Special Purpose Financial Statements

Justice Connect

A.B.N. 54 206 789 276

30 June 2017

Contents

	Page
Directors' Report	**2-3**
Auditor's Independence Declaration	**4**
Statement of Profit and Loss and Other Comprehensive Income	**5**
Statement of Financial Position	**6**
Statement of Changes in Equity	**7**
Statement of Cash Flows	**8**
Notes to the Financial Statements	**9-18**
Directors' Declaration	**19**
Independent Auditor's Report	**20 - 21**

Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2017.

Directors
The names of each person who has been a director during the year and to the date of this report are:

	Date of Appointment
Mitzi Gilligan *(chairperson)*	01-07-13
Carmel Mulhern	01-07-13
Geoffrey Rush	01-07-13
Nicky Friedman	01-07-13
Simon Lewis	26-06-14
Gordon Renouf	01-07-13
Richard Wilson	01-07-13

Alexandra Rose retired as a director on 22 Nov 2016

Principal Activities
Life's problems have legal solutions. We connect people and community organisations who are locked out of the justice system, or are lost in it, with the help they need.

Review of Operations
The year ended 30 June 2017 saw Justice Connect undertake the following new activities:
- Commencement of an ambitious digital innovation strategy which centres on the development of our online tool: the Legal Help Gateway. With initial funding from Google via its Impact Challenge, a prototype of the Gateway was developed.
- Expansion of our health justice partnerships (HJP) with the commencement of our first HJP in NSW and commencement of our third HJP in Victoria
- Implementation of our Investment Strategy with the aim of satisfying both the short term cash requirements of the organisation while also building an endowment
- Establishment of the Domestic Building Legal Service in Victoria. Operations commenced on 1 July 2017.
- A detailed review of our strategy, to identify what's been working well and what we'd like to do better. The final strategy document will be produced during 2017/18

The significant increase in expenses are due to:
- Employee expenses resulting from wage indexation and increase in staff numbers to deliver on contracted funding agreements
- The full year impact of rent and depreciation associated with relocating the Sydney office

Company Objectives
We are a social justice organisation, using the law to address disadvantage, build resilient social justice organisations and improve legal systems.

One of the key ways we do this is to harness the pro bono commitment of the legal profession and to use their skills to provide just outcomes to legal and life problems.

Directors' Report

Company Strategies

To achieve our objectives, the company works across seven strategic themes:

- We partner with others – the practice of collaboration for impact
- We look outwards to find our clients - the practice of reaching out to meet need
- We centre our work in evidence – the practice of centring our work on research and data
- We champion better systems and structures – the practice of changing laws, policies, practices and perceptions
- We are constantly learning – the practice of supporting the development and well-being of our people
- We're about impact – the practice of evaluation, continuous improvement and demonstrated impact
- We experiment to find innovative solutions – the practice of designing for impact

Limitation of Members Liability

If the company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the company. At 30 June 2017, the collective liability of members was $560 (2016: $630).

Auditor's Independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not- for-profits Commission Act 2012 is set out at page 4.

Signed in accordance with a resolution of the Board of Directors:

Mitzi Gilligan	Geoffrey Rush
Director	Director

Dated 26 day of October 2017

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF JUSTICE CONNECT

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Justice Connect for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Eric W Passaris

Eric Passaris
Partner – Audit & Assurance

Melbourne, 26 October 2017

Statement of Profit and Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Note	2017 $	Restated 2016 $
Revenue	2	**6,143,906**	5,437,748
Employee benefits expense		**(4,555,221)**	(4,110,756)
Occupancy expenses		**(527,701)**	(496,257)
Administrative expenses		**(851,056)**	(921,920)
Depreciation expenses		**(198,269)**	(176,587)
Total Expenses	3	**(6,132,247)**	(5,705,520)
Surplus/(deficit) for the year		**11,659**	(267,772)
Other comprehensive income			
Items that will not subsequently be reclassified to profit or loss			
Unrealised gain on investments		**3,836**	-
Total comprehensive income/(loss) for the year		**15,495**	(267,772)

Statement of Financial Position

As at 30 June 2017

	Note	2017 $	Restated 2016 $
ASSETS			
Current assets			
Cash and cash equivalents	4	**2,650,234**	2,795,970
Trade and other receivables	5	**382,943**	830,936
Total current assets		**3,033,177**	3,626,906
Non-current assets			
Other financial assets		**88,386**	-
Other asset	6	**-**	9,492
Property, plant and equipment	7	**639,110**	764,392
Intangible Assets	8	**5,249**	34,640
Total non-current assets		**732,745**	808,524
TOTAL ASSETS		**3,765,922**	4,435,430
LIABILITIES			
Current liabilities			
Trade and other payables	9	**590,176**	244,770
Income received in advance	10	**1,463,385**	2,524,633
Other liabilities	11	**47,483**	64,830
Provisions	12	**385,480**	358,032
Total current liabilities		**2,486,524**	3,192,265
Non-current liabilities			
Other liabilities	11	**76,582**	59,039
Provisions	12	**110,880**	107,685
Total non-current liabilities		**187,462**	166,724
TOTAL LIABILITIES		**2,673,986**	3,358,989
NET ASSETS		**1,091,936**	1,076,441
Funds			
Reserves		**3,836**	-
Retained earnings		**1,088,100**	1,076,441
TOTAL FUNDS		**1,091,936**	1,076,441

