

FINANCIAL STATEMENTS

- OF -

COMMUNITY AXIS ENTERPRISES INC

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Community AXIS Enterprises Inc
ABN: 48 208 409 903

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Community AXIS Enterprises Inc

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
Revenue	2	12,138,208	11,210,129
Cost of Sales Expense		539,240	445,529
Advertising & Promotions Expenses		75,795	76,189
Audit and Accounting fees	3	14,030	14,000
Client Expenses		304,611	369,253
Depreciation Expense		416,244	368,093
Equipment Hire Expense		5,098	37,368
Employee Benefits Expense		4,748,934	4,268,854
Employer Incentive Expense		1,931,008	1,584,529
General Office Expense		604,918	547,076
Honorariums Expense		6,000	6,000
Interest & Borrowing Expense		12,205	13,292
Minor Equipment Expense		8,764	19,778
Motor Vehicle Expenses		665,652	428,450
Donations Expense		10,379	3,132
Rent Expense		437,077	408,202
Repairs & Maintenance Expense		83,797	75,192
Staff Training Expense		40,013	23,461
Telephone, Fax & Internet Expense		180,018	193,124
Travelling Expenses		54,469	36,382
Wage Subsidy Payment		749,533	713,559
Total Expenditure		10,887,785	9,631,463
Net current year surplus		1,250,423	1,578,666
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Loss on revaluation of land and buildings	12	-	(2,400,000)
		-	(2,400,000)
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Fair value remeasurement gains on available-for-sale financial assets	12	(63,973)	30,918
		(63,973)	30,918
Total other comprehensive income for the year		(63,973)	(2,369,082)
Total comprehensive income for the year		1,186,450	(790,416)
Net current year surplus attributable to members of the entity		1,250,423	1,578,666
Total comprehensive income attributable to members of the entity		1,186,450	(790,416)

Community AXIS Enterprises Inc

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
Current Assets			
Cash and cash equivalents	4	4,419,029	3,385,578
Trade and other receivables	5	171,485	87,854
Inventories	6	84,381	65,574
Prepayments		35,062	28,277
Total Current Assets		4,709,957	3,567,283
Non Current Assets			
Financial assets	7	1,006,559	637,222
Property, plant & equipment	8	3,572,742	3,740,420
Total Non Current Assets		4,579,301	4,377,642
Total Assets		9,289,258	7,944,925
Current Liabilities			
Unexpended grants		98,670	-
Trade and other payables	9	1,133,621	1,088,528
Total Current Liabilities		1,232,291	1,088,528
Non Current Liabilities			
Trade and other payables	9	109,098	94,978
Total Non Current Liabilities		109,098	94,978
Total Liabilities		1,341,389	1,183,506
Net Assets		7,947,869	6,761,419
Members' Funds			
Reserves	12	572,012	635,985
Retained profits		7,375,857	6,125,434
Total Members' Funds		7,947,869	6,761,419

The accompanying notes form part of this financial report.

Community Axis Enterprises Inc

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	General Reserve \$	Financial Asset Reserve \$	Retained Surplus \$	Total \$
Balance at 1 July 2014	3,005,067	-	4,546,768	7,551,835
<i>Comprehensive income</i>				
Net surplus for the year	-	-	1,578,666	1,578,666
Other comprehensive income for the year	(2,400,000)	30,918	-	(2,369,082)
<hr/>				
<i>Total comprehensive income attributable to the members of the entity</i>	(2,400,000)	30,918	1,578,666	(790,416)
<hr/>				
Balance at 30 June 2015	605,067	30,918	6,125,434	6,761,419
<hr/>				
Balance at 1 July 2015	605,067	30,918	6,125,434	6,761,419
<i>Comprehensive income</i>				
Net surplus for the year	-	-	1,250,423	1,250,423
Other comprehensive income for the year	-	(63,973)	-	(63,973)
<hr/>				
<i>Total comprehensive income attributable to the members of the entity</i>	-	(63,973)	1,250,423	1,186,450
<hr/>				
Balance at 30 June 2016	605,067	(33,055)	7,375,857	7,947,869

