

Newtown Neighbourhood Centre Inc.

ABN: 96 884 462 833

Financial Report

For Year Ended 30 June 2019

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Newtown Neighbourhood Centre Inc.

ABN: 96 884 462 833

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	NOTE	2019	2018
CURRENT ASSETS			
Cash	3	732,549	880,717
Receivables	4	<u>68,351</u>	<u>35,140</u>
TOTAL CURRENT ASSETS		<u>800,900</u>	<u>915,856</u>
NON-CURRENT ASSETS			
Property, Plant, Equipment & Intangibles	5	<u>110,831</u>	<u>136,628</u>
TOTAL NON-CURRENT ASSETS		<u>110,831</u>	<u>136,628</u>
TOTAL ASSETS		911,731	1,052,484
CURRENT LIABILITIES			
Creditors & Other Payables	6	375,252	394,477
Provisions	7	<u>209,161</u>	<u>321,079</u>
TOTAL CURRENT LIABILITIES		<u>584,413</u>	<u>715,556</u>
TOTAL LIABILITIES		584,413	715,556
NET ASSETS		<u>327,318</u>	<u>336,928</u>
EQUITY			
Accumulated Funds	8	<u>327,318</u>	<u>336,928</u>
TOTAL EQUITY		<u>327,318</u>	<u>336,928</u>

The accompanying notes form part of these financial statements

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Newtown Neighbourhood Centre Inc.

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**INCOME & EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
INCOME		
Donations & Fundraising	199,151	116,735
Client Contributions & Program Income	10,855	24,190
Festival Income	513,782	463,598
Grants & Funding Received	2,135,431	2,580,600
Hall Hire	52,550	46,233
Interest Received	11,918	16,449
Markets Income	84,377	87,778
Membership Fees	236	200
Sundry Income	387	38
TOTAL INCOME	<u>3,008,688</u>	<u>3,366,683</u>
EXPENDITURE		
Accountancy & Administration Charges	56,093	59,439
Advertising & Promotion	19,278	15,909
Audit fees	8,000	7,800
Auspicing fees	228,831	215,000
Bad Debts	-	-
Bank Charges & Fees	13,746	7,086
Computer Maintenance & Support	73,927	53,269
Consultants fees	62,943	86,678
Depreciation	39,100	25,146
Donations	916	1,104
Equipment Purchases	1,805	4,247
Festival Equipment Hire/Expenses	136,594	146,329
Fundraising Expenses	8,842	590
Insurance	51,297	57,696
Licences, Registrations & Permits	6,764	10,706
Meeting Expenses	3,298	4,866
Motor Vehicle Expenses	36,820	31,673
Printing, Postage, Photocopying & Stationery	13,952	28,862
Program Expenses & Materials	74,299	80,012
Provision - Employee Entitlements	(111,919)	42,479
Rent & Property Costs	155,947	173,664
Salaries, contractors & on costs	2,074,661	2,147,604
Staff Amenities, Training & Resources	23,862	63,152
Sundry Expenses	544	(3,998)
Telecommunications	34,847	38,995
Travel	3,851	5,398
	<u>3,018,298</u>	<u>3,303,705</u>
NET SURPLUS (LOSS) FOR YEAR	<u>(9,610)</u>	<u>62,979</u>

The accompanying notes form part of these financial statements

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Newtown Neighbourhood Centre Inc.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	NOTE	2019	2018
Opening Balance at 1 July	8	336,928	273,949
Transfer from Reserve		-	-
Surplus (Loss) for the year		(9,610)	62,979
Closing Balance at 30 June		<u>327,318</u>	<u>336,928</u>

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

**STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2019**

	NOTE	2019	2018
<u>Cash flow from operating activities</u>			
Receipts from customers		819,761	793,267
Grants Received		2,207,210	2,306,471
Interest received		11,918	16,449
Payments to suppliers		<u>(3,173,754)</u>	<u>(3,275,142)</u>
<u>Net Cash provided by (used in) operating activities</u>		<u>(134,866)</u>	<u>(158,956)</u>
<u>Cash flow from investing activities</u>			
Payment for plant, equipment & intangibles	5	<u>(13,303)</u>	<u>(126,769)</u>
<u>Net Cash provided by (used in) investing activities</u>		<u>(13,303)</u>	<u>(126,769)</u>
Net increase (decrease) in cash held		(148,168)	(285,725)
Cash at beginning of the year		<u>880,717</u>	<u>1,166,442</u>
Cash at the end of the year		<u>732,548</u>	<u>880,717</u>

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		8,419	4,887
Cash at Bank		<u>724,129</u>	<u>875,830</u>
	3	<u>732,548</u>	<u>880,717</u>

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

Net surplus (loss)		(9,610)	62,979
Depreciation	5	39,100	25,146
Prior Period Adjustments			

Changes in Assets and Liabilities

Decrease (Increase) in receivables & prepayments		(41,578)	23,632
Increase (Decrease) in accounts payable & funding in advance		8,366	(15,887)
Increase (Decrease) in provisions		(19,224)	(297,304)
Increase (Decrease) in reserves		<u>(111,919)</u>	<u>42,479</u>
		<u>(134,866)</u>	<u>(158,956)</u>

The accompanying notes form part of these financial statements

Newtown Neighbourhood Centre Inc.

