

ORDER OF A.H.E.P.A. NSW INCORPORATED
A.B.N. 63 173 845 974

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2018

Liability limited by a scheme approved under
Professional Standards Legislation

ORDER OF A.H.E.P.A. NSW INCORPORATED

A.B.N. 63 173 845 974

COMMITTEE'S REPORT

Your committee members submit the financial report of the Order of A.H.E.P.A. NSW Incorporated for the financial year ended 30 June 2018.

Committee Members

The names of committee members throughout the year and at the date of this report are:

Current Members

| | |
|-----------------------------------|---------------------------------|
| John Kallimanis – President | George Giakoumidis |
| John Theodoridis – Vice President | Theophilos Premetis - Treasurer |
| Panayiotis Diamadis - Secretary | Theodore Skhinas |
| James Tzavaras | Christine Neromiliotis |
| Harry Fandakis | Vasilis Adrahtas |
| Jim Papanagioutou | John Petropoulos |

Members Retired During the Year (if any)

| | |
|-----------------|---------------------------|
| Theodore Lianos | George Lianos |
| Nick Lambros | Helen Samolis (alternate) |

Principal Activities

The principal activity of the Association during the financial year was to provide facilities to members of the Association and support charitable organisations and the community.

Significant Changes

There were no significant changes in the Associations activities. Details of significant contingent liabilities have been disclosed in Note 11 of the financial statements.

Operating Result

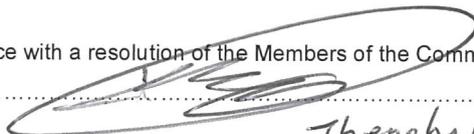
The loss after providing for income tax amounted to \$296,452 (Profit 2017: \$462,658)

Subsequent events

Details of material subsequent events have been disclosed in Note 12 of the financial statements.

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

Signed by:


Theophilos Premetis

Signed by:


JOHN KALLIMANIS

Dated this 18th day of OCTOBER 2018

ORDER OF A.H.E.P.A. NSW INCORPORATED

A.B.N. 63 173 845 974

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|---|------|------------|------------|
| Revenue | 2 | 425,349 | 987,093 |
| Building fund expenses | | (720,986) | (523,006) |
| Grand lodge expenses | | (815) | (1,429) |
| Income/(loss) before income tax | 3 | (296,452) | 462,658 |
| Income tax expense | | - | - |
| Income/(loss) from operations | | (296,452) | 462,658 |
| Other comprehensive income after income tax: | | | |
| Net gain on revaluation of financial assets | | - | - |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income/(loss) for the year | | (296,452) | 462,658 |
| Total comprehensive income/(loss) attributable to members of the entity | | (296,452) | 462,658 |

The accompanying notes form part of these financial statements

ORDER OF A.H.E.P.A. NSW INCORPORATED

A.B.N. 63 173 845 974

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

| | Note | 2018 | 2017 |
|--------------------------------------|-------------|------------------|------------------|
| | | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 197,546 | 304,567 |
| Trade and other receivables | 5 | 38,484 | 3,586 |
| Other current assets | 6 | 18,031 | 10,031 |
| TOTAL CURRENT ASSETS | | 254,061 | 318,184 |
| NON-CURRENT ASSETS | | | |
| Financial assets | 7 | 30,000 | 30,000 |
| Property, plant and equipment | 8 | 2,743,029 | 2,660,538 |
| Borrowing cost | 10 | 2,164 | - |
| TOTAL NON-CURRENT ASSETS | | 2,775,193 | 2,690,538 |
| TOTAL ASSETS | | 3,029,254 | 3,008,722 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 390,559 | 69,305 |
| Financial liabilities | 10 | 701,751 | 700,000 |
| TOTAL CURRENT LIABILITIES | | 1,092,310 | 769,305 |
| NON-CURRENT LIABILITIES | | | |
| Financial liabilities | 10 | 37,183 | 43,204 |
| TOTAL NON-CURRENT LIABILITIES | | 37,183 | 43,204 |
| TOTAL LIABILITIES | | 1,129,493 | 812,509 |
| NET ASSETS | | 1,899,761 | 2,196,213 |
| EQUITY | | | |
| Retained earnings | | 1,899,761 | 2,196,213 |
| TOTAL EQUITY | | 1,899,761 | 2,196,213 |

