

# **Neighbourhood Houses Tasmania Inc**

**ABN 95 897 499 497**

**Annual Report - 30 June 2020**

**Neighbourhood Houses Tasmania Inc**  
**Officers' report**  
**30 June 2020**

The officers present their report, together with the financial statements, on the incorporated association for the year ended 30 June 2020.

**Officers & Committee members**

The following persons were officers of the incorporated association during the whole of the financial year and up to the date of this report, unless otherwise stated:


Gary Barnes  
Julie Milnes  
Kristy Leishman  
Melinda Reed  
Michael Higgins  
Nettie Burr  
Tracy Edington-Mackay  
Kate Beer (resigned 21 May 2020)  
Trish O'Duffy (resigned in June 2020)  
Jeddah Barwick (elected March 2020)


**Principal activities**

Neighbourhood Houses Tasmania (NHT) is the peak body for 35 Neighbourhood Houses across Tasmania.

NHT and each individual House are independent entities. NHT is not the decision-making body for Houses, but exists to represent, support and enable Houses in Tasmania. Our goal is to help Houses do what they do best-use a community development approach to support local communities in ways that make a real difference in people's lives.

On behalf of the officers

Chairperson   
Name: Michael Higgins

Treasurer   
Name: Gary Barnes

23rd October 2020  
Hobart

**Neighbourhood Houses Tasmania Inc**  
**Contents**  
**30 June 2020**

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**General information**

The financial statements cover Neighbourhood Houses Tasmania Inc as an individual entity. The financial statements are presented in Australian dollars, which is Neighbourhood Houses Tasmania Inc's functional and presentation currency.

Neighbourhood Houses Tasmania Inc is a not-for-profit incorporated association, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered office & Principal place of business**

16b Elmsleigh Rd  
Derwent Park TAS 7009  
Australia

A description of the nature of the incorporated association's operations and its principal activities are included in the officers' report, which is not part of the financial statements.

The financial statements were authorised for issue on \_\_\_\_ October 2020.

**Neighbourhood Houses Tasmania Inc**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2020**

|  | Note      | 2020<br>\$       | 2019<br>\$       |
|--|-----------|------------------|------------------|
| <b>Revenue</b>   | <b>3</b>  | 983,184          | 1,018,906        |
| Interest revenue   |           | 179              | 2,622            |
| <b>Total revenue</b>   |           | <u>983,363</u>   | <u>1,021,528</u> |
| <b>Expenses</b>  |           |                  |                  |
| Advertising and promotion  |           | (157)            | (1,374)          |
| Accounting & Audit   |           | (3,795)          | (5,280)          |
| Bank charges   |           | (20)             | (32)             |
| ANHCA  |           | (1,122)          | (8,317)          |
| Catering   |           | (5,634)          | (5,400)          |
| Micro Grants – Eating with friends   |           | 100              | -                |
| Conference and Seminar   |           | (31,597)         | (38,888)         |
| Contractors  |           | (20,608)         | (19,441)         |
| Contributions  |           | 864              | (14,095)         |
| Depreciation   |           | (26,043)         | (27,491)         |
| Evaluation   |           | (7,500)          | (7,500)          |
| Equipment  |           | (441)            | (7,472)          |
| Building expenses  |           | (21,125)         | (8,634)          |
| Gifts  |           | (774)            | (724)            |
| Grants – Everyday Literacy Program   |           | -                | (146,524)        |
| Grants – Handed on other   |           | (153,417)        | (77,065)         |
| Insurance  |           | (11,027)         | (10,153)         |
| Financial advisor  |           | (1,009)          | (596)            |
| Legal  |           | -                | (1,884)          |
| Interest   |           | (177)            | -                |
| IT   |           | (9,283)          | (29,014)         |
| Annual leave provision   |           | (15,109)         | 6,999            |
| Long service leave provision   |           | 5,405            | 9,889            |
| Marketing  |           | (2,404)          | (14,606)         |
| Meeting expense  |           | (6,722)          | (7,301)          |
| Motor vehicle expense  |           | (5,525)          | (4,442)          |
| Membership   |           | (1,135)          | (872)            |
| NSS grants   |           | -                | (14,012)         |
| Office expense   |           | (35,248)         | (35,492)         |
| Professional development   |           | -                | (992)            |
| Project materials  |           | (65)             | (4,416)          |
| Salaries   |           | (306,058)        | (308,492)        |
| Sundry expense   |           | (245)            | (1,077)          |
| Superannuation   |           | (32,298)         | (28,776)         |
| Telephone and fax  |           | (4,145)          | (3,599)          |
| Training workshops   |           | (38,152)         | (11,864)         |
| Travel   |           | (6,986)          | (12,199)         |
| <b>Total Expenditure</b>   |           | <u>(741,452)</u> | <u>(841,136)</u> |
| <b>Surplus</b>   |           | 241,911          | 180,392          |
| <b>Surplus for the year attributable to the members of Neighbourhood Houses Tasmania Inc</b> | <b>15</b> | 241,911          | 180,392          |
| Other comprehensive income for the year  |           | -                | -                |
| <b>Total comprehensive attributable to the members of Neighbourhood Houses Tasmania Inc</b>  |           | <u>241,911</u>   | <u>180,392</u>   |

