



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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
INCOME			
Government and other grants			
- City of Melbourne	2	117,692	140,007
- Department of Education and Early Childhood Development	2	109,888	65,281
- Department of Human Services	2	49,077	46,380
- Other	2	7,373	13,500
Course and activity fees	2	80,996	54,093
Other income	2	66,269	31,931
TOTAL INCOME		431,295	351,192
EXPENDITURE			
Employee benefits	3	(274,305)	(221,936)
Contractors		(74,305)	(81,164)
Advertising and promotion		(2,853)	(18,693)
Depreciation		(8,183)	(7,393)
Office costs		(13,132)	(12,136)
Program costs		(3,098)	(22,101)
Project expenses	4	(45,824)	(88,671)
Other expenses	5	(44,719)	(30,666)
TOTAL EXPENDITURE		(466,419)	(482,760)
NET RESULT FOR THE PERIOD	16	(35,124)	(131,568)
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		(35,124)	(131,568)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	2014	2013
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	6	119,215	98,742
Receivables	7	43,157	8,382
Prepayments & Other Current Assets		12,496	3,860
Total current assets		174,868	110,984
Non-current assets			
Property, plant and equipment	8	20,463	28,052
Total non-current assets		20,463	28,052
TOTAL ASSETS		195,331	139,036
LIABILITIES			
Current liabilities			
Payables	9	38,067	39,109
Provisions	11	17,680	14,719
Income received in advance	10	98,379	2,147
Total current liabilities		154,126	55,975
Non-current liabilities			
Provisions	11	8,332	7,475
Total non-current liabilities		8,332	7,475
TOTAL LIABILITIES		162,458	63,450
NET ASSETS		32,873	75,586
EQUITY			
Reserves		35,463	43,052
Retained earnings		(2,590)	32,534
TOTAL EQUITY	12	32,873	75,586

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Retained Earnings \$	Reserves \$	TOTAL \$
BALANCE AT 1 JULY 2012		96,961	110,193	207,154
Comprehensive income (expense) for the year		(131,568)		(131,568)
Amount transferred (to) from reserves		67,141	(67,141)	-
BALANCE AT 30 JUNE 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	12	(2,590)	35,463	32,873

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Government and other grants		380,263	232,194
Other receipts		111,539	144,093
Employee benefits paid		(272,261)	(209,408)
Payments to suppliers		(197,317)	(245,630)
Net GST received (paid)		5,482	595
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	13	27,706	(78,156)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital grants		-	4,000
Purchase of property, plant and equipment		(594)	(15,252)
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES		(594)	(11,252)
CASH FLOW FROM FINANCING ACTIVITIES			
Net interest received (paid)		950	6,610
Equity invested in Non-current Assets		(7,589)	-
Equity invested in Operating Activities		-	(67,141)
NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES		(6,639)	(60,531)
NET INCREASE (DECREASE) IN CASH HELD		20,473	(149,939)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		98,742	248,681
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	119,215	98,742

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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 2014 and the comparative information for the year ended 30 June 2013.

(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	5-10%
-- Office equipment excl. computers	10-25%
-- 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

	2014	2013
	\$	\$
(a) Grants		
City of Melbourne	117,692	140,007
Department of Education and Early Childhood Development	109,888	65,281
Department of Human Services	49,077	46,380
Other Grants	7,373	13,500
Total grants	284,030	265,168
(b) Trading & Other Income		
North & West Melbourne News advertising and subscription revenue	12,220	12,298
Spring Fling Festival sponsorship and stall hire revenue	23,394	9,836
Course Fees	80,996	-
Interest	950	6,610
All other	29,705	3,187
Total other income	147,265	31,931
Total grants & other income	431,295	297,099

NOTE 3. EMPLOYEE BENEFITS

	2014	2013
	\$	\$
Salaries and wages	243,402	189,410
Leave provisions	6,153	12,528
Superannuation	21,336	16,733
Workcover	3,414	3,265
Total employee benefits	274,305	221,936

NOTE 4. PROJECT EXPENSES

Project expenses totalling \$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 2013.

NOTE 5. OTHER EXPENSES

	2014	2013
	\$	\$
Audit fees	-	2,100
Bank charges	1,423	1,106
Communications	3,451	4,715
Computer and IT costs	7,252	8,291
Other staffing costs	1,773	2,375
Meeting and governance expenses	1,626	2,366
Printing and stationery	16,331	7,533
All other expenses	12,863	2,180
Total other expenses	44,719	30,666

NOTE 6. CASH AND CASH EQUIVALENTS

	2014	2013
	\$	\$
Cash in bank accounts	118,865	98,245
Cash in term deposits	-	-
Cash on hand	350	497
Total cash and cash equivalents	119,215	98,742

NOTE 7. RECEIVABLES

	2014	2013
	\$	\$
Trade and sundry debtors	43,157	8,382
Total receivables	43,157	8,382

