

Youthconnections.com.au
ABN 29 131 297 213
And Controlled Entities

Financial Report
For The Year Ended
30 June 2016

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Financial Report
For The Year Ended
30 June 2016

| | Page Number |
|-----------------------------------------------------|--------------------|
| <i>Director's Report</i> | 3 |
| <i>Auditor's Independence Declaration.....</i> | 5 |
| <i>Statement of Comprehensive Income</i> | 6 |
| <i>Statement of Financial Position.....</i> | 7 |
| <i>Statement of Changes In Members' Funds</i> | 8 |
| <i>Statement of Cash Flows.....</i> | 9 |
| <i>Notes to the Financial Statements</i> | 10 |
| <i>Directors Declaration</i> | 22 |
| <i>Independent Audit Report</i> | 23 |

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Director's Report

Your directors present their report on the Youthconnections.com.au and its controlled entities for the year ended 30 June 2016.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

| Name | Qualifications and Period of Directorship |
|------------------|--------------------------------------------------|
| Patrick Lewis | Chair (Appointed November 2008) |
| Maj Kong | Secretary (Appointed September 2012) |
| Richard Hadfield | Director (Appointed November 2013) |
| Anne Byrne | Director (Appointed November 2013) |
| Ali Akbarian | Director (Appointed February 2015) |
| Thuy-Van Dissing | Director (Appointed November 2014) |
| Jonathan Stokes | Director (Appointed February 2015) |
| Ian Carruthers | Director (Resigned September 2015) |
| Victor Lee | Director (Resigned November 2014) |
| Kevin Armstrong | Director (Resigned November 2014) |

The company is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$5.00 each towards meeting any outstanding obligations of the company.

Principal Activities

The principal activities of the company during the year were to provide pathways to secondary education and facilitate job replacement programmes on the Central Coast through various government subsidised projects.

There were no significant changes in the nature of these activities during the year.

Short-term and Long-term Objectives

Short-term

The short-term objectives are to relocate our disability program to Green Central, establish our social enterprise and implement our production school.

Long-term

Long-term objective is to own our own property and to be self sufficient through our social enterprises to ensure continuity of our programs in view of government funding not continuing.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Directors Report

Strategies adopted to meet objectives

The strategy adopted to meet objectives is establishing partnerships with key stakeholders to ensure we achieve our long term and short term objectives.

Operating Result

The operating loss of the company amounted to \$453,843 (2015: Profit \$450,112). The company is exempt from income tax.

Proceeds on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purposes of taking responsibility on behalf of the entity for all or any part of those proceedings.

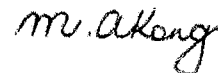
Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out in page 5.

The director's report is signed in accordance with a resolution of the directors.



Director



Director

Dated: 9 February 2017

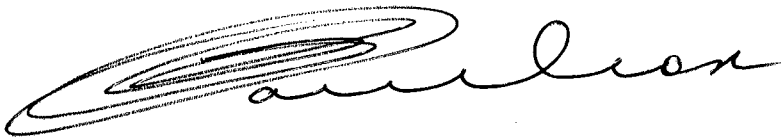
Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Auditor's Independence Declaration
to the Directors of Youthconnections.com.au and Controlled Entities

I declare that, to the best of my knowledge and belief, during the financial year ended 30 June 2016, there have been:

- (i) no contraventions of 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) no contraventions of any applicable code of professional conduct in relation to the audit.

FORTUNITY ASSURANCE



T R Davidson
Partner

155 The Entrance Road
ERINA NSW 2250

Dated: *9 February, 2017*

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Statement of Comprehensive Income
For The Year Ended 30 June 2016

| | | Consolidated Group | |
|--------------------------------------------------------|-------------|---------------------------|----------------|
| | Note | 2016 | 2015 |
| | | \$ | \$ |
| Revenues | 2 | 6,606,538 | 6,460,023 |
| Employee benefits expense | | (4,833,178) | (4,239,483) |
| Construction expenses | | - | (29,761) |
| Depreciation expenses | | (212,103) | (195,924) |
| Finance costs | | (23,022) | (19,939) |
| Rental expenses | | (240,123) | (227,222) |
| Other expenses from ordinary activities | | (1,751,955) | (1,297,582) |
| Profit/ (loss) before income tax | 3 | <u>(453,843)</u> | <u>450,112</u> |
| Income tax expense | | - | - |
| Total comprehensive income/ (loss) for the year | | <u>(453,843)</u> | <u>450,112</u> |

