

Darwin Community Legal Service Incorporated

ABN 42 840 626 724

Financial Report for the Year Ended 30 June 2019

Darwin Community Legal Service Incorporated

ABN 42 840 626 724

Financial Report for the Year Ended 30 June 2019

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Financial Report for the Year Ended 30 June 2019

BOARD MEMBERS' REPORT

Your Board members submit the financial report of Darwin Community Legal Service Incorporated Association (Non-reporting) Inc for the financial year ended 30 June 2019.

Board Members

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

Julie Davis	Chairperson
Julie Hansen	Secretary
Frieda Evans	Treasurer & Public Officer
Peggy Cheong	Ordinary Director
Kimmy Jongue	Ordinary Director
Samantha Chung	Ordinary Director
Eric Hutton	Ordinary Director
Alastair Shields	Ordinary Director

Principal Activities

The principal activities of the Association during the financial year were to provide free legal and advocacy services to disadvantaged and marginalised people in and around the top end of the Northern Territory.

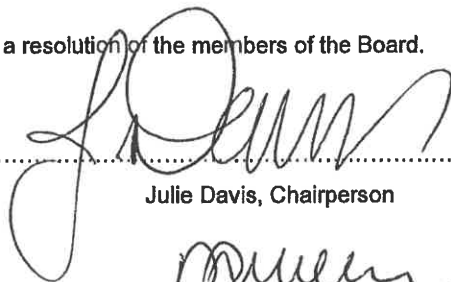
Significant Changes

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

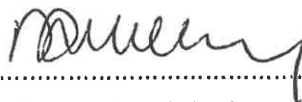
Operating Result

The surplus for the 2019 financial year amounted to \$134,329 (2018: deficit of 4,920).

Signed in accordance with a resolution of the members of the Board.



Julie Davis, Chairperson



Peggy Cheong, Board Member

Dated this 24 day of October, 2019



**AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT -FOR- PROFITS COMMISSIONS
ACT 2012**

TO THE DIRECTORS OF DARWIN COMMUNITY LEGAL SERVICE INCORPORATED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

- (i) the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-Profit Commissions Act 2012*, in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



Nexia Edwards Marshall NT
Chartered Accountants



Noel Clifford
Partner

Darwin
Northern Territory

Date: 28 October 2019

Darwin Community Legal Service Incorporated

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Financial Report for the Year Ended 30 June 2019**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019	2018
		\$	\$
INCOME			
Grant income	2(a)	2,223,732	2,236,796
Sales of asset		19,636	909
Interest income		5,360	7,774
Membership income		86	282
Other income		5,510	6,677
Total Income		2,254,324	2,252,438
EXPENDITURE			
Accounting fee		5,776	8,665
Audit fee		12,544	8,478
Bank charges		717	1,129
Consulting and professional fees		48,359	43,017
Depreciation		17,563	12,900
Employment benefit	2(c)	1,643,536	1,668,530
Equipment < \$5000		13,836	39,646
General administration	2(b)	133,534	199,503
Insurance		14,904	14,569
Repairs and maintenance		4,709	18,281
Refit/Relocation Costs		1,766	3,040
Rent		173,473	181,912
Travel		49,278	57,688
Total expenses		2,119,995	2,257,358
Net profit /(loss) for the year before income tax		134,329	(4,920)
Income tax expense	1(b)	-	-
Net current year profit/ (loss)		134,329	(4,920)
Other comprehensive income		-	-
Total comprehensive income/ (loss) for the year		134,329	(4,920)
Total comprehensive income/(loss) attributable to members of the Association		134,329	(4,920)

The accompanying notes form part of these financial statements.

