

Darwin Community Legal Service Inc.

ABN: 42 840 626 724

**Financial Report For The Year Ended
30 June 2020**

Darwin Community Legal Service Inc.

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Financial Report For The Year Ended 30 June 2020

CONTENTS	Page
Board Members' Report	1
Auditor's Independence Declaration	2
Statement of Profit or Loss and Other Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Report	7
Declaration by Members of the Committee	27
Independent Auditor's Report	28

Darwin Community Legal Service Inc.

ABN: 42 840 626 724

Board Members' Report

The Board Members submit the financial report of the Darwin Community Legal Service Inc. for the financial year ended 30 June 2020.

Board Members

The names of Committee Members throughout the year and at the date of this report are:

Julie Davis	Chairperson
Frieda Evans	Treasurer & Public Officer (resigned 22/05/2020)
Peggy Cheong	Secretary / Public Officer (appointed PO 02/06/20)
Kimmy Jongue	Director / Treasurer (appointed Treasurer 21/05/2020)
Julie Hansen	Director
Samantha Chung	Director
Eric Hutton	Director (resigned on 02/02/2020)
Alastair Shields	Director
Myles Brown	Director (appointed on 03/02/2020)
Dr John Garrick	Director (appointed 22/06/20)
Clarissa Phillips	Director (appointed 22/06/20)
Julian Vido	Director (appointed 22/06/20)

Board Member have been in office since the start of the financial year to the date of this report unless otherwise stated.

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 Northern Territory.

Significant Changes

The Association's activities from 1 February 2020 were impacted by the Coronavirus (COVID-19). Events and training courses normally run by the Association were cancelled. The involvement of volunteers in services provided was limited and some support services provided to the Community were reduced.

No other significant changes in the nature of the Association's activities occurred during the year.

Operating Result

The Association's operating profit for the financial year amounted to \$469,536 (2019: profit of \$134,329).

Events After the Reporting Period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it had little financial impact on the Association up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

Julie Davis , Chairperson



Kimmy Jongue , Treasurer



Dated this 2nd day of November 2020

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Revenue and Other Income			
Grant Income	2A	2,681,444	2,005,783
Interest Income		1,011	5,360
Membership		114	86
Sales of asset		273	19,636
Other Income	2B	224,433	223,460
Total operating revenues		2,907,275	2,254,325
Operating Expenses			
Accounting and audit fee		43,049	54,295
Bank Charges		433	717
Consulting and professional fees		42,717	12,384
Employment expenses	3A	1,992,219	1,624,420
Depreciation		67,234	17,563
Equipment <\$5000		13,232	13,836
Other expenses	3B	162,899	151,955
Insurance		26,222	14,904
Interest Expense on Lease Liabilities		14,565	-
Rental Expense on Short Term Leases		50,147	173,473
Rental Expense on Low Value Assets		1,869	2,031
Repairs and maintenance		1,166	3,374
Refit and relocation		-	1,766
Travel		21,987	49,278
Total operating expenses		2,437,739	2,119,996
Profit for the year		469,536	134,329
Other comprehensive income		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income for the year		469,536	134,329
NET CURRENT YEAR PROFIT ATTRIBUTABLE TO MEMBERS OF THE ASSOCIATION		469,536	134,329
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE ASSOCIATION		469,536	134,329

The accompanying notes form part of these financial statements.

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	1,584,394	1,212,341
Trade and Other Receivables	5	93,806	20,024
Other Current Assets	6	53,569	23,971
TOTAL CURRENT ASSETS		1,731,769	1,256,336
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	51,123	64,223
Right of Use Assets	8	280,159	-
TOTAL NON-CURRENT ASSETS		331,282	64,223
TOTAL ASSETS		2,063,051	1,320,559
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	9	205,148	109,391
Other liabilities	10	-	89,112
Lease Liabilities	11	14,565	-
Employee Provisions	12	124,499	144,646
TOTAL CURRENT LIABILITIES		344,212	343,149
NON-CURRENT LIABILITIES			
Lease Liabilities	11	271,893	-
Employee Provisions	12	-	-
TOTAL NON-CURRENT LIABILITIES		271,893	-
TOTAL LIABILITIES		616,105	343,149
NET ASSETS		1,446,946	977,410
EQUITY			
Reserves	13	170,583	172,804
Retained Earnings		1,276,363	804,606
TOTAL EQUITY		1,446,946	977,410

The accompanying notes form part of these financial statements.

