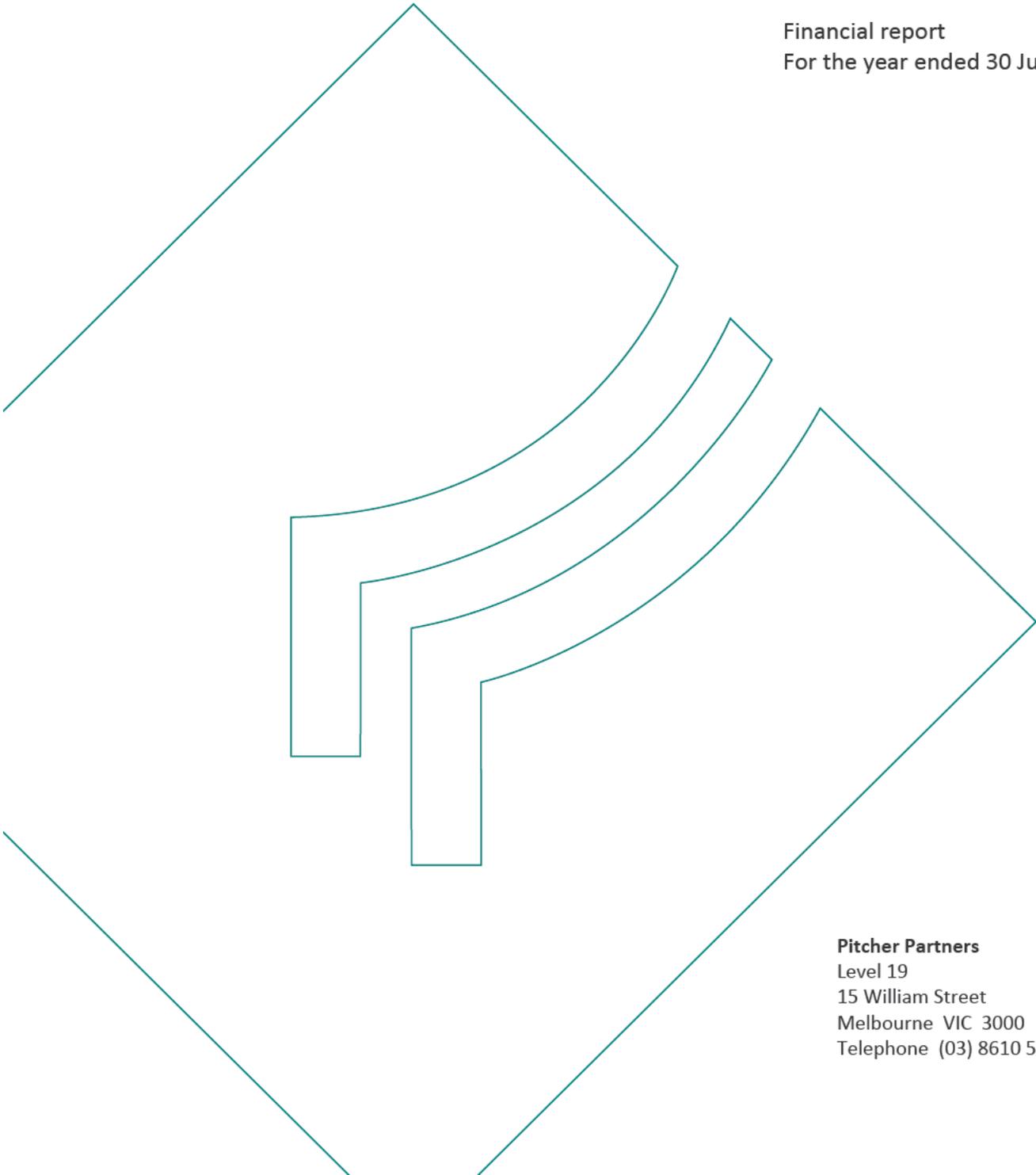




Kinfolk Enterprise

ABN 63 142 499 741

Financial report
For the year ended 30 June 2016



Pitcher Partners
Level 19
15 William Street
Melbourne VIC 3000
Telephone (03) 8610 5000