The accompanying notes form part of these financial statements.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Statement of Financial Position
As At 30 June 2016

| Consolidated Group | | | |
|--------------------------------------|-------------|------------------|------------------|
| | Note | 2016 | 2015 |
| | | \$ | \$ |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4 | 622,973 | 538,562 |
| Trade and other receivables | 5 | 770,181 | 523,299 |
| Prepayments | | 48,820 | 39,459 |
| Total Current Assets | | 1,441,974 | 1,101,320 |
| Non-Current Assets | | | |
| Property, plant & equipment | 6 | 2,954,400 | 2,930,916 |
| Intangible assets | 7 | 10,726 | 11,918 |
| Investments | | 10 | 10 |
| Total Non-Current Assets | | 2,965,136 | 2,942,844 |
| Total Assets | | 4,407,110 | 4,044,164 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 8 | 1,111,233 | 635,125 |
| Employee benefits | 9 | 239,798 | 218,777 |
| Borrowings | 10 | 195,689 | 172,745 |
| Funding in advance | | 1,046,340 | 798,762 |
| Total Current Liabilities | | 2,593,060 | 1,825,409 |
| Non-Current Liabilities | | | |
| Employee benefits | 9 | 88,791 | 12,435 |
| Borrowings | 10 | - | 27,218 |
| Total Non-Current Liabilities | | 88,791 | 39,653 |
| Total Liabilities | | 2,681,851 | 1,865,062 |
| Net Assets | | 1,725,259 | 2,179,102 |
| Members' Funds | | | |
| Retained deficit | | (931,741) | (477,898) |
| Asset revaluation reserve | | 2,657,000 | 2,657,000 |
| Total Members' Funds | | 1,725,259 | 2,179,102 |

The accompanying notes form part of these financial statements.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Statement of Changes in Members' Fund
For The Year Ended 30 June 2016

| | Asset Revaluation Reserve \$ | Retained Deficit \$ | Total \$ |
|----------------------------------|-------------------------------------------------|------------------------------------|---------------------|
| Balance at 30 June 2014 | 2,657,000 | (927,156) | 1,729,844 |
| Profit for the year | - | 450,112 | 450,112 |
| Adjustment related to prior year | - | (854) | (854) |
| Balance at 30 June 2015 | <u>2,657,000</u> | <u>(477,898)</u> | <u>2,179,102</u> |
| Loss for the year | - | (453,843) | (453,843) |
| Balance at 30 June 2016 | <u>2,657,000</u> | <u>(931,741)</u> | <u>1,725,259</u> |

The accompanying notes form part of these financial statements.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Statement of Cash Flows
For The Year Ended 30 June 2016

| | | Consolidated Group | |
|-----------------------------------------------------|-------------|---------------------------|----------------|
| | Note | 2016 | 2015 |
| | | \$ | \$ |
| Cash Flow from Operating Activities | | | |
| Receipts from customers, grants | | 6,319,856 | 6,843,253 |
| Payments to suppliers and employees | | (5,969,354) | (6,273,074) |
| Interest received | | 498 | 983 |
| Interest Paid | | (23,022) | (19,939) |
| Net cash used in operating activities | 11 (b) | 327,978 | 551,223 |
| Cash Flow from Investing Activities | | | |
| Proceeds from sale of property, plant and equipment | | - | 10,920 |
| Payment for property, plant and equipment | | (239,293) | (81,923) |
| Payment for intangible asset | | - | (13,024) |
| Payment for investment in Joint Venture | | - | (10) |
| Net cash used in investing activities | | (239,293) | (84,037) |
| Cash Flow from Financing Activities | | | |
| Borrowings proceeds | | - | - |
| Repayment of borrowings | | (11,768) | (28,788) |
| | | (11,768) | (28,788) |
| Net increase in cash held | | 76,917 | 438,398 |
| Cash at beginning of year | | 396,566 | (41,832) |
| Cash at the End of Financial Year | 11(a) | 473,483 | 396,566 |

