

**AUDITED**

**FINANCIAL**

**STATEMENTS**

**2015-2016**

**BROWN MACAULAY & WARREN**  
**JONATHAN WELLER**

## **COMMITTEE'S REPORT**

Your committee members submit the financial report of the COMMUNITY ACTION INC. for the financial year ended 30 June 2016.

### **Committee Members**

The name of each member of the committee during the year and if different, at the date of the report;

Rae Gate  
Abbie Grant-Taylor  
Ann Rigbye  
Sally Garrahy  
Sally Burton  
Kevin Irle  
Catherine Roberts

### **Principal Activities**

The principal activities of the association during the financial year were:

To provide community housing, crisis accommodation and support services for young people, and crisis accommodation and support services for women and children escaping domestic and family violence

### **Significant Changes**

No significant change in the nature of these activities occurred during the year.

### **Operating Result**

The profit of the association after providing for income tax amounted to \$69,689.16.

Signed in accordance with a resolution of the Members of the Committee.

**Committee Member: Rae Gate**

**Committee Member: Abbie Grant-Taylor**

**Dated this 29<sup>th</sup> day of September 2016**

**COMMUNITY ACTION INC.**

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2015**

	2016	2015
Note	\$	\$
<b>INCOME</b>		
<b>Operating Income</b>		
Beck Income Held	-	730.00
CAI Homelessness Project	19,078.48	16,740.00
Donations	8,101.23	7,249.98
Grants	1,426,961.00	1,442,397.53
Grants Carried Forward	100,368.08	47,741.40
Key Replacement	-	155.00
Laundry Income	2,698.00	2,619.00
Private Vehicle Use	5,337.82	6,587.16
Rent Received	71,966.83	67,113.53
Sundry Income	2,242.10	9,150.39
Tenancy & Property Income	1,159,111.96	1,025,238.68
Transfers	-	1,175.59
Room Hire	18,677.27	14,786.27
Medicare Rebate	<u>8,678.25</u>	<u>12,548.25</u>
	<u>2,823,221.02</u>	<u>2,654,232.78</u>
<b>OTHER INCOME</b>		
Interest Received	35,149.30	51,291.32
Profit on Sale of Non-current Assets	3,261.00	8,746.17
Loss on Sale of Non-current Assets	<u>(10,933.00)</u>	<u>(3,120.00)</u>
	<u>27,477.30</u>	<u>56,917.49</u>
	<u>2,850,698.32</u>	<u>2,711,150.27</u>

The accompanying notes form part of these financial statements.

**COMMUNITY ACTION INC**

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
Note	\$	\$
<b>EXPENDITURE</b>		
Advertising & Promotion	576.00	2,136.82
Assets less than \$5000	1,543.63	1,872.73
Audit Fees	8,175.00	8,225.00
Bad Debts	67,834.95	19,884.94
Bank Charges	953.62	870.02
Client Support Services	162,007.89	151,037.90
Computer Supplies	10,862.48	1,831.25
Consultancy Fees	27,818.20	20,909.09
Depreciation	34,341.80	37,634.67
Donations	20.00	300.00
Electricity	9,313.85	9,918.63
Fees & Permits	5,163.47	66.25
First Aid	82.45	65.97
Fringe Benefits Tax	503.72	-
Insurance	66,176.72	64,712.89
Workers' Compensation	5,216.62	4,881.56
Interest Paid	0.41	-
Internet Expenses	2,153.54	1,504.91
Legal Costs	156.30	838.18
Management Fees	6,423.37	2,525.69
Meeting Expenses	1,808.79	1,008.37
Motor Vehicle Expenses	22,859.63	27,297.61
Office Expenses	4,899.67	11,089.27
Photocopier Expenses	3,275.24	3,838.00
Postage, Stationery & Printing, Publications	9,238.68	7,904.70
Rent Paid	45,791.39	45,326.02
Repairs & Maintenance	43,526.79	15,839.72
Staff Amenities	6,233.36	5,484.93
Staff Blue Card/Police Check	322.85	641.15
Staff Supervision	2,515.00	4,006.09
Staff Team Building	6,377.06	7,385.64
Staff Training	10,088.61	11,950.16
Subscriptions	8,656.39	6,562.67
Sundry Expenses	842.60	45.41
Superannuation Contributions - Employees	108,417.30	101,119.18
Telephone & Fax	15,688.08	16,036.49
Tenancy & Property Expenses	825,394.49	703,571.20
Travel & Accommodation	765.01	1,725.39
Unspent Grant	39,135.40	100,368.08
Employment Expenses	1,215,848.80	1,104,463.39

The accompanying notes form part of these financial statements.

