Phoenix House Youth Services Incorporated

A.B.N. 75 019 767 380

ANNUAL FINANCIAL REPORT

YEAR ENDED 30 JUNE 2019

PHOENIX HOUSE YOUTH SERVICES INCORPORATED

A.B.N. 75 019 767 380

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Board's Report
For the year ended 30 June 2019

Your board members submit the financial accounts of Phoenix House Youth Services Incorporated for the financial year ended 30 June 2019.

Board Members

The names of board members at the date of this report are:

Brian Pereira

Brian Dalton

Sarah Crawford

Edmund D'Cruz

Robert Hossary

Tim Flahvin

Beau Magloire

Julie Clifton

Principal Activities

The principal activities of the association during the financial year were the provision of youth services.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The operating surplus / (deficit) from ordinary activities after providing for income tax amounted to:

	Year ended June 2019 $	Year ended June 2018 $
Operating surplus / (deficit)	39,531	(76,171)

Signed in accordance with a resolution of the Members of the Board on this 29 day of October 2019, Sydney

Brian Pereira

Sarah Crawford

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
REVENUE	2(b)	1,210,108	1,190,747
EXPENSES:			
Depreciation		14,491	30,123
Bank charges		262	649
Client expenses		19,566	23,811
Programs		20,300	23,210
Consultancy fees		-	500
Counselling		26,891	36,546
Training and development		7,073	10,762
Audit/ accounting		30,000	22,500
Marketing and communication		1,616	2,021
Rent and overheads		90,001	92,477
Information technology		2,265	2,075
Employment support and super-vision		-	790
Sundry expenses		516	12,862
Insurance		15,008	11,378
Legal fees		-	191
Membership and subscriptions		5,087	5,594
Transport costs		4,316	6,223
Communications		14,319	13,079
Market research		59	-
Salaries		909,329	970,541
Staff benefits		9,478	1,586
		1,170,577	1,266,918
NET SURPLUS / (DEFICIT) BEFORE TAX		39,531	(76,171)
Income tax expense		-	-
NET SURPLUS / (DEFICIT) AFTER TAX		39,531	(76,171)
Other comprehensive profit for the year, net of tax		-	-
Total comprehensive profit / (deficit) for the year		39,531	(76,171)
Total comprehensive profit / (deficit) attributable to members of the entity		39,531	(76,171)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	5	34,110	3,178
Trade and other receivables	6	42,158	2,987
Other assets	7	4,290	4,290
TOTAL CURRENT ASSETS		80,558	10,455
NON CURRENT ASSETS			
Property, plant and equipment	8	17,329	30,825
TOTAL NON CURRENT ASSETS		17,329	30,825
TOTAL ASSETS		97,887	41,280
CURRENT LIABILITIES			
Trade and other payables	9	36,923	33,861
Provisions	10	78,674	64,660
TOTAL CURRENT LIABILITIES		115,597	98,521
NON-CURRENT LIABILITIES			
Provisions	10	-	-
TOTAL LIABILITIES		115,597	98,521
NET LIABILITIES		(17,710)	(57,241)
EQUITY			
Accumulated deficits		(17,710)	(57,241)
TOTAL DEFICIENCY		(17,710)	(57,241)

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated deficits $
BALANCE AT 1 JULY 2017	18,930
Deficit for the year	(76,171)
BALANCE AT 30 JUNE 2018	(57,241)
Surplus for the year	39,531
BALANCE AT 30 JUNE 2019	(17,710)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		1,293,290	1,190,188
Payments to suppliers and employees		(1,261,670)	(1,220,218)
Interest received		307	181
Taxes paid		-	(742)
Net cash provided by operating activities	14b	31,927	(30,590)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(995)	(5,097)
Proceeds from sale of property, plant and equipment		-	30,196
Net cash used in investing activities		(995)	25,098
Net increase / (decrease) in cash held		30,932	(5,492)
Cash at the beginning of the financial year		3,178	8,670
Cash at the end of the financial year	14a	34,110	3,178

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Phoenix House Youth Services Incorporated is an association formed and domiciled in Australia.

