

FINANCIAL STATEMENTS

- OF -

COMMUNITY AXIS ENTERPRISES INC

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

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 2024

	Note	2024	2023
		\$	\$
Revenue	2	26,954,238	24,002,209
Cost of Sales Expense		1,120,691	777,960
Advertising & Promotions Expenses		242,820	112,835
Audit and Accounting fees	3	15,600	15,600
Bad Debts		-	-
Client Expenses		1,269,771	955,037
Depreciation Expense		2,173,725	1,907,800
Equipment Hire Expense		145	164
Employee Benefits Expense		11,950,959	10,901,662
Employer Incentive Expense		1,440,639	1,489,948
General Office Expense		1,210,988	1,092,128
Honorariums Expense		27,386	21,244
Interest & Borrowing Expense		346,988	331,915
Minor Equipment Expense		63,413	29,291
Motor Vehicle Expenses		533,182	552,320
Donations and Sponsorship Expense		9,618	132,858
Rent Expense		173,495	296,785
Repairs & Maintenance Expense		108,414	111,549
Staff Training Expense		57,536	37,078
Telephone, Fax & Internet Expense		479,103	473,595
Travelling Expenses		12,708	15,514
Wage Subsidy Payment		948,743	1,074,369
Total Expenditure		22,185,924	20,329,652
Net current year surplus		4,768,314	3,672,557
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings	13	1,006,535	65,000
		<u>1,006,535</u>	<u>65,000</u>
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Fair value remeasurement gains/(loss) on available-for-sale financial assets	13	134,825	102,231
		<u>134,825</u>	<u>102,231</u>
Total other comprehensive income for the year		1,141,360	167,231
Total comprehensive income for the year		5,909,674	3,839,788
Net current year surplus attributable to members of the entity		<u>4,768,314</u>	<u>3,672,557</u>
Total comprehensive income attributable to members of the entity		<u>5,909,674</u>	<u>3,839,788</u>

The accompanying notes form part of this financial report.

Community AXIS Enterprises Inc

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	2024 \$	2023 \$
Current Assets			
Cash and cash equivalents	4	19,965,567	18,873,128
Trade and other receivables	5	956,069	955,020
Inventories	6	164,713	161,271
Prepayments		49,401	49,998
Total Current Assets		21,135,750	20,039,417
Non Current Assets			
Financial assets	7	1,862,130	1,676,962
Property, plant & equipment	8	20,952,555	15,971,674
Right of use assets	10	4,907,689	4,571,038
Total Non Current Assets		27,722,374	22,219,674
Total Assets		48,858,124	42,259,091
Current Liabilities			
Unexpended grants		-	-
Trade and other payables	9	3,486,271	3,198,116
Lease liabilities		1,609,652	1,264,650
Total Current Liabilities		5,095,923	4,462,766
Non Current Liabilities			
Trade and other payables	9	52,772	53,903
Lease Liabilities		3,539,523	3,482,190
Total Non Current Liabilities		3,592,295	3,536,093
Total Liabilities		8,688,218	7,998,859
Net Assets		40,169,906	34,260,232
Members' Funds			
Reserves	13	2,730,389	1,589,029
Retained profits		37,439,517	32,671,203
Total Members' Funds		40,169,906	34,260,232

The accompanying notes form part of this financial report.

Community Axis Enterprises Inc

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	General Reserve \$	Financial Asset Reserve \$	Retained Surplus \$	Total \$
Balance at 1 July 2022	1,375,056	46,742	28,998,646	30,420,444
<i>Comprehensive income</i>				
Net surplus for the year	-	-	3,672,557	3,672,557
Other comprehensive income for the year	65,000	102,231	-	167,231
<i>Total comprehensive income attributable to the members of the entity</i>	65,000	102,231	3,672,557	3,839,788
Balance at 30 June 2023	1,440,056	148,973	32,671,203	34,260,232
Balance at 1 July 2023	1,440,056	148,973	32,671,203	34,260,232
<i>Comprehensive income</i>				
Net surplus for the year	-	-	4,768,314	4,768,314
Other comprehensive income for the year	1,006,535	134,825	-	1,141,360
<i>Total comprehensive income attributable to the members of the entity</i>	1,006,535	134,825	4,768,314	5,909,674
Balance at 30 June 2024	2,446,591	283,798	37,439,517	40,169,906

