



Carlton Neighbourhood Learning Centre Inc.

ABN 25 717 084 481

Annual financial report

For the year ended 31 December 2020

Carlton Neighbourhood Learning Centre Inc.

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For the year ended 31 December 2020

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Carlton Neighbourhood Learning Centre Inc.
Statement of comprehensive income
For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Income			
Government grants and subsidies	2	1,378,939	837,916
Other grants and contributions		31,222	24,593
Fee income		10,324	18,332
Interest		6,428	7,176
Other income	3	16,203	6,955
Total income		1,443,116	894,972
Expenditure			
Employee benefits expense		953,391	698,139
Contractors and consultants		27,293	18,419
Depreciation and amortisation expense		39,744	29,819
Equipment / I.T. expenses		28,844	15,372
Occupancy costs		61,977	34,896
Program / project supplies		34,726	39,180
Other expenses	4	58,152	44,623
Total expenditure		1,204,127	880,448
Net result for the year		238,989	14,524
Other comprehensive income (expense)		-	-
Total comprehensive income for the year		238,989	14,524

The accompanying notes form part of these financial statements.

Carlton Neighbourhood Learning Centre Inc.
Statement of financial position
As at 31 December 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	5	717,442	424,432
Receivables	6	55,900	45,433
Total current assets		773,342	469,865
Non-current assets			
Security deposits		250	-
Property, plant and equipment	7	26,113	60,015
Intangible assets	8	5,103	7,766
Total non-current assets		31,466	67,781
Total assets		804,808	537,646
Liabilities			
Current liabilities			
Payables	9	104,979	60,383
Provisions	10	112,935	110,331
Income received in advance	11	82,510	122,389
Total current liabilities		300,424	293,103
Non-current liabilities			
Provisions	10	30,186	9,334
Total non-current liabilities		30,186	9,334
Total liabilities		330,610	302,437
Net assets		474,198	235,209
Equity			
Retained surplus		474,198	235,209
Total equity		474,198	235,209

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 2020

	Note	Retained surplus \$	Total \$
Balance at 1 January 2019		220,685	220,685
Net result for the year		14,524	14,524
Balance at 31 December 2019		235,209	235,209
Net result for the year		238,989	238,989
Balance at 31 December 2020		474,198	474,198

Carlton Neighbourhood Learning Centre Inc.
Statement of cash flows
For the year ended 31 December 2020

	Note	2020 \$	2019 \$
Cash flow from operating activities			
Government grants and subsidies (inclusive of GST)		1,442,888	886,814
Other receipts (inclusive of GST)		58,978	40,174
Employee benefits paid		(923,065)	(712,068)
Payments to suppliers and other (inclusive of GST)		(214,060)	(174,308)
Interest received		5,016	9,300
Net GST paid to ATO		(67,522)	(65,435)
Net cash provided by (used in) operating activities	12	302,235	(15,523)
Cash flow from investing activities			
Purchase of property, plant and equipment		(9,225)	(6,771)
Net cash used in investing activities		(9,225)	(6,771)
Net change in cash held		293,010	(22,294)
Cash and cash equivalents at beginning of year		424,432	446,726
Cash and cash equivalents at end of year	5	717,442	424,432

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 2020

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 three association' under the *Associations Incorporation Reform Act 2012* and a 'large 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 financial performance or position of the association.

Accounting policies

The following material accounting policies have been applied in preparing the financial statements for the year ended 31 December 2020 and the comparative information for the year ended 31 December 2019.

(a) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the association, and where specific performance obligations exist, those obligations have been satisfied. Revenue is measured at the fair value of the consideration received or receivable. Specific revenues are recognised as follows:

CNLC receives grants to support its programs and projects. Where grant agreements are enforceable and have sufficiently specific performance obligations, revenue is deferred and 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.

(b) Cash and cash equivalents

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

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2020

(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	3-10%
Leasehold improvements	15-33%
Furniture and equipment	15-33%

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

(e) Intangible assets

Intangible assets are carried at cost or fair value less any accumulated amortisation and impairment losses. Intangible assets that have been contributed at no cost, or a nominal cost, are valued at the fair value of the asset at the date it is acquired.

Amortisation

Intangible assets are amortised on a straight-line basis over the estimated useful lives of the assets from the date they are available for use.