Basis of Preparation

Phoenix House Youth Services Incorporated applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Recued Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Associations Incorporation Reform Act 2012. The association is a not for profit entity for financial reporting purposes under the Australian Accounting Standards.

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

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities.

Accounting Policies

a. **Income Tax**

In accordance with Section 6-5 of the Income Tax Assessment Act 1997, the Association is required to calculate its taxable income in accordance with the mutuality principle, whereby the Association is only taxed on non-member income.

Based on calculations of the Association's income, it is not considered necessary to make a provision for income tax for the financial year. Accordingly, the balance sheet liability method used for the calculation of deferred tax has not been adopted by the Association.

b. **Plant and Equipment**

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a reducing balance basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. **Plant and equipment (continued)**

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

Class of Fixed Asset	**Depreciation Rate**
Leasehold improvements	20%
Fixtures and fittings	13.33% - 20%
Plant and equipment	20%
Computer equipment	33.3%
Rental Property furniture & fittings	20%
Motor vehicle	20%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

d. **Financial Instruments**

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Association commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. **Financial Instruments (continued)**

(ii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

e. **Impairment of Assets**

At the end of each reporting period, the Association reviews the carrying values of its tangible and intangible 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 expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

g. **Revenue and Other Income**

Grants and donations are recognised when the entity obtains control over the funds, which is generally at the time of receipt.

Donations and bequests are recognised upon the receipt of cash.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

h. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

i. **Comparative Figures**

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

j. **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. **Employee Provisions**

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

l. **Key Estimates**

(i)

Impairment

The Association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

m. **Going concern basis of accounting**

The entity is in a net liability position of $17,710 and a net current liability position of $35,039 as at 30 June 2019. The ability of the entity to continue as a going concern is dependant on Phoenix House Foundation transferring its net accumulated funds to it. The directors have obtained confirmation in writing that Phoenix House Foundation will transfer its net accumulated funds upon closure. Based on the above, the directors are of the opinion that the entity can continue as a going concern for a period of at least up to twelve month from the date of signing this financial report. Accordingly the financial report has been prepared on a going concern basis.

n. **New Accounting Standards Adopted**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

·AASB 9: *Financial Instruments*

The entity has adopted AASB 9 which is effective for annual periods beginning on or after 1 January 2018. The Standard includes revised requirements for the classification and measurement of financial instruments, and revised requirements for financial instruments and hedge accounting. The key changes include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Other than the upfront accounting of expected credit loss, AASB 9 has had no material effect on the company's financial report as the company does not have any financial instruments or undertake any hedge accounting. The application of the upfront accounting of expected credit loss did not result in any material impairment losses for the year ended 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

k. **New Accounting Standards for Application in Future Periods**

– AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2019, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 1058 *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019)

When effective, this Standard replaces AASB 1004 Contributions. The core principle of the new income recognition requirements in AASB 1058 is when a Not-for-profit entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately. The directors anticipate that the adoption of AASB 1058 will not have a substantial impact on the company's financial statements.

– AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The adoption of AASB 16 will have an impact on the entity via the recognition of a right of use asset and a lease liability. The directors are in the process of quantifying the impact.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	2019 $	2018 $
NOTE 2: NET SURPLUS / (DEFICIT)		
(a) Revenue - Operating activities		
— Government grants	923,572	798,530
— Donations received	286,229	276,874
— Shared services allocation	-	96,000
— Income from fundraising events	-	6,678
— Medicare reimbursements	-	3,731
— Miscellaneous income	-	2,253
— Community, club grants		6,500
	1,208,801	1,190,566
Revenue - Non-operating activities		
— Interest received	307	181
Total Revenue	1,210,108	1,190,747

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3: KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel consist the Chief Executive Officer The totals of remuneration paid to them are as follows:

	2019 $	2018 $
Short-term employee benefits	178,754	150,074
Post-employment benefits	16,732	14,257
	195,486	164,331

All other transactions between KMP's and the Association are on the same terms and conditions as for other members of the Association.