The accompanying notes form part of this financial report

Community Axis Enterprises Inc

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Cash Flows from Operating Activities			
Receipts from Customers		1,451,808	1,036,040
Receipt from Grants		24,823,817	22,698,997
Payments to suppliers and employees		(19,384,191)	(17,773,278)
Interest Received		605,147	99,533
Net cash (used in)/generated from operating activities	12	7,496,581	6,061,292
Cash Flows from Investing Activities			
Proceeds from investments		14,986	-
Payment for property, plant and equipment		(4,482,711)	(3,322,913)
Proceeds from sale of property, plant and equipment		2,400	-
Net cash used in investing activities		(4,465,325)	(3,322,913)
Cash Flows from Financing Activities			
Repayment of lease liabilities		(1,938,817)	(1,716,143)
Repayment of borrowings		-	-
Net cash used in financing activities		(1,938,817)	(1,716,143)
Net increase/(decrease) in cash held		1,092,439	1,022,236
Cash at the Beginning of the Financial Year		18,873,128	17,850,892
Cash at the end of the Financial Year	4	19,965,567	18,873,128

The accompanying notes form part of this financial report.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 Incorporations Reform Act 2012*.

The financial statements were authorised for issue on 16th October 2024 by the members of the Committee.

Basis of Preparation

These special purpose financial statements have been prepared in accordance with the *Associations Incorporations 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 of 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

No provision for income tax has been raised as the Association is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(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.

(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 determined 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.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 association 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.

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

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

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

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 association 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.

Depreciation

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

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

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.

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

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

At inception of a contract, the association assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the association where the association is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the association uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the association anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Association to further its objectives (commonly known as peppercorn/concessionary leases), the Association has adopted the temporary relief under AASB 2018-8 and measures the right of use assets at cost on initial recognition.

(f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the association 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 (except for trade receivables) 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial Liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as a fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk to other comprehensive income enlarges or creates an accounting mismatch, these gains or losses should be taken to profit or loss rather than other comprehensive income. A financial liability cannot be reclassified.

Financial Assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The association initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial measurement of financial instruments at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity Instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the association made an irrevocable election to measure the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Association's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the association no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity that the association elected to classify as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The association recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivable;
- contract assets (eg amount due from customers under contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit & loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The association uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments* :

- general approach
- simplified approach
- the purchased or originated credit-impaired approach; and
- low credit risk operation simplification

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

General Approach

Under the general approach, at each reporting period, the association assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the association measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there has been no significant increase in credit risk since initial recognition, the association measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified Approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables;

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit-impaired approach

For a financial assets that are considered to be credit-impaired (not on acquisition or originations), the association measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the association assumes that the credit risk has not increased significantly since initial recognition and, accordingly, it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the association applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the association recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(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 association 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.

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

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

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 oncost. 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 and cash equivalents include 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.

(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

Revenue Recognition

The association has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not-for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058, and the impact of changes is disclosed in Note 1.

Contributed Asset

The association receives assets from the government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138.)

On initial recognition of an asset, the association recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer).

The association recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Operating Grants, Donations and Bequests

When the association received operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the association: – identifies each performance obligation relating to the grant – recognises a contract liability for its obligations under the agreement – recognises revenue as it satisfies its performance obligations. Where the contract is not enforceable or does not have sufficiently specific performance obligations, the association:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the association recognises income in profit or loss when or as it satisfies its obligations under the contract.

Capital Grant

When the association receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The association recognises income in profit or loss when or as the association satisfies its obligations under the terms of the grant.

Dividend Income

The association recognises dividends in profit or loss only when the association's right to receive payment of the dividend is established.

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

In comparative Period

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.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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) Comparative Figures

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

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.

(m) 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.

(n) Economic Dependency

The association is dependent on the Department of Social Services (DSS) 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.

(o) Critical Accounting Estimates and Judgements

The Committee evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

Key estimates

(i) *Impairment*

The Association assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Association that may be indicative of impairment triggers.

(ii) *Plant and equipment*

As indicated in Note 1(d), the Association reviews the useful life of plant and equipment on an annual basis.

