

**Independent Living Centre
(Tas) Inc.
Financial Statements
2015 – 2016**

INDEPENDENT LIVING CENTRE (TAS) INC
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		2016	2015
		\$	\$
Revenue	2	831,592	808,113
Employee benefits expense		(518,056)	(532,168)
Operational expenses		(135,505)	(146,090)
Depreciation and amortisation	2	(39,844)	(28,261)
Administration expenses		(78,070)	(128,388)
		<u>60,117</u>	<u>(26,794)</u>
OPERATING SURPLUS/(DEFICIT)		<u>60,117</u>	<u>(26,794)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>60,117</u>	<u>(26,794)</u>

INDEPENDENT LIVING CENTRE (TAS) INC
STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	141,994	125,520
Accounts receivable and other debtors	4	8,192	3,706
Other current assets	5	2,939	1,717
TOTAL CURRENT ASSETS		<u>153,125</u>	<u>130,943</u>
NON CURRENT-ASSETS			
Property, plant and equipment	6	1,149,424	963,981
TOTAL NON-CURRENT ASSETS		<u>1,149,424</u>	<u>963,981</u>
TOTAL ASSETS		<u>1,302,549</u>	<u>1,094,924</u>
CURRENT LIABILITIES			
Accounts payable and other payables	7	72,998	68,762
Borrowings	8	45,308	23,297
Provisions	9	68,888	36,952
TOTAL CURRENT LIABILITIES		<u>187,194</u>	<u>129,011</u>
NON-CURRENT LIABILITIES			
Borrowings	8	690,000	580,000
Provisions	9	9,979	30,654
TOTAL NON-CURRENT LIABILITIES		<u>699,979</u>	<u>610,654</u>
TOTAL LIABILITIES		<u>887,173</u>	<u>739,665</u>
NET ASSETS		<u>415,376</u>	<u>355,259</u>
EQUITY			
Building Reserve	10	-	265,000
Education Reserve	10	30,000	30,000
Accumulated funds		385,376	60,259
TOTAL EQUITY		<u>415,376</u>	<u>355,259</u>

INDEPENDENT LIVING CENTRE (TAS) INC
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Accumulated Funds \$	Building Reserve \$	Education Reserve \$	Total \$
2015					
Balance at 1 July 2014		87,053	265,000	30,000	382,053
Net surplus/deficit for year		(26,794)	-	-	(26,794)
Transfers		-	-	-	-
Balance at 30 June 2015		<u>60,259</u>	<u>265,000</u>	<u>30,000</u>	<u>355,259</u>
2016					
Balance at 1 July 2015		60,259	265,000	30,000	355,259
Net surplus/deficit for year		60,117	-	-	60,117
Transfers		265,000	(265,000)	-	-
Balance at 30 June 2016		<u>385,376</u>	<u>-</u>	<u>30,000</u>	<u>415,376</u>

INDEPENDENT LIVING CENTRE (TAS) INC
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Cash Flows from Operating Activities			
Receipts from Grants		738,308	708,741
Receipts from Customers		85,726	77,232
Payments to Suppliers and Employees		<u>(682,249)</u>	<u>(788,216)</u>
		141,785	(2,243)
Interest Paid		(36,460)	(34,900)
Interest Received		<u>4,225</u>	<u>6,271</u>
Net Cash from (used in) Operating Activities	11	<u>109,550</u>	<u>(30,872)</u>
 Cash Flows from Investing Activities			
Proceeds from Sales of Assets		763	-
Purchase of Land and Buildings		(213,458)	(21,551)
Purchase of Plant and Equipment		(12,395)	(1,822)
Net Cash used in Investing Activities		<u>(225,090)</u>	<u>(23,373)</u>
 Cash Flows from Financing Activities			
Proceeds from Short Term Borrowings		76,000	-
Proceeds from Long Term Borrowings		110,000	-
Repayment of Short Term Borrowings		<u>(53,987)</u>	<u>(29,576)</u>
Net Cash from Financing Activities		<u>132,013</u>	<u>- 29,576</u>
 Net Increase/(Decrease) in cash held		 16,473	 (83,821)
Cash and Cash Equivalents at Beginning of period		<u>125,521</u>	<u>209,342</u>
 Cash and Cash Equivalents at End of period	3	 <u>141,994</u>	 <u>125,521</u>

INDEPENDENT LIVING CENTRE (TAS) INC
NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Note

1 Significant Accounting Policies

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Associations Incorporation Act (Tasmania) 1964. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statement have been rounded to the nearest dollar.

The financial statements were authorised for issue on 17th August 2016.

