

Fitzroy Learning Network Inc.
ABN 93 394 556 254
Annual Financial Report
For the Year Ended
30 June 2018

Fitzroy Learning Network Inc.
Annual Financial Report
For the year ended 30 June 2018

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Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2018

	Note	2018	2017
Revenue	4(a)	756,513	881,454
Other income	4(b)	105,152	31,108
Interest income	4(e)	348	360
Total Revenue		<u>862,013</u>	<u>912,922</u>
Staffing expenses	4(d)	670,018	653,608
Program expenses		146,649	135,150
Depreciation expense		4,063	4,654
Other Exepnses (Bad Debts)		-	18,225
Total Expenses		<u>820,730</u>	<u>811,636</u>
Surplus/(deficit) for the year		<u>41,283</u>	<u>101,286</u>
Other comprehensive income			
Other comprehensive income for the year			
Total comprehensive income/(loss) for the year		<u><u>41,283</u></u>	<u><u>101,286</u></u>

The notes on pages 5 to 12 are to be read in conjunction with these financial statements.

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Statement of Financial Position
As at 30 June 2018

<u>Current Assets</u>	Note	2018	2017
Cash and Cash Equivalents	13(a)	305,132	197,167
Receivables	5	26,996	63,116
Other Assets	6	7,876	10,248
<u>Total Current Assets</u>		<u>340,004</u>	<u>270,531</u>
<u>Non-Current Assets</u>			
Equipment and Property Improvements	7	33,593	15,429
<u>Total Non-Current Assets</u>		<u>33,593</u>	<u>15,429</u>
<u>Total Assets</u>		<u>373,598</u>	<u>285,959</u>
<u>Current Liabilities</u>			
Payables	8	51,120	63,165
Employee Benefits	9	26,324	18,530
Deferred Income	10	134,682	84,074
<u>Total Current Liabilities</u>		<u>212,126</u>	<u>165,769</u>
<u>Non-Current Liabilities</u>			
Employee Benefits	9	-	-
<u>Total Non-current Liabilities</u>		<u>-</u>	<u>-</u>
<u>Total Liabilities</u>		<u>212,126</u>	<u>165,769</u>
<u>Net Assets</u>		<u>161,472</u>	<u>120,190</u>
<u>Members Funds</u>			
Accumulated Funds		<u>161,472</u>	<u>120,190</u>
<u>Total Members Funds</u>		<u>161,472</u>	<u>120,190</u>

The notes on pages 5 to 12 are to be read in conjunction with these financial statements.

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Statement of Changes in Equity
For the Year Ended 30 June 2018

	2018 Accumulated Funds \$	2017 Accumulated Funds \$
Balance at 1 July 2016	18,904	135,038
Total comprehensive income/(loss) for the period	<u>101,286</u>	<u>(116,134)</u>
Balance at 30 June 2017	<u>120,190</u>	<u>18,904</u>
Balance at 1 July 2017	120,190	18,904
Total comprehensive income/(loss) for the period	<u>41,283</u>	<u>101,286</u>
Balance at 30 June 2018	<u>161,472</u>	<u>120,190</u>

The notes on pages 5 to 12 are to be read in conjunction with these financial statements.

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Statement of Cash Flows
For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from Government Grants & Subsidies		574,175	696,014
Receipts from Other Operating Activities		449,867	342,283
Payments to Suppliers & Employees		(894,197)	(939,051)
Net cash from/(used in) operations		<u>129,845</u>	<u>99,246</u>
Interest received		348	360
Net cash from/(used in) operating activities	13(b)	<u>130,193</u>	<u>99,606</u>
Cash flows from investing activities			
Acquisition of equipment	7	(22,228)	(1,135)
Net cash from/(used in) investing activities		<u>(22,228)</u>	<u>(1,135)</u>
Net increase/(decrease) in cash and cash equivalents		107,965	98,471
Cash and cash equivalents at 1 July 2017		197,166	98,696
Cash and cash equivalents at 30 June 2018	13(a)	<u><u>305,132</u></u>	<u><u>197,166</u></u>

The notes on pages 5 to 12 are to be read in conjunction with these financial statements.

