

Arid Lands Environment Centre Incorporated

Financial Statements

For the Year Ended 30 June 2022

Contents

For the Year Ended 30 June 2022

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Board's Report

30 June 2022

Your Board members submit the financial report of the Arid Land Environment Centre Incorporated ("the Association") for the financial year ended 30 June 2022.

BOARD MEMBERS

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

Chair:	Barbara Molanus	
Vice Chair:	Roxanne Highfold	
Public Officer:	Isobel Milnes	
Treasurer:	Debbie Mason	
Ordinary members:	Sacha Keisling	Paul Ah Chee
	Bruce Simmons	Emma Buddey Lennox
	David Jagger	

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 Deficit amounted to (\$186,025) [2021: (\$14,509) 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 accounts of the Association and satisfy the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*; and
- there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Board Member: 

Board Member: 

Dated this ...16th day of November 2022

Arid Lands Environment Centre Incorporated

Statement of Profit or Loss

For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
Income			
NT Government Grants		100,000	100,000
Project Grants	2 (a)	447,691	338,949
Earned Income	2 (b)	396,527	845,272
Donations Received		105,865	150,882
Membership & Fee		18,410	14,502
Other Revenue	2 (c)	21,517	146,628
Fundraising		-	1,879
Total income		1,090,010	1,598,112
Expenditure			
Cost of Service Delivery	3 (a)	249,561	334,816
Management & Operational cost	3 (b)	131,779	208,102
Campaigns, Events & Promotions	3 (c)	10,934	15,247
Fundraising Costs		-	5,984
Accounting & Audit		51,033	33,961
Depreciation		20,397	18,893
Motor Vehicle		11,250	11,299
Grants Repaid		20,140	0
Staff Costs	3 (d)	760,941	984,319
Total Expenditure		1,256,035	1,612,621
Net (Deficit) / Surplus		(166,025)	(14,509)

*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 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	467,412	785,897
Trade and other receivables	5	25,791	34,567
Prepayments and rental deposits		1,618	23,130
TOTAL CURRENT ASSETS		494,821	843,594
NON-CURRENT ASSETS			
Property, plant and equipment	6	129,679	133,040
TOTAL NON-CURRENT ASSETS		129,679	133,040
TOTAL ASSETS		624,500	976,634
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	128,660	164,164
Unearned income		160,897	295,597
Finance lease		6,458	6,458
Provisions for employee benefits	8	26,228	27,409
TOTAL CURRENT LIABILITIES		322,243	493,628
NON-CURRENT LIABILITIES			
Finance lease		19,369	25,720
Provision for employee benefits	8	0	8,373
TOTAL NON-CURRENT LIABILITIES		19,369	34,093
TOTAL LIABILITIES		341,612	527,721
NET ASSETS		282,888	448,913
MEMBERS' FUNDS			
Retained profits		282,888	448,913
TOTAL MEMBERS' FUNDS		282,888	448,913

The accompanying notes form part of these financial statements.

Arid Lands Environment Centre Incorporated

Statement of Changes in Equity

As At 30 June 2022

	Total Equity \$
Balance at 1 July 2021	448,913
Net Deficit during the year	(166,025)
Balance at 30 June 2022	282,888
Balance at 1 July 2020	463,422
Net Deficit during the year	(14,509)
Balance at 30 June 2022	448,913

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		963,834	1,556,818
Payments to suppliers and employees		(1,259,184)	(1,544,525)
Interest received		252	1,815
		<hr/>	<hr/>
Net cash (used in)/provided by operating activities	9	(295,098)	14,108
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(17,036)	(10,348)
Proceeds from disposals of property, plant and equipment		-	-
		<hr/>	<hr/>
Net cash used in investing activities		(17,036)	(10,348)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities		(6,351)	(6,458)
		<hr/>	<hr/>
Net Decrease in Cash		(318,485)	(2,698)
Cash at beginning of year		785,897	788,595
		<hr/>	<hr/>
Cash at end of year	4	467,412	785,897
		<hr/>	<hr/>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2022

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.

In preparing the special purpose financial report, the following *Australian Accounting Standards* required by the *Australian Charities and Not-for-Profits Commission* have been adopted, where applicable:

- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates & Errors*
- AASB 1048 *Interpretation of Standards*
- AASB 1054 *Australian Additional Disclosures*

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 been complied with 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 2022

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 2022

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

	2022	2021
	\$	\$
Grant income	461,391	505,434
Unexpended grants	(13,700)	(166,485)
	<u>447,691</u>	<u>338,949</u>

2 (b) EARNED INCOME

	2022	2021
	\$	\$
Project contribution	315,644	762,239
Consultancies	14,030	26,504
Merchandise	66,853	56,529
	<u>396,527</u>	<u>845,272</u>

2 (c) OTHER REVENUE

	2022	2021
	\$	\$
Sponsorship	5,000	1,818
Interest	252	1,815
Cash Flows Stimulus	-	33,805
Job Keeper Allowance	-	81,000
Sundry and other income	16,265	28,190
	<u>21,517</u>	<u>146,628</u>

3 (a) COST OF SERVICE DELIVERY

	2022	2021
	\$	\$
Materials & Hire	247,113	321,305
Equipment & furn.- non cap	2,448	13,511
	<u>249,561</u>	<u>334,816</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 2022

3 (b) MANAGEMENT AND OPERATIONAL COSTS

	2022	2021
	\$	\$
Bad Debts	150	3,379
Bank fees	3,144	4,549
Electricity & Gas	21,371	15,697
ICT	10,003	17,078
Insurance	12,634	12,169
Maintenance & Repairs	4,430	9,215
Office and general expenses (including cleaning costs)	6,410	12,900
Rent	48,245	55,260
Subscriptions and memberships	5,614	12,028
Telephone	3,645	5,670
Sundry Expenses	16,133	60,157
	131,779	208,102

