

Arid Lands Environment Centre Incorporated

Financial Statements

For the Year Ended 30 June 2019

Arid Lands Environment Centre Incorporated

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For the Year Ended 30 June 2019

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Board's Report

30 June 2019

BOARD'S REPORT

Your Board members submit the financial report of the Arid Land Environment Centre Incorporated ("the Association") for the financial year ended 30 June 2019.

BOARD MEMBERS

The names of Board members during the year and as at the date of this report are:

Chair:	Barbara Molanus	
Vice Chair:	Marie Schega	
Secretary:	Rosalie Schultz	
Treasurer:	Nerida Nettelbeck	
Ordinary members:	Liz Moore	Brenda Shields
	Tierneigh Pamell	Keith Castle
	Anthony Dent	Liz Olle
	Sezzajai Sykes	

Principal Activities

The principal activities of the Association during the financial year has been advocating for the protection of nature and ecologically sustainable development in the arid lands region.

Significant Changes

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


Operating Result

The Net Surplus amounted to \$50,381 (2018: \$101,685 Net Deficit).

In our opinion:

- the accompanying financial report as set out on the attached pages, being a special purpose financial statement, is drawn up so as to present fairly the state of affairs of the Association as at the end of the financial year and the result of the Association for the year then ended;
- the accounts of the Association have been properly prepared and are in accordance with the books of account of the Association; and
- there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

Board Member:.....

Board Member: ... 

Dated this 8th day of October 2019

Arid Lands Environment Centre Incorporated

Statement of Profit or Loss

For the Year Ended 30 June 2019

	Note	2019 \$	2018 * \$
Income			
NT Government Grants		138,220	50,000
Project Grants	2 (a)	395,066	91,423
Earned Income	2 (b)	632,368	808,400
Donations Received		184,914	130,620
Donations Un-receipted		0	3,802
Membership		10,900	9,355
Other Revenue	2 (c)	49,181	19,577
Fundraising		4,237	12,166
Total income		1,414,886	1,125,343
Expenditure			
Cost of Service Delivery	3 (a)	263,153	99,283
Management & Operational cost	3 (b)	92,401	55,002
Campaigns, Events & Promotions	3 (c)	76,664	43,069
Fundraising Costs		4,702	11,895
Accounting & Audit		29,863	11,225
Depreciation		18,632	18,402
Motor Vehicle		17,098	31,985
Other	3 (d)	7,827	9,442
Staff Costs	3 (e)	854,165	946,725
Total Expenditure		1,364,505	1,227,028
Net Surplus / (Deficit)		50,381	(101,685)

*Refer to Schedule 1 for the Split of Operating Results between Arid Edge Environmental Services (AEES) and all other ALEC Activities and for information about NT Government Grant

The accompanying notes form part of these financial statements.

Statement of Assets and Liabilities

As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	581,233	735,427
Trade and other receivables	5	91,930	32,812
Prepayments and rental deposits		13,490	6,378
TOTAL CURRENT ASSETS		686,653	774,617
NON-CURRENT ASSETS			
Property, plant and equipment	6	161,330	136,090
TOTAL NON-CURRENT ASSETS		161,330	136,090
TOTAL ASSETS		847,983	910,707
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	172,039	216,147
Unearned income		229,941	331,012
Finance lease		6,458	0
Provisions for employee benefits	8	57,157	57,806
TOTAL CURRENT LIABILITIES		465,595	604,965
NON-CURRENT LIABILITIES			
Finance lease		38,637	0
Provision for employee benefits	8	15,803	28,175
TOTAL NON-CURRENT LIABILITIES		54,440	28,175
TOTAL LIABILITIES		520,035	633,140
NET ASSETS		327,948	277,567
MEMBERS' FUNDS			
Retained profits		327,948	277,567
TOTAL MEMBERS' FUNDS		327,948	277,567

The accompanying notes form part of these financial statements.

