



Carlton Neighbourhood Learning Centre Inc.

ABN 25 717 084 481

Annual financial report

For the year ended 31 December 2016

Carlton Neighbourhood Learning Centre Inc.
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For the year ended 31 December 2016

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Carlton Neighbourhood Learning Centre Inc.
Statement of comprehensive income
For the year ended 31 December 2016

	Note	2016 \$	2015 \$
Income			
Government grants and subsidies	2	784,117	873,799
Other grants and contributions		56,795	7,952
Fee income		17,039	13,648
Interest		9,859	9,067
Other income	3	94,742	48,238
Total income		962,552	952,704
Expenditure			
Employee benefits expense		619,394	626,156
Contractors and consultants		150,113	85,261
Depreciation and amortisation expense		13,252	14,996
Equipment / I.T. expenses		19,140	23,703
Occupancy costs		42,427	44,640
Program / project supplies		77,752	81,477
Other expenses	4	38,629	65,790
Total expenditure		960,707	942,023
Net result for the year		1,845	10,681
Other comprehensive income (expense)		-	-
Total comprehensive income for the year		1,845	10,681

The accompanying notes form part of these financial statements.

Carlton Neighbourhood Learning Centre Inc.
Statement of financial position
As at 31 December 2016

	Note	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	5	432,600	400,757
Receivables	6	32,088	74,428
Total current assets		464,688	475,185
Non-current assets			
Property, plant and equipment	7	59,135	67,226
Total non-current assets		59,135	67,226
Total assets		523,823	542,411
Liabilities			
Current liabilities			
Payables	8	59,319	55,676
Provisions	9	109,146	117,718
Income received in advance	10	114,090	132,310
Total current liabilities		282,555	305,704
Non-current liabilities			
Provisions	9	6,326	3,610
Total non-current liabilities		6,326	3,610
Total liabilities		288,881	309,314
Net assets		234,942	233,097
Equity			
Retained surplus		234,942	233,097
Total equity		234,942	233,097

The accompanying notes form part of these financial statements.

Carlton Neighbourhood Learning Centre Inc.
Statement of changes in equity
For the year ended 31 December 2016

	Note	Retained surplus \$	Total \$
Balance at 1 January 2015		222,416	222,416
Net result for the year		10,681	10,681
Balance at 31 December 2015		233,097	233,097
Net result for the year		1,845	1,845
Balance at 31 December 2016		234,942	234,942

Carlton Neighbourhood Learning Centre Inc.
Statement of cash flows
For the year ended 31 December 2016

	Note	2016 \$	2015 \$
Cash flow from operating activities			
Government grants and subsidies (inclusive of GST)		903,990	962,682
Other receipts (inclusive of GST)		162,172	126,420
Employee benefits paid		(611,199)	(601,180)
Payments to suppliers and other (inclusive of GST)		(368,664)	(300,315)
Interest received		9,175	9,648
Net GST paid to ATO		(58,278)	(79,807)
Net cash provided by operating activities	11	37,196	117,448
Cash flow from investing activities			
Purchase of property, plant and equipment		(5,353)	(5,025)
Net cash used in investing activities		(5,353)	(5,025)
Net change in cash held		31,843	112,423
Cash and cash equivalents at beginning of year		400,757	288,334
Cash and cash equivalents at end of year	5	432,600	400,757

The accompanying notes form part of these financial statements.

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2016

Note 1. Statement of significant accounting policies

The financial statements cover Carlton Neighbourhood Learning Centre Inc. ('CNLC') as an individual entity. CNLC is an association incorporated and domiciled in Victoria operating pursuant to the *Associations Incorporation Reform Act 2012 (Victoria)*, and is a registered charity with the Australian Charities and Not-for-profits Commission (ACNC).

Basis of preparation

The Committee of Governance of CNLC has determined that the association is not a reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Reform Act 2012 (Victoria)* and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the Australian Accounting Standards applicable to a 'tier two association' under the *Associations Incorporation Reform Act 2012* and a 'medium registered entity' under the *Australian Charities and Not-for-profits Commission Act 2012*. CNLC is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, apart from cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated.

Use of judgments and estimates

The preparation of the association's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. Estimates and assumptions are based on historical experience, best available current information and reasonable expectations of future events. Actual results may differ from estimates.