NOTE 4: AUDITORS' REMUNERATION

REMUNERATION OF THE AUDITOR OF THE ASSOCIATION FOR:

— auditing or reviewing the financial report (Walker Wayland NSW)	4,500	-
— auditing or reviewing the financial report (Christopher Coote & Co)	-	6,000

NOTE 5: CASH & CASH EQUIVALENTS

Cash at bank	33,610	2,678
Cash on hand	500	500
	34,110	3,178

The effective interest rate on term deposits was 2.45% (2017: 2.45%).

NOTE 6: TRADE & OTHER RECEIVABLES

Receivables	25,001	378
Phoenix House Foundation receivable	17,157	2,609
	42,158	2,987

Current trade receivables are non-interest bearing loans and are generally receivable within 30 days. No provision for impairment has been recognised.

NOTE 7: OTHER ASSETS

Property bond	4,290	4,290
	4,290	4,290

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 8: PROPERTY, PLANT AND EQUIPMENT	2019 $	2018 $
Leasehold improvements – at cost	181,650	181,650
Less: accumulated depreciation	(172,480)	(162,455)
	9,170	19,195
Furniture and fittings – at cost	78,428	78,428
Less: accumulated depreciation	(75,250)	(73,054)
	3,178	5,374
Plant and equipment – at cost	5,797	5,797
Less: accumulated depreciation	(5,797)	(5,797)
	-	-
Computer equipment – at cost	71,939	70,944
Less: accumulated depreciation	(67,181)	(65,905)
	4,758	5,039
Rental Property furniture & fittings – at cost	71,368	71,368
Less: accumulated depreciation	(71,145)	(70,151)
	223	1,217
Motor vehicles – at cost	51,110	51,110
Less: accumulated depreciation	(51,110)	(51,110)
	-	-
Total property, plant and equipment	17,329	30,825

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2019 Movements schedule

	Leasehold improvement	Furniture and fittings	Plant and equipment	Computer equipment	Rental Property furniture & fittings	Motor vehicles	Total
	$	$	$	$	$		$
Opening balance	19,195	5,374	-	5,039	1,217	-	30,825
Additions	-	-	-	995	-	-	995
Depreciation	(10,025)	(2,196)	-	(1,276)	(994)	-	(14,491)
Closing balance	9,170	3,178	-	4,758	223	-	17,329

NOTE 9: TRADE & OTHER PAYABLES	2019 $	2018 $
Accounts payable	7,320	9,921
Current tax liabilities	22,603	23,940
Accruals	7,000	-
Trade payables and accruals	36,923	33,861

NOTE 10: PROVISIONS

CURRENT		
Provision for annual leave	78,674	64,660
NON-CURRENT		
Provision for long service leave	-	-

NOTE 11: EVENTS SUBSEQUENT TO THE REPORTING DATE

To the board's knowledge, no events have occurred subsequent to reporting date which have or are likely to have a material effect on the operations of the Association.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 $	2018 $
NOTE 12: CASH FLOW INFORMATION			
a.	Reconciliation of cash		
	Cash and cash equivalents	34,110	3,178
b.	Reconciliation of net cash provided by operating activities to net deficit from ordinary activities		
	Net surplus / (deficit) from ordinary activities	39,531	(76,171)
	Non-cash flows in surplus from ordinary activities		
	Depreciation	14,491	30,123
	Changes in assets and liabilities:		
	(Increase) / decrease in receivables	(37,491)	(378)
	Decrease / (increase) in other assets	(1,681)	9,821
	Increase / (Decrease) in payables	3,063	(9,436)
	Increase / (decrease) in provisions	14,014	16,192
	Decrease in tax provision	-	(741)
	Net cash provided by operating activities	31,927	(30,590)

c. The Association has no credit stand-by or financing facilities in place.

d. There were no non-cash financing or investing activities during the financial year.

