Phoenix House Youth Services Incorporated

A.B.N. 75 019 767 380

ANNUAL FINANCIAL REPORT

YEAR ENDED 30 JUNE 2021

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Board's Report

For the year ended 30 June 2021

Your board members submit the financial accounts of Phoenix House Youth Services Incorporated for the financial year ended 30 June 2021.

Board Members

The names of board members at the date of this report are:

Andrew Harvey (Treasurer)

Peggy Yu

Rachel Stoddart

Beau Magloire (Chair)

Robert Hossary

Monica Rawat

Julie Clifton

Robbie Lloyd

Edmund D'Cruz (Executive Director) - resigned

Tim Flahvin (Treasurer) – resigned

Jeremy Harris - resigned

Flynn McDermott - resigned

Principal Activities

The principal activities of the association during the financial year were the provision of youth services.

Significant Changes

There were no significant changes during the 2021 financial year. During the 2020 financial year Phoenix House Foundation (PHF) was wound up, as a result all the assets and liabilities were rolled into Phoenix House Youth Services Incorporated (PHYSI). As a result of this amalgamation, a reserve of $477,081 was created. This resulted in PHYSI reporting a net asset position of $615,779 as at 30 June 2021.

Excluding the above, no significant change in the nature of these activities occurred during the year.

Operating Result

The operating surplus / (deficit) from ordinary activities after providing for income tax amounted to:

	Year ended June 2021 $	Year ended June 2020 $
Operating surplus / (deficit)	119,039	(40,631)

The above surplus includes $141,000 in government stimulus as a result of the outbreak of COVID-19 and $78,000 release settlement accrued in relation to the departure of the former CEO.

Signed in accordance with a resolution of the Members of the Board on this 28th day of October 2021, Sydney

Beau Magloire

Andrew Harvey

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
REVENUE	2	1,095,878	1,028,398
OTHER INCOME	2	141,000	110,500
EXPENSES:			
Depreciation		5,770	10,981
Depreciation – right of use asset		55,068	55,074
Bank charges		(659)	1,232
Client expenses		29,962	21,540
Programs		10,486	17,841
Consultancy fees		9,400	3,080
Counselling		31,620	21,505
Interest expense-lease liability		6,356	9,530
Training and development		5,849	6,407
Audit/ accounting		23,342	28,592
Marketing and communication		2,755	851
Rent and overheads		30,433	30,945
Information technology		7,911	6,591
Employment support and super-vision		-	855
Sundry expenses		(174)	1,532
Insurance		10,238	4,075
Membership and subscriptions		4,225	5,736
Transport costs		6,607	5,670
Communications		6,719	8,581
Former CEO release settlement		78,000	-
Fundraising expenses		2,090	949
Meeting expenses		3,585	2,952
Printing, stationery & postage		3,848	5,005
Salaries and superannuation		774,446	922,406
Staff benefits		9,962	7,599
		1,117,839	1,179,529

The accompanying notes form part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
NET SURPLUS / (DEFICIT) BEFORE TAX		119,039	(40,631)
Income tax expense		-	-
NET SURPLUS / (DEFICIT) AFTER TAX		119,039	(40,631)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		119,039	(40,631)
Total comprehensive income attributable to members of the entity		119,039	(40,631)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 $	2020 $
CURRENT ASSETS			
Cash and cash equivalents	5	781,194	524,526
Trade and other receivables	6	220	18,890
Other assets	7	15,274	7,964
TOTAL CURRENT ASSETS		796,688	551,380
NON CURRENT ASSETS			
Property, plant and equipment	8	14,037	6,348
Right-of-use assets	11	73,437	128,505
TOTAL NON CURRENT ASSETS		87,474	134,853
TOTAL ASSETS		884,162	686,233
CURRENT LIABILITIES			
Trade and other payables, deferred income	9	205,065	79,039
Provisions	10	65,707	57,561
Lease liability	11	59,971	55,289
TOTAL CURRENT LIABILITIES		330,743	191,889
NON-CURRENT LIABILITIES			
Provisions	10	-	-
Lease liability	11	15,640	75,607
TOTAL NON CURRENT LIABILITIES		15,640	75,607
TOTAL LIABILITIES		346,383	267,496
NET ASSETS		537,779	418,737
EQUITY			
Reserve (PHF amalgamation reserve)	1(m)	477,081	477,078
Accumulated surpluses / (deficits)		60,698	(58,341)
TOTAL EQUITY		537,779	418,737

