

AUDITED FINANCIAL STATEMENTS

2016/17



**PENINSULA COMMUNITY
LEGAL CENTRE INC**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2017**

**PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T**

**COMMITTEE'S REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

Your Committee members submit the financial report of Peninsula Community Legal Centre Inc for the financial year ended 30 June 2017.

Committee Members

The names of Committee members and their position at the date of this report are:

Phillip Carr	- Chairperson	(Appointed 29.11.16)
Jen Kelly	- Treasurer	(Appointed 29.11.16)
Lisa Bremner	- Secretary	(Appointed 29.11.16)
Benjamin Needleman	- General Committee	
Paul Hodgman	- General Committee	(Appointed 21.03.17)
Phillip Heaven	- General Committee	(Appointed 08.06.17)
Amanda Graham		(Resigned 22.03.17)
Quinn McCormack		(Resigned 16.02.17)
Travis Fewster		(Resigned 16.02.17)
Celestine Moon		(Resigned 29.11.16)
Victoria Campbell		(Resigned 29.11.16)
Richard O'Donovan		(Resigned 20.10.16)
Stephen Hopley		(Resigned 26.09.16)

Principal Activities

The principal activities of the association during the financial year were to provide free legal advice and casework to the general public, whilst maintaining a strong community development focus.


Significant Changes

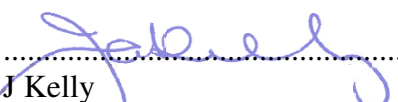
No significant change in the nature of these activities occurred during the year.

Operating Result

The operating profit after providing for income tax amounted to \$29,974 (2016: \$19,346 profit).

Signed in accordance with a resolution of the members of the Committee

Chairperson 
P Carr

Treasurer 
J Kelly

Dated this 10th day of August 2017

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To Peninsula Community Legal Centre Inc,

As lead auditor for the audit of Peninsula Community Legal Centre Inc for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the independence requirements of the *Associations Incorporation Reform Act 2012 (Victoria)* and the *Corporations Act 2001* in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

Dated at Frankston this 10th day of August 2017



SHEPARD WEBSTER & O'NEILL AUDIT PTY LTD

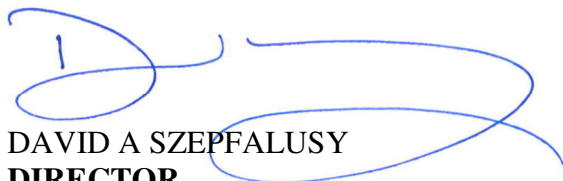
Certified Practising Accountant

Authorised Audit Company No 415478

434 Nepean Highway Frankston 3199, PO Box 309 Frankston Victoria 3199

Telephone (03) 9781 2633 – Fax (03) 9781 3073

Email – szepfalusy@shepard.com.au



DAVID A SZEPPFALUSY
DIRECTOR

PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T

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

		2017	2016
		\$	\$
CONTINUING OPERATIONS			
INCOME			
Grant Funding	2	2,951,480	2,474,961
Other Income	3	71,135	116,503
		<u>3,022,615</u>	<u>2,591,464</u>
EXPENSES			
Communication Expenses		(40,631)	(43,849)
Depreciation Expense		(50,590)	(68,692)
Employment Expenses		(2,433,677)	(2,040,019)
Finance Expenses		(15,000)	(9,008)
Occupancy Expenses		(204,752)	(180,718)
Office & Administrative Expenses		(149,927)	(141,836)
Repairs & Maintenance Expenses		(29,988)	(35,937)
Resources Expenses		(33,687)	(22,654)
Travel & Accommodation Expenses		(34,389)	(29,405)
		<u>(2,992,641)</u>	<u>(2,572,118)</u>
NET PROFIT		<u>29,974</u>	<u>19,346</u>
Other Comprehensive Income			
- Items that may be reclassified subsequently to profit or loss when specific conditions are met		-	-
- Items that will not be reclassified subsequently to profit or loss		-	-
TOTAL COMPREHENSIVE INCOME		<u><u>29,974</u></u>	<u><u>19,346</u></u>

