

Sydney Improvised Music Association Incorporated

ABN: 72 643 038 240

Financial Statements

For the Year Ended 31 December 2022

Sydney Improvised Music Association Incorporated

ABN: 72 643 038 240

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For the Year Ended 31 December 2022

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Sydney Improvised Music Association Incorporated

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Committee's Report For the Year Ended 31 December 2022

The committee members submit the financial report of the Association for the financial year ended 31 December 2022.

1.0 General information

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

Committee members

| Director & Role | Period of Appointment |
|---------------------------------|--|
| David Theak, President | Appointed June 2019 to the SIMA Committee Appointed as President 2020 |
| Marion Benjamin, Vice-President | Appointed 2020 |
| Andrew Collins, Treasurer | Appointed June 2021 as Treasurer |
| Kirstin Fischer, Secretary | Appointed August 2018 as Secretary |
| Katy Tyrrell | Appointed June 2019 to SIMA Committee, stepped down June 2022 |
| Jackson Harrison | Appointed June 2019 to SIMA Committee |
| Cara Anderson | Appointed June 2021 to SIMA Committee |
| Alex Masso | Appointed June 2020 |
| Joanne Kee | Appointed June 2020 |

Committee members have been in office since the start of the financial year to the date of this report unless otherwise stated.

2.0 Overview of 2022

I am pleased to present the Directors' Report of the Sydney Improvised Music Association Incorporated (SIMA) on behalf of the directors and staff. Following a challenging two years due to COVID-19, SIMA delivered an extensive program in 2022 presenting over 200 performances in 170 live events across Sydney, regional NSW and interstate. SIMA engaged 608 artists and educators and reached audiences of more than 17,659 people. Support via Job Saver initiatives ceased, however modest COVID Support packages continued to subsidise COVID-impacted performances through the first quarter of 2022.

In a program featuring 50+events, Jazz:NOW Summer welcomed interstate artists back to SIMA stages. The program included world premieres, album launches and a three-day Summer Fiesta at Joynton Avenue Creative Centre as well as Katie Noonan's *The Sweetest Taboo* as part of the Sydney Festival. Mara Big Band premiered *Zashto?* at Riverside Theatres; Melbourne based Audrey Powne, Brekky Boy, Freedman Fellowship winners Hilary Geddes and Nick Garbett at The Great Club Marrickville; next generation leaders Ben Lerner and Tessie Overmyer at Foundry 616; and Mike Nock, Zela Margossian, Chloe Kim and Alister Spence's Asteroid Ekosystem at Mary's Underground.

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2.0 Overview of 2022 (cont'd)

Complementing this program later in the year was Jazz:Now Winter presented as three double bills at the Sydney Opera House + Mary's Underground in July and August. These included the premiere of Paul Cutlan's *Colour Therapy*, commissioned by SIMA, Novak Manojlovic's *Places, People*, Martha Marlow's new album *Queen of the Night* and a new collaboration between Sandy Evans and Andrew Robson.

SIMA continued to work with business, local council and state government to curate and deliver publicly funded programming designed to encourage people back into town centers post-pandemic. A highlight of this programming was 'Jazz After Dark' as part of Parramatta City Council's Parramatta Nights Street Festival in March. Running over eight nights, 'Jazz After Dark' re-energised the streets presenting six bands including Eamon Dilworth's Crawfish Po Boys, Eishan Ensemble and Kate Wadey Trio.

SIMA delivered three festivals across the year. Harnessing its resources, SIMA supported the Open Academy to deliver Sydney Con International Jazz Festival in May followed by the delivery of the inaugural Orange Winter Jazz Festival in partnership with JAM Orange. With over 75 performances delivered across the two events, SIMA's expertise in programming, producing and marketing was on display with both festivals delivering on objectives and showcasing exceptional musicianship across a diverse range of styles, artists, ground-breaking ensembles and collaborations that included some of Australia and the worlds' finest musicians. The Sydney Con International Jazz Festival included Trio Grande 2.0 featuring Eric Harland, Florian Ross' Architexture and Melbourne based composer, Vanessa Perico with the ANJO Youth Big Band. Orange Winter Jazz Festival was an opportunity to showcase outstanding Australian jazz, blues and roots acts as well as local Central West artists with the weekend being hailed a huge success, Strong support from the local community helped make the event succeed with over half of the audience travelling from outside Orange, boosting cultural tourism and the local economy.