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Amalgamation reserve	Accumulated Surpluses	Total
	$	$	$
BALANCE AT 1 JULY 2019	-	(17,710)	(17,710)
Deficit for the year	-	(40,631)	(40,631)
Transfer from PHF, upon amalgamation	477,078	-	477,081
BALANCE AT 30 JUNE 2020	477,078	(58,341)	418,737
Other	3	-	3
Surplus for the year	-	119,039	119,039
BALANCE AT 30 JUNE 2021	477,081	60,698	537,779

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		1,237,328	1,165,148
Receipts from government stimulus (COVID-19)		141,000	110,500
Payments to suppliers and employees		(1,046,726)	(1,200,291)
Interest received		163	194
Net cash provided by operating activities	13b	331,765	75,551
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(13,460)	-
Cash acquired from amalgamation of PHF		3	477,078
Net cash provided by (used in) investing activities		(13,457)	477,078
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for lease liabilities		(61,640)	(62,213)
Net cash used in financing activities		(61,640)	(62,213)
Net increase in cash held		256,668	490,416
Cash at the beginning of the financial year		524,526	34,110
Cash at the end of the financial year	13a	791,194	524,526

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Phoenix House Youth Services Incorporated is an association formed and domiciled in Australia.

Basis of Preparation

Phoenix House Youth Services Incorporated applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Recued Disclosure Requirements of the Australian Accounting Standards Board (AASB), the *Associations Incorporation Reform Act 2012*, and the *Australian Charities and Not for Profit Commission Act 2012*. The association is a not for profit entity for financial reporting purposes under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial report, except for the cash flow information has been prepared on an accruals 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**

In accordance with Section 6-5 of the Income Tax Assessment Act 1997, the Association is required to calculate its taxable income in accordance with the mutuality principle, whereby the Association is only taxed on non-member income.

Based on calculations of the Association's income, it is not considered necessary to make a provision for income tax for the financial year. Accordingly, the balance sheet liability method used for the calculation of deferred tax has not been adopted by the Association.

b. **Plant and Equipment**

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

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

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

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 charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a reducing balance basis over the asset's useful life 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.

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. **Plant and equipment (continued)**

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

Class of Fixed Asset	**Depreciation Rate**
Leasehold improvements	20%
Fixtures and fittings	13.33% - 20%
Plant and equipment	20%
Computer equipment	33.3%
Rental Property furniture & fittings	20%
Motor vehicle	20%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

d. **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 that 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 either fair value, amortised cost using the effective interest rate 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.

(i) *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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(ii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. **Impairment of Assets**

At the end of each reporting period, the Association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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.

f. **Cash and Cash Equivalents**

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. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

g. **Revenue and Other Income**

Revenue from the provision of services is recognised upon satisfying the performance obligations tied to the provision of the services to the customer, as per AASB 15: *Revenue from Contracts with Customers*. Where the contract is not deemed sufficiently specific, the revenue will be recognised upon receipt of the payment from the customer, as per AASB 1058: *Income of Not-for-Profit-Entities*.

Grant income is recognised 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.

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

Donations and bequests are recognised upon the receipt of cash.

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

h. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. **Comparative Figures**

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

j. **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

k. **Employee Provisions**

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

l. **Key Estimates**

(i) *Impairment*

The Association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(ii) *Leases*

The Association determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Association applies judgement in evaluating whether it is reasonably certain it will exercise an option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Association reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) an option to renew (e.g. a change in business strategy). An incremental borrowing rate has been estimated in charging notional interest on the lease liability, which is based on the implied borrowing rate to be incurred if the properties were acquired and financed with a bank.

m. **Amalgamation reserve**

An amalgamation reserve in member's fund is utilised for amalgamations with other Not-for-Profit Entities. The amount presented is equal to the accumulated fair values of the net assets of the amalgamated entity. The individual assets and liabilities transferred are presented in the statement of financial position.

n. **New Accounting Standards Adopted in 2020 comparative year**

The Association has adopted all the new and revised standards and Interpretation issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

The following accounting standards have been applied for the first time for the 30 June 2020 reporting period. The directors' assessment of the impact of these new standards and interpretations (to the extent relevant to the Fund) is set out below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. **New Accounting Standards Adopted (continued)**