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Neighbourhood Houses Tasmania Inc**  
**Statement of financial position**  
**As at 30 June 2020**

|                                | Note | 2020<br>\$       | 2019<br>\$       |
|--------------------------------|------|------------------|------------------|
| <b>Assets</b>                  |      |                  |                  |
| <b>Current assets</b>          |      |                  |                  |
| Cash and cash equivalents      | 4    | 659,182          | 457,353          |
| Trade and other receivables    | 5    | 7,633            | 37,448           |
| Investments                    | 6    | 175,144          | 179,625          |
| Total current assets           |      | <u>841,959</u>   | <u>674,426</u>   |
| <b>Non-current assets</b>      |      |                  |                  |
| Property, plant and equipment  | 7    | 645,001          | 669,980          |
| Right-of-Use asset             | 8    | 9,574            | -                |
| Total non-current assets       |      | <u>654,575</u>   | <u>669,980</u>   |
| <b>Total assets</b>            |      | <u>1,496,534</u> | <u>1,344,406</u> |
| <b>Liabilities</b>             |      |                  |                  |
| <b>Current liabilities</b>     |      |                  |                  |
| Trade and other payables       | 9    | 85,280           | 79,750           |
| Employee benefits              | 10   | 35,905           | 32,211           |
| Other                          | 11   | -                | 107,646          |
| Borrowings                     |      | 5,091            | 5,091            |
| Grants in advance              | 15   | -                | 30,000           |
| Lease liability                | 12   | 1,554            | -                |
| Total current liabilities      |      | <u>127,830</u>   | <u>254,698</u>   |
| <b>Non-current liabilities</b> |      |                  |                  |
| Employee benefits              | 13   | 6,011            | -                |
| Borrowings                     |      | 8,484            | 13,575           |
| Lease liability                | 14   | 7,908            | -                |
| Total non-current liabilities  |      | <u>22,403</u>    | <u>13,575</u>    |
| <b>Total liabilities</b>       |      | <u>150,233</u>   | <u>268,273</u>   |
| <b>Net assets</b>              |      | <u>1,346,301</u> | <u>1,076,133</u> |
| <b>Equity</b>                  |      |                  |                  |
| Future Fund Reserve            |      | 798,160          | 798,160          |
| Retained surpluses             | 15   | 548,141          | 277,973          |
| <b>Total equity</b>            |      | <u>1,346,301</u> | <u>1,076,133</u> |

*The above statement of financial position should be read in conjunction with the accompanying notes*

Neighbourhood Houses Tasmania Inc  
Statement of changes in equity  
For the year ended 30 June 2020

|   | Future<br>Fund<br>Reserve<br>\$ | Retained<br>surpluses<br>\$ | Total equity<br>\$ |
|---|---------------------------------|-----------------------------|--------------------|
| Balance at 1 July 2018                  | 798,160                         | 97,581                      | 895,741            |
| Surplus for the year                    | -                               | 180,392                     | 180,392            |
| Other comprehensive income for the year | -                               | -                           | -                  |
| Total comprehensive income for the year | -                               | 180,392                     | 180,392            |
| Balance at 30 June 2019                 | 798,160                         | 277,973                     | 1,076,133          |
|   | Future<br>Fund<br>Reserve<br>\$ | Retained<br>surpluses<br>\$ | Total equity<br>\$ |
| Balance at 1 July 2019                  | 798,160                         | 277,973                     | 1,076,133          |
| Surplus for the year                    | -                               | 241,911                     | 241,911            |
| Opening balance adjustment              | -                               | 28,257                      | 28,257             |
| Other comprehensive income for the year | -                               | -                           | -                  |
| Total comprehensive income for the year | -                               | 270,168                     | 270,168            |
| Balance at 30 June 2020                 | 798,160                         | 548,141                     | 1,346,301          |

The above statement of changes in equity should be read in conjunction with the accompanying notes