The estimated useful lives for each class of intangible assets are:

<u>Class of intangible asset</u>	<u>Useful life</u>
Licences and permits	5 years

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

(f) Leases (the entity as lessee)

At inception of a contract, the association assesses if the contract is, or contains, a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the association. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less), leases of low value assets, and concessionary leases (described below) which the association deems are of immaterial cost to be capitalised, are recognised as an operating expense on a straight-line basis over the term of the lease.

Where a lease is present, the lease liability is initially measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the association uses its incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2020

(f) Leases (the entity as lessee) continued

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the association anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary leases

For leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives (commonly known as peppercorn/concessionary leases), the entity has adopted the temporary relief under AASB 2018-8 and measures the right of use assets at cost on initial recognition, or otherwise assesses the cost for materiality and if deemed immaterial recognises the annual lease amounts as operating expenses as they occur. Refer also Note 13 below.

(g) 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.

(h) 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.

(i) 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.

(j) 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*.

(k) 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.

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2020

(l) 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.

(m) Income tax

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

(n) Comparative figures

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

Note 2. Income from government grants and subsidies

	2020	2019
	\$	\$
Department of Health (Commonwealth)	8,129	16,666
Department of Home Affairs (Commonwealth)	3,300	10,718
Department of Industry, Innovation and Science (C'wealth)	4,875	-
Department of Education and Training (State)		
- Adult, Community and Further Education (ACFE) subsidies	97,053	101,376
- Adult, Community and Further Education (ACFE) other grants	9,500	19,000
- <i>Skills First</i> Program subsidies	227,966	203,392
- <i>Skills First</i> COVID-19 Response Business Continuity grants	18,632	-
Department of Health and Human Services (DHHS)		
- Neighbourhood House Coordination Program	118,985	113,600
- Home and Community Care Program	16,202	15,122
Business Victoria COVID-19 Business Support Fund grants	10,000	-
City of Melbourne		
- Community Funding (Core)	100,000	91,600
- Other program / project funding	106,675	28,148
- COVID-19 Response grants	5,000	-
City of Yarra	78,817	76,545
Melbourne Polytechnic	77,893	81,453
Adult Multicultural Education Services (AMES)	91,112	78,349
Other grants	-	1,947
Australian government COVID-19 financial assistance *		
- Cash Flow Boost	100,000	-
- JobKeeper subsidies	304,800	-
Total government grants and subsidies	1,378,939	837,916

* Refer Note 14 below.

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2020

Note 3. Other income

	2020	2019
	\$	\$
Recoupments	13,988	1,093
Room hire	2,151	4,601
All other income	64	1,261
Total other income	16,203	6,955

Note 4. Other expenses

	2020	2019
	\$	\$
Advertising and promotion	9,701	9,593
Audit fees	2,750	2,850
Communications	14,932	7,093
Fees, permits and memberships	2,690	4,615
Governance and meeting expenses	1,731	3,818
Loss on disposal / write-off of assets	6,046	-
Other staffing-related costs	2,571	3,409
Printing and stationery	11,678	9,691
Travel expenses	2,196	1,798
All other expenses	3,857	1,756
Total other expenses	58,152	44,623

Note 5. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank (at-call)	189,614	103,802
Term deposits	527,390	320,149
Cash on hand	438	481
Total cash and cash equivalents	717,442	424,432

Note 6. Receivables

	2020	2019
	\$	\$
Accounts receivable	35,924	21,808
Grants in arrears	17,101	22,389
Accrued interest income	1,588	176
Prepayments	1,287	1,060
Total receivables	55,900	45,433

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2020

Note 7. Property, plant and equipment

	2020	2019
	\$	\$
Buildings		
At cost / fair value	43,153	43,153
Accumulated depreciation	(43,153)	(24,062)
Total buildings	-	19,091
Furniture and equipment		
At cost / fair value	75,034	94,388
Accumulated depreciation	(54,707)	(67,797)
Total furniture and equipment	20,327	26,591
Leasehold improvements		
At cost / fair value	87,209	103,264
Accumulated amortisation	(81,423)	(88,931)
Total leasehold improvements	5,786	14,333
Total property, plant and equipment	26,113	60,015

