Micah Projects Inc

ABN 76409721192

Annual Report – 30 June 2016

Micah Projects Inc

Board report

30 June 2016

The Board presents this report to the members of Micah Projects for the financial year ended 30 June 2016 and the financial report thereon.

Micah Projects is a non-profit, charitable institution incorporated in Queensland under the *Associations Incorporation Act (Qld) 1981*. Our hope is to create justice and respond to injustice at the personal, social and structural levels in society, including government, church and business.

Board Members

The names of board members at the date of this report are:
Michael Kelly
Sue Bradnock
Terry Fitzpatrick
Julie Cork
Carol Eapen
David Gonsalves
Mary Sheehan
Claudine Umashev

Our mission

To respond to people who experience exclusion, poverty, injustice and social isolation so that they may experience inclusion, economic wellbeing, justice and connection within their community of choice.

Core Business

The agreed core business of Micah Projects is an unswerving commitment, focus and determination to advocate and deliver on our social justice mandate. This year our strategy has focused on:

- Using a proactive approach to reach people where they are on the streets and in their homes
- Creating partnerships and opportunities for collaboration
- Establishing accessible hubs which connect people to services and resources
- Evaluating, innovating and adapting our services
- Consumer, Citizen and community engagement.

Review of operations and performance

The net deficit for the year ended 30 June 2016 was $213,591; (2015 Surplus: $1,010,029).

Significant changes

In the opinion of the Board, there were no significant changes in the state of affairs of Micah Projects that occurred during the financial year under review not otherwise disclosed in this report.

Signed in accordance with a resolution of the Members of the Board.

M Kelly

Michael Kelly
Chairman
26 September 2016
Brisbane

S Bradnock

Sue Bradnock
Treasurer
26 September 2016
Brisbane

Contents

Micah Projects Inc

Statement of profit or loss and other comprehensive income

30 June 2016

	Notes	2016 $	2015 $
Revenue	3	19,391,721	15,828,011
Other Income	3	578,573	598,938
		19,970,294	16,426,949
Expenses			
Employment expenses		(13,344,227)	(10,995,721)
Property and energy expenses		(1,675,099)	(1,270,204)
Administration expenses		(2,749,984)	(1,341,142)
Motor vehicle expenses		(726,064)	(624,459)
Client related expenses		(1,307,358)	(1,057,257)
Depreciation and amortisation expense	4	(170,445)	(58,590)
Other expenses		(210,708)	(69,547)
Surplus/(deficit) before income tax expense		(213,591)	1,010,029
Income tax expense	1	-	-
Surplus/(deficit) for the year		(213,591)	1,010,029
Other comprehensive income		-	-
Total comprehensive income/(deficit) for the year		(213,591)	1,010,029

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Micah Projects Inc

Statement of financial position

30 June 2016

	Note	2016	2015
		$	$
Assets			
Current assets			
Cash & cash equivalents	5	3,882,044	5,213,991
Trade and other receivables	6	268,305	364,315
Other current assets	7	82,210	94,754
Total current assets		4,232,559	5,673,060
Non-current assets			
Security deposits and bonds	8	316,054	187,732
Property, plant and equipment	9	591,612	378,826
Total non- current assets		907,666	566,558
Total assets		5,140,225	6,239,618
Liabilities			
Current Liabilities			
Trade and other payables	10	593,048	765,296
Provisions	11	1,063,153	856,229
Other	12	1,650,669	2,595,676
Total current liabilities		3,306,870	4,217,201
Non-current liabilities			
Provisions	11	399,767	496,155
Total non-current liabilities		399,767	496,155
Total liabilities		3,706,637	4,713,356
Net assets		**1,433,588**	**1,526,262**
Equity			
Reserves	18	-	49,828
Retained Surpluses		1,433,588	1,476,434
Total equity		**1,433,588**	**1,526,262**

The above statement of financial position should be read in conjunction with the accompanying notes

Micah Projects Inc

Statement of changes in equity

30 June 2016

	Note	Reserves	Retained Surplus	Total Equity
		$	$	$
Balance as at 30 June 2014		49,828	466,405	516,233
Total comprehensive income for the year			1,010,029	1,010,029
Balance as at 30 June 2015		49,828	1,476,434	1,526,262
Transfer to retained surplus	18	(49,828)	170,745	120,917
Total comprehensive (loss) for the year		-	(213,591)	(213,591)
Balance as at 30 June 2016		-	1,433,588	1,433,588

