ANNUAL REPORT 2022



ACKNOWLEDGEMENT OF COUNTRY

THE MERCURY CX ACKNOWLEDGES THAT WE WORK ON THE TRADITIONAL COUNTRY OF THE KAURNA PEOPLE OF THE ADELAIDE PLAINS, AND WE PAY RESPECT TO ELDERS PAST AND PRESENT. WE RECOGNISE AND RESPECT THEIR CULTURAL HERITAGE, SPIRITUAL BELIEFS AND RELATIONSHIP TO LAND AND WATERS AND ACKNOWLEDGE THAT THEY ARE OF CONTINUING IMPORTANCE TO THE KAURNA PEOPLE LIVING TODAY. WE EXTEND THIS RESPECT TO OTHER ABORIGINAL LANGUAGE GROUPS AND OTHER FIRST NATIONS.

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MESSAGE FROM OUTGOING BOARD



Below is a message sent to members via email in late December 2022 by the previous Board:

"Toward the end of 2022 the Mercury CX Board stepped down to support a transition to a new board and the current CEO, Ms Karena Slaninka, departed when her contract ended December 31, 2022.

At a second Extraordinary General Meeting held on Thursday 24 November, the outgoing Board of Mercury CX recommended that the Membership resolve to wind up the organisation voluntarily, after exhausting all efforts to find a sustainable business and funding model.

A group of industry members approached the Board on 31 October with offers of help to raise funds and/or identify alternate business strategies. This group contacted the Board two hours prior to the EGM to advise their intention to propose the formation of a new Board. The outgoing Board agreed to offer them the opportunity to present to the assembled Membership regarding their proposal.

The Membership's positive response to the proposed new Board prompted the current Board to stand down. The outgoing Board

proposed a rapid transition to allow as much time as possible to seek the continued survival of Mercury CX. The incoming Board discharged the outgoing Board of any liability for the organisation going forward. The Board transition was effective at midnight 30 November.

Over the past three years, MCX Board and Management have worked to professionalise and improve Mercury CX despite the impact of the Covid pandemic on cinemas and the economy more broadly. The rebranding from the Media Resource Centre followed industry and stakeholder consultation and was voted on by Membership.

Together with the CEO, the Board improved and established accountability by implementing new, streamlined financial and ticketing systems, addressing the backlog of administrative and managerial issues, acquitting outstanding funding grants dating back to 2016, auditing systems to make considerable cost savings in overheads to improve operational capability and output. Most of these issues resulted from inadequate resourcing of the organisation following successive funding cuts since 2015.



Their goal was to elevate the organisation to a level of national excellence, supporting screen makers and film-lovers from all backgrounds, all while embedding a solid financial and operational structure. Key achievements over previous years included:

- Increased membership of the organisation by over 600%, following rebranding to Mercury CX, bringing diversified revenue for the organisation.
- Doubled federal triennial funding and delivered the most successful Screenmakers Conference to date, with an expanded Marketplace of international and online content commissioners, broadcasters and distributors including Netflix, AMC, Roadshow, STAN, Foxtel, Fremantle, TikTok, Youtube, SBS, Madman, Umbrella and Studio Canal.
- Developed and partnered on innovative industry programs including Pitch Lab, Hothouse Residency, Screenmakers Conference, Market and TV Format Lab, Career Mentors, ABC iView Pitchorama, SAFC Film Lab, Hanlon Larsen Fellowship, Springboard, Quicksilver Shorts Fund, Helium Scheme, Level Up Games Initiative.
- Increased sponsorship and partnerships with other organisations, including Actors Equity, ABC TV, Screen Producers Australia, AACTA, Screenworks, Hanlon Larsen Fellowship, Adelaide Fringe, Adelaide Festival Centre, City of Adelaide, Auslndustry, Illuminate, Guitar Festival, C44, West Village, Jam Factory, Samstag, AFTRS and AWG.
- Sold out SA Screen Awards and introduced new categories including the prestigious City of Adelaide Mercury Award honouring an industry leader, the Emerging First Nations Filmmaker Award, and the Games Award.

With the lack of operational funding, the impact of COVID on the organisation reserves, ensuring fair pay and meeting overhead costs, it has become impossible to continue to deliver the current programs with the level of quality and professionalism that the industry, stakeholders and patrons deserve.

The outgoing Board would like to thank all their stakeholders, sponsors and partners, the Marshall government for emergency funding while a review was undertaken, and Minister Michaels for taking the time to review their proposals.

The Board would particularly like to thank outgoing CEO, Karena Slaninka, for her true leadership, vision, and extraordinary passion. Her decision-making and hard work in the service of the membership, the industry and community, flowed down to the wonderful, dedicated staff who made it all happen.

The exceptional business skills and acumen the Board have brought to this organisation, and the hundreds of voluntary hours contributed – notably Gail Fuller, who went above and beyond – have filled huge resourcing gaps in support of the organisation and the industry they so passionately serve.

We wish the incoming Board the absolute best in finding a way to ensure the survival of this much-loved organisation. There is no shortage of passion for Mercury CX, but what the organisation needs is funds, so please support them. Become a member. Go to the cinema. Take action to assist. Huge thanks, also, to those of you who are already doing these things.

The outgoing Board want the organisation to survive and hope the foundations they've laid will help the new board in the continued quest for the survival and sustainability of the organisation."

OUTGOING BOARD MEMBERS:

Gena Ashwell (Chair), Gail Fuller (Treasurer), Dan Thorsland, James Marshall, Ella Macintyre and David Whitaker.

MESSAGE FROM OUTGOING CEO

Below is a message sent to members via email in late December 2022 by the previous CEO.

"Pursuing a bold and ambitious vision is not always an easy or comfortable path.

When I took over as CEO of the Mercury in Adelaide in 2020, I could see that it was one of a kind in Australia, more than just a cinema and more than a training organisation. It had a history, a legacy, and I had hoped, an exciting future. Little did I know that two weeks later I would be closing the cinema and the next three years would be the most challenging rollercoaster ride of my career. Yet despite this, I could see that what we offered was special and worth fighting for.

I could see that the Silver Screen Program was more than just a screening program for older South Australians. Rather, it cultivated a sense of connection and community, promoted understanding across the great divides of race, religion, culture and creed, and showed us not only how the world is but how it could be.

The films that were so carefully curated for specific audiences such as Cinematheque and Transcend, not only challenged and inspired but built an appreciation for the art and craft of cinematic storytelling.

As a filmmaker I know how hard it is to crack it in a hugely competitive industry and how bewildering and frustrating it can be, to have a burning passion to tell a story and not know how to develop it, where to find collaborators or how the business works.

We live in a country blessed with many advantages including Federal and State Government funding. But getting money to make a film doesn't mean you know how to do that and do it well enough so that audiences want to see it and the market wants to buy it.

Show business is complicated, it's creative and it's a business and you need skills in both to succeed. The rise of international streamers



such as Netflix and Amazon Prime means content creation is a global business and whilst demand for great stories has never been higher, we in Australia must compete in the global market and make shows that are able to perform as well as a stunning period drama like The Crown, or unique genre show like Stranger Things.