The accompanying notes form part of these financial statements

ORDER OF A.H.E.P.A. NSW INCORPORATED

A.B.N. 63 173 845 974

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

| | Retained Earnings \$ | Total \$ |
|--|----------------------------|-------------|
| Balance at 1 July 2016 | 1,733,555 | 1,733,555 |
| Total comprehensive income attributable to members | 462,658 | 462,658 |
| Balance at 30 June 2017 | 2,196,213 | 2,196,213 |
| Total comprehensive loss attributable to members | (296,452) | (291,292) |
| Balance at 30 June 2018 | 1,899,761 | 1,904,921 |

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

| | Note | 2018 \$ | 2017 \$ |
|---|------|------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 392,151 | 439,561 |
| Payments to suppliers and employees | | (372,829) | (452,647) |
| Interest received | | 51 | 424 |
| Interest paid | | (32,829) | (30,049) |
| Net cash used in operating activities | 13 | (13,456) | (42,711) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment for property, plant and equipment | | (87,544) | (35,192) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Loans repaid | | (6,021) | (6,020) |
| Net proceeds from option fee | | - | 200,100 |
| Net cash provided by (used in) financing activities | | (6,021) | 194,080 |
| Net increase (decrease) in cash held | | (107,021) | 116,177 |
| Cash at beginning of year | | 304,567 | 188,390 |
| Cash at end of year | 4 | 197,546 | 304,567 |

The accompanying notes for part of these financial statements

ORDER OF A.H.E.P.A. NSW INCORPORATED

A.B.N. 63 173 845 974

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report covers Order of A.H.E.P.A. NSW Incorporated as an individual entity. Order of A.H.E.P.A. NSW Incorporated is an Association incorporated in New South Wales under the Associations Incorporations Act 2009.

Basis of Preparation

Order of A.H.E.P.A. NSW Incorporated has elected to adopt early the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australia Accounting Standards arising from Reduced Disclosure Requirements to the annual reporting period beginning 30 June 2013.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards — Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Associations Incorporations Act 2009.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Going Concern of accounting

The entity incurred a loss for the year ended 30 June 2018 of \$296,452 (2017: Profit of \$462,658). The major contributing factor to the 2018 loss was the magnitude of legal fees incurred, being \$353,084. These legal expenses relate to legal matters as disclosed in Note 11 'Contingent Liabilities and Contingent Assets'. The entity has a net current asset deficiency of \$838,249 as at 30 June 2018 (2017: \$451,121) which results from the classification of the bank loan of \$701,751 (2017: \$700,000) as current due to the annual review clause within the bank loan agreement. The entities properties have been disclosed as non-current assets.

The above matters give rise to significant material uncertainties that affect the ability of the entity to continue as a going concern.

The Management Committee are of the opinion that the entity can continue as a going concern based on the entity's ability to meet the requirements of the bank's annual review and the potential development realisation of the Princes Highway properties. The Management Committee is of the view, that the potential proceeds from the Princes Highway properties and other resources will be used to fund the proposed development plans at the Bexley Bowling Club, which requires a stage 1 funding of approximately \$5million. The current preliminary agreement with the Bayside Council includes a requirement to support the ability to fund the project.

The Management Committee believe that the entity will be successful in the above matters and be in a position to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. Accordingly, the financial report has been prepared on a going concern basis.

In the event that the entity does not achieve the conditions stated by the Management Committee, the ability of the entity to continue as a going concern may be impacted and therefore the entity may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial report. No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the entity and company not continue as going concerns.

a. Income Tax

No provision for income tax has been raised as the Association is exempt under section 50-50 of the Income Tax Assessment Act (1997) providing it continues as a charitable organisation. Accordingly, tax effect accounting has not been adopted by the Association.

b. Property, Plant and Equipment

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Property

Freehold land and buildings are shown at the lower of their cost or fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a straight-line basis over their useful lives to the commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

| Class of Fixed Asset | Depreciation Rate |
|------------------------|-------------------|
| Property improvements | 10% |
| Plant and equipment | 10 – 40% |
| Furniture and fittings | 9 – 10% |
| Website development | 20% |

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

c. Financial Instruments

Recognition and Initial Measurement

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

(i) *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 using the effective interest rate method.

