



The Centre: Connecting Community in North & West Melbourne
Incorporated
ABN 21 236 030 938

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015



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Acknowledgements

Auditor

Mr Eugene Odachowski
J.P. Hardwick & Associates
Unit 7, 617-643 Spencer Street
West Melbourne, VIC 3003



These accounts include financial information for Errol's Angels Community Choir Inc. ABN: 47 415 008 045





The Centre: Connecting Community in North & West Melbourne Inc.
 ABN 21 236 030 938

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
INCOME			
Government and other grants			
- City of Melbourne	2	115,668	117,692
- Department of Education and Early Childhood Development	2	58,689	109,888
- Department of Human Services	2	51,809	49,077
- Other	2	25,218	7,373
Course and activity fees	2	87,489	80,996
Other income	2	130,030	66,269
TOTAL INCOME		468,903	431,295
EXPENDITURE			
Employee benefits	3	(230,380)	(274,305)
Contractors		(55,936)	(74,305)
Advertising and promotion		(3,048)	(2,853)
Depreciation		(7,100)	(8,183)
Office costs		(14,559)	(14,269)
Program costs		(3,842)	(3,098)
Project expenses	4	(52,559)	(45,824)
Other expenses	5	(37,725)	(43,852)
TOTAL EXPENDITURE		(405,149)	(466,419)
NET RESULT FOR THE PERIOD	16	63,754	(35,124)
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		63,754	(35,124)

The accompanying notes form part of these financial statements.



The Centre: Connecting Community in North & West Melbourne Inc.
ABN 21 236 030 938

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	136,875	119,215
Receivables	7	22,491	43,157
Prepayments & Other Current Assets		39,290	12,496
Total current assets		198,656	174,868
Non-current assets			
Property, plant and equipment	8	38,708	20,463
Total non-current assets		38,708	20,463
TOTAL ASSETS		230,364	195,331
LIABILITIES			
Current liabilities			
Payables	9	49,711	38,067
Provisions	12	15,955	17,680
Income received in advance	10	64,453	98,379
Project Funds Held	11	5,724	-
Total current liabilities		135,843	154,126
Non-current liabilities			
Provisions	12	11,613	8,332
Total non-current liabilities		11,613	8,332
TOTAL LIABILITIES		147,456	162,458
NET ASSETS		89,908	32,873
EQUITY			
Reserves		18,592	35,463
Retained earnings		71,316	(2,590)
TOTAL EQUITY	13	89,908	32,873

The accompanying notes form part of these financial statements.



The Centre: Connecting Community in North & West Melbourne Inc.
ABN 21 236 030 938

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Retained Earnings \$	Reserves \$	TOTAL \$
BALANCE AT 1 JULY 2013		32,534	43,052	75,586
Comprehensive income (expense) for the year		(35,124)		(35,124)
Amount transferred (to) from reserves			(7,589)	(7,589)
BALANCE AT 30 JUNE 2014		(2,590)	35,463	32,873
Comprehensive income (expense) for the year		63,754		63,954
Amount transferred (to) from reserves		10,152	(16,871)	(6,719)
BALANCE AT 30 JUNE 2015	13	71,316	18,592	89,908

The accompanying notes form part of these financial statements.



The Centre: Connecting Community in North & West Melbourne Inc.
 ABN 21 236 030 938

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Government and other grants		315,837	380,263
Other receipts		282,188	112,489
Employee benefits paid		(230,380)	(272,261)
Payments to suppliers		(318,171)	(191,835)
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	14	49,474	28,656
CASH FLOW FROM INVESTING ACTIVITIES			
Payment to INC Co-op on demerger		(25,061)	-
Purchase of property, plant and equipment		(6,753)	(594)
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES		(31,814)	(594)
CASH FLOW FROM FINANCING ACTIVITIES			
Net interest received (paid)		-	-
Equity invested in Non-current Assets		-	(7,589)
Equity invested in Operating Activities		-	-
NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES		-	(7,589)
NET INCREASE (DECREASE) IN CASH HELD		17,660	20,473
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		119,215	98,742
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	136,875	119,215

The accompanying notes form part of these financial statements.



The Centre: Connecting Community in North & West Melbourne Inc.
ABN 21 236 030 938

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Reform Act 2012*.

The financial statements cover The Centre: Connecting Community in North & West Melbourne Inc. ("The Centre") as an individual entity. The Centre is an association incorporated in Victoria and operating pursuant to the *Associations Incorporation Reform Act 2012*. The committee of management of The Centre has determined that the association is not a reporting entity.

Basis of preparation

The financial statements have been prepared in accordance with Australian Accounting Standards as required for a 'tier two association' under the *Associations Incorporation Reform Act 2012*.