The 2022 Sydney International Women's Jazz Festival (SIWJF) hosted artists from Finland, USA, Sweden, Chile, Kenya, France, New Zealand and Australia heralding a new era featuring a gala weekend and club program. The Festival Hub was located at the Seymour Centre, Sydney and at venues across the City of Sydney and the Inner West. The program focused on producing key mainstage, international and scaled events across a Gala Dinner and Opening weekend; the presentation of free events with presenting partners Phoenix Central Park and 107 Projects; and engagement with local clubs across Sydney to curate an official Festival Club Program that encouraged participation by music venues, expanded audiences across Central Sydney and into the inner west that is home to a vibrant and diverse night-time economy. The festival attracted strong media coverage and was well received with audiences relishing the return of international acts to Sydney.

SIMA was successful in securing RISE funding through the Department of Infrastructure and Investment, enabling 12 tours across 2022 and 2023. In 2022, SIMA delivered seven of the twelve tours including two tours that had been delayed due to COVID.

Nick Garbett's *The Glider*, Delay 45, The Catholics, Mr Ott, Eishan Ensemble, This World, Hilary Geddes Quartet, Microfiche and JAHL HESHI toured to 35 regional destinations performing 48 concerts across Northern NSW, New England Tablelands, South Coast, Central NSW, Western NSW, Canberra, Adelaide, Hobart, VIC and QLD engaging approx. 13,936 regional audiences and young people. SIMA incorporated its education program 'Cool for Schools' into the Regional Touring program delivering 11 workshops increasing regional and youth engagement.

In addition to Paul Cutlan's *Colour Therapy*, SIMA invested in another major work, commissioning a live production of *Marloo's Blues* by Marlene Cummins. A Guguyelandji and Woppaburra Woman, Marlene's show celebrated the untold story of First Nations women jazz and blues singers and had its world premiere at the Sydney International Women's Jazz Festival in November.

The Young Composers Mentorship program delivered mentoring and development opportunities for two young artists – Sam Gill and Flora Carbo. Sam Gill was also 2022 Sonic Futures artist.

In 2022, SIMA's award winning Young Women's Jazz Workshops returned with over 40 students attending in January and July. The workshops assist in the development of improvisational skills for young and emerging women musicians.

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2.0 Overview of 2022 (cont'd)

SIMA continued to deliver on key partnerships with the Freedman Foundation and The Music Trust. SIMA delivered the assessment process for the Freedman Jazz and Classical Fellowships, with a cash prize of \$20,000 awarded to each fellowship annually. The Freedman Jazz Fellow was trumpeter Tom Avgenicos (NSW) and the Classical Fellow violinist Katie Yap (VIC).

Key presenting and commercial partnerships continued with 107 Projects, and new presenting partnerships were established with, The Women's Club, Phoenix Central Park and The Neilson/ACO, Pier 2/3 at Walsh Bay.

In addition to its own presentations and artist development initiatives, SIMA partnered with other performance and educational organisations to provide regional performance and workshop opportunities. Some of these partners include Open Academy, Sydney Conservatorium of Music, Wollongong Conservatorium, Western Australian Youth Jazz Orchestra, APRA, The Music Trust, Freedman Foundation, New England Regional Art Museum, Musswellbrook Conservatorium, Murray Conservatorium, South West Music Regional Conservatorium and the Orange Conservatorium.

Nick Garbett travelled to Germany in April to represent SIMA with Sounds Australia at Jazzahead! in Bremen, meeting with a number of export office representatives and identify potential touring acts for the Sydney International Women's Jazz Festival.

3.0 Strategic Highlights

SIMA's expanded program in 2022 demonstrates its relevance and importance in providing a critical platform and employment to our sector going forward.

New partnerships were developed across the NSW music sector with presenters, educational partners and local, state and federal government and with regional venues and music associations to support ongoing regional touring activity. Two new venue partners were established with Phoenix Central Park & The Neilson/ACO in Sydney engaging new audiences.

