

Interchange Inner East Inc

ABN: 62 762 490 245

Financial Statements

For the Year Ended 30 June 2016

Interchange Inner East Inc

ABN: 62 762 490 245

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For the Year Ended 30 June 2016

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Interchange Inner East Inc

ABN: 62 762 490 245

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

		2016	2015
	Note	\$	\$
Revenue	2	2,535,589	1,906,458
Employee benefits expense	3	(2,057,288)	(1,681,674)
Motor vehicle expense		(21,479)	(23,354)
Activity cost expense		(108,954)	(85,510)
Administration and office expense		(43,206)	(42,019)
Repairs and maintenance expense		(10,731)	(1,725)
Depreciation expense	3	(29,747)	(34,345)
Other expense		(71,395)	(59,209)
Surplus/(Deficit) for the year		<u>192,789</u>	<u>(21,378)</u>
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>192,789</u>	<u>(21,378)</u>

The accompanying notes form part of these financial statements.

Interchange Inner East Inc

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Statement of Financial Position

As at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	530,465	579,334
Trade and other receivables	5	101,173	94,683
Financial assets	6	395,392	92,886
Other assets	8	18,899	8,010
TOTAL CURRENT ASSETS		1,045,929	774,913
NON-CURRENT ASSETS			
Plant and equipment	7	55,833	85,580
TOTAL NON-CURRENT ASSETS		55,833	85,580
TOTAL ASSETS		1,101,762	860,493
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	118,061	103,685
Short-term provisions	10	238,094	182,570
Other liabilities	11	-	21,420
TOTAL CURRENT LIABILITIES		356,155	307,675
TOTAL LIABILITIES		356,155	307,675
NET ASSETS		745,607	552,818
EQUITY			
Accumulated surplus		745,607	552,818
TOTAL EQUITY		745,607	552,818

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2016

2016

	Accumulated surplus	Total
Note	\$	\$
Balance at 1 July 2015	552,818	552,818
Surplus for the year	192,789	192,789
Balance at 30 June 2016	<u>745,607</u>	<u>745,607</u>

2015

	Accumulated surplus	Total
Note	\$	\$
Balance at 1 July 2014	574,197	574,197
Deficit for the year	(21,379)	(21,379)
Balance at 30 June 2015	<u>552,818</u>	<u>552,818</u>

The accompanying notes form part of these financial statements.

Interchange Inner East Inc

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Statement of Cash Flows

For the Year Ended 30 June 2016

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers, appropriations and grants	2,718,625	1,936,554
Payment to suppliers, employees and others	(2,481,150)	(1,869,690)
Interest received	17,139	13,448
Interest paid	(977)	-
Net cash provided by/(used in) operating activities	<u>253,637</u>	<u>80,312</u>
13		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchase of plant and equipment	-	(2,487)
Redemption (Placement) of term deposit	(302,506)	(92,886)
Net cash used by investing activities	<u>(302,506)</u>	<u>(95,373)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net increase/(decrease) in cash and cash equivalents held	(48,869)	(15,061)
Cash and cash equivalents at beginning of year	579,334	594,395
Cash and cash equivalents at end of financial year	<u>530,465</u>	<u>579,334</u>
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The accompanying notes form part of these financial statements.

Interchange Inner East Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2016

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Reform Act (VIC) and the Australian Charities and Not-for-profits Commission Act 2012. The committee has determined that the association is not a reporting entity.

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values or, except where stated specifically, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

1 Summary of Significant Accounting Policies

(a) Income Tax

No current or deferred income tax assets or liabilities have been raised by the entity as it is exempt from income tax under Division 50 of the Income Tax Assessment Act.

The entity is a registered charity with the Australian Charities and Not-for-profits Commission.

(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.

(c) Revenue and other income

Grant revenue is recognised in the statement of income and expenditure and other comprehensive income when the entity obtains control of the grant and is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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

Donations and other income are recognised when the right to receive the revenue has been established

All revenue is stated net of the amount of goods and services tax (GST).

(d) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised 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 financial position.

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(e) Property, plant and equipment

Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line or diminishing value basis over the assets useful life to the association, commencing when the asset is ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Office Equipment	3 - 27 years
Motor Vehicles	6 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

Capital items less than \$2,000 are expensed in the statement of profit or loss and other comprehensive income.

(f) Impairment of non-financial assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exist, the recoverable amount of the asset, being the higher of the asset's fair value less cost of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

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Notes to the Financial Statements

For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(h) Provisions

Provisions are recognised 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. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(i) Employee provisions

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions have been measured at the amounts expected to be paid when the liability is settled. Employee provisions are only taken up when employees reaches 7 years of service.

(j) Accounts Receivable and Other Debtor

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from donors. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(k) Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Financial Assets - Term Deposit

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at cost.