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**KINFOLK ENTERPRISE
ABN 63 142 499 741**

DIRECTORS' REPORT

The directors present their report together with the financial report of Kinfolk Enterprise for the year ended 30 June 2016 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Grant David Levy

Christopher James Miller

Paul McConville

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

**KINFOLK ENTERPRISE
ABN 63 142 499 741**

DIRECTORS' REPORT

Chair's Report

On behalf of the Board, I am honored to report on the direction of Kinfolk Enterprise. The board has focused on its primary functions over the past year: safety, strategy, governance, acquiring Donkey Wheel House Events (DWHE), appointing a Chief Executive Officer (CEO), overseeing Kinfolk's endorsement as a Public Benevolent Institution (PBI) and Deductible Gift Recipient (DGR) status by the Australian Charities and Not-For-Profit Commission (ACNC) and overseeing the provision of strong financial operations.

We selected and appointed Jarrod Briffa as CEO in the first quarter of 2016, with the goal to take Kinfolk Enterprise further. Jarrod as a founding director and part time employee of Kinfolk, had an instrumental role in the outstanding success of Kinfolk over the past 6 years. Over past months Jarrod has infused Kinfolk with new energy, a broader vision and articulated his vision on how he will lead the organization to new successes.

While Kinfolk Enterprise total revenue of (\$1,305,137 as at 30 June 2016) has increased upon previous years, of much greater importance is our ability to connect with our Kinfolk community, volunteers and various stakeholders. Significantly during the past year, the board has endorsed the appointment of full time managerial roles to strengthen the business, financial agenda and social outcomes. In addition, these managerial appointments will further broaden and enhance our capacity to shape the future operating environment in which our various business units operate.

I would like to thank my fellow board members Grant Levy and Christopher Miller for their continued support, enthusiasm and passion. To members, thank you for your ongoing loyalty and support of your board. May the board also acknowledge the great work of Roger Walsh and Pitcher Partners whom have assisted Kinfolk greatly over the past year.

Thank you to all of our remarkable staff and volunteers for the outstanding support you have provided to Kinfolk. We congratulate Jarrod on his appointment and for the great start, developing a new strategy that will enable us to build on our achievements and evolve into the future.



Paul McConville MAICD
Board Chair

DIRECTORS' REPORT

Short-term and long-term objectives and strategies

The Company's objectives are to:

- Develop and maintain a viable social enterprise, not reliant on donations, that directs its profits to nominated charities according to customer nominations.
- The Company's business model is supported by volunteers and their experience, and personal growth stories, are crucial to the Company's success. The volunteer program focuses on empowering and upskilling volunteers to deliver a wholesome service whilst developing friendships and support groups.
- Core to the Company's business model is a focus on conscious consumption which looks at the impact our purchasing choices have in the greater scheme of things.
- The Company's conscious approach means that we ask ourselves the questions of: Where our produce comes from? How good is it for us? What farming methods are used? Is it sustainable? We then make our choices with this in mind.
- These core objectives help to ensure that the Company implements a holistic approach in achieving the necessary commercial realities.

To achieve its short-term and long-term objectives, the Company has adopted the following strategies:

- Focus and commitment to serving high quality culinary delights as these are the cornerstone to a successful cafe and catering business.
- Focus and commitment to a high standard of customer service.
- Further development of the volunteer program to offer more places for disadvantaged members of the community to participate, gain training and build confidence.

Principal activities

To carry out the Company's strategies and to achieve its short-term and long-term objectives, the Company engaged in the following principal activities:

- Operation of Kinfolk Cafe
- Function and catering services
- Venue hire and event services, through the acquisition of Donkey Wheel House Events (DWHE)
- Volunteer coordination and training

**KINFOLK ENTERPRISE
ABN 63 142 499 741**

DIRECTORS' REPORT

Financial Performance

Kinfolk enjoyed its strongest financial year since inception. This was largely a result of increasing revenues. Total revenues increased from \$1,043,171 in the 2015 financial year to \$1,305,137 in the 2016 financial year. This was the result of a 6.5% increase in café sales, a 39% increase in function and catering sales and the acquisition of DWHE which contributed an additional \$129,500 of revenue between March 1st and June 30 2016.