The inaugural Orange Winter Jazz Festival was a great success and collaborative effort involving SIMA, JAM Orange, Orange 360 and many volunteers from the community.

SIMA commissioned and premiered a major new work, 'Marloo's Blues,' by Marlene Cummins a Guguyelandji and Woppaburra Woman, headlining at Sydney International Womens' Jazz Festival 2022. This project enabled SIMA to engage more deeply with local First Nation's community, gaining important First Nations perspective and connect with local organisations including Koori Radio and Mudgin-Gal: Women's Place, Redfern.

The delivery of the first of two year of touring support through RISE saw important touring networks formed, specifically in the South Coast and Mid-North Coast/New England regions. Local presenting organisations and collectives provided critical on-the-ground support for touring ensembles acting as a conduit between SIMA as a tour producer and regional audiences. Further funding support from Playing Australia secured in December 2022 will enable out-of-state touring for these acts building SIMA's reach and impact.

SIMA received grant funding in 2022 of \$474,391 made up of multi-year and annual program grants and projects grants from Create NSW, Australia Council and local Council. Anthony and Sharon Lee Foundation contributed \$30,000.

Over all performances and events, SIMA achieved an average capacity of 75% for performances and events staged across small to mid-sized venues. This was a solid result given the industry is still facing challenges relating to a decline in "traditional" audiences since the onset of COVID-19 and ongoing 'audience hesitancy' to return to live music venues. This figure is in line with other Sydney-based performing artist companies and festivals and consistent with post-COVID event reporting and highlights the need for SIMA to continue to invest in a new and younger demographic base.

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4.0 Operational Highlights

SIMA retained its small but dedicated team comprising Zoe Hauptmann (Artistic + Program Director), Reuben White (Marketing Manager), Sue Spence (Development Manager) and long-term contractors Nicola Sinclair (Technical/Production Manager), Chris Ruhle (Publicity) and Monica Higgins (Art Direction/Graphic Design). This team was further enhanced by the addition of Nick Garbett (Tour Coordinator) and intern Millie Lynch who assisted on the Orange Winter Jazz Festival.

In 2022, the SIMA Committee welcomed a new Treasurer, Andrew Collins, otherwise membership remained the same.

5.0 Summary of Financial Outcomes

SIMA reported a deficit of \$(28,861) for the year ended 31 December 2022 compared to surplus of \$48,873 in the prior year. Total income was \$855,937 compared to the prior year of \$509,752 an increase of 68%. Expenditure was \$884,798 increased from \$460,879 or 92% on the prior year's expenditure.

Whilst it is pleasing to see the organization continue to build reserves, the post pandemic audiences and rising inflation means that the company will need to continue its focus on fund raising via box office audiences, philanthropy, membership and securing grant funding in the following years. As at 31 December 2022, SIMA held cash of \$280,439. A decrease on 2021 of \$196,080. This cash reflects accumulated surplus and grant monies received in advance.

6.0 Audiences

Audiences in 2022 totaled 17,659 comprising paid attendance of 11,615 and 6044 free-of-charge participants. This year, the high number of free-of-charge participants included all workshop participants from the *Cool for School* program offered via SIMA's regional touring activities as well as free outdoor activations including Parramatta Nights Festival and DEXUS.

7.0 Activities, Objectives and Strategic Direction

7.1 Principal activities

SIMA is a critical platform for the presentation of high-quality artistic work, presenting performances that range from solo and duo opening acts to large-scale collaborations rarely seen outside a festival context. SIMA also presents international artists, in partnership with the Perth and Melbourne International Jazz Festivals, Wangaratta Festival of Jazz and Blues, the Sydney Conservatorium, or independently for the Sydney International Women's Jazz Festival. An important focus for SIMA is its Education and Artist Development programs, including the award-winning Young Women's Jazz Workshops and the Sonic Futures initiative for outstanding young and emerging artists.

SIMA is a non-profit organisation and is listed with the Australian Charities and Not-For-Profit Commission.