The financial statements, apart from cash flow information, have been prepared on an accruals basis in accordance with the historical cost convention, except for the measurement at fair value of certain non-current assets and financial assets and liabilities where stated.

All amounts shown in the financial statements are rounded to the nearest dollar.

The following material accounting policies have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information for the year ended 30 June 2014.

(a) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and is measured at the fair value of the consideration received or receivable. Specific revenues are recognised as follows:

Grants

The Centre receives grants for operating and project purposes. Where there are conditions attached to grants relating to the specific use and timing of funds and which may provide for economic value back to the grant contributor, grants are first recognised as a liability in the statement of financial position (income received in advance) until such obligations are met, then recognised as revenue in the statement of comprehensive income as performance occurs and grants are expended in accordance with grant requirements. Grants are otherwise recognised as revenue when control of the underlying assets received or receivable has been obtained.

Rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer, and where delivery is in progress, by reference to the percentage stage of completion of the transaction.

Course and activity fees

Fees are recognised as revenue when they are received, unless they have been received in advance of the commencement of the related activity period, in which case they are first recognised as a liability in the statement of financial position (income received in advance), then transferred to revenue when delivery commences.

Sale of goods

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest

Interest revenue is recognised on a proportional basis taking into account the effective interest rates applicable to the financial assets.

All revenue is stated net of the amount of Goods and Services Tax (GST).

(b) Property, plant and equipment

Each class of fixed asset is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of physical assets is reviewed annually to ensure it is not materially in excess of the recoverable amount from these assets.

Depreciation

Fixed assets are capitalised and depreciated on a straight-line basis over their useful lives commencing from the time the assets are held ready for use.

The depreciation rates used for each class of depreciable assets are:

<u>Class of fixed asset</u>	<u>Depreciation rate</u>
Office furniture and equipment:	
-- Furniture	15-20%
-- Office equipment excl. computers	20-25%
-- Computer equipment	25-40%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

(c) Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Any lease incentives received under operating leases are recognised initially as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial instruments

The association's financial instruments consist of cash and cash equivalents and non-interest-bearing trade and other short-term receivables and payables.

Cash and cash equivalents comprise at-call and short term deposits held with financial institutions and cash on hand.

Receivables comprise trade and other short-term amounts owing to The Centre and due for settlement.

Payables represent liabilities in relation to goods and services provided to The Centre prior to the end of the financial year which are unpaid.

Recognition and measurement

The association recognises financial assets or liabilities on the date they are originated or when it becomes a party to the contractual provisions of the instrument. The instruments are initially measured at fair value plus any transaction costs. Subsequent measurement is either at fair value or amortised cost, less any impairment losses.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of the association's financial instruments are based on cost.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the association no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired.

(e) Impairment

The association assesses the carrying amounts of its financial and non-financial assets at the end of each reporting period for indications of impairment. If any such indication exists, the asset's recoverable amount is estimated, and any excess of the asset's carrying value over its recoverable amount is recognised as an impairment loss.

Impairment losses are expensed to the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation, with any excess recognised through the statement of comprehensive income.

The recoverable amount for assets is recognised at either the present value of estimated future cash flows, fair value less costs to sell or depreciated replacement cost, depending on the asset.

Impairment of the association's financial instruments is not recognised until objective evidence exists that a loss event has occurred. A provision for impairment losses is raised if there is an indicator that an impairment loss may be incurred.

An impairment loss is reversed if a subsequent increase in the recoverable amount of the asset can be objectively related to an event occurring after the impairment loss was recognised.

(f) Provisions

Provisions are made when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. The amounts recognised represent an estimate of the obligations as at the end of the reporting period.

(g) Income received in advance

Income received in advance represents liabilities for amounts received by The Centre in advance of the related delivery of goods or services, for which contractual obligations exist. Refer also *Note 1 (a) Revenue*.

(h) Employee benefits

Provision is made for the association's liability for short and long-term employee benefits arising from services rendered by employees to balance date. These benefits include salaries and wages, annual and long-service leave and superannuation.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, including related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits plus related on-costs.

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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 statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for investing and financing activities, the GST component of which is disclosed as part of operating cash flow.

(j) Income Tax

The Centre is endorsed as an income tax exempt charity under Division 50 (Subdivision 50-B) of the Income Tax Assessment Act 1997.

(k) Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(l) Accounting judgments and estimates

The preparation of the association's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. Estimates and assumptions are based on historical experience, best available current information and reasonable expectations of future events. Actual results may differ from estimates.

Estimates and assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised in the period or periods affected by the revision.

(m) Adoption of new and revised accounting standards

The association has adopted applicable accounting standards and interpretations that are mandatory for the current reporting period. All new and revised accounting standards and interpretations that have mandatory application for future reporting periods, and are relevant to the association, have not been early-adopted.

