Justice Connect

Special Purpose Financial Statements

A.B.N. 54 206 789 276

30 JUNE 2016

justice connect

Contents

Directors' Report	2-3
Auditor's Independence Declaration	4
Statement of Profit and Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-18
Directors' Declaration	19
Independent Auditor's Report	20-21

Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2016.

Directors

The names of each person who has been a director during the year and to the date of this report are:

	Date of Appointment
Mitzi Gilligan (chairperson)	01-07-13
Carmel Mulhern	01-07-13
Geoffrey Rush	01-07-13
Nicky Friedman	01-07-13
Simon Lewis	26-06-14
Gordon Renouf	01-07-13
Alexandra Rose	01-07-13
Richard Wilson	01-07-13

Principal Activities

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

Review of Operations

The year ended 30 June 2016 was a year of investment in:

» NSW programs and services including the identification and development of new programs and service models.

» The directors approved a $175,000 investment from reserves in these activities.

» Rent, occupancy and renovation costs for a new Sydney office following notification that the old building would be sold with vacant possession.

» Completion of the third and final stage of Melbourne office renovations to provide flexible working spaces and additional workstations.

» Increased staff numbers as a result of new funding agreements.

The significant increase in expenses are due to:

» Depreciation expenses result from the Melbourne and Sydney office renovations which are being depreciated

» over the current lease terms.

» Rent and occupancy costs result from the required relocation of the Sydney office from rent-free premises to a commercial building.

» Employee expenses result from increase in staff numbers to deliver on contracted funding agreements.

Company Objectives

The company's objectives are to:

» Deliver access to justice through pro bono legal services, to people experiencing disadvantage and the community organisations that support them.

» Build, support and engage a strong commitment to lawyers' pro bono responsibility.

» Challenge and change unjust and unfair laws and policies, using evidence from our case work and the stories of our clients to bring about reform.

Directors' Report

Company Strategies

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

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

Company Strategies (cont'd)

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

Limitation of Members Liability

If the company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the company. At 30 June 2016, the collective liability of members was $630 (2015: $750).

Auditor's Independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out at page 4.

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

Mitzi Gilligan
Director

Geoffrey Rush
Director

Dated this 27 day of October 2016

Grant Thornton

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Auditor's Independence Declaration
To the Directors of Justice Connect

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Justice Connect for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Eric W Passaris

Eric Passaris
Partner - Audit & Assurance

Melbourne, 27th October 2016

Statement of Profit and Loss and Other Comprehensive Income
For the year ended 30 June 2016

	Note	2016	2015
		$	$
Revenue	2	**5,437,748**	**4,821,786**
Employee benefits expense		**(4,110,756)**	(3,571,062)
Occupancy expenses		**(446,271)**	(215,714)
Administrative expenses		**(921,920)**	(861,360)
Depreciation expenses		**(176,587)**	(106,071)
Total Expenses	3	**(5,655,534)**	(4,754,207)
Surplus/(deficit) for the year		**(217,786)**	67,579
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(217,786)**	67,579

This statement should be read in conjunction with the notes to the financial statements

Statement of Financial Position
As at 30 June 2016

	Note	2016	2015
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	4	**2,795,970**	3,563,712
Trade and other receivables	5	**830,936**	310,894
Total current assets		**3,626,906**	3,874,606
Non-current assets			
Other asset	6	**9,492**	15,454
Property, plant and equipment	7	**784,856**	386,611
Intangible Assets	8	**14,176**	34,640
Total non-current assets		**808,524**	436,705
TOTAL ASSETS		**4,435,430**	4,311,311
LIABILITIES			
Current liabilities			
Trade and other payables	9	**244,770**	313,187
Income received in advance	10	**2,524,633**	2,102,605
Other liabilities	11	**28,884**	34,600
Provisions	12	**358,032**	375,671
Total current liabilities		**3,156,319**	2,826,063
Non-current liabilities			
Other liabilities	11	**44,999**	60,733
Provisions	12	**107,685**	80,302
Total non-current liabilities		**152,684**	141,035
TOTAL LIABILITIES		**3,309,003**	2,967,098
NET ASSETS		**1,126,427**	1,344,213
Funds			
Retained earnings		**1,126,427**	1,344,213
TOTAL FUNDS		**1,126,427**	1,344,213