(ii) *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 association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(iv) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the Association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

d. Impairment of Assets

At each reporting date, the Association reviews 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 income statement.

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

e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at-call with banks.

f. Revenue

Rental income is recognised on a monthly basis as and when the properties are let out.

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

Dividend revenue is recognised when the right to receive a dividend has been established.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

g. 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

h. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

i. Trade and Other Payables

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

j. Critical Accounting Estimates and Judgments

The committee 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 are based on current trends and economic data, obtained both externally and within the association.

Key Estimates — Impairment

The Association assesses impairment at each reporting date by evaluating conditions specific to the association 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.

| | 2018 | 2017 |
|-----------------------------|-------------|-------------|
| NOTE 2: REVENUE | | |
| Operating activities | \$ | \$ |
| — rental income | 395,969 | 394,804 |
| — general donations | 2,664 | 27,456 |
| — interest received | 51 | 424 |
| — function | - | 200 |
| — Forfeited Option Payments | - | 544,260 |
| — other income | 26,665 | 19,949 |
| | 425,349 | 987,093 |

The financial report was authorised for issue on the date of signing of this report.

ORDER OF A.H.E.P.A. NSW INCORPORATED

A.B.N. 63 173 845 974

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 | 2017 |
|---|--------|-------|
| NOTE 3: PROFIT OR (LOSS) BEFORE INCOME TAX | \$ | \$ |
| a. Expenses | | |
| Depreciation of property, plant and equipment | 5,053 | 4,263 |
| Audit or review services | | |
| - auditing or reviewing the financial report | 10,550 | 5,000 |
| - taxation services provided by related practice of auditor | 5,653 | 6,727 |

NOTE 4: CASH AND CASH EQUIVALENTS

| | | |
|---------------|---------|---------|
| Cash at bank | 197,516 | 304,537 |
| Term Deposits | 30 | 30 |
| | 197,546 | 304,567 |

The effective interest rate on short-term bank deposits was 2.00% (2017: 2.65%).

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

| | | |
|---------------------------|---------|---------|
| Cash and cash equivalents | 197,546 | 304,567 |
| | 197,546 | 304,567 |

NOTE 5: TRADE AND OTHER RECEIVABLES

CURRENT

| | | |
|-------------------|--------|-------|
| Other receivables | 38,484 | 3,586 |
| | 38,484 | 3,586 |

NOTE 6: OTHER CURRENT ASSETS

CURRENT

| | | |
|----------------------|--------|--------|
| Other current assets | 18,031 | 10,031 |
| | 18,031 | 10,031 |

The financial report was authorised for issue on the date of signing of this report.

ORDER OF A.H.E.P.A. NSW INCORPORATED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 | 2017 |
|--|-----------|-----------|
| NOTE 7: FINANCIAL ASSETS | \$ | \$ |
| NON-CURRENT | | |
| Financial assets (note 7a) | 30,000 | 30,000 |
| a. Financial assets comprise: | | |
| Investments, at fair value | | |
| — Investment in Federation of Hellenic Associations Limited, cost \$30,000 | 30,000 | 30,000 |
| NOTE 8: PROPERTY, PLANT AND EQUIPMENT | | |
| Land and buildings: | | |
| 394-396 Princes Highway, Rockdale, at cost | 873,469 | 873,469 |
| 390-392 Princes Highway, Rockdale, at cost | 1,053,779 | 1,053,779 |
| 429-431 Elizabeth Street, Surry Hills, at cost | 201,702 | 201,702 |
| Pre-acquisition property costs | 71,955 | 49,582 |
| Less: Accumulated depreciation | (33,197) | (33,197) |
| | 2,167,708 | 2,145,335 |
| Development costs and property improvements | | |
| 394-396 Princes Highway, Rockdale | 546,524 | 499,249 |
| 429-431 Elizabeth Street, Surry Hills | 55,093 | 55,093 |
| Less: Accumulated depreciation | (51,579) | (51,162) |
| | 550,038 | 503,180 |
| Plant and equipment | | |
| Plant and equipment, at cost | 50,283 | 45,966 |
| Less: Accumulated depreciation | (44,560) | (43,839) |
| | 5,723 | 2,127 |
| Furniture and fittings | | |
| Furniture and fittings, at cost | 26,907 | 13,328 |
| Less: Accumulated depreciation | (13,738) | (12,679) |
| | 13,169 | 649 |
| Website | | |
| Website, at cost | 14,278 | 14,278 |
| Less: Accumulated depreciation | (7,887) | (5,031) |
| | 6,391 | 9,247 |
| Total Property, Plant and Equipment | 2,743,029 | 2,660,538 |