NOTE 2. GRANTS & OTHER INCOME

	2015	2014
	\$	\$
(a) Grants		
City of Melbourne	115,668	117,692
Department of Education and Early Childhood Development	58,689	109,888
Department of Human Services	51,809	49,077
Other Grants	25,218	7,373
Total grants	251,384	284,030
(b) Trading & Other Income		
North & West Melbourne News advertising and subscription revenue	11,721	12,220
Spring Fling Festival sponsorship and stall hire revenue	119,818	23,954
Course Fees	87,489	80,996
Interest	431	950
All other	(1,940)	29,705
Total other income	217,519	147,265
Total grants & other income	468,903	431,295



NOTE 3. EMPLOYEE BENEFITS

	2015	2014
	\$	\$
Salaries and wages	202,882	243,402
Leave provisions	6,123	6,153
Superannuation	17,157	21,336
Workcover	4,218	3,414
Total employee benefits	230,380	274,305

NOTE 4. PROJECT EXPENSES

Project expenses totalling \$52,559 (2014: \$45,824) relate mainly to expenditure for the Spring Fling Festival.

The current period includes project expenses relating to the delivery of the most recent Spring Fling Festival held in October 2014.

NOTE 5. OTHER EXPENSES

	2015	2014
	\$	\$
Audit fees	1,500	-
Bank charges	1,133	1,423
Communications	2,806	3,451
Computer and IT costs	5,656	7,252
Other staffing costs	(9,954)	1,773
Meeting and governance expenses	2,731	1,626
Printing and stationery	10,142	16,331
All other expenses	23,711	12,863
Total other expenses	37,725	44,719

NOTE 6. CASH AND CASH EQUIVALENTS

	2015	2014
	\$	\$
Cash in bank accounts	136,475	118,865
Cash in term deposits	-	-
Cash on hand	400	350
Total cash and cash equivalents	136,875	119,215

NOTE 7. RECEIVABLES

	2015	2014
	\$	\$
Trade and sundry debtors	24,152	43,157
Provision for Doubtful Debts	(1,661)	-
Total receivables	22,491	43,157



NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	2015	2014
	\$	\$
Office furniture and equipment:		
At cost	6,753	90,921
Accumulated depreciation	-	(70,458)
At Fair Value	31,955	-
Accumulated depreciation	-	-
Total property, plant and equipment	38,708	20,463

(a) Movements in carrying amounts

Movement in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	OFFICE FURNITURE & EQUIPMENT \$	TOTAL \$
Balance at 1 July 2012	28,052	28,052
Additions	594	594
Depreciation expense	(8,183)	(8,183)
Balance at 30 June 2013	20,463	20,463
Additions	6,753	6,753
Asset Revaluation	18,592	18,592
Depreciation expense	(7,100)	(7,100)
Carrying amount at 30 June 2014	38,708	38,708

NOTE 9. PAYABLES

	2015	2014
	\$	\$
Trade and sundry creditors	22,674	11,992
Goods and services tax payable	9,413	6,595
Pay-as-you-go withholding tax payable	10,414	12,806
Superannuation payable	7,210	6,674
Total payables	49,711	38,067

NOTE 10. INCOME RECEIVED IN ADVANCE

	2015	2014
	\$	\$
Grants in advance	64,453	98,379
Fees in advance	-	-
Total income received in advance	64,453	98,379



NOTE 11. PROJECT FUNDS HELD

	2015	2014
	\$	\$
Errol's Angels Community Choir Project	5,724	-
Total project funds held	5,724	-

NOTE 12. PROVISIONS

	2015	2014
	\$	\$
Current		
Employee benefits		
-- Annual leave	15,955	17,680
Total current	15,955	17,680
Non-current		
Employee benefits		
-- Long-service leave	11,613	8,332
Total non-current	11,613	8,332
Total provisions	27,568	26,012
Movements in long service leave		
Balance at beginning of year	8,332	7,475
Net provisions made during year	3,281	857
Balance at end of year	11,613	8,332

NOTE 13. EQUITY AND RESERVES

(b) Movements in equity

	FIXED ASSET RESERVE \$	ASSET REVALUATION RESERVE \$	PROGRAM & OTHER RESERVES \$	RETAINED EARNINGS \$	TOTAL EQUITY \$
Balance at 1 July 2013	28,052	-	15,000	32,534	75,586
Increase (decrease) for year	(7,589)	-	-	(35,124)	(42,713)
Balance at 30 June 2014	20,463	-	15,000	(2,590)	32,873
Increase (decrease) for year	(20,463)	18,592	(15,000)	73,906	57,035
Balance at 30 June 2015	-	18,592	-	71,316	89,908

b) Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is comprised of the changes in the fair value of fixed Assets owned by the organisation, i.e., the difference between the book value less accumulated depreciation of any asset and the determined fair value.