This statement should be read in conjunction with the notes to the financial statements

Statement of Changes in Equity
For the year ended 30 June 2016

	Retained Earnings $
Balance as at 1 July 2014	1,276,634
Surplus for the year	67,579
Total comprehensive income (loss) for the year	67,579
Balance as at 30 June 2015	1,344,213
Balance as at 1 July 2015	**1,344,213**
Surplus/(deficit) for the year	**(217,786)**
Total comprehensive income (loss) for the year	**(217,786)**
Balance as at 1 July 2016	**1,126,427**

This statement should be read in conjunction with the notes to the financial statements

Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016	2015
		$	$
Cash flows from operating activities			
Receipts from memberships		**1,135,099**	550,449
Receipts from grants & other funding contributions		**3,925,505**	4,280,372
Receipts from other sources		**232,672**	788,904
Payments to suppliers and employees		**(5,568,772)**	(4,519,888)
Interest received		**62,122**	83,267
Net cash provided by/(used in) operating activities	13	**(213,374)**	1,183,104
Cash flows from investing activities			
Payments for property, plant and equipment		**(554,368)**	(284,579)
Payment for intangibles		**-**	(2,550)
Net cash used in investing activities		**(554,368)**	(287,129)
Net change in cash and cash equivalents held		**(767,742)**	895,975
Cash and cash equivalents at beginning of financial year		**3,563,712**	2,667,737
Cash and cash equivalents at end of financial year	4	**2,795,970**	3,563,712

This statement should be read in conjunction with the notes to the financial statements

Notes to the financial statements
For the year ended 30 June 2016

1. Statement of significant accounting policies

General information

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements were authorised for issue on 27 October 2016 by the directors of the company.

Basis of preparation

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-profits Commission Act 2012 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous period unless stated otherwise.

Reporting basis and conventions

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Significant accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

(b) Income tax

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

Notes to the financial statements
For the year ended 30 June 2016

1. Statement of significant accounting policies (continued)

(c) Property, plant and equipment

Property, plant and equipment is measured initially at cost. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The depreciable amount of all fixed assets are depreciated on a straight-line basis over their useful lives commencing from the time the asset is ready for use. The following useful lives are applied:

- Office fixtures and furniture: 10 years
- Computer equipment: 3-4 years

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to profit or loss as part of the profit or loss on disposal.

(d) Employee Entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee provisions payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash outflows are discounted using high quality corporate bond rates.

Included in the 2015 employee entitlements is a provision for parental leave of $54,062. The balance is nil for 2016. Pursuant to Australian Accounting Standard AASB 119 Employee Benefits, parental leave is a non-accumulating paid absence that should only be recognised when the absences occur. The recognition of the provision for parental leave is a departure from AASB 119. The directors have resolved that it is prudent and desirable to provide for future parental leave as required due to the nature of the business and its gender composition and age of its workforce.

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised.

(i) Grant revenue

Grants are treated as unexpended grants in the statement of financial position where there are conditions attached to the grant revenue relating to the use of these grants for specific purposes. It is recognised in the statement of financial position as a liability until such conditions are met or services provided. Once the conditions are met and the services provided, the amount is included as revenue in profit or loss. When there is a non reciprocal transfer, grants are recognised as income when the entity obtains control or the right to receive a contribution, it is probable that the economic benefits comprising the contribution will flow to the entity and the amount of the grant can be measured reliably.

Notes to the financial statements
For the year ended 30 June 2016

1. Statement of significant accounting policies (continued)

(e) Revenue Recognition (continued)

(ii) Membership revenue

Revenue from members' subscriptions is recognised on a time proportionate basis that takes into account the period of the subscription.

(iii) Interest revenue

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

(f) Provisions

Provisions are recognised when the company 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 the outflow can be reliably measured.

(g) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses over the lease term.

Australian Accounting Standard AASB 117 Leases and Australian Accounting Interpretation 115 Operating Leases - Incentives requires that the total cost of an operating lease, after taking into account any incentives and known escalations, be measured and straight-lined over the lease term unless there is another systematic basis which is more representative of the time pattern of the user's benefit.

In relation to the lease of office premises, the lease incentive and lease escalations have not been straight-lined over the lease term. This is a departure from AASB 117 and Interpretation 115.