SIMA's key areas of activity are:

- **Presentation:** SIMA successfully delivered its core Jazz:NOW Summer and Winter seasons, co-presented two festivals the Sydney International Con Jazz Festival and Orange Winter Jazz Festival and expanded the Regional Touring Program to include nine tours delivering over 200 performances across 170 events throughout the year.
- **Education and Artist Development:** SIMA's Young Women's Jazz Workshops were attended by a record number of students and for the first time, the Cool for School program was delivered in regional centres through the Regional Touring Program including Wagga Wagga, Forbes, Bathurst, Cobar, Griffith and Deniliquin.
- **Women in Jazz - providing a pathway and platform for female jazz artists as bandleaders, creators and performers:** In October/November SIMA presented the Sydney International Women's Jazz Festival with a new look program in the York Theatre and Festival Club at the Seymour Centre, Chippendale, Phoenix Central Park, The Neilson/ACO and clubs around Sydney. In total the program presented 34 performances across 24 events over 11 nights in 12 venues employing 72 female musicians. 10 international musicians and 4 interstate musicians performed and 2 major new works of scale were commissioned and presented.

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Women in Jazz - providing a pathway and platform for female jazz artists as bandleaders, creators and performers (cont'd)

The Young Women's Jazz Workshop program, co-founded in 2002 by SIMA and Sandy Evans OAM, continues to result in more young women successfully auditioning for tertiary jazz studies and engaging in opportunities leading to a career in music.

7.2 Objectives

SIMA's objectives are to:

- Present a diverse spectrum of contemporary jazz for artists and audiences;
- Assist in the development of new works, recordings and projects;
- Push the boundaries of the art form and connect with audiences;
- Foster jazz leadership, thereby addressing a gap in the sector;
- Support artists to reach their potential; and
- Strengthen the sector through partnerships and networks

7.3 Strategic Direction

SIMA continues to be an important platform for the performance of contemporary jazz and improvised music in Sydney and regional NSW. Its 2022 program featured works by established Australian artists and emerging jazz artists of outstanding talent.

In 2022, SIMA's Executive and Committee reviewed planning which was initiated in 2021 but was delayed due to the continued uncertainty brought about by COVID-19. A draft Strategic Plan framework (2024 – 2026) has been developed up but requires further input ahead of multi-year funding applications to take in changes to attendance trends and economic factors which continue to impact the performing arts sector.

However, its long-standing reputation for excellence continues to build capacity within SIMA's performance and education programs. SIMA's RISE funding has enabled the organisation to extend its reach and impact, providing artists with much-needed touring opportunities while enhancing local offerings by regional presenters and music collectives who have strong volunteer and community support by require marketing expertise and operational and financial support to minimise their exposure to risk. This activity supports the expansion of Cool for School as a regional offering, providing regional and remote students with access to high-quality music performances and workshops often delivered into community free-of-charge or for minimal costs. Equally, regional touring supports the development and maintain of audiences within regional circuits. Partnerships with cultural and education institutions often acting as a key anchor in regional activities.

A segment of SIMA's traditional audience has continued to decline during and in the post pandemic landscape. Despite seeing a rise in younger audiences seeking new experiences at SIMA events, the gap left by the traditional audiences who have not returned to live performance is notable as younger audiences are more susceptible to the impacts of inflation and higher costs of living.

Financially, SIMA has performed strongly in most areas. As we look to the future, SIMA aims to increase its base-level funding with multi-year funding from the Australia Council for the Arts and Create NSW, develop its private funding sources and build its performance and touring programs.

SIMA's membership remains stable, demonstrating its value to the community. It remains that in order to increase donations, further investment in private income generation will grow philanthropy, memberships and donations. Recent investments in automisation for memberships and mobile-first fundraising platforms (Raisley) has seen improvements to efficiency and functionality.

In the opinion of the Directors there were no significant changes in the state of affairs of SIMA that occurred during the financial year under review.