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Notes to the Financial Statements

Note 1 Reporting entity

Fitzroy Learning Network Inc. (the "Association") is a community based not for profit organisation domiciled in Australia. The address of the Association's registered office is 198 Napier Street, Fitzroy, Victoria 3065. The Association is governed by the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profit Commission Act 2012*, and is primarily involved in providing educational programs to communities in Fitzroy.

The financial report has been prepared in accordance with the requirements of the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profit Commission Act 2012*, which requires compliance with certain Australian Accounting Standards.

Note 2 Basis of preparation

(a) Statement of compliance

In the opinion of the Board, the Association is not a reporting entity. The financial report of the Association has been drawn up as a special purpose financial report for distribution to the Board and for the purpose of fulfilling the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the Constitution

The special purpose financial report has been prepared in accordance with the requirements of the recognition and measurement aspects of all applicable Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB"), and other authoritative pronouncements of the AASB that have a material effect.

(b) Going concern

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business. Notwithstanding the deficiency in working capital and continued losses, the Board believe this basis is appropriate based on the Association's continuing agreements for donations and Government funding.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Association's functional currency.

(e) Use of estimates and judgements

The preparation of a financial report in conformity with the AASBs require management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual amounts may differ from these estimates.

The estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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Notes to the Financial Statements

Note 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Income tax

The Organisation is exempt from income tax by virtue of Subdivision 50-B of the *Income Tax Assessment Act 1997*.

(b) Provisions

A provision is recognised if, as a result of a past event, the Association has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for interest income is discussed in note 3(h).

(ii) Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(d) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

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Notes to the Financial Statements

Note 3 Significant accounting policies (continued)

(d) Impairment (continued)

(i) Non-financial assets

The carrying amounts of the Association's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is determined as the depreciated replacement costs of the assets. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due.

(ii) Other long-term employee benefits

The Association's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior period plus on-costs; that benefit is

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis, at the amounts the Association expects to pay, and are expensed as the related service is provided.

(f) Revenue

(i) Government funding

Revenue from Government funding is recognised in the income statement upon the achievement and progress of specific objectives detailed in the funding agreements.

Grants that compensate the Association for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Funding for capital projects is recognised in profit or loss in the financial year in which the work being funded is carried out. Any funding received for services which have not been performed is recorded as deferred income in the balance sheet.

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Notes to the Financial Statements

Note 3 Significant accounting policies (continued)

(f) Revenue (continued)

(ii) Donations

Donations are received into the bank account and comprises amounts received from individuals or commercial institutions. Donations are recorded as revenue either immediately if unspecified or upon completion of specified conditions.

(g) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(h) Interest income

Interest income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

(i) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When part of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in surplus or deficit.

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Notes to the Financial Statements

Note 3 Significant accounting policies (continued)

(j) Property, plant and equipment (continued)

(ii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current period are as follows:

* equipment 3 years

* property improvements 4 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) New standards and interpretations for application in future periods

The Association does not anticipate any change in accounting policy resulting from changes to accounting standards in the future year that will have any material effect on the Association's financial statements

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Notes to the Financial Statements

	2018	2017
Note 4 (a) Revenue		
Government Funding	521,977	632,740
Program Income	9,610	8,955
Donations Received	224,926	239,759
	<u>756,513</u>	<u>881,454</u>
(b) Other income		
Sundry income from various programs	105,152	31,108
Total revenue and other income	<u>861,665</u>	<u>912,562</u>
(c) Program expenses		
Operating lease rentals	<u>37,810</u>	<u>36,973</u>
(d) Expenses		
Staffing expenses		
Salaries and wages	591,342	575,014
Provision for annual leave	15,871	13,189
Provision for long service leave	-	-
Superannuation	54,305	55,608
Other associated personnel expenses	8,500	9,796
Total staffing expenses	<u>670,018</u>	<u>653,608</u>
(e) Interest income		
Interest income of \$348 consists of interest income on term deposits.		
Note 5 Receivables		
Sundry Debtors	(10,128)	(2,600)
Accrued Income	37,124	65,716
	<u>26,996</u>	<u>63,116</u>
Note 6 Other Assets		
Prepayments	<u>7,876</u>	<u>10,248</u>
	<u>7,876</u>	<u>10,248</u>
Note 7 Equipment and Property Improvements		
Balance at 1 July	15,429	18,947
Additions	22,228	1,135
Depreciation	(4,063)	(4,654)
Balance at 30 June	<u>33,593</u>	<u>15,429</u>
Note 8 Payables		
Creditors	8,614	17,111
Accrued expenses	43,858	43,834
Net GST Payable	(1,352)	2,220
Total Payables	<u>51,120</u>	<u>63,165</u>