Arid Lands Environment Centre Incorporated

Statement of Changes in Equity

As At 30 June 2019

	Total Equity \$
	<hr/>
Balance at 1 July 2018	277,567
Net Surplus / (Deficit) during the year	50,381
	<hr/>
Balance at 30 June 2019	<u>327,948</u>
Balance at 1 July 2017	379,252
Net (Deficit) / Surplus during the year	(101,685)
	<hr/>
Balance at 30 June 2018	<u>277,567</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,243,804	1,174,276
Payments to suppliers and employees		(1,398,715)	(1,127,401)
Interest received		5,959	8,688
		<hr/>	<hr/>
Net cash provided by / (used in) operating activities	9	(148,952)	55,563
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(51,542)	(78,525)
Proceeds from disposals of property, plant and equipment		1,205	909
		<hr/>	<hr/>
Net cash provided by / (used in) investing activities		(50,337)	(77,616)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities		45,095	-
		<hr/>	<hr/>
Net Increase / (Decrease) in Cash		(154,194)	(22,053)
Cash at beginning of year		735,427	757,480
		<hr/>	<hr/>
Cash at end of year	4	581,233	735,427

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

(a) Statement of compliance

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the *Associations Act Northern Territory* and *Australian Charities and Not-for-profits Commission Act 2012*. The Board has determined that Arid Land Environment Centre Incorporated ("the Association") is not a reporting entity and is a not-for-profit entity because in the Board's opinion there are unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy all of their information needs.

The special purpose financial report has been prepared in accordance with the basis of preparation and accounting policies described below. Australian Accounting Standards Board, (AASBs) adopted by the Australian Accounting Standards Board ("AASB"), and other authoritative pronouncements of the AASB have not been complied with except to the extent stated below.

(b) Basis of preparation

The financial report is presented in Australian dollars and has been prepared on the accrual basis of accounting.

The preparation of a financial report in conformity with Australian Accounting Standards requires the Association to make judgements, estimates and assumption that affect the application of policies and reported amounts as assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Association.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The special purpose financial report has been prepared on accrual basis.

(c) Income tax

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

(d) Income

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2019

1. SIGNIFICANT ACCOUNTING POLICIES - continue

(e) Grant income

Grant income is recognised when the Association obtains control over the funds, which is generally when the grant is acquired

If conditions are attached to the grant that must be satisfied before the Association is eligible to receive the contribution, recognition of the grant as revenue will be deferred until those conditions are met.

(f) Other income

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

(g) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

(h) 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.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

(i) Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Association, commencing when the asset is ready for use.

(j) Employee benefits

Liabilities for employee benefits for wages, salaries, annual leave and long-service leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Association expects to pay as at reporting date including related on-costs, such as workers' compensation insurance. Contributions are made by Association to an employee superannuation fund and are charged as expenses when incurred.

The Association's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is calculated at undiscounted amount. Long service leave is accrued in respect of employees with more than five years employment with the Association.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 SIGNIFICANT ACCOUNTING POLICIES - continue

(k) Going Concern

The accounts of Arid Lands Environment Centre Incorporated have been prepared on the basis that it is a going concern and that the Association will continue to operate. The Association's future as a going concern is dependent upon grants and subject to compliance attached to grants received.

On this basis the Arid Lands Environment Centre Incorporated will generate sufficient cash flow to be able to pay its debts when they fall due. The members of the Association believe that the going concern assumption is appropriate.

(l) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year. The class of income and expenses presented in 2016-17 financial report differs from the amount presented in the 2017-18 comparative amounts and are considered immaterial. Overall, the changes in reclassification in the comparative amount has \$nil effect in the Association's statement of profit or loss.

2 (a) PROJECT GRANTS

	2019	2018
	\$	\$
Grant income	471,899	160,000
Unexpended grants	(76,833)	(68,577)
	<u>395,066</u>	<u>91,423</u>

2 (b) EARNED INCOME

	2019	2018
	\$	\$
Project contribution	541,210	704,771
Consultancies	43,381	32,572
Merchandise	36,110	56,016
Registration fees	11,667	15,041
	<u>632,368</u>	<u>808,400</u>

2 (c) OTHER REVENUE

	2019	2018
	\$	\$
Interest	5,959	8,726
Sponsorship	11,773	0
Recoupments	11,384	0
Vehicle contribution	112	605
Sundry and other income	19,953	10,246
	<u>49,181</u>	<u>19,577</u>

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 (a) COST OF SERVICE DELIVERY

	2019	2018
	\$	\$
Materials & Hire	213,935	89,528
Equipment & furn.- non cap	49,218	9,755
	<u>263,153</u>	<u>99,283</u>

The above expenses were incurred mainly with Arid Edge Environmental Services, Food for Alice and Community Gardens works.

