

Arid Lands Environment Centre Incorporated

Financial Statements

For the Year Ended 30 June 2020

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For the Year Ended 30 June 2020

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Board's Report

30 June 2020

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 2020.

BOARD MEMBERS

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

Chair:	Barbara Molanus	
Vice Chair:	Liz Oile	
Secretary:	Tierneigh Parnell	
Treasurer:	Pamela Mills	
Ordinary members:	Harry Cossar-Gilbert	Brenda Shields
	Tierneigh Parnell	Rosalie Schultz
	Sazzajal 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 \$135,474 (2019: \$50,381 Net Surplus).

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 7th day of October 2020

Statement of Profit or Loss

For the Year Ended 30 June 2020

	Note	2020* \$	2019 \$
Income			
NT Government Grants		138,005	138,220
Project Grants	2 (a)	42,680	395,066
Earned Income	2 (b)	673,433	632,368
Donations Receipted		144,193	184,914
Membership		24,521	10,900
Other Revenue	2 (c)	137,158	49,181
Fundraising		6,422	4,237
Total income		1,166,412	1,414,886
Expenditure			
Cost of Service Delivery	3 (a)	170,701	263,153
Management & Operational cost	3 (b)	105,440	92,401
Campaigns, Events & Promotions	3 (c)	5,562	76,664
Fundraising Costs		50	4,702
Accounting & Audit		31,915	29,863
Depreciation		20,107	18,632
Motor Vehicle		12,860	17,098
Other	3 (d)	194	7,827
Staff Costs	3 (e)	684,109	854,165
Total Expenditure		1,030,938	1,364,505
Net (Deficit) / Surplus		135,474	50,381

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

Statement of Assets and Liabilities

As At 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	788,595	581,233
Trade and other receivables	5	82,418	91,930
Prepayments and rental deposits		14,763	13,490
TOTAL CURRENT ASSETS		885,776	686,653
NON-CURRENT ASSETS			
Property, plant and equipment	6	141,585	161,330
TOTAL NON-CURRENT ASSETS		141,585	161,330
TOTAL ASSETS		1,027,361	847,983
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	93,928	172,039
Unearned income		382,927	229,941
Finance lease		6,458	6,458
Employee benefits	8	31,056	57,157
TOTAL CURRENT LIABILITIES		514,369	465,595
NON-CURRENT LIABILITIES			
Finance lease		32,178	38,637
Employee benefits	8	17,392	15,803
TOTAL NON-CURRENT LIABILITIES		49,570	54,440
TOTAL LIABILITIES		563,939	520,035
NET ASSETS		463,422	327,948
MEMBERS' FUNDS			
Retained profits		463,422	327,948
TOTAL MEMBERS' FUNDS		463,422	327,948

The accompanying notes form part of these financial statements.

Arid Lands Environment Centre Incorporated

Statement of Changes in Equity

As At 30 June 2020

	Total Equity \$
Balance at 1 July 2019	327,948
Net Surplus during the year	135,474
Balance at 30 June 2020	463,422
Balance at 1 July 2018	277,567
Net Surplus during the year	50,381
Balance at 30 June 2019	327,948

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,323,623	1,243,804
Payments to suppliers and employees		(1,114,727)	(1,398,715)
Interest received		5,287	5,959
		<hr/>	<hr/>
Net cash provided by / (used in) operating activities	9	214,183	(148,952)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(362)	(51,542)
Proceeds from disposals of property, plant and equipment		0	1,205
		<hr/>	<hr/>
Net cash (used in) / provided by investing activities		(362)	(50,337)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash (used in) / provided by financing activities		(6,459)	45,095
		<hr/>	<hr/>
Net Increase / (Decrease) in Cash		207,362	(154,194)
Cash at beginning of year		581,233	735,427
		<hr/>	<hr/>
Cash at end of year	4	788,595	581,233

Notes to the Financial Statements

For the Year Ended 30 June 2020

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 2020

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 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 2020

1 SIGNIFICANT ACCOUNTING POLICIES - continue

(k) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year. 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