Key judgements

(i) *Performance obligations under AASB 15*

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implied, regarding the promised goods or services. In making this assessment, management includes the nature/type, cost/value, quantity and the period of transfer related to the goods or services promised.

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

(ii) Lease term and Option to Extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonable certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonable certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the Association will make. The Association determines the likelihood to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity.

(p) New and Amended Accounting Policies Adopted by the Association

AASB 2021-2: Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates

The entity adopted AASB 2021-2 which makes some small amendments to a number of standards including the following: AASB 7, AASB 101, AASB 108 and AASB 134.

The adoption of the amendment did not have a material impact on the financial statements.

NOTE 2: REVENUE

	2024	2023
	\$	\$
Sales Revenue	1,362,828	875,000
Office Rental	31,377	20,678
Other	48,402	147,307
ADE - NDIS Funding	852,908	814,095
Quality Assurance Subsidy	10,250	8,750
Disability Employment Services	16,547,263	15,999,286
Transition to Work Program	5,529,613	3,400,339
ParentsNext Funding	1,894,033	2,485,276
Interest & Dividends	675,164	217,141
Grants	-	34,337
Profit on sale of Non-current Assets	2,400	-
Total Income	<u>26,954,238</u>	<u>24,002,209</u>

NOTE 3: AUDITORS FEE

	2024	2023
	\$	\$
Remuneration of the auditor of the association for:		
- auditing or reviewing the financial report	15,600	15,600
- other services	-	-
	<u>15,600</u>	<u>15,600</u>

NOTE 4: CASH AND CASH EQUIVALENTS

	2024	2023
	\$	\$
Cash at bank	1,963,467	4,870,709
Cash on hand	2,100	2,421
Short term deposits	18,000,000	13,999,998
Total cash assets	<u>19,965,567</u>	<u>18,873,128</u>

The effective interest rate on short-term bank deposits was 4.27% (2023: 2.58%); these deposits have an average maturity of 426 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>19,965,567</u>	<u>18,873,128</u>
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Community Axis Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 5: TRADE AND OTHER RECEIVABLES	2024	2023
	\$	\$
CURRENT		
Trade debtors	175,570	133,527
Other receivables	780,499	821,493
Total Receivables	956,069	955,020

No impairment of accounts receivable and other debtors was required at 30 June 2024 (2023: \$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	
2024	\$	\$	\$	\$	\$	\$	\$
Trade debtors	175,570	-	5,116	3,244	1,245	2,589	163,376
Other receivables	780,499	-	-	-	-	-	780,499
Total	956,069	-	5,116	3,244	1,245	2,589	943,875

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms
			< 30	31-60	61-90	>90	
2023	\$	\$	\$	\$	\$	\$	\$
Trade debtors	133,527	-	133,527	-	-	-	133,527
Other receivables	821,493	-	821,493	-	-	-	821,493
Total	955,020	-	955,020	-	-	-	955,020

Collateral held as security

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

	Note	2024	2023
		\$	\$
Financial assets classified as loans and receivables			
Accounts receivables and other debtors:			
- total current	13	956,069	955,020
		956,069	955,020

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 6: INVENTORIES

	2024	2023
	\$	\$
E-Worx	46,203	40,853
Wood Worx	115,693	109,422
Pak Worx	2,369	10,150
Harvest Delight	448	846
Total Inventories	164,713	161,271

NOTE 7: FINANCIAL ASSETS

	2024	2023
	\$	\$
Available-for-sale financial assets	7a 1,862,130	1,676,962
a. Available-for-sale financial assets comprise		
Investments at fair value:		
- units in managed fund at fair value	1,862,130	1,676,962
Total available-for-sale financial assets	1,862,130	1,676,962

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2024	2023
	\$	\$
Land & Buildings at Market Valuation	13,321,960	9,891,960
Land & Buildings at cost	6,473,547	5,037,470
Plant & Equipment	1,628,035	1,368,775
Less accumulated depreciation	(1,188,597)	(1,031,564)
	<u>439,438</u>	<u>337,211</u>
Computer Equipment	999,420	936,973
Less accumulated depreciation	(873,400)	(782,833)
	<u>126,020</u>	<u>154,140</u>
Motor vehicles	153,102	131,802
Less accumulated depreciation	(100,770)	(111,672)
	<u>52,332</u>	<u>20,130</u>
Office Furniture & Equipment	2,352,107	2,101,459
Less accumulated depreciation	(1,812,849)	(1,570,696)
	<u>539,258</u>	<u>530,763</u>
Total property, plant and equipment	20,952,555	15,971,674