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	\$	\$
Office furniture and equipment:		
At cost	90,921	90,327
Accumulated depreciation	(70,458)	(62,275)
Total property, plant and equipment	20,463	28,052

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	20,193	20,193
Additions	15,252	15,252
Depreciation expense	(7,393)	(7,393)
Balance at 30 June 2013	28,052	28,052
Additions	594	594
Depreciation expense	(8,183)	(8,183)
Carrying amount at 30 June 2014	20,463	20,463

NOTE 9. PAYABLES

	2014	2013
	\$	\$
Trade and sundry creditors	11,992	30,244
Goods and services tax payable	6,595	1,113
Pay-as-you-go withholding tax payable	12,806	2,492
Superannuation payable	6,674	5,260
Total payables	38,067	39,109

NOTE 10. INCOME RECEIVED IN ADVANCE

	2014	2013
	\$	\$
Grants in advance	98,379	-
Fees in advance	-	2,147
Total income received in advance	98,379	2,147

NOTE 11. PROVISIONS

	2014	2013
	\$	\$
Current		
Employee benefits		
-- Annual leave	17,680	6,626
Total current	17,680	14,719
Non-current		
Employee benefits		
-- Long-service leave	8,332	3,040
Total non-current	8,332	7,475
Total provisions	26,012	22,194
Movements in long service leave		
Balance at beginning of year	7,475	3,040
Net provisions made during year	857	4,435
Balance at end of year	8,332	7,475

NOTE 12. EQUITY AND RESERVES

(a) Movements in equity

	FIXED ASSET RESERVE \$	EQUIPMENT REPLACEMENT RESERVE \$	PROGRAM & OTHER RESERVES \$	RETAINED EARNINGS \$	TOTAL EQUITY \$
Balance at 1 July 2012	20,193	30,000	60,000	96,961	207,154
Increase (decrease) for year	7,859	(30,000)	(45,000)	64,427	131,568
Balance at 30 June 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

(b) Nature and purpose of reserves

Fixed asset reserve

This reserve represents the portion of equity that is invested in fixed assets and therefore not available for other purposes. The level of the reserve equates to the net carrying amount of fixed assets held net of any borrowings applicable to them; movements in the reserve represent changes in the carrying amount of those fixed assets.

Equipment purchase and replacement reserve

This reserve represents funds set aside for future equipment purchases and facility upgrades, office refits and refurbishments. The level of reserve is monitored in line with anticipated requirements.

Program and other reserves

These reserves include funds held aside for forthcoming program development and delivery, plus contingencies. The amount at balance date comprises the contingency reserve.

Retained earnings

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

NOTE 13. CASH FLOW INFORMATION

	2014	2013
	\$	\$
Reconciliation of net result from statement of comprehensive income with cash flow from operating activities		
Net result for the period	(35,124)	(131,568)
Items in net result classified as investing activities		
Capital grants	-	(4,000)
Items in net result classified as financing activities		
Net interest received (paid)	(950)	(6,610)
Equity Invested in operating activities	-	67,141
Non-cash flows in net result		
Depreciation	8,183	7,393
Net (gain) loss on disposal of non-current assets	-	-
Changes in operating assets and liabilities		
(Increase) decrease in receivables	(34,775)	(2,462)
(Increase) decrease in prepayments & other current assets	(8,636)	2,252
Increase (decrease) in payables	(1,042)	6,144
Increase (decrease) in provisions	3,818	12,528
Increase (decrease) in income received in advance	96,232	(28,974)
Net cash inflow (outflow) from operating activities	27,706	(78,156)

NOTE 14. OPERATING LEASE COMMITMENTS

The Centre has a 36-month operating lease on photocopier equipment which commenced in July 2012. At balance date, the remaining lease commitment was \$2,786 (2013: \$5,573).

The Centre also has a peppercorn lease arrangement on property. The applicable lease commitment at balance date was \$10 (2013: \$10).

NOTE 15. AUDITORS' REMUNERATION

	2014	2013
	\$	\$
Remuneration of the auditors of the association		
-- Audit of the annual financial report	-	2,100
Total auditors' remuneration	-	2,100

NOTE 16. 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 last year's abnormally low levels. Financial results for the year have accordingly been impacted.

The Centre's redevelopment is still in progress though operations and financial results are expected to normalise, with income and expenditure expected to realign, over the next financial year (2014-15).

NOTE 17. 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 2 to 14, 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 2014.

Signed: 
_____ **Karl Hessian (Chair)**

Signed: 
_____ **Doone Clifton (Treasurer)**

Dated this 12 day of September 2014

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") set out on the attached pages for the year ended 30 June 2014. 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 2014 and of the results of its operations for the year then ended.

DATED this 5th day of September, 2014.


.....(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

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 29th September 2014; and
- b. That the annual financial statements for the year ended 30 June 2014 were submitted to the members of the association at its annual general meeting.

Signed:

_____ **Karl Hessian (Chair)**

Dated this day of 2014