(a) Comparative Figures

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

(b) Property, Plant and Equipment

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

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives commencing from the time the asset is available for use.

The following rates are used for each class of depreciable assets:

Buildings	40 years
Motor Vehicles	5 years
Plant and Equipment (including computers)	2 to 10 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss when the item is derecognised.

INDEPENDENT LIVING CENTRE (TAS) INC
NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

(c) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the

date that the association commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss.

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value.

(d) Cash and Cash Equivalents

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

(e) Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. 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, plus related on costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

(f) Income Tax

The association has not adopted the principles of tax effect accounting as it is exempt from income tax under section 50-45 of the Australian Income Tax Assessment Act 1997.

(g) Revenue

Non-reciprocal grant revenue is recognised in the profit or loss when the association obtains control of the grant and it is probable that the economic benefits from the grant will flow to the association 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.

**INDEPENDENT LIVING CENTRE (TAS) INC
NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

When grant revenue is received whereby the association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

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

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

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

(h) 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. 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 cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred over the lease term.

2 Note to the Income Statement

The net surplus/(deficit) includes the following items of revenue and expense:

	2016	2015
	\$	\$
(a) Operating Revenue		
Professional Fees	55,091	19,699
Grant Income	715,662	695,320
Other Grant Income	21,293	33,571
Parental Leave Payments Received	-	11,539
Rental Income	25,923	27,378
Subscriptions	435	370
Sundry	6,550	12,397
Education Fees Charged	1,782	1,282
Donations	631	286
Interest	4,225	6,271
	<u>831,592</u>	<u>808,113</u>

INDEPENDENT LIVING CENTRE (TAS) INC
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
(b) Expenses		
Depreciation		
Building	11,408	2,625
Plant and Equipment	3,646	3,910
Computer Equipment	18,623	15,558
Motor Vehicles	6,167	6,168
	<u>39,844</u>	<u>28,261</u>
Rental expense on operating leases	9,362	56,173
Key management personnel compensation	167,318	166,802

3 Cash Assets (and Cash Equivalents)

Cash and cash equivalents in the cash flow statement reconcile to the following balance sheet amounts.

Bendigo Bank Community Account	31,805	8,035
Tasmanian Perpetual Trustees Cash Management	109,989	117,285
Cash on Hand	200	200
	<u>141,994</u>	<u>125,520</u>

4 Accounts Receivable and Other Debtors

Accounts Receivable and Other Debtors	<u>8,192</u>	<u>3,706</u>
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5 Other Assets

Prepayments	<u>2,939</u>	<u>1,717</u>
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6 Property, Plant and Equipment at Cost

Land	<u>600,000</u>	<u>600,000</u>
Buildings	535,008	321,551
Accumulated Depreciation	(14,033)	(2,625)
	<u>520,975</u>	<u>318,926</u>

Building additions for the 2015/2016 financial year totalled \$213,458 (2015 \$21,551).

Plant and Equipment	35,431	40,779
Accumulated Depreciation	(26,545)	(33,221)
	<u>8,886</u>	<u>7,558</u>

INDEPENDENT LIVING CENTRE (TAS) INC
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

2016

2015

\$

\$

Motor Vehicles	61,672	61,672
Accumulated Depreciation	<u>(49,301)</u>	<u>(43,134)</u>
	<u>12,371</u>	<u>18,538</u>
Computer Equipment	87,755	90,293
Accumulated Depreciation	<u>(80,563)</u>	<u>(71,334)</u>
	<u>7,192</u>	<u>18,959</u>
Total Property Plant and Equipment	<u><u>1,149,424</u></u>	<u><u>963,981</u></u>

7 Accounts Payable and Other Payables

Current

Trade Creditors	11,454	19,047
GST & PAYG Payable	19,683	13,912
Unexpended Grants	6,548	854
Accrued expenses	21,560	19,400
Bendigo Bank Mastercard	4,053	1,508
Other Grants/Income received in Advance	<u>9,700</u>	<u>14,041</u>
	<u><u>72,998</u></u>	<u><u>68,762</u></u>

8 Borrowings

Current

Bendigo Bank Loan	<u><u>45,308</u></u>	<u><u>23,297</u></u>
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Non-Current

Bendigo Bank Mortgage	<u><u>690,000</u></u>	<u><u>580,000</u></u>
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Assets pledged as security for borrowings: First mortgages over land and building as disclosed in Note 6.

Terms of Borrowings

Mortgage is interest only until 18th August 2017, following which it will revert to principal reducing with an expiry date of 18th August 2030.

