



Financial Report

for the year ended
30 June 2014

ABN 54 206 789 276



Justice Connect
ABN 54 206 789 276

Financial Report
For The Year Ended 30 June 2014

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Directors Report

Your directors present this report on the company for the year ended 30 June 2014.

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	1-7-2013
Carmel Mulhern	1-7-2013
Geoffrey Rush	1-7-2013
Nicky Friedman	1-7-2013
Simon Lewis	26-6-2014
Gordon Renouf	1-7-2013
Alexandra Rose	1-7-2013
Richard Wilson	1-7-2013

Principal Activities

The principal activities of the company during the financial year were to procure the provision of pro bono legal services to marginalised and disadvantaged individuals, groups and communities.

Company Objectives

The company's objectives are to:

- » Build, support and engage a strong commitment to lawyers' pro bono responsibility
- » Deliver access to justice through pro bono legal services, to people experiencing disadvantage and the community organisations that support them
- » Challenge and change unjust and unfair laws and policies, using evidence from our case work and the stories of our clients to bring about reform

Company Strategies

To achieve these objectives, the company has adopted the following strategies:

- » We believe that all lawyers have a professional responsibility to provide pro bono legal assistance to people experiencing disadvantage who are unable to pay for legal help or get assistance from another source. We build and engage a strong commitment to this pro bono responsibility, by providing support, training, specialist advice and partnership opportunities to lawyers.
- » We help lawyers, law firms and legal departments design and manage their pro bono programs. We contribute to public policy debate and development about access to justice and the role of pro bono in this. In this way, we increase the capacity and improve the efficiency of pro bono legal work.
- » Because of our long history in the legal assistance community and our deep relationships with the Australian legal profession, we understand the unique role for pro bono legal assistance, where the skills of pro bono lawyers can be efficiently matched with unmet legal need.
- » With this pro bono capacity, we provide clients with legal help, by identifying unmet legal need for which pro bono is or could be the right response and designing and managing effective responses.

Directors Report

Company Strategies (cont'd)

- » We take a client centred approach to identified unmet legal need and draw on the pro bono skills of lawyers in the delivery of these services. Our work targets people experiencing disadvantage and the not-for-profit community organisations who support them, and connects them with lawyers. We also provide legal advice and training to community organisations that work with people experiencing disadvantage.
- » We work collaboratively with other access to justice and social service organisations, to avoid duplication, to ensure ease of access for clients and where possible, to be part of a holistic response to disadvantage.
- » Sometimes our work reveals laws and policies that cause or perpetuate disadvantage or which are unduly complex and burdensome. We challenge and change this, by advocating for law and policy reform, using evidence from the cases we are involved in.
- » This work is evidence-based, is grounded in our casework expertise and draws on the capacity of our staff and our pro bono lawyers. It is based on our referral and case work, giving our clients a voice and using their stories to highlight the need for change. It proposes practical solutions to the problems we have identified. It is consistent with our strategic plan and theory of change and applies, or is consistent with, human rights-based principles of participation, empowerment and respect.

Significant Events during the Reporting Period

Public Interest Law Clearing House (Vic) Inc.) converted its registration to a company limited by guarantee registered under the **Corporations Act 2001** (Cth), in accordance with section 31AA of the **Associations Incorporation Act 1981** (Vic). The name was also changed to Justice Connect.

As per a memorandum of understanding, on 1 July 2013 Justice Connect (formerly Public Interest Law Clearing House (Vic) Inc.) assumed the assets and liabilities of Public Interest Law Clearing House Inc (NSW), including the employee entitlements of transferring employees.

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 2014 the collective liability of members was \$750.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under **Australian Charities and Not-for-profits Commission Act 2012** is set out at page 3.

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



Mitzi Gilligan
Chairperson



Geoffrey Rush
Director

Signed in Melbourne, this ⁴20 day of October 2014.

Auditor's Independence Declaration

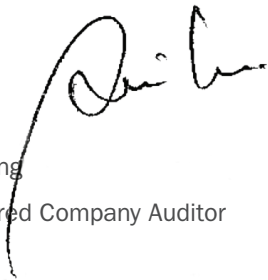
To the directors of Justice Connect

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd



Sally Ding
Registered Company Auditor

Signed in Hawthorn, this ⁴20 day of October 2014.