Community Axis Enterprises Inc

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Cash Flows from Operating Activities			
Receipts from Customers		701,319	684,985
Receipt from Grants		11,269,128	10,437,512
Payments to suppliers and employees		(10,431,564)	(9,150,953)
Interest Received		80,267	38,053
Net cash (used in)/generated from operating activities	11	<u>1,619,150</u>	<u>2,009,597</u>
Cash Flows from Investing Activities			
Purchase of investments		(400,000)	(600,000)
Payment for property, plant and equipment		(326,296)	(1,096,023)
Proceeds from sale of property, plant and equipment		140,597	20,773
Net cash used in investing activities		<u>(585,699)</u>	<u>(1,675,250)</u>
Cash Flows from Financing Activities			
Repayment of borrowings		-	-
Net cash used in financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held		<u>1,033,451</u>	<u>334,347</u>
Cash at the Beginning of the Financial Year		3,385,578	3,051,231
Cash at the end of the Financial Year	4	<u><u>4,419,029</u></u>	<u><u>3,385,578</u></u>

The accompanying notes form part of this financial report.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Community Axis Enterprises Inc as an individual entity. Community Axis Enterprises Inc is an association incorporated in Victoria and operating pursuant to the *Associations Incorporation Reform Act 2012*.

The financial statements were authorised for issue on _____ by the members of the Committee.

Basis of Preparation

These special purpose financial statements have been prepared in accordance with the Associations Incorporation Reform Act 2012 and Australian Accounting Standards and Interpretations of the Australian Standards Board. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Income Tax

The Association is income tax exempt.

(b) Inventories

Inventories held for sale are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Inventories held of distribution are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost or for nominal consideration are measured at the current replacement cost as at the date of acquisition.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(c) Fair Value of Assets and Liabilities

The association measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the association would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, information is extracted from the most advantageous market available to the entity at the reporting date (ie market that maximises the receipt from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(d) Property, Plant and Equipment Plant & Equipment

Plant and equipment is measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the profit or loss during the financial period in which they are incurred.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvement.

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

Class of Fixed Asset	Depreciation Rate
Plant & Equipment	10% to 25%
Computer Equipment	20% to 30%
Motor Vehicles	25%
Office Furniture & Equipment	20% to 25%

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

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(e) Leases

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

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

Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date the association commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised costs using effective interest method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of income or expense in the profit or loss.

The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value (ie gains and losses) recognised included in profit or loss.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity or other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value when any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantee are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the association recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual right to the receipt of cash flows expires or the asset is transferred to another party, whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of Assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

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 entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as a depreciated replacement cost of an asset. Where it is not possible to estimate the recoverable amount of an individual 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 recognised 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 class of asset.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(h) Employee Provisions

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's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current accounts payable and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' annual leave entitlements not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits have been measured at 50% of the total liability including oncosts. Any remeasurements of other long-term employee benefit obligations due to changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(i) Cash on Hand

Cash on hand includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(j) Accounts Receivable and Other Debtors

Accounts receivable and other debtors includes amounts receivable from customers for services provided in the ordinary course of business. 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.

(k) Revenue and Other Income

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Non-reciprocal grant revenue is recognised in profit or loss when the association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the association and the amount of the grant can be measured reliably.

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

When grant revenue is received whereby the association incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

The association receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with the corresponding amount of the income recognised in the statement of profit or loss and other comprehensive income.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent to the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

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

(l) 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. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

(m) Comparative Figures

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

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Where the association retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period is presented in addition to the minimum comparative financial statements.