During the year, Kinfolk set aside \$28,041 to its Capital Reserve to ensure the Company has adequate capital to withstand the potential adverse financial impacts of the neighboring property development project expected to occur from 2017 through 2021.

An amount of \$23,344 will be distributed from Kinfolk's 2016 operating results to its project partners.

Milestones

During 2016 Kinfolk was endorsed as a Public Benevolent Institution with the ACNC. This was the next stage in our registration process and means that Kinfolk is also endorsed as a DGR charity now.

PBI endorsement enables Kinfolk to offer salary packaging for employees helping to make their employment packages more favorable. Kinfolk employees will be able to package up to \$15,900 through everyday spending and \$2,550 for meals and accommodation. These amounts are essentially tax exempt saving employees a considerable amount of tax each year.

2016 also marked a change in our project partners. Kinfolk ceased financial support for The Cathay Freeman Foundation (CFF) at the end of 2016, but will continue to support CFF in non-financial ways, such as:

- Hosting the children and staff on the horizons camps for a special dinner each time they visit Melbourne; and
- Assisting with coordinating fundraising events throughout the year, like the major fundraiser in November 2015 that helped to raise \$10,000 for the charity.

In 2017 Kinfolk will financially support Urban Seed and the Asylum Seeker Resource Centre.

The biggest milestone of all during 2016 was the acquisition of Donkey Wheel House Events. This enabled Kinfolk to vertically integrate our services throughout the building and offer a full suite of services to clients. This has recently been developed further with the introduction of a liquor license at Donkey Wheel House and Kinfolk. There is a growing demand for event services and we see this as a major part of Kinfolk's growth strategy.

**KINFOLK ENTERPRISE
ABN 63 142 499 741**

DIRECTORS' REPORT

Key performance indicators

In its 7th year, Kinfolk now operates 3 businesses: Kinfolk Cafe; Kinfolk Catering; and since March 2016, Donkey Wheel House Events. Each of these businesses is financially viable and no grant funding or donations are required to maintain any business. Each business funds its operating costs through the trade it generates and Kinfolk's vision, to create more inclusive communities, is embedded into the way they operate. Collectively these businesses achieve efficiencies that enable a more commercially resilient enterprise whilst enabling a stronger collective force towards achieving the social objectives of the company.

Notwithstanding the above, Kinfolk thanks the RE Ross Trust for its generous grant enabling the further development and systemization of Kinfolk's volunteer program.

Kinfolk facilitates an inclusive culture that breaks down barriers and encourages participation from staff, volunteers and customers alike. This is one of the key attributes to its success. The volunteer program, and the personal growth stories of those who are involved, is by far the biggest social outcome Kinfolk achieves. Each year roughly 100 volunteers participate in the running of the businesses. It is these stories that are hard to quantify, yet have the most lasting impact for staff and wider community who get the privilege of learning them.

Kinfolk has effectively used business to create opportunities for some of our communities most challenged and vulnerable people. But what is really unique, is that the Kinfolk model is customer facing, yet customers need to look behind the mask of great food, coffee and service to see it. The interactions many volunteers have with staff and customers are an opportunity to be seen, a chance to be useful and an occasion where they are valued. That is extremely transformative for someone who's circumstances exclude them from the mainstream.

This all occurs without Kinfolk drawing attention to it, protecting the individuals who volunteer and highlighting the fact that whether you be a volunteer, customer, supplier or staff member, everyone is contributing to something bigger than themselves.

**KINFOLK ENTERPRISE
ABN 63 142 499 741**

DIRECTORS' REPORT

Volunteer Stats

In 2016, assisted by the RE Ross Trust grant, Kinfolk's volunteer community grew to number 421 volunteers to date; with an average of 50 individuals contributing to the operation of the café each week and collectively completing more than 4441 hours over the year. At present Kinfolk's current volunteers (as at October 2016) are involved for an average of 11.8 months and contribute on average 4.2 hours a week.

