

Corryong Neighbourhood House Incorporated

ABN 38 793 076 812

Special Purpose Financial Statements

For the year ended 30 June 2023

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Corryong Neighbourhood House Incorporated


Auditors Independence Declaration

For the year ended 30 June 2023

I declare that, to the best of my knowledge and belief, in relation to the audit of Corryong Neighbourhood House for the year ended 30 June 2023 there have been:

- (a) No contraventions of the auditor independence requirements as set out in the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

Johnsons MME
Chartered Accountants



Stephen Clarke
Director

Albury
30 August 2023

Committee of management's declaration

For the year ended 30 June 2023

As noted in note 1(a) to the financial statements, in the committee's opinion, Corryong Neighbourhood House Incorporated is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements prepared to meet the requirements of the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with Accounting Standards and other mandatory professional reporting requirements to the extent described in note 1.

The committee declares that the financial statements and notes set out on pages 3 to 13:

- (a) comply with Accounting Standards to the extent detailed above; and
- (b) give a true and fair view of the entity's financial position as at 30 June 2023 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the committee's opinion:

- (a) the financial statements and notes are in accordance with the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*; and
- (b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the committee.



Chairperson



Treasurer

24 August 2023

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Revenue	2	1,838,418	1,732,713
Purchases – Social Enterprise		436,806	503,435
Employee expense		1,040,198	1,168,588
Depreciation	9	33,827	30,942
Occupancy expenses		80,424	90,854
Program expenses		14,694	35,102
Administration costs		23,167	19,487
R&M /minor assets		22,817	52,411
Finance costs		46,161	48,434
Other expenses		89,893	45,748
		<u>1,787,987</u>	<u>1,994,997</u>
Surplus/(deficit) before income tax		50,431	(262,288)
Income tax expense	1(c)	-	-
Net surplus/(deficit)		<u>50,431</u>	<u>(262,288)</u>
Other comprehensive income		-	-
Total comprehensive result for the year		<u>50,431</u>	<u>(262,288)</u>

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	81,043	67,047
Trade and other receivables	4	16,387	25,418
Inventories	5	81,099	76,455
Other assets	6	624	2,737
Total current assets		<u>179,153</u>	<u>171,657</u>
Non-current assets			
Trade and other receivables	7	109,261	74,426
Property, plant and equipment	9	221,780	243,088
Intangibles	8	180,000	180,000
Total non-current assets		<u>511,041</u>	<u>497,514</u>
Total assets		<u>690,194</u>	<u>669,171</u>
LIABILITIES			
Current liabilities			
Trade and other payables	10	172,464	190,385
Borrowings	11	64,637	30,628
Provisions	12	69,515	71,620
Other	13	215,720	204,992
Total current liabilities		<u>522,336</u>	<u>497,625</u>
Non-current liabilities			
Borrowings	14	445,316	499,435
Total non-current liabilities		<u>445,316</u>	<u>499,435</u>
Total liabilities		<u>967,652</u>	<u>997,060</u>
Net Assets		<u>(277,458)</u>	<u>(327,889)</u>
EQUITY			
Retained profits		<u>(277,458)</u>	<u>(327,889)</u>
Total equity		<u>(277,458)</u>	<u>(327,889)</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Corryong Neighbourhood House Incorporated

Statement of changes in equity

For the year ended 30 June 2023

	Total Equity
Balance as at 30 June 2021	(65,601)
Surplus/(Deficit) for the year	(262,288)
Balance as at 30 June 2022	<u>(327,889)</u>
Surplus/(Deficit) for the year	50,431
Balance as at 30 June 2023	<u>(277,458)</u>

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

Statement of cash flows

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from - Social Enterprise operations		1,215,081	1,251,375
- Other		642,113	568,376
Payments to suppliers and employees		(1,730,558)	(1,866,718)
		126,636	(46,967)
Interest paid		(46,161)	(48,434)
Interest received		984	157
Net cash inflow/(outflow) from operating activities	15	<u>81,459</u>	<u>(95,244)</u>
Cash flows from investing activities			
Payments for property, plant & equipment	9	(12,516)	(48,168)
Proceeds from disposal of non-current assets		-	-
Net cash inflow/(outflow) from investing activities		<u>(12,516)</u>	<u>(48,168)</u>
Cash flows from financing activities			
Repayment of borrowings		(20,112)	(31,807)
Receipt of loan repayment from related party		(34,835)	121,772
Net cash inflow/(outflow) from financing activities		<u>(54,947)</u>	<u>89,965</u>
Net increase/(decrease) in cash and cash equivalents held		13,996	(53,447)
Cash and cash equivalents at the beginning of the financial year		67,047	120,494
Cash and cash equivalents at the end of the financial year	3	<u>81,043</u>	<u>67,047</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

