



55 CENTRAL

ABN: 85 559 383 615

ANNUAL REPORT 2016

Chairperson Report for the year ended 30 June 2016

As chairperson, it is no exaggeration to say that the organisation you see today is significantly changed from the one I first joined four years ago. We can confidently say that we can and do transform lives.

None of this can be achieved without our staff, supporters and funders. Working together as a team and in partnership with others, we can change lives. I take this opportunity to thank the Board, Management and staff for their dedication and hard work throughout the year.

This is a time of uncertainty for the community service sector, and as public spending cuts continue sector more services will be required to provide more for less.

Despite the uncertainties surrounding the current economy, it is crucial that the quality of 55 Central's service delivery model is not compromised in anyway; and that we continue delivering the highest standards possible in our client support services. More than ever, our commitment to innovation will be crucial as we adapt and continue to build our capacity to respond to the challenges and opportunities ahead.

We are fortunate, that the State Government recognises and values the role of the community services sector, dedicating resources into capacity building and supporting the sector. This is further supported by a policy framework which encourages collaboration with the State Government.

We can only hope that the Federal Government recognises the critical work that is being funded by these agreements, and that much more is needed if we are able to effectively tackle homelessness.

As in the previous year 55 Central has met all Key Performance Indicators KPIs for contracted services. The Crisis Accommodation facility supported 205 people in need of emergency accommodation. Our Street to Home service provided case management support to 20 people - a majority of whom are at the extreme end of social economic exclusion. Over the same reporting period, 55 Central's Community Support Program supported 20 clients, requiring psychosocial support and assistance with independent living skills.

Treasurer report for the year ended 30 June 2016

As of the 30th of June 2016, 55 Central was able to meet all its liabilities and commitments and is well placed to continue its obligations and client support and services, by the end of the next financial year - 30 June 2017.

The organisation continues to exert sound fiscal control, as exemplified by administration costs which represent 8.4% of our total income. Value for money is further demonstrated by the unit cost per client beneficiary who takes up 55 Central services, for the Crisis Accommodation Service this equates \$103 per and for our Community Support Program \$150 per day.

Whilst the deficit for the reporting period was \$59,932 the position of 55 Central is sound, with cash and cash equivalents totalling \$394,035 at the end of the year and a total equity of \$1,486,031. Presently the Current Ratio is 3.73 and the Quick Ratio is 2.53 which is more than acceptable and supports the organisation's ability to pay all debts as they fall due.

As 55 Central continues to be at the forefront of a changing economic environment, we can no longer rely on government funding sources alone to support all of our activities in the longer term.

The task ahead for this year will be to generate income to support our objectives, given that current government funding levels, are inadequately indexed to meet ongoing costs. In this endeavour, we shall seek to diversify our revenue base in a way in which we are not solely reliant on State and Commonwealth sources.

In addition the Board and Executive have developed strategies to ensure 55 Central returns to surplus by 2017-18 financial year and the financial prospects beyond that look bright.

Until the economic landscape changes, this situation is likely to continue. While the current service restructuring process undertaken by the General Manager will help to reduce costs, it remains vital that the quality of our services is not compromised in any way, as noted by the Chair.

Finally, I would like to thank the financial team at 55 Central, in particular, Elisa Pamintuan and Ross Blakey, for their diligent work and commitment to the organisation, and in completing comprehensive monthly financial reports.

General Manager report for the year ended 30 June 2016

I would like to express my gratitude to the staff and at 55 Central, and the Board whose compassion, determination and professionalism continues to transform lives.

In an environment of ever tighter budgets, 55 Central has coped admirably in finding ways to deliver a higher quality of client support services, and continues to show a remarkable skill in its adaptability and innovation.

As we look to the year ahead we do so through the prism of the current political and economic context. As with our sector colleagues, 55 Central cannot insulate itself against the uncertainties of a contracting economy, as both State and Federal Government face revenue and spending challenges.

These challenges are further compounded by the lack of Federal policy direction and the delay of 'federation' reform process. The result of which has meant that all funding agreements for homeless services nationally have been extended for another year- as was the case during the previous reporting period. Clearly, without future guarantees beyond 2017, the sector will continue to struggle in building sufficient capacity to proactively respond to the growing demand for homeless services. It is of bitter irony that in times of economic stagnation the demand for human sector services are even greater. Yet, the greatest benefits to our economy will only come from engaging with those people who are most excluded from participating.

