

**NEW ENGLAND AND WESTERN TENANTS ADVICE AND
ADVOCACY SERVICE INCORPORATED
ABN 31 279 732 390**

**SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

**New England and Western Tenants Advice and Advocacy Service
Incorporated (ABN 31 279 732 390)
(An Incorporated Association)**

**Special Purpose Financial Report
For the year ended 30 June 2014**

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Committee's Report

Your committee members submit the financial statements of the New England and Western Tenants Advice and Advocacy Service Incorporated ("NEWTAAS") for the year ended 30 June 2014.

Committee Members

The names of the Committee members throughout the year and at the date of this report are:

Marjorie Henzell - Chair
Christine Foord - Secretary
Jim Foord - Treasurer
Chris Halligan
Brian Humphreys (Appointed September 2013)
Elizabeth Stahlut (Appointed September 2013)
Fiona Bailey (Resigned September 2013)

Principal Activities

No significant change in the principal activities occurred during the year and the service continued with its objectives of providing information, advice and advocacy services to tenants across the region.

A new funding contract was entered into with Fair Trading NSW commencing in December 2013 to provide grant funding until 30 June 2016. There has been a change in the mix of activities that NEWTAAS is funded for. The new contract intensifies the existing focus on the most disadvantaged tenants within our region, with Fair Trading now providing most of the straightforward phone advice. Financially, there has been a real decrease in funding of 10%, as the service is now funded for 4.5 (previously 5.0) Equivalent Full-Time workers.

The Fair Work Australia legal case which began in early 2012 was finalised in early 2014. NEWTAAS was reimbursed in full (\$120,910) for expenses and out of pocket expenses associated with defending this case by the insurance company.

After balance date events

There are two unresolved outstanding matters which the committee considers to be significant.

An application to the Australian Taxation Office for retrospective application of Public Benevolent Institution status to 1 April 2010 (Refer Contingent liabilities note for further details).

The second is an application by the Fair Work Australia litigant to Fair Trading under GIPA (Government Information Public Access Act 2009) legislation for the release of

New England & Western Tenants Advice & Advocacy Service Inc.

documents relating to the investigation into NEWTAAS by Fair Trading in 2012. NEWTAAS has sought independent legal advice and made a submission to Fair Trading in this matter.

Going Concern

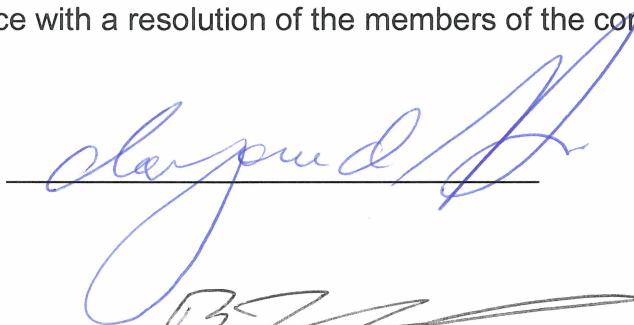
The financial statements have been prepared on a going concern basis as the current funding contract expires on 30 June 2016.

Operating Result

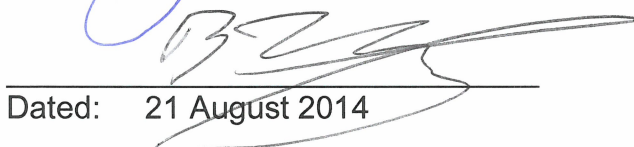
The operating surplus for the year ending 30 June 2014 is \$Nil (2013 surplus of \$Nil).

Signed in accordance with a resolution of the members of the committee:

Chair



Member



Dated: 21 August 2014

Income and Expenditure Statement for the Year ended 30 June 2014

| | 2014 | 2013 |
|--|----------------|----------------|
| | \$ | \$ |
| Income | | |
| Grant – Core Funding | 510,842 | 529,016 |
| Reimbursable Legal expenses | Nil | 54,486 |
| Other Income | 2,825 | 16 |
| Interest | 8,798 | 11,903 |
| Total Income | 522,465 | 595,421 |
| Expenditure | | |
| Salary and Related Expenses | | |
| Salaries and Wages | 318,855 | 394,170 |
| On-costs | 70,620 | 52,734 |
| Total Salary and Related Expenses | 389,475 | 446,904 |
| Other Operating Expenses | | |
| Rent | 27,402 | 27,218 |
| Utilities and outgoings | 5,133 | 5,228 |
| Staff related expenses | 9,850 | 2,602 |
| Office overheads | 15,220 | 13,192 |
| Communication expenses | 29,101 | 31,316 |
| Printing and stationery | 1,626 | 1,546 |
| Financial accountability | 13,723 | 18,393 |
| Office equipment | 759 | 3,260 |
| Program management | Nil | Nil |
| Travel | 14,646 | 28,194 |
| Motor vehicle | 4,665 | 5,892 |
| Fuel | 1,182 | 2,176 |
| Depreciation of assets | 9,683 | 9,500 |
| | 132,990 | 148,517 |
| Total Expenditure | 522,465 | 595,421 |
| Profit/(Loss) | Nil | Nil |
| Retained Profits at the beginning of the financial year | 69,070 | 69,070 |
| Retained Profits at the end of the financial year | 69,070 | 69,070 |

The accompanying notes form part of these financial statements.