New and amended accounting standards

The association has adopted all new and amended Australian Accounting Standards which are relevant to and effective for the association's financial statements for the current period. These new and amended standards have had no significant impact on the association.

All relevant new and amended accounting standards that have mandatory application for future reporting periods have not been early-adopted. The association considers that future adoption may have some impact on the financial statements, though it is impracticable at this stage to provide a reasonable estimate of such impact.

Accounting policies

The following material accounting policies have been applied in preparing the financial statements for the year ended 31 December 2016 and the comparative information for the year ended 31 December 2015.

(a) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and is measured at the fair value of the consideration received or receivable. Specific revenues are recognised as follows:

CNLC receives grants for program and project support. Where there are conditions attached to grants relating to the specific use and timing of funds and/or which provide for economic value back to the grant contributor, grants are first recognised as a liability in the statement of financial position (income received in advance) until such obligations are met, then recognised as revenue in the statement of comprehensive income as performance occurs in accordance with grant requirements. Grants are otherwise recognised as revenue when control of the underlying assets received or receivable has been obtained and it is probable that the economic benefits will flow to the entity.

Other contributions are recognised as revenue when the entity obtains control over the funds and it is probable that the economic benefits will flow to the entity, unless there are conditions attached in which case a liability may be recognised at year end to the extent that conditions remain unsatisfied.

Fees are recognised as revenue when the related service is provided.

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

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2016

(b) Cash and cash equivalents

Cash and cash equivalents comprise at-call and term deposits held with financial institutions and cash on hand.

(c) Receivables

Receivables comprise trade and other short-term amounts owing to the association. Receivables are recognised and carried at the nominal amounts due for settlement less any impairment losses.

(d) Property, plant and equipment

Each class of fixed asset is carried at cost or fair value less accumulated depreciation and any impairment losses. The carrying amount of physical assets is reviewed annually to ensure it is not materially in excess of the recoverable amount from these assets.

Fixed assets that have been contributed at no cost, or for nominal cost, are valued at the fair value of the asset at the date it is acquired.

Depreciation

Fixed assets are capitalised and depreciated on a diminishing-balance or straight-line basis, depending on the asset, over their useful lives commencing from the time the asset is held ready for use.

The rates of depreciation for each class of depreciable assets are:

<u>Class of property, plant and equipment</u>	<u>Depreciation rate</u>
Buildings	3%
Leasehold improvements	15%
Furniture and equipment	15-33%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

(e) Operating leases

Payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Any lease incentives received under operating leases are recognised initially as a liability and amortised on a straight-line basis over the life of the lease term.

(f) Impairment of assets

The association assesses the carrying amounts of its fixed assets at the end of each reporting period for indications of impairment. If any such indication exists, the asset's recoverable amount is estimated, and any excess of the asset's carrying value over its recoverable amount is recognised as an impairment loss.

Impairment losses are expensed to the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation, with any excess recognised through the statement of comprehensive income.

The recoverable amount for assets is recognised at either the present value of estimated future cash flows, fair value less costs to sell or depreciated replacement cost, depending on the asset.

(g) Payables

Payables represent trade and other short-term liabilities for goods and services provided to the association prior to the end of the financial year which are unpaid. Payables are stated at cost.

(h) Provisions

Provisions are made 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. The amounts recognised represent an estimate of the obligations as at the end of the reporting period.

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2016

(i) Income received in advance

Income received in advance represents liabilities for amounts received by the association in advance of the related delivery of goods or services, for which contractual obligations exist. Refer also *Note 1 (a) Revenue*.

(j) Employee benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. These benefits include salaries and wages, annual leave and long service leave.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, including related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Employee benefits expense comprises salaries and wages, changes to leave provisions, superannuation and workcover insurance. Superannuation Guarantee Contributions are made by the entity to employee-nominated superannuation funds and are charged as expenses when incurred.

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

Cash flows are presented in the statement of cash flows on a gross basis, except for investing and financing activities, the GST component of which is disclosed as part of operating cash flow.

(l) Income tax

CNLC is endorsed as an income tax exempt charity under Division 50 of the Income Tax Assessment Act 1997.

(m) Comparative figures

Where necessary, comparative figures have been adjusted for consistency with current year classifications.

