

Multicultural Communities Council of SA Inc

ABN 13 25 3714 844

Financial Statements - 30 June 2018

Multicultural Communities Council of SA Inc
Statement of profit or loss
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue	3	85,379	194,069
Other income	4	111,582	-
Grants received	5	987,707	979,011
Expenses			
Operating expenses	6	(460,664)	(603,523)
Employee benefits expense		(686,316)	(571,498)
Depreciation expense		(34,675)	(33,980)
Finance costs		(56)	(49)
Surplus/(deficit) for the year	16	2,957	(35,970)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>2,957</u>	<u>(35,970)</u>

The above statement of profit or loss should be read in conjunction with the accompanying notes

Multicultural Communities Council of SA Inc
Balance sheet
As at 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	7	511,462	365,592
Trade and other receivables	8	5,843	8,057
Total current assets		<u>517,305</u>	<u>373,649</u>
Non-current assets			
Other financial assets	9	807,420	790,042
Property, plant and equipment	10	1,432,696	1,317,853
Total non-current assets		<u>2,240,116</u>	<u>2,107,895</u>
Total assets		<u>2,757,421</u>	<u>2,481,544</u>
Liabilities			
Current liabilities			
Trade and other payables	11	106,229	26,938
Employee benefits	12	79,029	59,606
Grants in advance	13	281,601	107,395
Total current liabilities		<u>466,859</u>	<u>193,939</u>
Total liabilities		<u>466,859</u>	<u>193,939</u>
Net assets		<u>2,290,562</u>	<u>2,287,605</u>
Equity			
Reserves	15	658,991	658,991
Retained surpluses	16	1,631,571	1,628,614
Total equity		<u>2,290,562</u>	<u>2,287,605</u>

The above balance sheet should be read in conjunction with the accompanying notes

Multicultural Communities Council of SA Inc
Notes to the financial statements
30 June 2018

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

In the Board Members' opinion, the Council is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and South Australian legislation the Associations Incorporation Act 1985 and associated regulations. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of Multicultural Communities Council of SA Inc.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values, or current valuation of non-current assets, unless specifically stated.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable by the Council for goods supplied and services provided.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Council's different activities have been met. Details of the activity-specific recognition criteria are described below.

Government grants

A number of the Council's programs are supported by grants received from the federal, state and local governments.

If conditions are attached to a grant which must be satisfied before the Council is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Where a grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year end a liability is recognised until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Council obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Where the Council receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

Donations

Donations collected are recognised as revenue when the Council gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax

As the Council is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

Note 1. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Council's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Council's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Property, plant and equipment

Land and buildings are shown at fair value based on valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value method to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	5 years
Motor vehicle	5 years
Computer equipment	2.5 years

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Council. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the balance sheet.

Multicultural Communities Council of SA Inc
Notes to the financial statements
30 June 2018

Note 2. Restatement of comparatives

Reclassification

The Board Members resolved to reclassify the Building Maintenance Fund and the Bus Contingencies Fund from non-current liabilities to retained Surpluses effective 30 June 2017. As a result, the prior year comparatives were reinstated. The effects on the Balance Sheet were \$728,150 reduction in non-current liabilities and the equivalent increase in retained surpluses.

Note 3. Revenue

	2018 \$	2017 \$
Hall hire	4,536	6,407
Membership subscriptions	3,790	3,433
Consultation fees	15,091	46,663
Bus hiring fee	33,770	35,566
Recoveries from projects	-	72,084
Other revenue	9,318	4,883
	<u>66,505</u>	<u>169,036</u>
<i>Other revenue</i>		
Interest	<u>18,874</u>	<u>25,033</u>
Revenue	<u><u>85,379</u></u>	<u><u>194,069</u></u>

Note 4. Other income

	2018 \$	2017 \$
Net gain on disposal of property, plant and equipment	3,516	-
Asset improvement grants (capital)	108,066	-
Other income	<u><u>111,582</u></u>	<u><u>-</u></u>

Multicultural Communities Council of SA Inc
Notes to the financial statements
30 June 2018

Note 5. Grants received

	2018	2017
	\$	\$
Administration	26,950	20,000
Building Upgrade	-	9,544
Carers Retreat	36,328	36,328
Crockery and Equipment	-	5,000
Community Visit	103,467	63,043
Digital Life	-	9,529
Expression Sessions	33,568	11,668
Food from our Homeland	30,000	-
Harmony Picnic	5,000	5,000
Inclusive Communities	37,351	-
Kickstarting Childhood	-	38,989
Knowing Your Rights	40,000	15,000
Korean Art Therapy	-	6,527
Learning from Each Other	2,200	-
Play Group	25	3,374
Reconnect	231,037	230,388
Refugee Week	-	2,000
Sector Support & Advocacy	193,600	188,940
Successful Communities	70,000	164,524
The Duc Cuong	-	5,700
Transport	165,581	163,457
Youth Engagement	12,600	-
	<u>987,707</u>	<u>979,011</u>