If we are to succeed, we need to cultivate diverse, emerging talent and unique stories, not only with money, but with mentoring and training in creative and business development, whilst providing opportunities to 'learn by doing'.

We need to cultivate excellence if we are to compete globally.

This was the vision for Mercury CX and there were many brave, passionate supporters of this bold and ambitious plan. We worked to overcome successive funding losses since 2015 and reverse the compounding impacts of Covid, growing our membership by 650% in the first year of re-opening and implementing a range of exciting initiatives.

In a nod to old Hollywood, we upgraded

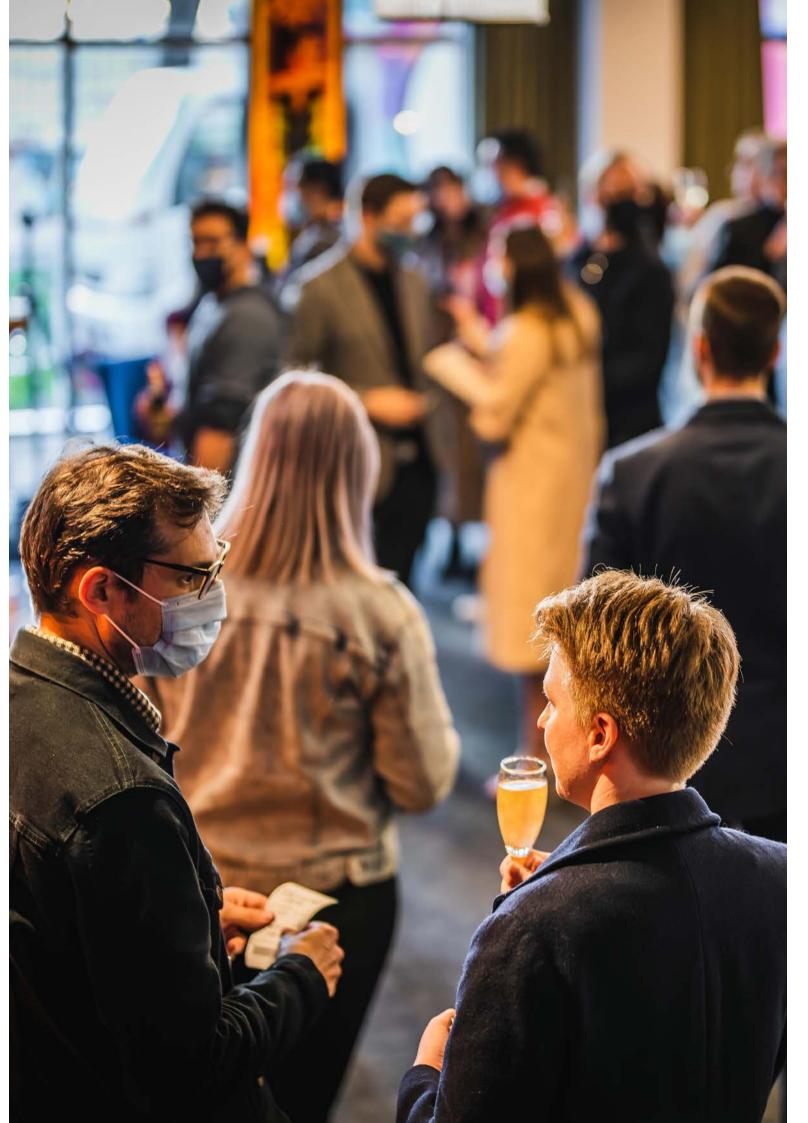
The Mercury Cinema lounge bar into an inviting and comfortable venue that welcomes creatives and film lovers alike. The installation of an illuminated rail in the cinema saved many from a tumble and new partnerships and collaborations with the West End businesses grew into the West Village brand which launched in partnership with City of Adelaide and Fringe in 2022.

Having made a documentary on Hong Kong based cinematographer Christopher Doyle, I was thrilled to be able to collaborate on a stunning OzAsia Event featuring a retrospective of the films of Hong Kong master filmmaker Wong Kar Wai in partnership with Adelaide Festival Centre and ACMI.

And in addition to our incredible professional development programs including Springboard, Hothouse, Pitch Lab and the Out of the Box TV Format Lab, we ran the largest National Screenmakers Conference and Market we've ever held – whilst rescheduling three times due to Covid lockdowns, with a stellar line-up that included Netflix, Studio Canal, Roadshow, Madman, Foxtel, ABC, TikTok, Youtube, along with Games and Animation studios and a sold out SASA event that will go down in history as the most glamourous celebration of South Australian emerging talent yet.

I salute all those who work so tirelessly in our industry, the filmmakers, the crews, writers, artists and creators, technicians and all those behind the scenes who work to support Australian talent and stories.

My own honour roll must begin with my amazing board past and present who have worked so tirelessly on a voluntary basis to help continue the legacy of Mercury Cinema and Mercury CX ... Chair, Gena Ashwell, Treasurer Gail Fuller, former Deputy Chair Jack Sheridan, James Marshall, Dan Thorsland, David Whitaker, Ella MacIntyre, Alison Wotherspoon, Maddie Parry, Khoa Do, Tom Phillips and Kirsty Stark.



I thank the hard work and passion of my team both past and present... Ryder Grindle, Cathy Reid, Kelly Schilling, Taren Hocking, Ruth Estelle, Diana Ward, Claire Harris, Jonathan Champ, Julia Light, Adelaide Xerri, Sandy Cameron, Rosie Whitaker and Yolanda Rogers.

I am grateful also to our partners, sponsors and collaborators in particular the SAFC, Screen Australia, the SA Department for Innovation and Skills, the Minister for the Arts, Arts SA, AFTRS, Uni SA, Flinders University, AACTA, Screen Producers Association, Screenworks, ABC TV | iView, AIDC, Media Mentors, Adelaide Fringe, City of Adelaide, and West Village.

I wish the incoming board and management much success as they navigate the future of this beloved organisation.

I hope that Mercury CX continues to be a community, a creative hub and a champion of diverse talent and authentic Australian stories for many years to come."

Karena Slaninka
OUTGOING CEO MERCURY CX

MESSAGE FROM INCOMING BOARD



Thank you for the huge amount of support and feedback we have received since stepping into our role as the new board in late 2022.

Together, we've read all your emails and survey responses, spoken with members, met with stakeholders, run focus groups, formed new partnerships, and conducted research into possible pathways forward.

One of our first tasks was to re-consider the purpose, mission, values and strategic objectives of the Mercury CX. Based on member feedback about the core strengths of the organisation, we decided to move away from the vision of a "national centre of excellence" to focus more locally on the screen industry and screen culture in South Australia. The Mercury will be a bridging organisation that provides emerging screen makers with a pathway into a screen career and be home to a lifelong screen culture community. A copy of the Strategic Plan will be available at the Annual General Meeting.