COMMUNITY ACTION INC

INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
Note	\$	\$
	<u>2,781,009.16</u>	<u>2,504,879.97</u>
Profit before income tax	<u>69,689.16</u>	<u>206,270.30</u>
<b>Profit for the year</b>	69,689.16	206,270.30
Retained earnings at the beginning of the financial year	842,323.08	807,960.64
Transfer To Reserves	61,636.14	171,907.86
<b>Retained earnings at the end of the Financial Year</b>	850,376.10	842,323.08

The accompanying notes form part of these financial statements.

**COMMUNITY ACTION INC**

**BALANCE SHEET  
AS AT 30 JUNE 2016**

	2016	2015
Note	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,320,282.50	1,551,286.73
Trade and other receivables	4 <u>56,097.05</u>	<u>90,421.36</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,376,379.55</u>	<u>1,641,708.09</u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	5 <u>3,115,268.83</u>	<u>2,814,524.71</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>3,115,268.83</u>	<u>2,814,524.71</u>
<b>TOTAL ASSETS</b>	<u>4,491,648.38</u>	<u>4,456,232.80</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	101,958.51	128,761.12
PAYG Withholding Payable	17,686.00	10,280.00
Superannuation Payable	149.84	50.85
Salary Packaging Liability	-	(19.31)
GST Payable	30,913.60	33,966.52
Leave Provisions	448,248.02	403,015.95
Paid Parental Leave	1,314.00	-
Unspent Grants	39,135.40	100,368.08
RTA Bonds	<u>939.26</u>	<u>(1,805.00)</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>640,344.63</u>	<u>674,618.21</u>
<b>NON-CURRENT LIABILITIES</b>		
HQ Mortgage - 10 Louisa Street	1,031,615.30	1,031,615.30
HQ Mortgage - 58 Furness Road	109,800.00	109,800.00
HQ Mortgage - 22 Lily Street	100,800.00	100,800.00
HQ Mortgage - 8 Loder Street	97,200.00	97,200.00
HQ Mortgage - 17 Somerset Street	167,400.00	167,400.00
HQ Mortgage - 5 Wilbraham Court	205,000.00	205,000.00
HQ Mortgage - 5/109 Duke Street	105,600.00	105,600.00
HQ Mortgage - 7/109 Duke Street	105,600.00	105,600.00
HQ Mortgage - 11/109 Duke Street	107,800.00	107,800.00
HQ Mortgage - 8 Conifer Court	<u>227,838.30</u>	<u>227,838.30</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>2,258,653.60</u>	<u>2,258,653.60</u>
<b>TOTAL LIABILITIES</b>	<u>2,898,998.23</u>	<u>2,933,271.81</u>
<b>NET ASSETS</b>	<u>1,592,650.15</u>	<u>1,522,960.99</u>

The accompanying notes form part of these financial statements.

**COMMUNITY ACTION INC**

**BALANCE SHEET  
AS AT 30 JUNE 2016**

		2016	2015
	Note	\$	\$
<hr/>			
<b>MEMBERS' FUNDS</b>			
Reserves	8	742,274.05	680,637.91
Retained earnings	9	<u>850,376.10</u>	<u>842,323.08</u>
<b>TOTAL MEMBERS' FUNDS</b>		<u>1,592,650.15</u>	<u>1,522,960.99</u>

The accompanying notes form part of these financial statements.

COMMUNITY ACTION INC

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2016

2016

2015

\$

\$

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Payments to suppliers and employees	(2,680,572.45)	(2,365,782.02)
Interest received	35,149.30	51,291.32
Receipts from clients/tenants	1,330,216.25	1,211,835.25
Government operating grants received	1,426,961.00	1,442,397.53
Interest Paid	(0.41)	
<b>Net cash provided by operating activities</b>	<u>111,753.69</u>	<u>339,742.08</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sale of property, plant and equipment	15,890.00	36,818.18
Payments for property, plant and equipment	(48,647.92)	(51,063.91)
Payments for property	<u>(310,000.00)</u>	
<b>Net cash used in investing activities</b>	<u>(342,757.92)</u>	<u>(14,245.73)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of borrowings	-	
Other financial cash flows	<u>-</u>	
<b>Net cash provided by (used in) financing activities</b>	<u>-</u>	

Net increase (decrease) in cash held	(231,004.23)	325,496.35
Cash at beginning of financial year	1,551,286.73	1,225,790.38
Cash at end of financial year	1,320,282.50	1,551,286.73



# COMMUNITY ACTION INC

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

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The financial statements cover COMMUNITY ACTION INC. as an individual entity. COMMUNITY ACTION INC. is a not for profit Association incorporated in Queensland under the Associations Incorporation Act 1981 ('the Act').

The functional and presentation currency of COMMUNITY ACTION INC. is Australian dollars. Comparatives are consistent with prior years, unless otherwise stated.

