

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
NEWTOWN NEIGHBOURHOOD CENTRE INC.**

**Opinion**

We have audited the financial report of Newtown Neighbourhood Centre Inc. ("the Entity") which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with management.

In our opinion, the accompanying financial report of the Entity is in accordance with the Associations Incorporations Act 2009, including:

- a) giving a true and fair view of the Entity's financial position as at 30 June 2022 and of its financial performance and cash flows for the year then ended; and
- b) complying with Australian Accounting Standards and the Associations Incorporations Act 2009.

**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 Entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Associations Incorporations Act 2009, which has been given to those charged with management, would be in the same terms if given as at the time of this auditor's report.

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

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

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Associations Incorporations Act 2009 and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If 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 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 those charged with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

**Meoli & Co**  
Chartered Accountants

Burwood NSW 2134

Date *24 October, 2022*



**Flavio Meoli**  
Partner

# **Newtown Neighbourhood Centre Inc.**

ABN: 96 884 462 833

## **Financial Report**

**For Year Ended 30 June 2022**

<b>CONTENTS</b>	<b>Page</b>
Statement of Financial Position	2
Income & Expenditure Statement	3
Statement of Changes in Equity	4
Statement of Cash Flows	4
Notes to Financial Statements	5
Statement by Members of the Committee	10
Independent Auditors' Report	11

**Newtown Neighbourhood Centre Inc.**

ABN: 96 884 462 833

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

	NOTE	2022	2021
<b>CURRENT ASSETS</b>			
Cash	3	1,903,570	1,950,304
Receivables	4	314,053	61,063
<b>TOTAL CURRENT ASSETS</b>		<b>2,217,624</b>	<b>2,011,367</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant, Equipment & Intangibles	5	23,848	50,818
<b>TOTAL NON-CURRENT ASSETS</b>		<b>23,848</b>	<b>50,818</b>
<b>TOTAL ASSETS</b>		<b>2,241,472</b>	<b>2,062,186</b>
<b>CURRENT LIABILITIES</b>			
Creditors & Other Payables	6	934,583	716,748
Provisions	7	324,526	296,574
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,259,110</b>	<b>1,013,322</b>
<b>TOTAL LIABILITIES</b>		<b>1,259,110</b>	<b>1,013,322</b>
<b>NET ASSETS</b>		<b>982,362</b>	<b>1,048,864</b>
<b>EQUITY</b>			
Accumulated Funds	8	982,362	1,048,864
<b>TOTAL EQUITY</b>		<b>982,362</b>	<b>1,048,864</b>

*The accompanying notes form part of these financial statement*

**Newtown Neighbourhood Centre Inc.**

ABN: 96 884 462 833

**INCOME & EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022	2021
<b>INCOME</b>			
Donations & Fundraising		208,437	180,621
Client Contributions & Program Income		50,853	5,654
Festival Income		0	0
Gain on sale of assets		13,636	0
Grants & Funding Received	10	3,244,956	2,584,311
Hall Hire		12,181	42,075
Interest Received		8,509	9,751
Markets Income		0	-22
Membership Fees		0	0
Sundry Income		542	563,150
<b>TOTAL INCOME</b>		<b>3,539,115</b>	<b>3,385,540</b>
<b>EXPENDITURE</b>			
Accountancy & Administration Charges		59,405	60,470
Advertising & Promotion		62,749	29,995
Audit fees	9	6,200	8,000
Auspicng fees		136,620	131,944
Bad Debts		0	0
Bank Charges & Fees		10,831	9,713
Computer Maintenance & Support		167,178	69,601
Consultants fees		28,256	21,773
Depreciation		56,110	36,730
Donations		2,582	1,689
Equipment Purchases		5,645	11,554
Festival Equipment Hire/Expenses		1,080	0
Fundraising Expenses		1,562	1,219
Insurance		53,650	48,118
Licences, Registrations & Permits		13,258	6,881
Meeting Expenses		4,220	6,281
Motor Vehicle Expenses		26,949	36,621
Printing, Postage, Photocopying & Stationery		14,574	11,282
Program Expenses & Materials		184,809	94,480
Provision - Employee Entitlements		27,952	42,201
Rent & Property Costs		87,262	96,702
Salaries, contractors & on costs		2,521,824	1,969,248
Staff Amenities, Training & Resources		73,735	59,492
Sundry Expenses		8,300	677
Telecommunications		35,192	32,050
Travel		15,673	4,180
<b>TOTAL EXPENDITURE</b>		<b>3,605,617</b>	<b>2,750,901</b>
<b>NET SURPLUS (LOSS) FOR YEAR</b>		<b>(66,502)</b>	<b>594,639</b>