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 & equip't **	Leasehold improve-ments **	Total
	\$	\$	\$	\$
Balance at 1 January 2019	19,913	28,833	31,654	80,400
Additions at cost	-	6,771	-	6,771
Depreciation expense	(822)	(9,013)	(17,321)	(27,156)
Balance at 31 December 2019	19,091	26,591	14,333	60,015
Additions at cost	-	9,225	-	9,225
Disposals	-	(4,014)	(2,032)	(6,046)
Depreciation expense	(19,091)	(11,475)	(6,515)	(37,081)
Carrying amount at 31 December 2020	-	20,327	5,786	26,113

* Buildings represent a portable classroom brought to account by the association in 2003. In 2020, management reviewed the original estimate of the economic life of the asset and determined that the original economic period was excessive and the diminishing-balance basis of depreciation no longer appropriate. As a result of the review, the asset was depreciated in full during the year.

** Several items of aged furniture and equipment were disposed of / written-off in 2020, and the associated asset values and accumulated depreciation removed. The loss on disposal / write-off is recorded in the statement of comprehensive income as part of *other expenses*.

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2020

Note 8. Intangible assets

	2020	2019
	\$	\$
Licences and permits: *		
At cost / fair value	13,313	13,313
Accumulated amortisation	(8,210)	(5,547)
Net carrying value	5,103	7,766
Total intangible assets	5,103	7,766

* Represents fees paid to the Victorian Registration and Qualifications Authority during the year, associated with renewal of CNLC's Registered Training Organisation status for a five year period from December 2017 to November 2022.

Movements in carrying amounts

Movement in carrying amounts for each class of intangible asset:

	Licences and permits	Total
	\$	\$
Balance at 1 January 2019	10,429	10,429
Amortisation charge	(2,663)	(2,663)
Balance at 31 December 2019	7,766	7,766
Amortisation charge	(2,663)	(2,663)
Carrying amount at 31 December 2020	5,103	5,103

Note 9. Payables

	2020	2019
	\$	\$
Accounts payable	51,014	6,167
Accrued expenses	7,715	3,956
Grants auspiced	-	4,300
Goods and Services Tax payable	2,982	9,642
Pay-As-You-Go Withholding Tax payable	16,761	15,673
Salaries and wages payable	8,714	5,033
Superannuation payable	17,658	15,557
Other	135	55
Total Payables	104,979	60,383

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2020

Note 10. Provisions

	2020	2019
	\$	\$
Current		
Employee benefits		
-- Annual leave	46,587	23,619
-- Long-service leave	66,348	86,712
Total current	112,935	110,331
Non-current		
Employee benefits		
-- Long-service leave	30,186	9,334
Total non-current	30,186	9,334
Total provisions	143,121	119,665

Note 11. Income received in advance

	2020	2019
	\$	\$
Government and non-government funding in advance	82,510	122,389
Total income received in advance	82,510	122,389

Note 12. Cash flow information

	2020	2019
	\$	\$
Reconciliation of net result from statement of comprehensive income to cash flow from operating activities		
Net result for the year	238,989	14,524
Non-cash items in net result		
Depreciation and amortisation	39,744	29,819
Net loss on disposal / write-off of property, plant and equipment	6,046	-
Changes in operating assets and liabilities		
(Increase) decrease in receivables	(10,467)	36,082
(Increase) decrease in security deposits	(250)	-
Increase (decrease) in payables	44,596	(30,343)
Increase (decrease) in provisions	23,456	(4,714)
Increase (decrease) in income received in advance	(39,879)	(60,891)
Net cash (used in) provided by operating activities	302,235	(15,523)

Carlton Neighbourhood Learning Centre Inc.
Notes to the financial statements
For the year ended 31 December 2020

Note 13. Operating lease commitments

During the year the association entered into a peppercorn lease arrangement on its business premises covering a five-year term from May 2020 to April 2025 inclusive, with a nominal rental of \$1,200 per annum plus annual increments of 3%, for a total lease commitment over the period of \$6,371. The remaining lease commitment at balance date was \$5,171 (2019: \$nil). The association is dependent on this lease to further its objectives.

The association has deemed the lease costs as sufficiently minor to recognise the annual lease amounts as *occupancy costs* in the statement of comprehensive income as they occur, in accordance with the association's accounting policy as outlined in Note 1.

Note 14. COVID-19 impact

The association's operating circumstances during the year were significantly impacted by the coronavirus (COVID-19) outbreak, which was declared a pandemic by the World Health Organisation in March 2020. Modifications to operations were required in response, including for the effect of government restrictions.