These notes form part of the financial statements

ORDER OF A.H.E.P.A. NSW INCORPORATED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Movements in carrying amounts

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

| | Land and Development Buildings | Plant and costs Equipment | Furniture and fittings | Website | Total | |
|------------------------------------|---|--------------------------------------|-----------------------------------|----------------|--------------|-----------|
| | \$ | \$ | \$ | \$ | \$ | |
| Balance at the beginning of year | 2,145,335 | 503,180 | 2,127 | 649 | 9,247 | 2,660,538 |
| Additions | 22,373 | 47,275 | 4,317 | 13,579 | - | 87,544 |
| Depreciation expense | - | (417) | (721) | (1,059) | (2,856) | (5,053) |
| Carrying amount at the end of year | 2,167,708 | 550,038 | 5,723 | 13,169 | 6,391 | 2,743,029 |

NOTE 9: TRADE AND OTHER PAYABLES

| | 2018 | 2017 |
|--------------------------|----------------|---------------|
| | \$ | \$ |
| Trade and other payables | 302,720 | - |
| Accrued expenses | 74,607 | 61,226 |
| GST Account | 5,153 | - |
| Other Payables | 8,079 | 8,079 |
| | 390,559 | 69,305 |

NOTE 10: FINANCIAL LIABILITIES

CURRENT

| | | |
|-----------|------------|---------|
| Bank Loan | i) 701,751 | 700,000 |
|-----------|------------|---------|

NON-CURRENT:

| | | |
|--------------|----------------|----------------|
| Rental Bonds | 37,183 | 43,204 |
| | 738,934 | 743,204 |

- i) The Bendigo & Adelaide Bank Loan is interest only, secured over the properties at 390-392 & 394-396 Princess Highway, Rockdale, NSW 2216. The loan has been classified as current due to the annual review clause in the bank loan agreement. The entity is currently in the process of renegotiating the loan with the bank and at this point in time the bank has provided a 2-month extension. During the year, \$2,164 borrowing expense was incurred and capitalised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 11: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Legal Matters with Members

During the financial year ended 30 June 2016, the Management Committee had initiated to re-structure the entity to a company limited by guarantee. This change was actioned under communication with the members to enable the new structure to be established, which would provide a corporate foundation for the activities of the AHEPA NSW into the future. In the process of formalising the proposed change, there were strong objections raised by members of the incorporated body. The resolution of these objections results in a series of legal exchanges and subsequently multiple hearings in the Supreme Court during the year ended 30 June 2018. The outcome of this court case was to re-instate members and to continue the entity as an Incorporated Association and for AHEPA NSW to pay the legal costs of both parties.

Subsequent to the 30 June 2018 financial year, further matters have been raised by certain members which give rise to AHEPA NSW. To the extent that such further matters require legal support, additional legal costs will be incurred. These matters have potential to have a material impact on the financial status of AHEPA NSW. Settlement of one such additional matter is scheduled to be handed down by the Supreme Court on or after 16 November 2018. As at the date of the financial report, the management committee is unable to quantify the amount of the settlement with any certainty.

b) Dispute in relation to electricity costs

The Management Committee have been in dispute with the electricity provider to the property at 394 Princes Highway, Rockdale. An amount for arrears on that property are in dispute and, whilst the dispute remains unresolved, additional charges accrue. Currently the amount in dispute approximates to \$25,000. This amount is disclosed as a contingent liability as the Incorporated Association does not have any record of a contract with the provider and the provider cannot provide evidence or substantiate their claim. Action is being taken to seek resolution through the Electricity and Water Ombudsman.