In 2016 Kinfolk welcomed volunteers from diverse backgrounds and broadened its partnerships with new third parties including CCU and Wise Employment.

Since 2015 Kinfolk has seen measureable growth and development amongst volunteers, particularly those referred by third parties during the financial year prior. In May 2016 a volunteer referred by the Judy Lazarus Transition Centre was employed part-time by Kinfolk upon his release. He was seen at the time as the preferred candidate within the community to assist in the DWHE operations of Kinfolk as it expanded.

The significant increase in volunteer hours per week figure from 2015 to 2016 is likely to be influenced by the increase in hours that those with disabilities volunteering at Kinfolk are able to carry out compared to a year ago. Three particular volunteers living with disability, volunteer in the café now for more extensive periods and on several occasions each week, withstanding their prior expectations and finding new confidences and space for development at Kinfolk.

Aside from the diversity of abilities and capabilities apparent in Kinfolk's volunteer program, there are several other facets of diversity represented by this unique community. Whilst not always simple to measure, the varieties of nationalities, such as Greek, Malaysian, Colombian, South African, Dutch and Polish demonstrates the diversity of people that represent Kinfolk day to day.

**KINFOLK ENTERPRISE
ABN 63 142 499 741**

DIRECTORS' REPORT

Information on directors

Grant David Levy	Director
Qualifications	Bachelor of Law and Bachelor of Economics.
Experience	Legal
Christopher James Miller	Director
Qualifications	Bachelor of Commerce, Masters of Management and Diploma in Stockbroking.
Experience	Finance
Paul McConville	Director
Qualifications	Diploma in Culinary Skills and Diploma in Accounting for Managers.
Experience	Hospitality

Meetings of directors

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Grant David Levy	5	5
Christopher James Miller	5	5
Paul McConville	5	5

Members' guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute to a maximum of \$10 each towards meeting any outstandings and obligations of the Company. At 30 June 2016 the number of members was 7. The combined total amount that members of the Company are liable to contribute if the Company is wound up is \$70.

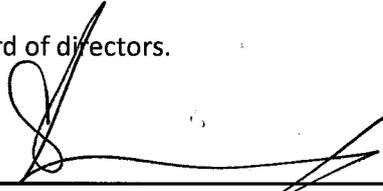
DIRECTORS' REPORT

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Signed on behalf of the board of directors.

Director: _____


Grant David Levy

Director: _____


Paul McConville

Dated this

27th

day of

October

2016

KINFOLK ENTERPRISE
ABN 63 142 499 741

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF KINFOLK ENTERPRISE**

In relation to the independent audit for the year ended 30 June 2016, to the best of my knowledge and belief there have been no contraventions of any applicable code of professional conduct.



M J HARRISON

Partner



PITCHER PARTNERS

MELBOURNE

Date: 27 October 2016

KINFOLK ENTERPRISE
ABN 63 142 499 741

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Revenue and other income			
Sales revenue		1,271,008	1,015,208
Other revenue		<u>34,129</u>	<u>27,963</u>
	2	<u>1,305,137</u>	<u>1,043,171</u>
Less: expenses			
Materials and consumables used	3	(396,988)	(346,832)
Depreciation and amortisation expense	3	(24,707)	(31,350)
Employee benefits expense	3	(560,552)	(429,490)
Occupancy expense		(133,827)	(104,298)
Advertising expense		(8,600)	(6,819)
Insurance		(9,891)	(5,737)
Utilities		(16,766)	(15,896)
Other expenses		<u>(102,421)</u>	<u>(46,157)</u>
		<u>(1,253,752)</u>	<u>(986,579)</u>
Surplus before distribution		51,385	56,592
Distributions to Project Partners		<u>(23,344)</u>	<u>(56,592)</u>
Surplus from continuing operations		<u>28,041</u>	-
Other comprehensive income for the year		-	-
Total comprehensive income		<u>28,041</u>	<u>-</u>

The accompanying notes form part of these financial statements.