NOTE 13: FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 $	2018 $
Financial assets			
Cash and cash equivalents	5	34,110	3,178
Trade and receivables	6	42,158	4,667
Total financial assets		76,268	7,845
Financial liabilities			
Financial liabilities at amortised cost:			
— trade and other payables	9	36,923	33,861
Total financial liabilities		36,923	33,861

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 14: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingent assets or contingent liabilities as at the date of this financial report.

NOTE 15: RELATED PARTY DISCLOSURES

The Association has a receivable from Phoenix House Foundation amounting to $17,157 (2018: $2,609)

	2019	2018
	$	$
NOTE 16: OPERATING LEASE COMMITMENTS		
Non-cancellable operating leases contracted for but not recognised in the financial statements.		
Payable – minimum lease payments		
- Not later than 12 months	63,065	60,932
- Between 12 months and 5 years	21,261	84,326
- Later than 5 years	-	-
	84,326	145,258

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 17: FUNDRAISING

The Association is a registered charity under the Charitable Fundraising Act 1991. Donations received during the year totalled $286,229 (2018: $283,552). The monies received from donations have been or will be applied to the specific purpose intended by donors.

(a) Fundraising appeals conducted during the year

The fundraising appeals conducted during the year comprised discussions with corporate and charitable organisations.

(b) Results of fundraising appeals

	2019	2018
	$	$
Gross proceeds of fundraising appeals	286,229	283,552
Less: direct costs of fundraising appeals	(58,520)	(61,396)
Net surplus from fundraising appeals	227,708	222,156

(d) Comparisons of certain monetary figures and percentage

	2019	2019	2018	2018
	$	%	$	%
Total cost of fundraising	58,520	20%	61,396	22%
Net surplus from fundraising	227,708	80%	222,156	78%
Gross income from fundraising	286,229	100%	283,552	100%
Total contributions paid in accordance with charitable objectives				
Total expenditure	1,170,577	96%	1,266,918	106%
Total cost of services provided in accordance with charitable objectives				
Total revenue from operating activities	1,210,108		1,190,747	

NOTE 18: ASSOCIATION DETAILS

The principal place of business of the Association is:

10 Holtermann Street

CROWS NEST NSW 2065

STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the committee, the financial report as set out on pages 3 to 17:

1. Presents a true and fair view of the financial position of the Phoenix House Youth Services Incorporated as at 30 June 2019 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

2. At the date of this statement, there are reasonable grounds to believe that the Phoenix House Youth Services 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:

Brian Pereira (Chairman)

Sarah Crawford (Treasurer)

Dated this 29 day of October 2019, Sydney

walkerwayland

Walker Wayland NSW
Chartered Accountants

ABN 55 931 152 366

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PHOENIX HOUSE YOUTH SERVICES INCORPORATED

Opinion

We have audited the financial report of Phoenix House Youth Services Incorporated (the Association), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the committee.

In our opinion, the accompanying financial report of Phoenix House Youth Services Incorporated is in accordance with the *Associations Incorporation Act 2009*, including:

- giving a true and fair view of the Association's financial position as at 30 June 2019 and of its performance for the year then ended; and
- complying with Australian Accounting Standards to the extent described in Note 1, the *Associations Incorporation Act 2009 and Australian Charities and Not-for-profit Commission Act 2012 (The ACNC Act)*

We also report that:

a. the financial statements show a true and fair view of the financial result of fundraising appeals conducted during the year;

b. the accounting and associated records have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 and the Regulations;

c. money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and the Regulations; and

d. at the date of this report, there are reasonable grounds to believe that the Association will be able to pay the debts as and when they fall due.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The committee of the Association are responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Committee for the Financial Report
The committee of the Association is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Associations Incorporation Act 2009 and Australian Charities and Not-for-profit Commission Act 2012* and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee 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. In preparing the financial report, the committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the members of the committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.

- Conclude on the appropriateness of the committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Association's committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Walker Wayland NSW

Walker Wayland NSW
Chartered Accountants

Wali Aziz
Partner

Dated this 31st day of October 2019, Sydney