The Accompanying Notes Form Part of These Financial Statements

PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	NOTE	2017	2016
CURRENT ASSETS		\$	\$
Cash at Bank and on Hand	12a	357,789	400,299
Receivables		-	339
Accrued Income		23,665	22,616
Term Deposit		1,250,000	800,000
Other Assets	4	8,310	11,239
TOTAL CURRENT ASSETS		<u>1,639,764</u>	<u>1,234,493</u>
NON-CURRENT ASSETS			
Fixed Assets	5	75,830	103,094
TOTAL NON-CURRENT ASSETS		<u>75,830</u>	<u>103,094</u>
TOTAL ASSETS		<u>1,715,594</u>	<u>1,337,587</u>
CURRENT LIABILITIES			
Trade and Other Payables	6	64,810	70,094
Payroll Liabilities	7	65,832	58,481
Grants in Advance	8	403,350	90,500
Employee Provisions	9	293,287	285,799
VLA Unused Funds	10	322,389	295,532
TOTAL CURRENT LIABILITIES		<u>1,149,668</u>	<u>800,406</u>
NON-CURRENT LIABILITIES			
Employee Provisions	9	36,772	38,001
TOTAL NON-CURRENT LIABILITIES		<u>36,772</u>	<u>38,001</u>
TOTAL LIABILITIES		<u>1,186,440</u>	<u>838,407</u>
NET ASSETS		<u>529,154</u>	<u>499,180</u>
EQUITY			
Retained Earnings		529,154	499,180
TOTAL EQUITY		<u>529,154</u>	<u>499,180</u>

The Accompanying Notes Form Part of These Financial Statements

**PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T**

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

	NOTE	2017 \$	2016 \$
RETAINED EARNINGS			
Opening Balance		499,180	479,834
Profit in the current year		29,974	19,346
Other Comprehensive Income		-	-
CLOSING BALANCE OF RETAINED EARNINGS		<u>529,154</u>	<u>499,180</u>
TOTAL EQUITY		<u><u>529,154</u></u>	<u><u>499,180</u></u>

The Accompanying Notes Form Part of These Financial Statements

**PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Grants & Other Income		3,314,679	2,900,748
Payments to Suppliers and Employees		(2,920,299)	(2,665,276)
Interest Received		<u>36,436</u>	<u>29,517</u>
Net cash provided by Operating Activities	12(b)	<u>430,816</u>	<u>264,989</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for fixed assets		(23,326)	(17,455)
Investment in Term Deposits		<u>(450,000)</u>	<u>(150,000)</u>
Net cash used in Investing Activities		<u>(473,326)</u>	<u>(167,455)</u>
CASH FLOWS FROM FINANCIAL ACTIVITIES			
Net cash provided by / (used in) Financing Activities		<u>-</u>	<u>-</u>
Net Increase in Cash Held		(42,510)	97,534
Cash at the beginning of the year		<u>400,299</u>	<u>302,765</u>
Cash at the end of the year	12(a)	<u><u>357,789</u></u>	<u><u>400,299</u></u>

The Accompanying Notes Form Part of These Financial Statements

PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 - SUMMARY OF SIGNIFICANT OF ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Reform Act 2012 (Victoria)*, the *Australian Charities and Not-for-profits Commission Act 2012* and the Victorian Legal Aid Commission. The Committee has determined that the Association is not a reporting entity.

The following accounting standards have been applied in the preparation of the financial report:

AASB 101	Presentation of Financial Statements
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048	Interpretation and Application of Standards
AASB 1054	Australian Additional Disclosures.

The financial report has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of the financial report.

a) Property, Plant and Equipment (PPE)

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Rates of depreciation and amortisation vary between 10% and 33%.

b) Impairment of Assets

At the end of each reporting period, the Committee 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 income and expenditure statement.

PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 - SUMMARY OF SIGNIFICANT OF ACCOUNTING POLICIES (CONTINUED)

c) Employee Entitlements

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. These are in the form of Annual Leave for all employees and Long Service Leave accrued for all employees but not entitled until ten years of services (pro-rata after seven years of service). In the case of Long Service Leave, separate bank accounts are maintained from which payments to employees taking leave is funded. These accounts are included in Term Deposits in the Current Assets section of the Statement of Financial Position.

Contributions are made to employee superannuation funds and are charged as expenses when incurred.

d) Cash

Cash on hand includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

e) Accounts Receivable and Other Debtors

Accounts receivable and other debtors 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.

f) Revenue and Other Income

Grant and donation income is recognised when the entity obtains control over the funds, which is generally at the time of receipt, unless otherwise stated. In the case of funding income received from the Victoria Legal Aid (VLA), revenue is recognised when the services have been rendered, and accordingly any unused funds are deferred to be used in future periods in accordance with the service agreement with the VLA.

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

g) 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.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

**PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT OF ACCOUNTING POLICIES (CONTINUED)

h) Income Tax

The association a not for profit organisation and as such is exempt from income tax under section 50-B of the Income Tax Assessment Act 1997. Consequently, no provision is made in the accounts for income tax.

i) 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.

j) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

k) Comparative Figures Changes

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

l) Leases

Leases of property plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the association, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

m) Financial Assets

Investments in financial assets are initially recognised at cost, which includes transaction costs, and are subsequently measured at fair value, which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve.

PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 2 - STATE, COMMONWEALTH AND OTHER FUNDING		
a) <i>Commonwealth Funding:</i>		
VLA Commonwealth Attorney General	804,676	740,100
VLA Commonwealth SACS ERO	66,028	49,412
	<u>870,704</u>	<u>789,512</u>
b) <i>State Funding:</i>		
Consumer Affairs Victoria	430,266	411,199
VLA State Attorney General	1,050,252	872,604
VLA State SACS ERO	162,928	134,228
	<u>1,643,446</u>	<u>1,418,031</u>
c) <i>VLA Unused Funds Transfer:</i>		
VLA Unused Funds Carried Forward from the Prior Year & Recognised in the Current Year	10 (26,857)	(75,199)
d) <i>Other Funding:</i>		
General Grants	269,322	150,434
Local Government	194,865	192,183
	<u>464,187</u>	<u>342,617</u>
 Total Grant Funding	 <u>2,951,480</u>	 <u>2,474,961</u>
NOTE 3 - OTHER INCOME		
Disbursements Reimbursed	4,000	4,000
Fundraising/Donations	4,440	4,668
Interest	36,436	29,517
Membership	375	220
Workcover Insurance Claims	12,330	65,983
Sundry Income	13,554	12,115
	<u>71,135</u>	<u>116,503</u>
NOTE 4 - OTHER ASSETS		
Rental Security Bonds	2,944	2,944
Prepayments	5,366	8,295
	<u>8,310</u>	<u>11,239</u>

PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 5 - FIXED ASSETS		
Office Furniture & Fixtures at Cost	226,927	308,011
Provision for Depreciation (Office F&F)	<u>(151,097)</u>	<u>(235,455)</u>
	<u>75,830</u>	<u>72,556</u>
Leasehold Improvements at Cost	261,754	261,754
Provision for Depreciation (Leasehold Improvements)	<u>(261,754)</u>	<u>(231,216)</u>
	<u>-</u>	<u>30,538</u>
Total Office Fixtures, Fittings & Leasehold Improvements	<u><u>75,830</u></u>	<u><u>103,094</u></u>

Reconciliation of the Movement in Carrying Amounts

	Office Furniture & Fixtures	Leasehold Improvements	Total
	\$	\$	\$
Balance at the 1 July 2014	71,442	82,889	154,331
Additions at cost	17,455	-	17,455
Disposals (Net)	-	-	-
Depreciation expense	<u>(16,341)</u>	<u>(52,351)</u>	<u>(68,692)</u>
Carrying amount at 30 June 2015	<u>72,556</u>	<u>30,538</u>	<u>103,094</u>
Additions at cost	23,326	-	23,326
Disposals (Net)	-	-	-
Depreciation expense	<u>(20,052)</u>	<u>(30,538)</u>	<u>(50,590)</u>
Carrying amount at 30 June 2016	<u><u>75,830</u></u>	<u><u>-</u></u>	<u><u>75,830</u></u>