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7.4 Strategy and future performance

The strategic focus in 2022 was:

- Launch of SIMA's consolidated Regional Touring Fund with the support the RISE Fund. The program developed key touring circuits in the South Coast, Southern Tablelands, Central West, Mid and Far North Coasts and New England regions. The program provided operational, financial and promotional support for presenters across NSW to support nine touring acts in 2022.
- Continuation of the Sydney International Women's Jazz Festival, to include artists of world-wide reputation, such as Terri Lyne Carrington, and the continuation of key opportunities for women as band leaders, composers and performers to be able to perform for Sydney audiences. In 2022, we welcomed artists from Finland, Chile, USA and commissioned a major new live production by Marlene Cummins.
- SIMA's partnerships with a national touring network such as the Sydney Conservatorium, Perth International Jazz Festival and Melbourne International Jazz Festival offers opportunities to present Sydney shows by international artists such as Bill Frisell. This approach helps to defray international touring costs across multiple events, contributes to inbound touring opportunities and audience development.
- Local presenting partners such as council, galleries and institutions provide SIMA with opportunities to program events and festivals and provides performance guarantees for artists, building capacity and creating audience development opportunities for local talent.

SIMA values its continued status as resident company of the City of Sydney-owned and 107 Projects run Joynton Avenue Creative Centre (JACC). The residency offers opportunities to develop audiences in a newly developed neighborhood which has limited access to music venues and cultural activities. Its status as a resident allows SIMA to present music at JACC in exchange for rental subsidy, providing employment opportunities for artists. SIMA will seek to amortise costs for the presentation of key Australian and interstate artists through festival and other key partnerships.

SIMA will continue to pursue its policy of strategic partnerships to expand its program, giving access where possible to new venues and new educational and performance opportunities.

8.0 Office-Bearers, the Committee and processes

SIMA's Office-Bearers.

The Office-Bearers and the Committee have ultimate responsibility for SIMA, even though operating authority is delegated to management via the CEO. SIMA's Constitution provides for the Committee to comprise a minimum of six and a maximum of nine members (referred to in this report as directors) and is intended to incorporate a range of skills and experience that are relevant to SIMA's governance needs and stakeholder profile.

The Committee is supported by two sub-committees that focus on Finance + Governance and Engagement + Philanthropy.

9.0 Operating results

The deficit of the Association for the financial year after providing for income tax amounted to \$(28,861) (2021: surplus \$48,873).

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Committee's Report For the Year Ended 31 December 2022

10.0 Significant changes in state of affairs

The spread of the novel coronavirus (COVID-19) was declared a global pandemic on 11 March 2020 by the World Health Organisation and is having a significant impact on both local and global communities and economies.

The Association has made an assessment of the COVID-19 pandemic impact on financial reporting and determined that the Association's revenues for the year and overall financial position as at 31 December 2021 have not been significantly impacted.

The Association has undertaken measures and precautions to ensure that it continues to operate and to protect staff and members as the COVID-19 pandemic continues to extend globally. Technology has facilitated effective communication whilst working from home, including video conferencing facilities. The Association also implemented a range of initiatives to protect staff and members including travel restrictions, social distancing protocols and guidelines for visitors.

Except for the above, there have been no significant changes in the state of affairs of the Association during the year.

11.0 Events after the reporting date

As the COVID-19 pandemic continues to create uncertainty in both local and global communities and economies, the Association continues to consider the impact on its future operations and undertake appropriate measures and precautions in response.

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

12.0 Auditor's independence declaration

The auditor's independence declaration in accordance with section 60.40 of the Australian Charities and Not-for-profits Commission Act 2012, for the year ended 31 December 2022 has been received and can be found on page 8 of the financial report.

Signed in accordance with a resolution of the Members of the Committee:



President:

David Theak

Dated this 29..... day of May..... 2023

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Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profit Commission Act 2012 to the Members of Sydney Improvised Music Association Incorporated

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

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

DFK Laurence Varnay Auditors Pty Ltd



Faizal Ajmat
Director

Sydney

29 May 2023

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Statement of Income and Retained Surplus For the Year Ended 31 December 2022

| | | 2022 | 2021 |
|--|------|-----------------|-----------|
| | Note | \$ | \$ |
| Grant income | 3 | 467,391 | 310,964 |
| Other income | 3 | 388,546 | 198,788 |
| Employee benefits expense | 4 | (255,884) | (172,659) |
| Other expenses | 4 | (628,914) | (288,220) |
| (Deficit)/Surplus before income taxes | | (28,861) | 48,873 |
| Income tax expense | 2(a) | - | - |
| (Deficit)/Surplus for the year | | (28,861) | 48,873 |
| Retained surplus | | | |
| Retained surplus at the start of the year | | 205,120 | 156,247 |
| Retained surplus at the end of the year | | 176,259 | 205,120 |