*The accompanying notes form part of these financial statement*

**Newtown Neighbourhood Centre Inc.**

ABN: 96 884 462 833

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022	2021
<b>Opening Balance at 1 July</b>	8	1,048,864	454,225
Transfer from Reserve		0	0
Surplus (Loss) for the year		(66,502)	594,639
Closing Balance at 30 June		<b>982,362</b>	<b>1,048,864</b>

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022	2021
<u>Cash flow from operating activities</u>			
Receipts from customers		312,208	807,253
Grants Received		3,419,341	3,304,842
Interest received		8,509	9,751
Payments to suppliers		(3,786,792)	(3,008,551)
<u>Net Cash provided by (used in) operating activities</u>		<b>(46,734)</b>	<b>1,113,296</b>
<u>Cash flow from investing activities</u>			
Payment for plant, equipment & intangibles		0	0
<u>Net Cash provided by (used in) investing activities</u>		<b>0</b>	<b>0</b>
Net increase (decrease) in cash held		(46,734)	1,113,296
Cash at beginning of the year		1,950,304	837,008
Cash at the end of the year		<b>1,903,570</b>	<b>1,950,304</b>

*Note 1 - Reconciliation of cash*

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash on hand		7,185	4,943
Cash at Bank		1,896,386	1,945,361
	3	<b>1,903,570</b>	<b>1,950,304</b>

*Note 2 - Reconciliation of net cash provided by (used in) operating activities to net surplus*

Net surplus (loss)		(66,502)	594,639
Depreciation		24,056	36,730
Prior Period Adjustments			
<i>Changes in Assets and Liabilities</i>			
Decrease (Increase) in receivables		(261,872)	73,360
Decrease (Increase) in prepayments		8,882	(8,019)
Increase (Decrease) in accounts payable & funding in advance		220,326	374,385
Increase (Decrease) in provisions		28,376	42,202
Increase (Decrease) in reserves		<b>(46,734)</b>	<b>1,113,296</b>

The accompanying notes form part of these financial statement

## **Newtown Neighbourhood Centre Inc.**

ABN: 96 884 462 833

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

#### **Note 1: Statement of significant accounting policies**

These financial statements are special purpose financial statements in order to satisfy the financial reporting requirements of the Associations Incorporation Act NSW 2009. The committee has determined that the association is not a reporting entity.

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where stated specifically, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of these financial statements.

#### **Income Tax**

The Entity, being a registered charity, is exempt from income tax under section 50-5 of the Income Tax Assessment Act 1997 and accordingly no provision for income tax is required.

#### **Revenue recognition**

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

(i) *Grants*

Grants received are recognised as revenue when the entity obtains control over the asset comprising the contributions. When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the Statement of Financial Position as a Deferred income until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Deferred income is matched against expenditure in the year the expenditure is incurred and in accordance with funding body requirements when services are performed, or conditions fulfilled.

(ii) *Donations and Fundraising income*

Donations and fundraising are recognised when the money is received.

(iii) *Interest income*

Interest income is recognised when the interest is earned.

(iv) *Other income*

All other income such as fees received, is recognised when the invoice is raised.

#### **Property, Plant and Equipment**

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

#### **Plant and equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

**Note 1: Statement of significant accounting policies (Cont'd)**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

- |                                     |                        |
|-------------------------------------|------------------------|
| - Leasehold Improvements            | 100% amortised         |
| - Motor Vehicles                    | 20% PCM                |
| - Furniture, fittings and equipment | between 10% to 33% PCM |

Any assets acquired during the year under acquittal funds have been written off in the year of purchase. An asset register is maintained and reviewed on a regular basis.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

**Leases**

Where the Company is a lessee, the rights of use and obligations are initially recognised as assets and liabilities. The lease liability is initially measured at the present value of the lease payments over the lease term. The right-of-use asset is initially measured at the amount of the lease liability plus any direct costs incurred and are depreciated over the lease term.

**Cash and cash equivalents**

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

**Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement



**Note 1: Statement of significant accounting policies (Cont'd)**

**Provisions**

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**Employee Benefits**

- (i) **Wages and salaries and annual leave**  
Liabilities for wages and salaries and annual leave are recognized and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.
- (ii) **Long Service Leave**  
A liability for long service leave is recognized and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.
- (iii) **Redundancy**  
A liability for redundancy is recognized and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

**Accounts Payable and Other Payables**

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reported period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**Note 2: Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

While the majority of revenue is received from grants and donations, there are no indicators that this funding will cease in the next 12 months. As such, the financial statements have been prepared on a going concern basis.