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Notes to the Financial Statements

	2018	2017
	\$	\$
Note 9		
Employee Benefits		
Current		
Annual leave	26,324	18,530
Total Current Employee Benefits	<u>26,324</u>	<u>18,530</u>
Non-Current		
Long service leave	-	-
Total Non-current Employee Benefits	<u>-</u>	<u>-</u>
Note 10		
Deferred Income		
Funds received in advance	<u>134,682</u>	<u>84,074</u>
	<u>134,682</u>	<u>84,074</u>
Deferred income consists of donations and income for specific purposes, the services for which have yet to be provided at balance date.		
Note 11		
Operating Leases		
Leases as lessee		
Operating lease expenditure under contract or agreement is payable as follows:		
<i>Rent</i>		
Not later than one year	42,839	41,591
Later than one year but no later than five years	<u>25,421</u>	<u>68,261</u>
	<u>68,261</u>	<u>109,852</u>
Note 12		
Remuneration of Auditors		
<i>Audit services</i>		
Audit and review of financial report	<u>3,000</u>	<u>3,000</u>
	<u>3,000</u>	<u>3,000</u>

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Notes to the Financial Statements

	2018	2017
	\$	\$
Note 13 (a) Cash and Cash Equivalents		
Bank balances	304,845	197,114
Petty cash	287	53
	<u>305,132</u>	<u>197,167</u>
Note 13 (b) Reconciliation of Cash flows from Operating Activities		
Cash flows from operating activities		
Surplus/(deficit) for the period	41,283	101,286
Add/(less) non-cash items:		
Correction of prior period error		
Depreciation	4,063	4,654
	<u>45,346</u>	<u>105,940</u>
Operating surplus/(deficit) before changes to working capital	45,346	105,940
Change in receivables and other assets	38,491	2,364
Change in payables	(12,045)	(49,169)
Change in employee benefits	7,795	6,396
Change in deferred income	50,607	34,076
Net cash from/(used in) operating activities	<u>130,193</u>	<u>99,607</u>
Note 14 Related party transactions		
There have been no related party transactions during the period ended 30 June 2018. (2017: Nil)		

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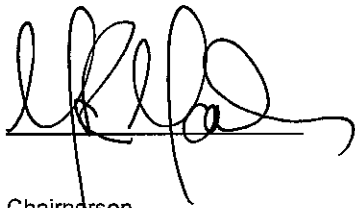
Statement by the Board

The Board has determined that Fitzroy Learning Network Incorporated is not a reporting entity and that this Special Purpose Financial Report be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements. Accordingly, this special purpose financial report has been prepared to satisfy the Board of Management's reporting requirements under the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*.

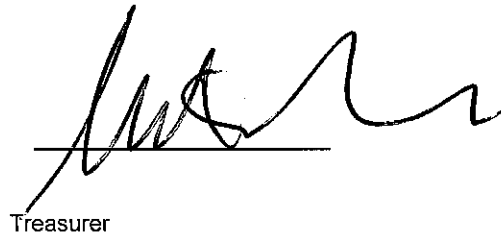
In accordance with a resolution of the Board of Fitzroy Learning Network Incorporated, the members of the Board declare that the financial statements:

- (a) Present a true and fair view of the financial position of Fitzroy Learning Network Incorporated as at 30 June 2018 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* and the *Australian Charities and Not-for-profits Commission Act 2012*; and
- (b) At the date of this statement, there are reasonable grounds to believe that Fitzroy Learning Network Incorporated will be able to pay its debts as and when they fall due.

This statement is signed in accordance with a resolution of the Board made pursuant to s60.15 of the *Australian and Charities and Not-for-profits Commission Regulations 2013* and is signed for and on behalf of the members of the Board by:



Chairperson



Treasurer

Dated at Melbourne this 26th day of 2018