Note 6. Operating expenses

	2018	2017
	\$	\$
Consulting and contracting	67,992	69,412
Programme expense	183,284	248,044
Conferences & meetings	25,877	13,107
Travel expenses	19,865	22,619
Advertising	16,036	707
Cleaning	8,091	8,092
Communication	3,301	4,472
Computer expenses	14,312	19,214
Dues and subscriptions	6,327	7,199
Events	2,587	8,315
Gas and electricity	8,478	7,168
Insurance	11,225	10,208
Motor vehicle expenses	19,986	20,284
Rates and taxes	7,055	6,286
Office supplies	3,682	5,802
Printing and reproduction	13,847	8,997
Auditing fees	18,590	12,000
Rent	7,833	4,494
Repair and maintenance	2,946	26,171
Venue hire	5,724	7,580
Other expenses	13,626	93,352
	<u>460,664</u>	<u>603,523</u>

Multicultural Communities Council of SA Inc
Notes to the financial statements
30 June 2018

Note 7. Current assets - cash and cash equivalents

	2018 \$	2017 \$
Cash on hand	500	500
Cash at bank	510,962	365,092
	<u>511,462</u>	<u>365,592</u>

Note 8. Current assets - trade and other receivables

	2018 \$	2017 \$
Trade receivables	5,843	8,057
	<u>5,843</u>	<u>8,057</u>

Note 9. Non-current assets - other financial assets

	2018 \$	2017 \$
Term deposit held with Big Sky	492,658	481,233
Term deposit held with ANZ Bank	314,762	308,809
	<u>807,420</u>	<u>790,042</u>

Note 10. Non-current assets - property, plant and equipment

	2018 \$	2017 \$
Land and buildings - at cost	1,200,000	1,200,000
Building improvements - at cost	91,602	-
Plant and equipment - at cost	109,714	104,834
Less: Accumulated depreciation	(61,271)	(49,846)
	<u>48,443</u>	<u>54,988</u>
Motor vehicles - at cost	168,787	153,933
Less: Accumulated depreciation	(108,919)	(138,423)
	<u>59,868</u>	<u>15,510</u>
Computer equipment - at cost	109,834	105,536
Less: Accumulated depreciation	(77,051)	(58,181)
	<u>32,783</u>	<u>47,355</u>
	<u>1,432,696</u>	<u>1,317,853</u>

Multicultural Communities Council of SA Inc
Notes to the financial statements
30 June 2018

Note 10. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and building \$	Building improvements \$	Plant and equipment \$	Motor vehicles \$	Computer equipment \$	Total \$
Balance at 1 July 2016	505,100	-	21,567	20,012	35,741	582,420
Additions	35,909	-	44,272	-	30,241	110,422
Revaluation increments	658,991	-	-	-	-	658,991
Depreciation expense	-	-	(10,851)	(4,502)	(18,627)	(33,980)
Balance at 30 June 2017	1,200,000	-	54,988	15,510	47,355	1,317,853
Additions	-	91,602	4,880	51,223	4,297	152,002
Disposals	-	-	-	(2,484)	-	(2,484)
Depreciation expense	-	-	(11,425)	(4,381)	(18,869)	(34,675)
Balance at 30 June 2018	<u>1,200,000</u>	<u>91,602</u>	<u>48,443</u>	<u>59,868</u>	<u>32,783</u>	<u>1,432,696</u>

Note 11. Current liabilities - trade and other payables

	2018 \$	2017 \$
Trade payables	54,526	6,084
Superannuation payable	26,697	-
BAS payable	24,229	20,854
Other payables	777	-
	<u>106,229</u>	<u>26,938</u>

Note 12. Current liabilities - employee benefits

	2018 \$	2017 \$
Annual leave	54,467	39,832
Long service leave	23,493	19,651
Workcover payable	1,069	123
	<u>79,029</u>	<u>59,606</u>

Prior year errors in relation to the provision for annual leave and provision for long service leave have been retrospectively adjusted for the 2017 comparative year. The effects of the adjustments are:

Provision for Annual Leave: decreased by \$1,006

Provision for Long Service Leave: increased by \$27

Retained Surpluses: increased by \$979

Multicultural Communities Council of SA Inc
Notes to the financial statements
30 June 2018

Note 13. Current liabilities - Grants in advance

	2018	2017
	\$	\$
Successful Communities	-	20,000
Knowing Your Rights	10,000	20,000
Expression Sessions	-	33,568
Play Group	1,602	1,627
Food from our Homeland	-	30,000
Learning from Each Other	-	2,200
Youth Engage (Soccer)	114,121	-
Infrastructure	76,012	-
Inclusive Communities	49,946	-
DCSI Cultural Arts & Her	10,000	-
DASSA	16,900	-
Multi Youth NY Program	3,020	-
	<u>281,601</u>	<u>107,395</u>

Note 14. Non-current liabilities - provisions

The Council has kept aside funds which are to be used for future maintenance of the property at Gilbert Street and replacement of dilapidated buses used in the Transport project.