KINFOLK ENTERPRISE
ABN 63 142 499 741

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	4	108,361	135,455
Receivables	5	5,316	6,702
Other assets	6	<u>35,434</u>	<u>-</u>
Total current assets		<u>149,111</u>	<u>142,157</u>
Non-current assets			
Property, plant and equipment	7	<u>101,775</u>	<u>94,827</u>
Total non-current assets		<u>101,775</u>	<u>94,827</u>
Total assets		<u>250,886</u>	<u>236,984</u>
Current liabilities			
Payables	8	95,428	82,590
Provisions	9	44,721	72,252
Other liabilities	10	<u>22,801</u>	<u>-</u>
Total current liabilities		<u>162,950</u>	<u>154,842</u>
Non-current liabilities			
Payables	8	26,485	41,993
Provisions	9	<u>1,451</u>	<u>8,190</u>
Total non-current liabilities		<u>27,936</u>	<u>50,183</u>
Total liabilities		<u>190,886</u>	<u>205,025</u>
Net assets		<u>60,000</u>	<u>31,959</u>
Equity			
Reserves	11	<u>60,000</u>	<u>31,959</u>
Total equity		<u>60,000</u>	<u>31,959</u>

The accompanying notes form part of these financial statements.

KINFOLK ENTERPRISE
ABN 63 142 499 741

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Reserves \$	Retained earnings \$	Total equity \$
Balance as at 1 July 2014		<u>31,959</u>	<u>-</u>	<u>31,959</u>
Balance as at 30 June 2015		<u>31,959</u>	<u>-</u>	<u>31,959</u>
Balance as at 1 July 2015		31,959	-	31,959
Surplus for the year		<u>-</u>	<u>28,041</u>	<u>28,041</u>
Total comprehensive income for the year		<u>-</u>	<u>28,041</u>	<u>28,041</u>
Transfers	11	<u>28,041</u>	<u>(28,041)</u>	<u>-</u>
Balance as at 30 June 2016		<u>60,000</u>	<u>-</u>	<u>60,000</u>

The accompanying notes form part of these financial statements.

KINFOLK ENTERPRISE
ABN 63 142 499 741

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
Cash flow from operating activities			
Receipts from customers		1,380,117	1,119,981
Donations and grants received		37,575	27,888
Payments to suppliers and employees		(1,358,580)	(1,082,730)
Payments to Project partners		(56,938)	-
Interest received		<u>2,387</u>	<u>75</u>
Net cash provided by operating activities		<u>4,561</u>	<u>65,214</u>
Cash flow from investing activities			
Payment for property, plant and equipment		<u>(31,655)</u>	<u>-</u>
Net cash used in investing activities		<u>(31,655)</u>	<u>-</u>
Reconciliation of cash			
Cash at beginning of the financial year		135,455	70,241
Net increase / (decrease) in cash held		<u>(27,094)</u>	<u>65,214</u>
Cash at end of financial year		<u>108,361</u>	<u>135,455</u>

The accompanying notes form part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial report was approved by the directors as at the date of the directors' report.

The financial report is for the entity Kinfolk Enterprise as an individual entity. Kinfolk Enterprise is a Company limited by guarantee, incorporated and domiciled in Australia. Kinfolk Enterprise is a not-for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the Company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

(c) Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Other than non-refundable customer deposits, revenue from organising and hosting events is recognised in the period in which the events are held.

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

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

(d) Income tax

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment

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

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

(f) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

**KINFOLK ENTERPRISE
ABN 63 142 499 741**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Employee benefits (Continued)

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(h) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(i) Distribution policy

The entity is a supporter of several charities through the distribution of the surplus generated from its social ventures. The distribution amounts are identified in the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 2: REVENUE AND OTHER INCOME

Sales revenue			
Catering and event sales	(a)	357,633	159,465
Cafe sales		911,375	855,743
Social Enterprise Consulting fees		<u>2,000</u>	<u>-</u>
		<u>1,271,008</u>	<u>1,015,208</u>
Interest income		2,387	75
Donations & Grants		20,764	27,888
Other revenue		<u>10,978</u>	<u>-</u>
		<u>34,129</u>	<u>27,963</u>
		<u>1,305,137</u>	<u>1,043,171</u>

(a) In 2016, Catering and event sales revenue incorporates event sales revenue from 1 March 2016 following the acquisition of the Donkey Wheel House Events business (refer Note 12). The prior year comparison amount includes catering sales only.

