

Upper Murray Innovation Foundation

ABN 32 532 437 350

Special Purpose Financial Statements

For the year ended 30 June 2021

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Committee of management's declaration

For the year ended 30 June 2021

As noted in note 1(a) to the financial statements, in the committee's opinion, Upper Murray Innovation Foundation 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 2 to 10:

- (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 2021 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.



Committee Member



Committee Member

2 August 2021

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

| | Notes | 2021 \$ | 2020 \$ |
|--|-------|-----------------|-----------------|
| Revenue | 2 | 54,322 | 35,949 |
| Expenditure | | | |
| Administration | | 41,132 | 6,858 |
| Depreciation | | 37,804 | 40,014 |
| Motor vehicle | | 3,599 | 8,027 |
| | | <u>82,535</u> | <u>54,899</u> |
| Surplus/(Deficit) before income tax | | <u>(28,213)</u> | <u>(18,950)</u> |
| Income tax expense | 1(c) | - | - |
| Net surplus/(deficit) | | <u>(28,213)</u> | <u>(18,950)</u> |
| Other comprehensive income | | - | - |
| Total comprehensive result for the year | | <u>(28,213)</u> | <u>(18,950)</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 2021

| | Notes | 2021 \$ | 2020 \$ |
|--------------------------------------|-------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 3 | 310,607 | 54,022 |
| Trade and other receivables | 4 | 58,347 | 38,009 |
| Total current assets | | <u>368,954</u> | <u>92,031</u> |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 578,245 | 616,049 |
| Total non-current assets | | <u>578,245</u> | <u>616,049</u> |
| Total assets | | <u>947,199</u> | <u>708,080</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 6 | 4,237 | 1,365 |
| Other Liabilities | 7 | 321,448 | 55,970 |
| Total current liabilities | | <u>325,685</u> | <u>57,335</u> |
| Non-Current liabilities | | | |
| Trade and other payables | 8 | 196,198 | 197,216 |
| Total non-current liabilities | | <u>196,198</u> | <u>197,216</u> |
| Total liabilities | | <u>521,883</u> | <u>254,551</u> |
| Net Assets | | <u>425,316</u> | <u>453,529</u> |
| EQUITY | | | |
| Reserves | | | |
| Retained profits | | 425,316 | 453,529 |
| Total equity | | <u>425,316</u> | <u>453,529</u> |

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

Statement of changes in equity

For the year ended 30 June 2021

| | Retained Profits | Restructuring Costs Reserve | Total |
|-----------------------------------|---------------------|--------------------------------|----------------|
| Balance as at 30 June 2019 | 472,479 | - | 472,479 |
| Surplus/(Deficit) for the year | (18,950) | - | (18,950) |
| Balance as at 30 June 2020 | 453,529 | - | 453,529 |
| Surplus/(Deficit) for the year | (28,213) | - | (28,213) |
| Balance as at 30 June 2021 | 425,316 | - | 425,316 |

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

Upper Murray Innovation Foundation

Statement of cash flows

For the year ended 30 June 2021

| | Note | 2021 \$ | 2020 \$ |
|---|------|-----------------------|----------------------|
| Cash flows from operating activities | | | |
| Receipts from operating activities | | 265,875 | 42,681 |
| Payments to suppliers | | (9,383) | (15,186) |
| Interest paid | | - | - |
| Interest received | | 93 | 74 |
| Net cash inflow/(outflow) from operating activities | 9 | <u>263,477</u> | <u>27,569</u> |
| Cash flows from investing activities | | | |
| Payments for property, plant & equipment | | - | (16,666) |
| Proceeds from sale of property, plant & equipment | | - | 13,635 |
| Net cash inflow/(outflow) from investing activities | | <u>-</u> | <u>(3,031)</u> |
| Cash flows from financing activities | | | |
| Loans to/(repayments from) Related party | | - | - |
| Net cash inflow/(outflow) from financing activities | | <u>-</u> | <u>-</u> |
| Net increase/(decrease) in cash and cash equivalents held | | 256,585 | 24,538 |
| Cash and cash equivalents at the beginning of the financial year | | 54,022 | 29,484 |
| Cash and cash equivalents at the end of the financial year | 3 | <u><u>310,607</u></u> | <u><u>54,022</u></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 2021

1. Summary of significant accounting policies

(a) Basis of accounting

Upper Murray Innovation Foundation 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 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 a 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 101 - Presentation of Financial Statements
- AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 124 - Related Party Disclosures
- AASB 1058 – Income for 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.

(b) Revenue recognition

(i) Rental

Rental income is recognised as it accrues and becomes payable.

(ii) 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.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

(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 when some doubt as to collection exists.

(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:

| | |
|-------------------------------------|---------------|
| Buildings and building improvements | 6 to 33 years |
| Plant & Equipment | 3 to 10 years |
| Motor Vehicles | 5 years |

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

(g) 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.