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Retained Earnings	Reserve	Total Equity
Note	\$	\$	\$
Balance at 1 July 2018	667,475	175,606	843,081
Comprehensive income:			
Profit for the year	134,329	-	134,329
Other comprehensive income for the year	-	-	-
Transfer from (to) reserves	2,802	(2,802)	-
Total comprehensive income attributable to Members of the entity for the year	137,131	(2,802)	134,329
Balance at 30 June 2019	804,606	172,804	977,410
Balance at 1 July 2019	804,606	172,804	977,410
Application of :			
AASB 16 : Leases	1(r) -	-	-
AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profit Entities	1(r) -	-	-
Implementation of AASB 16, AASB 15 and AASB 1058 1 July 2019	-	-	-
Comprehensive income:			
Profit for the year	469,536	-	469,536
Other comprehensive income (Loss) for the year	-	-	-
Transfer from (to) reserves	2,221	(2,221)	-
Total comprehensive income attributable to Members of the entity for the year	471,757	(2,221)	469,536
Balance at 30 June 2020	1,276,363	170,583	1,446,946

The accompanying notes form part of these financial statements.

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from grants		2,592,332	2,026,626
Interest received		1,289	5,635
Other receipts		155,221	5,794
Payments to suppliers and employees		(2,314,662)	(2,128,667)
Net cash provided by (used in) operating activities	16	434,180	(90,612)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of property, plant and equipment		273	19,636
Payment for property, plant and equipment		-	(6,988)
Net cash provided by (used in) investing activities		273	12,648
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for lease liabilities		(62,400)	-
Net cash used in financing activities		(62,400)	-
Net increase (decrease) in cash held		372,053	(77,964)
Cash and cash equivalents at beginning of the financial year		1,212,341	1,290,305
Cash and cash equivalents at end of the financial year	16	1,584,394	1,212,341

The accompanying notes form part of these financial statements.

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 1 Summary of Significant Accounting Policies

Financial Reporting Framework

The financial statements are special purpose financial statements prepared in order to satisfy the reporting requirements of the Northern Territory of Australia Association Act 2003 and the Australian Charities and Not for Profits Commission (ACNC) Act 2012. The Committee Members have determined that the Association is not a reporting entity. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements were authorised for issue on November 2020 by the Committee Members of the Association.

Statement of Compliance

The financial report has been prepared in accordance with the Northern Territory of Australia Association Act 2003 and the Australian Charities and Not for Profits Commission (ACNC) 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, AASB107: Cash Flow Statements, AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors, AASB 1031 : Materiality, AASB 1048: Interpretation of Standards and AASB 1054: Australian Additional Disclosures; as appropriate for Not-for-Profit oriented entities.

The Association has concluded that the requirements set out in AASB 10 and AASB 128 are not applicable as the Association does not have any subsidiaries, associates or joint ventures. Hence the financial statements comply with all the recognition and measurement requirements in Australian Accounting Standards.

Basis of Preparation

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Revenue and Other Income

The Association has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not-for-Profit Entities(AASB1058) using the cumulative effective method of initially applying AASB15 and AASB1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058.

In the Current Year

Contributed Assets

Operating Grants, Donations and Bequests

When the Association receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Association :

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

When the contract is not enforceable or does not have sufficiently specific performance obligations, the Association:

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 1 **Summary of Significant Accounting Policies (Cont.)**
(a) Revenue and Other Income (cont.)

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (AASB 9, AASB 116 and AASB138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Association recognises income in profit or loss when or as it satisfies its obligations under the contract.

Capital Grant

When the Association receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Association recognises income in profit or loss when or as the Association satisfies its obligations under the terms of the grant.

Interest Income

Interest income is recognised using the effective interest method.

Membership Income

The Association recognises membership fees in profit or loss only when the right to receive payment is established.

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

In the Comparative Period

Revenue is measured at the fair value of consideration received or receivable. Revenue is measured on major income categories as follows:

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 Association and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it 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 Association 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 statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations, membership fees and bequests are recognised as revenue when received.

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(a) Revenue and Other Income (cont.)

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue from the sales of goods and the rendering of a service is recognised upon the delivery of the goods and services to the customers.

Impact of Changes

The application of AASB 15 and AASB 1058 has had minimal effect on the accounting and reporting practices of the Association and a corresponding insignificant impact on the Association's operating results for the year ended 30 June 2020.

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and any impairment losses.

Leasehold improvements

Leasehold improvements are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any impairment losses.