– AASB 16: *Leases*

AASB 16 introduces a single lease accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The Association has adopted AASB 16 from 1 July 2019 using the modified retrospective method, therefore no adjustments were made to comparative balances. Set out below are the new accounting policies of the group upon adoption of AASB 16:

Right-of-use assets

The Association recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of a lease, the Association recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives received or receivable and variable lease payments that depend on an index or a rate. The lease payments also include the renewal option reasonably certain to be exercised by the Association. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Association uses an appropriately considered interest rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Association applies the short-term lease recognition exemption to its short-term property leases (those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase or renewal option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Association determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Association applies judgement in evaluating whether it is reasonably certain it will exercise an option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Association reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) an option to renew (e.g. a change in business strategy).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. **New Accounting Standards Adopted (continued)**

Application of this accounting policy to the leases of the association

At the date of this annual report the Association has one (1) leased property located at 10 Holtermann Street, Crows Nest, NSW. This property lease has an initial term of 2 years, terminating on the 19 October 2020, with an exercised option to extend the lease for a further two-year period.

The impact of adopting AASB 16 was the recognition of a right-of-use asset and a lease liability which had carrying values of $73,437 and $75,611 respectively as at 30 June 2021 in the statement of financial position.

Depreciation on the right-of-use asset and finance costs on the lease liability of $55,068 and $6,356 respectively, were recognised in the statement of profit or loss and other comprehensive income for the year ended 30 June 2021.

– AASB 15: *Revenue from Contracts with Customers*

The Association has adopted AASB 15 from 1 July 2019, which replaces the previous accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 applies to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The Association have adopted the new Standard using the modified retrospective method of transition which does not require a restatement of prior year numbers. Instead, any material differences between the requirements of AASB 15 and the existing accounting method will be treated as an adjustment in opening retained earnings.

The Association have assessed the impact of the change in accounting treatment as immaterial to the comparative balances and therefore no adjustment to opening retained earnings has been made.

– AASB 1058: *Income of Not-for-Profit Entities*

The Association have adopted AASB 1058 from 1 July 2019, which replaces AASB 1004 Contributions. The core principle of the new income recognition requirements in AASB 1058 is when a Not-for-profit entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

The directors have assessed the impact of adoption of AASB 1058 and conclude the new treatment has not had a substantial impact on the Association's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. **New Accounting Standards for Application in Future Periods**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Association, together with an assessment of the potential impact of such pronouncements on the Association when adopted in future periods, are discussed below:

Conceptual Framework for Financial Reporting

The International Accounting Standards Board (IASB) has issued the revised Conceptual Framework for Financial Reporting. The primary purpose of the Framework is to assist the IASB (and the Interpretations Committee) in identifying concepts that it will use when setting accounting standards.

Amendments were made to apply new definition and recognition criteria for assets, liabilities, income and expenses, and other relevant financial concepts. The revised Framework will be used in future standard-setting decisions, but no changes have been made to existing International Financial Reporting Standards.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 $	2020 $
NOTE 2: NET SURPLUS / (DEFICIT)		
(a) Revenue - Operating activities		
— Government grants	914,651	853,930
— Grants – clubs, community, and other government	52,318	-
— Donations received	121,461	172,331
— Income from fundraising events	-	995
— Medicare reimbursements	7,285	948
	1,095,715	1,028,204
(b) Revenue - Non-operating activities		
— Interest received	163	194
Total Revenue	1,095,878	1,028,398
(c) Other Income		
— COVID-19 Government Stimulus	141,000	110,500

NOTE 3: KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel consist of the Chief Executive Officer. The totals of remuneration paid to them are as follows:

Short-term employee benefits	184,868	190,950
Post-employment benefits	17,540	18,001
Former CEO release settlement	78,000	-
	280,408	208,951

All other transactions between KMP's and the Association are on the same terms and conditions as for other members of the Association.

NOTE 4: AUDITORS' REMUNERATION

REMUNERATION OF THE AUDITOR OF THE ASSOCIATION FOR:

— auditing or reviewing the financial report (Walker Wayland NSW)	9,000	9,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 5: CASH & CASH EQUIVALENTS	2021 $	2020 $
Cash at bank	374,093	123,949
Cash reserve	406,601	400,077
Cash on hand	500	500
	781,194	524,526

NOTE 6: TRADE & OTHER RECEIVABLES		
Receivables	-	12,500
Phoenix House Foundation receivable	-	6,390
Headspace National Youth Mental Health Foundation Ltd	220	-
	220	18,890

Current trade receivables are non-interest bearing loans and are generally receivable within 30 days. No provision for impairment has been recognised.