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 2024

NOTE 8: PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Land & Buildings	Plant & Equip	Computer Equipment	Motor Vehicles	Office Equipment
Balance at 1 July	12,198,909	191,723	180,102	-	475,645
Additions	2,665,521	249,481	77,628	21,819	308,464
Disposals	-	-	-	-	-
Profit on disposal	-	-	-	-	-
Depreciation Expense	-	(103,993)	(103,590)	(1,689)	(253,346)
Revaluation	65,000	-	-	-	-
Balance at 30 June					
2023	14,929,430	337,211	154,140	20,130	530,763
Additions	3,859,541	262,095	62,447	47,980	250,648
Disposals	-	-	-	-	-
Profit on disposal	-	-	-	-	-
Depreciation Expense	-	(159,868)	(90,567)	(15,778)	(242,153)
Revaluation	1,006,536	-	-	-	-
Carrying amount at 30 June 2024	19,795,507	439,438	126,020	52,332	539,258

NOTE 9: TRADE AND OTHER PAYABLES

	2024	2023
CURRENT	\$	\$
Trade creditors	726,854	689,660
Credit cards payable	112,568	70,848
GST payable	299,141	312,510
Accrued Expenses	941,443	770,802
PAYG withholding payable	-	-
Superannuation payable	100,923	-
Government Parental Leave	5,297	6,500
Short-term employee benefits	1,300,045	1,347,796
Total Payables	3,486,271	3,198,116

NON CURRENT

Long-term employee benefits	52,772	53,903
a. Financial liabilities at amortised cost classified as accounts payable and other payables		
Accounts payable and other payables:		
- total current	3,486,271	3,198,116
- total non current	52,772	53,903
Less		
- short-term employee benefits	1,300,045	1,347,796
- accrued wages	568,099	568,099
- long-term employee benefits	52,772	53,903
Financial liabilities as accounts payable and other payables	1,618,127	1,282,221

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 10: RIGHT OF USE ASSETS

The Association's lease portfolio includes buildings, motor vehicles and plant and equipment. The buildings leases have an average of 7 years as their lease term. Motor vehicles have lease term 4 years and plant and equipment have a lease term of 5 years.

Options to extend or terminate

The option to extend or terminate are contained in several of the property leases of the Association. There were no extension options for motor vehicles or plant and equipment leases. These clauses provide the Association opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Association. The extension options or termination options which were probable to be exercised have been included in the calculation of the right of use assets

(i) AASB 16 related amounts recognised in the balance sheet

Right of use assets	2024	2023
	\$	\$
Leased Building	4,087,188	4,331,114
Accumulated depreciation	(2,147,280)	(2,632,321)
	<u>1,939,908</u>	<u>1,698,793</u>
Leased Motor Vehicles	8,368,078	7,035,065
Accumulated depreciation	(5,543,574)	(4,357,121)
	<u>2,824,504</u>	<u>2,677,944</u>
Leased Plant and equipment	393,873	398,428
Accumulated depreciation	(250,596)	(204,127)
	<u>143,277</u>	<u>194,301</u>
Total Right of use assets	<u>4,907,689</u>	<u>4,571,038</u>

Movements in carrying amounts:

<i>Leased Buildings:</i>	2024	2023
	\$	\$
Opening balance as on 1 July	1,698,793	1,327,666
Addition to right of use asset	673,552	722,452
Depreciation expense	(432,437)	(351,325)
Net carrying amount	<u>1,939,908</u>	<u>1,698,793</u>
<i>Leased Motor Vehicles</i>	2024	2023
	\$	\$
Opening balance as on 1 July	2,677,944	1,450,348
Addition to right of use asset	1,333,013	2,273,869
Depreciation expense	(1,186,453)	(1,046,273)
Net carrying amount	<u>2,824,504</u>	<u>2,677,944</u>

Community AXIS Enterprises Inc**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024****NOTE 10: RIGHT OF USE ASSETS CONTINUED**