9 Provisions

Current

Annual Leave	40,319	32,690
Long Service Leave	<u>28,569</u>	<u>4,262</u>
	<u><u>68,888</u></u>	<u><u>36,952</u></u>

Approx \$12,000 of the Long Service Leave provision is not expected to be fully expended during 2016/17.

Non-Current

Long Service Leave	<u><u>9,979</u></u>	<u><u>30,654</u></u>
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INDEPENDENT LIVING CENTRE (TAS) INC
NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

10 Reserves

(a) Building Reserve

The building reserve records funds set aside for the future provision of building facilities for the centre, including renovations. This has been fully expended during 2015/16 on the renovation of the new building

(b) Education Reserve

The education reserve was created to designate funds received for the specific purpose of providing educational resources and services to the centre's clients. Funds will be drawn from this reserve as relevant expenditure is incurred in future.

11 Note to the Cash Flow Statement

a) Reconciliation of net cash provided by operating activities to surplus for the year

	2016	2015
	\$	\$
Surplus for the Year	60,117	(26,794)
Non-cash flows in profit from ordinary activities		
- Depreciation	39,844	28,261
- Non-cash gain on sale of asset	(200)	0
- Provisions for staff entitlements	11,261	(9,234)
	<u>111,022</u>	<u>(7,767)</u>
Changes in assets and liabilities		
- Decrease/(Increase) in trade receivables	(4,486)	4,281
- Decrease/(Increase) in prepayments	(1,222)	(1,004)
- Increase/(Decrease) in trade and other payables	4,236	(26,382)
Cash from operating activities	<u><u>109,550</u></u>	<u><u>(30,872)</u></u>

b) Non-cash investing and financing activities

Independent Living Centre (Tas) Inc. did not enter into any non-cash investing and financing activities for the year ended 30 June 2016.

c) Financing Facilities

Unsecured credit card facility

Amount used	4,053	1,508
Amount unused	947	3,492
	<u><u>5,000</u></u>	<u><u>5,000</u></u>

INDEPENDENT LIVING CENTRE (TAS) INC
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

12 Members Guarantee

The Independent Living Centre (Tas) Inc is incorporated under the Associations Incorporation Act 1964 (as amended). The members are liable in the event of winding up to the amount not exceeding \$2 per member in accordance with the association's constitution.

13 Related Party Transactions

Transactions with related parties for the 2015/2016 financial year totalled \$174 (2015: Nil).

As at balance date amounts owing to related parties totalled \$0 (2015: Nil).

14 Financial Risk Management

The association's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are disclosed in Notes 3, 4, 7 and 8.

	2016	2015
	\$	\$
Financial assets		
Cash and cash equivalents	141,994	125,520
Accounts receivable and other debtors	8,192	3,706
Total financial assets	<u>150,186</u>	<u>129,226</u>
Financial liabilities		
Financial liabilities at amortised cost:		
Accounts payable and other payables	72,998	68,762
Borrowings	735,308	603,297
	<u>808,306</u>	<u>672,059</u>

15 Economic Dependence

The ongoing viability of the Association as a going concern is dependent on the receipt of government grant funds.

Committee Declaration

For the Year Ended 30 June 2016

In the opinion of the committee the financial report as set out on pages 1 to 11:

1. Presents a true and fair view of the financial position of the association as at 30 June 2016 and its performance for the year ended on that date in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.
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 fall due.

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



Chair

26/8/16.

Dated

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDEPENDENT LIVING CENTRE TAS INC

Report on the Financial Report

We have audited the accompanying financial report of Independent Living Centre Tas Inc, which comprises the statement of financial position as at 30 June 2016, the statement of profit and loss and other comprehensive income, 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 certification by members of the committee on the annual statements giving a true and fair view of the financial position of the association.

Committees' Responsibility for the Financial Report

The committee of the Independent Living Centre Tas Inc are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Associations Incorporation Act (Tasmania) 1964* and for such internal control as the committee determines is necessary to enable the preparation of the 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 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 about 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 entity'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 an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating 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 APES 110 Code of Ethics for Professional Accountants and Associations Incorporation Act (Tasmania) 1964.

Auditor's Opinion

In our opinion the financial report of Independent Living Centre Tas Inc is in accordance with the Association Incorporations Act (Tasmania) 1964, including:

- Giving a true and fair view of the association's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- Complying with Australian Accounting Standards – Reduced Disclosure Requirements.
- We obtained the information we required for the audit and the Independent Living Centre Tas Inc at 30 June 2016; and
- The rules relating to the administration of the funds of the Independent Living Centre Tas Inc have been observed

Crowe Horwath Tasmania
Crowe Horwath Tasmania



Malcolm Matthews
Partner

Launceston

Date: 21/9/16