

**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 2015**

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 2015

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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 2015.

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
Elizabeth Stahlut
Judith Harvey- Nelson (Appointed September 2014)
Anne Wolfenden (Appointed September 2014)

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 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.

After balance date events

There is one unresolved outstanding matter which the committee considers to be significant.

An application to the Australian Taxation Office for retrospective application of Public Benevolent Institution status from 3 December 2012 to 1 April 2010 was made in 2014. The ATO has requested further details which have been provided in July 2015 (Refer Contingent liabilities note for further details).

Going Concern

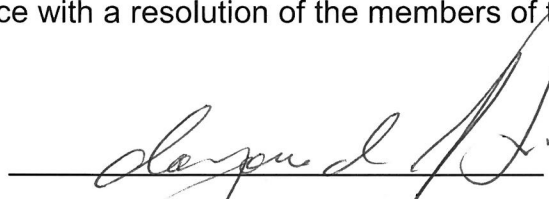
The financial statements have been prepared on a going concern basis as the current funding contract expires on 30 June 2016.

Operating Result

The operating surplus for the year ending 30 June 2015 is \$Nil (2014 surplus of \$Nil).

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

Chair

A handwritten signature in cursive script, appearing to read 'Stephen L. P.', written over a horizontal line.

Member

A handwritten signature in cursive script, appearing to read 'E. Stahmt', written over a horizontal line.

Dated: 11 August 2015

New England & Western Tenants Advice & Advocacy Service Inc.

Statement of profit or loss and other comprehensive income for the
Year ended 30 June 2015

	2015	2014
	\$	\$
Revenue		
Grant – Core Funding	497,786	510,842
Reimbursable expenses	1,503	Nil
Other Income	838	2,825
Interest	11,178	8,798
Total revenue	511,305	522,465
Expenditure		
Salary and Related Expenses		
Salaries and Wages	366,042	318,855
On-costs	29,753	70,620
Total Salary and Related Expenses	395,795	389,475
Other Operating Expenses		
Phones & Communication	27,094	25,197
Language or Cultural Services	291	1,128
Depreciation	10,119	9,683
Operating Management	12,581	23,115
Office Expenses	14,256	8,687
Consumables	1,742	2,981
Insurance	5,340	5,195
Rent	27,544	27,402
Staff/Volunteer Training	1,620	9,110
Transport and Motor Vehicle Costs	14,923	20,492
	115,510	132,990
Total Expenditure	511,305	522,465
Current year surplus before income tax	Nil	Nil
Income tax expense	Nil	Nil
Net Current year surplus	Nil	Nil

New England & Western Tenants Advice & Advocacy Service Inc.

Statement of profit or loss and other comprehensive income for the
Year ended 30 June 2015 (Cont.)

Other comprehensive income

Items that will not be reclassified subsequently to profit or loss when specific conditions are met.

Nil

Nil

Items that will be reclassified subsequently to profit or loss when specific conditions are met.

Total other comprehensive income for the year

Total comprehensive income for the year

Total comprehensive income attributable to members of the entity

Nil

Nil

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash on hand		623,673	617,405
Accounts receivable and other debtors	2	1,034	18,019
Other Current assets		Nil	Nil
Shares		10	10
Total Current Assets		624,717	635,434
NON-CURRENT ASSETS			
Plant & equipment	3	29,246	15,971
Total Non Current Assets		29,246	15,971
Total Assets		653,963	651,405
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables		23,364	23,347
Employee provisions	4	132,600	146,986
Other current liabilities	5	353,214	344,431
Total Current Liabilities		509,178	514,764
NON CURRENT LIABILITES			
Employee provisions	4	75,714	67,571
Total Non Current Liabilities		75,714	67,571
Total Liabilities		584,892	582,335
NET ASSETS		69,070	69,070
Equity		69,070	69,070
Retained surplus		NIL	NIL
Total Equity		69,070	69,070

The accompanying notes form part of these financial statements.

New England & Western Tenants Advice & Advocacy Service Inc.

Statement of changes in equity for the Year ended 30 June 2015

	Retained surplus \$
Balances at 1 July 2013	69,070
Comprehensive Income	
Surplus for the year attributable to members of the entity	Nil
Other comprehensive income for the year	Nil
Total comprehensive income attributable to members of the entity	69,070
 Balance at 30 June 2014	 69,070
Comprehensive Income	
Surplus for the year attributable to members of the entity	Nil
Other comprehensive income for the year	Nil
Total comprehensive income attributable to members of the entity	69,070
 Balance at 30 June 2015	 69,070

New England & Western Tenants Advice & Advocacy Service Inc.

Statement of cash flows for the Year ended 30 June 2015

	2015 \$	2014 \$
Cash flows from operating activities		
Grant income	573,333	723,830
Other income	2,575	3,108
Interest received	11,178	8,798
Payments to employees	(400,923)	(347,326)
Payments to suppliers	(156,501)	(176,009)
Net cash (used in)/generated from operating activities	29,662	212,402
Cash flows from investing activities		
Payment for plant and equipment	(23,393)	(4,981)
Payment for intangibles	Nil	Nil
Net cash used in investing activities	(23,393)	(4,981)
Net increase in cash held	6,269	207,421
Cash on hand at the beginning of the financial year	617,405	409,984
Cash on hand at the end of the financial year	623,674	617,405

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015

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*, *The Australian Charities & Not for Profits Commission Act, 2012* ("ACNC") and grant funding conditions. The Committee has determined that the Association is not a reporting entity in accordance with the definition contained in AASB 1053.

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.