Darwin Community Legal Service Incorporated

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Financial Report for the Year Ended 30 June 2019**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	2019	2018
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,212,341	1,290,305
Trade and other receivable	4	20,024	36,300
Other assets	5	23,970	65,929
TOTAL CURRENT ASSETS		1,256,335	1,392,534
NON-CURRENT			
Property, plant and equipment	6	64,223	74,798
TOTAL NON-CURRENT ASSETS		64,223	74,798
TOTAL ASSETS		1,320,558	1,467,332
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	7	109,391	146,975
Other liabilities	8	89,111	282,060
Employee entitlements	9	144,646	132,850
TOTAL CURRENT LIABILITIES		343,148	561,885
NON-CURRENT LIABILITIES			
Employee entitlements	9	-	62,366
TOTAL NON-CURRENT LIABILITIES		343,148	624,251
TOTAL LIABILITIES		343,148	624,251
NET ASSETS		977,410	843,081
EQUITY			
Reserves	10	172,804	175,606
Retained earnings	11	804,606	667,475
TOTAL MEMBERS' FUNDS		977,410	843,081

The accompanying notes form part of these financial statements.

Darwin Community Legal Service Incorporated

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Financial Report for the Year Ended 30 June 2019**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Retained Earnings	Reserve	Total Member's Fund
	\$	\$	\$
Balance at 1 July 2017	723,973	124,028	848,001
Comprehensive income			
Loss for the year attributable to members of the entity	(4,920)	-	(4,920)
Other comprehensive income for the year	-	-	-
Transfer from (to) Reserves	10 (51,578)	51,578	-
Total comprehensive income attributable to members of the entity	667,475	175,606	843,081
Transfer from (to) Reserves	-	-	-
Balance at 30 June 2018	667,475	175,606	843,081
Balance at 1 July 2018	667,475	175,606	843,081
Comprehensive income			
Profit for the year attributable to members of the entity	134,329	-	134,329
Other comprehensive income for the year	-	-	-
Transfer from (to) Reserves	10 2,802	(2,802)	-
Total comprehensive income attributable to members of the entity	804,606	172,804	977,410
Transfer from (to) Reserves	-	-	-
Balance at 30 June 2019	804,606	172,804	977,410

The accompanying notes form part of these financial statements.

Darwin Community Legal Service Incorporated

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Financial Report for the Year Ended 30 June 2019**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019	2018
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from grants		2,026,626	1,889,100
Interest received		5,635	7,774
Other receipts		5,794	8,366
Payments to suppliers and employees		(2,128,667)	(2,220,230)
Net cash used in operating activities	12	<u>(90,612)</u>	<u>(314,990)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of assets		19,636	-
Acquisition of plant and equipment		(6,988)	(36,000)
Net cash (used in)/generated from investing activities		<u>12,648</u>	<u>(36,000)</u>
Net decrease in cash and cash equivalents held		(77,964)	(350,990)
Cash on hand at the beginning of the financial year		1,290,305	1,641,295
Cash on hand at the end of the financial year	3	<u><u>1,212,341</u></u>	<u><u>1,290,305</u></u>

The accompanying notes form part of these financial statements.

Darwin Community Legal Service Incorporated

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Financial Report for the Year Ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements cover Darwin Community Legal Service Incorporated as an individual entity which is an association incorporated pursuant to the *Northern Territory of Australia Associations Act*.

Basis of Preparation

The Board has prepared the financial statements on the basis that the Association is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Northern Territory of Australia Associations Act*. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-profits Commission Act 2012, the basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101: Presentation of Financial Statements, AASB 107: Cash Flow Statements, AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors, AASB 1031: Materiality and AASB 1054: Australian Additional Disclosures. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial report has been prepared on an accruals basis and are based on historical costs. The amounts presented in the financial report are in Australian dollars and have been rounded to the nearest dollar.

a. Revenue

Revenue is recognised when the amount of the revenue can be measured reliably, it is probably that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, have been satisfied.

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

All revenue is stated net of the amount of goods and services tax (GST).