Neighbourhood Houses Tasmania Inc  
Statement of cash flows  
For the year ended 30 June 2020

|  | Note | 2020<br>\$            | 2019<br>\$            |
|--|------|-----------------------|-----------------------|
| <b>Cash flows from operating activities</b>                      |      |                       |                       |
| Receipts from customers  |      | 110,128               | 165,579               |
| Payments to suppliers and employees                              |      | <u>(776,443)</u>      | <u>(852,671)</u>      |
|  |      | (666,315)             | (687,092)             |
| Interest received  |      | 179                   | 2,622                 |
| Grants received  |      | <u>873,056</u>        | <u>855,949</u>        |
| Net cash from operating activities                               | 20   | <u>206,920</u>        | <u>171,479</u>        |
| <b>Cash flows from investing activities</b>                      |      |                       |                       |
| Payments for property, plant and equipment                       |      | <u>-</u>              | <u>(35,809)</u>       |
| Net cash used in investing activities                            |      | <u>-</u>              | <u>(35,809)</u>       |
|  |      |                       |                       |
| Net cash from financing activities                               |      | <u>(5,091)</u>        |                       |
|  |      |                       |                       |
| Net increase in cash and cash equivalents                        |      | 201,829               | 137,119               |
| Cash and cash equivalents at the beginning of the financial year |      | <u>457,353</u>        | <u>320,234</u>        |
| Cash and cash equivalents at the end of the financial year       | 4    | <u><u>659,182</u></u> | <u><u>457,353</u></u> |

*The above statement of cash flows should be read in conjunction with the accompanying notes*



## 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.

### **New or amended Accounting Standards and Interpretations adopted**

The incorporated 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### *Impact of adoption*

AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019.

### **Basis of preparation**

In the officers' opinion, the incorporated 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 and New South Wales legislation the Associations Incorporation Act 2009, the Charitable Fundraising Act 1991 and associated regulations. The officers have determined that the accounting policies adopted are appropriate to meet the needs of the members of Neighbourhood Houses Tasmania 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.

### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

### *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 incorporated 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 2.

### **Revenue recognition**

The incorporated association recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the incorporated association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the incorporated association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.



**Note 1. Significant accounting policies (continued)**

*Sales revenue*

Events, fundraising and raffles are recognised when received or receivable.

*Donations*

Donations are recognised at the time the pledge is made.

*Grants*

Grant revenue is recognised in profit or loss when the incorporated association satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the incorporated association is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

*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.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

*Volunteer services*

The incorporated association has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

**Income tax**

As the incorporated association 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 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 incorporated 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 incorporated 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.

**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.

**Trade and other receivables**

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Property, plant and equipment**

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.

#### Note 1. Significant accounting policies (continued)

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

|                     |            |
|---------------------|------------|
| Buildings           | 40 years   |
| Plant and equipment | 3-10 years |
| Motor vehicles      | 4-7 years  |
| Office equipment    | 3-10 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

#### Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

#### Trade and other payables

These amounts represent liabilities for goods and services provided to the incorporated association 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.

##### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## Note 1. Significant accounting policies (continued)

### Goods and Services Tax ('GST') and other similar taxes

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 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the incorporated association for the annual reporting period ended 30 June 2020. The incorporated association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## Note 2. 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.

### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the incorporated association based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the incorporated association operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the incorporated association unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### *Estimation of useful lives of assets*

The incorporated 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 incorporated 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 incorporated 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.



**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*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.

**Note 3. Revenue**

|  | 2020<br>\$     | 2019<br>\$       |
|--|----------------|------------------|
| <i>Other revenue</i>                           |                |                  |
| Administration and management fees             | 76,011         | 62,691           |
| Grants   | 765,410        | 855,949          |
| Conference                                     | 23,533         | 33,755           |
| Literacy investment income                     | 978            | 42,185           |
| Membership                                     | 13,766         | 7,370            |
| Other revenue                                  | 1,073          | 6,703            |
| Unrealised gain/(loss) on literacy investments | (5,233)        | 10,253           |
| Grants brought forward                         | 107,646        | -                |
| Revenue  | <u>983,184</u> | <u>1,018,906</u> |

**Note 4. Current assets - cash and cash equivalents**

|              | 2020<br>\$     | 2019<br>\$     |
|--------------|----------------|----------------|
| Cash on hand | 659,071        | 457,353        |
| Cash at bank | 111            | -              |
|              | <u>659,182</u> | <u>457,353</u> |

**Note 5. Current assets - trade and other receivables**

|                   | 2020<br>\$   | 2019<br>\$    |
|-------------------|--------------|---------------|
| Trade receivables | 7,633        | 37,448        |
|                   | <u>7,633</u> | <u>37,448</u> |

**Note 6. Current assets - investments**

|                                 | 2020<br>\$     | 2019<br>\$     |
|---------------------------------|----------------|----------------|
| Australian ethical investment   | 75,879         | 79,913         |
| Perpetual ethical investment    | 33,239         | 36,267         |
| Colonial first state investment | 66,026         | 63,445         |
|                                 | <u>175,144</u> | <u>179,625</u> |