In the period up to December 2022 there was a significant loss of over \$280,000. During this time the Mercury CX team delivered Quicksilver, Springboard, Hothouse, Silver Screen, Cinematheque, and the West Village. When we commenced our role as a new board, we found the organisation in a precarious financial position, and needed to address the financial planning, monitoring and reporting deficiencies the Mercury CX had been operating under. It became instantly obvious that our biggest challenge is to implement sound governance practices and to ensure that we will have the income to cover the ongoing operational costs to keep the association running.

In enabling us to meet this challenge, we are grateful to the Hon Minister for Arts Andrea Michaels and the South Australian Government, who provided us with a grant to develop a financially viable business model during the first half of 2023. The Minister and her staff have been both encouraging and supportive, as they had been when they provided a grant of \$150,000 during 2022 to the previous board and management.



Our forensic analysis of the financial position has driven our development of a new business model. It is based on a low-cost monthly subscription scheme. Under the subscription model the success of The Mercury will not be dependent upon the State Government, but on our ability to achieve our subscriber numbers from the screen industry, with an impressive value proposition. By signing up for a subscription, subscribers will receive free access to:

- Mercury Cinema programmed screenings including Silver Screen and Cinematheque
- Launch Lab monthly professional development workshops
- New filmmaking facilities including a production office, colour grade room, edit suite, sound edit and mixing theatre, a small studio, an ADR booth and podcasting room
- Networking nights with filmmaker Q&As, such as Heaps Good Cinema and Cinema Mechanica in conjunction with the screen guilds
- A Writer's Room for script consultations and a monthly Script Club based on the Book Club concept

We are now half-way through 2023 and feeling positive about the future of the association. We are clear about our strategic priorities as follows:

- 1. Implement a financially sustainable subscription model
- 2. Form collaborations with external organisations
- 3. Attract cinema audiences with culturally distinctive programming
- 4. Work with SAFC and AFF to define our roles and relationship
- 5. Integrate industry and exhibition programs to build a single brand, The Mercury
- 6. Develop emerging screen makers to fill workforce gaps
- 7. Facilitate the making of work by emerging screen makers
- 8. Build ongoing philanthropic support
- 9. Enable participation of underrepresented and diverse peoples across all our activity
- 10. Diligently consider partnerships with likeminded organisations

Importantly, in setting these strategic priorities, we aim to play a role in ensuring businesses within the South Australian screen sector are equipped with a skilled workforce, which aligns with the findings from the South Australian Film Corporation's Screen Workforce Development Strategy, Diversity and Inclusion Strategy 2022-2032 and the First Nations Screen Strategy 2020-2025.

We are also focused on revitalising and refocusing the cinemas to achieve commercial outcomes. This will involve reviewing the entire operation of the cinema, its ability to attract audiences and come up with changes that will prevent it from running at a significant loss.

We would like to thank the interim management team, led by General Manager Lisa Bishop and Business Manager Gareth Wilkes, who have worked extremely hard to set us up for success.

And a very special shout out to our donors, sponsors, partners, philanthropists, funders, alum, patrons, filmmakers and volunteers. Please know that you are the backbone on which our beloved Mercury is built, and we are sincerely grateful for your generosity and goodwill.

Thanks also to our members who have offered advice and suggestions to date. We really appreciate your input and look forward to continuing the conversation in 2023.

It is now up to our community and our future subscribers to back our plans and help us ensure The Mercury is a vibrant production and exhibition hub, enabling emerging screen makers to take a project from script to screen, and welcoming film lovers to become a part of our special screen culture community.

Peter Hanlon (Co-Chair), Kirsty Stark (Co-Chair), Chris Leese (Treasurer), Kath Dooley, Lisa Scott, Maddie Parry, Rebecca Summerton and Adrian Tisato.

MERCURY CX BOARD

"Commencing in 2023 The Mercury will act as a bridging organisation that provides local emerging screen makers with a pathway into a screen career and a lifelong screen culture community."



2022 TREASURER'S REPORT

When we first formed as a Board in late 2022, we found the organisation in a precarious financial position. It was disappointing that the 2022 year ended in a financial loss of over \$280,000. We had a big job ahead of us to turn the situation around!

Our forensic analysis of the financial position revealed that it was difficult to cover operational expenses during 2022 when major income earning projects such as the Screenmakers Conference and other events were not undertaken, yet staff were retained, and contractors engaged. The cinema, still suffering the legacy of COVID, was expensive to operate and failed to derive sufficient box office, venue hire or candy bar income to cover costs. Fortunately, previous management had provisioned for employee entitlements and outstanding liabilities, and we wish to thank Gail Fuller for volunteering many hours on the financials.

The Mercury CX secured grants during 2022 from a variety of supportive partners including the Office for Ageing Well, Arts SA, City of Adelaide, Retire Australia and of course our major funder, the South Australian Film Corporation (SAFC). The SAFC provided \$240,000 to run Springboard and Quicksilver and helped the Mercury CX to increase the participation of people from diverse backgrounds in professional development offerings. We look forward to working closely with the SAFC team during 2023 and beyond.

We are grateful to the Hon Minister for Arts Andrea Michaels who provided us with a grant to enable us to engage a skeleton staff and develop a financially viable business model during the first half of 2023. The Minister and her staff have been both encouraging and supportive, as they had been when they provided a grant of \$150,000 to the previous board during 2022.

As a new Board it became instantly obvious that our biggest challenge is to ensure that we will have the income to cover the ongoing operational costs to keep the association running. This will involve the introduction of

a monthly subscription scheme and a major review of cinema operations to ensure sufficient revenue is derived.

New management has also improved financial management by bringing bookkeeping services in-house, implementing cashflow forecasting, tidying up the structure of the association's financial reports, improving point of sale reconciliation procedures and introducing dual signatories and inventory control. They have also reviewed ongoing operational costs to find savings. The board identified underutilised assets and we are converting empty offices into industry standard filmmaking facilities that can be accessed as part of the new subscription model. Sponsorship, donations, and SA Government support have enabled this work.

We are also appreciative of a small group of generous philanthropists called The Mercurians (David Minear, Austin Taylor, Reggie Martin MLC, Nunn Dimos Foundation, Peter Hanlon, Kirsty Stark, Rebecca Summerton, Lisa Scott, Andre Andreacchio, Carlo Andreacchio, Light ADL, KOJO, Artisan Post Group) who donated funds whilst we establish our new business. Shane Brennan, the President of the Australian Writer's Guild. also donated a substantial amount to enable us to create a writer's room that will be ready for professional script consultations in July 2023. We are also thrilled to have secured \$20,000 in sponsorship from the RAA so that we can bring back the SASAs in 2023, and to have received other meaningful support from Frankie Films and Flinders University.

PROFESSIONAL DEVELOPMENT REPORT



SPRINGBOARD

Our 2022 Springboard program had 30 participants, which included 10 inclusion scholarships given to individuals underrepresented in the screen industry who were facing financial hardship. 83.33% of Springboard participants came from a diverse background, and 66.67% were new to Mercury CX. Springboard ran across 5 weekends, with extra screening sessions in between from the 23rd of March, 2022 – 8th of May, 2022.