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Statement of Financial Position

As At 31 December 2022

| | Note | 2022 \$ | 2021 \$ |
|-----------------------------|------|----------------|----------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 280,439 | 476,519 |
| Trade and other receivables | 6 | 40,138 | 22,832 |
| TOTAL CURRENT ASSETS | | <u>320,577</u> | <u>499,351</u> |
| TOTAL ASSETS | | <u>320,577</u> | <u>499,351</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | 53,267 | 53,423 |
| Employee benefits | 8 | 21,851 | 12,493 |
| Deferred revenue | 9 | 69,200 | 228,315 |
| TOTAL CURRENT LIABILITIES | | <u>144,318</u> | <u>294,231</u> |
| TOTAL LIABILITIES | | <u>144,318</u> | <u>294,231</u> |
| NET ASSETS | | <u>176,259</u> | <u>205,120</u> |
| EQUITY | | | |
| Retained surplus | | <u>176,259</u> | <u>205,120</u> |
| TOTAL EQUITY | | <u>176,259</u> | <u>205,120</u> |

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 31 December 2022

| | 2022 | 2021 |
|---|------------------|------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from grants | 308,276 | 543,161 |
| Receipts from workshop fees | 12,143 | - |
| Receipts from box office | 74,261 | 48,709 |
| Receipts from management fees | 66,539 | 33,760 |
| Receipts from membership fees | 5,064 | 6,614 |
| Receipts from performance fees | 117,834 | 55,787 |
| Other receipts | 1,438 | - |
| Reimbursements | 54,851 | 5,441 |
| Donations received | 48,492 | 12,992 |
| Interest received | 924 | 11 |
| Receipts from sponsorships | 7,000 | - |
| Payments to suppliers and employees | <u>(892,902)</u> | <u>(404,285)</u> |
| Net cash (used in)/provided by operating activities | <u>(196,080)</u> | <u>302,190</u> |
| | | |
| Net (decrease)/increase in cash and cash equivalents held | (196,080) | 302,190 |
| Cash and cash equivalents at beginning of year | <u>476,519</u> | <u>174,329</u> |
| Cash and cash equivalents at end of financial year | 5 <u>280,439</u> | <u>476,519</u> |

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Notes to the Financial Statements

For the Year Ended 31 December 2022

The financial report covers Sydney Improvised Music Association Incorporated (SIMA) as an individual entity. SIMA is a not-for-profit Association incorporated in New South Wales under the *Associations Incorporation Act (NSW) 2009 and Associations Incorporation Regulation (NSW) 2016* ('the Act').

The functional and presentation currency of Sydney Improvised Music Association Incorporated is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

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

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements are in Australian Dollars and have been rounded to the nearest dollar.

2 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Revenue and other income

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. The income recognition requirements under AASB 1058 shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations. is recognised when the business is entitled to it.

The core principle of the new income recognition requirements in AASB 1058 is when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

An example of a 'related amount' is AASB 15 and in cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, income is recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058. Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. AASB 15 introduces a 5-step approach to revenue recognition.

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

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(b) Revenue and other income (cont'd)

The entity recognises revenue from the following major sources

- Government grants

- Donations

Government grant

The Association has analysed the terms of each contract to determine whether the arrangement meets the enforceability and the 'sufficiently specific' criteria under AASB 15. For those grant contracts that are not enforceable or the performance obligations are not sufficiently specific, this will result in immediate income recognition under AASB 1058. Income will be deferred under AASB 15 otherwise and recognised when (or as) the performance obligations are satisfied.

Donations

Based on an analysis of the Association's underlying arrangements for donations as at 30 December 2021 on the basis of the facts and circumstances that exist at that date, the organisation has assessed that the impact of the income requirements will not have a significant impact on the amounts recognised in the Organisation's financial statements as majority of the donations do not meet the 'enforceability' and the 'sufficiently specific' criteria under AASB 15 and would therefore be accounted as immediate income recognition under AASB 1058.