Note 15. Equity - reserves

	2018	2017
	\$	\$
Revaluation surplus reserve	<u>658,991</u>	<u>658,991</u>

Revaluation surplus reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Note 16. Equity - retained surpluses

	2018	2017
	\$	\$
Retained surpluses at the beginning of the financial year	1,628,614	936,434
Surplus/(deficit) for the year	2,957	(35,970)
Transfer from provisions	-	728,150
	<u>1,631,571</u>	<u>1,628,614</u>

Multicultural Communities Council of SA Inc
Board Members' declaration
30 June 2018

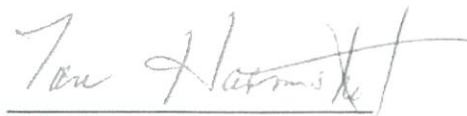
In the Board Members' opinion:

- the Council is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and South Australian legislation the Associations Incorporation Act 1985 and associated regulations;
- the attached financial statements and notes comply with the Accounting Standards as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Council's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Council will be able to pay its debts as and when they become due and payable.

On behalf of the Board Members



Miriam Cocking
Chairperson



Dr Ian Harmstorf
Deputy Chair

20 August 2018

Independent Auditor's Report**To the Members of Multicultural Communities Council of SA Inc.****REPORT ON THE AUDIT OF THE FINANCIAL REPORT****Opinion**

We have audited the financial report of Multicultural Communities Council of SA Inc. ("the Association"), which comprises the balance sheet as at 30 June 2018 and the statement of profit and loss for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Management Committee.

In our opinion, the accompanying financial report of the Association is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act 1985 (SA)*, including:

- a) giving a true and fair view of the Association's financial position as at 30 June 2018 and of its financial performance and cash flows for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1 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 auditor independence 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 confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to Board Members, would be in the same terms if given as at the time of this auditor's report.

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

Responsibilities of Management and Board Members for the Financial Report

Management is responsible for the preparation of the special purpose financial report that gives a true and fair view in accordance with the relevant Australian Accounting Standards in accordance with the *Australian Charities and Not-for Profits Commission Regulations 2013* and the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporation Act 1985 (SA)* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial report, 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 management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Board Members are responsible for overseeing the Association's financial reporting process.

HLB Mann Judd Audit (SA) Pty Ltd ABN: 32 166 337 097

169 Fullarton Road, Dulwich SA | Telephone +61 (0)8 8133 5000 | Facsimile +61 (0)8 8431 3502

Postal: PO Box 377, Kent Town SA 5071

HLB Mann Judd Audit (SA) Pty Ltd is a member of  international. A world-wide organisation of accounting firms and business advisers.

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 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 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 management.
- Conclude on the appropriateness of the management'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 Board Members 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.

We also provide the Board Members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd
HLB Mann Judd
Chartered Accountants

C.M. J.
Corey McGowan
Director

Adelaide, South Australia
20 August 2018

HLB Mann Judd Audit (SA) Pty Ltd ABN: 32 166 337 097

169 Fullarton Road, Dulwich SA | Telephone +61 (0)8 8133 5000 | Facsimile +61 (0)8 8431 3502

Postal: PO Box 377, Kent Town SA 5071

HLB Mann Judd Audit (SA) Pty Ltd is a member of  international. A world-wide organisation of accounting firms and business advisers.

Liability limited by a scheme approved under Professional Standards Legislation

AUDITOR'S INDEPENDENCE DECLARATION

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Multicultural Communities Council of SA Inc. for the year ended 30 June 2018.

HLB Mann Judd
HLB Mann Judd
Chartered Accountants

C. McGowan
Corey McGowan
Director

Adelaide, South Australia

20 August 2018

HLB Mann Judd Audit (SA) Pty Ltd ABN: 32 166 337 097

169 Fullarton Road, Dulwich SA | Telephone +61 (0)8 8133 5000 | Facsimile +61 (0)8 8431 3502

Postal: PO Box 377, Kent Town SA 5071

HLB Mann Judd Audit (SA) Pty Ltd is a member of  international. A world-wide organisation of accounting firms and business advisers.

Liability limited by a scheme approved under Professional Standards Legislation