

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Financial Statements

For the Year Ended 30 June 2018

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Contents

For the Year Ended 30 June 2018

	Page
Financial Statements	
Statement of Surplus or Deficit and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Statement by Members of the Committee	12
Independent Audit Report	13

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Statement of Surplus or Deficit and Other Comprehensive Income
For the Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
Revenue	4	1,327,565	1,279,436
Other income	4	1,498	9,070
Rent and rates		(62,514)	(56,567)
Administrative expenses	5	(130,520)	(158,781)
Salaries and associated costs		(923,398)	(881,273)
Travel and representation		(10,638)	(9,669)
Communications		(12,000)	(10,500)
Events and activities		(11,059)	(4,400)
Program materials and services		(131,213)	(109,233)
Surplus before income tax		47,721	58,083
Income tax expense	2(a)	-	-
Surplus for the year		47,721	58,083
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		47,721	58,083

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Statement of Financial Position**As At 30 June 2018**

		2018	2017
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	371,571	292,451
Trade and other receivables	7	7,732	9,541
Inventories	8	18,558	10,208
Current tax receivable	12	10,541	6,474
Other assets	9	-	6,222
TOTAL CURRENT ASSETS		408,402	324,896
TOTAL ASSETS		408,402	324,896
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	97,146	32,818
Employee benefits	13	126,352	127,579
Contracts paid in advance	11	7,624	2,598
TOTAL CURRENT LIABILITIES		231,122	162,995
TOTAL LIABILITIES		231,122	162,995
NET ASSETS		177,280	161,901
EQUITY			
Retained earnings		177,280	161,901
TOTAL EQUITY		177,280	161,901

The accompanying notes form part of these financial statements.

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2017	161,901	161,901
Unspent MoH Grant from the 2016-17 year repaid	(32,342)	(32,342)
Surplus attributable to members	47,721	47,721
Balance at 30 June 2018	177,280	177,280

2017

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2016	103,818	103,818
Surplus attributable to members	58,083	58,083
Balance at 30 June 2017	161,901	161,901

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Statement of Cash Flows
For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers, granting bodies & fundraising (inclusive of goods & services tax)	1,322,598	1,293,170
Payments to suppliers and employees (inclusive of goods & services tax)	(1,244,776)	(1,273,912)
Interest received from Deposits at call	1,298	938
Net cash provided by operating activities	<u>79,120</u>	<u>20,196</u>
Net increase in cash and cash equivalents held	79,120	20,196
Cash and cash equivalents at beginning of year	<u>292,451</u>	<u>272,255</u>
Cash and cash equivalents at end of financial year	6	<u>371,571</u>
		292,451

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Notes to the Financial Statements

For the Year Ended 30 June 2018

The financial statements cover Sex Workers Outreach Project Inc as an individual entity. Sex Workers Outreach Project Inc is a not-for-profit Association incorporated in New South Wales under the *Associations Incorporation Act (NSW) 2009* and *Associations Incorporation Regulation (NSW) 2010* ('the Act').

The functional and presentation currency of Sex Workers Outreach Project Inc is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations. The Association has taken advantage of the relief in Class Order 11/01 *Financial Reporting Requirements* and has prepared financial statements with reduced disclosures.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Association and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Grant revenue

Grant revenue is recognised in the statement of surplus or deficit and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity 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.

Donations, sponsorship and fundraising revenue

Donations and income from sponsorships and fundraising activities are recognised as revenue when received.

Interest revenue

Interest is recognised using the effective interest method.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Other income

Other income is recognised on an accruals basis when the Association is entitled to it.

(d) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category, they have been allocated to activities on a basis consistent with use of the resources.

Program materials and services costs include the costs of merchandise sold, and the costs incurred in providing resources and outreach programs to sex workers.

Event and activities costs are those costs directly incurred in running events, forums and workshops by the association.

Administrative costs are those incurred in connection with administration of the association and compliance with constitutional and statutory requirements.

(e) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(e) Goods and services tax (GST)

in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of surplus or deficit and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

The Association's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Association renegotiates repayment terms with customers which may lead to

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

(g) Financial instruments

changes in the timing of the payments, the Association does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Association uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Association's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) 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 that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period 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 satisfy vesting requirements.

(j) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 30 June 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association.

(k) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The committee members have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Association.

3 Critical Accounting Estimates and Judgments

The members of the committee make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Notes to the Financial Statements

For the Year Ended 30 June 2018

3 Critical Accounting Estimates and Judgments

The significant estimates and judgements made have been described below.