Changes to policies

NEWTAAS has registered as a charity under the ACNC and is classified as a medium entity. Under the ACNC reporting requirements NEWTAAS is required to apply the following six accounting standards as a minimum to the extent that they are relevant:

- AASB 101 Presentation of Financial Statements;
- AASB 107 Statement of cash flows;
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors;
- AASB 1031 Materiality;
- AASB 1048 Interpretation of standards;
- AASB 1054 Australian Additional Disclosures.

The relevant changes applied by NEWTAAS in relation to these requirements are the addition of two further statements: a statement of cash flows; and statement of changes in equity.

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.

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015 (Cont.)

(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

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015 (Cont.)

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.

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.

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015 (Cont.)

(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.

New England & Western Tenants Advice & Advocacy Service Inc.

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2015 (Cont.)

Note 2 Accounts receivable and other debtors

	2015 \$	2014 \$
Accounts Receivable	99	18,028
Prepayments	935	(9)
Total Trade and Other Receivables	1,034	18,019

Note 3 Property, Plant and Equipment

	2015 \$	2014 \$
Office Equipment	49,626	32,339
Less: Accumulated Depreciation	(20,380)	(16,367)
Total Property, Plant and Equipment	29,246	15,972

	2015 \$
Carrying amount at 30 June 2014	15,972
Asset Purchases	23,393
Profit/Loss on disposal of Equipment	Nil
Depreciation	(10,119)
Closing Balance at 30 June 2015	29,246

During the year office equipment with an original cost of \$6,106 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.

New England & Western Tenants Advice & Advocacy Service Inc.

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2015 (Cont.)

Note 4 Employee Provisions

	2015 \$	2014 \$
Current		
Annual Leave	38,686	30,482
Long Service Leave	39,471	28,339
Personal/Carers Leave	30,855	30,924
Locum & Salaries	21,370	44,509
Time in Lieu	2,228	12,732
	132,600	146,986
Non Current		
Redundancy	75,714	67,571
	75,714	67,571

Note 5 Other Current Liabilities

	2015 \$	2014 \$
Income in Advance	323,258	346,912
Tax Payable/(Receivable)	29,956	(2,480)
	353,214	344,432

Note 6 Leasing Commitments

Operating Lease Commitments

	2015 \$
Rent of offices in Armidale, Dubbo, Broken Hill, and Tamworth	
Payable – minimum lease payments:	
– not later than 12 months	29,313
– between 12 months and five years	23,375
– greater than five years	Nil
	52,688

Notes to and forming part of the Financial Statements
For the Year Ended 30 June 2015 (Cont.)

The Armidale office Minto property lease is intended to be a non-cancellable lease with a two-year term ending on 30 June 2016, with rent payable monthly in advance. There are 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. However a new landlord purchased the property and a lease is yet to be signed and so NEWTAAS' commitment is to pay one months rent in advance.

The other offices located in Dubbo, Broken Hill and Tamworth has 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. The application to the ATO was made in July 2015 at the ATO's request. This issue remains currently unresolved. In reviewing the documentation, NEWTAAS has changed their constitution to better reflect the objectives of the organisation. The maximum Fringe Benefits

New England & Western Tenants Advice & Advocacy Service Inc.

Notes to and forming part of the Financial Statements For the Year Ended 30 June 2015 (Cont.)

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 2015.

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 2015 the organisation agreed to the purchase of a new server estimated to cost just over \$10,000.

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 2015**

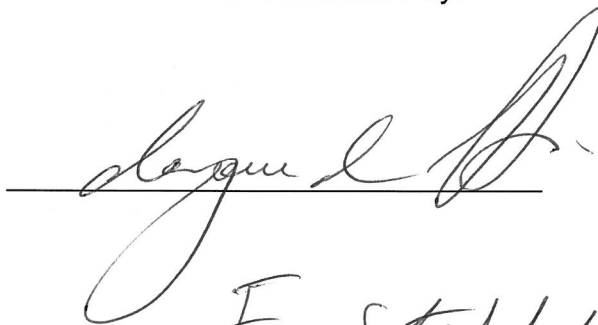
The Committee has determined that the Association is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies outlined in Note 1 to the financial Statements.

In the opinion of the Committee and in accordance with the Associations Incorporation Act NSW 2009 and The Australian Charities & Not for Profits Commission Act, 2012, 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 2015 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 become due and payable.

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 black ink, appearing to be 'Daniel D.', written over a horizontal line.

Member

A handwritten signature in black ink, appearing to be 'E. Stahlhut', written over a horizontal line.

Dated: 11 August 2015

Armidale

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Forsyth's Business Services Pty Ltd
ABN 66 182 781 401

**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 statement of financial position as at 30 June 2015, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows 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 *Australian Charities and Not-for-profits Commission Act 2012* 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.

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

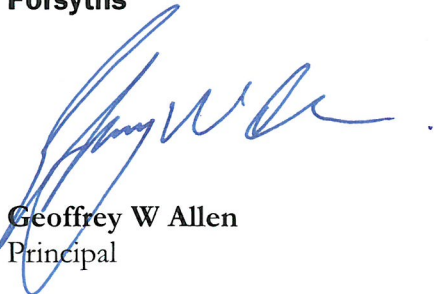
In our opinion, the financial statements of New England and Western Tenants Advice and Advocacy Service Incorporated are in accordance with *The Associations Incorporations Act 2009* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the association's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Australian Charities and Not-for-profits Commission Regulations 2013*.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared for the purpose of fulfilling the committee's financial reporting responsibilities under *The Associations Incorporations Act 2009* and *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial statements may not be suitable for another purpose.

Forsyths



Geoffrey W Allen
Principal

92 Rusden Street, Armidale,

Dated this 11 August 2015