

2018

Audited Financial Statements

Hervey Bay Neighbourhood
Centre Inc.

For the Year Ended 30 June 2018

Prepared By:

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Creating Valuable Outcomes



Hervey Bay Neighbourhood Centre Inc.

ABN 34 683 873 965

Financial Statements

For the year ended 30 June 2018

Hervey Bay Neighbourhood Centre Inc.
ABN 34 683 873 965

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Statement of Profit or Loss

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Income			
Grant Income		3,186,864	2,340,886
Program Income		160,720	157,415
Rental Income		221,547	151,954
Other Income		229,878	193,394
Interest received		18,582	31,101
		<u>3,817,591</u>	<u>\$2,874,750</u>
Expenditure			
Auditors Remuneration		16,250	23,699
Bank Charges		3,134	2,311
Client Support		129,826	127,775
Community Contributions		14,563	0
Depreciation & Amortisation Expense		163,594	73,732
Finance Costs		0	1,014
Other Expenses		531,310	324,879
Property & Energy Costs		258,073	181,694
Staff Expenses		2,692,924	2,117,333
Telephone		56,085	68,281
Volunteer Expenses		58,097	78,427
		<u>3,923,856</u>	<u>\$2,999,145</u>
Net Income For Year		-\$106,265	-\$124,395
Income Tax Expense		0	0
Profit after Income Tax		-\$106,265	-\$124,395
Add Other Income		51,214	
		<u>-\$55,051</u>	<u>-\$124,395</u>
Less Other Expenses		175,536	0
		<u>-\$230,587</u>	<u>-\$124,395</u>
Retained Profit at the beginning of the Financial Year		1,479,992	1,604,387
Retained Profits at the End of the financial Year		<u>\$1,249,405</u>	<u>\$1,479,992</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached audit report.

Hervey Bay Neighbourhood Centre Inc

Assets & Liabilities Statement

As at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,242,760	1,359,043
Trade and other receivables	5	35,495	42,092
Stock on Hand		7,800	0
Prepayments		25,593	0
TOTAL CURRENT ASSETS		1,311,648	1,401,135
NON - CURRENT ASSETS			
Plant , Equipment Vehicles etc.		478,785	481,127
TOTAL NON - CURRENT ASSETS		478,785	481,127
TOTAL ASSETS		1,790,433	1,882,262
LIABILITIES			
CURRENT LIABILITIES			
Bank overdrafts		876	7,244
Trade & other payables		88,511	53,362
Grants received in advance		42,805	20,000
Employee Benefits		160,617	155,341
Other provisions	7	175,261	67,663
TOTAL CURRENT LIABILITIES		468,070	303,610
NON - CURRENT LIABILITIES			
Employee Benefits		53,195	78,897
TOTAL NON - CURRENT LIABILITIES		53,195	78,897
TOTAL LIABILITIES		521,265	382,507
NET ASSETS		\$1,269,168	\$1,499,755
MEMBERS FUNDS			
Capital reserves		19,763	19,763
Retained profits		1,249,405	1,479,992
TOTAL MEMBERS FUNDS		\$1,269,168	\$1,499,755

Hervey Bay Neighbourhood Centre Inc

Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

	Retained Earnings	Capital Contributed	Total
Note	\$	\$	\$
Balance at 1 July 2017	1,479,992	19,763	1,499,755
Loss for Year	-230,587		-230,587
Balance at 30 June 2018	<u>\$1,249,405</u>	<u>\$19,763</u>	<u>\$1,269,168</u>

2017

	Retained Earnings	Capital Contributed	Total
Note	\$	\$	\$
Balance at 1 July 2016	1,604,387	19,763	1,624,150
Loss for Year	-124,395		-124,395
Balance at 30 June 2017	<u>\$1,479,992</u>	<u>\$19,763</u>	<u>\$1,499,755</u>

Hervey Bay Neighbourhood Centre Inc.

Notes to the Financial Statements For the Year Ended 30 June 2018

The financial statements cover Hervey Bay Neighbourhood Centre Inc. as an individual entity. Hervey Bay Neighbourhood Centre Inc. is a not-for-profit Association incorporated in Queensland under the *Associations Incorporation Act (QLD) 1981 (as amended by the Associations Incorporation and Other Legislation Amendment Act (QLD) 2007)* ('the Act').