Owing to the current context it falls to us as a sector to innovate and think smarter if we are to continue people with complex needs who are dealing with entrenched disadvantage.

Despite the challenges ahead there rests new opportunities for the sector. Of note is the decentralization of some service commissioning to Primary Health Networks (PHNs) by the Commonwealth to effectively facilitate collective impact approaches and place-based co-design as well co-commissioning arrangement for future services. Potentially this will create opportunities whereby local community services will become more connected to PHNs.

There is also a shift towards individualized funding models of care including the National Disability Insurance Scheme (NDIS) opportunities for which, 55 Central is ideally placed to respond.

Finally, I would like to acknowledge the life and contribution of our colleague and dear friend to many George Oryema, who sadly passed away earlier this year. In many ways, George led his life by example and embodied the values of 55 central through compassion, tolerance and his generosity of spirit. We were all very privileged to have known such a remarkable man and will never forget him.

55 CENTRAL INC.
A.B.N. 85 559 383 615

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2016

55 Central
ABN 85 559 383 b615

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55 CENTRAL INC.
A.B.N. 85 559 383 615

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A.B.N. 85 559 383 615

STATEMENT OF COMPREHENSIVE INCOME
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
INCOME			
Donations Received		1,280	-
Grants Received	2	922,894	915,184
Vending Machine Income		614	1,139
Operating Income	3	243,539	268,708
		<u>1,168,327</u>	<u>1,185,031</u>
OTHER INCOME			
Other Income		1,329	-
Transfer from Special & Building Maintenance Reserves	12	40,943	-
Interest Received		30,811	12,813
Profit on Sale of Non-current Assets		2,720	10,661
		<u>75,803</u>	<u>23,474</u>
		<u>1,244,130</u>	<u>1,208,505</u>
EXPENDITURE			
Administration Costs	4	28,873	28,202
Management Costs	5	28,761	21,339
Operations Costs	6	265,818	218,091
Depreciation		22,191	22,869
Other Costs	7	40,988	639
Salaries & Wages	8	917,431	867,410
		<u>1,304,062</u>	<u>1,158,550</u>
Profit for the year		(59,932)	49,955
Retained earnings at the beginning of the financial year		<u>571,095</u>	<u>521,140</u>
Retained earnings at the end of the financial year		<u><u>511,163</u></u>	<u><u>571,095</u></u>

55 CENTRAL INC.
A.B.N. 85 559 383 615

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		394,035	475,736
Trade and other receivables	9	93,076	48,449
TOTAL CURRENT ASSETS		<u>487,111</u>	<u>524,185</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,149,811	1,139,827
TOTAL NON-CURRENT ASSETS		<u>1,149,811</u>	<u>1,139,827</u>
TOTAL ASSETS		<u>1,636,922</u>	<u>1,664,012</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade Creditors		52,835	10,849
Income Received in Advance		18,734	11,936
GST Payable		6,862	279
Provision for Annual Leave		24,951	26,908
Employee benefits	11	27,144	15,179
TOTAL CURRENT LIABILITIES		<u>130,526</u>	<u>65,151</u>
NON CURRENT LIABILITIES			
Provision for Long Service Leave		20,365	11,955
TOTAL NON CURRENT LIABILITIES		<u>20,365</u>	<u>11,955</u>
TOTAL LIABILITIES		<u>150,891</u>	<u>77,106</u>
NET ASSETS		<u>1,486,031</u>	<u>1,586,906</u>
ACCUMULATED FUNDS			
Reserves	12	974,868	1,015,811
Retained earnings	13	511,163	571,095
TOTAL ACCUMULATED FUNDS		<u>1,486,031</u>	<u>1,586,906</u>

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STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2016

	Note	Capital Reserves	Specific Reserves	Retained Earnings	Total Equity
Balance at 1 July 2014		698,595	58,752	521,140	1,278,487
Total Comprehensive Income for the year				49,955	49,955
Changes in Reserves or Equity:					
Special Reserves - movements		-	-	-	-
Asset Revaluation Reserve - movements	12	-	258,464	-	258,464
Total		-	258,464	49,955	308,419
Balance at 30 June 2015		698,595	317,216	571,095	1,586,906
Balance at 1 July 2015		698,595	317,216	571,095	1,586,906
Total Comprehensive Income for the year				(59,932)	(59,932)
Changes in Reserves or Equity:					
Special Reserves - movements	12	-	(40,943)	-	(40,943)
Asset Revaluation Reserve - movements		-	-	-	-
Total		-	(40,943)	(59,932)	(100,875)
Balance at 30 June 2016		698,595	276,273	511,163	1,486,031