1. Summary of significant accounting policies

(a) Basis of accounting

Corryong Neighbourhood House Incorporated (CNH) is not a reporting entity because in the opinion of the Committee of Management there are no users dependent upon general purpose financial statements. These are special purpose financial statements that have been prepared for the sole purpose of complying with the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012 requirements* to prepare and distribute financial statements to the members and must not be used for any other purpose. The Committee has determined that the accounting policies adopted are appropriate to meet the needs of the members.

Under Australian Accounting Standards, there are requirements that apply specifically to not-for-profit entities that are not consistent with International Financial Reporting Standards (IFRS) requirements. The entity has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate the entity has elected to apply options and exemptions within the accounting standards which are applicable to not-for-profit entities.

The following is a summary of material accounting policies adopted by the entity in preparation of the financial statements.

The financial statements have been prepared in accordance with applicable Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements with the exception of the following:

- AASB 7 - Financial Instruments: Disclosures
- AASB 9 - Financial Instruments
- AASB 15 - Revenue from Contracts with Customers
- AASB 16 - Leases
- AASB 119 - Employee Benefits
- AASB 1058 – Income of Not-for-profit Entities

The financial statements are prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information has been reclassified where appropriate to enhance comparability.

Going Concern

The financial statements have been prepared on the basis that CNH will be able to continue as a going concern. While CNH has reported a profit for the year of \$50,431 it continues to have negative working capital of \$343,183 (2022: \$325,968) and a negative net asset position of \$277,458 (2022: 327,889). Consequently, the ability of the entity to continue as a going concern will depend upon CNH's ability to improve its trading results, and the continued support from funding bodies, financiers and Towong Shire Council who have acted as guarantor on the loan held with WAW.

If the CNH is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the CNH not continue as a going concern.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

1. Summary of significant accounting policies (continued)

(b) Revenue recognition

(i) Sale of goods and services

Revenue from the sale of food, beverage and other goods is recognised at the point in time the goods are delivered to customers. Revenue from services rendered is recognised at the point in time the service is provided to customers.

(ii) Contributions

Grants, donations and other contributions are generally recognised as revenue when the entity obtains control over the granted asset. Control over granted assets normally occurs at the time they are received. However, where any amounts of grants received remain unexpended at balance date and may have to be refunded, these amounts are not brought to account as revenue and are disclosed as a liability called unexpended grants (refer note 13).

(iii) Interest

Interest revenue is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

(c) Income tax

Income tax is not provided for in the financial statements as the entity is recognised as tax exempt under the Income Tax Assessment Act and therefore not subject to tax.

(d) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes deposits at call, which are readily convertible to cash on hand and are subject to an insignificant risk of change in value, net of any outstanding bank overdrafts.

(e) Trade and other receivables

Debtors are brought to account at their nominal amounts. As receivables are short term in nature the invoice amount is not materially different from amortised cost. A provision for doubtful debts is raised based on expected credit losses.

(f) Property, Plant and Equipment

The purchase method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the assets at the date of acquisition plus incidental costs directly attributable to the acquisitions.

Depreciation has been calculated on a straight-line basis in order to write off the cost of assets over their expected useful lives. The expected useful lives are as follows:

Leasehold Improvement	5 years
Plant & Equipment	10 years

Maintenance and repair costs are charged as expenses as they are incurred.

(g) Intangibles assets - Goodwill

Goodwill is initially recorded at the amount at which the purchase price for a business exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less any accumulated impairment losses.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

1. Summary of significant accounting policies (continued)

(h) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. As the entity is a not-for-profit entity for accounting standards purposes, the value in use is the depreciated replacement cost of the asset.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Due to the short-term nature of payable, measurement at cost is not materially different from amortised value.