The above statement of changes in equity should be read in conjunction with the accompanying notes

Micah Projects Inc

Statement of Cash flows

30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Cash receipts from rendering of services		19,942,848	17,751,455
Cash payments to suppliers and employees		(20,842,565)	(15,817,831)
Interest received		80,131	97,457
Net cash provided/(used) by operating activities	**14**	**(819,586)**	**2,031,081**
Cash flows from investing activities			
Payments for bonds and guarantees		(128,322)	(70,865)
Payment for property, plant and equipment		(384,039)	(412,406)
Net cash provided/(used) by investing activities		**(512,361)**	**(483,271)**
Net increase/(decrease) in cash held		**(1,331,947)**	**1,547,810**
Cash at beginning of year		**5,213,991**	**3,666,181**
Cash at end of year		**3,882,044**	**5,213,991**

The above statement of cash flow should be read in conjunction with the accompanying notes

Note1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and interpretations adopted
The incorporated association has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board('AASB') that are mandatory for the current reporting period.

General information

The financial statements cover Micah Projects as an individual entity. The financial statements are presented in Australian dollars, which is Micah Projects' functional and presentation currency.

The financial statements were authorised for issue on 26 September 2016.

Basis of preparation
In the Directors' opinion, the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purpose of complying with the Associations Incorporations Act (Qld) 1981 and the Australian Charities and Not-for-profits Commission Act 2012. The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of Micah Projects Inc.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Cash Flows', AASB 108 ' Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 ' Materiality', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures' as appropriate for not for profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Note1. Significant accounting policies (continued)

Revenue recognition
Revenue is recognised when it is probable that economic benefit will flow to the incorporated association and the revenue can be reliably measured at the fair value of the consideration received or receivable.

Sales revenue
Events, fund raising and raffles are recognised when received or receivable.

Donations
Donations are recognised at the time when received.

Grants
Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions are complied with.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
As the incorporated association is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non current classification
Assets and liabilities are presented in the statement of financial position based on current and non current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non- current.
A liability is classified as current when: it is either expected to be settled in the normal course of the operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting

Note1. Significant accounting policies (continued)

period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation/amortisation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Depreciation/amortisation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	Over the period of the lease
Computer equipment	3 years
Motor vehicles	2 years
Furniture and fittings	3 years

The residual values, useful lives and depreciation/amortisation methods are reviewed and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The value in use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash generating unit.

Note1. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation Guarantee Contributions

Superannuation guarantee contributions are expensed in the periods in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market ; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non- financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note1. Significant accounting policies (continued)

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the incorporated association for the annual reporting period 30 June 2016. The incorporated association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on various factors including expectation of future events, that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of useful lives of assets

The incorporated association determines the estimated useful lives and related depreciation and amortisation charges for the property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives. Technically obsolete or non- strategic assets that have been abandoned or sold will be written off or written down.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non- financial assets
The incorporated association assesses impairment of non- financial assets at each reporting date by evaluating conditions specific to the incorporated association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue

	2016 $	2015 $
Revenue		
Grants	18,220,427	15,201,337
Fundraising	1,022,937	562,107
Events	148,357	64,567
	19,391,721	15,828,011
Other Income		
Interest	80,131	97,457
Other Revenue	498,442	501,481
	578,573	598,938
Revenue	19,970,294	16,426,949

Note 4. Expenses

	2016 $	2015 $
Surplus/(deficit) before income tax includes the following specific expenses:		
Depreciation and amortisation		
Leasehold improvements	129,015	47,018
Computer equipment	7,763	647
Motor vehicles	31,875	10,925
Furniture and fittings	1,792	-
Total depreciation and amortisation	170,445	58,590
Superannuation expense		
Superannuation Guarantee Contribution	981,767	838,008

Note 5. Cash and cash equivalents

	2016 $	2015 $
Cash on hand	2,666	2,906
Cash at bank	3,879,378	5,211,085
	3,882,044	5,213,991

Note 6. Trade and other receivables

	2016 $	2015 $
Trade receivables	271,994	370,617
Less: provision for impairment	(11,542)	(11,542)
	260,452	359,075
Other receivables	7,853	5,240
	268,305	364,315

Note 7. Other current assets

	2016 $	2015 $
Prepayments	82,210	94,754

Note 8. Security deposits and bonds

	2016 $	2015 $
Security deposits, bonds or property guarantees	316,054	187,732
	316,054	187,732