(n) Accounts Payable and Other Payables

Accounts payable 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 that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Economic Dependency

Community Axis Enterprises Inc is dependent on the Department of Education, Employment and Workplace Relations (DEEWR) for the majority of its revenue used to operate the business. At the date of this report the Committee has no reason to believe the Department will not continue to support Community Axis Enterprises Inc.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: REVENUE

	2016	2015
	\$	\$
Sales Revenue	543,445	568,021
Australian Disability Services	617,629	516,627
Office Rental	13,925	8,792
Other	128,132	139,854
Quality Assurance Subsidy	15,400	7,750
Disability Employment Services	10,000,963	9,771,911
Transition to Work Program	149,410	-
Disability Management Services	485,726	141,224
Donations	778	374
Interest & Dividends	118,826	44,358
Profit on sale of Non-current Assets	63,974	11,218
Total Income	12,138,208	11,210,129

NOTE 3: AUDITORS FEE

	2016	2015
	\$	\$
Remuneration of the auditor of the association for:		
- auditing or reviewing the financial report	14,030	14,000
- other services	-	-
	<u>14,030</u>	<u>14,000</u>

NOTE 4: CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank	2,422,168	964,097
Cash on hand	(3,139)	158
Short term deposits	2,000,000	2,421,323
Total cash assets	4,419,029	3,385,578

The effective interest rate on short-term bank deposits was 4.81% (2015: 3.17%); these deposits have an average maturity of 365 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	<u>4,419,029</u>	<u>3,385,578</u>
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Community Axis Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5: TRADE AND OTHER RECEIVABLES	2016	2015
	\$	\$
CURRENT		
Trade debtors	171,485	87,854
Other receivables	-	-
Total Receivables	<u>171,485</u>	<u>87,854</u>

No impairment of accounts receivable and other debtors was required at 30 June 2016 (2015: \$Nil)

Credit risk

The association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The following table details the association's accounts receivables exposed to credit risk with aging analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the association and the counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining their willingness to pay and are provided for where there are specific circumstances indicating that the debt may not fully repaid to the association.

The balances of receivables that remain within initial terms (as detailed in the table below) are considered to be of high credit quality.

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms
			< 30	31-60	61-90	>90	
2016	\$	\$	\$	\$	\$	\$	\$
Trade debtors	171,485	-	138,577	31,142	-	1,766	138,577
Other receivables	-	-	-	-	-	-	-
Total	<u>171,485</u>	<u>-</u>	<u>138,577</u>	<u>31,142</u>	<u>-</u>	<u>1,766</u>	<u>138,577</u>

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms
			< 30	31-60	61-90	>90	
2015	\$	\$	\$	\$	\$	\$	\$
Trade debtors	87,854	-	55,883	9,693	12,344	9,934	55,883
Other receivables	-	-	-	-	-	-	-
Total	<u>87,854</u>	<u>-</u>	<u>55,883</u>	<u>9,693</u>	<u>12,344</u>	<u>9,934</u>	<u>55,883</u>

Collateral held as security

No collateral is held as security for any of the trade debtors balances.

	Note	2016	2015
Financial assets classified as loans and receivables		\$	\$
Accounts receivables and other debtors:			
- total current	13	<u>171,485</u>	<u>87,854</u>
		<u>171,485</u>	<u>87,854</u>

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 6: INVENTORIES

	2016	2015
	\$	\$
E-Worx	23,051	14,590
Wood Worx	20,256	17,211
Pak Worx	13,546	13,104
Cafe Worx	21,927	3,577
Gift Worx	5,601	17,092
Total Inventories	84,381	65,574

NOTE 7: FINANCIAL ASSETS

	2016	2015
	\$	\$
Available-for-sale financial assets	7a 1,006,559	637,222
a. Available-for-sale financial assets comprise		
Investments at fair value:		
- units in managed fund at fair value	1,006,559	637,222
Total available-for-sale financial assets	<u>1,006,559</u>	<u>637,222</u>

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	\$	\$
Land & Buildings Ind Valuation November 2014	2,913,688	2,832,494
Plant & Equipment	802,955	790,486
Less accumulated depreciation	<u>(712,723)</u>	<u>(642,204)</u>
	90,232	148,282
Computer Equipment	345,334	442,814
Less accumulated depreciation	<u>(277,103)</u>	<u>(325,524)</u>
	68,231	117,290
Motor vehicles	503,126	709,629
Less accumulated depreciation	<u>(340,479)</u>	<u>(397,193)</u>
	162,647	312,436
Office Furniture & Equipment	703,046	554,128
Less accumulated depreciation	<u>(365,102)</u>	<u>(224,210)</u>
	337,944	329,918
Total property, plant and equipment	<u>3,572,742</u>	<u>3,740,420</u>