Interest revenue

Interest is recognised using the effective interest method.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Property, plant and equipment

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

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

Plant and equipment are measured using the cost model.

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Notes to the Financial Statements

For the Year Ended 31 December 2022

Depreciation

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

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

| Fixed asset class | Depreciation rate |
|----------------------------------|--------------------------|
| Furniture, Fixtures and Fittings | 10% |

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

(e) Financial instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

Sydney Improvised Music Association Incorporated

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Notes to the Financial Statements For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Financial assets (cont'd)

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

The Association uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Association uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

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Notes to the Financial Statements For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies (cont'd)

(e) Financial instruments (cont'd)

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise trade payables, and other loans.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) 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 classed 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.

(h) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

Sydney Improvised Music Association Incorporated

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Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies (cont'd)

(i) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 30 June 2022, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

(j) Economic dependence

SIMA is partially dependent on grants from Create NSW and Australia Council for the Arts to deliver its educational and performance programs. The funding from these two bodies currently make up 29% (2021: 63%) of total revenue.

(k) Critical accounting estimates and judgements

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are also discussed.

Key estimates - provision for impairment of receivables

The expected credit loss model requires the Entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The Entity measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset.

(l) Segment Information

SIMA undertakes activities that promotes Jazz through:

- Education
- Women in Jazz
- Presentation of high quality Australian and international performers.

These activities are delivered by a support function where grant income is not specifically advanced for one of the core segments is reported.

Sydney Improvised Music Association Incorporated

ABN: 72 643 038 240

Notes to the Financial Statements

For the Year Ended 31 December 2022

3 Revenue and Other Income

Revenue

| | 2022 | 2021 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| Grant income | | |
| - Federal Government | 154,780 | - |
| - Local Government | 64,903 | 50,478 |
| - Australia Council | 20,715 | 60,000 |
| - Create NSW | 167,285 | 156,750 |
| - Australia Council - Project | 59,708 | 43,736 |
| Total grant income | 467,391 | 310,964 |
| Other Income | | |
| - Box office receipts | 74,261 | 48,709 |
| - Donations & fundraising | 48,492 | 12,992 |
| - Performance fees | 117,834 | 55,787 |
| - Management fees | 66,539 | 33,760 |
| - Reimbursements | 54,851 | 5,441 |
| - Workshop fees | 12,143 | - |
| - Sponsorships | 7,000 | - |
| - Membership fees | 5,064 | 6,614 |
| - Miscellaneous | 1,438 | - |
| - COVID grants | - | 35,475 |
| - Interest income | 924 | 10 |
| Total other income | 388,546 | 198,788 |

4 Result for the Year

The result for the year includes the following specific expenses:

Other expenses:

| | | |
|------------------------------------|---------|---------|
| - Employee benefits expenses | 255,884 | 172,659 |
| - Advertising | 84,551 | 55,349 |
| - Travel - domestic | 60,618 | 7,667 |
| - Consulting and professional fees | 8,845 | - |
| - Venue hire and technical expense | 40,147 | 19,348 |
| - Artist fees | 290,629 | 106,456 |
| - Administration services | 40,160 | 38,010 |

Sydney Improvised Music Association Incorporated

ABN: 72 643 038 240

Notes to the Financial Statements

For the Year Ended 31 December 2022

5 Cash and Cash Equivalents

| | 2022 | 2021 |
|--------------------------|---------|---------|
| | \$ | \$ |
| Cash at bank and in hand | 280,439 | 476,519 |

6 Trade and Other Receivables

| | | |
|--|---------------|---------------|
| CURRENT | | |
| Trade receivables | 39,481 | 22,832 |
| Other receivables | 657 | - |
| Total current trade and other receivables | 40,138 | 22,832 |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

7 Trade and Other Payables

| | | |
|--------------------------------------|---------------|---------------|
| CURRENT | | |
| Trade payables | 50 | - |
| GST payable | 26,754 | 24,015 |
| Sundry payables and accrued expenses | 26,463 | 29,408 |
| | 53,267 | 53,423 |