Grant Revenue

Non-reciprocal grant revenue is recognised in profit or loss when the Association obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

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

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

b. Income Tax

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

c. Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d. Trade and Other Receivables

Trade receivables and other debtors include amounts receivable from customers for services provided in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

e. Property, Plant and Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and any impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by Board Members, to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

In the event the carrying amount of property plant and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 (f) for details of impairment).

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	15-30%
Leasehold improvements	10%

f. Impairment of Assets

At the end of each reporting period, the Board reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in the income and expenditure statement.

g. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

h. Employee Entitlements

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

h. Employee Entitlements (cont'd)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liability is settled. The Association's policy is to provide for long service leave when employees reach 5 years of continuous employment.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

i. Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

j. Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

k. Comparative Figures

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

Where the Association retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period is presented in addition to the minimum comparative financial statements.

l. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the Association, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

m. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

m. Financial Instruments (cont'd)

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial assets

Financial assets are subsequently measured at amortised cost.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity uses the following approaches to impairment, as applicable under AASB 9.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

m. Financial Instruments (cont'd)

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the entity measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

n. Reserves

The fund reserves are as follows:

(i) Maternity reserves

This reserve is used to record funds set aside for future maternity costs of the Association's employees.

(ii) Redundancy reserves

This reserve is used to record funds set aside for future redundancy costs of the Association's employees working on specific period contract engagements.

o. Critical Accounting Estimates and Judgements

The Committee evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

Key Estimates

(i) Impairment - General

The Association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Darwin Community Legal Service Incorporated

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Financial Report for the Year Ended 30 June 2019**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

o. Critical Accounting Estimates and Judgements (cont'd)*(ii) Estimation of useful lives of assets*

The Association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

p. Economic Dependence

The future operations of the Association are dependent on various Northern Territory and Federal Government Departments for the majority of its revenue used to operate the business. At the date of this report the Board members have no reason to believe these Departments will not continue to support Darwin Community Legal Service Incorporated.

q. New and Amended Accounting Policies Adapted by the Association

Initial application of AASB 9: Financial Instruments

The Association has adapted AASB 9 with a date of initial application of 1 July 2018. As a result, the Association has changed its financial instruments accounting policies as detailed in Note 1m.

Considering the initial application of AASB 9 during the financial period, and the types of financial instruments held, the financial statement line items have not been affected for the current and prior period.

NOTE 2: INCOME AND EXPENDITURE**(a) Grant income**

	2019	2018
	\$	\$
NPA Community Legal Centre Grant	748,000	725,947
Tenancy Advice Service	342,978	337,833
Legal Practitioners Fidelity Fund	15,000	15,000
NDIS	92,000	145,435
OPAN Elder Abuse Funding	62,456	23,250
DSS – NDAP	369,986	363,651
OPAN – NACAP	275,025	271,228
DOH - Disability Services - SPP	88,997	88,997
Other grants	11,340	550
Unexpended grant brought forward	282,060	546,966
Unexpended grant carried forward	(64,110)	(282,061)
Total grant income	2,223,732	2,236,796

Darwin Community Legal Service Incorporated

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Financial Report for the Year Ended 30 June 2019**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****NOTE 2: INCOME AND EXPENDITURE (CONT)****(b) Administration expenses**

	2019	2018
	\$	\$
Advertising	8,752	58,973
Archive cost	5,947	5,208
Cleaning	20,901	11,877
Computer expense	3,349	6,102
Conference	1,618	24,100
Electricity and water	9,659	5,868
Membership	9,979	13,895
MV Expense	8,035	7,137
Postage	1,316	1,727
Practice cert	17,201	5,406
Printing and stationery	11,962	15,953
Rights and show expense	-	12,364
Subscriptions	5,181	4,565
Telephone	15,907	10,101
Sundry expense	9,553	10,579
Meeting expense	1,715	5,648
Counselling service	2,459	-
Total administrative expenses	133,534	199,503

(c) Employment expenses

Leave paid	1,254	49,930
Salaries	1,483,191	1,471,856
Staff training	19,116	11,596
Superannuation	139,975	135,148
Total employment expenses	1,643,536	1,668,530