**Note 7. Non-current assets - property, plant and equipment**

|                                | 2020<br>\$     | 2019<br>\$     |
|--------------------------------|----------------|----------------|
| Land and buildings - at cost   | 654,360        | 654,360        |
| Less: Accumulated depreciation | (49,077)       | (32,718)       |
|                                | <u>605,283</u> | <u>621,642</u> |
| Car Park                       | 34,360         | 34,360         |
| Less: Accumulated depreciation | (756)          | (378)          |
|                                | <u>33,604</u>  | <u>33,982</u>  |
| Motor vehicles - at cost       | 19,968         | 19,968         |
| Less: Accumulated depreciation | (19,968)       | (15,268)       |
|                                | <u>-</u>       | <u>4,700</u>   |
| Office equipment - at cost     | 40,145         | 40,145         |
| Less: Accumulated depreciation | (33,829)       | (30,489)       |
|                                | <u>6,316</u>   | <u>9,656</u>   |
|                                | <u>645,203</u> | <u>669,980</u> |

**Note 8. Non-current assets – right-of-use asset**

|                                | 2020<br>\$   | 2019<br>\$ |
|--------------------------------|--------------|------------|
| Photocopier                    | 10,839       | -          |
| Less: Accumulated depreciation | (1,265)      | -          |
|                                | <u>9,574</u> | <u>-</u>   |
|                                | <u>9,574</u> | <u>-</u>   |

**Note 9. Current liabilities - trade and other payables**

|                | 2020<br>\$    | 2019<br>\$    |
|----------------|---------------|---------------|
| Trade payables | 21,164        | 16,249        |
| GST            | 45,221        | 24,211        |
| PAYG           | 10,606        | 27,848        |
| Superannuation | 7,370         | 10,992        |
| Other          | 919           | 450           |
|                | <u>85,280</u> | <u>79,750</u> |

**Note 10. Current liabilities - employee benefits**

|                   | 2020<br>\$    | 2019<br>\$    |
|-------------------|---------------|---------------|
| Employee benefits | <u>35,905</u> | <u>32,211</u> |

Neighbourhood Houses Tasmania Inc  
Notes to the financial statements  
30 June 2020

**Note 11. Current liabilities - other**

|                        | 2020<br>\$ | 2019<br>\$ |
|------------------------|------------|------------|
| Grants carried forward | -          | 107,646    |

**Note 12. Current liabilities – lease liability**

|                               | 2020<br>\$ | 2019<br>\$ |
|-------------------------------|------------|------------|
| Lease liability - photocopier | 1,554      | -          |

**Note 13. Non-current liabilities - employee benefits**

|                   | 2020<br>\$ | 2019<br>\$ |
|-------------------|------------|------------|
| Employee benefits | 6,011      | -          |

**Note 14. Non-current liabilities - lease liability**

|                               | 2020<br>\$ | 2019<br>\$ |
|-------------------------------|------------|------------|
| Lease liability - photocopier | 7,908      | -          |

**Note 15. Equity - retained surpluses**

|   | 2020<br>\$ | 2019<br>\$ |
|---|------------|------------|
| Retained surpluses at the beginning of the financial year       | 277,973    | 162,214    |
| Surplus for the year  | 241,911    | 180,392    |
| Adjustment for building purchase and set up                     | -          | (9,728)    |
| Adjustment for Challenger interests from prior years            | -          | (54,905)   |
| Adjustment for Healthy Tasmania deferred grant prior year error | 30,000     | -          |
| Opening balance adjustment                                      | (1,743)    | -          |
| Retained surpluses at the end of the financial year             | 548,141    | 277,973    |

**Note 16. Contingent liabilities**

Neighbourhood Houses Tasmania Inc had no contingent liabilities as at 30 June 2020 and 30 June 2019.

**Note 17. Commitments**

Neighbourhood Houses Tasmania Inc had no commitments for expenditure as at 30 June 2020 and 30 June 2019.

**Note 18. Economic Dependency**

Neighbourhood Houses Tasmania Inc is reliant on the ongoing support of grant providers to continue as a going concern.

**Note 19. Events after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the incorporated association up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

**Note 20. Reconciliation of surplus after income tax to net cash from operating activities**

|  | 2020<br>\$     | 2019<br>\$     |
|--|----------------|----------------|
| Surplus for the year                               | 244,255        | 180,392        |
| Adjustments for:                                   |                |                |
| Depreciation and amortisation                      | 26,043         | 27,491         |
| Interest   | 177            | -              |
| Change in operating assets and liabilities:        |                |                |
| Decrease/(increase) in trade and other receivables | 25,288         | (30,676)       |
| Decrease/(increase) in other assets                | (5,093)        | 127,161        |
| (Decrease)/Increase in trade and other payables    | 5,970          | 57,901         |
| (Decrease)/Increase in other liabilities           | (89,720)       | (190,790)      |
| Net cash from operating activities                 | <u>206,920</u> | <u>171,479</u> |




Neighbourhood Houses Tasmania Inc  
Officers' Declaration  
30 June 2020

In the officers' opinion:

- the incorporated association is not a reporting entity because there are no users dependent on the 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 the Associations Incorporation Act 1964 (Tas) 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 incorporated association's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the incorporated association will be able to pay its debts as and when they become due and payable.