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

8 Employee Benefits

| | | |
|---------------------------------|--------|--------|
| CURRENT | | |
| Provision for employee benefits | 21,851 | 12,493 |

9 Deferred Income

| | | |
|-----------------------------|--------|---------|
| CURRENT | | |
| Deferred income from grants | 69,200 | 228,315 |

10 Auditors' Remuneration

| | | |
|---|-------|-------|
| Remuneration of the auditor DFK Laurence Varnay Auditors Pty Ltd for: | | |
| - Reviewing the financial statements | 4,000 | 3,500 |

Sydney Improvised Music Association Incorporated

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Notes to the Financial Statements

For the Year Ended 31 December 2022

11 Contingencies

In the opinion of the Directors, the Association did not have any contingencies at 31 December 2022 (31 December 2021: None).

12 Related Parties

(a) Transactions involving committee members

SIMA's President is a board member of the Sydney International Jazz Festival with whom SIMA co-presents the Sydney International Women's Jazz Festival.

All Committee members are members of SIMA and pay membership fees which entitles them to attend performances at the same beneficial ticket prices as all other members.

13 Events Occurring After the Reporting Date

As the COVID-19 pandemic continues to create uncertainty in both local and global communities and economies, the Association continues to consider the impact on its future operations and undertake appropriate measures and precautions in response.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

14 Statutory Information

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

Sydney Improvised Music Association Incorporated
3a Joynton Ave
Zetland NSW 2017

Sydney Improvised Music Association Incorporated

ABN: 72 643 038 240

Statement by Members of the Committee

In the opinion of the Committee members of Sydney Improvised Music Association (SIMA).

1. SIMA is not publicly accountable;


2. The financial statements and notes, as set out on pages 9 to 20, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Associations Incorporation Act 2009 :

(a) giving a true and fair view of the financial position of SIMA as at 31 December 2022 and of its performance for the financial year ended on that date; and

(b) complying with Australian Accounting Standards - Simplified Disclosure Requirements, the Australian Charities and Not-for-profits Commission Regulation 2013 and Associations Incorporation Regulation 2016; and

(c) there are reasonable grounds to believe that SIMA will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Members of the Committee and is signed for an on behalf of the committee by:

President

David Theak

Dated this²⁹..... day ofMay..... 2023

Independent Auditor's Review Report to the Members of Sydney Improvised Music Association Incorporated

Report on the Yearly Financial Report

Conclusion

We have reviewed the accompanying **Yearly Financial Report** of Sydney Improvised Music Association Incorporated (the association), which comprises the statement of financial position as at 31 December 2022, the statement of income and retained surplus for the year ended 31 December 2022, 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 Statement by Members of the Committee.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Yearly Financial Report of Sydney Improvised Music Association Incorporated is not in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and *Associations Incorporation Act 2009*, 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 – Simplified Disclosure Requirements (including Australian Accounting Interpretations) and *the Australian Charities and Not-for-profits Commission Act 2012* and *Associations Incorporation Act 2009*.

Members' Responsibility for the Yearly Financial Report

The Members of the Association are responsible for:

- the preparation of the Yearly Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Australian Charities and Not-for-profits Commission Act 2012* and *Associations Incorporation Act 2009*; and
- for such internal control as the Members determine is necessary to enable the preparation of the Yearly Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Yearly Financial Report

Our responsibility is to express a conclusion on the Yearly Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement *ASRE 2415 Review of a Financial Report: Association Limited by Guarantee or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation (Compiled)*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Yearly Financial Report is not in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and *Associations Incorporation Act 2009* including: giving a true and fair view of the Association's financial position as at 31 December 2021 and its performance for the year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Australian Charities and Not-for-profits Commission Act 2012* and *Associations Incorporation Act 2009*. As the auditor of Sydney Improvised Music Association Incorporated, ASRE 2415 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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Independent Auditor's Review Report to the Members of Sydney Improvised Music Association Incorporated

A review of a Yearly Financial Report consists of making enquires, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and *Associations Incorporation Act 2009*.

DFK Laurence Varnay Auditors Pty Ltd



Faizal Ajmat
Director

Sydney

Date: 29 May 2023