Statement of Changes in Equity

For the year ended 30 June 2017

	Retained Earnings $	Reserves $	Total Equity $
Balance as at 1 July 2015	1,344,213	-	1,344,213
Surplus/ (deficit) for the year	(267,772)	-	(267,772)
Total comprehensive income (loss) for the year	(267,772)	-	(267,772)
Balance as at 30 June 2016	1,076,441	-	1,076,441
Balance as at 1 July 2016	**1,076,441**	**-**	**1,076,441**
Surplus/(deficit) for the year	**11,659**	**-**	**11,659**
Other comprehensive income	**-**	**3,836**	**3,836**
Total comprehensive income (loss) for the year	**11,659**	**3,836**	**15,495**
Balance as at 30 June 2017	**1,088,100**	**3,836**	**1,091,936**

Statement of Cash Flows

For the year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from memberships		**145,912**	1,135,099
Receipts from grants & other funding contributions		**5,158,813**	3,925,505
Receipts from other sources		**225,967**	232,672
Payments to suppliers and employees		**(5,598,956)**	(5,568,772)
Receipts from interest		**48,867**	62,122
Receipts from investment distributions		**1,808**	-
Net cash provided by/(used in) operating activities	13	**(17,589)**	(213,374)
Cash flows from investing activities			
Payments for property, plant and equipment		**(43,597)**	(554,368)
Payment for purchase of financial assets		**(84,550)**	-
Net cash used in investing activities		**(128,147)**	(554,368)
Net change in cash and cash equivalents held		**(145,736)**	(767,742)
Cash and cash equivalents at beginning of financial year		**2,795,970**	3,563,712
Cash and cash equivalents at end of financial year	4	**2,650,234**	2,795,970

Notes to the financial statements

For the year ended 30 June 2017

1. Statement of significant accounting policies

General information

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements were authorised for issue on 26 October 2017 by the directors of the company.

Basis of preparation

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-profits Commission Act 2012 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous period unless stated otherwise.

Reporting basis and conventions

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Significant accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

(b) Income tax

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

(c) Property, plant and equipment

Property, plant and equipment is measured initially at cost. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The depreciable amount of all fixed assets are depreciated on a straight-line basis over their useful lives commencing from the time the asset is ready for use. The following useful lives are applied:

- Office fixtures and furniture: 10 years
- Computer equipment: 3-4 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to profit or loss as part of the profit or loss on disposal.

Notes to the financial statements

For the year ended 30 June 2017

1. Statement of significant accounting policies (continued)

(d) Employee Entitlements
Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee provisions payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash outflows are discounted using high quality corporate bond rates.

Included in the 2017 employee entitlements is a provision for parental leave of $56,800 (2016 $0). Pursuant to Australian Accounting Standard AASB 119 Employee Benefits, parental leave is a non-accumulating paid absence that should only be recognised when the absences occur. The recognition of the provision for parental leave is a departure from AASB 119. The directors have resolved that it is prudent and desirable to provide for future parental leave as required due to the nature of the business and its gender composition and age of its workforce.

(e) Revenue Recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised.

(i) Grant revenue
Grants are treated as unexpended grants in the statement of financial position where there are conditions attached to the grant revenue relating to the use of these grants for specific purposes. It is recognised in the statement of financial position as a liability until such conditions are met or services provided. Once the conditions are met and the services provided, the amount is included as revenue in profit or loss. When there is a non reciprocal transfer, grants are recognised as income when the entity obtains control or the right to receive a contribution, it is probable that the economic benefits comprising the contribution will flow to the entity and the amount of the grant can be measured reliably.

(i) Membership revenue
Revenue from members' subscriptions is recognised on a time proportionate basis that takes into account the period of the subscription.

(ii) Interest revenue
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets

(f) Provisions
Provisions are recognised when the company 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 the outflow can be reliably measured.

Notes to the financial statements

For the year ended 30 June 2017

1. Statement of significant accounting policies (continued)

(g) Leases
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses over the lease term.

Australian Accounting Standard AASB 117 Leases and Australian Accounting Interpretation 115 Operating Leases - Incentives requires that the total cost of an operating lease, after taking into account any incentives and known escalations, be measured and straight-lined over the lease term unless there is another systematic basis which is more representative of the time pattern of the user's benefit.

