

2022-2023

Financial Report



Peninsula
Community
Legal Centre

Peninsula Community Legal Centre Inc.

Registered No: A8T

Financial Report

For the Year Ended 30 June 2023

Peninsula Community Legal Centre Inc.

Registered No: A8T

Contents

For the Year Ended 30 June 2023

Financial Statements	Page
Committee's Report	1
Auditor's Independence Declaration	2
Statement of Profit or Loss and Other Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Committee's Statement	16
Independent Audit Report	17

Peninsula Community Legal Centre Inc.

Registered No: A8T

Committee's Report

For the Year Ended 30 June 2023

Your Committee members submit the financial report of Peninsula Community Legal Centre Inc. for the financial year ended 30 June 2023.

Committee Members

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

Matthew Bolle	- Chairperson
Paul Hodgman	- Vice Chairperson
Renee Thorn	- Treasurer
Samuel Ellemor	- Secretary
Luke Denham	- General Committee
Thierry Pascal	- General Committee
Jodie De Gregorio	- General Committee (appointed: 27/10/2022)
Phillip Carr	- General Committee (resigned: 26/10/2022)
Lisa Bremmer	- General Committee (resigned: 09/05/2023)

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

There were no significant changes in the state of affairs of the Association other than those referred to in the accounts and notes thereto.

Operating Result

The operating loss after providing for income tax amounted to \$35,359 (2022: \$19,091 loss).

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

Chairperson


.....
M Bolle

Treasurer


.....
R Thorn

Dated this 18 day of August 2023

Auditor's Independence Declaration

To Peninsula Community Legal Centre Inc,

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Peninsula Community Legal Centre Inc. for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* 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 18th day of August 2023



Shepard Webster & O'Neill Audit Pty Ltd
Certified Practising Accountant
Authorised Audit Company No 415478
31 Beach Street Frankston 3199, PO Box 309 Frankston Victoria 3199
Telephone (03) 9781 2633 – Fax (03) 9781 3073
Email – szepfalusy@shepard.com.au



David A Szepefalusy
Director

Peninsula Community Legal Centre Inc.

Registered No: A8T

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Continuing Operations			
Income			
Grant Funding	2	5,502,566	5,154,642
Other Income	3	83,279	73,923
		<u>5,585,845</u>	<u>5,228,565</u>
Expenses			
Communication Expenses		(44,045)	(51,736)
Depreciation Expense		(31,987)	(89,606)
Employment Expenses		(4,882,235)	(4,481,158)
Finance Expenses		(14,612)	(15,177)
Occupancy Expenses		(264,500)	(255,134)
Office & Administrative Expenses		(244,522)	(254,423)
Repairs & Maintenance Expenses		(49,219)	(47,504)
Resources Expenses		(67,873)	(40,808)
Travel & Accommodation Expenses		(22,211)	(12,110)
		<u>(5,621,204)</u>	<u>(5,247,656)</u>
Net Profit		<u>(35,359)</u>	<u>(19,091)</u>
Other Comprehensive Income			
- Items that may be reclassified subsequently to profit or loss when specific con		-	-
- Items that will not be reclassified subsequently to profit or loss		-	-
Total Comprehensive Income		<u>(35,359)</u>	<u>(19,091)</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 2023

	Note	2023 \$	2022 \$
Current Assets			
Cash at Bank and on Hand	12a	1,614,056	1,515,453
Receivables	4	90,374	74,473
Investments - Term Deposit		1,000,000	1,000,000
Other Assets	5	21,946	21,731
Total Current Assets		2,726,376	2,611,657
Non-Current Assets			
Fixed Assets	6	77,187	74,644
Total Non-Current Assets		77,187	74,644
Total Assets		2,803,563	2,686,301
Current Liabilities			
Trade and Other Payables	7	137,172	153,691
Payroll Liabilities	8	240,749	216,400
Grants in Advance	9	365,888	351,579
Employee Provisions	4, 10	794,706	640,196
VLA Unused Funds	13	407,885	422,061
Total Current Liabilities		1,946,400	1,783,927
Non-Current Liabilities			
Employee Provisions	4, 10	62,612	72,464
Total Non-Current Liabilities		62,612	72,464
Total Liabilities		2,009,012	1,856,391
Nets Assets		794,551	829,910
Equity			
Retained Earnings		794,551	829,910
Total Equity		794,551	829,910