The accompanying notes form part of these financial statements.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2016

Note 1. Statement of Significant Accounting Policies

The consolidated financial statements and notes represent those of Youthconnections.com.au and controlled entities (the 'consolidated group' or 'group'). Youthconnections.com.au is incorporated and domiciled in New South Wales, Australia. Youthconnections.com.au is a company limited by guarantee.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and other law requirements.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied 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.

(a) Principles of Consolidation

The consolidated financial statements incorporated the assets, liabilities and results of entities controlled by Youthconnections.com.au at the end of the reporting period. A controlled entity is any entity over which Youthconnections.com.au has power to govern the financial and operating policies so as to obtain benefits from its activities.

In preparing the consolidated financial statements, all intra-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation. A list of controlled entities is contained in Note 12 to the financial statements.

(b) Income Tax

The consolidated group is exempt from income tax.

(c) Property, Plant and Equipment

Each class of property, plant and equipments is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Increases in the carrying amount arising on revaluation of property are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit and loss.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2016

Note 1. Statement of Significant Accounting Policies (cont'd)

(d) Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

As the revalued property are depreciated the difference between depreciation recognised in the Statement of Comprehensive Income, which is based on the revalued carrying amount of the asset, and the depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

(d) Depreciation

The depreciation rates used for each class of depreciable asset are:

| Class of Asset | Depreciation Rate |
|------------------------|--------------------------|
| Leasehold improvements | 20% |
| Motor Vehicle | 20-40% |
| Plant and Equipment | 30% |
| Furniture and fittings | 20% |

(e) Financial Instruments

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Notes To The Financial Statements
For The Financial Year Ended 30 June 2016

Note 1. Statement of Significant Accounting Policies (cont'd)

(i) Financial assets at fair value through profit or loss.

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available for sale financial assets are classified as current assets.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2016

Note 1. Statement of Significant Accounting Policies (cont'd)

(e) Financial Instruments (cont'd)

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which as an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications in debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that collate with defaults.

For financial assets carried at the amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of the financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off of amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the term financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets taking into the account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2016

Note 1. Statement of Significant Accounting Policies (cont'd)

(e) Financial Instruments (cont'd)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such indication exists, an impairment test is carried out on the asset by comparing the recoverable amount if an asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit and loss, unless the asset is carried at a re-valued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment or loss of a re-valued asset is treated as a revaluation decrease in accordance with that other standard.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(g) Employee Entitlements

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for their benefits.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2016

Note 1. Statement of Significant Accounting Policies (cont'd)

(i) Trade and Other Receivables

Trade and other receivables include amounts due from members as well as amounts receivable from customers for goods sold in ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to note 1(f) for further discussion on the determination of impairment losses.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

(k) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(n) Going Concern

The company incurred a loss of \$453,843 during the year ended 30 June 2016 (2015: Profit \$450,112) resulting in a retained deficit of \$931,741 at 30 June 2016 (2015: \$477,898) which raises doubt on its ability to continue as a going concern. Furthermore, the company and the group are dependent upon the Department of Education, Employment and Workplace Relations for the majority of its revenues to operate the business. The retention of this funding is essential for the company to continue its current operations. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support the company.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2016

| | Consolidated Group | |
|--------------------------|---------------------------|------------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Note 2. Revenue | | |
| Operating activities | | |
| Funding received | 3,151,012 | 4,210,867 |
| Construction income | - | 3,402 |
| Training revenue | 1,362,141 | 1,482,261 |
| Incentives received | 75,747 | 68,721 |
| Rebates and recoveries | 4,987 | 4,018 |
| Donations | 34,370 | 34,389 |
| Other income | 1,977,783 | 655,382 |
| | 6,606,040 | 6,459,040 |
| Non-operating activities | | |
| Interest received | 498 | 983 |
| Total Revenue | 6,606,538 | 6,460,023 |