(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.

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

(j) Intangibles
(i) Acquired intangible assets
Acquired software is capitalised on the basis of the costs incurred to acquire and install the specific software.

(ii) Subsequent measurement
All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition they are subject to impairment testing as described in Note 1 (k). The following useful lives are applied:

- software: 5 years

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

Notes to the financial statements

For the year ended 30 June 2017

1. Statement of significant accounting policies (continued)

(k) Impairment of assets
At each reporting date, the directors review 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 profit or loss.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset.

(l) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterpart will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group

(m) Critical accounting estimates and judgements
In the process of applying the company's accounting policies, management has made the following judgements and estimates which have had the most significant effect on the amount recognised in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Key estimates
(i) Provision for make good of lease premises
A provision of $61,160 (2016: $34,200) has been recognised to make good the premises under lease.

(ii) Provision for parental leave
A provision of $56,800 (2016: $0) has been recognised for parental leave.

No other significant critical judgements or accounting estimates have been made during the year.

(n)New accounting standards and interpretations
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below:

Notes to the financial statements

For the year ended 30 June 2017

1. Statement of significant accounting policies (continued)

(n) New accounting standards and interpretations (continued)
(i) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, effective for annual reporting periods beginning on or after 1 January 2019. When the new standards are adopted for the year ending 30 June 2020, they are unlikely to have any significant impact on the entity. The entity is yet to undertake a detailed assessment of the impact of AASB 15 and AASB 1058. However, based on the entity's preliminary assessment, the Standards are not expected to have a material impact on the transactions and balances recognised in the financial statements when s first adopted for the year ending 30 June 2020.

(ii) AASB 16 replaces AASB 117 Leases and some lease-related Interpretations. AASB 16 requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. The new standard also provides new guidance on the application of the definition of lease and on sale and lease back accounting and requires new and different disclosures about leases whilst largely retains the existing lessor accounting requirements in AASB 117.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entities' preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:

- there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet;
- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities.

(o) Early adoption of standards
Justice Connect has elected to apply AASB 9 Financial Instruments as issued in December 2014 for the period beginning 1 July 2015.

AASB 9 replaces the provision of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities and the derecognition of financial instruments. It requires financial assets to be classified into three measurement categories: those measured at fair value, those measured at amortised cost and those measured at fair value through Other Comprehensive Income. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

Under AASB 9, the definition of "equity like investments" has narrowed and investments in managed funds where the fund has a limited life, no longer qualify as "equity like investments". In these circumstances, AASB 9 requires investments in managed funds to be accounted for at fair value through Profit or Loss.

The directors have resolved to depart from the requirements of AASB 9 in these circumstances and have elected to account for the company's investment in managed funds at fair value through Other Comprehensive Income. For the 2017 year the impact is to record an unrealised gain on investments of $3,836 (2016: Nil) in Other Comprehensive Income rather than as part of the surplus/(deficit) for the year. Total Comprehensive Income remains unchanged.

Notes to the financial statements

For the year ended 30 June 2017

1. Statement of significant accounting policies (continued)

(p) Restatement of comparatives

In the 2016 financial year, the directors elected not to straightline lease escalations over the lease term in accordance with AASB 117 *Leases*. The straightlining of leases has been implemented in the 2017 financial year with a retrospective adjustment being made to the 2016 comparative balances as follows:

	Previous Amount $	Adjustment $	Restated Balance $
Statement of profit or loss and other comprehensive income (extract)			
Occupancy expenses	(446,271)	(49,986)	(496,257)
Total expenses	(5,655,534)	(49,986)	(5,705,520)
Surplus/(deficit) for the year	(217,786)	(49,986)	(267,772)
Statement of financial position (extract)			
Other liabilities (current)	28,884	(35,946)	64,830
Other liabilities (non-current)	44,999	(14,040)	59,039
Total liabilities	3,309,003	(49,986)	3,358,989
Net assets	1,126,427	(49,986)	1,076,441

Notes to the financial statements

For the year ended 30 June 2017

	2017	2016
	$	$

2. Revenue

Grants	**4,991,331**	4,056,503
Membership	**614,412**	647,274
Fundraising Income - events	**73,251**	122,284
Training income	**184,375**	128,817
Overhead recovered	**157,400**	108,150
Investment income	**50,675**	62,122
Other income	**72,462**	312,598
Total revenue	**6,143,906**	5,437,748

3. Auditor remuneration

Auditors remuneration for audit of the financial report	**16,000**	19,915

4. Cash and cash equivalents

Cash on Hand	**727**	1,089
Cash at Bank	**2,649,507**	2,794,881
	2,650,234	2,795,970