3 (c) CAMPAIGNS, EVENTS & PROMOTION

	2022	2021
	\$	\$
Advertising and Promotion	10,142	14,551
Catering	792	696
	10,934	15,247

3 (d) STAFF COSTS

	2022	2021
	\$	\$
Salaries and wages	646,542	840,549
Sub-contractor fees	-	8,578
Superannuation	73,296	77,515
Staff travel and allowances	12,312	24,488
Other staff benefits	28,791	33,189
	760,941	984,319

Notes to the Financial Statements

For the Year Ended 30 June 2022

4 CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash at Bank – Ops Account	1,308	19,618
Cash at Bank – Gift Account	88,404	255,712
Cash at Bank – Holding Account	134,268	64,018
Cash at Bank – Pay Pal Account	4,693	1,239
Cash at Bank – Deserts Account	-	15,464
Cash at Bank – Future Grid	174	62,655
ALEC Debit Card	612	3,338
AEES – Ops Account	36,268	138,886
AEES Debit Card	274	3,225
Term Deposit	200,430	221,604
Cash on hand	981	138
	<u>467,412</u>	<u>785,897</u>

5 TRADE AND OTHER RECEIVABLES

Trade & Sundry Debtors	25,791	34,567
Less: Allowance for Doubtful Debts	-	-
	<u>25,791</u>	<u>34,567</u>

6 PROPERTY, PLANT AND EQUIPMENT

Leasehold Improvements		
At cost	116,476	110,298
Accumulated amortisation	(35,812)	(29,993)
	<u>80,664</u>	<u>80,305</u>
Furniture, fixtures and fittings		
At cost	52,865	46,191
Accumulated depreciation	(33,583)	(26,867)
	<u>19,282</u>	<u>19,324</u>
Motor vehicles		
At cost	100,260	92,316
Accumulated depreciation	(70,527)	(58,905)
	<u>29,733</u>	<u>33,411</u>
	<u>129,679</u>	<u>133,040</u>

Notes to the Financial Statements

For the Year Ended 30 June 2022

	2022 \$	2021 \$
7 TRADE AND OTHER PAYABLES		
Trade payable and other payables	20,857	54,146
GST & Other Payable	107,803	110,018
	<u>128,660</u>	<u>164,164</u>
8 EMPLOYEE BENEFITS		
Current		
Annual leave	26,228	27,409
Long service leave	-	-
	<u>26,228</u>	<u>27,409</u>
Non-current		
Long service leave	-	8,373
	<u>26,228</u>	<u>35,782</u>
9 RECONCILIATION OF NET DEFICIT/SURPLUS TO NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES		
	2022 \$	2021 \$
Net Deficit	(166,025)	(14,509)
Depreciation	20,397	18,893
Movement in employee entitlements	(9,554)	(12,666)
Changes in assets & liabilities:		
Trade and other receivables	8,776	47,851
Prepayments	21,512	(8,367)
Unexpended Grants	(134,700)	(87,330)
Trade and other payables	(35,504)	70,236
Net cash flows (used in)/provided by operating activities	<u>(295,098)</u>	<u>14,108</u>

Notes to the Financial Statements

For the Year Ended 30 June 2022

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 GOING CONCERN

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.

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.


Auditor's Independence Declaration to the Committee Members of Arid Lands Environment Centre Incorporated

In relation to our audit of the financial statements of **Arid Lands Environment Centre Incorporated** ("the Association") for the financial year ended 30 June 2022, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Merit Partners

Merit Partners



MunLi Chee
Director

DARWIN

16 November 2022

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 2022, 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 of Arid Lands Environment Centre Incorporated is in accordance with the Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the Association's financial position as at 30 June 2022 and of its financial performance for the year then ended;
- b) complying with Australian Accounting Standards as described in Note 1 to the financial statements and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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 *Australian Charities and Not-for-Profits Commission Act 2012* 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 *Australian Charities and Not-for-Profits Commission Act 2012* 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 *Australian Charities and Not-for-Profits Commission Act 2012*, *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 2022 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

16 November 2022

DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION

The additional financial information, being the Schedule 1 – Split of Operating Results as attached on page 17, 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

16 November 2022

Arid Lands Environment Centre Incorporated

Schedule 1 – Split of Operating Results

For the Year Ended 30 June 2022

	AEES ¹ \$	Other ALEC ² Activities \$	Combine ³ \$
Income			
NT Government Grants	-	100,000	100,000
Project Grants	-	447,691	447,691
Earned Income	300,774	95,753	396,527
Donations Receipted	-	105,865	105,865
Membership & Fee	-	18,410	18,410
Other Revenue	1,823	19,694	21,517
Total income	302,597	787,413	1,090,010
Expenditure			
Cost of Service Delivery	158,387	91,174	249,561
Management & Operational cost	51,851	79,928	131,779
Campaigns, Events & Promotions	-	10,934	10,934
Accounting & Audit	21,169	29,864	51,033
Depreciation	13,135	7,262	20,397
Motor Vehicle	7,873	3,377	11,250
Grant Repaid	690	19,450	20,140
Staff Costs	147,404	613,537	760,941
Total Expenditure	400,509	855,526	1,256,035
Net Deficit	(97,912)	(68,113)	(166,025)

¹ AEES: Arid Edge Environmental Services

² Arid Lands Environment Centre

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