

Arid Lands Environment Centre Incorporated

Financial Statements

For the Year Ended 30 June 2021

Arid Lands Environment Centre Incorporated

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For the Year Ended 30 June 2021

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Board's Report

30 June 2021

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 2021.

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	
Secretary:	Liz Olle	
Treasurer:	Pamela Mills	
Ordinary members:	Rosalie Schultz	Sasha Kiessling
	Keith Castle	Paul Ah Chee
	Brenda Shields	

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 a Net Deficit of (\$14,509) (2020: \$135,474 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 ...26th..... day of October 2022

Arid Lands Environment Centre Incorporated

Statement of Profit or Loss

For the Year Ended 30 June 2021

	Note	2021* \$	2020 \$
Income			
NT Government Grants		100,000	138,005
Project Grants	2 (a)	338,949	42,680
Earned Income	2 (b)	845,272	673,433
Donations Received		150,882	144,193
Membership & Fee		14,502	24,521
Other Revenue	2 (c)	146,628	137,158
Fundraising		1,879	6,422
Total income		1,598,112	1,166,412
Expenditure			
Cost of Service Delivery	3 (a)	334,816	170,701
Management & Operational cost	3 (b)	208,102	105,440
Campaigns, Events & Promotions	3 (c)	15,247	5,562
Fundraising Costs		5,984	50
Accounting & Audit		33,961	31,915
Depreciation		18,893	20,107
Motor Vehicle		11,299	12,860
Other		0	194
Staff Costs	3 (d)	984,319	684,109
Total Expenditure		1,612,621	1,030,938
Net (Deficit)/Surplus		(14,509)	135,474

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

The accompanying notes form part of these financial statements.

Statement of Assets and Liabilities

As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	785,897	788,595
Trade and other receivables	5	34,567	82,418
Prepayments and rental deposits		23,130	14,763
TOTAL CURRENT ASSETS		843,594	885,776
NON-CURRENT ASSETS			
Property, plant and equipment	6	133,040	141,585
TOTAL NON-CURRENT ASSETS		133,040	141,585
TOTAL ASSETS		976,634	1,027,361
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	164,164	93,928
Unearned income		295,597	382,927
Finance lease		6,458	6,458
Employee benefits	8	27,409	31,056
TOTAL CURRENT LIABILITIES		493,628	514,369
NON-CURRENT LIABILITIES			
Finance lease		25,720	32,178
Employee benefits	8	8,373	17,392
TOTAL NON-CURRENT LIABILITIES		34,093	49,570
TOTAL LIABILITIES		527,721	563,939
NET ASSETS		448,913	463,422
MEMBERS' FUNDS			
Retained profits		448,913	463,422
TOTAL MEMBERS' FUNDS		448,913	463,422

The accompanying notes form part of these financial statements.

Arid Lands Environment Centre Incorporated

Statement of Changes in Equity

As At 30 June 2021

	Total Equity \$
Balance at 1 July 2020	463,422
Net Deficit during the year	(14,509)
Balance at 30 June 2021	448,913
Balance at 1 July 2019	327,948
Net Surplus during the year	135,474
Balance at 30 June 2020	463,422

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,556,818	1,323,623
Payments to suppliers and employees		(1,544,525)	(1,114,727)
Interest received		1,815	5,287
		<hr/>	<hr/>
Net cash provided by / (used in) operating activities	9	14,108	214,183
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(10,348)	(362)
Proceeds from disposals of property, plant and equipment		-	-
		<hr/>	<hr/>
Net cash provided by / (used in) investing activities		(10,348)	(362)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by / (used in) financing activities		(6,458)	(6,459)
		<hr/>	<hr/>
Net Increase / (Decrease) in Cash		(2,698)	207,362
Cash at beginning of year		788,595	581,233
		<hr/>	<hr/>
Cash at end of year	4	785,897	788,595
		<hr/>	<hr/>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2021

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 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 2021

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 2021

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

	2021	2020
	\$	\$
Grant income	505,434	165,062
Unexpended grants	(166,485)	(122,382)
	<u>338,949</u>	<u>42,680</u>

2 (b) EARNED INCOME

	2021	2020
	\$	\$
Project contribution	762,239	599,278
Consultancies	26,504	38,535
Merchandise	56,529	33,988
Registration fees	-	1,632
	<u>845,272</u>	<u>673,433</u>

2 (c) OTHER REVENUE

	2021	2020
	\$	\$
Cash Flows Stimulus	33,805	56,341
Job Keeper Allowance	81,000	43,500
Interest	1,815	5,287
Sponsorship	1,818	6,818
Recoupments	-	7,283
Sundry and other income	28,190	17,929
	<u>146,628</u>	<u>137,158</u>

3 (a) COST OF SERVICE DELIVERY

	2021	2020
	\$	\$
Materials & Hire	318,151	154,440
Equipment & furn.- non cap	16,665	16,261
	<u>334,816</u>	<u>170,701</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 2021