	2020	2019
	\$	\$
Grant income	165,062	471,899
Unexpended grants	(122,382)	(76,833)
	<u>42,680</u>	<u>395,066</u>

2 (b) EARNED INCOME

	2020	2019
	\$	\$
Project contribution	599,278	541,210
Consultancies	38,535	43,381
Merchandise	33,988	36,110
Registration fees	1,632	11,667
	<u>673,433</u>	<u>632,368</u>

2 (c) OTHER REVENUE

	2020	2019
	\$	\$
Cash Flows Stimulus	56,341	0
Job Keeper Allowance	43,500	0
Interest	5,287	5,959
Sponsorship	6,818	11,773
Recoupments	7,283	11,384
Sundry and other income	17,929	20,065
	<u>137,158</u>	<u>49,181</u>

3 (a) COST OF SERVICE DELIVERY

	2020	2019
	\$	\$
Materials & Hire	154,440	213,935
Equipment & furn.- non cap	16,261	49,218
	<u>170,701</u>	<u>263,153</u>

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 (b) MANAGEMENT AND OPERATIONAL COSTS

	2020	2019
	\$	\$
Electricity & Gas	12,851	15,146
ICT	12,757	9,326
Rent	16,159	16,436
Insurance	3,824	7,536
Bad Debts	0	4,934
Subscriptions and memberships	4,167	6,373
Bank fees	3,690	3,318
Cleaning	5,449	3,558
Maintenance & Repairs	19,037	2,813
Telephone	3,503	2,825
Sundry Expenses	24,003	20,136
	<u>105,440</u>	<u>92,401</u>

3 (c) CAMPAIGNS, EVENTS & PROMOTION

	2020	2019
	\$	\$
Advertising and Promotion	5,529	14,446
Catering	33	6,215
Donations	0	56,003
	<u>5,562</u>	<u>76,664</u>

3 (d) OTHER EXPENSES

	2020	2019
	\$	\$
Loss on sale of assets / Write-off	0	6,465
Other expenses	194	1,362
	<u>194</u>	<u>7,827</u>

3 (e) STAFF COSTS

	2020	2019
	\$	\$
Salaries and wages	551,594	661,688
Sub-contractor fees	52,065	70,448
Superannuation	49,029	62,587
Staff travel and allowances	14,645	43,622
Other staff benefits	16,776	15,820
	<u>684,109</u>	<u>854,165</u>

Notes to the Financial Statements

For the Year Ended 30 June 2020

4 CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash at Bank – Ops Account	13,702	11,780
Cash at Bank – Gift Account	109,508	153,818
Cash at Bank – Holding Account	278,724	66,414
Cash at Bank – Pay Pal Account	3,634	15,047
Cash at Bank – Desserts Account	15,460	22,977
ALEC Debit Card	5,525	361
AEES – Ops Account	135,649	91,562
AEES Debit Card	2,831	1,793
Term Deposit	220,257	216,446
Cash on hand	3,305	1,035
	<u>788,595</u>	<u>581,233</u>

5 TRADE AND OTHER RECEIVABLES

Trade & Sundry Debtors	82,418	91,930
Less: Allowance for Doubtful Debts	0	0
	<u>82,418</u>	<u>91,930</u>

6 PROPERTY, PLANT AND EQUIPMENT

Leasehold Improvements		
At cost	110,298	110,298
Accumulated amortisation	(26,717)	(22,212)
	<u>83,581</u>	<u>88,086</u>
Furniture, fixtures and fittings		
At cost	34,198	33,836
Accumulated depreciation	(22,033)	(19,677)
	<u>12,165</u>	<u>14,159</u>
Motor vehicles		
At cost	92,316	92,316
Accumulated depreciation	(46,477)	(33,231)
	<u>45,839</u>	<u>59,085</u>
	<u>141,585</u>	<u>161,330</u>

Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020	2019
	\$	\$
7 TRADE AND OTHER PAYABLES		
Trade payable and other payables	56,640	85,757
Accrued Expenses	7,950	20,964
Payroll Liabilities	7,696	12,824
GST & Other Payable	21,642	52,494
	<u>93,928</u>	<u>172,039</u>