Note 2. Government grants and subsidies

	2016	2015
	\$	\$
Department of Health (Commonwealth)	5,864	-
Department of Education and Training (State)		
- Adult, Community and Further Education (ACFE)	107,174	97,507
- <i>Skills First</i> Program	200,809	192,151
Department of Health and Human Services (DHHS)		
- Neighbourhood House Coordination Program	97,726	93,069
- Home and Community Care Program	26,999	32,840
- Other	-	8,469
Office of Multicultural Affairs and Citizenship	5,000	-
City of Melbourne		
- Community Funding	78,380	76,394
- Other	10,440	19,660
City of Yarra		
- Neighbourhood House Funding	71,042	69,650
- Other	-	1,800
Adult Multicultural Education Services (AMES)	134,345	149,707
Department of Environment, Land, Water and Planning (DELWP)	46,338	132,552
Total government grants and subsidies	784,117	873,799

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2016

Note 3. Other income

	2016	2015
	\$	\$
Recoupments - Melbourne Water *	37,544	24,968
Recoupments - Other	34,979	3,197
Room hire	9,400	7,045
All other income	12,819	13,028
Total other income	94,742	48,238

* Includes cost recoveries from Melbourne Water associated with the operational impact to CNLC of local infrastructure project. Refer also *Note 13. Events after the reporting period.*

Note 4. Other expenses

	2016	2015
	\$	\$
Advertising and promotion	2,082	5,105
Audit fees	2,000	2,800
Communications	8,104	11,161
Fees, permits and memberships	7,867	9,307
Governance and meeting expenses	1,413	2,168
Loss on disposal / write-off of assets	192	8,480
Management fees	2,750	2,815
Other staffing costs	4,690	4,199
Printing and stationery	6,831	7,637
All other expenses	2,700	12,118
Total other expenses	38,629	65,790

Note 5. Cash and cash equivalents

	2016	2015
	\$	\$
Cash at bank (at-call)	131,467	191,448
Term deposits	300,603	206,966
Cash on hand	530	2,343
Total cash and cash equivalents	432,600	400,757

Note 6. Receivables

	2016	2015
	\$	\$
Accounts receivable	23,265	57,786
Grants in arrears	6,551	15,054
Accrued interest income	2,272	1,588
Total receivables	32,088	74,428

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2016

Note 7. Property, plant and equipment

	2016	2015
	\$	\$
Buildings		
At cost / fair value	43,153	43,153
Accumulated depreciation	(21,449)	(20,525)
Total buildings	21,704	22,628
Furniture and equipment		
At cost / fair value	72,960	68,679
Accumulated depreciation	(49,055)	(40,023)
Total furniture and equipment	23,905	28,656
Leasehold improvements		
At cost / fair value	55,634	55,634
Accumulated amortisation	(42,108)	(39,692)
Total leasehold improvements	13,526	15,942
Total property, plant and equipment	59,135	67,226

Movements in carrying amounts

Movement in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings	Furniture & equipment	Leasehold improvements	Total
	\$	\$	\$	\$
Balance at 1 January 2015	24,601	41,662	19,414	85,677
Additions at cost	-	5,025	-	5,025
Disposals	-	(7,901)	(579)	(8,480)
Depreciation expense	(1,973)	(10,130)	(2,893)	(14,996)
Balance at 31 December 2015	22,628	28,656	15,942	67,226
Additions at cost	-	5,353	-	5,353
Disposals	-	(192)	-	(192)
Depreciation expense	(924)	(9,912)	(2,416)	(13,252)
Carrying amount at 31 December 2016	21,704	23,905	13,526	59,135

Note 8. Payables

	2016	2015
	\$	\$
Accounts payable	10,141	14,563
Accrued expenses	3,000	9,849
Grants repayable	2,788	-
Goods and Services Tax payable	11,660	13,585
Pay-As-You-Go Withholding Tax payable	10,317	7,570
Salaries and wages payable	11,000	5,260
Superannuation payable	10,413	4,849
Total Payables	59,319	55,676