Statement of Profit or Loss and Other Comprehensive Income For the Year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue	2	4,354,460	3,449,443
Expenses			
Employee benefits expense		(3,144,976)	(2,497,792)
Occupancy expenses		(216,948)	(200,990)
Administrative expenses		(789,340)	(588,518)
Depreciation expenses		(73,787)	(55,573)
Total expenses	3	(4,225,051)	(3,342,873)
Surplus for the year		129,409	106,570
Other comprehensive income		-	-
Total comprehensive income		129,409	106,570

The accompanying notes form part of the financial statements

Statement of Financial Position

As At 30 June 2014

	Note	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	4	2,667,737	2,212,698
Trade and other receivables	5	903,645	674,345
Financial assets	6	-	127,275
Total current assets		3,571,382	3,014,318
Non-current assets			
Other asset	7	71,500	-
Plant and equipment	8	240,193	180,786
Total non-current assets		311,693	180,786
TOTAL ASSETS		3,883,075	3,195,104
Current liabilities			
Trade and other payables	9	312,889	220,469
Income received in advance	10	1,790,868	1,475,787
Other liabilities	11	28,600	4,996
Provisions	12	308,973	271,914
Total current liabilities		2,441,330	1,973,166
Non-current liabilities			
Other liabilities	11	95,333	-
Provisions	12	69,778	74,713
Total non-current liabilities		165,111	74,713
TOTAL LIABILITIES		2,606,441	2,047,879
NET ASSETS		1,276,634	1,147,225
Funds			
Retained surplus		1,276,634	1,147,225
TOTAL FUNDS		1,276,634	1,147,225

The accompanying notes form part of the financial statements

Statement of Changes in Equity

For the Year ended 30 June 2014

	Retained Surplus \$
Balance as at 1 July 2012	1,040,655
Comprehensive income for the year	106,570
Balance as at 30 June 2013	1,147,225
Comprehensive income for the year	129,409
Balance as at 30 June 2014	<u>1,276,634</u>

The accompanying notes form part of the financial statements

Statement of Cash Flows

For the Year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from memberships		540,446	408,870
Receipts from grants & funding contributions		2,660,723	2,919,984
Receipts from other sources		1,074,682	477,693
Receipt from merger of PILCH Inc. (NSW)		98,511	-
Payments to suppliers and employees		(3,988,469)	(3,083,525)
Interest received		75,065	91,773
Net cash provided by operating activities	13	460,958	814,795
Cash flows from investing activities			
Payment for plant and equipment		(133,194)	(108,353)
Receipt from/ (payment for) financial assets		127,275	(7,788)
Net cash used in investing activities		(5,919)	(116,141)
Net increase/ (decrease) in cash held		455,039	698,654
Cash at the beginning of financial year		2,212,698	1,514,044
Cash at the end of financial year	4	2,667,737	2,212,698

The accompanying notes form part of the financial statements

Notes to the Financial Statements

For the Year ended 30 June 2014

1. Summary of Significant Accounting Policies

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 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.

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.

The financial statements were authorised for issue on 20 October 2014 by the directors of the company.

Accounting Policies

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, 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) Plant and Equipment

Each class of plant & equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses. The carrying amount is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets.

The depreciable amounts of all fixed assets are depreciated over the useful lives of the assets to the company commencing from the time the asset is held ready for use. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

(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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee provisions.

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

Notes to the Financial Statements

For the Year ended 30 June 2014

Summary of Significant Accounting Policies (cont'd)

(e) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

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

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

(f) Provisions

Provisions are recognised when the entity 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

(g) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(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 (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 statement of financial position. Cash flows are presented on a net basis.

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

(i) Grants – Deferred 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 the statement of comprehensive income.

(j) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with figures presented for the current financial year.

The comparative figures presented in the financial report are only of Justice Connect (formerly Public Interest Law Clearing House (Vic) Inc.).

Notes to the Financial Statements

For the Year ended 30 June 2014

Summary of Significant Accounting Policies (cont'd)

(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 the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Critical Accounting Estimates and Judgements

The board members evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the company.

Key estimates

(i) Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of any assets for the year ended 30 June 2014.

(ii) Provision for make good of lease premises

A provision of \$15,708 (2014: \$14,907) has been recognised to make good the premises under the lease.

(m) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended Standards and Interpretations that have mandatory applicable dates for future reporting periods and which the company has decided not to early adopt. Due to the nature of the company's activities, it does not expect them to have any material effect on the company's financial statements.

Notes to the Financial Statements

For the Year ended 30 June 2014

	2014 \$	2013 \$
2. Revenue		
Grants	2,970,808	2,563,857
Membership	598,729	384,090
Fundraising income - events	95,274	60,947
Interest income	86,637	74,963
Other income	504,501	365,586
Contributions from merger of PILCH Inc. (NSW)	98,511	-
Total cash and cash equivalents	4,354,460	3,449,443
3. Expenses		
The following expenses are relevant in explaining the financial performance:		
Auditor's remuneration for audit of the financial report	10,609	10,741
Project and client costs	81,651	82,986
Repairs and maintenance	37,239	7,658
Telecommunication costs	184,370	61,450
4. Cash and Cash Equivalents		
Cash on hand	2,100	1,000
Cash at bank	2,665,637	2,211,698
Total cash and cash equivalents	2,667,737	2,212,698
5. Trade and Other Receivables		
Trade receivables	268,719	123,456
Membership renewals receivable	597,328	539,045
Accrued income	13,034	1,462
Other receivables	17	2,580
Prepayments and deposits	24,547	7,802
Total trade and other receivables	903,645	674,345
6. Financial Assets		
Current		
Term deposit	-	127,275
7. Other Assets		
Rent free period	143,000	-
Less accumulated amortisation	(71,500)	-
Total other assets	71,500	-