**Newtown Neighbourhood Centre Inc.**

ABN: 96 884 462 833

<b>Note 3: Cash</b>	<b>2022</b>	<b>2021</b>
Cash on Hand	7,185	4,943
Cash at Bank	1,896,386	1,945,361
	<b>1,903,570</b>	<b>1,950,304</b>

<b>Note 4: Receivables</b>	<b>2022</b>	<b>2021</b>
Accounts receivable	303,213	41,341
Other Debtors	5,850	5,850
Prepaid expenses	4,990	13,872
	<b>314,053</b>	<b>61,063</b>

Current trade receivables are non-interest-bearing loans and generally are receivable within 30 days. A provision for impairment is recognised where there is subjective evidence that an individual trade receivable is impaired.

<b>Note 5: Property, Plant, Equipment &amp; Intangibles</b>	<b>2022</b>	<b>2021</b>
Leasehold Improvements - at cost	86,941	86,941
Accumulated Amortisation	(80,002)	(62,613)
	<b>6,939</b>	<b>24,327</b>
Office Redevelopment - at cost	24,780	24,780
Accumulated Amortisation	(24,780)	(24,780)
	<b>0</b>	<b>0</b>
Computer/Software - at cost	165,110	151,280
Accumulated Depreciation	(157,818)	(136,369)
	<b>7,291</b>	<b>14,911</b>
Office Equipment & Fittings - at cost	34,296	34,296
Accumulated Depreciation	(24,678)	(22,716)
	<b>9,618</b>	<b>11,580</b>
Motor Vehicles - at cost	19,608	38,766
Accumulated Depreciation	(19,608)	(38,766)
	<b>0</b>	<b>0</b>
Intangibles	0	0
Accumulated Amortisation	0	0
	<b>0</b>	<b>0</b>
	<b>23,848</b>	<b>50,818</b>

**Newtown Neighbourhood Centre Inc.**

ABN: 96 884 462 833

<b>Note 6: Creditors &amp; Other Payables</b>	<b>2022</b>	<b>2021</b>
Income Received in Advance	8,422	5,358
Grants Received in Advance	661,811	561,676
Trade Creditors & Accruals	264,351	149,713
	<b>934,583</b>	<b>716,748</b>

<b>Note 7: Provisions</b>	<b>2022</b>	<b>2021</b>
Redundancy Provision	0	0
Employee benefits - long service leave	115,887	108,127
Employee benefits - annual leave	208,639	188,447
	<b>324,526</b>	<b>296,574</b>

<b>Note 8: Accumulated Funds</b>	<b>2022</b>	<b>2021</b>
Balance at Start of year	1,048,864	454,225
Transfer from Reserve	0	0
Surplus (loss) for the year	(66,502)	594,639
Balance at end of year	<b>982,362</b>	<b>1,048,864</b>

<b>Note 9: Remuneration Of Auditors</b>	<b>2022</b>	<b>2021</b>
Auditing and reviewing the financial report	6,200	6,200
Other services	0	1,800
	<b>6,200</b>	<b>8,000</b>

**Note 10: Government Grants**

The Association has recognised government grant revenue from the following levels of government and departments:

**Government Grants**

	<b>2022</b>	<b>2021</b>
Department of Health		
Commonwealth Home Support Programme	631,275	620,722
Department of Communities and Justice		
FACS - Housing and homelessness	1,174,459	1,140,593
Community Builders - Targeted Earlier Intervention	280,583	273,073
SACS EPO Supplementation	125,176	116,563
SSTF	111,811	0
COVID Grant	144,830	0
	<b>2,468,134</b>	<b>2,150,951</b>

## **Newtown Neighbourhood Centre Inc.**

ABN: 96 884 462 833

### **Note 11: Related Party Transactions**

No income has been received or is due and receivable by the Committee Members while acting in their capacity as Committee Members.

### **Note 12: Events after the balance sheet date**

No matters or circumstances have arisen since the end of the financial year to date of this report which have significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in subsequent financial years.

### **Note 13: Segment Reporting**

The entity operates in the community services sector providing social support services to people living in Marrickville local government area and the surrounding region.

### **Note 13: Association Details**

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

- 1 Bedford Street, Newtown NSW 2042

**Newtown Neighbourhood Centre Inc.**

ABN: 96 884 462 833

**Statement by Members of the Committee  
FOR THE YEAR ENDED 30 JUNE 2022**

As stated in Note 1 to the financial statements, in the committee members' opinion, the association is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet the Associations Incorporation Act (NSW) 2009 requirements.

The Financial Report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in Note 1.

In the opinion of the Committee the financial report as set out on pages 2 to 10:

- (i) Presents a true and fair view of the financial position of Newtown Neighbourhood Centre Inc. as at 30 June 2022 and its performance for the period ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
- (ii) At the date of this statement, there are reasonable grounds to believe that Newtown Neighbourhood Centre Inc. will be able to pay its debts as and when they fall due.


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

President.....



Jo Wallace

Treasurer.....



LIZ DICKSON

VICE  
PRESIDENT

~~Scott McDougall~~

Dated this 24<sup>th</sup> day of October 2022