

CONTACT INCORPORATED
ABN: 64 340 947 099

Financial Report For The Year Ended
30 June 2017

CONTACT INCORPORATED
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AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2017

Pursuant to Section 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012*, as lead auditor for the audit of Contact Incorporated, we declare that, to the best of our knowledge and belief, during the year ended 30 June 2017 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-Profits Commission Act 2012*, in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

National Audits Group Pty Ltd
Authorised Audit Company



Steven J Watson
Director

Dated: 10 November 2017

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue	3	<u>778,234</u>	<u>802,705</u>
Employee benefits expense		(552,425)	(518,853)
Administration expenses		(89,171)	(93,821)
Office rent and maintenance		(36,136)	(35,919)
Communication expenses		(16,469)	(17,634)
Training, development and research		(62,184)	(22,357)
Travel and accommodation		(126,390)	(107,430)
Depreciation expenses		(8,018)	(8,465)
Net deficit for the year		<u>(112,559)</u>	<u>(1,774)</u>
Income tax expense	2(b)	-	-
Other comprehensive income		-	-
Total comprehensive loss for the year		<u>(112,559)</u>	<u>(1,774)</u>

The accompanying notes form part of these financial statements.

CONTACT INCORPORATED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
Assets			
Current Assets			
Cash and cash equivalents	4	691,504	952,642
Trade receivables and other debtors	5	1,856	48,108
Other current assets	6	14,485	16,447
Total Current Assets		707,845	1,017,197
Non-current Assets			
Property, plant and equipment	7	13,640	21,659
Total Non-current Assets		13,640	21,659
Total Assets		721,485	1,038,856
Liabilities			
Current Liabilities			
Trade and other payables	8	21,410	60,468
Grants in advance	9	56,517	247,109
Employee provisions	10	120,208	97,365
Total Current Liabilities		198,135	404,942
Non-current Liabilities			
Employee provisions	10	9,843	7,848
Total Non-current Liabilities		9,843	7,848
Total Liabilities		207,978	412,790
Net Assets		513,507	626,066
Equity			
Retained earnings		513,507	626,066
Total Equity		513,507	626,066

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Retained Earnings			
Retained earnings at the beginning of the year		626,066	627,840
Net deficit from ordinary activities		(112,559)	(1,774)
Retained earnings at the end of the year		<u>513,507</u>	<u>626,066</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flow from operating activities			
Receipts from:			
Government grants and other funding received		681,379	920,930
Interest income		9,941	11,948
Other cash receipts		1,399	967
Payments to suppliers and employees		<u>(953,857)</u>	<u>(847,254)</u>
<i>Net cash inflow/(outflow) from operating activities</i>	12	<u>(261,138)</u>	<u>86,591</u>
Cash flow from investing activities			
Purchase of property, plant and equipment		<u>-</u>	<u>(715)</u>
<i>Net cash outflow from investing activities</i>		<u>-</u>	<u>(715)</u>
<i>Net increase/(decrease) for the period</i>		(261,138)	85,876
Cash at beginning of period		952,642	866,766
Cash and cash equivalents at end of year	4	<u>691,504</u>	<u>952,642</u>

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The financial statements cover Contact Incorporated as an individual entity. Contact Incorporated is a not-for-profit Association incorporated in New South Wales under the *Associations Incorporation Act (NSW) 2009* and the *Associations Incorporation Regulation (NSW) 2010*.

The principal activities of the Association for the year ended 30 June 2017 were to help address the impacts of isolation for children, families, and communities. Activities also included serving the community by working across all child, family and children sectors by providing service deliveries in ways that best fit local child and family needs.

The functional and presentation currency of Contact Incorporated is Australian dollars.

The financial statements were authorised for issue by the Board of Management on 31 October 2017

Comparatives are consistent with prior years, unless otherwise stated.

All amounts have been rounded to the nearest dollar.

1. Basis of Preparation

The Board have prepared the financial statements on the basis that the Association is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirement of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act (NSW) 2009*.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirement of AASB 101 '*Presentation of Financial Statements*', AASB 107 '*Statement of Cash Flows*', AASB 108 '*Accounting Policies, Changes in Accounting Estimates and Errors*' and AASB 1054 '*Australian Additional Disclosures*'.