<i>Leased Plant and equipment</i>	2024	2023
	\$	\$
Opening balance as on 1 July	194,301	2,672
Addition to right of use asset	(4,555)	239,213
Depreciation expense	(46,469)	(47,584)
Net carrying amount	<u>143,277</u>	<u>194,301</u>

(ii) AASB 16 related amounts recognised in the statement of profit and loss

	2024	2023
	\$	\$
Depreciation charge related to right of use assets	1,665,359	1,445,182
Interest expense on lease liabilities	339,142	323,637
Short-term leases expense	302,222	472,947

NOTE 11: EVENTS AFTER THE REPORTING PERIOD

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

NOTE 12: CASH FLOW INFORMATION

	2024	2023
	\$	\$
Reconciliation of cash flows from operations		
Profit /(Loss)	4,768,314	3,672,557
Non cash flows in profit		
Depreciation and amortisation	2,173,725	1,907,800
(Profit)/Loss on sale of assets	(2,400)	-
Interest on lease liabilities	339,142	323,637
Net reinvestment in financial assets	(65,330)	(111,822)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(1,049)	(15,695)
(Increase)/decrease in inventories	(3,442)	6,566
(Increase)/decrease in prepayments	597	(13,699)
Increase/(decrease) in trade and other payables	288,155	337,247
Increase/(decrease) in grants received in advance	-	(34,337)
Increase/(decrease) in trade and other payables non current	(1,131)	(10,962)
Cash flows (used in)/provided by operating activities	<u>7,496,581</u>	<u>6,061,292</u>

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 13: 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

	2024	2023
	\$	\$
Revaluation gains/(losses) on available-for-sale assets	134,825	102,231
Movement in financial assets reserve	134,825	102,231
Revaluation increment/(decrement) of land and buildings	1,006,535	65,000
Movement in general reserve	1,006,535	65,000

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 association 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:

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 14: FAIR VALUE MEASUREMENTS CONTINUED

- *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.

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 \$
2024				
Recurring fair value measurements				
Financial assets				
Available-for-sale financial assets:				
- investments in management funds	7	1,862,130	-	-
Total financial assets recognised at fair value		1,862,130	-	-
2023				
Recurring fair value measurements				
Financial assets				
Available-for-sale financial assets:				
- investments in management funds		1,676,962	-	-
Total financial assets recognised at fair value		1,676,962	-	-

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2023: no transfers).

Community Axis Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 15: 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	2024 \$	2023 \$
Financial assets			
Cash on hand	4	19,965,567	18,873,128
Accounts receivable and other debtors	5	956,069	955,020
Available-for-sale financial assets:			
- investments in management funds	7	1,862,130	1,676,962
Total financial assets		22,783,766	21,505,110
Financial liabilities			
Financial liabilities at amortised cost:			
- accounts payable and other payables	9	1,618,127	1,282,221
- lease liabilities		5,149,175	4,746,840
Total financial liabilities		6,767,302	6,029,061

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.

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:

Community Axis Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 15: FINANCIAL RISK MANAGEMENT

- 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	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Accounts payable and other payables (excluding employee entitlements and income received in advance)	6,767,302	6,029,061	-	-	-	-	6,767,302	6,029,061
Lease liabilities	1,609,652	1,264,650	3,539,523	3,482,190	-	-	5,149,175	4,746,840
Total expected outflows	8,376,954	7,293,711	3,539,523	3,482,190	-	-	11,916,477	10,775,901
Financial assets - cash								
Cash on hand	19,965,567	18,873,128	-	-	-	-	19,965,567	18,873,128
Trade debtors	956,069	955,020	-	-	-	-	956,069	955,020
Available-for-sale investments	1,862,130	1,676,962	-	-	-	-	1,862,130	1,676,962
Total anticipated inflow	22,783,766	21,505,110	-	-	-	-	22,783,766	21,505,110
Net (outflow)/inflows on financial instruments	14,406,812	14,211,399	(3,539,523)	(3,482,190)	-	-	10,867,289	10,729,209

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.

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

Community Axis Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 15: FINANCIAL RISK MANAGEMENT

reasonably possible.

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

	Current Surplus \$	Equity \$
Year ended 30 June 2024		
+/- 2% in interest rates	+/- 360,000	+/- 360,000
+/- 10% in available-for-sale investments	+/- nil	+/- 186,213

Year ended 30 June 2023		
+/- 2% in interest rates	+/- 377,414	+/- 377,414
+/- 10% in available-for-sale investments	+/- nil	+/- 167,696

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.