Notes to the Financial Statements

For the Year ended 30 June 2014

	2014 \$	2013 \$
8. Plant and Equipment		
Office fixtures and furniture - at cost	69,665	110,269
Less accumulated depreciation	(3,543)	(91,905)
Total office fixtures and furniture	<u>66,122</u>	<u>18,364</u>
Computer equipment - at cost	171,115	132,607
Less accumulated depreciation	(49,598)	(43,028)
Total computer equipment	<u>121,517</u>	<u>89,579</u>
Software - PIMS and CRM - at cost	101,442	101,442
Less accumulated amortisation	(48,888)	(28,599)
Total software	52,554	72,843
Total plant and equipment	<u>240,193</u>	<u>180,786</u>
9. Trade and Other Payables		
Trade payables	218,635	6,122
Other payables and accruals	94,254	214,347
Total trade and other payables	<u>312,889</u>	<u>220,469</u>
10. Income Received in Advance		
Grants received in advance	1,140,068	936,742
Membership renewals billed in advance	650,800	539,045
Total income received in advance	<u>1,790,868</u>	<u>1,475,787</u>
11. Other liabilities		
Current		
Rent free period benefit	<u>28,600</u>	<u>4,996</u>
Non-current		
Rent free period benefit	<u>95,333</u>	<u>-</u>
12. Provisions		
Current		
Employee benefits	<u>308,973</u>	<u>271,914</u>
Non-current		
Employee benefits	54,070	59,806
Make good of lease premises	15,708	14,907
Total non-current provisions	<u>69,778</u>	<u>74,713</u>

Notes to the Financial Statements

For the Year ended 30 June 2014

	2014 \$	2013 \$
13. Cash Flow Information		
Reconciliation of Cash Flow from Operations with Operating Surplus		
Surplus for the year	129,409	106,570
Non-cash flow items:		
Amortisation of rent free period benefit	52,433	-
Depreciation expenses	73,787	55,573
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(229,300)	(521,100)
Increase/(decrease) in trade and other payables	92,420	103,593
Increase/(decrease) in income received in advance	310,085	974,058
Increase/(decrease) in provisions	32,124	95,706
Cash flows from operating activities	460,958	814,795

14. Commitments

Operating Lease Commitments

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

Payable - minimum lease payments		
- not later than 12 months	219,519	70,133
- between 12 months and 5 years	787,959	-
Total operating lease commitments	1,007,478	70,133

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance.

The company entered into a bank guarantee with the Commonwealth Bank for \$61,126 (2013: \$58,379) in respect of the property lease.

15. Related Party Transactions

(a) Services to related entity - Human Rights Law Centre Ltd (HRLC)

The company provides office space and other services to HRLC and is reimbursed for the cost of providing office space and other services.

(b) Accounts receivable from/payable to related entity

Trade and other payables of \$312,889 (2013: \$220,469) includes a payable of \$20,827 (2013: \$Nil) to HRLC.

16. Company Details

The registered office and principal place of business of the company is:

Justice Connect
Level 17, 461 Bourke Street
Melbourne VIC 3000

Directors Declaration

In accordance with a resolution of the directors of Justice Connect, the directors declare that:

1. The financial statements and notes, as set out on pages 4 to 13, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a) comply with Australian Accounting Standards applicable to the company; and
 - b) give a true and fair view of the financial position of the company as at 30 June 2014 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 of the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company is able to pay its debts as and when they become due and payable.



Mitzi Gilligan
Chairperson



Geoffrey Rush
Director

Signed in Melbourne, this ~~20~~²¹ day of October 2014.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JUSTICE CONNECT

We have audited the accompanying financial report of Justice Connect, being a special purpose financial report, which comprises the statement of financial position as at 30 June 2014 and the statement 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.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and are appropriate to meet the needs of the members. The directors are also responsible for such internal control as the directors 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, 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 of the financial report that gives a true and fair view 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 directors, 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JUSTICE CONNECT (Continued)**

Opinion

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

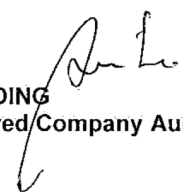
- (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd


SALLY DING
Registered Company Auditor

Hawthorn
23 October 2014



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