In addition to our Springboard writing, directing and producing workshops this year, there was a strong focus on how to build and sustain a screen business. This included a business panel, a business basics session, an Arts Law Webinar, and a workshop lead by Australian business development professional lan Murray.

We had some fabulous screen industry professionals presenting the writing, directing and producing workshops this year, with Lisa Duff flying in to present the weekend producing workshop. Lisa is currently the Head of Scripted at EQ Media and was previously a Senior Production and Investment Development Manager at Screen Australia for 5 years. She produced feature films 'Last Train to Freo' and the Academy Award nominated 'Last Cab to Darwin', and most recently Executive-produced the series 'Troppo'.

Erin White flew in to present the directing workshop this year. Erin is a multi-award-winning writer and director who recently directed on her self-created drama series 'Under the Vines', as well as Fremantle's 'The PM's Daughter'. She has also directed on two series of Easy Tiger's 'Doctor Doctor', amongst many other accolades.

Jessica Redenbach flew in to present the writing workshop, with additional guests Yolanda Ramke and Jessica Tuckwell Zooming in. Jessica Redenbach has a multitude of experience, ranging from being a series writer on shows such as 'The Unusual Suspects', 'Spirited' and 'Rush', to being a former commissioning editor for SBS and a creative producer. Zoom guest Jessica Tuckwell was a series writer on Stan's



'Bump' and the show 'Les Norton', and her self-created show 'Year Of' is currently being produced by Roadshow Rough Diamond. Our other Zoom guest Yolanda Ramke created and wrote on the series 'Troppo', wrote on the series 'New Gold Mountain' and was the co-writer and director on SA's feature film hit 'Cargo'.

Peppered throughout the weekend workshops were regular short film screening sessions, categorised into award-winning SASA shorts, award-winning Australian shorts, and award-winning international shorts.

QUICKSILVER

In 2021, \$60,000 was shared across four projects through our Quicksilver production fund, with three of the four projects going into production in the first half of 2022. These projects were absurdist comedy 'Something's Not Quite Right' (\$15k) with producer Lisa Bishop and writer/director Tom Cornwall, supernatural comedy 'Paper Cuts' (\$10k) with producer Craig Jackson and writer/director Brendan Godfrey, and drama 'Lean' (\$10k) with producers Morgan Wright and Scarlett Scherer, and writer/director Ben Golotta. The fourth project, 'Boy on Fire' (\$25k), with producer William Littleton and writer/director Alies Sluiter, was given multiple extensions to support Alies' busy schedule and new baby. The project is still yet to confirm shooting dates.

'Paper Cuts' found it difficult to secure a post-sound practitioner, but since filled the role, and delivered their final deliverables by mid-December 2022. 'Something's Not Quite Right' and 'Lean' both delivered their finished productions in late October 2022. They are just beginning to enter their films into festivals and competitions and both films have been so far accepted into Flickerfest International Short Film Festival.

The goal to have a minimum of 25% of the projects led by an underrepresented key creative were met in the Quicksilver 2021 round, with Alies Sluiter being a female director and Brendan Godfrey being a regional director.



In the Quicksilver 2022 round, \$70,000 instead of the previous years' \$60,000, was shared across four selected projects, with Mercury CX feeling that more funding was needed for higher-tiered projects.

The selected projects were fantasy/comedy 'Dragon's Breath' (\$25k) with producers Poppy Fitzpatrick and Lisa Bishop, writer/director Melanie Easton and executive producer/mentor Rebecca Elliott, comedy/drama 'Holding Out' (\$20k) with producer Craig Jackson and writer/director James Adams, drama 'Happy Bellies, Happy Jia' (\$15k) with producer Maisie Fabry and writer/director Alice Yang, and documentary 'Leif's Ride' (\$10k) with producer Victoria Morgan, director Tommy Eyres and writer Nicola Badran.

Producers Lisa Bishop and Craig Jackson received funding in both the 2021 and 2022 Quicksilver rounds, escalating their careers from a lower-budgeted production to a higher-budgeted production. This fits well with Mercury CX's goal to be an organisation that supports and provides a pathway in career escalation, with both Lisa and Craig also participating in our development program Springboard in 2021 - confirming its importance in being a critical stepping-stone in skills development. In fact, nine key creatives across the eight selected 2021 – 2022 Quicksilver projects have participated in Springboard.

On a side note, Mercury CX is happy to announce that two of our 2022 selected Quicksilver writer/directors, Alice Yang and Melanie Easton, were chosen to participate in the AFTRS national talent camp in September 2022, with Alice Yang securing an additional \$20,000 through this program toward her Quicksilver funded film Happy Bellies, Happy Jia.

In the 2022 Quicksilver round we upped the goal to have at least 50% of selected projects led by key creatives who come from an underrepresented group – and this was achieved. Writer/director Melanie Easton and producer Poppy Fitzpatrick both identify as belonging to the LGBQTIA+ community, with Melanie also a female director, and writer/director Alice Yang identifies as female and Asian-Australian.

All selected projects for the 2022 Quicksilver round are on track to go into production in January – March 2023, with all projects expecting to deliver by the end of June 2023.

There were 34 applicants for Quicksilver in 2022, with 51% of applicants having at least one key creative belonging to an underrepresented group, and 64.7% of applicants new to the Quicksilver program. These statistics exceed our KPIs for the program.

43% of Springboard participants across the years 2021 – 2022, went on to apply for Quicksilver in either 2021 and/or 2022 as a key creative.

HOTHOUSE

The City of Adelaide partnered with Mercury CX to deliver the MCX Hothouse Scheme, a 12-week professional development residency for three emerging film industry practitioners: a screenwriter, a producer and a projectionist/programmer.

Screenwriter Chloe Bleakley was mentored by Kelly Schilling, Producer Kurt Roberts was paired up with producer Carolyn Johnson, and The Mercury Cinema's projectionist Ryder Grindle mentored Kristen Coleman.

City of Adelaide provided a total of \$20,000 funding to Mercury CX to run the program. Mercury CX allocated \$18,000 of the total \$20,000 funding toward the mentoring and workspaces given to each resident, along with access to equipment. The remaining \$2,000 of the funding provided was allocated toward the administration and facilitation costs of the program.

"One of the strengths of the way this program is designed is that the mentoring is spread over several months. There is time for the mentor to understand what the mentee already knows – across a range of areas, what they need to know, and what they want to know. There is time for multiple discussions on a topic, each building on the previous, with thinking time in between. We have been able to go below the surface to find deeper solutions and advice, more tailored to the complexity of a film project and the mentee's career. We spent multiple sessions just on budgeting, which allowed us to drill down into the detail in ways that will be memorable and more effective than if we only had time to skate across the surface." Academy Award Nominated Producer Carolyn Johnson.



2022 EXHIBITION, EVENTS AND VENUE REPORT



SILVER SCREEN

Silver Screen is a specially curated film program for seniors that provides weekly film screenings, talksandmorningtea. The program provides social engagement, entertainment and intellectual stimulation through discussions and analysis of films. It builds community, social networks and friendships to increase participants' sense of wellbeing. Silver Screen offers affordable cinema tickets with complimentary morning tea through the support from Office for Ageing Well, Retire Australia and the City of Adelaide.