3 (b) MANAGEMENT AND OPERATIONAL COSTS

	2019	2018
	\$	\$
Electricity & Gas	15,146	11,910
ICT	9,326	7,818
Rent	16,436	5,720
Insurance	7,536	5,234
Bad Debts	4,934	5,028
Subscriptions and memberships	6,373	3,432
Bank fees	3,318	2,735
Cleaning	3,558	2,652
Maintenance & Repairs	2,813	2,228
Telephone	2,825	1,724
Sundry Expenses	20,136	6,521
	<u>92,401</u>	<u>55,002</u>

3 (c) Campaigns, Events & Promotions

	2019	2018
	\$	\$
Advertising and Promotion	14,446	16,235
Catering	6,215	6,291
Donations	56,003	0
Multi-Media Production	0	13,824
Photocopying	0	6,155
Workshops	0	564
	<u>76,664</u>	<u>43,069</u>

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 (d) OTHER EXPENSES

	2019	2018
	\$	\$
Occupation, health and safety training	0	2,475
Loss on sale of assets / Write-off	6,465	6,161
Other expenses	1,362	806
	<u>7,827</u>	<u>9,442</u>

3 (e) STAFF COSTS

	2019	2018
	\$	\$
Salaries and wages	661,688	657,656
Sub-contractor fees	70,448	146,270
Superannuation	62,587	63,077
Staff travel and allowances	43,622	60,243
Other staff benefits	15,820	19,479
	<u>854,165</u>	<u>946,725</u>

4 CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at Bank – Ops Account	11,780	201,836
Cash at Bank – Gift Account	153,818	79,364
Cash at Bank – Holding Account	66,414	56,689
Cash at Bank – Pay Pal Account	15,047	26,553
Cash at Bank – Desserts Account	22,977	0
ALEC Debit Card	361	2,020
AEES – Ops Account	91,562	0
AEES Debit Card	1,793	929
Term Deposit	216,446	365,555
Cash on hand	1,035	2,481
	<u>581,233</u>	<u>735,427</u>

5 TRADE AND OTHER RECEIVABLES

Trade & Sundry Debtors	91,930	91,836
Less: Expected Credit Losses	0	0
	<u>91,930</u>	<u>91,836</u>

Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019	2018
	\$	\$
6		
PROPERTY, PLANT AND EQUIPMENT		
Leasehold Improvements		
At cost	110,298	110,298
Accumulated amortisation	(22,212)	(15,346)
	<u>88,086</u>	<u>94,952</u>
Furniture, fixtures and fittings		
At cost	33,836	26,859
Accumulated depreciation	(19,677)	(16,337)
	<u>14,159</u>	<u>10,522</u>
Motor vehicles		
At cost	92,316	64,115
Accumulated depreciation	(33,231)	(33,499)
	<u>59,085</u>	<u>30,616</u>
	<u><u>161,330</u></u>	<u><u>136,090</u></u>
7		
TRADE AND OTHER PAYABLES		
Trade payable and other payables	85,757	142,873
Accrued Expenses	20,964	22,614
Payroll Liabilities	12,824	31,758
GST & Other Payable	52,494	18,902
	<u>172,039</u>	<u>216,147</u>
8		
PROVISION FOR EMPLOYEE BENEFITS		
Current		
Annual leave	33,954	28,320
Long service leave	23,203	29,486
	<u>57,157</u>	<u>57,806</u>
Non-current portion		
Long service leave	15,803	28,175
	<u>72,960</u>	<u>85,981</u>

Notes to the Financial Statements

For the Year Ended 30 June 2019

9 RECONCILIATION OF OPERATING SURPLUS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2019	2018
	\$	\$
Net Surplus / (Deficit)	50,381	(101,685)
Depreciation	18,632	18,402
Loss on sale of assets	6,465	0
Bad debts expenses	4,934	5,028
Provision for employee entitlements	(13,021)	(1,396)
Changes in assets & liabilities:		
Trade and other receivables	(64,052)	57,226
Prepayments	(7,112)	(2,193)
Unexpended Grants	(101,071)	395
Trade and other payables	(44,108)	79,786
	<hr/>	<hr/>
Net cash flows from operating activities	(148,952)	55,563
	<hr/> <hr/>	<hr/> <hr/>

10 EVENTS AFTER THE END OF REPORTING PERIOD

The financial report was authorised for issue on 8 October 2019 by the Board.