Note 3. Profit from Ordinary Activities

Profit from ordinary activities has been determined after:

| | | |
|-----------------|---------|---------|
| (a) Expenses | | |
| Borrowing costs | 23,022 | 19,939 |
| Depreciation | 212,103 | 197,565 |
| | | |

Note 4. Cash and Cash Equivalents

| | | |
|--------------|---------|---------|
| Cash on hand | 7,278 | 7,055 |
| Cash at bank | 615,695 | 531,507 |
| | 622,973 | 538,562 |

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2016

| | Consolidated Group | |
|------------------------------------------------------|---------------------------|-------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Note 5. Trade and Other Receivables | | |
| Trade debtors | 726,876 | 491,206 |
| Bonds | 28,664 | 28,664 |
| Other debtors | 11,687 | 933 |
| GST receivables | 2,954 | 2,496 |
| | 770,181 | 523,299 |
| Note 6. Property, Plant & Equipment | | |
| Leasehold improvements - at directors' valuation (a) | 2,657,000 | 2,657,000 |
| Leasehold improvements – at cost | 217,671 | 112,035 |
| Less accumulated depreciation | (300,530) | (218,489) |
| | 2,574,141 | 2,550,546 |
| Plant and equipment – at cost | 821,050 | 757,043 |
| Less accumulated depreciation | (551,680) | (448,896) |
| | 269,370 | 308,147 |
| Motor vehicle – at cost | 306,550 | 246,901 |
| Less accumulated depreciation | (195,661) | (174,678) |
| | 110,889 | 72,223 |
| | 2,954,400 | 2,930,916 |

(a) The leasehold improvements at Green Central, Kariong were valued by the directors on 30 June 2016.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2016

Consolidated Group

2016 2015
 \$ \$

Note 6. Property, Plant & Equipment (cont'd)

Movements in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year.

| | Land | Leasehold Improvement- at directors valuation | Plant & Equipment - at cost | Motor vehicle- at cost | Total |
|-------------------------------------------|------|--------------------------------------------------------|-----------------------------------|------------------------------|-----------|
| Balance at beginning of year | - | 2,550,546 | 308,147 | 72,223 | 2,930,916 |
| Additions | - | 105,636 | 68,807 | 64,850 | 239,293 |
| Disposals/Transfers | - | - | (4,898) | - | (4,898) |
| Depreciation expense | - | (82,041) | (102,686) | (26,184) | (210,911) |
| Carrying amount at the end of the year | - | 2,574,141 | 269,370 | 110,889 | 2,954,400 |

Note 7. Intangible assets

| | | |
|-------------------------------------|---------|---------|
| RTO Intellectual property – at cost | 13,024 | 13,024 |
| Less accumulated depreciation | (2,298) | (1,106) |
| | 10,726 | 11,918 |

Note 8. Trade and Other Payables

| | | |
|-----------------------------|-----------|---------|
| Trade payables | 426,606 | 141,789 |
| Other payables and accruals | 466,840 | 296,474 |
| GST payable | 217,787 | 196,862 |
| | 1,111,233 | 635,125 |

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2016

| | Consolidated Group | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Note 9. Employee Benefits | | |
| Current: | | |
| Annual leave | 210,039 | 188,040 |
| Long service leave | 29,759 | 30,737 |
| | 239,798 | 218,777 |
| Non-Current: | | |
| Annual leave | 66,909 | - |
| Long service leave | 21,882 | 12,435 |
| | 88,791 | 12,435 |
| Note 10. Borrowings | | |
| Current: | | |
| Bank overdraft | 149,490 | 141,996 |
| Hire purchase liabilities | 46,199 | 30,749 |
| | 195,689 | 172,745 |
| Non-Current: | | |
| Hire purchase liabilities | - | 27,218 |
| | - | 27,218 |
| Note 11. Cash Flow Statement | | |
| (a) Reconciliation of Cash | | |
| Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the statements of financial position as follows. | | |
| Cash on hand | 7,278 | 7,055 |
| Cash at bank | 615,695 | 531,507 |
| Bank overdrafts | (149,490) | (141,996) |
| Balance as per statement of cash flows | 473,483 | 396,566 |