New England & Western Tenants Advice & Advocacy Service Inc.

Assets and Liabilities Statement as at 30 June 2014

| | Note | 2014 \$ | 2013 \$ |
|--------------------------------------|------|----------------|----------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 617,405 | 409,984 |
| Trade and other receivables | 2 | 18,019 | 76,293 |
| Prepayments | | Nil | 421 |
| Shares | | 10 | 10 |
| Total Current Assets | | 635,434 | 486,708 |
| NON-CURRENT ASSETS | | | |
| Property plant & equipment | 3 | 15,971 | 20,673 |
| Total Non Current Assets | | 15,971 | 20,673 |
| Total Assets | | 651,405 | 507,381 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 23,347 | 23,118 |
| Employee provisions | 4 | 146,986 | 129,035 |
| Other current liabilities | 5 | 344,431 | 240,801 |
| Total Current Liabilities | | 514,764 | 392,954 |
| NON CURRENT LIABILITES | | | |
| Employee provisions | 4 | 67,571 | 45,357 |
| Total Non Current Liabilities | | 67,571 | 45,357 |
| Total Liabilities | | 582,335 | 438,311 |
| NET ASSETS | | 69,070 | 69,070 |
| MEMBERS' FUNDS | | 69,070 | 69,070 |

The accompanying notes form part of these financial statements.

**Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2014**

Note 1 Statement of Significant Accounting Policies

Basis of preparation

These financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Act NSW 2009* and grant funding conditions. The Committee has determined that the Association is not a reporting entity.

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

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

(a) Income Tax

The Association is exempt from Income Tax and accordingly no provision has been made.

(b) Plant and Equipment (PPE)

Plant and equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the Association commencing from the time the asset is held ready for use.

When the written down value of PPE is Nil an assessment is made by management and a decision made to write off. Any subsequent profit on sale is recognised as revenue.

(c) Impairment of Assets

At the end of each reporting period, the Association reviews the carrying values of its tangible assets to determine whether there is any 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 value. Any excess of the asset's carrying value over its recoverable

amount is recognised in the income and expenditure statement.

(d) Employee Benefits

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.

(e) 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. Redundancy provisions are measured in accordance with the minimum standards contained in the National Employment Standards and are essential given that NEWTAAS is dependent on cyclical government funding. These provisions would be required to be paid out immediately if the organisation is unsuccessful in winning one of those grant funding tenders.

(i) Personal/Carers Leave

The Association records a potential liability for personal leave for all permanent part-time and full-time employees. The amount is measured at its nominal value at balance date and includes related on-costs. Although this provision does not comply with Accounting Standards, it represents the liability of NEWTAAS to employ casual staff or increase part time employee hours to cover time lost as part of their commitment to continuity of service delivery from a small organisation.

(ii) Locum

The Association's funding contract requires that a service be deliverable to all residential tenants in the New England, North West, Western and Far West areas of New South Wales. The entity records a potential liability for casual staff that may be required to satisfy periods of high demand. This includes ensuring continuity of service delivery during periods of orientation and training as new staff learn their roles. This provision does not comply with Accounting Standards and is measured by management's best estimate.

(f) 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.

(g) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

New England & Western Tenants Advice & Advocacy Service Inc.

Interest revenue is recognised when received.

Grant and Donation income is recognised when the Association obtains control over funds. Control over core grant income received occurs when it is applied in accordance with funding guidelines as set down in the funding agreement. The Association has no right to recognise funds as income unless they are applied in accordance with the funding agreement guidelines. Any excess funds remaining at the end of the grant period are to be repaid to the funding body.

If grant conditions are not satisfied the revenue is deferred and recognised as a liability.

Reimbursable legal expenses are recognized as income when agreement is reached with the insurance company and income is recognized at the reimbursable rates.

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

(h) Leases

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

(i) 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.

