

EASTERN COMMUNITY LEGAL CENTRE INC.
ABN 89 833 124 364

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2019



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EASTERN COMMUNITY LEGAL CENTRE INC.

ABN 89 833 124 364

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED
30 JUNE 2019**

	Note	2019 \$	2018 \$
Revenue		<u>3,343,567</u>	<u>2,824,994</u>
Expenditure			
Staffing Expenses		(2,833,653)	(2,466,142)
Program Expenses		(215,078)	(124,672)
Property & Equipment Expenses		(150,020)	(141,253)
Administration Expenses		<u>(88,641)</u>	<u>(88,080)</u>
		<u>(3,287,392)</u>	<u>(2,820,147)</u>
Surplus/(deficit) for the year before income tax		56,175	4,847
Income tax expense	1	-	-
Other comprehensive income for the year net of income tax		<u>-</u>	<u>-</u>
Total comprehensive income after income tax for the period		<u><u>56,175</u></u>	<u><u>4,847</u></u>

EASTERN COMMUNITY LEGAL CENTRE INC.
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	2	294,263	161,358
Trade and other receivables	3	157,461	57,234
Other financial assets	4	1,312,323	908,149
TOTAL CURRENT ASSETS		<u>1,764,047</u>	<u>1,126,741</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	121,534	138,870
TOTAL NON-CURRENT ASSETS		<u>121,534</u>	<u>138,870</u>
TOTAL ASSETS		<u>1,885,581</u>	<u>1,265,611</u>
CURRENT LIABILITIES			
Accounts Payable and other payables	6	1,120,942	682,880
Provisions	7	407,056	301,279
TOTAL CURRENT LIABILITIES		<u>1,527,998</u>	<u>984,159</u>
NON-CURRENT LIABILITIES			
Provisions	7	72,730	52,774
TOTAL NON-CURRENT LIABILITIES		<u>72,730</u>	<u>52,774</u>
TOTAL LIABILITIES		<u>1,600,728</u>	<u>1,036,933</u>
NET ASSETS		<u>284,853</u>	<u>228,678</u>
EQUITY			
Retained surplus		284,853	228,678
TOTAL MEMBERS' FUNDS		<u>284,853</u>	<u>228,678</u>

EASTERN COMMUNITY LEGAL CENTRE INC.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
30 JUNE 2019

	Reserves	Retained Surplus	Total
	\$	\$	\$
Balance at 1 July 2017	-	223,831	223,831
Surplus for the year	-	4,847	4,847
Other comprehensive income	-	-	-
Balance at 30 June 2018	-	228,678	228,678
Surplus for the year	-	56,175	56,175
Other comprehensive income	-	-	-
Balance at 30 June 2019	-	284,853	284,853

EASTERN COMMUNITY LEGAL CENTRE INC.
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from grants and others		3,583,979	2,755,143
Payments to suppliers employees		(3,046,755)	(2,684,817)
Interest received		22,122	20,304
		559,346	90,630
CASH FLOWS FROM INVESTING ACTIVITIES			
Other assets		-	2,128
(Purchase)/redemption of investments		(404,174)	45,571
Payments for purchase of property, plant and equipment		(22,267)	(129,490)
Receipts for purchase of property, plant and equipment		-	17,212
		(426,441)	(64,579)
Net cash provided by/(used in) operating activities			
Net increase/(decrease) in cash held		132,905	26,051
Cash at the beginning of the year		161,358	135,307
Cash at the end of the year		294,263	161,358

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019

Note 1: Summary of significant accounting policies

This financial report is special purpose financial report prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Reform Act 2012 (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 report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuation of non-current assets. The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in preparation of this financial report.

a. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

b. Property, Plant and Equipment

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all property, plant and equipment is depreciated over the useful lives of the assets to the Association commencing from the time the asset is held ready for use. Leasehold Improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

c. Employee entitlements

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 benefits have been measured at the amounts expected to be paid when the liability is settled.

Provision is made for the Association's liability for long service leave when an employee reaches 3 years of continuous employment service with the Association.

d. 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.

e. Impairment of assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying value over its recoverable amount is recognised in the income and expenditure statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019

Note 1: Summary of significant accounting policies (cont.)

f. Revenue

Revenue is brought to account when received and to the extent that it relates to the subsequent period it is disclosed as a liability.

Grant income

Grant income received, other than for specific purposes, is brought to account over the period to which the grant relates.

Deferred income

Unspent grant income received in relation to specific projects and events is not brought to account as revenue in the current year but deferred as a liability in the financial statements until spent for the purpose received.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Donations

Donation income is recognised when the entity obtains control over the funds which is generally at the time of receipt.

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

g. 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 Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the assets and liabilities statement.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019

	2019	2018
	\$	\$
Note 2: Cash assets		
Petty cash	807	788
Cash at bank	293,456	160,570
	<u>294,263</u>	<u>161,358</u>
Note 3: Trade and other receivables		
Trade debtors	140,250	49,547
Prepayments	7,590	2,127
Other	9,621	5,560
	<u>157,461</u>	<u>57,234</u>
Note 4: Other Financial Assets		
Short term deposits	1,312,323	908,144
Shares in other companies -at cost Unlisted	-	5
	<u>1,312,323</u>	<u>908,149</u>
Note 5: Property, plant and equipment		
Motor Vehicles- at cost	26,731	26,731
Less accumulated depreciation	(8,353)	(2,228)
	<u>18,378</u>	<u>24,503</u>
Other property, plant and equipment - at cost	227,140	204,873
Less accumulated depreciation	(123,984)	(90,506)
	<u>103,156</u>	<u>114,367</u>
	<u>121,534</u>	<u>138,870</u>
Note 6: Trade and other payables		
Trade creditors	14,964	7,998
Other creditors	147,750	93,678
GST payable	69,050	45,263
VLA SAC's ERO Extra	-	97,161
VLA Carry forward surplus	(1,320)	(2,884)
Income in advance	890,498	441,664
	<u>1,120,942</u>	<u>682,880</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019