Movements in carrying amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 8: PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Land & Buildings	Plant & Equipment	Computer Equipment	Motor Vehicles	Office Equipment
Balance at 1 July 2014	4,500,000	194,814	148,151	388,606	190,473
Additions	732,494	24,081	47,298	66,003	226,148
Disposals	-	(3,500)	-	(17,273)	-
Profit on disposal	-	3,500	-	7,718	-
Depreciation Expense	-	(70,613)	(78,159)	(132,618)	(86,703)
Revaluation	(2,400,000)	-	-	-	-
Balance at 30 June 2015	2,832,494	148,282	117,290	312,436	329,918
Additions	81,194	14,658	29,076	52,449	148,919
Disposals	-	(280)	-	(140,317)	-
Profit on disposal	-	(827)	-	63,694	-
Depreciation Expense	-	(71,601)	(78,135)	(125,615)	(140,893)
Revaluation	-	-	-	-	-
Carrying amount at 30 June 2016	2,913,688	90,232	68,231	162,647	337,944

NOTE 9: TRADE AND OTHER PAYABLES

	2016	2015
CURRENT	\$	\$
Trade creditors	99,368	155,272
Credit cards payable	15,394	18,906
GST payable	175,469	184,704
Accrued Expenses	150,286	119,047
PAYG withholding payable	42,072	30,800
Superannuation payable	37,976	31,191
Government Parental Leave	-	1,429
Short-term employee benefits	613,056	547,179
Total Payables	1,133,621	1,088,528
NON CURRENT		
Long-term employee benefits	109,098	94,978

a. Financial liabilities at amortised cost classified as accounts payable and other payables

Accounts payable and other payables:

- total current	1,133,621	1,088,528
- total non current	109,098	94,978

Less

- short-term employee benefits	613,056	547,179
- accrued wages	70,151	70,151
- long-term employee benefits	109,098	94,978
Financial liabilities as accounts payable and other payables	450,414	471,198

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: EVENTS AFTER THE REPORTING PERIOD

The committee is not aware of any significant events since the end of the reporting period.

NOTE 11: CASH FLOW INFORMATION

	2016	2015
	\$	\$
Reconciliation of cash flows from operations		
Profit /(Loss)	1,250,423	1,578,666
Non cash flows in profit		
Depreciation and amortisation	416,244	368,093
(Profit)/Loss on sale of assets	(62,867)	(11,218)
Net reinvestment in financial assets	(33,310)	(6,305)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(83,631)	(32,056)
(Increase)/decrease in inventories	(18,807)	2,728
(Increase)/decrease in prepayments	(6,785)	(16,544)
Increase/(decrease) in trade and other payables	45,093	97,722
Increase/(decrease) in grants received in advance	98,670	-
Increase/(decrease) in trade and other payables non current	14,120	28,511
Cash flows (used in)/provided by operating activities	<u>1,619,150</u>	<u>2,009,597</u>

NOTE 12: RESERVES

a. General Reserve

The general reserve represents funds set aside for future expansion of the association.

b. Financial Asset Reserve

The financial asset reserve represents the cumulative amount of fair value gains/losses recognised in other comprehensive income in remeasuring the investments in managed funds available for sale.

c. Analysis of items of other comprehensive income by each class of reserve

	2016	2015
	\$	\$
Revaluation gains/(losses) on available-for-sale assets	<u>(63,955)</u>	<u>30,918</u>
Movement in financial assets reserve	<u>(63,955)</u>	<u>30,918</u>
Revaluation decrement of land and buildings	<u>-</u>	<u>(2,400,000)</u>
Movement in general reserve	<u>-</u>	<u>(2,400,000)</u>

Community Axis Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 13: FINANCIAL RISK MANAGEMENT