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

On behalf of the officers



\_\_\_\_\_  
Name:  
Chairperson

23 October 2020  
Hobart



# NEIGHBOURHOOD HOUSES TASMANIA INC

Annual completion report  
YEAR ENDED 30 JUNE 2020

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Dear Directors

We are pleased to present this report to the Board of Neighbourhood Houses Tasmania Inc in relation to the 30 June 2020 annual audit.

As at the date of this report, we have substantially completed our audit and subject to the satisfactory resolution of the matters outlined in the Executive Summary, we expect to issue an unmodified audit report.

We have set out in this document the significant matters arising from our audit. This summary covers those matters we believe to be material in the context of our work.

We look forward to the Board meeting where we will have the opportunity to discuss this report.

Should you require clarification on any matter in this report before this date, please do not hesitate to contact me on 6234 2499.

We would like to take this opportunity to extend our appreciation to management for their assistance and cooperation throughout the course of our audit.

Yours faithfully,

**DAVID PALMER**  
Engagement Partner

22 September 2020





# EXECUTIVE SUMMARY

## PURPOSE

The purpose of this report is to communicate significant matters arising from our audit to the Board. This report has been discussed with management.

## SCOPE

Our audit was conducted in accordance with Australian Auditing Standards and the *Associations Incorporation Act (TAS) 1964* and the *Australian Charities and Not-for-profits Commissions Act 2012* for the year ended 30 June 2020.

## STATUS OF THE AUDIT

Our audit of the financial report is substantially complete. We expect to issue an unmodified audit report, subject to satisfactory completion of the following:

- ▶ A copy of the signed financials

A draft of the proposed audit report is included at [Appendix 1](#).

## SUMMARY OF MISSTATEMENTS

We have not identified any uncorrected misstatements that, in our judgement, either individually or in aggregate, could have a material effect on the financial report for the year ended 30 June 2020.

## COVID-19

As outlined in our audit plan, the effects of COVID-19 needed to be incorporated into the preparation of the financial report for the year ended 30 June 2020. In performing our audit, the following areas within the financial reporting process were identified as having been materially impacted:

- ▶ Some stagnation in grant expenditure

Refer to the next section which includes detail on the impact of COVID-19 on the financial report, the audit response and respective findings.

## OTHER AREAS OF AUDIT FOCUS

In performing our audit, we have identified those matters that, in the auditor's judgement, were of the most significance in the audit of the financial report. Our audit procedures also focused on areas that were considered to represent significant risks of material misstatement. These areas of focus are outlined below:

- ▶ Management override of controls
- ▶ Revenue recognition
- ▶ Leasing standard
- ▶ Grant funding accounting treatment

Refer to the relevant section for details on the other areas focused on during the audit.

# IMPACT OF COVID-19

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. Besides the serious public health threat that has arisen from the outbreak of COVID-19, it continues to have serious economic impacts on many businesses.

## COVID-19 AND THE FINANCIAL REPORT

The following table sets out the areas of the 30 June 2020 financial report/financial reporting process that were materially impacted by the COVID-19 pandemic and its associated measures. It also sets out our audit response to these impacts and our findings.

| Area    | Impact on the financial report  | Audit response and summary of findings  |
|---------|---|---|
| Revenue | Note to be included in the financial report outlining potential future impacts of the pandemic. | Audit noted some stagnation in expenditure of grant revenue over the months that the full impact of COVID-19 was felt in Hobart. The easing of restrictions has meant that expenditure has recommenced, while noting that future effects are unpredictable. |





## AREAS OF AUDIT FOCUS

We identified the risk areas as part of our risk assessment procedures undertaken during the planning phase and continued to be alert for risks during the course of the audit. Our audit procedures focused on areas that were considered to represent risks of material misstatement.

### Management override of controls

| Description   | Audit work performed  | Summary of findings  |
|---|---|--|
| There is an inherent risk that management is in the unique position to override controls. | We reviewed journal entries and remained professionally sceptical throughout the audit for instances of override. | We did not identify any instances of override in journal entries or elsewhere in our procedures. |

### Revenue recognition

| Description  | Audit work performed   | Summary of findings  |
|--|--|--|
| There is an inherent risk that revenue is not recognised in accordance with appropriate accounting standards. Importantly, the two new revenue recognition standards AASB 15, and AASB 1058. | We performed substantive revenue recognition tests to ensure that revenue has been posted and recognised correctly.<br><br>Adjustments have been made to reflect income under AASB 1058. | We concluded that revenue is materially correct and the new revenue standards AASB 15 and AASB 1058. |