Key estimates - revenue recognition - deferred income

The Association receives income from certain grants and donations under contracts, which span a number of reporting periods. Recognition of revenue in relation to these contracts involves estimation of the timing of the delivery of the service that has been provided, or the completion of a specified activity, under the relevant contract. The assumptions are based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Revenue and Other Income

Revenue from continuing operations

	2018	2017
	\$	\$
Operating revenue		
- operating grants and contracts	1,283,238	1,238,533
- sale of goods	41,953	39,572
- member subscriptions	487	1,091
	<hr/> 1,325,678	<hr/> 1,279,196
Other revenue		
- donations, sponsorship and fundraising revenue	1,887	240
Total Revenue	<hr/>1,327,565	<hr/>1,279,436

Other Income

- interest received from deposits at call	1,298	938
- other income	200	8,132
	<hr/> 1,498	<hr/> 9,070

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Notes to the Financial Statements

For the Year Ended 30 June 2018

5 Result for the Year

The result for the year includes the following specific expenses:

	2018	2017
	\$	\$
Other expenses:		
- Administrative expenses	130,520	158,781
- IT expenses	77,862	75,426

6 Cash and Cash Equivalents

Cash at bank and in hand	166,533	88,702
Deposits at call	205,038	203,749
	<u>371,571</u>	<u>292,451</u>

7 Trade and Other Receivables

CURRENT		
Trade receivables	7,732	2,565
Other receivables	-	6,976
Total current trade and other receivables	<u>7,732</u>	<u>9,541</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Inventories

CURRENT		
At cost:		
Stock on hand	<u>18,558</u>	<u>10,208</u>

9 Other Assets

CURRENT		
Prepayments	-	6,222

10 Trade and Other Payables

CURRENT		
Trade payables	32,868	9,259
Sundry payables and accrued expenses	<u>64,278</u>	<u>23,559</u>
	<u>97,146</u>	<u>32,818</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Notes to the Financial Statements

For the Year Ended 30 June 2018

11 Grants in Advance

	2018	2017
	\$	\$
CURRENT		
Deferred income - Contracts in advance	<u>7,624</u>	2,598

12 Tax assets and liabilities

(a) Current Tax Asset		
GST receivable	<u>10,541</u>	6,474

13 Employee Benefits

CURRENT		
Long service leave	<u>72,635</u>	60,536
Annual leave	<u>53,717</u>	67,043
	<u>126,352</u>	127,579

14 Contingencies

Contingent Liabilities

Unspent funds in respect of the grants received for the current financial year may be required to be repaid to the Ministry of Health. At the date of this report the amount is \$17,689.

15 Statutory Information

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

Sex Workers Outreach Project Inc

Level 4

414 Elizabeth Street

Surry Hills NSW 2010

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Statement by Members of the Committee

In the opinion of the committee the financial report as set out on pages 1 to 11:

1. Present fairly the financial position of Sex Workers Outreach Project Inc as at 30 June 2018 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Sex Workers Outreach Project 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:

President



Elizabeth McGregor

Chief Operating Officer



Cameron Cox

Dated 29 October 2018

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Independent Audit Report to the members of Sex Workers Outreach Project Inc

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sex Workers Outreach Project Inc (the Association), which comprises the statement of financial position as at 30 June 2018, the statement of surplus or deficit and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the Association's financial position as at 30 June 2018 and of its financial performance and its cash flows for the year ended; and
- (ii) complying with Australian Accounting Standards.

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 auditor independence requirements of 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.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with the Associations Incorporation Act (NSW) 2009 and Associations Incorporation Regulation (NSW) 2010, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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



Level 12, 222 Pitt Street

Sydney NSW 2000

POSTAL ADDRESS

PO Box Q819 QVB NSW 1230

13

TELEPHONE +61 2 9264 5400

EMAIL audit@dfklv.com.au

WEB www.dfklv.com.au

ABN 49 615 581 372

We make it happen!



A member firm of DFK International a worldwide association of independent accounting firms and business advisers

Liability Limited by a scheme approved under Professional Standards Legislation

Sex Workers Outreach Project Inc

ABN 38 451 145 442

Independent Audit Report to the members of Sex Workers Outreach Project Inc

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional 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 management.
- Conclude on the appropriateness of the management'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, 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 make it happen!



A member firm of DFK International a worldwide association of independent accounting firms and business advisers

Liability Limited by a scheme approved under Professional Standards Legislation



Level 12, 222 Pitt Street

Sydney NSW 2000

POSTAL ADDRESS

PO Box Q819 QVB NSW 1230

14

TELEPHONE +61 2 9264 5400

EMAIL audit@dfklv.com.au

WEB www.dfklv.com.au

ABN 49 615 581 372

Sex Workers Outreach Project Inc

ABN 38 451 145 442

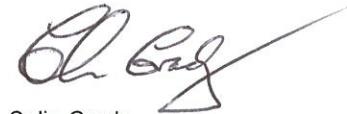
Independent Audit Report to the members of Sex Workers Outreach Project Inc

We communicate with management 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.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

DFK Laurence Varnay Audit Pty Limited



Colin Grady
Director

Sydney
Dated 29 October 2018

We make it happen!



A member firm of DFK International a worldwide association of independent accounting firms and business advisers

Liability Limited by a scheme approved under Professional Standards Legislation



Level 12, 222 Pitt Street

Sydney NSW 2000

POSTAL ADDRESS

PO Box Q819 QVB NSW 1230

15

TELEPHONE +61 2 9264 5400

EMAIL audit@dfklv.com.au

WEB www.dfklv.com.au

ABN 49 615 581 372