(j) Going Concern and Economic Dependence

NEWTAAS is dependent on Fair Trading - Department of Finance and Services for the majority of its revenue used to operate the business. There is a current funding contract in place ending 30 June 2016. At the date of this report the committee have no reason to believe the Commissioner for Fair Trading, Department of Finance and Services will not continue to provide funding to NEWTAAS into the foreseeable future. As a result the financial statements have been prepared on a going concern basis.

Notes to and forming part of the financial statements

For the Year Ended 30 June 2014

Note 2 Trade and Other Receivables

| | 2014 | 2013 |
|--|---------------|---------------|
| | \$ | \$ |
| Reimbursable legal expenses | Nil | 75,791 |
| Accounts Receivable | 18,019 | 502 |
| Total Trade and Other Receivables | 18,019 | 76,293 |

NEWTAAS was reimbursed in full (\$120,910) for expenses incurred in relation to defending the Fair Work Australia case in March 2014 by the insurance company.

The accounts receivable balance includes an invoice to the Department of Fair Trading for refurbishment costs incurred by NEWTAAS of \$16,081. This is an application to Department of Fair trading to apply for special purpose funds which have been set aside for TAAS ("Tenants Advice and Advocacy Services") incurring this type of capital expenditure. Applications made by NEWTAAS in the past have been approved and this application is also expected to be approved.

Note 3 Property, Plant and Equipment

| | 2014 | 2013 |
|--|---------------|---------------|
| | \$ | \$ |
| Office Equipment | 32,339 | 41,189 |
| Less: Accumulated Depreciation | (16,368) | (20,516) |
| Total Property, Plant and Equipment | 15,971 | 20,673 |

| | 2014 |
|--|---------------|
| | \$ |
| Carrying amount at 30 June 2013 | 20,673 |
| Asset Purchases | 4,981 |
| Profit/Loss on disposal of Equipment | Nil |
| Depreciation | (9,683) |
| Closing Balance at 30 June 2014 | 15,971 |

New England & Western Tenants Advice & Advocacy Service Inc.

During the year office equipment with an original cost of \$13,831 and fully depreciated was determined to have reached the end of its useful life and was written off. No proceeds were received from the disposal of these assets.

Note 4 Employee Provisions

| | 2014 | 2013 |
|-----------------------|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Annual Leave | 30,482 | 37,167 |
| Long Service Leave | 28,339 | 14,290 |
| Personal/Carers Leave | 30,924 | 25,077 |
| Locum & Salaries | 44,509 | 41,107 |
| Time in Lieu | 12,732 | 11,394 |
| | 146,986 | 129,035 |
| Non Current | | |
| Redundancy | 67,571 | 45,357 |
| | 67,571 | 45,357 |

Note 5 Other Current Liabilities

| | 2014 | 2013 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| Income in Advance | 346,912 | 243,615 |
| Tax Payable/(Receivable) | (2,480) | (2,814) |
| | 344,432 | 240,801 |

Note 6 Leasing Commitments

Operating Lease Commitments

| | 2014 |
|---|---------------|
| | \$ |
| Rent of offices in Armidale, Dubbo, Broken Hill, and Tamworth | |
| Payable – minimum lease payments: | |
| – not later than 12 months | 27,978 |
| – between 12 months and five years | 43,806 |
| – greater than five years | Nil |
| | 71,784 |

The Armidale Minto property lease is a non-cancellable lease with a two-year term ending on 30 June 2016, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by a maximum of the Consumer Price Index per annum.

An option exists to renew the lease at the end of the two year term for an additional term of three years. This option may be exercised if the funding agreement is renewed in June 2016. The lease allows for subletting of all leased areas.

The other offices located in Dubbo, Broken Hill and Tamworth have an informal Memorandum of Understanding ("MOU") in place which provides for the option of either party giving one month's notice. In reality, these arrangements are reviewed on an annual basis. The MOU in Dubbo provides for an estimated term to the end of June 2019 with CPI increments. This is because NEWTAAS agreed to meet the costs involved in relocating within the Dubbo Neighbourhood Centre. Rent is payable quarterly in advance.

The Broken Hill office is occupied under an MOU with Far West Community Legal Service Inc. on an annual basis, with rent payable quarterly in advance. The Tamworth office is a single office sublet under an MOU with Disability Advocacy NSW, with rent payable monthly in advance.

Note 7 Contingent liabilities and capital commitments

Contingent liabilities

NEWTAAS applied for and received approval as a charitable institution ("CI") from the Australian Taxation Office ("ATO") after it was first incorporated in December 2009. At the time they received advice that this meant they would be able to continue providing exempt fringe benefits up to a grossed up amount of \$30,000 to employees. However, in March 2014 they were advised that as a CI they were entitled to a rebate not an exemption as a Charitable Institution and that if they wanted the rebate then they would need to apply for Public Benevolent Institution ("PBI") status.