5. Trade and other receivables

Current		
Trade receivables	**250,487**	703,524
Accrued income	**535**	46,208
Other receivables	**73,839**	64,275
Prepayments deposits	**58,082**	16,929
	382,943	830,936

6. Other Non-Current Assets

Deferred charge on make good provision	**-**	9,492
Rent free period	**-**	143,000
Less accumulated amortisation	**-**	(143,000)
Total other assets	**-**	9,492

Notes to the financial statements

For the year ended 30 June 2017

	2017	2016
	$	$
7. Property, plant and equipment		
Office fixtures and furniture - at cost	**810,066**	802,121
Accumulated depreciation	**(267,493)**	(145,495)
	542,573	656,626
Computer Equipment - at costs	**300,744**	277,607
Accumulated depreciation	**(204,207)**	(169,841)
	96,537	107,766
Total property, plant & equipment	**639,110**	764,392
8. Intangible Assets		
Software at cost	**103,992**	103,992
Less accumulated amortisation	**(98,743)**	(69,352)
	5,249	34,640
9. Trade and other payables		
Current		
Trade payables	**260,546**	230,874
Other payables and accruals	**329,630**	13,896
	590,176	244,770
10. Income Received in Advance		
Grants received in advance	**1,431,313**	2,036,808
Membership renewals billed in advance	**19,325**	487,825
Training fees received in advance	**12,747**	-
	1,463,385	2,524,633
11. Other Liabilities		
Current		
Lease straightlining	**18,883**	35,946
Rent free period benefit	**28,600**	28,884
	47,483	64,830
Non-current		
Lease straightlining	**67,049**	14,040
Rent free period benefit	**9,533**	44,999
	76,582	59,039

Notes to the financial statements

For the year ended 30 June 2017

	2017	2016
	$	$
12. Provisions		
Current		
Employee benefits	**385,480**	358,032
Non-current		
Make good provision	**61,160**	34,200
Employee benefits	**49,720**	73,485
	110,880	107,685
13. Cash flow information		
Reconciliation of cash and cash equivalents	**727**	1,089
Cash on Hand	**2,649,507**	2,794,881
Cash at bank	**2,650,234**	2,795,970
Reconciliation of surplus/(deficit) to net cash flows from operating activities		
Surplus/(deficit) for the year:	**11,659**	(267,772)
Non-cash flows in profit		
Amortisation of rent free period benefit	**(26,257)**	(15,488)
Depreciation and amortisation	**198,269**	176,587
Amortisation of lease straightline liability	**35,946**	49,986
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**447,993**	(520,042)
Increase/(decrease) in trade and other payables	**345,406**	(68,417)
Increase/(decrease) in income received in advance	**(1,061,248)**	422,028
Increase/(decrease) in provisions	**30,643**	9,744
Net cash provided by/(used in) operating activities	**(17,589)**	(213,374)

Notes to the financial statements

For the year ended 30 June 2017

	2017	2016
	$	$

14. Commitments

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements are as follows:

	2017 $	2016 $
Payable - minimum lease payments		
- not later than 12 months	**443,645**	426,581
- between 12 months and 5 years	**1,742,650**	1,392,564
- over 5 years	**177,011**	177,011
Total operating lease commitments	**2,363,305**	1,996,156

15. Limitation of members liability

If the company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the company. At 30 June 2017, the collective liability of members was $560 ($630 as at 30 June 2016).

16. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affect the operation of the company, the results of those operations or the state of affairs of the company in future financial years.

17. Company details

The registered office of Justice Connect is:
Level 17, 461 Bourke Street
Melbourne VIC 3000

The principal place of business of Justice Connect are:

Level 17, 461 Bourke Street
Melbourne VIC 3000

Level 5, 175 Liverpool Street
Sydney NSW 2000

This special purpose financial report covers Justice Connect as an individual entity. The special purpose financial report is presented in the Australian currency.

Directors' declaration

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 18, present fairly the company's financial position as at 30 June 2017 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements, and have been prepared in accordance with the requirements of the Australian Charities and Not-for-Profits Commission Act 2012.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Mitzi Gilligan
Director

Geoffrey Rush
Director

Dated 26 day of October 2017

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JUSTICE CONNECT

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Justice Connect (the "Company"), which comprises the statement of financial position as at 30 June 2017, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company.

In our opinion the financial report of Justice Connect has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a. Giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b. Complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Opinion

We have 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 Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and 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.

Emphasis of Matter – Basis of Accounting

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

Directors' responsibility for the financial report

The Directors are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial report, which form part of the financial report, are appropriate to meet the needs of the Members. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism through the audit. A description of our responsibilities can be found on The Auditing and Assurance Standards Board website http://www.auasb.gov.au/Home.aspx (ref: para. Aus A57.1).

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Eric W Passaris

Eric Passaris
Partner – Audit & Assurance

Melbourne, 26 October 2017