(m) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Interchange Inner East Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Revenue

	2016	2015
	\$	\$
- Government grant income	1,159,196	1,048,818
- Activities, programs and recreation income	185,220	103,682
- Brokerage income	874,908	584,066
- Fundraising and donation income	9,605	3,925
- Interest income	17,139	13,448
- ISP income	175,171	124,011
- Other income	114,350	28,508
	<u>2,535,589</u>	<u>1,906,458</u>

3 Significant expenses

Remuneration to the auditor		
Financial statements audit	3,800	3,675
HDAA audit assessments	4,546	7,641
	<u>8,346</u>	<u>11,316</u>
Depreciation expense	29,747	34,345
Employee benefits expense	2,057,288	1,681,674

4 Cash and Cash Equivalents

Cash on hand	300	300
Cash at bank	530,165	579,034
	<u>530,465</u>	<u>579,334</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2016

5 Trade and Other Receivables

	2016	2015
	\$	\$
CURRENT		
ICP Program receivables	59,372	79,880
Advance for recreation	14,361	14,803
Accrued interest	7,340	-
Other receivables	20,100	-
	<u>101,173</u>	<u>94,683</u>

6 Financial assets

CURRENT		
Held-to-maturity financial assets (a)	395,392	92,886
	<u>395,392</u>	<u>92,886</u>

(a) Held-to-maturity financial assets consist of term deposits with original maturities ranging from 6 to 12 months

7 Plant and equipment

PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	88,036	88,036
Accumulated depreciation	(63,082)	(50,118)
Total furniture, fixtures and fittings	<u>24,954</u>	<u>37,918</u>
Motor vehicles		
At cost	251,499	251,499
Accumulated depreciation	(226,302)	(209,692)
Total motor vehicles	<u>25,197</u>	<u>41,807</u>
Improvements		
At cost	6,932	6,932
Accumulated depreciation	(1,250)	(1,077)
Total improvements	<u>5,682</u>	<u>5,855</u>
Total plant and equipment	<u>55,833</u>	<u>85,580</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2016

8 Other Assets

	2016	2015
	\$	\$
CURRENT		
Prepayments	18,899	8,010
	<u>18,899</u>	<u>8,010</u>

9 Trade and Other Payables

	2016	2015
CURRENT		
Trade payables	12,035	11,478
ATO payables	89,542	71,204
Other payables	16,484	21,003
	<u>118,061</u>	<u>103,685</u>

10 Provisions

	2016	2015
CURRENT		
Provision for asset replacement	138,253	118,082
Provision for annual leave	39,039	32,159
Provision for long-service leave	60,802	32,329
	<u>238,094</u>	<u>182,570</u>

11 Other Liabilities

	2016	2015
CURRENT		
Unearned income	-	21,420
	<u>-</u>	<u>21,420</u>

12 Capital and Leasing Commitments

Operating Leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	3,840	-
- between one year and five years	13,120	-
	<u>16,960</u>	<u>-</u>

Operating leases relates to a photocopier leased for 5 years, commencing November 2015.

Interchange Inner East Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2016

13 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	2016	2015
	\$	\$
Surplus/(deficit) for the year	192,789	(21,379)
Non-cash flows in profit:		
- depreciation	29,747	34,345
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	(6,490)	683
- (increase)/decrease in other assets	(10,889)	11,926
- increase/(decrease) in unearned income	(21,420)	31,740
- increase/(decrease) in trade and other payables	14,376	22,030
- increase/(decrease) in provisions	55,524	967
Cashflow from operations	<u>253,637</u>	<u>80,312</u>

14 Association Details

The registered and principal place of business of the association is:

Interchange Inner East Inc
2 Kendall Street
Canterbury
VIC 3126

Interchange Inner East Inc

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Statement by Members of the Board

The board 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 described in Note 1 to the financial statements.

The board members declare that:

1. The financial statements and notes for the year ended 30 June 2016 give a true and fair view of the financial position and performance and satisfy the requirements of the Australian Charity and Not-for-profits Commission Act and the Associations Incorporation Reform Act 2012.
2. At the date of this statement, there are reasonable grounds to believe that the association 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 members of the board and is signed for and on behalf of the board by:

Board Member

Board Member

Dated this day of 2016

Interchange Inner East Inc


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Auditors Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016, there have been:

- (i) no contraventions of the auditor independence requirements as set out in Section 60.40 of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Price Gibson Pty Ltd



19/9/2016

Graeme D Price
Canterbury, VIC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

INTERCHANGE INNER EAST INC.

Scope

We have audited the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes being a special purpose financial report for the year ended 30 June 2016. The Association's management are responsible for the preparation and presentation of the financial report and the information contained therein, and have determined that the basis of accounting used and described in Note 1 to the accounts is appropriate to meet the needs of the members of the Association. We have conducted an independent audit of the financial report in order to express an opinion to the members of the Association on its preparation and presentation. No opinion is expressed as to whether the basis of accounting used, and described in Note 1, is appropriate to the needs of the members of the Association.

We disclaim any assumption of responsibility for any reliance on this report or on the financial report prepared as a special purpose financial report to which it relates to any person other than the members of the entity, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report gives a true and fair view in accordance with the accrual basis of accounting as defined in AASB 108: Accounting Policies, Changes in Accounting Estimate and Errors, applying accounting standards (if any) deemed necessary by the entity's management in the circumstances and the provisions of Miscellaneous Professional Statements APES 204 'Conformity with Accounting Standards' relevant to a special purpose financial report, as described in Note 1 to the financial statements.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

Qualification

As is common for entities of this nature, it is not practicable for Interchange Inner East Inc. to maintain an effective system of internal control over its income activities until their initial entry into the accounting records. Accordingly, our audit in relation to receipts was limited to the amounts recorded (including the associated reporting of GST).

Qualified Audit Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, the financial report gives a true and fair view in accordance with the accounting policies described in Note 1 to the financial statements, the financial position of Interchange Inner East Inc. as at 30 June 2016 and the results of its operations for the year ended.

Date: 19/9/2016

Price Gibson Pty Ltd



Graeme D Price