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

11 STATUTORY INFORMATION

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

Arid Lands Environment Centre Incorporated
90 Gap Road
Alice Springs NT 0871



DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION

The additional financial information, being the Schedule 1 – Split of Operating Results as attached on page 14, has been compiled by the management of Arid Lands Environment Centre Incorporated.

No audit or review has been performed by us and accordingly no assurance is expressed. Accordingly, we do not express an opinion on the additional financial information and no warranty of accuracy or reliability is given.

To the extent permitted by law, we do not accept liability for any loss or damage which any person may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

Merit Partners

Merit Partners

DARWIN

8 October 2019

Schedule 1 – Split of Operating Results

For the Year Ended 30 June 2019

	AEES ² \$	Other ALEC ³ Activities \$	Total \$
Income			
NT Government Grants ¹	0	138,220	138,220
Project Grants	0	395,066	395,066
Earned Income	554,341	78,027	632,368
Donations Received	0	184,914	184,914
Membership	0	10,900	10,900
Other Revenue ⁴	6,863	52,318	49,181
Fundraising	0	4,237	4,237
Total income	561,204	863,682	1,414,886
Expenditure			
Cost of Service Delivery	123,351	139,802	263,153
Management & Operation Costs ⁴	31,934	70,467	92,401
Campaigns, Events & Promotions	2,225	74,439	76,664
Fundraising Costs	0	4,702	4,702
Accounting & Audit	16,258	13,605	29,863
Depreciation	6,303	12,329	18,632
Motor Vehicle	9,906	7,192	17,098
Other	1,362	6,465	7,827
Staff Costs	448,679	405,486	854,165
Total Expenditure	640,018	734,487	1,364,505
Net Surplus / (Deficit)	(78,814)	129,195	50,381

¹ The funding from the NT Government is based on a calendar year and therefore only half of the grant should have been recognised in 2017. To correct this, ALEC has recognised less income in the 2018 year to bring the total income recognised to date in line with the grant agreement.

² AEES: Arid Edge Environmental Services

³ Arid Lands Environment Centre

⁴ AEES & ALEC amounts was gross up to include interdivision account

Independent auditor's report to the members of Arid Lands Environment Centre Incorporated

Report on the Audit of the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Arid Lands Environment Centre Incorporated (the "Association"), which comprises the Statement of Assets and Liabilities as at 30 June 2019, Statement of Profit or Loss, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the Board's Report.

In our opinion, except for the effects of the matters described in the *Basis of Qualified Opinion* section of our report, the financial report presents fairly, in all material respects, the financial position of Arid Lands Environment Centre Incorporated as of 30 June 2019 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis for Qualified Opinion

As is common for organisations of this type, it is not practicable to establish an efficient system of internal control over income, other than grant and earned income, prior to its initial entry in the accounting records. Accordingly, as the evidence available to us regarding such income was limited, our audit procedures with respect to income, other than grant and earned income, were restricted to the amounts recorded in the financial records. We therefore do not express an opinion on whether the income the Association received is complete, and we cannot determine the effects of such adjustments, if any, as might have been determined to be necessary had this limitation not existed.

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 *Associations Act NT* and 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.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Reliance

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Arid Lands Environment Centre Incorporated meet the requirements of the *Associations Act* and the Association's constitution. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Arid Lands Environment Centre Incorporated and should not be distributed to parties other than Arid Lands Environment Centre Incorporated. Our opinion is not modified in respect of these matters.

The Responsibility of the Board for the Financial Report

The Association's Board is responsible for the preparation of the financial statements, and has determined that the accounting policies described in Note 1 to the financial statements, are appropriate to meet the financial reporting requirements of the *Associations Act NT* and the Association's Constitution and are appropriate to meet the needs of the members. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board 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 management either intends 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 for the year ended 30 June 2019 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 the financial report.

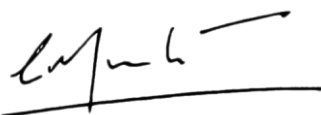
As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control, if any, that we identify during our audit.

Merit Partners

Merit Partners



MunLi Chee
Director

DARWIN

8 October 2019