Note 9. Property, Plant and equipment

	2016 $	2015 $
Leasehold improvements at cost	724,556	370,925
Less: Accumulated depreciation	(176,034)	(47,018)
	548,522	323,907
Computer equipment at cost	23,311	23,311
Less: Accumulated depreciation	(8,409)	(647)
	14,902	22,664
Office equipment at cost	315,037	315,037
Less: Accumulated depreciation	(315,037)	(315,037)
	-	-
Furniture and fittings at cost	302,124	294,053
Less: Accumulated depreciation	(295,844)	(294,053)
	6,280	-
Motor vehicles at cost	75,478	72,523
Less: Accumulated depreciation	(53,570)	(40,268)
	21,908	32,255
	591,612	378,826

Note 10. Trade and other payables

	2016 $	2015 $
Trade payables	306,572	212,092
GST payable	235,660	334,376
Employee related payables	-	218,828
Other payables	50,816	-
	593,048	765,296

Note 11. Provisions

	2016 $	2015 $
CURRENT		
Provision for annual leave	718,039	587,187
Provision for long service leave	305,112	128,077
Other provisions	40,000	140,965
	1,063,151	856,229

NON-CURRENT

Provision for long service leave	399,767	496,155

Note 12. Other current liabilities

	2016 $	2015 $
Accrued expenses	457,748	342,991
Income in advance	1,192,921	2,252,685
	1,650,669	2,595,676

Note 13. Remuneration of Auditors

	2016 $	2015 $
Audit services- BDO Audit Pty Ltd		
Audit of financial statements	28,500	28,000

Note14. Reconciliation of operating surplus to cash from operations

	2016 $	2015 $
Operating (loss) after tax	(213,591)	1,010,029
Add: Depreciation/amortisation	170,445	58,590
Movement in provision for doubtful debts	-	1,081
Loss on trade-in of motor vehicle	808	-
Movement in assets/liabilities		
(Increase)/decrease in trade and other receivables	108,554	(377,644)
Increase/(decrease) in trade and other payables	(1,006,719)	1,339,025
Movement in reserves	120,917	-
Net cash (used by)/provided by operating activities	(819,586)	2,031,081

Note 15. Contingent Liabilities

The incorporated association had no contingent liabilities as at 30 June 2016.

Note 16. Commitments

The incorporated association had no commitments as at 30 June 2016.

Note 17. Events after the reporting period

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

Note 18. Equity

The transfer of $120,917 represents funds from previous financial years that were recorded as a liability of the Association. On further review those funds met the definition of fundraising income in those years and not a liability.

Included in the Accumulated Surplus is an amount that has been resolved by the Board to be applied towards strategic priorities. As the amount does not meet the definition of liabilities under the Australian Accounting Standards, it remains in accumulated surplus.

Micah Projects Inc
Directors' declaration
30 June 2016

In the Directors' opinion:

- the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Associations Incorporations Act (Qld) 1981 and the Australian Charities and Not-for-profits Commission Act 2012;

- the attached financial statements and notes comply with the Australian Accounting Standards as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the incorporated association's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the incorporated association will be able to pay its debts as and when they become due and payable.

On behalf of the Directors

M Kelly

Michael Kelly
Chairman
26 September 2016
Brisbane

S Bradnock

Sue Bradnock
Treasurer
26 September 2016
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INDEPENDENT AUDITOR'S REPORT

To the members of Micah Projects Inc.

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Micah Projects Inc., which comprises the statement of financial position as at 30 June 2016, the 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 comprising a summary of significant accounting policies and other explanatory information, and the Board declaration.

Board's Responsibility for the Financial Report

The Board of the registered entity is responsible for the preparation of the financial report that gives a true and fair view and has determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Associations Incorporations Act (1981) (Queensland) and the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)*. The Board's responsibility also includes such internal control as the Board determine is necessary to enable the preparation of a financial report that gives a true and fair view and 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 Board'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 registered entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, 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.

Opinion

In our opinion the financial report of Micah Projects Inc. has been prepared in accordance with the *Associations Incorporations Act (1981) (Queensland) and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the registered entity's financial position as at 30 June 2016 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 the *Associations Incorporations Act (1981) (Queensland) and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of accounting

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 for the purpose of fulfilling the Board's financial reporting responsibilities under the *Associations Incorporations Act (1981) (Queensland) and the ACNC Act*. As a result, the financial report may not be suitable for another purpose.

BDO Audit Pty Ltd

BDO

C J Skelton
Director

Brisbane, 26 September 2016