	2024		2023	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Financial assets				
Cash on hand	19,965,567	19,965,567	18,873,128	18,873,128
Accounts receivable and other debtors	956,069	956,069	955,020	955,020
Available-for-sale financial assets:				
- investments in management funds	1,862,130	1,862,130	1,676,962	1,676,962
Total financial assets	22,783,766	22,783,766	21,505,110	21,505,110
Financial liabilities				
Financial liabilities at amortised cost:				
- accounts payable and other payables	1,618,127	1,618,127	1,282,221	1,282,221
- lease liabilities	5,149,175	5,149,175	4,746,840	4,746,840
Total financial liabilities	6,767,302	6,767,302	6,029,061	6,029,061

Community AXIS Enterprises Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

NOTE 16: ASSOCIATION DETAILS

The registered office of the Association is:

Community AXIS Enterprises Inc
9 Firebrace Street
Horsham, Victoria 3400

The principle place of business is:

Community AXIS Enterprises Inc
9 Firebrace Street
Horsham, Victoria 3400

25 Mundy Street
Bendigo, Victoria 3550

5/33 James Street
Mt Gambier, South Australia 5290

134 Golf Course Road
Horsham, Victoria 3400

138 Barkly Street
Ararat, Victoria 3377

84a Smith Street
Naracoorte, South Australia 5271

118 Lime Avenue
Mildura, Victoria 3500

2-10 McCrae Street
Swan Hill, Victoria 3585

6 Gawler Street
Portland, Victoria 3305

66 Kepler Street
Warrnambool, Victoria 3280

83 Bridge Mall
Bakery Hill, Victoria 3350

1209A Howitt Street
Wendouree, Victoria 3355

111 Main Street
Stawell, Victoria 3380

35 Bromfield Street
Colac, Victoria 3250

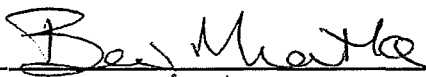
182 Gray Street
Hamilton, Victoria 3300

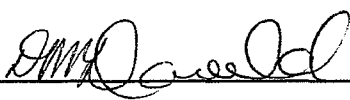
Community Axis Enterprises Inc

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

We..... Beverly Miatke.....and Diana McDonald....., 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 2024.

Signed: 
Dated: _____

Signed 
Dated: _____

Dated this Sixteenth day of October 2024

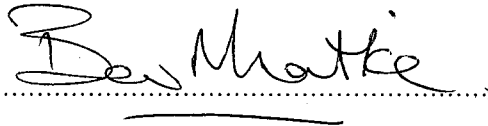
Community AXIS Enterprises Inc

CERTIFICATE BY MEMBERS OF THE COMMITTEE

I, **Beverly Miatke** of Horsham certify that:

- (a) I attended the annual general meeting of the association held on **16th October 2024**.
- (b) The financial statements for the year ended 30 June 2024 were submitted to the members of the association at its annual general meeting

Dated this Sixteenth day of October 2024.


.....

(Committee Member)

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF COMMUNITY AXIS ENTERPRISES INC

Opinion

We have audited the 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 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies, and the certification by members of the committee.

In our opinion, the accompanying financial report of the association is in accordance with 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 2024 and of its performance for the year then ended; and
- (ii) That the financial records kept by the association are such as to enable financial statements to be prepared in accordance with Australian Accounting Standards as to the extent disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The committee of the association is responsible for the other information. The other information comprises the information included in the association's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Committee for the Financial Report

The committee of the association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Associations Incorporation Reform Act 2012* (Vic) and for such internal control as the committee determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

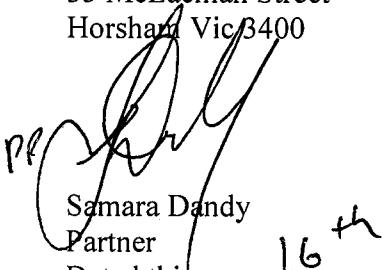
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Capitis Accounting Solutions
35 McLachlan Street
Horsham Vic 3400


Samara Dandy
Partner

Dated this 16th day of October. 2024