The 2022 Silver Screen program screened from January 18th to December 16th. As always, the program screened the best international cinema available, usually from the past eighteen months. The program is selected from well-reviewed films from the international trade papers and the films made available to us by local distributors. As we move away from the worst of COVID, we are seeing more new films become available and the program is a little "fresher" than last year. Numbers have been on a slow but steady rise. In 2022, Silver Screen attracted 4,345 patrons over 97 unique films and 188 sessions. Of the cinema screening program, all five stages were screened.

A marketing strategy for the 2022 Silver Screen program was developed and implemented. Its foundation was a widely distributed printed program and website coverage supplemented by social media posts, e-newsletters to a MXC mailing database of 10,000, as well as radio, print and online coverage.

Media included interviews with Radio Adelaide 891, the seniorscard.sa.gov.au website and City of Adelaide magazine. Ryder Grindle, the principal curator, continued to attend outreach sessions with residential communities, Probus, Rostrum and other social groups to talk about the program wherever possible.

Objectives and Outcomes

1. To increase audiences and community engagement for Silver Screen to benefit and add value to social and cultural experiences of



increased numbers of socially marginalised and hard to reach communities.

Programming continued to deliver films from widely differing countries and languages, including films from Albania, Bosnia, India, Palestine and Japan as well as the more familiar offerings from Western Europe, Scandinavia, the UK, USA and Australia. The variety of programming and the addition of less familiar languages and voices has provided unique opportunities for cultural groups to experience the familiarity of childhood languages while piquing the interest of our regular and adventurous audiences.

2. To promote a sense of connectivity and well-being amongst older South Australians through providing opportunities for social engagement, learning and entertainment.

Our membership program continues to be successful, with 544 current members. In 2022, Silver Screen attracted 4,345 patrons over 97 unique films and 188 sessions. (Repeated info from above?) The second half of the year showed a Friday average of 30 patrons with numbers of between 40 and 65 for 23% of these sessions.

3. To further incorporate older South Australians into the programming and offerings of Silver Screen

Feedback is consistently sought from patrons regarding their preferences and interest in the programming. Ryder takes straw polls and requests on a regular basis as part of his introductions. The new Board of the Mercury CX conducted an online survey and focus groups in January of 2023 to help build the 2023 program and seek patron input.

4. Innovation to present new and exciting offerings within Silver Screen to further engage the community and invite audiences to take a deeper dive into screen culture, performance, and critical thinking.

Ryder, with assistance from other staff when appropriate, introduces each session.



These introductions discuss performers, directors, any issues covered by the film, and provide background to enhance the viewing experience and explore programming decisions. After each session, Ryder actively engages in foyer conversations with patrons requesting their thoughts on the film they have just seen. New attendees are encouraged to voice their opinions and engage in these discussions that help to deepen the sense of community and encourage critical thinking.

5. To facilitate the building of a robust and welcoming community.

We continue to receive positive feedback from our patrons, who love the programming and community that Silver Screen presents. With the financial threat to the continued operation of the Mercury CX, patrons have rallied to attend meetings and contact their representatives. The partnership with Retire Australia has enabled us to provide substantial morning tea options approximately once a month, which increases attendance and community engagement.

Through the online surveys and focus groups conducted by the new Board, patrons revealed strong investment in Silver Screen and discussed the sense of community and belonging that they received. It was acknowledged that the program was highly valued by patrons although there was some discussion about the kinds of films that had been programmed in 2022 with a request for content warnings. Ryder has commenced programming for 2023 and printed programs will be distributed shortly with an updated website and visits to residential aged care facilities and social clubs. Funding for 2023 has gratefully been secured through the Office for Ageing Well and Retire Australia.

CINEMATHEQUE

In 2022, Cinematheque (CT) provided a curated screening experience of 78 films between March and December, split into three programs. As 2022 marked the 30th anniversary of the opening of the Mercury Cinema, an opportunity was provided to look back on the history of the



organisation and the many films that are closely associated with the Mercury Cinema's early years. The program was rounded out with retrospectives aiming to build upon the success of the "Kubrick Curates" program from late 2021 and screenings curated by guest presenters.

Our chief programmer and curator, Ryder Grindle, sought to start the year with a retrospective of "classic Mercury" films, but was hampered by the sheer number of films from this era that are simply without distribution in Australia. As a result, many of the films he was most excited to include in this program could not be secured, despite extensive detective work and emails sent directly to directors and producers.

The first program opened with an overview of Martin Scorsese's work during the 1990s – the era that has come to define his career. Like the Kubrick program, each of Scorsese's films were? presented with a couple of the films that Scorsese cited as having influenced him. The program had a very strong response, bringing in new members. Part of this success can be directly related to Ryder actively recruiting patrons from a Martin Scorsese double feature at Palace/Nova EastEnd, handing out copies of the CT program and engaging the egressing audience in conversation. Such marketing strategies saw a number of new signups in this block, showing any additional marketing spend can help grow the audience. Program 1 closed out with a series of classic Australia films of the early 90s, each presented with either a prerecorded intro from the filmmaker or a live Zoom Q&A after the film. These events were well attended and had excellent responses from the audience. This sort of event requires a lot of work to set up, however this kind of value add is core to building the success of all the Mercury programs.

The second program started with a block guest curated by American actor Harry Shearer, culminating with a screening of the cult classic "This is Spinal Tap" in conjunction with the Adelaide Guitar Festival. This event was plagued with misfortunes. Harry Shearer was unable to travel as he was a close COVID contact a few days before his travel date. This caused a pivot to an online Q&A rather than cancelling the event, however having negotiated that hurdle we had a catastrophic projector failure. All projector lamps have a chance of exploding and we keep a spare





lamp for every projector on hand at all times. However, when this lamp exploded it managed to shatter the lamp reflector - an incredibly unlikely thing to happen. Our current projector, the Sony SRX R-220, has been discontinued, with Sony leaving the pro cinema market entirely. We were able to rent a projector from Wallis during this time, ensuring the exhibition programs could continue. Ryder eventually located and secured a replacement part for the Sony from a warehouse in Kentucky, USA.

The middle part of the program was built around a retrospective of the films and influences of Kathryn Bigelow. Her favourite films included a lot of significant hits and showed the range of response that "commercial" films can have. Films such as "Halloween" did huge business, while "The Lost Boys" underperformed. Most significantly, this block gave us the opportunity to screen a rare 35mm print of "Near Dark". Even with the significant additional expense in freight and handling, we would program 35mm more often if prints were available. "Near Dark" was in surprisingly good condition and bought in one of the best audiences of the year, second only to Spinal Tap. The mid-year program concluded with a series of guest curated films in a block titled "I saw it at the Mercury", in which SAFC CEO Kate Croser, Directors Scott Hicks and Rolf DeHeer and radio personality Peter Goers all presented films with an introduction.

