus after income tax expense for the year | 1,020,191 | 1,020,191 |
| Other comprehensive income for the year, net of tax | - | - |
| Total comprehensive income for the year | 1,020,191 | 1,020,191 |
| Balance at 31 December 2022 | <u>3,224,283</u> | <u>3,224,283</u> |

The above statement of changes in equity should be read in conjunction with the accompanying notes

Central Coast Conservatorium of Music Inc
Statement of cash flows
For the year ended 31 December 2022

| | Note | 2022 \$ | 2021 \$ |
|--|-------------|--------------------------|--------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 2,968,088 | 2,572,139 |
| Payments to suppliers (inclusive of GST) | | (3,045,016) | (2,313,232) |
| | | (76,928) | 258,907 |
| Government stimulus received | | - | 152,848 |
| Interest received | | 11,544 | 10,890 |
| Interest and other finance costs paid | | (7,645) | (8,452) |
| Net cash from/(used in) operating activities | 17 | (73,029) | 414,193 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | 10 | (1,226,997) | (540,133) |
| Payments for intangibles | 11 | - | (10,978) |
| Net cash used in investing activities | | (1,226,997) | (551,111) |
| Net cash from financing activities | | - | - |
| Net decrease in cash and cash equivalents | | (1,300,026) | (136,918) |
| Cash and cash equivalents at the beginning of the financial year | | 2,152,009 | 2,288,927 |
| Cash and cash equivalents at the end of the financial year | 7 | <u>851,983</u> | <u>2,152,009</u> |

The above statement of cash flows should be read in conjunction with the accompanying notes

Central Coast Conservatorium of Music Inc
Notes to the financial statements
31 December 2022

Note 1. General information

The financial statements cover Central Coast Conservatorium of Music Inc as an individual entity. The financial statements are presented in Australian dollars, which is Central Coast Conservatorium of Music Inc's functional and presentation currency.

Central Coast Conservatorium of Music Inc is a not-for-profit incorporated association, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Head Office

Principal place of business

45 Mann St, Gosford NSW 2250

A description of the nature of the association's operations and its principal activities are included in the committee members' report, which is not part of the financial statements.

The financial statements were authorised for issue on 30 March 2023.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the association.

The following Accounting Standards and Interpretations are most relevant to the association:

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The association has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments. As permitted by AASB 1053 for early adoption of AASB 1060, comparative information has not been provided for these new disclosures.

Going concern

This financial report has been prepared on a going concern basis.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Revenue recognition

The association recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Rendering of services and tuition fees

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Grant Revenue

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

As the association is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax. The association is also a Deductible Gift Recipient (DGR).

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the association's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the association's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Central Coast Conservatorium of Music Inc
Notes to the financial statements
31 December 2022

Note 2. Significant accounting policies (continued)

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The association has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Plant and equipment, including musical instruments, is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|------------------------|------------|
| Leasehold improvements | 3-10 years |
| Plant and equipment | 3-7 years |
| Musical instruments | 3-7 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment.

Website

Significant costs associated with the development of the website are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Central Coast Conservatorium of Music Inc
Notes to the financial statements
31 December 2022

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation expense

Contributions to superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Central Coast Conservatorium of Music Inc
Notes to the financial statements
31 December 2022

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Lease term and below-market rate leases

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Below-market value leases are recognised at cost rather than fair value as permitted under Australian Accounting Standards. In the event the lease terms, including rental payments, materially change, the association will need to reconsider the measurement of the right-of-use asset and lease liability. This will include consideration and significant judgement relating to the underlying lease term including options to extend. This may result in potentially material changes to the amounts of recognised assets, liabilities and lease payments in the financial report.

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Economic dependence

The association is dependent upon the ongoing financial subsidies from government departments and generous benefactors to support continued operations.

Note 4. Restatement of comparatives

Reclassification

Certain comparative figures have been reclassified to comfort with the current year's presentation.

Note 5. Revenue

| | 2022 | 2021 |
|--------------------------|------------------|------------------|
| | \$ | \$ |
| Enrolment Fees | 20,931 | 22,220 |
| Government grant revenue | 538,975 | 518,671 |
| Teaching revenue | 1,425,041 | 1,443,370 |
| Scholarship revenue | 26,379 | 18,703 |
| Event income | 50,147 | 4,073 |
| Patrons fund income | 4,343 | 5,141 |
| Other revenue | 8,781 | 4,634 |
| Revenue | <u>2,074,597</u> | <u>2,016,812</u> |

Note 6. Other income

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| Government construction grants received | 911,056 | 438,627 |
| Government stimulus received | - | 152,848 |
| Interest income | 11,544 | 10,890 |
| Other income | <u>922,600</u> | <u>602,365</u> |