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 2023

	Note	2023 \$	2022 \$
Retained Earnings			
Opening Balance		829,910	849,001
Profit in the current year		(35,359)	(19,091)
Other Comprehensive Income		-	-
Closing Balance of Retained Earnings		<u>794,551</u>	<u>829,910</u>
Total Equity		<u>794,551</u>	<u>829,910</u>

The Accompanying Notes Form Part of These Financial Statement

Peninsula Community Legal Centre Inc.

Registered No: A8T

Statement of Cash Flows For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Cash Flows form Operating Activities			
Receipts from Grants & Other Income		6,092,825	5,675,938
Payments to Suppliers and Employees		(5,992,150)	(5,405,809)
Interest Received		32,458	919
Net cash provided by Operating Activities	12(b)	<u>133,133</u>	<u>271,048</u>
Cash Flows from Investing Activities			
Payment for fixed assets		<u>(34,530)</u>	<u>(10,310)</u>
Net cash Provided by / (used in) Investing Activities		<u>(34,530)</u>	<u>(10,310)</u>
Net Increase in Cash Held		98,603	260,738
Cash at the beginning of the year		<u>1,515,453</u>	<u>1,254,715</u>
Cash at the end of the year	12(a)	<u><u>1,614,056</u></u>	<u><u>1,515,453</u></u>

Peninsula Community Legal Centre Inc.

Registered No: A8T

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of 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.

New or Amended Accounting Standards and Interpretations Adopted

The Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Association.

Basis of Preparation

In the Committee's opinion, the Association 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*. The Committee have determined that the accounting policies adopted are appropriate to meet the needs of the members of Peninsula Community Legal Centre Inc.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of 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 of Standards*' and AASB 1054 '*Australian Additional Disclosures*', as appropriate for not-for-profit oriented entities, with the exception of the following, where these financial statements do not comply with the recognition and measurement requirements in these standards:

- AASB 15 '*Revenue from Contracts with Customers*' & AASB 1058 '*Income of Not-for-Profit Entities*'; and
- AASB 16 '*Leases*'.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(n).

(a) Comparative Figures

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

Peninsula Community Legal Centre Inc.

Registered No: A8T

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies (Continued)

(b) Taxation

The Association is exempt under Division 50 of the Income Tax Assessment Act 1997 as a non-profit organisation. As such, no allowance has been made for Income Tax.

(c) Cash and Cash Equivalents

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

(d) Property, Plant and Equipment (PPE)

Plant and Equipment

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

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

In the event the carrying amount of plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are recognised at the fair value of the asset at the date it is acquired.

Leasehold Improvements

Leasehold improvements is 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.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Association commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<u>Class of Fixed Assets</u>	<u>Depreciation Rate</u>
Office, Furniture & Equipment	[10 - 33%]
Leasehold Improvements	[20 - 50%]

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in results from Continuing Operations in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Peninsula Community Legal Centre Inc.

Registered No: A8T

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies (Continued)

(e) Impairment of Assets

At the end of each reporting period, the Association 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, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in results from Continuing Operations.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Association would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(f) Trade and Other Receivables

Accounts receivable and other debtors include amounts due from customers and any outstanding grant receipts. 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.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

(g) Revenue and Other Income

All grant income has been deferred upon receipt, and not recognised as revenue until the related expenses are incurred, without assessing whether enforceable performance obligations exist. This does not comply with AASB 15 *'Revenue from Contracts with Customers'*, or AASB 1058 *'Income of Not-for-profit Entities'*.

Grant and donation income is recognised when the Association 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).

(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 assets and liabilities statement.

(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.

Peninsula Community Legal Centre Inc.

Registered No: A8T

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies (Continued)

(j) Employee Entitlements

Short-term employee benefits

Provision is made for the Association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave.

Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Association obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of accounts payable and other payables in the Statement of Financial Position.

Contributions are made by the Association to an employee superannuation fund and are charged as expenses when incurred.

(k) Provisions

Provisions are recognised when the Association 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 are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Leases

Payment for the lease or rental of fixed assets where substantially all of the risks and rewards of ownership of the asset remain with the lessor, are expensed when incurred (and the asset is not recognised on the balance sheet). The contractual commitment for the use of this type of asset (generally a rental or lease agreement) is not recognised as a liability. As such, recognition and measurement requirements of AASB 16 'Leases' are not complied with.

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) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Association'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 Association'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.

Peninsula Community Legal Centre Inc.

Registered No: A8T

Notes to the Financial Statements

For the Year Ended 30 June 2023

1 Summary of Significant Accounting Policies (Continued)

(n) Critical Accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The Association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Association assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in Note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Peninsula Community Legal Centre Inc.

Registered No: A8T

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023 \$	2022 \$
2 - State, Commonwealth and Other Funding		
<i>a) Commonwealth Funding:</i>		
VLA Commonwealth Attorney General	1,351,304	1,115,320
	<u>1,351,304</u>	<u>1,115,320</u>
<i>b) State Funding:</i>		
Consumer Affairs Victoria	702,990	672,919
VLA State Attorney General	2,580,615	2,404,788
	<u>3,283,605</u>	<u>3,077,707</u>
<i>c) VLA Unused Funds Transfer:</i>		
VLA Unused Funds Carried Forward	14,176	19,204
VLA Unused Funds Utilised in the Current Year	-	-
	<u>14,176</u>	<u>19,204</u>
<i>d) Other Funding:</i>		
General Grants	521,733	733,980
Local Government	331,748	208,431
	<u>853,481</u>	<u>942,411</u>
Total Grant Funding	<u>5,502,566</u>	<u>5,154,642</u>
3 - Other Income		
Disbursements Reimbursed	3,115	4,787
Fundraising/Donations	8,040	4,735
Interest	32,458	919
Membership	165	170
Sundry Income	39,501	63,312
	<u>83,279</u>	<u>73,923</u>
4 - Receivables		
Trade Receivable	17,492	74,473
FY2022-23 PLSA contributions	67,749	-
Donations Receivable (EOFY donations received in July 2023)	2,787	-
Other Receivables	2,346	-
	<u>90,374</u>	<u>74,473</u>
5 - Other Assets		
Rental Security Bonds	2,118	2,118
Prepayments	19,828	19,613
	<u>21,946</u>	<u>21,731</u>
6 - Fixed Assets		
Office Furniture & Fixtures at Cost	404,561	391,541
Provision for Depreciation (Office F&F)	(348,024)	(316,897)
	<u>56,537</u>	<u>74,644</u>
Leasehold Improvements at Cost	455,539	434,029
Provision for Depreciation (Leasehold Improvements)	(434,889)	(434,029)
	<u>20,650</u>	<u>-</u>
Total Office Furniture & Fixtures and Leasehold Improvements	<u>77,187</u>	<u>74,644</u>

Peninsula Community Legal Centre Inc.

Registered No: A8T

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023 \$	2022 \$	
6 - Fixed Assets (Continued)			
Reconciliation of the Movement in Carrying Amounts			
	Office Furniture & Fixtures \$	Leasehold Improvements \$	Total \$
Balance at the 1 July 2021	103,693	50,247	153,940
Additions at cost	10,310	-	10,310
Disposals (Net)	-	-	-
Depreciation expense	(39,359)	(50,247)	(89,606)
Carrying amount at 30 June 2022	74,644	-	74,644
Additions at cost	13,020	21,510	34,530
Disposals (Net)	-	-	-
Depreciation expense	(31,127)	(860)	(31,987)
Carrying amount at 30 June 2023	56,537	20,650	77,187
7 - Trade and Other Payables			
Trade Payables	39,149	21,415	
GST Payable	98,023	131,824	
Other Payables	-	452	
	<u>137,172</u>	<u>153,691</u>	
8 - Payroll Liabilities			
Accrued Wages	180,235	154,526	
Superannuation Payable	-	-	
PAYG Payable	58,219	53,240	
Other Payroll Liabilities	2,295	8,634	
	<u>240,749</u>	<u>216,400</u>	
9 - Grants in Advance			
Victoria Legal Aid	324,640	237,532	
Taskforce	41,248	21,786	
Victorian Legal Services Board	-	43,981	
City of Glen Eira GEMS Project	-	9,280	
City of Casey	-	10,000	
Frankston City Council	-	25,000	
Other - minor projects	-	4,000	
	<u>365,888</u>	<u>351,579</u>	
10 - Provisions			
Current			
Annual Leave	328,749	281,984	
Annual Leave Loading	24,293	22,828	
Long Service Leave	441,664	335,384	
	<u>794,706</u>	<u>640,196</u>	
Non-Current			
Long Service Leave	<u>62,612</u>	<u>72,464</u>	