CONTINGENT ASSETS

a) Non-collection of rental income

As at the date of this report, an amount of rental income is outstanding from a tenant of the property owned by the Incorporated Body at Elizabeth Street, Surry Hills. The matter has escalated through solicitors acting on behalf of the Incorporation, and a default judgement has been obtained on the tenant for the amount outstanding of \$56,052. As this amount remains outstanding and there is no certainty of collection of the whole amount due, the Management Committee have chosen not to include this revenue in the financial accounts to 30 June 2018 or to recognize a receivable as at that date. The value which is collected from the tenant shall be included in income as and when received in future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 12: EVENTS AFTER THE BALANCE SHEET DATE

a) Legal Matters with Members

The matters relating to the Contingent Liability and Contingent Asset have continued to be pursued post 30 June 2018. As stated, these matters are ongoing, with both matters being escalated by the Management Committee to seek resolution of these matters in favour of the Incorporated Association.

b) Proposed Acquisition of Bexley Bowling Club Lease

Since the end of the 2017 financial year, AHEPA NSW have been negotiating the opportunity to acquire a 21-year lease on the property currently operated as the Bexley Bowling Club. This property is owned by the Bayside Council, and negotiations have continued through the 2018 financial year and to the present.

These negotiations have progressed, and a preliminary conditional agreement has been provided by Bayside Council for AHEPA NSW to be granted an initial 21-year lease of the property and conditional approval to rebuild the existing structure on the property.

The funding of this acquisition and development of the property will potentially incorporate the relocation of the headquarters of AHEPA NSW to the new property and will be funded, primarily, by the development realization of the existing properties at 390 and 394 Princes Highway, Rockdale. The first phase of development, on which the preliminary conditional approval has been granted, will cost approximately \$5m.

Currently, the final details of the acquisition, the development approvals, and funding program are in progress, and will be communicated to members, in accordance with the Constitution and as these matters are able to be confirmed.

c) Refinancing and variation of Bendigo Bank Loan terms

Subsequent to year end on 5 September 2018, AHEPA NSW refinanced its \$700,000 interest only loan with Bendigo Bank Limited in addition to varying the terms of the loan. The facility term has been extended from 60 months to 87 months and will expire on 5 March 2020. Further to the above, security for this loan, being 390 Princes Highway, Rockdale NSW 2216 has been released. The loan is secured over the 394-396 Princess Highway, Rockdale NSW 2216 property.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 13: CASH FLOW INFORMATION

| | 2018 | 2017 |
|---|-----------------|-----------------|
| | \$ | \$ |
| Reconciliation of Cash Flow from Operations with Income/(Loss) from Ordinary Activities after Income Tax | | |
| Income/(Loss) after income tax | (296,452) | 462,658 |
| Cash flows excluded from income/(loss) attributable to operating activities | | |
| Non-cash flows in income/(loss) | | |
| — Depreciation | 5,053 | 4,263 |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries | | |
| — Increase in trade and other receivables | (34,898) | (2,849) |
| — Increase in other current assets | (8,000) | (894) |
| — Increase in capitalised borrowing cost | (2,164) | - |
| — Increase (decrease) in trade and other payables | 321,254 | (505,889) |
| — Increase in financial liabilities | 1,751 | - |
| | (13,456) | (42,711) |

NOTE 14: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The associations' financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

| | | 2018 | 2017 |
|-------------------------------------|----|------------------|----------------|
| | | \$ | \$ |
| Current financial assets | | | |
| - Cash and cash equivalents | 4 | 197,546 | 304,567 |
| - Trade and other receivables | 5 | 38,484 | 3,586 |
| Non-current financial assets | | | |
| - Financial assets | 7 | 30,000 | 30,000 |
| Total financial assets | | 266,030 | 338,153 |
| Financial liabilities | | | |
| - Trade and other payables | 9 | 390,559 | 69,305 |
| - Bank Loans | 10 | 701,751 | 700,000 |
| Total financial liabilities | | 1,092,310 | 769,305 |

The Committees' overall risk management strategy seeks to assist the Association in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management is implemented by management and reviewed by the committee.