### **1 Basis of Preparation**

In the opinion of the Committee of Management, the Association is not a reporting entity since there are unlikely to exist users of the financial report who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the Act.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1054 Australian Additional Disclosures.

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

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.

### **2 Summary of Significant Accounting Policies**

#### **Plant and Equipment**

Plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses. Plant and equipment is depreciated on a straight line basis over the assets useful life to the Association, commencing when the asset is ready for use.

The depreciable amount of all plant and equipment is depreciated over the useful lives of the assets to the Association commencing from the time the asset is held ready for use.

## COMMUNITY ACTION INC

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

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#### **Impairment of Non-Financial Assets**

At the end of each reporting period the association determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

#### **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. Cash-flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash-flows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the balance sheet if the association does not have an unconditional right to defer settlement of the liability for at least one year after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

#### **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.

## COMMUNITY ACTION INC

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

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#### **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.

#### **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.

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

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

#### **Interest revenue**

Interest revenue is recognised using the effective interest rate method.

#### **Rendering of services**

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Revenue from training services is generally recognised once the training has been delivered.

#### **Goods and Services Tax (GST)**

Revenues, 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 payables 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 in the balance sheet.

**COMMUNITY ACTION INC**

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

	2016	2015
	\$	\$

**3 Cash and Cash Equivalents**

Cash on Hand	4,260.00	-
Energex Security Deposit	50.00	50.00
Rental Bonds	3,700.00	900.00
Petty Cash	695.90	754.70
Bendigo Bank Ac 143410066	679,589.28	935,770.97
Bendigo Mastercards	1,038.32	503.32
Term Deposit 1 Bendigo	322,400.49	313,307.74
Term Deposit 3 Bendigo	308,548.51	300,000.00
	1,320,282.50	1,551,286.73

**Reconciliation of cash**

Cash and Cash equivalents reported in the cash flow statement are reconciled to the equivalent items in the balance sheet as follows:

Cash and cash equivalents	1,320,282.50	1,551,286.73
	1,320,282.50	1,551,286.73

**4 Trade and Other Receivables**

**Current**

Sundry Debtors	46,225.49	51,698.54
Rents Receivable	(5,013.20)	25,041.34
Input Tax Credits	14,884.76	13,681.48
	56,097.05	90,421.36

**5 Property, Plant and Equipment**

**Land and Buildings**

Freehold Property	610,000.00	300,000.00
Buildings	2,453,802.95	2,453,802.95
Less: Accumulated Depreciation	(89,529.28)	(87,864.28)
	2,364,273.67	2,365,938.67
<b>Total Land and Buildings</b>	2,974,273.67	2,665,938.67

Plant & Equipment	197,755.00	231,171.45
Less: Accumulated Depreciation	(147,823.12)	(171,696.95)
	49,931.88	59,474.50
Motor Vehicles	148,001.28	144,687.54
Less: Accumulated Depreciation	(56,938.00)	(55,576.00)
	91,063.28	89,111.54

**COMMUNITY ACTION INC**

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Total Plant and Equipment</b>	140,995.16	148,586.04
<b>Total Property, Plant and Equipment</b>	3,115,268.83	2,814,524.71
<b>Accounts Payable and Other Payables</b>		
<b>Current</b>		
Accounts Payable	101,958.51	128,761.12
PAYG Withholding Payable	17,686.00	10,280.00
Superannuation Payable	149.84	50.85
Salary Packaging Liability	-	(19.31)
GST Payable	30,913.60	33,966.52
Leave Provisions	448,248.02	403,015.95
Paid Parental Leave	1,314.00	-
	600,269.97	576,055.13
<b>Borrowings</b>		
<b>Non-Current</b>		
HQ Mortgage - 10 Louisa Street	1,031,615.30	1,031,615.30
HQ Mortgage - 58 Furness Road	109,800.00	109,800.00
HQ Mortgage - 22 Lily Street	100,800.00	100,800.00
HQ Mortgage - 8 Loder Street	97,200.00	97,200.00
HQ Mortgage - 17 Somerset Street	167,400.00	167,400.00
HQ Mortgage - 5 Wilbraham Court	205,000.00	205,000.00
HQ Mortgage - 5/109 Duke Street	105,600.00	105,600.00
HQ Mortgage - 7/109 Duke Street	105,600.00	105,600.00
Total non-current borrowings	1,923,015.30	1,923,015.30
Total borrowings	<b>4</b> 1,923,015.30	1,923,015.30

**COMMUNITY ACTION INC**

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

	2016	2015
	\$	\$

**8 Reserves**

**Maintenance Funds: CMSU PMF**

Opening Balance for the year	112,479.72	114,973.37
Additional Provision	<u>(1,395.00)</u>	<u>(2,493.65)</u>
	111,084.72	112,479.72

