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**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 2023, 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 2023 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 *25 SEPTEMBER 2023.*

Newtown Neighbourhood Centre Inc.

ABN: 96 884 462 833

Financial Report

For Year Ended 30 June 2023

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Newtown Neighbourhood Centre Inc.
ABN: 96 884 462 833

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTE	2023	2022
CURRENT ASSETS			
Cash	3	2,267,267	1,903,570
Receivables	4	133,367	314,053
TOTAL CURRENT ASSETS		<u>2,400,634</u>	<u>2,217,624</u>
NON-CURRENT ASSETS			
Property, Plant, Equipment & Intangibles	5	10,070	23,848
TOTAL NON-CURRENT ASSETS		<u>10,070</u>	<u>23,848</u>
TOTAL ASSETS		2,410,704	2,241,473
CURRENT LIABILITIES			
Creditors & Other Payables	6	809,966	934,583
Provisions	7	246,169	324,526
TOTAL CURRENT LIABILITIES		<u>1,056,136</u>	<u>1,259,110</u>
NON-CURRENT LIABILITIES			
Provisions	7	53,512	0
TOTAL CURRENT LIABILITIES		<u>53,512</u>	<u>0</u>
TOTAL LIABILITIES		1,109,648	1,259,110
NET ASSETS		<u>1,301,055</u>	<u>982,364</u>
EQUITY			
Accumulated Funds	8	1,301,055	982,362
TOTAL EQUITY		<u>1,301,055</u>	<u>982,362</u>

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 2023**

	NOTE	2023	2022
INCOME			
Donations & Fundraising		256,912	208,437
Client Contributions & Program Income		245,385	50,853
Gain on sale of assets		(1321)	13,636
Grants & Funding Received	10	3,167,161	3,244,956
Hall Hire		43,095	12,181
Interest Received		26,974	8,509
Membership Fees		0	0
Sundry Income		158,790	542
TOTAL INCOME		3,896,997	3,539,115
EXPENDITURE			
Accountancy & Administration Charges		60,301	59,405
Advertising & Promotion		30,696	62,749
Audit fees	9	5,900	6,200
Auspicing fees		143,221	136,620
Bank Charges & Fees		14,495	10,831
Computer Maintenance & Support		124,862	167,178
Consultants fees		72,755	28,256
Depreciation		44,649	56,110
Donations		1,803	2,582
Equipment Purchases		22,460	5,645
Festival Equipment Hire/Expenses		0	1,080
Fundraising Expenses		392	1,562
Insurance		67,875	53,650
Licences, Registrations & Permits		7,537	13,258
Meeting Expenses		12,879	4,220
Motor Vehicle Expenses		28,028	26,949
Printing, Postage, Photocopying & Stationery		12,043	14,574
Program Expenses & Materials		97,345	184,809
Provision - Employee Entitlements		-24,845	27,952
Rent & Property Costs		159,906	87,262
Salaries, contractors & on costs		2,544,764	2,521,824
Staff Amenities, Training & Resources		110,112	73,735
Sundry Expenses		7,772	8,300
Telecommunications		21,268	35,192
Travel		12,084	15,673
TOTAL EXPENDITURE		3,578,304	3,605,617
NET SURPLUS (LOSS) FOR YEAR		318,693	(66,502)

The accompanying notes form part of these financial statement.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023	2022
Opening Balance at 1 July	8	982,362	1,048,864
Surplus (Loss) for the year		318,693	(66,502)
Closing Balance at 30 June		1,301,055	982,362

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023	2022
Cash flow from operating activities:			
Receipts from customers		525,218	312,208
Grants Received		3,772,910	3,419,341
Interest received		26,413	8,509
Payments to suppliers		(3,925,972)	(3,786,792)
Net Cash provided by (used in) operating activities		398,570	(46,734)
Cash flow from investing activities:			
Payment for plant, equipment & intangibles		(34,873)	0
Net Cash provided by (used in) investing activities		(34,873)	0
Net increase (decrease) in cash held		363,697	(46,734)
Cash at beginning of the year		1,903,570	1,950,304
Cash at the end of the year		2,267,267	1,903,570

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		840	7,185
Cash at Bank		2,266,427	1,896,386
	3	2,267,267	1,903,570

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

Net surplus (loss)		318,693	(66,502)
Depreciation		44,649	24,056
Prior Period Adjustments:			
Changes in Assets and Liabilities			
(Increase) Decrease in receivables		241,911	(261,872)
(Increase) Decrease in prepayments		(7,290)	8,882
Increase (Decrease) in accounts payable & funding in advance		(121,036)	220,326
Increase (Decrease) in provisions		(78,357)	28,376
Increase (Decrease) in net cash provided by operating activities		398,570	(46,734)

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 2023

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

When the Company receives funds, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying the a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Government grants and other funding are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(i) *Grants*

Grants, donations and bequests are treated as funds received in accordance with AASB 15, noted above.