## AREAS OF AUDIT FOCUS *CONTINUED*

### Leasing standard

| Description   | Audit work performed   | Summary of findings  |
|---|--|--|
| <p>Since this is the first year the entity is applying AASB 16, there is a potential risk that the transition requirements in AASB 16, including any practical expedients and exemptions, may not be appropriately applied.</p> | <p>We performed substantive leasing tests to ensure entirety of the leases were captured accurately.</p> | <p>AASB 16 has been implemented correctly and adequate disclosure is provided in the financial statements.</p> |

#### Description

#### Audit work performed

#### Summary of findings

### Grant funding accounting treatment

| Description   | Audit work performed   | Summary of findings  |
|---|--|--|
| <p>NFPs should take note that the timing of recognition of income from many types of grants may change when AASB 1058 and AASB 15 are applied for the first time. This is because income deferral is only possible if:</p> <ul style="list-style-type: none"><li>• The grant contract is enforceable and contains sufficiently specific performance obligations under AASB 15, otherwise grant income is recognised immediately in profit or loss, or</li></ul> <p>The grant is a transfer to enable the NFP to acquire or construct a non-financial asset that the NFP will control after acquisition or construction. In such</p> | <p>Audit has specifically reviewed grant funding document and recommended unspent funds be recognised in the profit or loss.</p> | <p>We concluded that grant funding has been accounted for correctly under AASB 1058, as the grant document outputs have not been deemed sufficiently specific.</p> |

#### Description



#### Audit work performed

#### Summary of findings



## AREAS OF AUDIT FOCUS *CONTINUED*

---

cases, income is deferred and recognised over the period of construction.

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# SUMMARY OF MISSTATEMENTS

## UNCORRECTED MISSTATEMENTS

We detail below the uncorrected misstatements which we have identified during the audit, and that were determined by management to be immaterial, both individually and in aggregate to the financial report taken as a whole.

Misstatements have not been included if they are considered to be clearly trivial which we have set at \$19,000. Matters which are clearly trivial are regarded as clearly inconsequential when taken individually or in aggregate.

We will seek representation from management to acknowledge that:

- ▶ Uncorrected misstatements have been brought to their attention by us; and
- ▶ They have considered the effect of any uncorrected misstatements, aggregated during and pertaining to the latest period, on the financial report and consider the misstatements are immaterial individually and in aggregate to the financial report taken as a whole.

| Description                             | Assets | (Liabilities) | Reserves | (Profit)/Loss |
|---|--------|---------------|----------|---------------|
| Nil                                     |        |               |          |               |
| Net effect of uncorrected misstatements |        |               |          |               |

# SUMMARY OF MISSTATEMENTS CONTINUED

## CORRECTED MISSTATEMENTS

We identified the following misstatements during the course of our audit which have been corrected:

| Description   | Assets   | (Liabilities) | Reserves | (Profit)/Loss |
|---|----------|---------------|----------|---------------|
| Adjustment to long service leave to agree to entitlement balances |          | 5,405         |          | (5,405)       |
| Adjustment to annual leave to agree to entitlement balances       |          | (15,109)      |          | 15,109        |
| Adjustment to agree investments to statements 30 June 2020        | 12,434   |               |          | (12,434)      |
| Depreciation expense FY20   | (24,778) |               |          | 24,778        |
| Opening balance adjustment - PY error                             |          | 30,000        | (30,000) |               |
| AASB 16 - Photocopier   | 10,839   | (10,839)      |          |               |
|   | (1,265)  | (177)         |          | 177           |
|   |          | 1,554         |          | 1,265         |
|   |          |               |          | 1,554         |
| Client adjustment   | 4,527    | (2,803)       | (1,724)  |               |
| Net effect of uncorrected misstatements                           | 1,757    | 8,031         | (28,276) | 25,044        |



# INTERNAL CONTROL

## CURRENT YEAR

In accordance with ASA 265 *Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*, we are required to communicate in writing, significant deficiencies in internal control identified during the audit to those charged with governance on a timely basis.

The standard defines a deficiency in internal control as follows:

1. A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial report on a timely basis; or
2. A control necessary to prevent, or detect and correct, misstatements in the financial report on a timely basis is missing.

Significant deficiency in internal control means a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgement, is of sufficient importance to merit the attention of the Board.

The matters being reported are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to the Board.