The financial statements have been prepared on an accrual basis of accounting.

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

2. Summary of Significant Accounting Policies

a. Going Concern

These financial statements are prepared on a going concern basis because the Association is able to pay its debts as and when they fall due. Whilst the Association has experienced challenging conditions this year as a result of a loss of major funding, the Board monitors closely the number of months of core operating expenditure covered by the Association's cash reserves (total cash balance less total liability). As at end of June 2017, the Association has cash reserves of \$482,000. With a monthly core operating cost of \$25,000, the Association has around 19 months of cash reserves to run core operating expenditure in the absence of any incoming revenue. The Board and Management note 19 months is sufficient to confirm a going concern, and have undertaken strategic planning processes and are pursuing funding opportunities to continue the Association's mission. A range of opportunities exists including new sources of revenue and partnering with other organisations to deliver services.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Summary of Significant Accounting Policies (continued)

b. Income tax

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

c. Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Association and specific criteria relating to the type of revenue as noted below, has been satisfied. Revenue is measured as the fair value of the consideration received or receivable and is presented net of returns, discount and rebates.

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

Grant revenue

Grant revenue is recognised in the statement of profit and loss and other comprehensive income when it is controlled. Where there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the statement of financial position as a liability until such conditions are met or services provided.

Donations

Donations are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income on the statement of financial position.

Rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue

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

d. Cash and cash equivalents

Cash on hand includes cash on hand, deposits held at call with banks, and other short-term investments which are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

e. Trade and other receivables

Trade receivable and other receivables include amounts due from members as well as amounts receivable from donors. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2. Summary of Significant Accounting Policies (continued)

f. Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Leased assets and leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

g. Impairment of assets

At the end of each reporting period, the Board reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the statement of profit and loss and other comprehensive income.

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 (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

i. Trade and other payables

Accounts payable 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 that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2. Summary of Significant Accounting Policies (continued)

j. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries included annual leave and long service leave balances that are expected to be settled within 12 months of reporting date are recognised in respect of employee service up to reporting date. They are measured using the wage and salary rates the entity expects, as at the reporting date, to pay on settlement, including related on-costs, such as workers' compensation insurance and superannuation.

Long-term employee benefits

Liability for long service leave is recognised based on employee service up to the reporting date. It is measured at the present value of expected future payments relating to that past service. Consideration is given to expected future remuneration rates, past experience of employee turnover and past service. Amounts expected to be settled more than twelve months after reporting date are discounted to present value using rates reflecting yields at reporting date on Australian government bonds which most closely match the terms of maturity of the related liabilities.

k. Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time as at 30 June 2017, the adoption of these standards has not caused any material adjustments to the reported financial positions, performance or cash flow of the Association.

	2017	2016
	\$	\$
Note 3 - Revenue and Other Income		
Revenue and Other Income		
— Department of Prime Minister and Cabinet - IAS	400,000	400,000
— Department of Education and Training	68,473	-
— NSW Department of Education	11,250	-
— Community Child Care - Rural Connect	-	285,200
— Mobile Children's Services Association (MCSA)	-	23,179
— Services provided	289,413	33,049
— Donations	534	46,647
— Interest income	8,534	12,123
— Other revenue from non-operating activities	30	2,507
Total revenue	778,234	802,705

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Note 4 - Cash and Cash Equivalents		
Commonwealth Bank - General Account	46,321	32,392
Bankers Trust No 1	500,010	536,877
Bankers Trust No 2	2,781	227,780
Bankers Trust No 3	142,342	155,543
Petty cash and undeposited funds	50	50
Total Cash and Cash Equivalents	<u>691,504</u>	<u>952,642</u>
 Note 5 - Trade Receivable and Other Debtors		
Current		
Trade debtors	-	44,847
Accrued interest - Bankers Trust accounts	1,856	3,261
Total Current Trade Receivable and Other Debtors	<u>1,856</u>	<u>48,108</u>
 Note 6 - Other Current Assets		
Current		
Prepayments	4,845	6,970
Deposits	9,640	9,477
Total Other Current Assets	<u>14,485</u>	<u>16,447</u>
 Note 7 - Property, Plant and Equipment		
Office furniture & equipment at cost	23,225	23,225
Accumulated depreciation	(19,579)	(15,542)
	<u>3,646</u>	<u>7,683</u>
Motor vehicles at cost	31,859	31,859
Accumulated depreciation	(21,865)	(17,883)
	<u>9,994</u>	<u>13,976</u>
Total Property, Plant and Equipment	<u>13,640</u>	<u>21,659</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Note 8 - Trade and Other Payables		
Current		
Accounts payable	11,509	51,254
Employee benefits	9,901	9,214
Total Trade and Other Payables	<u>21,410</u>	<u>60,468</u>