The principal activities of the Association for the year ended 30 June 2018 were to build a strong and healthy community by developing and providing programs, activities and services that respond to the needs of the most disadvantaged and isolated people in the community. The functional and presentation currency of Hervey Bay Neighbourhood Centre Inc. is Australian dollars. Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of the Committee of Management, the Association is not a reporting entity since there are unlikely to exist any users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the Act.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Leases

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

Lease incentives under operating leases are recognized as a liability and amortized on a straight-line basis over the life of the lease term.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognized net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of assets and liabilities.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Hervey Bay Neighbourhood Centre Inc.

Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of assets and liabilities.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - fair value of financial instruments

The Association has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank and in hand	1,242,310	691,095
Short-term deposits	0	666,246
Other cash and cash equivalents	450	1,700
	1,242,760	1,359,043

Hervey Bay Neighbourhood Centre Inc.

Notes to the Financial Statements For the Year Ended 30 June 2018

5 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	<u>35,495</u>	<u>42,092</u>
Total current trade and other receivables	<u>35,495</u>	<u>42,092</u>

6 Trade and Other Receivables

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

7 Provisions

Included in provisions is an amount of \$108,736 related to the potential overpayment of funds from a prior period. This liability represents an amount that the Association has calculated as being claimed in error in prior periods and the Association may be required to remit these funds to the funding body in a future period.

8 Events after the end of the Reporting Period

The financial report was authorized for issue by the Committee of Management on 1 November 2018.

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

9 Statutory Information

The registered office of the company is:
Hervey Bay Neighbourhood Centre Inc.
22 Charles Street
Hervey Bay Qld. 4655

Hervey Bay Neighbourhood Centre Inc.
ABN 34 683 873 965
Statement by Members of the Committee
For the year ended 30 June 2018

The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

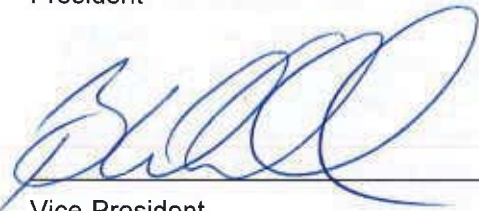
In the opinion of the committee the financial report:

1. Presents a true and fair view of the financial position of Hervey Bay Neighbourhood Centre Inc. as at 30 June 2018 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that Hervey Bay Neighbourhood Centre Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:



President



Vice-President

Dated: *2nd November 2018*

Independent Auditor's Report

To the Members: **The Hervey Bay Neighbourhood Centre Inc.**

Opinion

We have audited the financial report of The Hervey Bay Neighbourhood Centre Inc. (the Entity), which comprises the assets and liabilities statement as at 30 June 2018, the statement of Profit or Loss for the year then ended, the Statement of Changes in Equity and Notes to the financial statements, including a summary of significant accounting policies, Program Income and Expenditure statements and the declaration by those charged with governance.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 30 June 2018, and its financial performance for the year then ended in accordance with Australian Accounting Standards.

Basis for Qualified Opinion

Prior year expense adjustments have been recorded in the financial statements. These adjustments relate to the recalculation and reclassification of management fees charged to programs which were incorrectly labelled in prior year financial statements. This review and recalculation of prior year expense errors could result in the amount of \$108,736 being repayable in relation to the Taylor Street Legal Service program, pending review by the funding body. This contingent liability is provided for on the Assets and Liabilities Statement and is referred to in Note 7 to the Financial Statements. We express no opinion in relation to the appropriateness of prior year management fee charges applied in the financial report.

We conducted our audit in accordance with Australian Auditing Standards and the requirements of the *Associations Incorporation Act 1981*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Entity in accordance with the ethical 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 report 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.

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial

report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. As of the date of this report we have not been presented with any applicable other information to be included in the entity's annual report and therefore, we have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the requirements of the *Associations Incorporation Act 1981* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 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 the financial report.

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



Terence Lynch

B Bus DFP FCA

CLM Chartered Accountants

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Dated: 14/11/2015

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