NOTE 3: CASH AND CASH EQUIVALENTS

Cash at bank	1,212,041	1,290,005
Cash on hand	300	300
Total cash and cash equivalents	1,212,341	1,290,305

Financial Report for the Year Ended 30 June 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 4: TRADE AND OTHER RECEIVABLES

	2019	2018
CURRENT	\$	\$
Trade receivables	15,792	198
GST Receivables	3,454	35,049
Deposits	500	500
Accrued income	278	553
Total trade and other receivables	20,024	36,300

NOTE 5: OTHER ASSETS

CURRENT

Prepayments	23,970	65,929
Total other current assets	23,970	65,929

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Furniture and equipment at cost	42,320	35,332
Less: accumulated depreciation	(31,829)	(22,869)
Total Furniture and equipment	10,491	12,463
Leasehold improvements at cost	75,024	75,024
Less: accumulated depreciation	(21,292)	(12,689)
Total Leasehold improvements	53,732	62,335
Total property, plant and equipment	64,223	74,798

NOTE 7: TRADE AND OTHER PAYABLES

CURRENT

Trade payables	16,942	28,035
Accrued expense	66,778	80,984
GST Payable	-	10,202
PAYG Payable	25,671	27,754
Total trade and other payables	109,391	146,975

NOTE 8: OTHER LIABILITIES

CURRENT

Unexpended grants- NT Government	62,431	193,465
Unexpended grants- other	1,680	5,805
Grant in advance	25,000	82,790
Total other liabilities	89,111	282,060

Darwin Community Legal Service Incorporated

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Financial Report for the Year Ended 30 June 2019**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****NOTE 9: EMPLOYMENT ENTITLEMENTS**

	2019	2018
CURRENT	\$	\$
Provision for annual leave	127,880	112,928
Provision for long service leave - Current	16,766	19,922
Total current provision	144,646	132,850
NON-CURRENT		
Provision for long service leave - N/C	-	62,366
Total non-current provision	-	62,366
Total employment entitlements	144,646	195,216

NOTE 10: RESERVES

Maternity reserve	26,590	31,971
Redundancy reserve	146,214	143,635
Total reserves	172,804	175,606

Movements of reserves are as follows:*Maternity reserve:*

Beginning balance	31,971	14,181
Transfer from/ (to) retained earnings	(5,381)	17,790
Ending balance	26,590	31,971

Redundancy reserve:

Beginning balance	143,635	109,847
Transfer from/ (to) retained earnings	2,579	33,788
Ending balance	146,214	143,635

NOTE 11: RETAINED EARNINGS

Retained earnings at the beginning of the financial year	667,475	723,973
Profit (Loss) for the year	134,329	(4,920)
Transfer to/ (from) reserves	2,802	(51,578)
Retained earnings at the end of the financial year	804,606	667,475

Darwin Community Legal Service Incorporated

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Financial Report for the Year Ended 30 June 2019**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****NOTE 12: CASH FLOW INFORMATION**

Reconciliation of cash flows from operating activities with net current year surplus / (deficit)	2019	2018
	\$	\$
Net current year surplus/ (deficit)	134,329	(4,920)
Cash flows excluded from surplus attributable to operating activities		
- Depreciation	17,563	12,900
- Loss (Profit) Sale of Assets	(19,636)	-
Changes in assets and liabilities:		
- (Increase)/ decrease in account receivables and other receivables	16,276	498
- (increase)/ decrease in prepayments	41,959	(30,553)
- Increase/ (decrease) in accounts payable and other payables	(37,584)	4,851
- Increase/ (decrease) in other liabilities	(192,949)	(347,696)
- Increase/ (decrease) in employee benefits	(50,570)	49,930
Net cash provided by operating activities	(90,612)	(314,990)

NOTE 13: LEASING COMMITMENTS

Operating lease commitments

Payable – Minimum lease payments:

- No later than 12 months	155,700	158,290
- Between 12 months and five years	668,500	690,500
- Later than five years	289,683	423,383

Total Operating Lease Commitments Payable	1,113,883	1,272,173
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The main property lease is a non-cancellable lease expiring 31 August 2025. A separate lease is also held on unit 2, this expiring on 14 May 2020.