Note 9 - Grants in Advance

Contact Children's Mobile	56,517	56,517
MCSA - Sector Development	-	66,647
MCSA - General	-	97,675
BBF Funded Multipurpose Centre	-	8,250
Hay Mobile Children's Services	-	18,020
Total Grants in Advance	<u>56,517</u>	<u>247,109</u>

Note 10 - Employee Provisions

Current		
Employee Provisions - Annual Leave Entitlement	58,558	48,838
Employee Provisions - Long Service Leave Entitlement	61,650	48,527
Total Current Employee Provisions	<u>120,208</u>	<u>97,365</u>
Non-current		
Employee Provisions - Long Service Leave Entitlement	9,843	7,848
Total Non-current Employee Provisions	<u>9,843</u>	<u>7,848</u>
Total Employee Provisions	<u>130,051</u>	<u>105,213</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Note 11 - Contingencies

In the opinion of the Responsible persons, the Association did not have contingencies at 30 June 2017 (30 June 2016 : nil)

Note 12 - Cash Flow Information

	2017	2016
	\$	\$
Reconciliation of cash flow from operating activities with net current year surplus/(deficit)		
Current year surplus/(deficit) after income tax	(112,559)	(1,774)
Non-cash flows in current year surplus:		
— Depreciation expense	8,018	8,465
Changes in assets and liabilities		
— (Increase)/decrease in trade receivable and other debtors	46,253	(38,465)
— Decrease in other current assets	1,962	6,612
— Increase/(decrease) in grants in advance	(190,592)	84,668
— Increase/(decrease) in trade and other payables	(39,058)	24,853
— Increase in employee provisions	24,838	2,232
Cash flows from operations	<u>(261,138)</u>	<u>86,591</u>

Note 13 - Statutory information

The registered office and principal place of business of the Association is:
Contact Incorporated
Suite 204 64-76 Kippax Street
Surry Hills NSW 2010

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Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, the *Associations Incorporation Act (NSW) 2009* and the *Associations Incorporation Regulation (NSW) 2010*.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.

Responsible person: Joan Tamurke

9 November 2017

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF CONTACT INCORPORATED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements, being special purpose financial statements of Contact Incorporated (the Association), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and managements' assertion statement.

In our opinion, the accompanying financial statements of Contact Incorporated has been prepared in accordance with Div 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- I. giving a true and fair view of the Association's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- II. complying with the *Associations Incorporation Act 2009 (NSW)* and *Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Association in accordance with the auditor independence requirements of *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012* and 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 statements 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.

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF CONTACT INCORPORATED**Emphasis of Matter - Basis of Accounting**

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared to assist the Association to meet the requirements of the *Associations Incorporation Act 2009 (NSW)* and *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) in the financial report, which indicates that the Association has incurred a net loss of \$112,559 and failed to renew major funding agreements for the next 12 months. As at 30 June 2017, the Association had sufficient cash reserve balances to sustain 19 months after realising all liabilities. As stated in Note 2(a), these events or conditions, along with other matters as set forth in Note 2(a), indicate that a material uncertainty exists that may cast over significant doubt on the Association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Associations Incorporation Act 2009 (NSW)* and *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the management determines is necessary to enable the preparation of the financial statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF CONTACT INCORPORATED

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 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 the financial statements.

**National Audits Group Pty Ltd
Authorised Audit Company**



**Steven J Watson
Managing Director**

Dated: 10 November 2017