

Corryong Neighbourhood House Incorporated

ABN 38 793 076 812

Special Purpose Financial Statements

For the year ended 30 June 2019

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Corryong Neighbourhood House Incorporated

Committee of management's declaration

For the year ended 30 June 2019

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 2 to 12:

- (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 2019 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

1st August 2019

Corryong Neighbourhood House Incorporated

Statement of profit & loss and other comprehensive income

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue	2	1,540,105	1,288,010
Purchases – Social Enterprise		414,802	329,967
Employee expense		981,425	741,994
Depreciation	8	33,517	23,927
Occupancy expenses		87,057	75,716
Program expenses		31,765	43,730
Administration costs		21,475	31,533
R&M /minor assets		29,910	32,386
Finance costs		41,751	27,728
Other expenses		45,146	26,277
		<u>1,686,848</u>	<u>1,333,258</u>
Surplus/deficit) before income tax		(146,743)	(45,248)
Income tax expense	1(c)	-	-
Net surplus/(deficit)		<u>(146,743)</u>	<u>(45,248)</u>
Other comprehensive income		-	-
Total comprehensive result for the year		<u>(146,743)</u>	<u>(45,248)</u>

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

Corryong Neighbourhood House Incorporated

Statement of financial position

As at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	108,051	55,326
Trade and other receivables	4	9,863	12,669
Inventories	5	88,402	24,517
Other assets	6	1,609	5,887
Total current assets		207,925	98,399
Non-current assets			
Property, plant and equipment	8	402,011	394,164
Intangibles	7	180,000	180,000
Total non-current assets		582,011	574,164
Total assets		789,936	672,563
LIABILITIES			
Current liabilities			
Trade and other payables	9	111,150	107,780
Borrowings	10	109,013	47,463
Provisions	11	76,743	75,207
Other	12	57,657	23,618
Total current liabilities		354,563	254,068
Non-current liabilities			
Borrowings	13	525,181	361,560
Total non-current liabilities		525,181	361,560
Total liabilities		879,744	615,628
Net Assets		(89,808)	56,935
EQUITY			
Retained profits		(89,808)	56,935
Total equity		(89,808)	56,935

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 2019

	Retained Profits	Depreciation Reserve	Total
Balance as at 30 June 2017	102,183	-	102,183
Surplus/(Deficit) for the year	(45,248)	-	(45,248)
Balance as at 30 June 2018	56,935	-	56,935
Surplus/(Deficit) for the year	(146,743)	-	(146,743)
Balance as at 30 June 2019	(89,808)	-	(89,808)

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

Corryong Neighbourhood House Incorporated

Statement of cash flows

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from - Social Enterprise operations		1,341,255	1,047,980
- Other		235,317	239,402
Payments to suppliers and employees		(1,631,731)	(1,232,050)
		(55,159)	55,332
Interest paid		(40,601)	(27,728)
Interest received		378	190
Net cash inflow/(outflow) from operating activities	14	<u>(95,382)</u>	<u>27,794</u>
Cash flows from investing activities			
Payments for property, plant & equipment	8	<u>(77,064)</u>	<u>(238,099)</u>
Net cash inflow/(outflow) from investing activities		<u>(77,064)</u>	<u>(238,099)</u>
Cash flows from financing activities			
Repayment of borrowings		(86,179)	(46,532)
Proceeds from borrowing		311,350	250,000
Net cash inflow/(outflow) from financing activities		<u>225,171</u>	<u>203,468</u>
Net increase/(decrease) in cash and cash equivalents held		52,725	(6,837)
Cash and cash equivalents at the beginning of the financial year		55,326	62,163
Cash and cash equivalents at the end of the financial year	3	<u>108,051</u>	<u>55,326</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 2019

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 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 101 - Presentation of Financial Statements
AASB 119 - Employee Benefits
AASB 124 - Related Party Disclosures
AASB 1004 - Contributions

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. CNH has reported a loss for the year of \$146,743, has a negative working capital balance of \$146,638, and a negative equity balance of \$89,808. 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, the bank, 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 2019

1. Summary of significant accounting policies (continued)

(b) Revenue recognition

(i) 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 12).

(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.

(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:

Building Improvement	10 – 25 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 2019

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) 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.