## CURRENT PERIOD

| Significant deficiency in internal control   | Potential effects   | Recommendation  | Management comments |
|--|---|---|---------------------|
| <p>1 <u>Supporting Documentation Did Not Always Agree to General Ledger</u></p> <p>During our audit we noted that detailed schedules supporting general ledger accounts did not always agree with the general ledger balances.</p> | <p>Inaccurate financial reporting in monthly and yearly financial statements.</p> | <p>We suggest that these details be reconciled with general ledger accounts on a regular basis.</p> |                     |





## INTERNAL CONTROL CONTINUED

| Other deficiencies in internal control  | Potential effects  | Recommendation   | Management comments |
|---|--|--|---------------------|
| <p>1     <u>Reconciling Fixed Assets to the General Ledger</u></p> <p>At the present time, there is no procedure for reconciling detailed fixed asset records to the general ledger on a regular basis.</p> | <p>The lack of such a procedure has led to inaccurate reporting of fixed asset cost and depreciation expense in monthly and yearly financial statements.</p> | <p>To prevent the need for major adjustments to the property accounts at the end of each year, we suggest that the general ledger fixed asset accounts be reconciled to the detailed records on a monthly basis.</p> |                     |
| <p>2     <u>Employee Provision Calculation</u></p> <p>During our audit, we noted a lack of adherence to the Australian Accounting Standards.</p>  | <p>Any understatement of leave liabilities results in an overstatement of the surplus reported.</p>  | <p>We recommend calculating on-costs (leave loading, superannuation and workers' compensation premium) on all leave provisions as this will lead to more complete, accurate financial statements.</p>                |                     |



## OTHER REPORTING REQUIREMENTS

### INDEPENDENCE AND ETHICS

In conducting our audit, we are required to comply with the independence requirements of the *Associations Incorporation Act (TAS) 1964* and the *Australian Charities and Not-for-profits Commissions Act 2012* and Part 4A of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

We have obtained independence declarations from all staff engaged in the audit.

We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

We have not become aware of any issue that would cause any member of the engagement team, BDO or any BDO network firm to contravene any ethical requirement or any regulatory requirement that applies to the audit engagement.

In addition to the audit, we have completed the following engagements during the year:

► Financial Statement Preparation

None of these engagements have impaired our independence

The *Corporations Act 2001* requires the lead auditor to make a declaration to the directors regarding independence. We are in a position to make this declaration, a draft of which has been included at [Appendix 2](#).

### NON-COMPLIANCE WITH LAWS AND REGULATIONS

We have made enquiries in relation to any non-compliance with laws and regulations during the course of our audit. We have not identified any instances of non-compliance with laws and regulations as a result of our enquiries.

We have not identified any reportable matters during the course of our audit.

### FRAUD

Management have confirmed that there were no matters of fraud identified for the period under audit, or subsequently. It should be noted that our audit is not designed to detect fraud however should instances of fraud come to our attention we will report them to you.

We have not identified any instances of fraud during the course of our audit.





## APPENDIX 1 PROPOSED AUDIT REPORT

### INDEPENDENT AUDITOR'S REPORT

To the members of Neighbourhood Houses Tasmania Inc

#### Report on the Audit of the Financial Report Opinion

We have audited the financial report of Neighbourhood Houses Tasmania Inc (the registered entity), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of Neighbourhood Houses Tasmania Inc, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards 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 registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), the *Associations Incorporation Act (TAS) 1964* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including *Independence Standards*) (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.

#### Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report, 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material

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## APPENDIX 1 PROPOSED AUDIT REPORT CONTINUED

misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of responsible entities for the Financial Report**

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the ACNC Act, the *Associations Incorporation Act (TAS) 1964* and for such internal control as the responsible entities determine 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 financial report, responsible entities are responsible for assessing the registered entity'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 responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity'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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website

(<http://www.auasb.gov.au/Home.aspx>) at:  
[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

### **BDO Audit (TAS)**

**DAVID E PALMER**

Partner

Hobart, September 2020



## APPENDIX 2 AUDITOR INDEPENDENCE DECLARATION

### Positive declaration

We set out below our draft Auditor independence declaration.

DECLARATION OF INDEPENDENCE BY DAVID PALMER TO DIRECTORS OF NEIGHBOURHOOD HOUSES TASMANIA INC

As lead auditor of Neighbourhood Houses Tasmania Inc for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Neighbourhood Houses Tasmania Inc.



## APPENDIX 3 NEW DEVELOPMENTS

We wish to bring to your attention some upcoming changes in financial reporting which may cause significant changes to your future reported financial position and performance. We have provided an overview of the major changes below and would be happy to discuss the impact on your business and assist with transition where applicable.

### **AASB 2020-4 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - COVID-19 RELATED RENT CONCESSIONS**

Effective for annual reporting periods beginning on or after 1 June 2020, this change introduces a practical expedient that permits lessees not to assess whether a rent concession that occurs as a direct consequence of the COVID-19 pandemic is a lease modification, provided all of the following criteria are met:

- ▶ Change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately prior to the change
- ▶ Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a concession would meet this condition if it resulted in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021)
- ▶ There is no substantive change to other terms and conditions of the lease.

In such cases, the concessions are accounted for as if they were not a lease modification. On first time adoption for the year ended 30 June 2021, the cumulative effect of initially applying the amendment will be recognised as an adjustment to opening balances of retained earnings on 1 July 2020.