NOTE 6 - TRADE & OTHER PAYABLES

Trade Payables	16,522	22,040
GST Payable	48,339	46,058
Other Payables	<u>(51)</u>	<u>1,996</u>
	<u><u>64,810</u></u>	<u><u>70,094</u></u>

NOTE 7 - PAYROLL LIABILITIES

Superannuation Payable	25,921	23,840
PAYG Payable	37,134	29,925
Other Payroll Liabilities	<u>2,777</u>	<u>4,716</u>
	<u><u>65,832</u></u>	<u><u>58,481</u></u>

**PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 8 - GRANTS IN ADVANCE		2017	2016
		\$	\$
Trustees of Phyllis Connor Memorial Trust	<i>i)</i>	-	52,450
Department of Justice - Family Violence Duty Lawyer	<i>ii)</i>	9,900	16,550
Department of Justice - Family Violence Case Worker	<i>iii)</i>	20,750	-
Department of Justice - Fines Clinic Pilot	<i>iv)</i>	15,500	21,500
Ian Potter Foundation	<i>v)</i>	17,400	-
VLA - Family Violence to Family Law	<i>vi)</i>	339,800	-
		<u>403,350</u>	<u>90,500</u>

i) Trustees of Phyllis Connor Memorial Trust

In the 2015/16 year, the second year of funding totalling \$80,000 was received from the Trustees of Phyllis Connor Memorial Trust, Mr Norman Bourke and Equity Trustees. The project aimed to improve client outcomes through providing integrated and collaborative social work services to assist and support clients to address associated non-legal issues impacting on their legal issue/s.

The funding was to be used exclusively for the purpose as outlined in the funding application. Prior year carry forward funding of \$52,450 was utilised in the 2016/17 year. As at 30 June 2017, the remaining funding had been utilised under the project terms, and there are no further funds to carry forward.

ii) Department of Justice - Family Violence Duty Lawyer

In the 2016/17 year, second year funding of \$52,174 was received from the Department of Justice, to be expended on the Family Violence program. This project is for the provision of a duty lawyer, with the aim of providing direct assistance to those grappling with the family violence intervention order process, and to avoid any additional distress and risk to safety that could arise from lack of access to legal assistance.

The program funding is to be used exclusively for the purposes outlined in the funding agreement. As at 1 July 2016, \$16,500 was carried forward to be utilised in the 2016/17 year, and during the year approximately \$58,800 of funding was utilised on the project. As a result, \$58,800 has been recognised in income in the 2016/17 year, and \$9,900 has been recorded as a liability in the Statement of Financial Position for unused project funds to be utilised in the subsequent year.

iii) Department of Justice - Family Violence Case Worker

In the 2016/17 year, funding of \$45,198 was received from the Department of Justice, to be expended on the Family Violence program. This project is for the provision of a family violence related legal services in the Rosebud and Cranbourne regions.

The program funding is to be used exclusively for the purposes outlined in the funding agreement. As at 30 June 2017, approximately \$24,400 had been utilised on the project. As a result, \$24,450 has been recognised in income in the 2016/17 year, and \$20,750 has been recorded as a liability in the Statement of Financial Position for unused project funds to be utilised in the subsequent year.

**PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 8 - GRANTS IN ADVANCE (CONTINUED)

iv) Department of Justice - Fines Clinic Pilot

In the 2015/16 year, second year funding of \$50,000 was received from the Department of Justice, to be expended on the Fines Clinic pilot project. This project aims to provide direct assistance to clients with outstanding infringements by supporting them to navigate the system and resolve their issues before they escalate.