55 CENTRAL INC.
A.B.N. 85 559 383 615

STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants, operating income and other income		1,170,715	1,162,087
Sales of Fixed Assets		53,518	19,929
GST receipts on services		99,364	90,084
Payments			
Employee benefits		(899,013)	(851,763)
Expenses		(322,454)	(268,598)
GST payments on purchases		(36,864)	(22,169)
GST payments to taxation authority		(63,994)	(70,593)
Net cash used in operating activities	15	1,272	58,977
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets	10	(82,973)	(32,670)
Net cash used in investing activities		(81,701)	26,307
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of period		475,736	449,429
CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD		<u>394,035</u>	<u>475,736</u>

55 CENTRAL INC.
A.B.N. 85 559 383 615

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

1 Statement of Significant Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act. The Board has determined that the association is not a reporting entity.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of this financial report.

Income Tax

The association is exempt from income taxation under current legislation.

Property, Plant and Equipment

Property including Land and Buildings are measured at 'fair value' and revalued by an independent valuer every three years. Plant and equipment are initially measured at cost and are depreciated over their useful lives to the association.

The carrying amount of property, plant and equipment is reviewed annually by management to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Depreciation

The depreciation method and useful life used for items of property, plant and equipment (excluding freehold land) reflects the pattern in which their future economic benefits are expected to be consumed by the association. Depreciation commences from the time the asset is held ready for use. The depreciation method and useful life of assets is reviewed annually to ensure they are still appropriate.

Impairment of Assets

At the end of each reporting period, the Board reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing 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 amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the income statement.

55 CENTRAL INC.
A.B.N. 85 559 383 615

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

Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

Accounts Payable and Other Payables

Accounts payable and other payables represent the liabilities at the end of the reporting period for goods and services received by the association that remain unpaid.

Accounts payable are recognised at their transaction price. Accounts payable are obligations on the basis of normal credit terms.

Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

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 up to one year.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised when received.

Dividend revenue is recognised when the right to receive a dividend has been established.

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

Income Received in Advance

Reciprocal Grants received are recognised as revenue on a basis to match the recognition of revenue with the period the services are provided.

55 CENTRAL INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

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 Tax Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

55 CENTRAL INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
2. Grants Received		
Mental Health Commission	95,616	93,833
Department of Child Protection and Family Support	770,277	766,115
Partners in Recovery	20,000	34,236
Drug & Alcohol Office - See note a) below.	13,000	13,000
Other Grants	24,001	8,000
	<u>922,894</u>	<u>915,184</u>
3. Operating Income		
Rent Crisis Accommodation DCP	146,970	158,881
Rent Community Living - MHC	96,569	109,827
	<u>243,539</u>	<u>268,708</u>
4. Administration Costs		
Insurance	19,698	18,751
Motor Vehicle Expenses	9,175	9,451
	<u>28,873</u>	<u>28,202</u>
5. Management Costs		
Board/Governance Expenses	20,433	9,989
Auditor's Remuneration	8,328	7,750
Consultancy Fees - Board	-	3,600
	<u>28,761</u>	<u>21,339</u>

Note a. Funding in partnership with St Patrick's Community Support Centre.

55 CENTRAL INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
6. Operations Costs		
Advertising, Promotion & Media	-	555
Brokerage Expenses	7,816	8,708
Telephone Fax & Internet	12,383	11,692
Bank Charges	507	606
Fees & Permits	368	1,481
Meeting Expenses	2,667	1,511
Postage, Freight & Courier	184	224
Printing & Stationery	5,155	4,365
Cleaning & Pest Control	15,550	13,547
Computer Expenses	25,902	19,957
Equipment Hire/Operating Lease	14,229	19,094
Rates, Taxes & Levies	39,633	38,183
Repairs & maintenance Crisis Accommodation Services	11,682	9,171
Repairs & maintenance Other	11,446	4,392
Security Expenses	18,946	12,437
Property, Supplies & Services	26,218	16,936
Utilities	21,857	20,467
Subs & Prof Membership Fees	1,502	3,562
Small Items Purchased	1,248	1,768
Entertainment Costs	699	1,213
Bad Debts	8,110	295
Marketing Expenses	13,760	-
Employment Support Programme	19,164	22,167
Consultancy Fees	6,792	5,760
	<u>265,818</u>	<u>218,091</u>
7. Other Costs		
Asset Strategy Consultant (See note a below)	40,943	-
Purchase - Vending Machine	19	604
Purchase - Laundry Consumables	26	35
	<u>40,988</u>	<u>639</u>