NOTE 7: OTHER ASSETS		
Prepayments	10,984	3,674
Property bond	4,290	4,290
	15,274	7,964

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 8: PROPERTY, PLANT AND EQUIPMENT	2021 $	2020 $
Leasehold improvements – at cost	181,650	181,650
Less: accumulated depreciation	(181,650)	(180,313)
	-	1,337
Furniture and fittings – at cost	78,428	78,428
Less: accumulated depreciation	(76,729)	(77,446)
	1,699	982
Plant and equipment – at cost	5,797	5,797
Less: accumulated depreciation	(5,797)	(5,797)
	-	-
Computer equipment – at cost	85,399	71,939
Less: accumulated depreciation	(73,061)	(67,910)
	12,338	4,029
Rental Property furniture & fittings – at cost	71,368	71,368
Less: accumulated depreciation	(71,368)	(71,368)
	-	-
Motor vehicles – at cost	51,110	51,110
Less: accumulated depreciation	(51,110)	(51,110)
	-	-
Total property, plant and equipment	14,037	6,348

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
NOTE 9: TRADE & OTHER PAYABLES AND DEFERRED INCOME	$	$
Accounts payable	32,451	44,262
Deferred grant income	71,818	-
Current tax liabilities (GST / PAYG Withholding)	22,796	15,887
Accruals	-	18,890
Former CEO release settlement liability	78,000	-
Trade payables and accruals	205,065	79,039
NOTE 10: PROVISIONS		
CURRENT		
Provision for annual leave	65,707	57,561
NON CURRENT		
Provision for long service leave	-	-
NOTE 11: LEASES		
Right-of-use Assets (Note 1(n))		
NON-CURRENT		
Right-of-use Assets – at cost	183,579	183,579
Less: accumulated depreciation	(110,142)	(55,074)
	73,437	128,505
Opening balance	128,505	-
Recognition of AASB 16 – 1 July 2019	-	183,579
Depreciation – AASB 16 (Note 1(n))	(55,068)	(55,074)
Closing balance (Note 1(n))	73,437	128,505
Lease liability (Note 1(n))		
CURRENT		
Lease liability	59,971	55,289

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 11: LEASES (CONTINUED)

	2021	2020
	$	$
NON-CURRENT		
Lease liability	15,640	75,607
Maturity analysis:		
Less than 12 months	-	-
Greater than 12 months and less than 5 periods	-	-
	-	-

No commitments are included in 2021 financial year as the lease has been recognised on the statement of financial position in the form of a right of use asset and lease liability, in accordance with the adoption of AASB 16: *Leases*.

NOTE 12: EVENTS SUBSEQUENT TO THE REPORTING DATE

The Association continues to monitor the economic and financial impact that the COVID-19 pandemic can have on its operations. Since the end of the financial year, there have been no matters or circumstances directly associated with the COVID-19 pandemic that had an impact on the financial statements. Therefore, no adjustments or specific disclosures have been made in this respect. It is currently unknown how long the COVID-19 pandemic will last and this might continue to have a financial impact on the Association's operations.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

NOTE 13: CASH FLOW INFORMATION

	2021	2020
a. Reconciliation of cash		
Cash and cash equivalents	781,194	524,526
b. Reconciliation of net cash provided by operating activities to net deficit from ordinary activities		
Net surplus / (deficit) from ordinary activities	119,039	(40,631)
Non-cash flows in surplus from ordinary activities		
Depreciation	60,838	66,055
Interest expense-lease liability	6,356	9,530
Changes in assets and liabilities:		
Decrease / (increase) in receivables	18,670	23,268
Decrease in other assets	(7,310)	(3,674)
Increase in payables and deferred income	126,026	7,321
Increase / (decrease) in provisions	8,146	13,682
Net cash provided by operating activities	331,765	75,551

c. The Association has no credit stand-by or financing facilities in place.

d. There were no non-cash financing or investing activities during the financial year.

These notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14: FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and payable and lease liability.