### **AASB 2020-1 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT**

Effective for annual reporting periods beginning on or after 1 January 2022, there are four main changes to the classification requirements within AASB 101 *Presentation of financial statements*:

1. The requirement for an ‘unconditional’ right has been deleted from paragraph 69(d) because covenants in banking agreements would rarely result in unconditional rights.
2. The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date.
3. Classification is based on the right to defer settlement, and not intention (paragraph 73), and
4. If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under IAS 32.

As these amendments only apply for the first time to the 30 June 2023 balance sheet (and 30 June 2022 comparative balance sheet), companies are not yet able to make an assessment of the impacts regarding the right to defer settlement, compliance with bank covenants, and intention to settle.



A photograph of three people (two women and one man) smiling and looking at each other, suggesting a positive meeting or collaboration. The image is partially obscured by a white banner containing the section header.

## APPENDIX 3 NEW DEVELOPMENTS CONTINUED

### AASB 2020-2 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - REMOVAL OF SPECIAL PURPOSE FINANCIAL STATEMENTS FOR CERTAIN NOT-FOR-PROFIT ENTITIES

This change removes the ability of the following types of not-for-profit private sector entities from being able to prepare special purpose financial statement (SPFS) for years ending on or after 30 June 2022:

- ▶ Those where legislation requires financial statements to be prepared in accordance with Australian Accounting Standards or 'accounting standards', and
- ▶ Those where constitutions or other documents (e.g. lending agreements) require financial statements to be prepared in accordance with Australian Accounting Standards, provided that document was created or amended on or after 1 July 2021.

These entities would either need to prepare full general purpose financial statements (Tier 1), or Tier 2 financial statements. The Reduced Disclosures will no longer be permitted for Tier 2 general purpose financial statements.

For stand-alone entities, there will be no impact on amounts recognised in the financial statements when these amendments are first adopted for the year ended 30 June 2022 because the entity currently prepares only separate financial statements and applies all the recognition and measurement requirements of Australian Accounting Standards. However, there will be an increase in the amount of disclosures required under the *Simplified Disclosures* framework, including for related party transactions.

## APPENDIX 4 RESPONDING TO COVID-19

### COVID-19 AND YOUR BUSINESS

The unprecedented COVID-19 crisis affecting the globe has directly and materially impacted economic activity in Australia and throughout the world. This has caused some otherwise healthy businesses to experience material reductions to revenue while overhead expenses have remained relatively fixed. This inevitably leads to a cash flow crisis and even solvency concerns.

Download **Coronavirus (COVID-19) Business impact and risk response guide** ►



If your business is in this situation, an immediate and robust business rescue plan is necessary to give you the best chance to ensure long-term viability. Being proactive is critical.

Clients facing this scenario can click on the icon opposite for a detailed business impact and risk response guide. This provides guidance on the following areas:

- People and leadership
- Sustainability
- Operations
- Supply chain
- Health and safety.

There are a number of areas of a business that may continue to be impacted by the COVID-19 outbreak. BDO have therefore provided guidance on appropriate actions to mitigate the impact and manage associated risks to [‘Keep your business running’](#).

The Australian Government has also released a number of economic measures in response of COVID-19 and BDO can continue to help you navigate these stimulus measures. Please refer to BDO’s [‘Stimulus measures’](#) resource page where BDO advisers continue to provide expert commentary on these measures and how businesses can access them via a range of technical updates, webinars and articles.

### COVID-19 AND FUTURE REPORTING PERIODS

We understand that this changing environment may continue to create challenges from a financial reporting perspective and create risks that entities may not have encountered before. BDO will continue to work closely with management to ensure these challenges are addressed on a timely basis.

Please refer to BDO’s [IFRS Advisory Coronavirus](#) resource page which continues to be updated with financial reporting bulletins and accounting news articles which address ongoing financial reporting considerations for businesses.



## APPENDIX 5      SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE AUDIT

Difficulties encountered during the audit can prolong the audit process, increase audit fees and in some circumstances, may lead to a modified audit opinion. We set out below the significant difficulties encountered during the audit along with the impact.

|   | DESCRIPTION OF DIFFICULTY   | IMPACT OF DIFFICULTY                           |
|---|---|--|
| 1 | We encountered the accounting procedures and records to be slightly inefficient. These factors combined to result in the need for the auditor to expand the time spent in some areas in that certain basic accounting needed to be performed. To maintain a more efficient and reliable accounting system and to keep audit and accounting fees to a minimum, we suggest that NHT provide the necessary audit assistance in schedule preparation, per the audit request schedule received in advance. | Impact on timelines by slowing down completion |
| 2 | We encountered changes to the trial balance post onsite audit date.   | Impact on timelines by slowing down completion |





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We have prepared this report solely for the use of Neighbourhood Houses Tasmania Inc. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

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