Plant and Equipment

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

The carrying amount of leasehold improvements and plant and equipment are reviewed annually by Committee Members to ensure they are 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 assets' employment and subsequent disposal.

In the event the carrying amount of leasehold improvements and plant and equipment is greater than their estimated recoverable amount, the carrying amount is written down immediately to their estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

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 to the Association commencing from the time the asset is held ready 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.

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(b) Property, Plant and Equipment (Cont.)

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

Class of Fixed Asset	Depreciation Rate Life (years)
Leasehold improvements	10%
Plant and equipment	15-30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(c) Leases

The Association as Lessee

At inception of a contract, the Association assess if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Association where the Association is a lessee. However all contracts that are classified as short term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating lease on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Association uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows :

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Association anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary Leases

For leases that have significantly below market terms and conditions principally to enable the Association to further its objectives (commonly known as peppercorn / concessionary leases), the Association has adopted the temporary relief under AASB 2018-8 and measures the right of use assets at cost on initial recognition.

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(d) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Association 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.

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; or fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is: a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies; held for trading; or initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is used to allocate interest income or interest expense 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.

A financial liability is held for trading if it is: incurred for the purpose of repurchasing or repaying in the near term; part of a portfolio where there is an actual pattern of short-term profit taking; or a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at: amortised cost; fair value through other comprehensive income; or fair value through profit or loss

Measurement is on the basis of two primary criteria: the contractual cash flow characteristics of the financial asset; and the business model for managing the financial assets.

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(d) Financial Instruments (Cont.)

A financial asset that meets the following conditions is subsequently measured at amortised cost: the financial asset is managed solely to collect contractual cash flows; and the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income: the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Association initially designates a financial instrument as measured at fair value through profit or loss if: it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

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 Association 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.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(f) Employee Benefits

Short-term employee benefits

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.

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.

Retirement benefit obligations

Defined contribution superannuation benefits

Contributions are made by the Association to employees superannuation funds and are charged as expenses when incurred.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) 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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(i) 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.

(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 recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(k) Comparative Figures

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

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(l) Accounts Receivables and Other Debtors

Accounts receivable and other debtors include amounts due from clients for fees and services provided, from donors and any outstanding grant receipts. 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.

(m) Trade and Other Payables

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

(n) Contract Liabilities

Contract liabilities represent the Association's obligation to transfer goods or services to a customer or complete required performance obligations and are recognised when a customer pays consideration, or when the Association recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the Association has transferred the goods or services to the customer and or completed required performance obligations.

(o) Critical Accounting Estimates and Judgements

The Committee Members evaluate 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.

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.

Key estimates

(i) Impairment- General

The Association assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Association that may be indicative of impairment triggers.

Impairment of leasehold improvements and plant and equipment

The Association assesses impairment of leasehold improvements and plant and equipment at each reporting date by evaluating conditions specific to the Association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions. There was no provision for impairment of leasehold improvements and plant and equipment at 30 June 2020 (2019: \$Nil).

(ii) Useful lives of property, plant and equipment

The Association reviews the estimated useful lives of leasehold improvements and plant and equipment at the end of each reporting period, based on the expected utility of the assets.

The Association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. 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.

Key judgments

(i) Performance Obligations Under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature / type, cost /value, quantity and the period of transfer related to the goods or services promised.

(ii) Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Association based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Association operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Association unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(r) Adoption of New and Revised Accounting Standards (Cont.)

The following practical expedients have been used by the Association in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;
- leases that have remaining lease terms of less than 12 months as at 1 July 2019 have been accounted for in the same way as short term leases;
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate;
- applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application; and
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The following summary indicates the impact of the implementation of AASB 16 on 1 July 2019 :

- reclassification of identified Operating Lease Commitments to right of use assets and to lease liabilities as at 1 July 2019, by measuring the present value of their lease payments still to be paid.

Category	Carrying Amount under AASB 117	Reclassification	Carrying Amount under AASB 16
Right of Use Assets			334,293
Lease Liabilities			-334,293
Retained Earnings			-
Operating Lease Commitments	384,800	-384,800	334,293

The Association's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 4.66%. The difference between the undiscounted amount of operating lease commitments at 30 June 2019 of \$384,800 and the discounted operating lease commitments as at 1 July 2019 of \$334,293 were \$50,507 which is due to discounting the operating lease commitments at the Association's incremental borrowing rate.

Initial Application of AASB 15 and AASB 1058

The Association has applied AASB 15 : Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profit Entities using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions.