Peninsula Community Legal Centre Inc.

Registered No: A8T

Notes to the Financial Statements

For the Year Ended 30 June 2023

	2023	2022
	\$	\$
11 - Leasing Commitments		
Being for Rent of Office Premises & Licence Fees		
Operating lease commitments neither capitalised in the accounts nor treated as ROU assets and lease liabilities:		
Payable:		
- not later than one year	240,450	166,030
- later than one year but not later than 5 years	308,855	72,239
	<u>549,305</u>	<u>238,269</u>

The Association have entered into a number of leases to rent premises as well as one lease for a cloud based licence program. 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.

As leases have not been prepared following accounting standards measurement and recognition, they remain 'off-balance sheet' and are consequently disclosed in this note as a commitment.

12 - Cash Flow Information

(a) Reconciliation of Cash

Cash on Hand	500	500
Cash at Bank	1,613,556	1,514,953
	<u>1,614,056</u>	<u>1,515,453</u>

(b) Reconciliation of Cash Flows form Operations

With Net Surplus(Deficit)

Operating Surplus / (Loss)	(35,359)	(19,091)
<i>Add/deduct non-cash items:</i>		
Depreciation	31,987	89,606
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in Receivables	(15,901)	(74,473)
(Increase)/Decrease in Other Assets	(215)	17,936
Increase/(Decrease) in Trade and Other Payables, Payroll Liabilities	7,830	18,036
Increase/(Decrease) in Grants in Advance	14,309	204,231
Increase/(Decrease) in Employee Provisions	144,658	54,007
Increase/(Decrease) in Unused VLA funds	(14,176)	(19,204)
Cash Flow From Operations	<u>133,133</u>	<u>271,048</u>

13 - VLA Unused Funds

Allowable Surplus - VLA unused funds carried forward	387,960	374,058
Excess Surplus	19,925	48,003
	<u>407,885</u>	<u>422,061</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*.

Peninsula Community Legal Centre Inc.

Registered No: A8T

Notes to the Financial Statements

For the Year Ended 30 June 2023

14 - Events Subsequent to Balance Date

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

There have been no material non-adjusting events after the reporting date, nor has any information been received about conditions at reporting date that have not been included in this report.

15 - 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

Committee's Statement For the Year Ended 30 June 2023

The Committee have determined that the Association 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:

- a) the financial statements and notes of the Association are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - ii. Are prepared in accordance with the Accounting Policies described in Note 1 to the financial statements and the requirements of the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- b) There are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

Chairperson



.....
M Bolle

Treasurer



.....
R Thorn

Dated this 18 day of August 2023

**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 2023, 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 2023 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 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 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.

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 2023, 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 *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.

Independent Audit Report (Continued)
to the Members of Peninsula Community Legal Centre Inc.
Reg. No.A8T

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional 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 18th of August 2023



Shepard Webster & O'Neill Audit Pty Ltd
Certified Practising Accountant
Authorised Audit Company No 415478
31 Beach Street Frankston 3199, PO Box 309 Frankston Victoria 3199
Telephone (03) 9781 2633 – Fax (03) 9781 3073
Email dszepefalussy@shepard.com.au



David A Szepefalussy
Director