(j) Employee entitlements

Annual leave

A liability for annual leave is recognised and measured as the amount unpaid at the reporting date at current wage rates in respect of employees' service up to that date.

Long Service Leave

A liability for long service leave is recognised and measured for only those employees who have attained 5 years of service with the entity, based on amounts unpaid at the reporting date at current wage rates for services provided up to that date.

(k) 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 expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(l) Leases

Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease.

(m) Interest bearing liabilities

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(n) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include chattel mortgage and finance lease charges.

Notes to and forming part of the financial statements

For the year ended 30 June 2023

2. Revenue

	2023	2022
	\$	\$
Revenue		
Social Enterprise sales	1,206,050	1,259,725
Grants		
- Victorian State Government	147,926	159,398
- Commonwealth Government	146,756	3,250
- Local Government	-	5,000
- Non-Government	179,019	151,230
COVID-19 stimulus package	-	-
External Projects	21,502	63,673
Agency Fees	25,444	30,731
Donations & Fundraising	67,233	47,434
Interest received/receivable	983	157
Gain or disposal of assets	-	(504)
Other	43,505	12,619
Total Revenue	1,838,418	1,732,713

3. Current Asset - Cash and cash equivalents

Petty Cash	4,002	3,992
EFTPOS Clearing Account	40	-
Bendigo Bank Account	1,002	265
WAW Trading Account	19,288	50,727
WAW Savings Account	54,571	5,406
Undeposited Funds	2,140	6,657
	81,043	67,047

4. Current Asset - Trade and other receivables

Trade debtors	15,166	22,856
Other debtors	1,221	2,562
	16,387	25,418

5. Current Asset - Inventories

Inventories	81,099	76,455
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6. Current Asset - Other current assets

Prepayments / deposits	624	2,738
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7. Non-Current Asset - Trade and other receivables

Related party loan account – UMIF	109,261	74,426
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Balance relates to building improvements to 38-40 Hansen Street Corryong and other asset purchase funded by CNH. The property and assets are owned by Upper Murray Innovation Foundation

Notes to and forming part of the financial statements

For the year ended 30 June 2023

8. Non-Current Asset - Intangibles

	2023	2022
	\$	\$
Goodwill – Corryong Bakery	180,000	180,000

9. Non-Current Asset - Property, plant and equipment**Buildings**

Leasehold improvements at cost	37,998	37,998
Less: Accumulated depreciation	(33,082)	(30,422)
	<u>4,916</u>	<u>7,576</u>

Plant & Equipment

Plant & Equipment at cost	378,884	367,948
Less: Accumulated depreciation	(162,020)	(132,436)
	<u>216,864</u>	<u>235,512</u>
Total Property, Plant & Equipment	<u>221,780</u>	<u>243,088</u>

Reconciliation

	WDV 1 July 2022	Additions	Disposals	Transfers	Depreciation	WDV 30 June 2023
Leasehold Improvements	7,576	-	-	-	(2,660)	4,916
Plant & Equipment	235,512	12,519	-	-	(31,167)	216,864
	<u>243,088</u>	<u>12,519</u>	<u>-</u>	<u>-</u>	<u>(33,827)</u>	<u>221,780</u>

10. Current Liability - Trade and other payables

Trade creditors	74,325	72,893
GST payable	21,585	18,661
Unredeemed vouchers	346	282
PAYG Tax and Superannuation payable	38,885	45,275
Accrued expenses	37,323	53,273
	<u>172,464</u>	<u>190,385</u>

11. Current Liability – Borrowings

WAW Loan	51,216	16,672
SEFA Consolidated	13,421	
Westpac Loan	-	13,956
	<u>64,457</u>	<u>30,628</u>

Notes to and forming part of the financial statements

For the year ended 30 June 2023

12. Current Liability - Provisions

	2023	2022
	\$	\$
Provision for Annual Leave	58,513	51,175
Provision for Long Service Leave	11,002	20,445
	<u>69,515</u>	<u>71,620</u>

13. Other Current Liabilities

Money held in trust	14,911	7,214
Unexpended grants	200,809	197,778
	<u>215,720</u>	<u>204,992</u>

14. Non-Current Liability – Borrowings

WAW Loan	141,304	204,483
SEFA Consolidated	304,012	294,952
	<u>445,316</u>	<u>499,435</u>

Security

- i. SEFA loan is secured over the properties located at 39 and 42 Hansen St Corryong, and 38 Main St Walwa. These properties are owned by a related entity, Upper Murray Innovation Foundation.