(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.

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

(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.

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% straight line method
- Furniture, fittings and equipment	between 10% to 33% straight line method

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

At the inception of a contract, the Company assesses if the contract contains a lease or is a lease. If there is a lease present, a right-of-use asset, and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

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

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate 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.

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

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.

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.

Note 3: Cash

	2023	2022
Cash on Hand	840	7,185
Cash at Bank	2,266,427	1,896,386
	<u>2,267,267</u>	<u>1,903,570</u>

Note 4: Receivables

	2023	2022
Accounts receivable	115,237	303,213
Other Debtors	5,850	5,850
Prepaid expenses	12,280	4,990
	<u>133,367</u>	<u>314,053</u>

Newtown Neighbourhood Centre Inc.

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Note 4: Receivables (Cont'd)

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

	Computer/ Software at cost	Leasehold Improv'ts	Motor Vehicles	Office Equip and Fittings	Office Redev't	Total
At 30 June 2022						
Cost	165,110	86,941	19,608	34,296	24,780	330,735
Accumulated Amortisation	(157,818)	(80,002)	(19,608)	(24,678)	(24,780)	(306,887)
<i>Net carrying amount</i>	<u>7,291</u>	<u>6,939</u>	<u>0</u>	<u>9,618</u>	<u>0</u>	<u>23,848</u>
Movements in carrying amounts						
Opening net carrying amount	7,291	6,939	0	9,618	0	23,848
Additions	2,739	3,174	0	31,699	0	37,612
Disposals	(3,209)	0	0	(1,097)	0	(4,306)
Depreciation charge for the year	(6,821)	(6,793)	0	(33,470)	0	(47,085)
	<u>0</u>	<u>3,319</u>	<u>0</u>	<u>6,750</u>	<u>0</u>	<u>10,070</u>
At 30 June 2023						
Cost	22,519	53,179	19,608	45,589	24,780	165,676
Accumulated depreciation	(22,519)	(49,860)	(19,608)	(38,838)	(24,780)	(155,606)
<i>Net carrying amount</i>	<u>0</u>	<u>3,319</u>	<u>0</u>	<u>6,750</u>	<u>0</u>	<u>10,070</u>

Note 6: Creditors & Other Payables

	2023	2022
Income Received in Advance	18,056	8,422
Grants Received in Advance	533,506	661,811
Trade Creditors & Accruals	258,404	264,351
	<u>809,966</u>	<u>934,583</u>

Note 7: Provisions

	2023	2022
Current		
Employee benefits - long service leave	61,411	115,887
Employee benefits - annual leave	184,759	208,639
	<u>246,169</u>	<u>324,526</u>
Non-Current		
Employee benefits - long service leave	53,512	0
	<u>53,512</u>	<u>0</u>

Note 8: Accumulated Funds	2023	2022
Balance at Start of year	982,362	1,048,864
Surplus (loss) for the year	318,693	(66,502)
Balance at end of year	<u>1,301,055</u>	<u>982,362</u>

Note 9: Remuneration Of Auditors	2023	2022
Auditing and reviewing the financial report	5,900	6,200
Other services	0	0
	<u>5,900</u>	<u>6,200</u>

Note 10: Government Grants and Other Non-Government Grant/Funding

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

Government Grants and Other Non-Government Grant/Funding	2023	2022
Department of Health		
Commonwealth Home Support Programme	640,744	631,275
Department of Communities and Justice		
FACS - Housing and homelessness	1,291,830	1,174,459
Community Builders - Targeted Earlier Intervention	321,511	280,583
SACS ERO Supplementation	0	125,176
SSTF	145,189	111,811
COVID Grant	0	144,830
Other Non-Government Grants/Funding	767,886	776,823
	<u>3,167,161</u>	<u>3,244,956</u>

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.

Newtown Neighbourhood Centre Inc.

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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 14: Association Details

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

- 11-13 Darley Street, Newtown NSW 2042

**Statement by Members of the Committee
FOR THE YEAR ENDED 30 JUNE 2023**

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 11:

- (i) Presents a true and fair view of the financial position of Newtown Neighbourhood Centre Inc. as at 30 June 2023 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:

Co-President.....
Connie Henson

Treasurer.....
Philip Hope

Dated this 20th day of September 2023


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MBM