The program funding is to be used exclusively for the purposes outlined in the funding agreement. As at 1 July 2016, \$21,500 was carried forward to be utilised in the 2016/17 year, and during the year approximately \$56,000 of funding was utilised on the project. As a result, \$56,000 has been recognised in income in the 2016/17 year, and \$15,500 has been recorded as a liability in the Statement of Financial Position for unused project funds to be utilised in the subsequent year.

v) Ian Potter Foundation

In the 2016/17 year, funding of \$70,000 was received from the Ian Potter Foundation, to be expended on the 'Integrating Legal Services into the school communities of vulnerable and disadvantaged suburbs pilot' program. This project is for the implementation and provision of a onsite legal service in two Frankston North Primary Schools and to develop and deliver legal education activities to the secondary school and families of both the primary schools and secondary school families, to improve understanding of legal issues and increase engagement with the legal assistance sector.

The program funding is to be used exclusively for the purposes outlined in the funding agreement. As at 30 June 2017, approximately \$52,600 had been utilised on the project. As a result, \$52,600 has been recognised in income in the 2016/17 year, and \$17,400 has been recorded as a liability in the Statement of Financial Position for unused project funds to be utilised in the subsequent year.

vi) VLA - Family Violence to Family Law

In the 2016/17 year, funding of \$500,000 was received from the VLA, to be expended on the Family Violence to Family Law Continuity of Service Delivery Pilot. This project is for the provision of a high quality continuing legal service from the time parents first appear at the State Magistrates' Court to deal with family violence intervention orders, and which supports them address their ongoing family law needs through either family dispute resolution or the Commonwealth family law courts.

The program funding is to be used exclusively for the purposes outlined in the funding agreement. As at 30 June 2017, approximately \$166,700 had been utilised on the project, with \$6,500 interest being earned on investing the balance in a term deposit. As a result, \$166,700 has been recognised in income in the 2016/17 year, and \$339,800 has been recorded as a liability in the Statement of Financial Position for unused project funds to be utilised in the subsequent year.

PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9 - PROVISIONS	2017	2016
<i>Current</i>	\$	\$
Annual Leave	98,023	106,170
Annual Leave Loading	12,867	13,393
Long Service Leave	172,547	166,236
Redundancy	9,850	-
	<u>293,287</u>	<u>285,799</u>
<i>Non-Current</i>		
Long Service Leave	<u>36,772</u>	<u>38,001</u>

NOTE 10 - VLA Unused Funds

Allowable Surplus - VLA unused funds carried forward	173,972	147,115
Allowable Surplus - SACS ERO grants	148,417	148,417
Excess Surplus	-	-
	<u>322,389</u>	<u>295,532</u>

In line with the VLA service agreement, any unused funds are required to be carried forward as a liability in the organisation's Statement of Financial Position. Any amounts of unused surplus funding that are in excess of 15% of the total VLA funding for the current year are to be classified as *Excess Surplus*, with the remaining to be classified as *Allowable Surplus*.

In the 2016/17 year, there was no additional funding provided by the VLA, so the balance remained at \$148,417 (2015/16: \$57,612, 2014/15: \$47,561, 2013/14: \$32,341, 2012/13: \$10,904). As specified in the funding agreement, this funding was a SACS ERO grant to be reserved for use in future years to assist with additional costs arising from the Award salary rate increases. This funding has been recorded as a liability in the Statement of Financial Position for unused funds. On the basis that the funding agreement specifically reserves this for future periods, and hence the funding has not been recognised as income in the 2016/17 financial statements.

NOTE 11 - LEASING COMMITMENTS

Being for Rent of Office Premises

Operating lease commitments not capitalised in the accounts

Payable:

- not later than one year	218,891	105,050
- later than one year but not later than 5 years	583,938	82,965
	<u>802,829</u>	<u>188,015</u>

The Association have entered into a number of leases to rent premises as well as one lease for a photocopier. Terms of leases range from 1 to 5 years, with security deposits over premises ranging between one and three months rent. Security deposits are refundable at the completion of the lease term.

PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 12 - CASH FLOW INFORMATION		
(a) RECONCILIATION OF CASH		
Cash on Hand	350	350
National Australia Bank - Cheque A/c	2,504	12,136
National Australia Bank - Cash Management A/c	354,935	387,813
	<u>357,789</u>	<u>400,299</u>
(b) RECONCILIATION OF CASH FLOW FROM OPERATIONS		
WITH NET SURPLUS(DEFICIT)		
Operating Surplus / (Loss)	29,974	19,346
<i>Add/deduct non-cash items:</i>		
Depreciation	50,590	68,692
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in Debtors	339	(113)
(Increase)/Decrease in Prepayments	2,929	(366)
Increase/(Decrease) in Grants in Advance	312,850	30,500
Increase/(Decrease) in Unused VLA funds	26,857	132,811
Increase/(Decrease) in Trade Creditors & Accruals	2,067	(33,147)
Increase/(Decrease) in Accrued Revenue	(1,049)	(896)
Increase/(Decrease) in Provisions	6,259	48,162
Cash Flow From Operations	<u>430,816</u>	<u>264,989</u>

NOTE 13 - EVENTS SUBSEQUENT TO BALANCE DATE

There have been no significant events occurring after balance date which may affect the operations of the Association, not otherwise disclosed in this report.

NOTE 14 - ECONOMIC DEPENDENCE

The Association's ability to continue to carry out its current activities remains dependent upon future funding by the State and Commonwealth governments.

**PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T**

STATEMENT BY MEMBERS OF THE COMMITTEE


The Committee have determined that the Centre is not a reporting entity.

The Committee have determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the accounts.

In the opinion of the Committee the financial statements

1. Present a true and fairly view of the financial position of Peninsula Community Legal Centre Inc as at 30 June 2017 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the *Associations Incorporation Reform Act 2012 (Victoria)*, the *Australian Charities and Not-for-profits Commission Act 2012* and the Victorian Legal Aid Commission; and
2. At the date of this statement, there are reasonable grounds to believe that Peninsula Community Legal Centre Inc 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:

Chairperson 
P Carr

Treasurer 
J Kelly

Dated this 10th day of August 2017

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
PENINSULA COMMUNITY LEGAL CENTRE INC.
Reg. No.A8T**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Peninsula Community Legal Centre Inc, which comprises the Statement of Financial Position as at 30 June 2017, 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 certification by members of the Committee on the annual statements giving a true and fair view of the financial position and performance of the Association.

In our opinion, the accompanying financial report gives a true and fair view of the financial position of Peninsula Community Legal Centre Inc as at 30 June 2017 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the *Associations Incorporation Reform Act 2012 (Vic)* 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 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.

Emphasis of Matter – Basis of Accounting

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

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PENINSULA COMMUNITY LEGAL CENTRE INC. Reg. No.A8T

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

The Committee of the Association is responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2017, 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 in accordance with the *Associations Incorporation Reform Act 2012 (Vic)* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Committee determines 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.

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 related to going concern and using the going concern basis of accounting unless the Committee either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The Committee of the Association is responsible for overseeing the Association's financial reporting process.

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.


INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PENINSULA COMMUNITY LEGAL CENTRE INC. Reg. No.A8T

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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 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.

Dated at Frankston on the 11th of August 2017



SHEPARD WEBSTER & O'NEILL AUDIT PTY LTD

Certified Practising Accountant

Authorised Audit Company No 415478

434 Nepean Highway Frankston 3199, PO Box 309 Frankston Victoria 3199

Telephone (03) 9781 2633 – Fax (03) 9781 3073

Email – szepfalusy@shepard.com.au



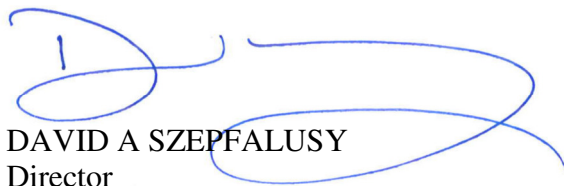
DAVID A SZEPPFALUSY
DIRECTOR

AUDITOR'S DISCLAIMER

TO THE MANAGEMENT COMMITTEE
Peninsula Community Legal Centre Inc
REGISTERED NO: A8T

The additional financial data presented in the following pages is in accordance with the books and records of the Association which have been subjected to the auditing procedures applied in our audit of the Association for the year ended 30 June 2017. It will be appreciated that our audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given. Neither us nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person in respect of such data, including any errors or omissions therein however caused.