The Association has elected to apply AASB 1058 retrospectively only to contracts that are not completed contracts at the date of initial application.

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 1 **Summary of Significant Accounting Policies (Cont.)**

(r) Adoption of New and Revised Accounting Standards (Cont.)

The Committee Members have assessed that the application of AASB 15 and AASB 1058 has had minimal effect on the accounting and reporting practices of the Association and a corresponding insignificant impact on the Association's operating results for the year ended 30 June 2020. There is no material difference in the results of the Association between applying AASB 15 and AASB 1058 and AASB 118. No adjustments were deemed necessary to the opening balance of equity at 1 July 2019.

A classification change occurred which resulted in Grants Received in Advance now being classified as Contract Liability in line with wording used in AASB 15.

The table below provides details of the significant changes and quantitative impact of these changes on initial date if application 1 July 2019:

Statement of Financial Position	As presented on 30 June 2019	Application Impact of AASB 15 & AASB 1058	As at 1 July 2019
CURRENT LIABILITIES			
Unexpended Grants	89,112	-89,112	-
Contract Liabilities	-	89,112	89,112

(s) New Accounting Standards and Interpretations Not Yet Mandatory Or Early Adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Association for the annual reporting period ended 30 June 2020. The Association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 2	Revenue and Other Income		
2A	Grant Income	2020	2019
		\$	\$
	CLC Recurrent Funding	888,147	748,000
	Tenants Advice Service Grant	517,361	342,978
	LPA Grant	15,000	15,000
	NDIS Appeals Grant	98,705	92,000
	Elder Abuse Project Grant	150,000	-
	NDIS-Decision Support Grant	60,000	-
	OPAN/NACAP Funding	45,585	62,457
	SDRS/DSS/NDAP Grant	376,321	369,986
	SDRS/OPAN/NACAP Grant	308,449	275,025
	SDRS/NT DoH/DAS	88,997	88,997
	SDRS/Disab Royal Commission	118,181	-
	Minor Grants	14,698	11,340
	Total Grant Income	<u>2,681,444</u>	<u>2,005,783</u>
2B	Other Income		
	ATO Cash Flow Boost	100,000	-
	Insurance Recovery	35,118	-
	Unexpended grant b/fw	87,431	219,630
	Other income	1,884	3,830
	Total Other Income	<u>224,433</u>	<u>223,460</u>
Note 3	Expenses		
3A	Employee Cost		
	Salaries and Wages	1,833,493	1,483,191
	Superannuation	163,039	139,975
	Movement in Leave Expenses	(4,313)	1,254
	Total employee cost	<u>1,992,219</u>	<u>1,624,420</u>
3B	Other Expenses		
	Advertising	9,682	8,752
	Archive Cost	5,553	5,947
	Cleaning	20,811	20,203
	Computer expense	15,741	5,906
	Conference	3,805	1,618
	Electricity and water	8,774	9,659
	Membership expense	8,056	9,979
	MV expense	6,990	8,035
	Postage	972	1,316
	Practice Certificate	3,827	17,201
	Printing and stationery	6,520	11,962
	Rights and show expense	1,843	6,730
	Subscriptions	1,532	5,181
	Telephone	21,036	15,907
	Sundry expense	35,145	20,885
	Meeting exp	3,615	215
	Counselling service	8,997	2,459
	Total other expenses	<u>162,899</u>	<u>151,955</u>
3B	Auditor's Remuneration		
	Audit fees	<u>5,500</u>	<u>5,500</u>

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 4	Cash and Cash Equivalents	2020 \$	2019 \$
	Note		
	CURRENT		
	Cash at Bank	646,220	31,083
	Term Deposit	938,174	1,180,958
	Cash on hand	-	300
	Total Cash on Hand and at Bank	1,584,394	1,212,341
Note 5	Trade and Other Receivables		
	CURRENT		
	Receivables :		
	Trade receivables	-	15,792
	Less :Provision for impairment of receivables	-	-
	Total accounts receivable	-	15,792
	Other Receivables :		
	Accrued Interest	-	278
	Cabcharge - Bond	500	500
	ATO Cash Flow Boost Receivable	50,000	-
	Workers Comp Recoverable	35,118	-
	GST receivable	8,188	3,454
	Total Other receivables	93,806	4,232
	Total current trade and other receivables	93,806	20,024
	The Association's normal credit term is 30 days. No collateral is held over trade and other receivables.		
Note 6	Other Current Assets	2020 \$	2019 \$
	CURRENT		
	Prepayments	53,569	23,971
		53,569	23,971
Note 7	Property, Plant and Equipment	2020 \$	2019 \$
	Leasehold improvements		
	At cost	75,024	75,024
	Less Accumulated depreciation	(29,896)	(21,292)
	Total Leasehold improvements	45,128	53,732
	Plant and equipment:		
	Furniture:		
	At cost	42,320	42,320
	Less Accumulated depreciation	(36,325)	(31,829)
	Total Plant and equipment	5,995	10,491
	Total Plant and Equipment	5,995	10,491
	Total property, plant and equipment	51,123	64,223