Retained Earnings

This represents the level of unrestricted funds available for general use in the future.



NOTE 14. CASH FLOW INFORMATION

	2015	2014
	\$	\$
Reconciliation of net result from statement of comprehensive income with cash flow from operating activities		
Net result for the period	63,754	(35,124)
Items in net result classified as investing activities		
Capital grants	-	-
Items in net result classified as financing activities		
Net interest received (paid)	-	-
Equity Invested in operating activities	-	-
Non-cash flows in net result		
Depreciation	7,100	8,183
Net (gain) loss on disposal of non-current assets	-	-
Changes in operating assets and liabilities		
(Increase) decrease in receivables	20,666	(34,775)
(Increase) decrease in prepayments & other current assets	(26,794)	(8,636)
Increase (decrease) in payables	11,394	(1,042)
Increase (decrease) in provisions	1,556	3,818
Increase (decrease) in income received in advance	(28,202)	96,232
Net cash inflow (outflow) from operating activities	49,474	28,656

NOTE 15. OPERATING LEASE COMMITMENTS

The Centre has a 12-month operating lease on photocopier equipment which commenced in July 2015. At balance date, the remaining lease commitment was \$2,786 (2014: \$2,786).

The Centre also has a peppercorn lease arrangement on property. The applicable lease commitment at balance date was \$10 (2014: \$10).

NOTE 16. AUDITORS' REMUNERATION

	2015	2014
	\$	\$
Remuneration of the auditors of the association		
-- Audit of the annual financial report	1,500	1,500
Total auditors' remuneration	1,500	1,500



NOTE 17. CHANGE IN OPERATIONS

The current reporting period reflects the continued redevelopment of The Centre's program following the reductions in funding from The City of Melbourne (as advised in previous financial reports). The redevelopment had only partly been implemented in the prior year due to changes in personnel and delays in appointment of a new management team, which contributed to the significant lag in expenditure during the prior period.

As foreshadowed in last year's financial report, overall activity and associated expenditure for the current year increased markedly as expected. This offset the significant net income recorded in the previous year and reflects the catch up / expansion of activity and program investment compared to previous years.

The Centre's redevelopment is still in progress though operations and financial results have now largely normalised.

NOTE 18. ASSOCIATION DETAILS

The registered office, and principal place of business, of the association is:

58 Errol Street
North Melbourne VIC 3051

The Centre: Connecting Community in North & West Melbourne Inc.
ABN 21 236 030 938

DECLARATION

ANNUAL STATEMENTS GIVE TRUE AND FAIR VIEW OF FINANCIAL POSITION AND PERFORMANCE OF INCORPORATED ASSOCIATION

We, Karl Hessian and Doone Clifton, being members of The Centre: Connecting Community in North & West Melbourne Inc. ("The Centre"), certify that -


The annual financial statements attached to this certificate, as set out on pages 3 to 15, give a true and fair view of the financial position and performance of The Centre during and at the end of the financial year of the association ending on 30 June 2015.

Signed:



Karl Hessian (Chair)

Signed:



Doone Clifton (Treasurer)

Dated this 6 day of August 2015

INDEPENDENT AUDITORS REPORT

Independent Auditors Report to the Members of The Centre: Connecting Community in North & West Melbourne Inc.

Scope

We have audited the financial statements of The Centre: Connecting Community in North & West Melbourne Inc. (the "Association") which comprises of the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, for the year ended 30 June 2015. The Committee is responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members.


Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements, so as to present a view which is consistent with our understanding of the Association's financial position, the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements present fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements the financial position of The Centre: Connecting Community in North & West Melbourne Inc. as at 30 June 2015 and of the results of its operations for the year then ended.

DATED this 31st day of July, 2015.



.....(signed)

EUGENE ODACHOWSKI

REGISTERED COMPANY AUDITOR (Reg No: 9182)

Unit 7, 617-643 Spencer Street, West Melbourne, VIC 3003

Telephone No: (03) 9376 3455

Facsimile No: (03) 9329 5747



The Centre: Connecting Community in North & West Melbourne Inc.
ABN 21 236 030 938

CERTIFICATION

CERTIFICATE BY MEMBER OF THE COMMITTEE

I, Karl Hessian, certify that –

- a. I attended the annual general meeting of The Centre: Connecting Community in North & West Melbourne Inc. held 14 September 2015; and
- b. That the annual financial statements for the year ended 30 June 2015 were submitted to the members of the association at its annual general meeting.

Signed:

_____ **Karl Hessian (Chair)**

Dated this day of 2015