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2016

Consolidated Group

| | 2016 | 2015 |
|--------------------------------------------------------------------------------------------------------------|-------------|-------------|
| | \$ | \$ |
| Note 11. Cash Flow Statement (cont'd) | | |
| (b) Reconciliation of net cash provided by operating activities to operating profit after income tax. | | |
| Operating (loss) /profit for the year | (453,843) | 450,112 |
| Non-cash flows in profit from ordinary activities | | |
| Depreciation and amortisation | 212,103 | 195,924 |
| Provision for doubtful debts | 39,303 | - |
| Loss on disposal of property, plant and equipment | 4,898 | - |
| Profit on sale of non-current assets | - | (881) |
| Transfer of property, plant and equipment | - | 220,692 |
| Effect of prior period adjustment | - | (854) |
| Changes in net assets and liabilities: | | |
| Trade and other receivables | (286,185) | 345,566 |
| Prepayments | (9,361) | (35,428) |
| Trade and other payables | 476,108 | (161,324) |
| Employee benefits | 97,377 | (101,101) |
| Funding in advance | 247,578 | (361,483) |
| Net cash used in operating activities | 327,978 | 551,223 |

Note 12. Controlled Entities

Controlled Entities Consolidated

Subsidiaries of Youthconnections.com.au:

- YC Industry Link Pty Ltd
- YG Enterprises Pty Ltd
- BISEE Pty Ltd

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2016

Note 13. Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

| | 2016 | 2015 |
|------------------------------------------------|------------------|------------------|
| | \$ | \$ |
| Statement of Financial Position | | |
| Assets | | |
| Current assets | 1,863,247 | 1,372,256 |
| Non-current assets | 2,843,340 | 2,829,302 |
| Total Assets | 4,706,587 | 4,201,558 |
| Liabilities | | |
| Current liabilities | 2,041,993 | 1,344,031 |
| Non-current liabilities | 88,791 | 39,653 |
| Total Liabilities | 2,130,784 | 1,383,684 |
| Members' Funds | | |
| Retained earnings | (81,197) | 160,874 |
| Asset revaluation reserve | 2,657,000 | 2,657,000 |
| Total Members' Funds | 2,575,803 | 2,817,874 |
| Statement of Comprehensive Income | | |
| Total profit/(loss) for the year | (242,071) | (451,685) |
| Total comprehensive income for the year | (242,071) | (451,685) |

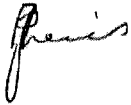
Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Directors' Declaration

In accordance with a resolution of the directors of Youthconnections.com.au made pursuant to Section 60.15 of the Australian Charities and Not-for-profits Regulations 2013, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 21 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012:
 - (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the consolidated group will be able to pay its debts as and when they become due and payable.

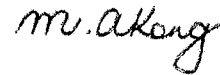
This declaration is made in accordance with a resolution of the Board of Directors.



Director

Kariong

Dated: 9 February 2017



Director

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Independent Audit Report To The Members
Of Youthconnections.com.au And Controlled Entities

Report on the Financial Report

We have audited the accompanying financial report of Youthconnections.com.au and its controlled entities, which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in members funds and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the controlled entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Act 2012. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the 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 company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the controlled 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 and Australian professional ethical pronouncements.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

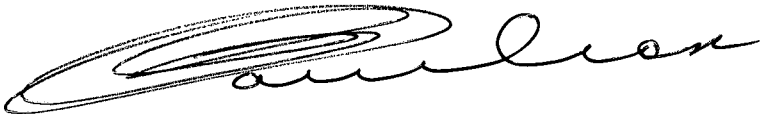
Independent Audit Report To The Members
Of Youthconnections.com.au And Controlled Entities

Audit Opinion

In our opinion, the financial report of Youthconnections.com.au is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian accounting Interpretations) and Division 60 of the Australian Charities and Not-for profits Regulations 2013.

FORTUNITY ASSURANCE



T R Davidson
Partner

155 The Entrance Road
Erina NSW 2250

Dated: *9 February, 2017*