ORDER OF A.H.E.P.A. NSW INCORPORATED

A.B.N. 63 173 845 974

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

| NOTE 15: RELATED PARTY DISCLOSURES | 2018 | 2017 |
|--|--------|--------|
| | \$ | \$ |
| The following transactions were carried out on arm's length terms and conditions with the following related parties: | | |
| Yiannis Catering (John Kalimanis) | 14,700 | 16,400 |

NOTE 16: ASSOCIATION DETAILS

The principal place of business is:

Order of A.H.E.P.A. NSW Incorporated
394-396 Princes Highway
Rockdale NSW 2216

These notes form part of the financial statements

ORDER OF A.H.E.P.A. NSW INCORPORATED

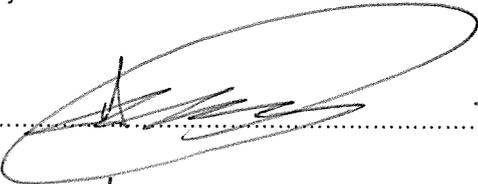
A.B.N. 63 173 845 974

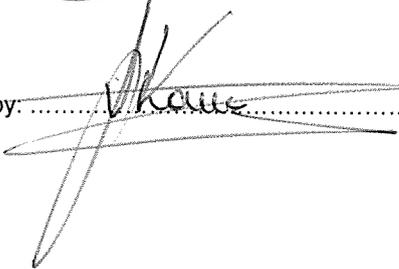
STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the committee the financial report as set out on pages 2 to 16.

1. Presents a true and fair view of the financial position of Order of A.H.E.P.A. NSW Incorporated as at 30 June 2018 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Order of A.H.E.P.A. NSW Incorporated 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:

Signed by:  Theophilus Premezis

Signed by:  JOHN KALLIMANG

Dated this 18th day of OCTOBER 2018

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ORDER OF A.H.E.P.A. NSW INCORPORATED

Opinion

We have audited the financial report of Order of A.H.E.P.A. NSW Incorporated (the Association), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the committee.

In our opinion, except for the qualification referred to below, the accompanying financial report Order of A.H.E.P.A. NSW Incorporated is in accordance with the *Associations Incorporation Act 2009*, including:

- giving a true and fair view of the Association's financial position as at 30 June 2018 and of its performance for the year then ended; and
- complying with Australian Accounting Standards to the extent described in Note 1, and the *Associations Incorporation Act 2009*.

Qualification

The Association's Investment in Federation of Hellenic Association Limited, is carried at a cost of \$30,000 on the statement of financial position at 30 June 2018. No income has been derived for this investment since acquisition. We were unable to obtain sufficient and appropriate audit evidence regarding the carrying amount and recoverability of the investment at 30 June 2018 as this information had not been provided by management at the time of audit. Consequently, we were unable to determine whether any adjustment to this amount is necessary.

Emphasis of matter – going concern basis of accounting

Without modification to the opinion expressed above, we draw attention to the following matter. As a result of the matters disclosed in Note 1 'Going Concern Basis of Accounting, there is significant material uncertainty whether the entity can continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. The entity incurred a loss for the year ended 30 June 2018 of \$296,452 (2017: Profit of \$462,658). The major contributing factor to the 2018 loss was the magnitude of legal fees incurred, being \$353,084. These legal expenses relate to legal matters as disclosed in Note 11 'Contingent Liabilities and Contingent Assets'. The entity has a net current asset deficiency of \$838,249 as at 30 June 2018 (2017: \$451,121) which results from the classification of the bank loan of \$701,751 (2017: \$700,000) as current due to the annual review clause within the bank loan agreement. The entities properties have been disclosed as non-current assets.