Central Coast Conservatorium of Music Inc
Notes to the financial statements
31 December 2022

Note 7. Current assets - cash and cash equivalents

| | 2022 | 2021 |
|--------------------------|-------------|-------------|
| | \$ | \$ |
| Cash at bank and on hand | 851,983 | 2,152,009 |

Note 8. Current assets - trade and other receivables

| | 2022 | 2021 |
|------------------------------------|----------------|---------------|
| | \$ | \$ |
| Trade receivables | 102,612 | 26,953 |
| Less: Allowance for doubtful debts | (10,000) | (5,000) |
| | <u>92,612</u> | <u>21,953</u> |
| Other receivables | 11,710 | - |
| | <u>104,322</u> | <u>21,953</u> |

Note 9. Current assets - other

| | 2022 | 2021 |
|-------------|-------------|-------------|
| | \$ | \$ |
| Prepayments | 16,116 | 19,370 |

Note 10. Non-current assets - property, plant and equipment

| | 2022 | 2021 |
|----------------------------------|------------------|------------------|
| | \$ | \$ |
| Leasehold improvements - at cost | 12,155 | 12,155 |
| Less: Accumulated depreciation | (8,718) | (7,064) |
| | <u>3,437</u> | <u>5,091</u> |
| Office equipment - at cost | 126,845 | 93,233 |
| Less: Accumulated depreciation | (70,214) | (68,996) |
| | <u>56,631</u> | <u>24,237</u> |
| Musical instruments - at cost | 366,059 | 361,978 |
| Less: Accumulated depreciation | (248,921) | (224,753) |
| | <u>117,138</u> | <u>137,225</u> |
| Work in progress - at cost | 2,412,926 | 1,236,870 |
| | <u>2,590,132</u> | <u>1,403,423</u> |

Central Coast Conservatorium of Music Inc
Notes to the financial statements
31 December 2022

Note 10. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

| | Office Equipment \$ | Musical Instruments \$ | Leasehold Improvements \$ | Work in progress \$ | Total \$ |
|-----------------------------|---------------------------|------------------------------|---------------------------------|---------------------------|------------------|
| Balance at 1 January 2022 | 24,236 | 137,225 | 5,091 | 1,236,871 | 1,403,423 |
| Additions | 46,861 | 4,081 | - | 1,176,055 | 1,226,997 |
| Depreciation expense | (14,466) | (24,168) | (1,654) | - | (40,288) |
| Balance at 31 December 2022 | <u>56,631</u> | <u>117,138</u> | <u>3,437</u> | <u>2,412,926</u> | <u>2,590,132</u> |

Note 11. Non-current assets - intangibles

| | 2022 \$ | 2021 \$ |
|--------------------------------|-------------------|-------------------|
| Website - at cost | 17,618 | 17,618 |
| Less: Accumulated amortisation | <u>(10,601)</u> | <u>(7,092)</u> |
| | <u>7,017</u> | <u>10,526</u> |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

| | Website \$ | Total \$ |
|-----------------------------|----------------|----------------|
| Balance at 1 January 2022 | 10,526 | 10,526 |
| Amortisation expense | <u>(3,509)</u> | <u>(3,509)</u> |
| Balance at 31 December 2022 | <u>7,017</u> | <u>7,017</u> |

Note 12. Current liabilities - trade and other payables

| | 2022 \$ | 2021 \$ |
|------------------------|-------------------|-------------------|
| Trade payables | 9,768 | 8,322 |
| Accrued Expenses | 17,350 | 21,099 |
| PAYG payables | 27,270 | 23,359 |
| Superannuation payable | 38,550 | 38,084 |
| BAS payable | <u>7,710</u> | <u>1,781</u> |
| | <u>100,648</u> | <u>92,645</u> |

Central Coast Conservatorium of Music Inc
Notes to the financial statements
31 December 2022

Note 13. Current liabilities - employee benefits

| | 2022 | Restated 2021 |
|--------------------|---------------|--------------------------|
| | \$ | \$ |
| Annual leave | 13,999 | 23,316 |
| Long service leave | 42,928 | 192,586 |
| Sick leave | - | 56,783 |
| | <u>56,927</u> | <u>272,685</u> |

Note 14. Current liabilities - other

| | 2022 | 2021 |
|--|----------------|------------------|
| | \$ | \$ |
| Infrastructure development grant received in advance | - | 911,056 |
| Grants received in advance | 14,705 | 12,105 |
| Teaching revenue in advance | 16,828 | - |
| Scholarships & Bursaries in advance | 6,419 | 11,548 |
| Government stimulus refundable | 68,924 | 68,924 |
| | <u>106,876</u> | <u>1,003,633</u> |