	2019	2018
	\$	\$
Note 7: Provisions		
Current		
Employee entitlements*	<u>407,056</u>	<u>301,279</u>
Non-current		
Employee entitlements*	<u>72,730</u>	<u>52,774</u>
*Aggregate employee entitlements liabilities	<u>479,786</u>	<u>354,053</u>
There were 40 employees at the end of the year		
Note 8: Reconciliation of cash flow from operations with surplus from ordinary activities after income tax		
Surplus after income tax	56,175	4,847
Non-cash flows in surplus		
- Depreciation	39,604	31,257
- Loss on disposal of fixed assets	-	183
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(100,227)	(51,674)
- Increase/(decrease) in trade and other payables	438,062	36,734
- Increase/(decrease) in provisions	<u>125,733</u>	<u>69,283</u>
Net cash provided by operating activities	<u>559,347</u>	<u>90,630</u>

Note 9: Deferred income

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current.

EASTERN COMMUNITY LEGAL CENTRE INC.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019**

	2019	2018
	\$	\$
Note 10: Capital and leasing commitments		
Operating lease expenditure for at balance date that is not cancellable and is not provided for in the accounts:		
Payable:		
- no later than 12 months	54,326	46,069
- later than 12 months but not later than two years	30,769	57,023
	<u>85,095</u>	<u>103,092</u>

The Association had a non-cancellable property lease contracted for a five year term commencing 17 November 2006 for Suite 3, Lower Ground Floor, Box Hill Town Hall Building, Bank Street Box Hill. The lease is currently a monthly lease, payable monthly in arrears, it expired 17 November 2011.

The Association has a non-cancellable property lease contracted for a three-year term, with rent payable monthly in advance. commencing 1 October 2014 for Suite B,6 Floriston Road, Boronia. The lease has been extended by a further term of three years, it expires 30 September 2020.

The Association has a non-cancellable property lease contracted for a five-year term, with rent payable at 6 monthly intervals from commencement being 15 September 2018 for Rooms 2,3,6 & 7 110 River Street, Healesville.

EASTERN COMMUNITY LEGAL CENTRE INC.

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**STATEMENT BY MEMBERS OF THE BOARD
FOR THE YEAR ENDED
30 JUNE 2019**

The Board has determined that the Association is not a reporting entity and that this special purpose report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Board of Eastern Community Legal Centre Inc.:

- a) the financial statements and notes of Eastern Community Legal Centre Inc. are in accordance with the *Associations Incorporation Reform Act (Vic) 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:
- i. giving a true and fair view of its financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
 - ii. complying with the *Australian Charities and Not-for-profits Commission Regulation 2013* ; and
- b) there are reasonable grounds to believe that Eastern Community Legal Centre Inc. will be able to pay its debts as and when they become due and payable.

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



Chairperson



Treasurer

Dated: 16 October 2019

Dated: 16 October 2019

**EASTERN COMMUNITY LEGAL CENTRE INC.
ABN 89 833 124 364**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012**

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as auditor for the audit of Eastern Community Legal Centre Inc. for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements 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.

Sean Denham

Dated:
Sean Denham & Associates
Suite 1, 707 Mt Alexander Road
Moonee Ponds VIC 3039

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
EASTERN COMMUNITY LEGAL CENTRE INC.**

Opinion

I have audited the accompanying financial report, of Eastern Community Legal Centre Inc., which comprises the statement of financial position as at 30 June 2019, statement of changes in equity, statement of cash flows and the statement of profit or loss and other comprehensive income for the year then ended, notes comprising a summary of significant accounting policies and the certification by members of the committee.

In my opinion, the accompanying financial report of Eastern Community Legal Centre Inc. has been prepared in accordance with Div 60 of the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* including:

- a) giving a true and fair view of the Association's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b) complies with Australian Accounting Standards to the extent described in Note 1 to the financial statements, and the requirements of the *Associations Incorporation Reform Act 2012 (Vic)* and Div 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the association in accordance with the *Associations Incorporation Reform Act 2012 (Vic)* and 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the association's reporting responsibilities under the *Associations Incorporation Reform Act 2012 (Vic)* and the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibility of the Committee for the Financial Report

The committee of the association are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 of the financial report is appropriate to meet the requirements of the *Associations Incorporation Reform Act 2012 (Vic)* and the *Australian Charities and Not-for-profits Commission Act 2012* and the needs of the members. The committee's responsibility also includes such internal control as the committee determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the committee either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

My 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 my 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.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of responsible entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions that may cause the to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Sean Denham

Dated:

Suite 1, 707 Mt Alexander Road
Moonee Ponds VIC 3039

EASTERN COMMUNITY LEGAL CENTRE INC.

CERTIFICATE BY MEMBER OF THE BOARD

I _____, of _____, certify that:
(name) (address)

a. I attended the annual general meeting of the association held on _____.
(date)

b. The financial statements for the year ended 30 June 2019 were submitted to the members of the association at its annual general meeting.

Board member

Dated: _____