The financial impact of this departure in the current year is that rent expense is understated by $15,140 (2015: understated by $33,941). The directors have resolved that this was not material to the financial statements and that future leases will be straight-lined in accordance with AASB 117.

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 statement of financial position are shown inclusive of GST.

(i) Comparative Figures

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

Notes to the financial statements
For the year ended 30 June 2016

1. Statement of significant accounting policies (continued)

(j) Intangibles

(i) Acquired intangible assets

Acquired software is capitalised on the basis of the costs incurred to acquire and install the specific software.

(i) Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition they are subject to impairment testing as described in Note 1 (k). The following useful lives are applied:

- software: 5 years

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

(k) Impairment of assets

At each reporting date, the directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset.

(l) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterpart will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group

Notes to the financial statements
For the year ended 30 June 2016

1. Statement of significant accounting policies (continued)

(m) Critical accounting estimates and judgements

In the process of applying the company's accounting policies, management has made the following judgements and estimates which have had the most significant effect on the amount recognised in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Key estimates

(i) Provision for make good of lease premises

A provision of $34,200 (2015: $25,200) has been recognised to make good the premises under lease.

No other significant critical judgements or accounting estimates have been made during the year.

(n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 15 Revenue from Contracts with Customers, effective for annual reporting periods beginning on or after 1 January 2019. When the revised standard is adopted for the year ending 30 June 2020, it is unlikely to have any significant impact on the entity. The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

Notes to the financial statements
For the year ended 30 June 2016

1. Statement of significant accounting policies (continued)

(n) New accounting standards and interpretations (continued)

(ii) AASB 16 replaces AASB 117 Leases and some lease-related Interpretations. AASB 16 requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. The new standards also provides new guidance on the application of the definition of lease and on sale and lease back accounting and requires new and different disclosures about leases whilst largely retains the existing lessor accounting requirements in AASB 117.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entities' preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:

- there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet;
- the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities;
- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities.

(o) Early adoption of standards

Justice Connect has elected to apply AASB 9 Financial Instruments as issued in December 2014 for the period beginning 1 July 2015. The early adoption has not had any significant impact on the financial assets as the entity hold trade receivables which are already accounted for at amortised cost.

AASB 9 replaces the provision of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities and the derecognition of financial instruments. It requires financial assets to be classified into three measurement categories: those measured at fair value, those measured at amortised cost and those measured at fair value through Other Comprehensive Income. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

Notes to the financial statements
For the year ended 30 June 2016

2. Revenue

	2016 $	2015 $
Grants	**4,056,503**	3,562,128
Membership	**647,274**	603,921
Fundraising Income - events	**122,284**	264,830
Training income	**128,817**	113,434
Overhead recovered	**108,150**	105,000
Interest income	**62,122**	83,267
Other income	**312,598**	103,106
Total revenue	**5,437,748**	4,835,686

3. Expenses

The following expenses are relevant in explaining the financial performance:

Auditors remuneration for audit of the financial report	**19,915**	12,300
Project and client costs	**110,421**	85,020
Repairs and maintenance	**16,511**	3,444
Telecommunication costs	**218,367**	180,820

4. Cash and cash equivalents

Cash on hand	**1,089**	1,100
Cash at bank	**2,794,881**	3,562,612
	2,795,970	3,563,712

5. Trade and other receivables

Current		
Trade receivables	**703,524**	201,964
Accrued income	**46,208**	107,526
Other receivables	**64,275**	139
Prepayments deposits	**16,929**	1,265
	830,936	310,894

Notes to the financial statements
For the year ended 30 June 2016

	2016	2015
	$	$

6. Other Non-Current Assets

Deferred charge on make good provision	**9,492**	9,492
Rent free period	**143,000**	143,000
Less accumulated amortisation	**(143,000)**	(137,038)
Total other assets	**9,492**	15,454

7. Property, plant and equipment

Office fixtures and furniture - at cost	**802,121**	288,129
Accumulated depreciation	**(145,495)**	(43,779)
	656,626	244,350
Computer Equipment - at costs	**277,607**	237,230
Accumulated depreciation	**(149,377)**	(94,969)
	128,230	142,261
Total property, plant & equipment	**784,856**	386,611