The third and final program of the year opened with a retrospective of Godard films to memorialise his passing. We then screened the "Three Colours" trilogy - a series of films not seen on screen in Adelaide in almost twenty years - which brought in solid audiences and new members. We saw out the year with another "filmmaker and their influences" block based around the work of perennial favourites, the Coen brothers. This block saw some exceptional numbers, particularly for "Dog Day Afternoon", which proved quite a surprise.

Overall, while Cinematheque always suffers from fluctuations in numbers from film to film, the audience numbers were on average higher than they have been since well before the pandemic. The reinstatement of a well-researched introduction to each film, delivered by Ryder Grindle is doubtless one of the contributing factors to the increasing audiences. These introductions create a greater connection between the films, show the intention behind their selection, and engage the audience in a deeply satisfying dialogue. The feedback we have had from these introductions has been incredibly gratifying, with many new members saying that they started coming regularly because of these introductions. Although labour intensive, the success of Cinematheque in 2022 shows that "value adding" the program with introductions and Q&A's, combined with moving away from a more esoteric selection of films to a "here are your favourite filmmakers and these are their favourite films" model are good choices to build this program back into a viable and important part of Adelaide screen culture.

WEST VILLAGE

During 2022 the Mercury CX took part in the West Village. Launched in time for the Adelaide Fringe Festival, West Village was a fun and inventive way for audiences and art lovers to experience Fringe. Eighteen West Village venues showcased over 400 artists and performers including art and design, magic, comedy, music, VR, cabaret, and film.

Venues included: **ACE Open AC Arts Arthur Bar Adelaide Cemetery Tours** Carclew Centre for Creative Health Dance Hub SA Fabric of Life **Imprints Booksellers Lion Arts Factory** Mercury CX Nexus Arts Peter Rabbit **Quicksteps Dance Studio** The Lab **Unwind Games Association** West End Association

"Traditionally the west end of the city has always had strong Fringe programming ... and this year with many new venues on board, it's great to see them all combining to activate the west end, to make it another cultural hub for Fringe 2022" said Heather Croall, CEO, Adelaide Fringe Festival.

"The early success of Adelaide Fringe in the west end led to the establishment of a year-round living arts precinct, which has grown over the past decade to include small bars, cafes and alternative venues. The simple and powerful idea behind West Village as a new Fringe Hub is to reveal what's always here with a bright festive spotlight!" said Brian Parkes, CEO, Jam Factory

West Village was supported by The Arts Recovery Fund, Department of the Premier and Cabinet through Arts South Australia, Adelaide Fringe Festival, and RISE Funding through the Australia Council.



VENUE HIRE

VENUE HIRE

During 2022 the Mercury CX operated the Mercury Cinema (186 seats) and the Iris Cinema (38 seats) as a venue for hire. There were hires across both cinemas as follows:

- 65 Performances in the Adelaide Fringe
- 6 Filmmaker premieres / cast crew / selffunded screenings
 (Carnifex; David McBride Declassified;
 The Angles: Kicking Down the Door; Ye
 Old Faither; The Silent World of Barry
 Priori; Little Bang's New Eye and A Place
 to Call Home)
- 28 Community or General Hires
- 25 Jam Factory lunchtime talks
- 11 Industry events / screenings (AFF, SAFC, ACS, AWG etc)
- 15 Education events / screenings (TAFE, Uni SA, Uni Adelaide, TSANZ)
- 2 Corporate Hires
- 1 FlickerFest
- 1 EXPMTL Canadian Film Festival
- 1 Silent Diva (silent film, live musician Chiara Constanza)
- 1 Ghan Film Festival x 2 nights
- 1 Palestinian Film Festival x 4 sessions
- Arts Orgs (AFF / ACE)
- 6 Filmmakers (auditions / screenings / rushes)



SPONSORS AND PARTNERS

GOVERNMENT

Adelaide City Council

Australian Government Department of Industry, Innovation and Science Government of South Australia Department of Premier and Cabinet Government of South Australia Office for Ageing Well SA Health Government of South Australia Arts SA

EDUCATION

Australian Film Television and Radio School Flinders University University of South Australia

CORPORATE

Canon Australia Media Super Pro AV Solutions ONDA Bookkeeping

INDUSTRY

57 Films

AAA Talent

ABC iView Adelaide Film Festival **Angela Heesom Casting Artisan Post Group** Australian Academy of Cinema Television Arts **Australian Directors Guild** Australian International Documentary Conference Australian Writers Guild **Best FX** Channel 44 Cinema Reborn **Community Broadcast Foundation Creative Content Australia Equity Foundation** Film Ink **Flickerfest**

Ghan International Film Festival Australia

Hendon Studio

Iranian Film Festival Australia

Leap Frog Films/Tugg Masthead Studios Pty

Matchbox Pictures

Media Entertainment Arts Alliance

NIT

National Film and Sound Archive

Rowe Trading Co. Screen Australia

Screen Producers of Australia

Screen Tasmania Screen Territory Screenhub Screenrights

South Australian Federation of Film Societies

South Australian Film Corporation

Transitions Film Festival

CULTURAL

Adelaide Festival Centre
Carclew Youth Arts
Derringers Music with Yamaha
Independent Art Foundation
Jam Factory
Music Development Office
Music SA
OzAsia Festival
Samstag Museum of Art
State Theatre Company
The Mill Adelaide

FOOD AND BEVERAGE

Alpha Box and Dice Chaffey Bros Wine Co Little Bang Brewing Woodside Cheese Wrights

BOARD, STAFF & VOLUNTEERS 2022

BOARD

Previous Board (resigned 30 November 2022 except where indicated

Gena Ashwell (Chair)
Jack Sheridan (Deputy Chair)
Gail Fuller (Treasurer resigned 31 May 2022)
Dan Thorsland
James Marshall
Ella MacIntyre

Joanne Neave (appointed 31 May 2022, resigned 31 October 2022)
David Whitaker (appointed 20 September 2022)
Alison Wotherspoon (resigned 31 May 2022)
Khoa Do (resigned 1 February 2022)
Tom Phillips (appointed 31 May 2022 resigned 29 September 2022]
Bradley Abraham (appointed 31 May 2022 resigned 9 June 2022)

Current Board (appointed 1 December 2022)

Kirsty Stark (Co-Chair)
Peter Hanlon (Co-Chair)
Chris Leese (Treasurer)
Maddie Parry
Kath Dooley
Rebecca Summerton
Lisa Scott
Adrian Tisato



STAFF

Karena Slaninka, Ryder Grindle, Cathy Reid, Kelly Schilling, Taren Hocking, Ruth Estelle, Diana Ward, Claire Harris, Jonathan Champ, Julia Light, Adelaide Xerri, Sandy Cameron, Rosie Whitaker, Yolanda Rogers, Lisa Bishop and Gareth Wilkes.

CASUALS

Amy Roff, Andrew Barbara, Ashley Miller, Jack Herz, Noni Espinosa, Riley Gobson-Smith, Rosalie Whitaker, Tatsuro Dunphy, Tess Wood, Yolanda Rogers, Zoe Taylor and Brodie King.