(h) 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.

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

Notes to and forming part of the financial statements

For the year ended 30 June 2021

2. Revenue

| | 2021 | 2020 |
|---------------------------------|---------------|---------------|
| Revenue | \$ | \$ |
| Interest Received/Receivable | 93 | 74 |
| Rental Income | 18,000 | 18,000 |
| Facilities Hire | 2,735 | 5,600 |
| Donations | 33,494 | - |
| Profit/(Loss) of sale of assets | - | 12,275 |
| Total Revenue | 54,322 | 35,949 |

3. Current Asset - Cash and cash equivalents

| | | |
|------------------------|----------------|---------------|
| Bendigo Investment A/c | 288,988 | 19,455 |
| Bendigo Trading A/c | 21,619 | 34,567 |
| | 310,607 | 54,022 |

4. Current Asset - Trade and other receivables

| | | |
|-------------------------------------|---------------|---------------|
| Trade Debtor | 420 | - |
| Neighbourhood House –Offset Account | - | 1,109 |
| FRRR Donation Account | 57,927 | 36,900 |
| Total trade and other receivables | 58,347 | 38,009 |

5. Non Current Asset - Property, plant and equipment

| | | |
|-----------------------------------|----------------|----------------|
| Land | | |
| Land at cost (i) | 115,000 | 115,000 |
| Buildings | | |
| Buildings at cost (i) | 687,879 | 687,879 |
| Less: Accumulated depreciation | (242,070) | (214,751) |
| | 445,809 | 473,128 |
| Motor Vehicle | | |
| Motor Vehicles at cost | 52,423 | 52,423 |
| Less: Accumulated depreciation | (34,987) | (24,502) |
| | 17,436 | 27,921 |
| Total Property, Plant & Equipment | 578,245 | 616,049 |

- (i) Land & buildings located at 39 and 40 Hansen Street Corryong, and 38 Main Street Walwa are subject to a mortgage to Social Enterprise Finance Australia. The liability is carried in the books of related entity Corryong Neighbourhood House Inc.

Notes to and forming part of the financial statements

For the year ended 30 June 2021

5. Non Current Asset - Property, plant and equipment (continued)**Reconciliation**

| | WDV 1 July 2020 | Additions | Disposals | Depreciation | WDV 30 June 2021 |
|-------------------|--------------------|-----------|-----------|-----------------|---------------------|
| Land | 115,000 | - | - | - | 115,000 |
| Buildings | 473,128 | - | - | (27,319) | 445,809 |
| Motor Vehicles | 27,921 | - | - | (10,485) | 17,436 |
| | <u>616,049</u> | <u>-</u> | <u>-</u> | <u>(37,804)</u> | <u>578,245</u> |

6. Current Liability - Trade and other payables

| | 2021 \$ | 2020 \$ |
|------------------|--------------|--------------|
| Trade Creditors | 3,158 | 4 |
| Tax Payable | (1,721) | (269) |
| Accrued Expenses | 2,800 | 1,630 |
| | <u>4,237</u> | <u>1,365</u> |

7. Current Liability - Other

| | | |
|---------------------|----------------|---------------|
| Money held in trust | 321,448 | 55,970 |
| | <u>321,448</u> | <u>55,970</u> |

8. Non-Current Liability - Trade and other payables

| | | |
|----------------------------------|----------------|----------------|
| Related party loan account - CNH | 196,198 | 197,216 |
| | <u>196,198</u> | <u>197,216</u> |

Balance relates to building improvements to 38-40 Hansen Street Corryong funded by Corryong Neighborhood House (CNH). The property is owned by Upper Murray Innovation Foundation

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

| | | |
|--|----------------|---------------|
| Net Surplus/(Deficit) | (28,213) | (18,950) |
| (Profit)/ Loss on sale of fixed assets | - | (12,275) |
| Depreciation | 37,804 | 40,014 |
| Increase/decrease in Trade and other receivables | (20,338) | (36,891) |
| Increase/decrease in Trade and other payables | 267,332 | 55,671 |
| | <u>256,585</u> | <u>27,569</u> |

Notes to and forming part of the financial statements

For the year ended 30 June 2021

10. Contingent Assets and Liabilities

The Association has provided a guarantee and indemnity to Social Enterprise Finance Australia in respect to the \$250,000 borrowing facility provided to Corryong Neighbourhood House Inc. for the purchase of the mechanical workshop and business at 38 Main St Walwa.

The Committee is not aware of any other contingent asset or liabilities that may exist as at 30 June 2021.

11. 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 Upper Murray Innovation Foundation Incorporated

Opinion

We have audited the financial statements, being a special purpose financial statements, of Upper Murray Innovation Foundation Inc. (the Association), comprising the statement of financial position as at 30 June 2021, 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 2021 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.

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.

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.

Independent auditor's report to the members (continued)

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
2 August 2021