Note 15. Non-current liabilities - employee benefits

| | 2022 | 2021 |
|--------------------|---------------|---------------|
| | \$ | \$ |
| Long service leave | <u>80,836</u> | <u>34,226</u> |

Note 16. Equity - retained surpluses

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Retained surpluses at the beginning of the financial year | 2,204,092 | 1,640,278 |
| Surplus after income tax expense for the year | <u>1,020,191</u> | <u>563,814</u> |
| Retained surpluses at the end of the financial year | <u>3,224,283</u> | <u>2,204,092</u> |

Central Coast Conservatorium of Music Inc
Notes to the financial statements
31 December 2022

Note 17. Reconciliation of surplus after income tax to net cash from/(used in) operating activities

| | 2022 | 2021 |
|---|-----------------|----------------|
| | \$ | \$ |
| Surplus after income tax expense for the year | 1,020,191 | 563,814 |
| Adjustments for: | | |
| Depreciation and amortisation | 43,797 | 40,011 |
| Change in operating assets and liabilities: | | |
| Increase in trade and other receivables | (82,369) | (13,148) |
| Decrease in prepayments | 3,254 | 90,104 |
| Increase/(decrease) in trade and other payables | 8,003 | (26,877) |
| Increase/(decrease) in employee benefits | (169,148) | 46,871 |
| Decrease in other liabilities | (896,757) | (286,582) |
| Net cash from/(used in) operating activities | <u>(73,029)</u> | <u>414,193</u> |

Note 18. Key management personnel disclosures

Compensation

The aggregate compensation made to committee members and other members of key management personnel of the association is set out below:

| | 2022 | 2021 |
|------------------------|----------------|----------------|
| | \$ | \$ |
| Aggregate compensation | <u>365,476</u> | <u>367,523</u> |

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services rendered by the auditor of the association, Bishop Collins Audit Pty Ltd:

| | 2022 | 2021 |
|--|---------------|--------------|
| | \$ | \$ |
| <i>Assurance services -</i> | | |
| Assurance services of the financial statements | <u>7,500</u> | <u>7,000</u> |
| <i>Other services -</i> | | |
| Preparation of Financial statements | 1,500 | 1,500 |
| Other services | <u>3,600</u> | <u>-</u> |
| | <u>5,100</u> | <u>1,500</u> |
| | <u>12,600</u> | <u>8,500</u> |

Central Coast Conservatorium of Music Inc
Notes to the financial statements
31 December 2022

Note 20. Commitments

| | 2022 \$ | 2021 \$ |
|------------------------------------|----------------|----------------|
| <i>Operating lease commitments</i> | | |
| - not later than 12 months | 4,224 | 6,670 |
| - between 12 months and five years | - | 10,310 |
| | 4,224 | 16,980 |
| | - | - |
| Total operating lease commitments | <u>4,224</u> | <u>16,980</u> |
| <i>Capital commitments</i> | | |
| - not later than 12 months | <u>282,375</u> | <u>911,055</u> |

Note 21. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 18.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 22. Patrons Fund - Charmain Gadd

Charmain Gadd is a patron of the Conservatorium. A world renown violinist, Charmain raises funds for the Conservatorium Strings Department by regularly holding concerts and events. Over the past 12 months the "Patrons Fund" has purchased more than \$1,000 in new instruments and upgrades to existing instrument stock. An amount of \$11,557 remains in the fund for the future needs of the String Department and to underwrite the staging of future events.

| | 2022 \$ | 2021 \$ |
|---|----------------|----------------|
| Patron Fund Donations & Sponsorship fund at the beginning of the financial year | 16,581 | 18,171 |
| Patron Fund Inc/(Exp) during the year | <u>(5,025)</u> | <u>(1,590)</u> |
| Patron Fund Donations & Sponsorship fund at the end of the financial year | <u>11,556</u> | <u>16,581</u> |

The amounts above do not include the purchase of violins as they are accounted for under Musical Instruments.

Note 23. Events after the reporting period

Subsequent to year end, the Association was successful in obtaining approximately \$250,000 relating to the Creative Capital Funding Program. The funds will be utilised for acquiring essential digital equipment and optimise acoustic quality.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the association's operations, the results of those operations, or the association's state of affairs in future financial years.

Central Coast Conservatorium of Music Inc
Committee members' declaration
31 December 2022

In the committee members' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations;
- the attached financial statements and notes give a true and fair view of the association's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable.

On behalf of the committee members

Claire Braund

Claire Braund
President

30 March 2023

Paul Murnane

Paul Murnane
Treasurer