The impact of COVID-19 for the year has been reflected in these financial statements. CNLC experienced a temporary reduction in operating revenue, revisions to scheduled activity, and adjustments to overall service delivery. The decline in revenue was offset by Australian Government COVID-19 financial assistance, which the association qualified for and received during the year. This support allowed the organisation to retain its operating capacity and continue to directly support the community, as well as help maintain the organisation's overall financial stability. The association's key funding partners also provided COVID-19 financial responses to support core operations.

Activity levels were gradually restored in the latter stages of the year and are expected to further return to more normalised levels in line with improvements in the operating environment. Notwithstanding, management continues to assess the current and potential implications of COVID-19 for the association, and invest in the association's capacity to adjust its service delivery and respond to future disruptions.

Management believes the organisation has sufficient reserves to underwrite operations for a reasonable period and expects that any ongoing operating risks will continue to be mitigated by commensurate adjustments to activities in response, plus the possibility of targeted support from government and funding partners, and accordingly believes the association will be able to meet its ongoing obligations.

Australian Government COVID-19 financial assistance

CNLC has received financial support under the Australian Government's COVID-19 economic stimulus packages, including the Cash Flow Boost and JobKeeper payment schemes, administered by the Australian Taxation Office (ATO). These measures were implemented to assist eligible business and not-for-profit organisations significantly affected by COVID-19. Refer Note 2 above for details of amounts received during the year.

The Cash Flow Boost scheme provided payments to eligible employers of up to \$100,000, delivered as credits in the ATO's activity statement system. Eligibility for the boosts was on an automatic basis with lodgement of activity statements. No self-assessment was required to determine eligibility.

The JobKeeper payment scheme provided wage subsidies to eligible employers of \$1,500 per fortnight per eligible employee, from 30 March to 27 September 2020, followed by reducing payment rates for continuing eligible employers from 28 September 2020 through to 28 March 2021. CNLC was required to self-assess its eligibility under the ATO guidelines including (but not limited to) satisfying a decline in turnover test, and thereafter required to report to the ATO monthly in order to receive the payments. Entitlement to JobKeeper payments is subject to possible audit by the ATO as part of its compliance activities.

Note 15. Events after the reporting period

Except as disclosed in Note 14, no other 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.

**Carlton Neighbourhood Learning Centre Inc.
Declaration by members of the committee
For the year ended 31 December 2020**

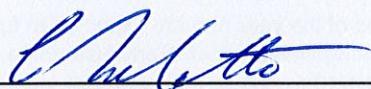
In accordance with a resolution of the members of the Committee of Governance of Carlton Neighbourhood Learning Centre Inc. ("CNLC"), the Committee declares that:

In the opinion of the Committee:

1. The financial statements and notes, as set out on pages 1 to 13, 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 2020 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: 
Denise Patience (Chair)

Signed: 
Carlo Zabotto (Treasurer)

Dated this 19th day of May 2021

To the members of Carlton Neighbourhood Learning Centre Inc.:

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report of the Carlton Neighbourhood Learning Centre Inc. (the association), which comprises of the balance sheet as at 31st December 2020, the income statement, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the committee's report.

Committee's responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

Auditor's opinion

In our opinion the financial report of the association has been prepared in accordance with the *Association Incorporation Reform Act 2012 and Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* including:

- a) giving a true and fair view of the entity's financial position as at 31st December 2020 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards as referred to in Note 1 to the financial statements.

Basis of accounting and restriction on distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Carlton Neighbourhood Learning Centre Inc. to meet the requirements of the *Associations Incorporation Reform Act 2012 and Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)*. As a result the report may not be suitable for another purpose.



Stephen George Le Couilliard
ASIC Registered Company Auditor No:8579
J P Hardwick & Associates
Unit 7, 617-643 Spencer Street
West Melbourne Vic 3003
26th April 2021

JP Hardwick & Associates

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15th May 2021

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

Dear Committee

RE: 2020 AUDIT

We wish to advise that the audit of the Association for the year ended 31st December 2020 was conducted in conjunction with Stephen George Le Couilliard from our office.

I was involved in every step of the audit processes of the organisation which ultimately assisted Stephen. We have conducted our audit in accordance with Australian Auditing Standards.

Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

Yours faithfully

J P Hardwick & Associates



Michael Adasko CPA
Director
michael@jphardwick.com.au