VOLUNTEERS

During 2022 the Mercury CX was extremely fortunate to have the assistance of volunteers, who worked across a range of areas. These volunteers acquired new skills, benefitted from social interaction and willing shared their time to help the Mercury deliver its obligations. We are sincerely grateful for the valued contribution of the following people:

Chris Edgerton
Glenys Jones
Peter Whitehorn
Jenny Patterson
Trevor Simmons
Krystyna Pindral
Julia Light
Alex MacKenzie
Yolanda Rodgers
Jae Bower
Idris Kellermann Williams
Jasmin Watkins
Alex Hill
Daniel Tune



AUDITED
FINANCIAL
STATEMENTS,
NOTES AND
REPORTS

Mercury CX Incorporated

ABN 57 865 211 307

Annual Report - 31 December 2022

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General Information

The financial statements cover Mercury CX Incorporated as an individual entity. The financial statements are presented in Australian dollars, which is Mercury CX Incorporated's functional and presentation currency.

Mercury CX Incorporated Association is a not-for-profit incorporated association, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered officePrincipal place of business13 Morphett St,13 Morphett St,Adelaide, SA 5000Adelaide, SA 5000

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

The financial statements were authorised for issue on the 26 May 2023.

MERCURY CX INCORPORATED

DIRECTORS' REPORT

Your Board submits the financial statements of the entity for the financial year ended 31 December 2022.

Board of Management

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

Previous Board (resigned 30 November 2022 except where indicated):

Gena Ashwell (Chair)
Jack Sheridan (Deputy Chair)
Gail Fuller (Treasurer resigned 31 May 2022)
Dan Thorsland
James Marshall
Ella MacIntyre
Joanne Neave (appointed 31 May 2022 resigned 31 October 2022)
David Whitaker (appointed 20 September 2022)
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Kirsty Stark (Co-Chair)
Peter Hanlon (Co-Chair)
Chris Leese (Treasurer)
Maddie Parry
Kath Dooley
Rebecca Summerton
Lisa Scott
Adrian Tisato

In accordance with Section 35 (5) of the Associations Incorporation Act (SA) 1985, the Board hereby states that during the financial year ended 31 December 2022:

- (1) no officer of the Association
- (2) no firm of which an officer is a member, and
- (3) no body corporate in which an officer has a substantial financial interest,

has received or become entitled to receive a benefit as a result of a contract between the officer, firm or corporate body and the Association except as stated below:

CWD Studios \$600 paid 23 May 2022 for room hire.

b) No officer of the Association has received directly or indirectly from the Association any payment or other pecuniary value except as stated below:

Gena Helen Ashwell \$5,000 paid 28 January 2022 for consultancy, document preparation and strategic planning for the Mercury CX South Australian Government review.

Gena Helen Ashwell \$200 paid 23 May 2022 for Springboard panelist.

Objectives

a)

Develop a dynamic screen culture in South Australia through assisting emerging practitioners and showcasing a diverse screening program.

Principal Activities

The principal activities of the Association during the financial year were to:

- · generate, support and advocate for a creative, critical and informed screen culture and practice in South Australia,
- provide a focal point for screen practitioners to meet, produce and exhibit their work,
- · provide facilities, programs and resources for members and the public,
- advocate for members and the general public,
- provide exhibition facilities and programs to the general public and members, and
- provide equitable access to affordable equipment and facilities, information resources and advice concerning production, distribution and exhibition.

Subsequent Events

On the 1 December 2022 a new board was elected by members to develop a financially sustainable model. The board received a government grant, philanthropic donations and grants that have allowed the association to continue as a going concern throughout the first half of 2023 while this model is developed. A new subscription scheme will be introduced on 1st July 2023 and is designed to cover operational expenses, but it is not possible to estimate the uptake of subscriptions at the date of this report.

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

Signed in accordance with a resolution of the Board:

Co-Chair Peter Hanlon

Treasurer Chris Leese

C Leese

Dated this 26 day of May 2023



DirectorsDean Withers, CA
Michael Fairlie, CA

Associates Peter Whitehead, FCA Janine Thornley, CA

Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profit Commission Act 2012.

To the Members of Mercury CX Incorporated.

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2022 there have been no contraventions of any applicable code or professional conduct in relation to the audit.

WITHERS ADVISORY
Chartered Accountants

Peter K Whitehead - Associate

Dated at Frewville this 26th day of May 2022.

ACN 067 089 794 ABN 15 067 089 794 Liability limited by a scheme approved under Professional Standards Legislation

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
Income			
Operating grants		301,200	588,335
Special projects		-	-
Exhibition & cinema income		163,021	165,561
Sponsorship		31,225	105,200
Membership subscriptions		35,694	33,054
Interest		408	41
Sundry income		6,073	34,888
Special revenue		150,000	150,000
Jobkeeper subsidies		-	30,000
Cash flow boost		-	6,000
Donations		12,869	151
		700,490	1,113,230
Form and Marine			
Expenditure		00.770	464.006
Administration		96,770 22,394	161,986 26,406
Advertising & publicity Audit fees		22,394 5,250	•
Bank Fees		5,250 4876	5,500 2,579
		20,777	2,579
Depreciation Exhibition & cinema		68,046	79,040
Employee entitlements		(21,331)	19,833
Interest Paid		(21,331)	19,033
Events Staging		42,384	24,909
Production support		98,076	98,929
Repairs & maintenance		34,094	11,296
Wages & salaries		559,607	618,248
Superannuation		53,144	58,542
Website development		1050	840
Website development		985,128	1,129,791
(Deficit) / Surplus before income tax		(284,638)	(16,561)
Income tax expense	1(h)		-
(Deficit) / Surplus after income tax		(284,638)	(16,561)
Other comprehensive income for the year, net of tax			-
Total comprehensive income for the year		(284,638)	(16,561)

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

MERCURY CX INCORPORATED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

Assets	Note	2022 \$	2021 \$
Current Assets			
Cash and cash equivalents	3	244,784	510,999
Trade receivables	4	14,798	13,226
Prepayments		3,261	3,597
Inventory	_	3,369	2,084
Total Current Assets	-	266,212	529,906
Non-Current Assets			
Plant & Equipment	5 _	69,457	85,477
Total Non-Current Assets	-	69,457	85,477
Total Assets	- -	335,669	615,383
Liabilities			
Current Liabilities			
Trade creditors		39,477	14,376
Other payables	6	17,255	52,352
Employee benefits	7	51,925	73,257
Unspent project funds		63,300	77,049
Grants in Advance	-	50,000	-
Total Current Liabilities		221,957	217,034
Total Liabilities			
Net Assets	- -	113,712	398,349
Equity			
Retained Surpluses	_	113,712	398,349
Total Equity	=	113,712	398,349

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

5

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Retained Surpluses	Total Equity
	\$	\$
Balance at 1 January 2022	398,349	398,349
Surplus after income tax expense for the year Other comprehensive income for the year, net of tax	(284,638)	(284,638)
Total comprehensive income for the year	(284,638)	(284,638)
Balance at 31 December 2022	113,712	113,712
	Retained Surpluses	Total Equity
	\$	\$
Balance at 1 January 2021	414,910	414,910
Deficit after income tax expense for the year Other comprehensive income for the year, net of tax	(16,561)	(16,561)
Total comprehensive income for the year	(16,561)	(16,561)
Balance at 31 December 2021	398,349	398,349

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

MERCURY CX INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

Note 1. 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. Comparative information is reclassified, where appropriate, to enhance comparability.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The incorporated association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Basis of preparation

In the board's opinion, the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the *Australian Charities and Not-for-profits Commission Act 2012* and the requirements of the *Associations Incorporation Act (SA) 1985*. The board have determined that the accounting policies adopted are appropriate to meet the needs of the members of Mercury CX Incorporated.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

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 incorporated 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 incorporated 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 oth er liabilities are classified as non-current.

a) Revenue and Other Income

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the incorporated association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the incorporated 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.