**KINFOLK ENTERPRISE
ABN 63 142 499 741**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
NOTE 3: OPERATING SURPLUS		
Surplus from continuing operations has been determined after:		
Cost of sales - materials and consumables used	396,988	346,832
Depreciation and amortisation expense	24,707	31,350
Employee benefits expense	560,552	429,490
 NOTE 4: CASH AND CASH EQUIVALENTS		
Cash on hand	2,241	885
Cash at bank	<u>106,120</u>	<u>134,570</u>
	<u>108,361</u>	<u>135,455</u>
 NOTE 5: RECEIVABLES		
CURRENT		
Trade debtors	<u>5,316</u>	<u>6,702</u>
 NOTE 6: OTHER ASSETS		
CURRENT		
Prepayments	16,503	-
Security deposit	<u>18,931</u>	<u>-</u>
	<u>35,434</u>	<u>-</u>
 NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Leasehold Improvements		
At cost	47,013	47,013
Accumulated depreciation	<u>(20,778)</u>	<u>(14,219)</u>
	<u>26,235</u>	<u>32,794</u>
 Plant and equipment		
Plant and equipment at cost	116,338	99,031
Accumulated depreciation	<u>(58,890)</u>	<u>(43,069)</u>
	57,448	55,962

KINFOLK ENTERPRISE
ABN 63 142 499 741

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Office equipment at cost	3,215	1,499
Accumulated depreciation	<u>(813)</u>	<u>(540)</u>
	2,402	959
 Kitchen equipment at cost	 22,812	 10,180
Accumulated depreciation	<u>(7,122)</u>	<u>(5,068)</u>
	<u>15,690</u>	<u>5,112</u>
Total plant and equipment	<u>75,540</u>	<u>62,033</u>
Total property, plant and equipment	<u>101,775</u>	<u>94,827</u>
 (a) Reconciliations		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year		
 <i>Leasehold improvements</i>		
Opening carrying amount	32,794	40,992
Depreciation expense	<u>(6,559)</u>	<u>(8,198)</u>
Closing carrying amount	<u>26,235</u>	<u>32,794</u>
 <i>Plant and equipment</i>		
Opening carrying amount	55,962	77,107
Additions	17,307	-
Depreciation expense	<u>(15,821)</u>	<u>(21,145)</u>
Closing carrying amount	<u>57,448</u>	<u>55,962</u>
 <i>Office equipment</i>		
Opening carrying amount	959	1,199
Additions	1,716	-
Depreciation expense	<u>(273)</u>	<u>(240)</u>
Closing carrying amount	<u>2,402</u>	<u>959</u>
 <i>Kitchen equipment</i>		
Opening carrying amount	5,112	6,879
Additions	12,632	-
Depreciation expense	<u>(2,054)</u>	<u>(1,767)</u>
Closing carrying amount	<u>15,690</u>	<u>5,112</u>

KINFOLK ENTERPRISE
ABN 63 142 499 741

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 8: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	13,803	18,785
Operating lease liability	15,671	12,755
Sundry creditors and accruals	<u>65,954</u>	<u>51,050</u>
	<u><u>95,428</u></u>	<u><u>82,590</u></u>
NON CURRENT		
<i>Unsecured liabilities</i>		
Operating lease liability	<u>26,485</u>	<u>41,993</u>
 NOTE 9: PROVISIONS		
CURRENT		
Employee benefits	(a) 21,377	15,314
Project partner distributions payable	<u>23,344</u>	<u>56,938</u>
	<u><u>44,721</u></u>	<u><u>72,252</u></u>
NON CURRENT		
Employee benefits	(a) <u>1,451</u>	<u>8,190</u>
(a) Aggregate employee benefits liability	22,828	23,504
 NOTE 10: OTHER LIABILITIES		
CURRENT		
Unearned income	16,968	-
RE Ross Trust Grant received in advance	<u>5,833</u>	<u>-</u>
	<u><u>22,801</u></u>	<u><u>-</u></u>