The association's financial instruments consist mainly of deposits with banks, receivables, investments in managed funds and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139, as detailed in the accounting policies to these financial statements, are as follows:

	Note	2016 \$	2015 \$
Financial assets			
Cash on hand	4	4,419,029	3,385,578
Accounts receivable and other debtors	5	171,485	87,854
Available-for-sale financial assets:			
- investments in management funds	7	1,006,559	637,222
Total financial assets		5,597,073	4,110,654
Financial liabilities			
Financial liabilities at amortised cost:			
- accounts payable and other payables	9	450,414	471,198
Total financial liabilities		450,414	471,198

Financial Risk Management Policies

The association's Treasurer is responsible for, among other issues, monitoring and managing financial risk exposures of the association. The Treasurer monitors the association's transactions and reviews the effectiveness of controls relating to credit risk, liquidity risk and market risk.

The Treasurer's overall risk management strategy seeks to ensure that the association meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

Specific Financial Risk Exposures and Management

The main risks the association is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk. There have been no substantive changes in the types of risks the association is exposed to, how these risks arise, or the committee's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the association.

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise assessed as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the association securing accounts receivable and other debtors.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5.

The association has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided at Note 5.

Community Axis Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 13: FINANCIAL RISK MANAGEMENT

b. **Liquidity risk**

Liquidity risk arises from the possibility that the association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- only investing surplus cash with major financial institutions

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The association does not hold directly any derivative financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Accounts payable and other payables (excluding employee entitlements and income received in advance)	450,414	471,198	-	-	-	-	450,414	471,198
Total expected outflows	450,414	471,198	-	-	-	-	450,414	471,198
Financial assets - cash								
Cash on hand	4,419,029	3,385,578	-	-	-	-	4,419,029	3,385,578
Trade debtors	171,485	87,854	-	-	-	-	171,485	87,854
Available-for-sale investments	1,006,559	637,222	-	-	-	-	1,006,559	637,222
Total anticipated inflows	5,597,073	4,110,654	-	-	-	-	5,597,073	4,110,654
Net (outflow)/inflows on financial instruments	5,146,659	3,639,456	-	-	-	-	5,146,659	3,639,456

Financial assets pledged as collateral

No financial assets have been pledged as security for any financial liability

c. **Market risk**

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period where by a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The association is exposed to earnings volatility on floating rate instruments. The financial instruments that expose the association to interest rate risk are limited to cash on hand.

The association also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(ii) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

The association is exposed to other price risk on available-for-sale investments. Such risk is managed through diversification of investments across industries and geographic locations.

Community Axis Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 13: FINANCIAL RISK MANAGEMENT

The association's investments are held in diversified management fund portfolios.

Sensitivity analysis

The following table illustrates sensitivities to the association's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management consider to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Current Surplus	Equity
	\$	\$
Year ended 30 June 2016		
+/- 2% in interest rates	+/- 40,000	+/- 40,000
+/- 10% in available-for-sale investments	+/- nil	+/- 57,201
Year ended 30 June 2015		
+/- 2% in interest rates	+/- 48,426	+/- 48,426
+/- 10% in available-for-sale investments	+/- nil	+/- 63,598

No sensitivity analysis have been performed on foreign exchange risk or price risk as the association has not significant exposure to these risks.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

Fair Value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial assets				
Cash on hand	4,419,029	4,419,029	3,385,578	3,385,578
Accounts receivable and other debtors	171,485	171,485	87,854	87,854
Available-for-sale financial assets:				
- investments in management funds	1,006,559	1,006,559	637,222	637,222
Total financial assets	<u>5,597,073</u>	<u>5,597,073</u>	<u>4,110,654</u>	<u>4,110,654</u>
Financial liabilities				
Financial liabilities at amortised cost:				
- accounts payable and other payables	450,414	450,414	471,198	471,198
Total financial liabilities	<u>450,414</u>	<u>450,414</u>	<u>471,198</u>	<u>471,198</u>

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14: FAIR VALUE MEASUREMENTS

The association does not measure or recognise any assets or liabilities at fair value on a recurring or non-recurring basis after initial recognition.