(m) 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 2019

2. Revenue

	2019	2018
	\$	\$
Revenue		
Social Enterprise sales	1,338,449	1,048,349
Grants	148,164	129,560
External Projects	14,450	16,650
Agency Fees	15,252	14,575
Forgiveness of loan (UMIF)	-	55,348
Donations & Fundraising	4,188	-
Interest received/receivable	378	190
Other	19,224	23,338
Total Revenue	<u>1,540,105</u>	<u>1,288,010</u>

3. Current Asset - Cash and cash equivalents

Petty Cash	3,457	3,134
EFTPOS Clearing Account	4,423	1,521
Bendigo Bank Account	3,108	814
WAW Trading Account	43,255	41,928
WAW Savings Account	48,350	2,943
Undeposited Funds	5,458	4,986
	<u>108,051</u>	<u>55,326</u>

4. Current Asset - Trade and other receivables

Trade debtors	7,646	11,079
Other debtors	2,217	1,590
	<u>9,863</u>	<u>12,669</u>

5. Inventories

Inventories	<u>88,402</u>	<u>24,517</u>
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6. Other current assets

Prepayments / deposits	<u>1,609</u>	<u>5,887</u>
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7. Intangibles

Goodwill – Corryong Bakery	<u>180,000</u>	<u>180,000</u>
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Notes to and forming part of the financial statements

For the year ended 30 June 2019

8. Non Current Asset - Property, plant and equipment

	2019	2018
	\$	\$
Buildings		
Buildings at cost	259,706	249,400
Less: Accumulated depreciation	(47,483)	(32,278)
	<u>212,223</u>	<u>217,122</u>
Plant & Equipment		
Plant & Equipment at cost	238,332	207,274
Less: Accumulated depreciation	(48,544)	(30,232)
	<u>189,788</u>	<u>177,042</u>
 Total Property, Plant & Equipment	 <u>402,011</u>	 <u>394,164</u>

Reconciliation

	WDV 1 July 2018	Additions	Disposals	Transfers	Depreciation	WDV 30 June 2019
Buildings	217,122	10,306	-	-	(15,205)	212,223
Plant & Equipment	177,042	66,758	-	(35,700)	(18,312)	189,788
	<u>394,164</u>	<u>77,064</u>	<u>-</u>	<u>(35,700)</u>	<u>(33,517)</u>	<u>402,011</u>

9. Current Liability - Trade and other payables

	2019	2018
	\$	\$
Trade creditors	18,991	29,121
GST payable	19,655	9,455
UMIF-Offset Account	576	-
Unredeemed vouchers	30	75
PAYG Tax and Superannuation payable	37,867	43,644
Accrued expenses	34,031	25,485
	<u>111,150</u>	<u>107,780</u>

10. Current Liability – Borrowings

SEFA Loan(UMCG Purchase)	14,341	-
SEFA Loan	47,093	41,165
Yarra Finance Loan	6,739	6,298
WAW Loan	26,740	-
Westpac Loan	14,100	-
	<u>109,013</u>	<u>47,463</u>

Security

- i. SEFA loan is secured over the properties located at 39 and 40 Hansen St Corryong, and 38 Main St Walwa. These properties are owned by a related entity, Upper Murray Innovation Foundation.
- ii. Yarra Finance loan is secured over specific asset subject to finance.

Notes to and forming part of the financial statements

For the year ended 30 June 2019

11. Current Liability - Provisions

	2019	2018
	\$	\$
Provision for Annual Leave	53,187	45,990
Provision for Long Service Leave	11,487	29,217
Provision for preserved TIL	12,069	-
	<u>76,743</u>	<u>75,207</u>

12. Other Current Liabilities

Money held in trust	4,854	3,110
Unexpended grants	52,803	20,508
	<u>57,657</u>	<u>23,618</u>

13. Non Current Liability – Borrowings

SEFA Loan (UMCG Purchase)	241,433	250,000
SEFA Loan	75,891	95,730
Yarra Finance Loan	9,091	15,830
WAW Loan	153,996	-
Westpac Loan	44,770	-
	<u>525,181</u>	<u>361,560</u>

Security – refer note 10.

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

Net Surplus/(Deficit)	(146,743)	(45,248)
Depreciation	33,517	23,927
(Increase)/decrease in debtors	7,084	1,325
(Increase)/decrease in inventories	(28,185)	(1,642)
Increase/(decrease) in creditors	3,370	37,082
Increase/(decrease) in provisions	1,536	12,419
Increase/(decrease) in grants in advance	34,039	(69)
	<u>(95,382)</u>	<u>27,794</u>

15. Contingent Assets and Liabilities

The committee is not aware of any contingent assets or liabilities that may exist as at 30 June 2019.

16. 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 a special purpose financial statements, of Corryong Neighbourhood House Incorporated (the Association) comprising the statement of financial position at 30 June 2019, 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 2019 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
1 August 2019