15. Reconciliation of net cash provided by operating activities to net surplus/(deficit)

Net Surplus/(Deficit)	50,431	(262,288)
Depreciation	33,827	30,943
Net (Profit)/Loss on sale of fixed assets	-	(504)
(Increase)/decrease in debtors	11,144	(11,087)
(Increase)/decrease in inventories	(4,644)	11,043
Increase/(decrease) in creditors	(17,921)	69,468
Increase/(decrease) in provisions	(2,105)	(28,868)
Increase/(decrease) in grants in advance	10,727	95,039
	<u>81,459</u>	<u>(95,244)</u>

16. Commitments

Total operating leases commitments contracted for at balance date but not provided for in the financial statements:

- Within one year	13,077	17,952
- Between 1 year and 5 years	-	13,077
	<u>13,077</u>	<u>30,669</u>

Notes to and forming part of the financial statements

For the year ended 30 June 2023

17. Key Management Personnel

Key management personnel (KMP) are defined as people with authority and responsibility for planning, directing and controlling the activities of the Association. The Committee of Management has identified the KMPs as the members of the Committee of Management and Co-ordinator.

As the Committee are appointed on a voluntary basis there is only one KMP who receives remuneration for their services. As there is only one KMP who is remunerated the Committee has applied the exemption provided by the ACNC not to disclose the KMPs remuneration.

18. Related Party Transactions

Other related parties include close family members of key management personnel and entities controlled or jointly controlled by these key management personnel individually or collectively with those family members. Transactions with related parties are on normal terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following entities, with which related party transactions have occurred, are related parties by virtue of common control by the Committee of Management:

	2023	2022
	\$	\$
Income		
Project costs recoveries from Upper Murray Innovation Foundation	18,267	4,615
Expenses		
Expenses for commercial rent paid to Upper Murray Innovation Foundation	18,000	18,000
Expenses for car rental paid to Upper Murray Innovation Foundation	8,000	-
Loans to/From Related Parties		
Loan receivable owing from Upper Murray Innovation Foundation	109,261	74,426
Payable to Related Parties		
Payable owing to Upper Murray Innovation	5,670	5,370

19. Contingent Assets and Liabilities

The committee is not aware of any contingent assets or liabilities that may exist as at 30 June 2023.

20. Events occurring after reporting date

No matters or circumstances have arisen since balance date that has significantly affected, or may significantly affect, the entity's operations in future years.

Independent auditor's report to the members of Corryong Neighbourhood House Incorporated

Opinion

We have audited the financial statements, being special purpose financial statements, of Corryong Neighbourhood House Incorporated (the Association) comprising the statement of financial position at 30 June 2023, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of accounting policies, other explanatory notes and the Committee of Management's declaration.

In our opinion the financial statements of the Association are in accordance with the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not for Profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Association's financial position as at 30 June 2023 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (ii) complying with Australian Accounting Standards to the extent described in note 1 and complying with the *Associations Incorporation Reform Regulations 2012* and *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of 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 Statements* section of our report. We are independent of the Association 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 statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1(a), there is inherent uncertainty whether the Association will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Corporation not continue as a going concern.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-Profits Commission Act 2012*. As a result, the financial statements may not be suitable for another purpose.

Independent auditor's report to the members (continued)

Responsibilities of the Committee of Management for the Financial Statements

The Committee of Management of the Association are responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements which are appropriate to meet the requirements of the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not for Profits Commission Act 2012* and are appropriate to meet the needs of the members.

The Committee of Management are also responsible for such internal control as the Committee determine necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee is responsible for assessing the Association'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 intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

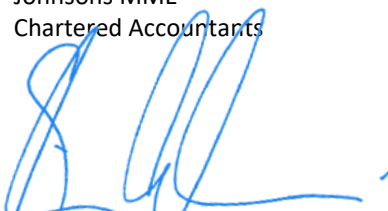
The Committee is responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 the 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 these financial statements.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Johnsons MME
Chartered Accountants



Stephen Clarke
Director

Albury
30 August 2023