Note a. Price Waterhouse Cooper costs to develop a strategy for relocation and new premises. See Note 12 transfer from reserves.

55 CENTRAL INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
8. Salaries & Wages		
Salaries & Wages	806,554	770,887
Increase/(Decrease) in Provision for Annual Leave	1,426	1,927
Workers Compensation Ins	12,372	10,399
Increase/(Decrease) in Provision for Long Service Leave	5,026	4,335
Superannuation	85,970	73,593
Staff Amenities	1,119	1,067
Staff Training & Development	4,964	4,301
Other Employment Costs	-	901
	<u>917,431</u>	<u>867,410</u>
9. Trade and Other Receivables		
Current		
Trade Debtors	79,719	46,799
Other Debtors	3,630	-
GST Receivable	9,727	1,650
	<u>93,076</u>	<u>48,449</u>
10. Property, Plant and Equipment		
Land - 55 Central Avenue	1,094,520	1,094,520
Total Land and Buildings	<u>1,094,520</u>	<u>1,094,520</u>
Furniture & Equipment	78,361	78,361
Less: Accumulated Depreciation	<u>(68,275)</u>	<u>(58,425)</u>
	10,086	19,936
Motor Vehicles	74,629	70,508
Less: Accumulated Depreciation	<u>(42,178)</u>	<u>(45,137)</u>
	<u>32,451</u>	<u>25,371</u>
Software	17,790	-
Less: Accumulated Depreciation	<u>(5,036)</u>	<u>-</u>
	12,754	-
Total Plant and Equipment	<u>32,451</u>	<u>45,307</u>
Total Property, Plant and Equipment	<u>1,149,811</u>	<u>1,139,827</u>

55 CENTRAL INC.
A.B.N. 85 559 383 615

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

	2016 \$	2015 \$
<hr/>		
10. Property Plant and Equipment		
Land and Buildings (Continued)		
Opening Assets 1 July	1,139,827	879,695
Additions	82,973	32,670
Revaluation	-	258,464
Depreciation	(22,191)	(22,869)
WDV of disposals	(50,798)	(8,133)
Closing Assets 30 June	<u>1,149,811</u>	<u>1,139,827</u>

Land and Buildings at 55 Central Avenue Maylands were valued at market value by Knight Frank in 2013. The revalued amount placed a nil value on buildings because of their specialised use. The Directors are reviewing the organisation's asset management strategy and have not attributed an 'in use' fair value to buildings because potentially the land and buildings may be sold in the next three years and the organisation's interest in the revalued amount had been attributed to land only. The land & buildings at 55 Central Avenue represents a 52.12% interest in the ownership of the property. The title is registered in the name of 55 Central Inc. The Department of Housing owns the remaining interest in the property and have registered a caveat over the property to protect their interest therein.

11. Employee Benefits

Current

Provision of PAYG Withholding Tax	20,108	7,946
SGC Superannuation Payable	7,036	7,233
Total Employee Benefits	<u>27,144</u>	<u>15,179</u>

12. Reserves

Capital Reserves*	<u>698,595</u>	<u>698,595</u>
Specific Reserves		
Building Maintenance Reserve	12,200	27,500
Special Projects Reserve	5,609	31,252
	<u>17,809</u>	<u>58,752</u>
Asset Revaluation Reserve 55 Central Maylands	258,464	258,464
Total capital and specific reserves	<u>974,868</u>	<u>1,015,811</u>

55 CENTRAL INC.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$

*Part of these capital reserves represent the profit on sale of the Field Street property which has been separately disclosed.

The Building maintenance reserve is provided for the ongoing commitment to ensure properties are properly maintained – see note 14.

The 'Building and Special Projects Reserves' have been reserved against the cost of the organisation's cost to review the asset management strategy with Price Waterhouse Cooper as consultants. The strategy will be completed in 2016-17.