8. Intangible Assets

Software at cost	**103,992**	103,992
Less accumulated amortisation	**(89,816)**	(69,352)
	14,176	34,640

9. Trade and other payables

Current		
Trade payables	**230,874**	131,881
Other payables and accruals	**13,896**	181,306
	244,770	313,187

10. Income Received in Advance

Grants received in advance	**2,036,808**	2,090,964
Membership renewals billed in advance	**487,825**	-
Training fees received in advance	**-**	11,641
	2,524,633	2,102,605

Notes to the financial statements
For the year ended 30 June 2016

	2016 $	2015 $

11. Other Liabilities

	2016 $	2015 $
Current		
Rent free period benefit	**28,884**	34,600
Non-current		
Rent free period benefit	**44,999**	60,733

12. Provisions

	2016 $	2015 $
Current		
Employee benefits	**358,032**	375,671
Non-current		
Make good provision	**34,200**	25,200
Employee benefits	**73,485**	55,102
	107,685	80,302

13. Cash flow information

	2016 $	2015 $
Reconciliation of cash and cash equivalents		
Cash on Hand	**1,089**	1,100
Cash at bank	**2,794,881**	3,562,612
	2,795,970	3,563,712
Reconciliation of surplus/(deficit) to net cash flows from operating activities		
Surplus/(deficit) for the year:	**(217,786)**	67,579
Non-cash flows in profit		
Amortisation of rent free period benefit	**(15,488)**	27,446
Depreciation and Amortisation	**176,587**	106,071
Changes in assets and liabilities		
	(520,042)	592,751
Increase/(decrease) in trade and other payables	**(68,417)**	298
Increase/(decrease) in income received in advance	**422,028**	311,737
Increase/(decrease) in provisions	**9,744**	77,222
Net cash provided by/(used in) operating activities	**(213,374)**	1,183,104

Notes to the financial statements
For the year ended 30 June 2016

14. Commitments

Operating Lease Commitments

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

	2016	2015
	$	$
Payable - minimum lease payments		
- not later than 12 months	**426,581**	229,029
- between 12 months and 5 years	**1,392,564**	1,011,461
- over 5 years	**177,011**	372,734
Total operating lease commitments	**1,996,156**	1,613,223

During the year ended 30 June 2016, Justice Connected signed a Licence agreement to sub-lease property in Sydney commencing from 1 August 2015 through to 31 March 2023.

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

15. Limitation of members liability

If the company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the company. At 30 June 2016, the collective liability of members was $630 ($750 as at 30 June 2015).

16. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affect the operation of the company, the results of those operations or the state of affairs of the company in future financial years.

17. Company details

The registered office of Justice Connect is:

Level 17, 461 Bourke Street
Melbourne VIC 3000

The principal places of business of Justice Connect are:

Level 17, 461 Bourke Street
Melbourne VIC 3000

Level 5, 175 Liverpool Street
Sydney NSW 2000

This special purpose financial report covers Justice Connect as an individual entity. The special purpose financial report is presented in the Australian currency.

Directors' declaration

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 18, present fairly the company's financial position as at 30 June 2016 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements, and have been prepared in accordance with the requirements of the Australian Charities and Not-for-Profits Commission Act 2012.
2. In the directors' opinion, there are reasonable grounds to believe that the company 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.

Mitzi Gilligan
Director

Geoffrey Rush
Director

Dated this 27 day of October 2016

Grant Thornton

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Independent Auditor's Report
To the Members of Justice Connect

We have audited the accompanying financial report, being a special purpose financial report, of Justice Connect (the "Company"), which comprises the statement of financial position as at 30 June 2016, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Directors.

Responsibility of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial report, which form part of the financial report, are appropriate to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the needs of the Members. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to 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 Company'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 applicable independence requirements of the Australian Charities and Not-for-profits Commission Act 2012.

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

i giving a true an fair view of the Company's financial position as at 30 June 2016 and of its performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1; and

ii complying with the Australian Accounting Standards to the extent disclosed in Note 1 and the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis of accounting
Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of complying with the Australian Charities and Not-for-profits Commission Act 2012 requirements to prepare financial statements. As a result, the financial report may not be suitable for another purpose.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Eric W Passaris

Eric Passaris
Partner - Audit & Assurance

Melbourne, 27th October 2016

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