ABN: 96 884 462 833

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1: Summary 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 as follows:

(i) Grants and donations

Grants, donations and fundraising are recognised when the money is received.

(ii) Interest income

Interest income is recognised when the interest is earned.

(iii) 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.

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.

Newtown Neighbourhood Centre Inc.

ABN: 96 884 462 833

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1: Statement of Significant Accounting Policies (Cont'd)

Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Association as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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.

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 recognised, 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 recognised, 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 recognised, 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.

Newtown Neighbourhood Centre Inc.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1: Statement of Significant Accounting Policies (Cont'd)

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 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.

Note 3 - Cash	2019	2018
Cash on Hand	8,419	4,887
Cash at Bank	<u>724,129</u>	<u>875,830</u>
	<u>732,549</u>	<u>880,717</u>

Note 4 - Receivables

Accounts receivable	44,353	2,775
Other Debtors	5,850	5,850
Prepaid expenses	<u>18,148</u>	<u>26,514</u>
	<u>68,351</u>	<u>35,140</u>

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.

Note 5 - Property, Plant, Equipment & Intangibles	2019	2018
Leasehold Improvements - at cost	100,619	92,175
Accumulated Amortisation	<u>(41,515)</u>	<u>(24,535)</u>
	<u>59,104</u>	<u>67,640</u>
Office Redevelopment - at cost	24,780	24,780
Accumulated Amortisation	<u>(24,780)</u>	<u>(24,780)</u>
	<u>-</u>	<u>-</u>
Computer/Software - at cost	134,775	129,916
Accumulated Depreciation	<u>(109,693)</u>	<u>(99,800)</u>
	<u>25,081</u>	<u>30,116</u>
Office Equipment & Fittings - at cost	43,099	43,099
Accumulated Depreciation	<u>(25,117)</u>	<u>(22,531)</u>
	<u>17,982</u>	<u>20,568</u>
Motor Vehicles - at cost	38,766	38,766
Accumulated Depreciation	<u>(35,901)</u>	<u>(32,069)</u>
	<u>2,866</u>	<u>6,697</u>
Intangibles	17,409	17,409
Accumulated Amortisation	<u>(11,612)</u>	<u>(5,802)</u>
	<u>5,797</u>	<u>11,607</u>
	<u>110,831</u>	<u>136,628</u>

Newtown Neighbourhood Centre Inc.

ABN: 96 884 462 833

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
Note 6 - Creditors & Other Payables		
Income Received in Advance	79,128	-
Grants Received in Advance	112,856	120,202
Trade Creditors & Accruals	183,269	274,274
	<u>375,252</u>	<u>394,477</u>
Note 7 - Provisions		
Redundancy Provision	-	70,589
Employee benefits - long service leave	100,975	110,945
Employee benefits - annual leave	108,185	139,544
	<u>209,161</u>	<u>321,079</u>
Note 8 - Accumulated Funds		
Balance at Start of year	336,928	273,949
Transfer from Reserve	-	-
Surplus (loss) for the year	(9,610)	62,979
Balance at end of year	<u>327,318</u>	<u>336,928</u>
Note 9 - Remuneration Of Auditors		
Auditing and reviewing the financial report	6,200	6,000
Other services	1,800	1,800
	<u>8,000</u>	<u>7,800</u>

Note 10: 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 11: 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 12: 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.

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Statement by Members of the Committee FOR THE YEAR ENDED 30 JUNE 2019


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.

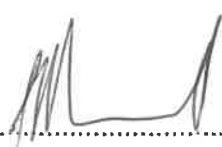
The Financial Report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in Note 1.

In the opinion of the Committee the financial report as set out on pages 2 to 8:

- (i) Presents a true and fair view of the financial position of Newtown Neighbourhood Centre Inc. as at 30 June 2019 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..........^{23/9/19}
Jo Wallace

Treasurer..........^{23/9/19}
Scott McDougall

Dated this 23rd-day of September 2019

**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 2019, 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 2019 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

Flavio Meoli
Partner

Burwood NSW 2134

Date *23 SEPTEMBER, 2019,*