**Maintenance Funds: CRS PMF**

Opening Balance for the year	76,166.27	76,166.27
Additional Provision	<u>(885.00)</u>	<u>-</u>
	75,281.27	76,166.27

**Maintenance Funds: LTH M & O & Council PMF**

Opening Balance for the year LTH	294,388.74	241,865.69
Additional Provision LTH PMF	(4,866.94)	52,523.05
Additional Provision Council PMF	<u>8,049.35</u>	<u>-</u>
	297,571.15	294,388.74

**Maintenance Funds: CMSU 3% Furniture Replacement**

Opening Balance for the year	24,764.39	19,096.24
Additional Provision	<u>(1,320.06)</u>	<u>5,668.15</u>
	23,444.33	24,764.39

**Maintenance Funds: CMSU Laundry Replacement**

Opening Balance for the year	22,927.60	20,308.60
Additional Provision	<u>2,698.00</u>	<u>2,619.00</u>
	25,625.60	22,927.60

**CAI Homelessness Project**

Opening Balance for the year	25,646.30	13,731.76
Additional Provision	<u>14,692.78</u>	<u>11,914.54</u>
	40,339.08	25,646.30

**Other Reversals**

Opening Balance for the year	-	(689.52)
Additional Provision	<u>-</u>	<u>689.52</u>
	-	-

**Project Reserves**

Youth Service Opening Balance for Year	40,084.09	-
Additional Provision	22,803.00	40,084.09
Erin House Opening Balance for Year	41,850.00	-
Additional Provision	22,928.00	41,850.00
YS - SAAPE Reserve	<u>40,443.35</u>	<u>-</u>
	168,108.44	81,934.09

**COMMUNITY ACTION INC**

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

	2016	2015
	\$	\$
<b>Maintenance Funds: Lawrence Street</b>		
Opening Balance for the year	10,109.61	-
Additional Provision	<u>3,413.30</u>	<u>10,109.61</u>
	13,522.91	10,109.61
<b>Youth Health Clinic Reserve</b>		
Opening Balance for the year	12,522.34	-
Additional Provision	<u>22,678.25</u>	<u>12,522.34</u>
	35,200.59	12,522.34
<b>Surplus/(Deficit) transfers</b>		
CRS	(25,328.27)	703.87
LTH	(4,965.54)	9,588.85
CAP	1,583.30	-
CAP HL	(2,674.49)	(4,156.08)
SHDL	1,127.74	5,141.88
CMSU	<u>(17,646.78)</u>	<u>8,420.33</u>
	(47,904.04)	19,698.85
	742,274.05	680,637.91

**9 Retained Earnings**

Retained earnings at the beginning of the financial year	842,323.08	807,960.64
Net profit attributable to the association	69,689.16	206,270.30
Transfer To Reserves	(61,636.14)	(171,907.86)
Retained earnings at the end of the financial year	850,376.10	842,323.08

## **COMMUNITY ACTION INC**

### **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 report as set out on pages 1 to 14:

1. Presents a true and fair view of the financial position of COMMUNITY ACTION 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 COMMUNITY ACTION 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: Abbie Grant-Taylor**

**Treasurer: Rae Gate**

**Dated this 29<sup>th</sup> day of September 2016**



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF COMMUNITY ACTION INC.**

**Scope**

We have audited the financial report, being a special purpose financial report, of COMMUNITY ACTION INC. for the year ended 30 June 2016, as set out on pages 1 to 15. The Committee is responsible for the financial report and has determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are consistent with the financial reporting requirements of the Associations Incorporation Act 1981 and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion on them to the members of COMMUNITY ACTION INC. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for the purpose of fulfilling the requirements under the Associations Incorporation Act 1981. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1, so as to present a view which is consistent with our understanding of the Association's financial position, and performance as represented by the results of its operations and cash flows. These policies do not require the application of all Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

The audit opinion expressed in this report has been formed on the above basis.

**Independent**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

**Audit Opinion**

In our opinion, the financial report presents fairly in accordance with the accounting policies described in Note 1 of the financial statements, the financial position of COMMUNITY ACTION INC. as at 30 June 2016 and the results of its operations and its cash flows for the year then ended.

In our opinion, the financial report presents a true and fair view of the financial position of COMMUNITY ACTION INC. as at 30 June 2016 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

**Name of Firm:** Brown Macaulay & Warren  
Chartered Accountants

**Name of Partner:** Jonathan Weller

**Address:** Suite 9, First Floor, 84 Monkland Street, Gympie QLD 4570

**Dated this 4<sup>th</sup> day of October 2016**