NOTE 14: RELATED PARTY TRANSACTIONS

The Committee Members are not aware of any related party transaction since the end of the reporting period. (2018:\$Nil)

NOTE 15: CONTINGENT LIABILITIES

The Committee Members are not aware of any contingent liabilities as at 30 June 2019 (2018: \$Nil).

NOTE 16: EVENTS AFTER THE REPORTING PERIOD

The Committee Members are not aware of any significant events since the end of the reporting period. (2018: \$Nil)

NOTE 17: ASSOCIATION DETAILS

The registered office of the Association is:

75 Woods Street, Darwin NT 0800

Financial Report for the Year Ended 30 June 2019

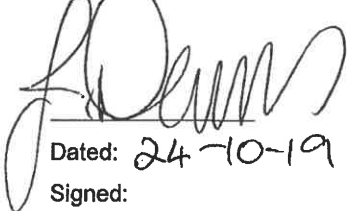
BOARD MEMBERS' STATEMENT

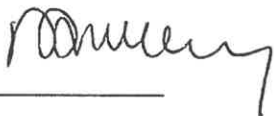
In our opinion:

- (a) The accompanying financial report as set out on pages 5 to 18, being a special purpose financial statement, is drawn up so as to give a true and fair view of the financial position of the Association as at 30 June 2019 and its financial performance for the year ended on that date;
- (b) Complies with Australian Accounting Standards to the extent described in Note 1, and Div 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.
- (c) The accounts of the Association have been properly prepared and are in accordance with the books of account of the Association; and
- (d) There are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Board and is signed for and on behalf of the Board by:

Signed:


Dated: 24-10-19
Signed:


Dated: 24-10-2019



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DARWIN COMMUNITY LEGAL SERVICE INCORPORATED**

Opinion

We have audited the financial report of Darwin Community Legal Service Incorporated (the Association) which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, Notes to the Financial Statements, including a summary of significant accounting policies, and the Board Members' Declaration.

In our opinion, the accompanying financial report of Darwin Community Legal Service Incorporated is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Northern Territory of Australia Associations Act*; including:

- (i) giving a true and fair view of the Association's financial position as at 30 June 2019 and of its financial performance and its cash flows for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 to the financial report and the *Australian Charities and Not-for-profits Commission Regulations 2013* and the *Northern Territory of Australia Associations Act*.

Basis for Opinion

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 independence 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. 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.

Other Matter

The financial report of the Association for the year ended 30 June 2018 was audited by another auditor who expressed an unqualified opinion on the financial report on 5 October 2018.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Board Members' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012* and the *Northern Territory of Australia Associations Act*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DARWIN COMMUNITY LEGAL SERVICE INCORPORATED (CONT)

Board Members' Responsibility for the Financial Report

The Board Members of Darwin Community Legal Service Incorporated are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards to the extent described in Note 1 to the financial report and *Australian Charities and Not-for-profits Commission Act 2012* and the *Northern Territory of Australia Associations Act*. This responsibility includes such internal control as the Board Members determine is necessary to enable the preparation of the financial report that gives a true and fair view so that it is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board Members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board Members either intend 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 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 this financial report.

As part of an audit in accordance with the 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 the Board Members.
- Conclude on the appropriateness of the Board Members 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.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DARWIN COMMUNITY LEGAL SERVICE INCORPORATED (CONT)**

Auditor's Responsibilities for the Audit of the Financial Report (cont)

We communicate with the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Nexia Edwards Marshall NT
Chartered Accountants



Noel Clifford
Partner

Dated: 28 October 2019