Sales revenue

Events, fundraising and raffles are recognised when received or receivable.

Donations

Donations are recognised at the time the pledge is made.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

Note 1. Significant accounting policies (Continued)

Grants

Grant revenue is recognised in profit or loss when the incorporated association satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the incorporated association is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

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.

b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and 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 change in value.

c) Trade and Other Receivables

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

d) Property, Plant and Equipment (PPE)

Plant and equipment 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:

 $\begin{array}{ll} \text{Computers} & 3 \text{ years} \\ \text{Other Equipment} & 7-13 \text{ years} \\ \text{Office Improvement} & 14-15 \text{ years} \\ \end{array}$

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

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

e) Impairment of non-financial assets

At each reporting date, the entity reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

f) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services provided to the association during the reporting period, which remain 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.

MERCURY CX INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

Note 1. Significant accounting policies (Continued)

g) Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

A provision for long service leave is calculated once an employee's period of service has reached 6 years and meets the requirements of a provision. At 6 years 50% of the expected provision is recognised and the remaining 50% at 7 years.

h) Income Tax

As the incorporated 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.

i) Leases

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

j) Good and Service Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST. 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 the tax authority, are presented as operating activities.

k) New Accounting standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the incorporated association for the annual reporting period ended 31 December 2022. The incorporated association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. 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.

Estimation of useful lives of assets

The incorporated 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.

Employee benefits provision

As discussed in note 1, 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

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

	2022	2021
	\$	\$
Note 3. Cash and Cash Equivalents		
Cash at bank	233,287	509,500
Cash on hand	627	1,499
MRC donation fund	10,870	
	244,784	510,999
	2022	2021
	\$	\$
Note 4. Trade Receivables		
Trade receivables	15,298	15,115
Less: Allowance for expected credit losses	(500)	(1,889)
·	14,798	13,226
	2022	2021
	\$	\$
Note 5. Plant & Equipment		
Cost		
Balance at 1 January	303,985	260,988
Additions	4,757	42,997
Balance at 31 December	308,742	303,985
Depreciation		
Balance at 1 January	218,508	196,834
Depreciation for year	20,777	21,674
Balance at 31 December	239,285	218,508
Carrying Amounts		
At 1 January	85,477	64,154
At 31 December	69,457	85,477
	2022	2021
Note 6. Other Payables	\$	\$
	(2.22)	
Other payables	(2,633)	4,963
GST payable / (receivable)	-	32,289
Salaries Payable	18,732	9,756
Superannuation payable	1,155	5,344
	17,255	52,352

MERCURY CX INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

	2022	2021
	\$	\$
Note 7. Employee Benefits		
Current		
Employee entitlements - annual leave	13,817	40,761
Employee entitlements - long service leave	38,108	32,496
	51,925	73,257

Note 8. Economic Dependence

Mercury CX continues to do its business with support; in particular from:

- the Government of South Australia through South Australian Film Corporation and Dept for Innovation and Skills Office for Ageing Well and Arts South Australian; and
- City of Adelaide

Note 9. Subsequent Events

On the 1 December 2022 a new board was elected by members to develop a financially sustainable model. The board received a government grant, philanthropic donations and grants that have allowed the association to continue as an ongoing concern throughout the first half of 2023 while this model is developed. A new subscription scheme will be introduced on 1st July 2023 and is designed to cover operational expenses, but it is not possible to estimate the uptake of subscriptions at the date of this report.

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

DIRECTORS' DECLARATION

In the opinion of the Members of the Board of Mercury CX Incorporated:

- the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Act (SA) 1985 and associated regulations.
- the attached financial statements and notes comply with the Accounting Standards as described in note 1 to the financial statements.
- the attached financial statements and notes give a true and fair view of the incorporated 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 the incorporated association will be able to pay its debts as and when they become due and payable.

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

Co-Chair Peter Hanlon

C. Dala.

Treasurer Chris Leese

C Leese

Dated this 26 day of May 2023

Withers Advisory
CHARTERED ACCOUNTANTS

Grow with us

DirectorsDean Withers, CA
Michael Fairlie, CA

Associates
Peter Whitehead, FCA
Janine Thornley, CA

AUDITOR'S REPORT TO THE MEMBERS OF MERCURY CX INCORPORATED

Report on the financial report

Opinion

We have audited the financial report of Mercury CX Incorporated which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income and statement of changes in equity for the year then ended and notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the financial report of the Mercury CX Incorporated has been prepared in accordance with Div 60 of the Australian Charities and Not-for-profits Commission Act 2012 and the requirements of the Associations Incorporation Act 1985 (South Australia), including:

- (i) giving a true and fair view of the registered entity's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and Div 60 of the Australian Charities and Not-for-profits Commission Regulation 2013 and the requirements of the Associations Incorporation Act 1985 (South Australia).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

ACN 067 089 794 ABN 15 067 089 794 Liability limited by a scheme approved under Professional Standards Legislation 4 Frederick Street Frewville SA 5063 Telephone: (08) 8338 4100 Email: adelaide@withersadvisory.com.au

Emphasis of Matter - Basis of Accounting

We draw your attention to Note 1 to the financial report, which describes the basis of accounting.

- 1. The financial statements have been prepared on a going concern basis. During the financial year ended 31 December 2022 the Association experienced a loss of \$284,638. The continued viability of the Association is dependent upon funding by the Government of South Australia through the SA Film Corporation, the Department for Innovation and Skills Office for Aging Well and Arts South Australia as well as the City of Adelaide. In addition, funding through a new subscription scheme is being developed to come into effect from 1 July 2023.
 - As a result, there is some uncertainty as to whether the Association will continue as a going concern and therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at amounts stated in the financial statements. However, the board of directors believes that the Association will be successful in the above natters and, accordingly, have prepared the financial statements on a going concern basis.
- 2. The financial report has been prepared to assist Mercury CX Incorporated to meet the requirements of Division 60 of the Australian Charities and Not-for-profit Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC Act and for such internal control as the directors determine is necessary to enable preparation and fair presentation 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 directors are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility 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 Australia 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 aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with 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 one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity 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 directors 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.

WITHERS ADVISORY

Chartered Accountants

Peter K Whitehead - FCA

Dated this 26th day of May 2023 Frewville, South Australia