NEWTAAS applied for and has now received retrospective approval from the Australian Charities and Not for Profits Commission (ACNC) backdating their PBI Status to 3 December 2012. The ACNC do not have the power to approve retrospectively to 1 April 2010 as required. The second part of the process is the application to the ATO to backdate NEWTAAS' status as a PBI further to 1 April 2010. That remains currently unresolved. In reviewing the documentation, NEWTAAS has changed their constitution to better reflect the objectives of the organisation. The maximum Fringe Benefits Liability expense that would be incurred by NEWTAAS for the period 1 July 2010 to 3 December 2012 has been estimated at \$94,000.

However, given the success of the application to the ACNC and the positive nature of discussions to date with the ATO, NEWTAAS believes that it is unlikely that their PBI status will not be retrospectively approved effective 1 April 2010. Therefore no provision for unpaid FBT liability has been accrued as at 30 June 2014.

To the best of the manager's and members of the Committee's knowledge and belief there are no other contingent liabilities at balance date.

Capital commitments

In June 2014 the organisation committed to the purchase of three new photocopiers in each of their regional offices at a total cost of \$13,378. These copiers were delivered and invoiced in July 2014.

To the best of the manager's and members of the Committee's knowledge and belief there are no other capital commitments at balance date.

Note 8 Related Parties

There were no known related party dealings.

Note 9 Events after the end of the Reporting Period

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

**Statement by Members of the Committee
For the Year Ended 30 June 2014**

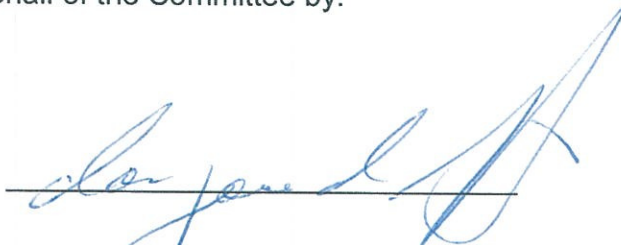
The Committee has determined that the Association is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies outlined in Note 1 to the financial Statements.

In the opinion of the Committee the attached special purpose financial statements:

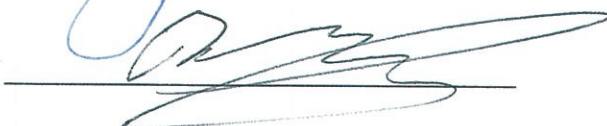
1. Present a true and fair view of the financial position of New England and Western Tenants Advice and Advocacy Service Incorporated as at 30 June 2014 and its performance for the year ended on that date.
2. At the date of this statement there are reasonable grounds to believe that New England and Western Tenants Advise and Advocacy Service Incorporated will be able to pay its debts as and when they fall due.

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

Chair

A handwritten signature in blue ink, appearing to read 'Alan Jones', written over a horizontal line.

Member

A handwritten signature in black ink, written over a horizontal line.

Dated: 21 August 2014

Armidale

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Forsyths Business Services Pty Ltd
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**New England and Western Tenants Advice
and Advocacy Service Incorporated**
ABN 31 279 732 390

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of New England & Western Tenants Advice and Advocacy Service Incorporated which comprises of, the assets and liabilities statement as at 30 June 2014, the income and expenditure statement for the year then ended, notes to the financial statements, and the statement by members of the committee.

Committee's responsibility for the Financial Statements

The committee of New England & Western Tenants Advice and Advocacy Service Incorporated is responsible for the preparation of the financial statements, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the *Associations Incorporation Act (NSW) 2009* and is appropriate to meet the needs of the funding body. The committee's responsibility also includes such internal control as the committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used as described in Note 1, are appropriate to meet the needs of the members. 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 members of the board, as well as evaluating the overall presentation of the financial statements.

Knowledge with integrity

Liability limited by a scheme approved under the Professional Standards Legislation

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 Australian professional ethical pronouncements.

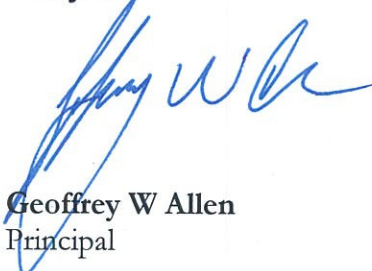
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of New England and Western Tenants Advice and Advocacy Service Incorporated as at 30 June 2014 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, and the *Associations Incorporation Act (NSW) 2009*.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Committee's financial reporting responsibilities under the *Associations Incorporation Act (NSW) 2009*. As a result, the financial statements may not be suitable for another purpose.

Forsyths



Geoffrey W Allen
Principal

92 Rusden Street, Armidale,

Dated this 1 September 2014