3 (b) MANAGEMENT AND OPERATIONAL COSTS

	2021	2020
	\$	\$
Electricity & Gas	15,697	12,851
ICT	17,078	12,757
Rent	55,260	16,159
Insurance	12,169	3,824
Bad Debts	3,379	-
Subscriptions and memberships	12,028	4,167
Bank fees	4,549	3,690
Cleaning	8,163	5,449
Maintenance & Repairs	9,215	19,037
Telephone	5,670	3,503
Sundry Expenses	64,894	24,003
	208,102	105,440

3 (c) CAMPAIGNS, EVENTS & PROMOTION

	2021	2020
	\$	\$
Advertising and Promotion	14,551	5,529
Catering	696	33
	15,247	5,562

3 (d) STAFF COSTS

	2021	2020
	\$	\$
Salaries and wages	809,944	551,594
Sub-contractor fees	8,578	52,065
Superannuation	77,515	49,029
Staff travel and allowances	24,488	14,645
Other staff benefits	63,794	16,776
	984,319	684,109

Notes to the Financial Statements

For the Year Ended 30 June 2021

4 CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash at Bank – Ops Account	19,618	13,702
Cash at Bank – Gift Account	255,712	109,508
Cash at Bank – Holding Account	64,018	278,724
Cash at Bank – Pay Pal Account	1,239	3,634
Cash at Bank – Deserts Account	15,464	15,460
Cash at Bank – Future Grid	62,655	-
ALEC Debit Card	3,338	5,525
AEES – Ops Account	138,886	135,649
AEES Debit Card	3,225	2,831
Term Deposit	221,604	220,257
Cash on hand	138	3,305
	785,897	788,595

5 TRADE AND OTHER RECEIVABLES

Trade & Sundry Debtors	34,567	82,418
Less: Allowance for Doubtful Debts	-	-
	34,567	82,418

6 PROPERTY, PLANT AND EQUIPMENT

Leasehold Improvements		
At cost	110,298	110,298
Accumulated amortisation	(29,993)	(26,717)
	80,305	83,581
Furniture, fixtures and fittings		
At cost	46,191	34,198
Accumulated depreciation	(26,867)	(22,033)
	19,324	12,165
Motor vehicles		
At cost	92,316	92,316
Accumulated depreciation	(58,905)	(46,477)
	33,411	45,839
	133,040	141,585

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021 \$	2020 \$
7 TRADE AND OTHER PAYABLES		
Trade payable and other payables	54,146	56,640
GST & Other Payable	110,018	37,288
	<u>164,164</u>	<u>93,928</u>

8 EMPLOYEE BENEFITS

Current		
Annual leave	27,409	17,142
Long service leave	-	13,914
	<u>27,409</u>	<u>31,056</u>
Non-current		
Long service leave	8,373	17,392
	<u>35,782</u>	<u>48,448</u>

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

	2021 \$	2020 \$
Net (Deficit)/Surplus	(14,509)	135,474
Depreciation	18,893	20,107
Movement in employee entitlements	(12,666)	(24,512)
Changes in assets & liabilities:		
Trade and other receivables	47,851	9,512
Prepayments	(8,367)	(1,273)
Unexpended Grants	(87,330)	152,986
Trade and other payables	70,236	(78,111)
Net cash flows provided by operating activities	<u>14,108</u>	<u>214,183</u>

Notes to the Financial Statements

For the Year Ended 30 June 2021

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 outbreak of the 2019 Novel Coronavirus (COVID-19) continued to grow into a large scale during the financial year that led to more variability and uncertainties for all industries and society generally. As with previous year, the Board has assessed the overall impact of the situation on the entirety of its operations and taken all possible effective measures to limit any adverse effects. The Board has assessed the possible financial impacts associated with COVID-19 and have determined that it does not have a material adverse impact on the financial position and operations of the Association at 30 June 2021.

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.

As at the date of this report, 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 2021, 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 2021 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.

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 2021 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

26 October 2022

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

26 October 2022

Arid Lands Environment Centre Incorporated

Schedule 1 – Split of Operating Results

For the Year Ended 30 June 2021

	AEES ¹ \$	Other ALEC ² Activities \$	Combine ³ \$
Income			
NT Government Grants	-	100,000	100,000
Project Grants	-	338,949	338,949
Earned Income	783,177	62,095	845,272
Donations Receipted	-	150,882	150,882
Membership	-	14,502	14,502
Other Revenue ³	76,321	70,307	146,628
Fundraising	-	1,879	1,879
Total income	859,498	738,614	1,598,112
Expenditure			
Cost of Service Delivery	264,367	70,449	334,816
Management & Operation Costs ³	66,041	142,061	208,102
Campaigns, Events & Promotions	3,647	11,600	15,247
Fundraising Costs	-	5,984	5,984
Accounting & Audit	5,900	28,061	33,961
Depreciation	11,929	6,964	18,893
Motor Vehicle	8,588	2,711	11,299
Staff Costs	492,005	492,314	984,319
Total Expenditure	852,477	760,144	1,612,621
Net Surplus / (Deficit)	7,021	(21,530)	(14,509)

¹ AEES: Arid Edge Environmental Services

² Arid Lands Environment Centre

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