The ability of the entity to continue as a going concern is dependent upon it being successful in:

- 1) Generating sufficient cash surpluses from operations;
- 2) Meeting the requirements of the bank's annual review, and;
- 3) The potential development realisation of the Princes Highway properties. The Management Committee is of the view, that the potential proceeds from the Princes Highway properties and other resources will be used to fund the proposed development plans at the Bexley Bowling Club, which requires a stage 1 funding of approximately \$5million. The current preliminary agreement with the Bayside Council includes a requirement to support the ability to fund the project.

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 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
ORDER OF A.H.E.P.A NSW INCORPORATED**

Responsibilities of the Committee for the Financial Report

The committee of the Association is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Associations Incorporation Act 2009 and Australian Charities and Not-for-profit Commission Act 2012* and is appropriate to meet the needs of the members. The committee's responsibility also includes such internal control as the committee 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. In preparing the financial report, the committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the members of the committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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 judgment 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 committee.
- Conclude on the appropriateness of the committee'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 or, 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 communicate with the Association's committee 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.



**Walker Wayland NSW
Chartered Accountants**



**Wali Aziz
Partner**

Dated this 22nd day of October 2018, Sydney

**COMPILATION REPORT ON ADDITIONAL FINANCIAL DATA
ORDER OF A.H.E.P.A. NSW INCORPORATED**

We have compiled the accompanying 30 June 2018 special purpose financial statements of Order of A.H.E.P.A. NSW Incorporated, which comprises of the Detailed Income and Expenditure Statement and notes. The specific purpose for which the special purpose financial statements have been prepared is to provide information relating to the performance of the Association that satisfies the information needs of the committee and members.

The responsibility of the Committee

The Committee is solely responsible for the information contained in the special purpose financial statements and have determined that the basis of accounting is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the Committee, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting adopted and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the committee provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the committee. We do not accept responsibility to any other person for the contents of the special purpose financial statements.



Walker Wayland NSW
Chartered Accountants



Wali Aziz
Partner

Dated this 22nd day of October 2018, Sydney

ORDER OF A.H.E.P.A. NSW INCORPORATED

A.B.N. 63 173 845 974

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 | 2017 |
|---|----------------|----------------|
| BUILDING FUND | \$ | \$ |
| Income | | |
| Rent on 429-431 Elizabeth Street, Surry Hills | 395,969 | 394,804 |
| Forfeited Option Payments | - | 544,260 |
| Functions | - | 200 |
| General donations | 2,662 | 27,456 |
| Interest received | 49 | 424 |
| Membership fees | 18 | 6,433 |
| Other income | 25,949 | 12,727 |
| | <u>424,647</u> | <u>986,304</u> |
| Expenses | | |
| Accounting fees | 5,653 | 6,727 |
| Administration | 7,840 | 11,762 |
| Advertising General | 52,131 | 31,296 |
| Agent fees Leasing | 10,311 | 21,187 |
| Audit fees | 10,550 | 5,000 |
| Bank charges | 1,171 | 1,228 |
| Cleaning | 8,131 | 5,902 |
| Council rates | 21,492 | 17,923 |
| Depreciation | 5,053 | 4,263 |
| Donations | 26,150 | 55,971 |
| Electricity | 14,395 | 3,748 |
| Functions | 17,125 | 16,400 |
| Insurance | 17,352 | 13,530 |
| Interest | 30,665 | 30,049 |
| Land tax | 48,198 | 44,212 |
| Legal fees | 353,084 | 175,549 |
| Printing, postage and stationery | 11,298 | 6,424 |
| Repairs and maintenance | 29,801 | 15,145 |
| Secretarial expenses and assistance | 40,068 | 27,373 |
| Sponsorship | - | 19,562 |
| Subscription Expenses | 1,510 | 3,020 |
| Telephone | 1,113 | 1,339 |
| Water rates | 3,018 | 5,396 |
| Website expense | 3,189 | - |
| Miscellaneous expenses | 1,688 | - |
| | <u>720,986</u> | <u>523,006</u> |