SHEPARD WEBSTER & O'NEILL AUDIT PTY LTD



DAVID A SZEPPFALUSY
Director

Dated at Frankston on the 11th of August 2017

**PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T**

**APPENDIX 1 – DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017**

CONTINUING OPERATIONS	2017	2016
INCOME	\$	\$
VLA Commonwealth Attorney General	804,676	740,100
VLA Commonwealth SACS ERO	66,028	49,412
VLA State Attorney General	1,050,252	872,604
VLA State SACS ERO	162,928	134,228
VLA Family Advocacy and Support Services	25,000	-
Consumer Affairs Victoria	430,266	411,199
City of Casey	32,800	32,000
Mornington Peninsula Shire Council	49,933	48,716
City of Kingston	35,229	37,963
City of Frankston	38,798	38,798
City of Glen Eira	38,105	38,466
The Ian Potter Foundation	52,600	
Phyllis Connor Memorial Trust Project	52,450	87,550
Department of Justice	139,272	59,124
Disbursements Reimbursed	4,000	4,000
Fundraising/Donations	4,440	4,668
Interest	36,436	29,517
Workcover Insurance Claims	12,330	65,983
Membership	375	220
Sundry Income	13,554	12,115
TOTAL INCOME	3,049,472	2,666,663
EXPENDITURE		
Salaries - Permanent staff	2,202,941	1,805,727
Salaries - Casual staff	4,624	3,282
Superannuation - Permanent staff	205,201	169,106
Superannuation - Casual staff	388	312
Workcover	8,652	4,923
Travel	34,389	29,405
Advertising	4,993	2,135
Amenities	12,478	11,639
Audit	7,848	7,845
Bank charges	1,079	928
Minor Equipment & Maintenance	35,774	39,183
CLE Expenses	3,195	4,666
Cleaning	24,649	23,946
Conferences	3,101	4,017
Contractors	46,705	42,963

**PENINSULA COMMUNITY LEGAL CENTRE INC.
REGISTERED NO: A8T**

**APPENDIX 1 – DETAILED INCOME STATEMENT (cont.)
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
EXPENDITURE (Continued)	\$	\$
Allowances	-	26
Disbursements	5,040	4,727
Donations	1,500	750
Electricity, gas and fuel	21,745	22,463
First Aid Certificates	1,559	1,523
Incorporation Fees	223	235
Insurance	14,427	10,118
Language Allowance	2,000	1,000
Legal & Accounting Fees	5,850	-
Library	12,197	11,517
Memberships	1,103	2,279
National Name Check	311	265
Postage	2,875	6,245
Practicing certificates	8,492	5,612
Printing, Photocopying & Publication Costs	37,379	31,851
Rates	1,023	3,180
Rent	153,134	128,483
Stationery & Office Supplies	17,849	18,523
Security	4,201	2,646
Telephone & Internet	40,631	43,849
Training	8,237	9,894
Sub Total Direct Expenditure	<u>2,935,793</u>	<u>2,455,263</u>
TOTAL INCOME LESS DIRECT EXPENDITURE	<u>113,679</u>	<u>211,400</u>
INCREMENTS/(DECREMENTS) TO PROVISIONS & DEPRECIATION		
Annual Leave	8,674	(32,423)
Long Service Leave	(5,082)	(15,740)
Redundancy	(9,850)	-
Depreciation	(50,590)	(68,692)
VLA Unused Funds transfers	2 (26,857)	(75,199)
Sub Total Increments to Provisions & Depreciation	<u>(83,705)</u>	<u>(192,054)</u>
TOTAL EXPENDITURE	<u>3,019,498</u>	<u>2,647,317</u>
NET SURPLUS/(DEFICIT)	<u>29,974</u>	<u>19,346</u>