(a) **Fair value hierarchy**

AASB 13: Fair Value Measurement requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The association selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the association are consistent with one or more of the following valuation approaches:

- *Market approach* : uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- *Income approach* : converts estimated future cash flows or income and expenses into a single current (ie discounted) value.
- *Cost approach* : reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the association gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The following tables provide the fair values of the association's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy:

	Note	Level 1 \$	Level 2 \$	Level 3 \$
2016				
Recurring fair value measurements				
Financial assets				
Available-for-sale financial assets:				
- investments in management fund	7	1,006,559	-	-
Total financial assets recognised at fair value		<u>1,006,559</u>	<u>-</u>	<u>-</u>
2015				
Recurring fair value measurements				
Financial assets				
Available-for-sale financial assets:				
- investments in management funds		<u>637,222</u>	<u>-</u>	<u>-</u>
Total financial assets recognised at fair value		<u>637,222</u>	<u>-</u>	<u>-</u>

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2015: no transfers).

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 15: ASSOCIATION DETAILS

The registered office of the Association is:

Community AXIS Enterprises Inc
22 McLachlan Street
Horsham, Victoria 3400

The principle place of business is:

Community AXIS Enterprises Inc
22 McLachlan Street
Horsham, Victoria 3400

AXIS Worx
134 Golf Course Road
Horsham, Victoria 3400

AXIS Employment
15 Albert Street
Ballarat, Victoria 3350

Unit 1, 57 Queen Street
Bendigo, Victoria 3550

Unit 1, 120-122 Lime Avenue
Mildura, Victoria 3500

268 Campbell Street
Swan Hill, Victoria 3585

40 Helen Street
Mt Gambier, South Australia 5290

Community Axis Enterprises Inc

ANNUAL STATEMENTS GIVE TRUE AND FAIR VIEW OF FINANCIAL POSITION AND PERFORMANCE OF INCORPORATED ASSOCIATION

We..... Nick Grahamand Brendan Bryan, being members of the committee of Community Axis Enterprises Inc certify that:

The statements attached to this certificate give a true and fair view of the financial position and performance of Community Axis Enterprises Inc during and at the end of the financial year of the association ending on 30 June 2016.

Signed:

Dated



24.10.2016

Signed

Dated:



24-10-16

Dated this

day of

2016

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF COMMUNITY AXIS ENTERPRISES INC

We have audited the accompanying financial report, being a special purpose financial report, of Community AXIS Enterprises Inc (the association), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss, statement of 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.

Committee's Responsibility for the Financial Report

The committee of the association is responsible for the preparation and fair presentation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of *Associations Incorporations Reform Act 2012 (Vic)*, and is appropriate to meet the needs of the members. The committee's responsibilities also include such internal control as the committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require we comply with relevant ethical requirements relating to auditing engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

Opinion

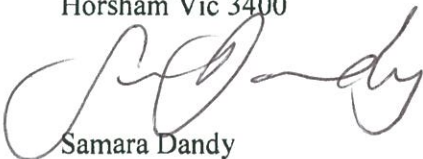
In our opinion, the financial report of Community AXIS Enterprises Inc is in accordance with the requirements of the *Associations Incorporations Reform Act 2012 (Vic)*, including:

- i. Giving a true and fair view of the association's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- ii. Complying with Australian Accounting Standards as disclosed in Note 1.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Community AXIS Enterprises Inc to meet the requirements of the *Associations Incorporations Reform Act 2012 (Vic)*. As a result, the financial report may not be suitable for another purpose.

Capitis Accounting Solutions
35 McLachlan Street
Horsham Vic 3400



Samara Dandy
Partner

Dated this 24th day of October 2016



Community AXIS Enterprises Inc

CERTIFICATE BY MEMBERS OF THE COMMITTEE

I, Nick Graham of Horsham certify that:

- (a) I attended the annual general meeting of the association held on 2016.

- (b) The financial statements for the year ended 30 June 2016 were submitted to the members of the association at its annual general meeting

Dated this 21st day of October 2016.

.....


Nick Graham (Committee Member)