This statement is to be read in conjunction with the compilation report

ORDER OF A.H.E.P.A. NSW INCORPORATED

A.B.N. 63 173 845 974

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 | 2017 |
|---------------------------|-------|-------|
| GRAND LODGE | \$ | \$ |
| Income | | |
| Sales of ties and regalia | 700 | 788 |
| Interest Received | 2 | 1 |
| | <hr/> | <hr/> |
| | 702 | 789 |
| | <hr/> | <hr/> |
| Expenses | | |
| Functions | 565 | 260 |
| Postage and secretary | 200 | 818 |
| Wreaths and Gifts | 50 | - |
| Paraphernalia | - | 351 |
| | <hr/> | <hr/> |
| | 815 | 1,429 |
| | <hr/> | <hr/> |

This statement is to be read in conjunction with the compilation report

**SCHEDULE OF CHARITABLE DONATIONS RECEIVED
BUILDING FUND
FOR THE YEAR ENDED 30 JUNE 2018**

| | 2018 | 2017 |
|-----------------------------------|-------------|-------------|
| | \$ | \$ |
| Donations Received From: | | |
| Annual Christmas Party Collection | 2,203 | - |
| Entertainment Committee | 200 | 1,535 |
| G Galanis | 50 | - |
| Macquarie Sponsorship | - | 500 |
| Charity Ball | - | 6,921 |
| St George Commercial | - | 800 |
| Constantine Tagaroulis | - | 500 |
| Chapter Chiron | - | 4,200 |
| Chapter Ippokratis | - | 5,000 |
| Chapter Antigone | - | 7,000 |
| Other | 209 | 1,000 |
| | <hr/> | <hr/> |
| | 2,662 | 27,456 |
| | <hr/> | <hr/> |

The above detail is not part of the audited statutory financial statements and is provided for the information of members based on the records of the Association.

ORDER OF A.H.E.P.A. NSW INCORPORATED

A.B.N. 63 173 845 974

SCHEDULE OF CHARITABLE DONATIONS PAID BUILDING FUND FOR THE YEAR ENDED 30 JUNE 2018

| | 2018 | 2017 |
|--|---------------|---------------|
| | \$ | \$ |
| Donations Paid To: | | |
| Australian Society Byzantine Studies | 750 | - |
| AHEPA Combined Entertainment Committee | 1,800 | - |
| Dionysus Theatre of Sydney | 500 | - |
| Froniditha Donation | 1,000 | - |
| Hamilton Olympic Warriors FC | 2,000 | 2,000 |
| Hellenic Club | 10,000 | |
| Greek Youth | 400 | |
| Macquarie University Hellenic Studies Foundation | 1,000 | - |
| Music Lovers Association of NSW | 500 | - |
| Organisation of Greek and Greek-Cypriot Women of Australia in support of the Children's Cancer Institute | 1,000 | - |
| Panipiroitiki Enosis of NSW | 1,000 | 50 |
| Sts Constantine and Helen Greek Orthodox Church, Newtown | 3,000 | 5,000 |
| Theodore Fetsi | 1,200 | - |
| Variety the Children's Charity Bash | 2,000 | 5,000 |
| Australian National University – Dementia Research | - | 4,000 |
| Autism Community | - | 1,000 |
| Chapter Anatole | - | 1,000 |
| Children's Research | - | 5,000 |
| Dr Michael Pieris anthology – publication cost | - | 3,021 |
| Dr Vasilis Adrahtas for Paideia Academy | - | 4,000 |
| Holy Apostles Orthodox Church, Newcastle Afternoon School | - | 3,000 |
| Macquarie Uni Greek Studies Foundation | - | 2,000 |
| Macquarie Uni Scholarship | - | 500 |
| NSW Combined Entertainment Committee | - | 2,000 |
| Auto Immune Research | - | 2,500 |
| St Spyridon College Building Fund | - | 1,900 |
| St Vincent's Hospital | - | 3,500 |
| Sydney Children Hospital | - | 10,000 |
| Tiny Miracles Foundation | - | 500 |
| | <u>26,150</u> | <u>55,971</u> |

The above detail is not part of the audited statutory financial statements and is provided for the information of members based on the records of the Association.