KINFOLK ENTERPRISE
ABN 63 142 499 741

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 11: RESERVES		
Capital Reserves	<u>60,000</u>	<u>31,959</u>
	<u><u>60,000</u></u>	<u><u>31,959</u></u>

Capital Reserves was established in the 2014 financial year to quarantine the surplus of the underlying funds that were received in relation to cafe renovations in that year.

In 2016, further funds have been set aside to ensure the Company has adequate capital to withstand the potential adverse financial impacts of the neighbouring development project expected to occur from 2017 through 2021.

Capital Reserves is not accumulated or available for distribution to the Company's partner organisations.

NOTE 12: BUSINESS ACQUISITION

On 29 February 2016, the Company acquired 100% of the net assets in Donkey Wheel House Events.

	\$
Consideration paid	<u>5,652</u>
Total purchase consideration	<u><u>5,652</u></u>

Assets and liabilities acquired

Assets and liabilities acquired as a result of the business combination were:

	Recognised on acquisition at fair value
	\$
Assets and liabilities held at acquisition date:	
- Property, plant and equipment	20,000
- Other assets	860
- Other liabilities	<u>(15,208)</u>
Net identifiable assets acquired	<u>5,652</u>
Total purchase consideration	<u><u>5,652</u></u>

**KINFOLK ENTERPRISE
ABN 63 142 499 741**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

NOTE 13: RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel of the entity

Transactions between related parties are on normal commercial terms, conditions no more favourable than those available to other parties unless otherwise stated. Below are the details of related party transactions entered during the year ended 30 June 2016:

(i) The following directors who held office during the year were not compensated for their services:

Grant David Levy

Christopher James Miller

Paul McConville

(ii) Kinfolk acquired the net assets of Donkey Wheel House Events as per the acquisition in Note 12. This transaction was an arms length transaction with key management personnel of Kinfolk.

NOTE 14: CAPITAL AND LEASING COMMITMENTS

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable

- not later than one year	160,542	98,226
- later than one year and not later than five years	<u>234,615</u>	<u>237,381</u>
	<u>395,157</u>	<u>335,607</u>

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2016 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2016, of the Company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2016, of the Company.

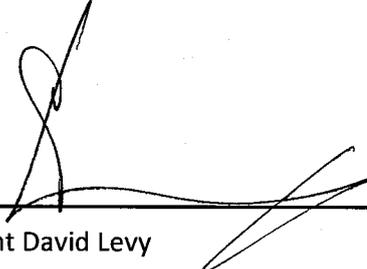
DIRECTORS' DECLARATION

The directors of the company declare that:

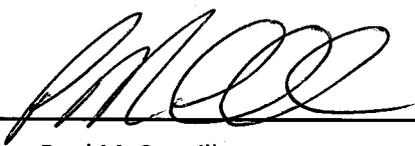
1. The financial statements and notes, as set out on pages 10 - 21, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*: and
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2013*; and
 - (b) give a true and fair view of the financial position as at 30 June 2016 and performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: _____


Grant David Levy

Director: _____


Paul McConville

Dated this

27th

day of

October

2016

KINFOLK ENTERPRISE
ABN 63 142 499 741

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KINFOLK ENTERPRISE

We have audited the accompanying financial report of Kinfolk Enterprise, 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 directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company 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 *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the 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 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *APES 110 Code of Ethics for Professional Accountants*.

KINFOLK ENTERPRISE
ABN 63 142 499 741

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KINFOLK ENTERPRISE

Opinion

In our opinion, the financial report of Kinfolk Enterprise is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the company'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 - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2013*.


M J HARRISON

Partner


PITCHER PARTNERS

MELBOURNE

Date 27 October 2016