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	2021 $	2020 $
Financial assets			
Cash and cash equivalents	5	781,194	524,526
Trade and receivables	6	220	18,890
Total financial assets		781,414	543,416
Financial liabilities			
Financial liabilities at amortised cost:			
— trade and other payables and deferred income	9	205,065	79,039
— Lease liability	11	75,611	130,896
Total financial liabilities		280,676	209,935

NOTE 15: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingent assets or contingent liabilities as at the date of this financial report.

NOTE 16: RELATED PARTY DISCLOSURES

The Association has a receivable from Phoenix House Foundation amounting to $NIL (2020: $6,390).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 17: FUNDRAISING

The Association is a registered charity under the Charitable Fundraising Act 1991. Donations received during the year totalled $121,461 (2020: $172,331). The monies received from donations have been or will be applied to the specific purpose intended by donors.

(a) Fundraising appeals conducted during the year

The fundraising appeals conducted during the year comprised discussions with corporate and charitable organisations.

(b) Results of fundraising appeals

	2021	2020
	$	$
Gross proceeds of fundraising appeals	121,461	172,331
Less: direct costs of fundraising appeals	(11,500)	(34,746)
Net surplus from fundraising appeals	109,961	137,585

(d) Comparisons of certain monetary figures and percentage

	2021 $	2021 %	2020 $	2020 %
Total cost of fundraising	11,500	9%	34,746	20%
Net surplus from fundraising	109,961	91%	137,585	80%
Gross income from fundraising	121,461	100%	172,331	100%
Total contributions paid in accordance with charitable objectives				
Total expenditure	1,117,839	102%	1,179,529	115%
Total cost of services provided in accordance with charitable objectives				
Total revenue (excluding COVID-19 stimulus)	1,095,878		1,028,398	

NOTE 18: ASSOCIATION DETAILS

The principal place of business of the Association is:

10 Holtermann Street

CROWS NEST NSW 2065

STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the committee, the financial report as set out on pages 3 to 20:

1. Presents a true and fair view of the financial position of the Phoenix House Youth Services Incorporated as at 30 June 2021 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

2. At the date of this statement, there are reasonable grounds to believe that the Phoenix House Youth Services Incorporated will be able to pay its debts as and when they fall due.

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

Beau Magloire

Andrew Harvey (Treasurer)

Dated this 28th day of October 2021, Sydney

walkerwayland

Walker Wayland NSW
Chartered Accountants

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PHOENIX HOUSE YOUTH SERVICES INCORPORATED

Opinion

We have audited the financial report of Phoenix House Youth Services Incorporated (the Association), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the committee.

In our opinion, the accompanying financial report of Phoenix House Youth Services Incorporated is in accordance with the *Associations Incorporation Act 2009*, including:

- giving a true and fair view of the Association's financial position as at 30 June 2021 and of its performance for the year then ended; and
- complying with Australian Accounting Standards to the extent described in Note 1, the *Associations Incorporation Act 2009 and Australian Charities and Not-for-profit Commission Act 2012 (The ACNC Act)*

We also report that:

a. the financial statements show a true and fair view of the financial result of fundraising appeals conducted during the year;

b. the accounting and associated records have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 and the Regulations;

c. money received as a result of fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and the Regulations; and

d. at the date of this report, there are reasonable grounds to believe that the Association will be able to pay the debts as and when they fall due.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PHOENIX HOUSE YOUTH SERVICES INCORPORATED

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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Associations Incorporation Act 2009 and Australian Charities and Not-for-profit Commission Act 2012* and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determine is necessary to enable the preparation of a 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 relating to going concern and using the going concern basis of accounting unless the members of the committee either intend 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.

- Conclude on the appropriateness of the committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Association's 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.

Walker Wayland NSW

Walker Wayland NSW	**Wali Aziz**
Chartered Accountants	**Partner**

Dated this 29th day of October 2021, Sydney

Walker Wayland NSW
Chartered Accountants

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COMPILATION REPORT ON ADDITIONAL FINANCIAL DATA
PHOENIX HOUSE YOUTH SERVICES INCORPORATED

We have compiled the accompanying additional financial data of Phoenix House Youth Services Incorporated, which comprises of the income and expenditure statements for the specific projects for the year ended 30 June 2021. The specific purpose for which the additional financial data has been prepared is to provide information relating to the performance of the entity that satisfies the information needs of the members.