8 EMPLOYEE BENEFITS		
Current		
Annual leave	17,142	33,954
Long service leave	13,914	23,203
	<u>31,056</u>	<u>57,157</u>
Non-current		
Long service leave	17,392	15,803
	<u>48,448</u>	<u>72,960</u>

9 RECONCILIATION OF OPERATING SURPLUS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
	2020	2019
	\$	\$
Net Surplus / (Deficit)	135,474	50,381
Depreciation	20,107	18,632
Loss on sale of assets	0	6,465
Bad debts expenses	0	4,934
Provision for employee entitlements	(24,512)	(13,021)
Changes in assets & liabilities:		
Trade and other receivables	9,512	(64,052)
Prepayments	(1,273)	(7,112)
Unexpended Grants	152,986	(101,071)
Trade and other payables	(78,111)	(44,108)
Net cash flows from operating activities	<u>214,183</u>	<u>(148,952)</u>

Notes to the Financial Statements

For the Year Ended 30 June 2020

10 EVENTS AFTER THE END OF REPORTING PERIOD

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

12 IMPACT OF COVID-19 PANDEMIC AND GOING CONCERN

The COVID-19 pandemic crisis has led to more vulnerability and uncertainty underlying the preparation of an entity's financial statements. As the Association engages in advocating for the protection of nature and ecologically sustainable development in the arid lands region, the COVID-19 pandemic has impacted the Association in many ways as follows:

- adapting to changes in the Association's office operations due to quarantine measures imposed by government which included implementing work at home arrangements and maintaining social distancing; and
- deferral of major projects and implementation of various programs.

As a result of the pandemic the Association received financial assistance from the Commonwealth Government through cash flow stimulus and job seeker allowances in order to continue to support its operations and personnel.

The financial statements of the Association 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 conditions attached to the grants received.

Despite the ongoing uncertainty in relation to the COVID-19 pandemic impact, the Board believes that the Association will continue to receive support from its funders and will be able to generate sufficient cash flows to be able to pay its debts when they fall due. As such, the Board believes the going concern assumption used is appropriate.

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

Report on the Audit of the Financial Report

Qualified Opinion

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 2020, 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 2020 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 NT* 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.

Emphasis of matter – Impact of COVID-19 Pandemic

We draw attention to Note 12 to the financial report, which describes the impact of the COVID-19 pandemic on the Association. Our opinion is not modified in respect of this matter.

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 2020 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.

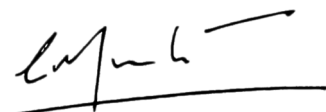
As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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

7 October 2020

Schedule 1 – Split of Operating Results

For the Year Ended 30 June 2020

	AEES ¹ \$	Other ALEC ² Activities \$	Combine ³ \$
Income			
NT Government Grants	0	138,005	138,005
Project Grants	0	42,680	42,680
Earned Income	630,635	49,645	673,433
Donations Received	0	144,193	144,193
Membership	0	24,521	24,521
Other Revenue ³	62,767	84,391	137,158
Fundraising	0	6,422	6,422
Total income	693,402	489,857	1,166,412
Expenditure			
Cost of Service Delivery	134,690	42,858	170,701
Management & Operation Costs ³	28,559	76,881	105,440
Campaigns, Events & Promotions	378	5,184	5,562
Fundraising Costs	0	50	50
Accounting & Audit	9,246	22,669	31,915
Depreciation	10,532	9,575	20,107
Motor Vehicle	7,638	5,222	12,860
Other ³	10,194	0	194
Staff Costs	400,711	283,398	684,109
Total Expenditure	601,948	445,837	1,030,938
Net Surplus / (Deficit)	91,454	44,020	135,474

¹ AEES: Arid Edge Environmental Services

² Arid Lands Environment Centre

³ AEES & ALEC amounts was gross up to include interdivision account

DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION

The additional financial information, being the Schedule 1 – Split of Operating Results as attached on page 16, 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

7 October 2020