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2016

Note 9. Provisions

	2016	2015
	\$	\$
Current		
Employee benefits		
-- Annual leave	28,971	27,154
-- Long-service leave	80,175	69,280
-- Personal leave	-	21,284
Total current	109,146	117,718
Non-current		
Employee benefits		
-- Long-service leave	6,326	3,610
Total non-current	6,326	3,610
Total provisions	115,472	121,328

Note 10. Income received in advance

	2016	2015
	\$	\$
Grants and other funding in advance	114,090	132,310
Total income received in advance	114,090	132,310

Note 11. Cash flow information

	2016	2015
	\$	\$
Reconciliation of net result from statement of comprehensive income to cash flow from operating activities		
Net result for the year	1,845	10,681
Non-cash items in net result		
Depreciation and amortisation	13,252	14,996
Net loss on disposal / write-off of property, plant and equipment	192	8,480
Changes in operating assets and liabilities		
Decrease (increase) in receivables	42,340	(31,044)
Increase (decrease) in payables	3,643	(8,691)
(Decrease) increase in provisions	(5,856)	25,363
(Decrease) increase in income received in advance	(18,220)	97,663
Net cash provided by operating activities	37,196	117,448

Note 12. Operating lease commitments

The association has a peppercorn lease arrangement on its business premises covering a five-year period from 1 May 2015 to 30 April 2020, for a total lease commitment over the period of \$3,077 (inclusive of annual increments of 3%). The remaining lease commitment at balance date was \$1,901 (2015: \$2,498).

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2016

Note 13. Events after the reporting period

As reported in the prior year accounts, Melbourne Water commenced a major infrastructure improvement project at the end of 2014 covering a section of Carlton which encompassed CNLC and nearby areas. The project continued throughout 2015 and was completed in 2016.

The project caused disruptions and adjustments to CNLC's operations which over the duration resulted in significant additional costs to the association to support affected activities and adapt to operational circumstances. Incremental costs were compensated by Melbourne Water (recognised as recoupment income) in both 2015 and 2016.

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

Note 14. Association details

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

Carlton Neighbourhood Learning Centre Inc.
20 Princes Street
Carlton North VIC 3054

Carlton Neighbourhood Learning Centre Inc.
Declaration by members of the committee
For the year ended 31 December 2016

In accordance with a resolution of the members of the Committee of Governance of Carlton Neighbourhood Learning Centre Inc. ("CNLC"), the Committee declares that:

In the opinion of the Committee:

1. The financial statements and notes, as set out on pages 1 to 11, satisfy the requirements of the *Associations Incorporation Reform Act 2012 (Victoria)* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - a. complying with the Australian Accounting Standards applicable to the entity and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
 - b. giving a true and fair view of the financial position of CNLC as at 31 December 2016 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that CNLC will be able to pay all of its debts as and when they become due and payable.

On behalf of the Committee of Governance of CNLC,

Signed:



Catherine Clancy

Signed:



Joanna Buckingham

Dated this 24 day of March 2017

J.P. Hardwick & Associates
Chartered Accountants

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Eugene Odachowski – sole practitioner

24 March, 2017

The Directors
Carlton Neighbourhood Learning Centre Inc
20 Princes Street
Carlton North VIC 3054

Dear Directors,

In accordance with the Associations Incorporation Reform Act 2012, I am pleased to provide the following Declaration of Independence to the Directors of the Carlton Neighbourhood Learning Centre Inc.

I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Associations Incorporation Reform Act 2012 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,
J. P. HARDWICK & ASSOCIATES



EUGENE ODACHOWSKI, A.C.A.
Chartered Accountant

Carlton Neighbourhood Learning Centre Inc.

**Independent Auditors Report to the Members
Of Carlton Neighbourhood Learning Centre Inc.**

Scope

We have audited the Financial Statements of Carlton Neighbourhood Learning Centre Inc. (the "Association") set out on the attached pages for the year ended 31st December 2016. The Committee is responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements, so as to present a view which is consistent with our understanding of the Association's financial position, the results of its operations.

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

Audit Opinion

In our opinion, the Financial Statements present fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements the financial position of Carlton Neighbourhood Learning Centre Inc. as at 31st December 2016 and of the results of its operations for the year then ended.

DATED this 24th day of March, 2017.



.....(signed)

EUGENE ODACHOWSKI

REGISTERED COMPANY AUDITOR (Reg No: 9182)

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