The responsibility of the Association

The Association is solely responsible for the information contained in the additional financial data and have determined that the significant accounting policies adopted as set out in Note 1 to the financial statements is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the board we have compiled the additional financial data in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The additional financial data were compiled exclusively for the benefit of the board. We do not accept responsibility to any other person for the contents of the additional financial data.

Walker Wayland NSW

Walker Wayland NSW	**Wali Aziz**
Chartered Accountants	**Partner**

Dated this 29th day of October 2021, Sydney

ADDITIONAL DATA – NSW FAMILY FUNDING REPORTS (APPENDICES 1-4)

Unaudited Profit and Loss
Phoenix House Youth Services Inc
SHS
1 July 2020 to 30 June 2021

Appendix 1

	$
Income	
Government Grants	626,383
Total Income	**626,383**
Gross Profit	**626,383**
Less Operating Expenses	
Accounting and Audit Fees	14,005
Advertising and Promotion	865
Cleaning	9,891
Client Expenses	9,519
Computer Expenses	5,458
Consultancy Fees	1,440
Depreciation	38,191
Impact Report Expense	549
Insurance	12,844
Interest	3,814
Meeting Expense	2,467
Motor Vehicle Expense	6,427
Printing & Stationery	1,346
Rent	3,940
Repairs & Maintenance	1,900
Salaries and Wages	510,205
Telephone & Fax charges	4,032
Training & Development	6,139
Transit Course	4,622
Utilities	2,961
Total Operating Expenses	**640,615**
Net Deficit	**(14,232)**

Chair: Beau Magloire

Paul Gabrielides: General Manager

Unaudited Profit and Loss
Phoenix House Youth Services Inc
SSTF
1 July 2020 to 30 June 2021

Appendix 2

	$
Income	
Government Grants	18,182
Total Income	**18,182**
Gross Profit	**18,182**
Less Operating Expenses	
Advertising and Promotion	295
Depreciation	1,019
Facilities-Classroom upgrade	500
Total Operating Expenses	**1,814**
Net Surplus	**16,368**

Paul Gabrielides: General Manager

Chair: Beau Magloire

Unaudited Profit and Loss
Phoenix House Youth Services Inc
TEI
1 July 2020 to 30 June 2021

Appendix 3

	$
Income	
Government Grants	269,982
Total Income	**269,982**
Gross Profit	**269,982**
Less Operating Expenses	
Accounting and Audit Fees	4,668
Advertising and Promotion	620
Bank Charges	6
Cleaning	3,297
Client Expenses	39,614
Computer Expenses	2,453
Depreciation	11,014
Insurance	3,282
Interest	1,271
Meeting Expense	124
Motor Vehicle Expense	21
Printing & Stationery	2,301
Rent	1,180
Salaries and Wages	204,129
Staff Amenities	30
Sundry Expenses	(18)
Telephone & Fax Charges	1,344
Utilities	1,589
Total Operating Expenses	**276,925**
Net Deficit	**(6,943)**

Chair: Beau Magloire

Paul Gabrielides: General Manager

Unaudited Profit and Loss
Phoenix House Youth Services Inc
Other Funding Sources
1 July 2020 to 30 June 2021

Appendix 4

	$
Income	
Donations	121,461
Government Grants	52,423
Interest	163
Medicare reimbursements	7,285
Total Income	**181,332**
Gross Profit	**181,332**
Other Income:	
COVID-19 Government Stimulus	141,000
Total Other Income	**141,000**
Less Operating Expenses	
Accounting and Audit Fees	4,668
Advertising and Promotion	975
Bank Charges	329
Cleaning	3,297
Client Expenses	11,950
Consultancy Fees	7,960
Depreciation	10,615
Fundraising Expenses	2,090
Insurance	2,048
Interest	277
Meeting Expense	994
Memberships & Subscriptions	4,225
Motor Vehicle Expense	159
Postage, Freight & Courier	17
Printing & Stationery	184
Rent	1,180
Repairs & Maintenance	211
Former CEO release settlement	78,000
Salaries and Wages	60,111
Staff Amenities	1,996
Staff Benefits – CBB Fees	1,227
Sundry Expenses	(705)
Telephone & Fax charges	1,344
Training & Development	4,347
Transit Course	-
Utilities	987
Total Operating Expenses	**198,487**
Net Surplus	**123,846**

Paul Gabrielides: General Manager

Chair: Beau Magloire