Opening Specific Reserves 1 July	58,752	58,752
Transfer to Profit and Loss for Asset Management Strategy	(40,943)	-
Closing Specific Reserves 30 June	<u>17,809</u>	<u>58,752</u>

13. Retained Earnings

Retained earnings at the beginning of the financial year	571,095	521,140
Net profit attributable to the association	(59,932)	49,955
Retained earnings at the end of the financial year	<u>511,163</u>	<u>571,095</u>

14. Capital Commitments

(i) Inner Housing Programme: During the 1994/1995 financial year the entity (formerly ACRAH) was granted funds of \$819K from the Department of Housing to purchase 10 housing units. Under this programme the entity manages the properties on behalf of the Department of Housing. With regard to these properties there is an ongoing commitment to ensure that they are maintained on an ongoing basis, which depending on the condition & age of the properties could include some extensive costs on an ongoing basis

(ii) Maylands Premises: The premises at 55 Central Avenue were acquired and constructed as part of a joint venture with the Department of Housing. The entity owns a percentage of the property (see note 10).

55 CENTRAL INC.
A.B.N. 85 559 383 615

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

	2016 \$	2015 \$
15. Notes to the Cash Flow Statement		
<u>(a) Reconciliation of cash</u>		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash held at Banks (ING and Bendigo)	392,759	474,736
Cash on hand including floats	1,276	1,000
	394,035	449,429
<u>(b) Reconciliation of profit/(loss) to net cash flows provided by/(used in) operating activities</u>		
Profit/(Loss)	(59,932)	49,955
Non-cash items:		
Depreciation and amortisation expense	22,191	22,869
Provision for Doubtful Debts	-	-
Written down value of disposals	50,798	8,133
(Increase)/decrease in assets:		
Current receivables	(44,627)	(41,998)
Amounts receivable for services and prepayments		
Increase/(decrease) in liabilities:		
Sundry Creditors	6,583	(6,935)
Accounts Payable	41,986	5,065
Income received in advance	6,798	6,241
Employee Benefits	18,418	15,647
Decrease in Building Maintenance Reserve	(40,943)	-
Net cash (used in) operating activities	1,272	58,977

16. Post Reporting date Events

The Board is considering a proposal to combine services with Swan Emergency services, another Not for Profit organisation operating in the same field as 55 Central. If this proposal is progressed it should result in economies of scale, which is expected to put 55 Central back into surplus in the future.

55 CENTRAL INC.
A.B.N. 85 559 383 615

STATEMENT BY MEMBERS OF THE COMMITTEE


The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial statements :

1. Presents a true and fair view of the financial position of 55 CENTRAL INC. as at 30 June 2016 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that 55 CENTRAL INC. 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:

Chairman:



Treasurer:



Dated this

14

day of

OCTOBER 2016

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF 55 CENTRAL INC.
A.B.N. 85 559 383 615**

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of 55 CENTRAL INC. (the association), which comprises the balance sheet as at 30 June 2016, and the income statement, a summary of significant accounting policies, other explanatory information and the statement by members of the committee.

Committee's Responsibility for the Financial Report

The committee of 55 CENTRAL INC. is responsible for the preparation of the financial report, and has determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Associations Incorporation Act Western Australia 1987 and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

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

J

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF 55 CENTRAL INC.
A.B.N. 85 559 383 615**

Qualified Auditors' Opinion

As is common with similar organisations, it is not practicable for 55 Central Inc. to maintain an effective system of internal control over cash donations and bequests until their initial entry in the accounting records. Accordingly, our audit in relation to those activities was limited to the amounts actually recorded.

Emphasis of Matter

Without further qualifying our opinion, we draw your attention to the fact that the ability of the organisation to continue as a going concern is dependent upon the future financial support from the State Government of Western Australia. The Department of Child Protection and Family Services (the entities largest funding source) has confirmed that funding at present levels will continue until 30 June 2017. Thereafter there is uncertainty with regards to the future funding levels from this source.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared to assist the association to meet the requirements of the Associations Incorporation Act Western Australia 1987. As a result, the financial report may not be suitable for another purpose.

Name of Firm: In Focus Accounting Pty Ltd
Public Accountants & Auditors

Name of Partner:



Andrew Lowry

Address: 358 Oxford Street, Leederville WA 6007

Dated this 04 **day of** October 2016