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 7 Property, Plant and Equipment (Cont.)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold improvements \$	Plant and Equipment \$	Total \$
Carrying amount at 1 July 2019	53,732	10,491	64,223
Additions at cost	-	-	-
Opening balances transferred to Note 9: Right of Use Assets	-	-	-
Disposals	-	-	-
Depreciation expense	(8,604)	(4,496)	(13,100)
Carrying amount at 30 June 2020	<u>45,128</u>	<u>5,995</u>	<u>51,123</u>

Note 8 Right of Use Assets

(a) AASB 16 Related Amounts Recognised in the Balance Sheet

	2020 \$
Right of Use Assets	\$
Leased Buildings	334,293
Less Accumulated depreciation	<u>(54,134)</u>
	<u>280,159</u>
Total Right of Use Assets	<u>280,159</u>

The Association's lease portfolio includes buildings. These leases have an average of 7 years as their lease term.

The option to extend or terminate are contained in several of the property leases of the Association. These clauses provide

The Association has entered into a 20 year concessionary lease with the NT Government for its office premises located at 590 Stuart Highway Bees Creek NT 0822. The Association is dependent on this lease to further its objectives. As previously noted the Association has adopted the temporary relief under AASB 2018-8. The lease payments are \$500 per annum, payable quarterly. This lease is measured at cost in accordance with the Association's accounting policy as outlined in Note 1(c).

Movements in Carrying Amounts

	Leased Buildings \$	Total \$
Carrying amount at 1 July 2019	-	-
Recognised on initial application of AASB 16	334,293	334,293
Opening balances transferred from Note 8: P,P&E	-	-
Additions at cost	-	-
Depreciation expense	(54,134)	(54,134)
Carrying amount at 30 June 2020	<u>280,159</u>	<u>280,159</u>

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 8 Right of Use Assets (Cont.)

(b) AASB 16 Related Amounts Recognised in the Statement of Profit and Loss

	2020	
	\$	
Depreciation charge related to right of use assets	54,134	
Interest expense on lease liabilities	14,565	
Short Term leases expense	50,147	
Low value asset leases expenses	1,869	
	<u>120,715</u>	

Note 9 Trade and Other Payables

	2020	2019
	\$	\$
CURRENT		
Trade creditors	47,628	16,053
Accrued expenses	107,085	66,778
Other payables	19,998	889
PAYG payables	30,437	25,671
Total Trade and Other Payables	<u>205,148</u>	<u>109,391</u>

Note 10 Other Liabilities

	2020	2019
	\$	\$
CURRENT		
Unexpended grants	-	89,112
Contract Liabilities - grant funded programmes	-	
Total Other Liabilities	<u>-</u>	<u>89,112</u>

Contract liabilities - movement in amounts :

Balance at the beginning of the year	-
Reclassified from Deferred income / Unexpended grants on initial application of AASB 15	89,112
Additions: Grants for which performance obligations will only be satisfied in subsequent years	-
Expended : Grants acquitted or utilised during the year	<u>(89,112)</u>
Closing balance	<u>-</u>

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 11	Lease Liabilities	2020	2019
		\$	\$
	CURRENT		
	Leases - properties	14,565	-
		<u>14,565</u>	<u>-</u>
	NON-CURRENT		
	Leases - properties	271,893	-
		<u>271,893</u>	<u>-</u>
	Total Lease Liabilities	<u>286,458</u>	<u>-</u>
	The lease liabilities are secured by the underlying assets and are subject to the terms of their individual lease agreements.		
Note 12	Employee Provisions	2020	2019
		\$	\$
	CURRENT		
	Provision for employee benefits: annual leave	108,675	127,880
	Provision for employee benefits: long service leave	15,824	16,766
		<u>124,499</u>	<u>144,646</u>
	NON-CURRENT		
	Provision for employee benefits: long service leave	-	-
		<u>-</u>	<u>-</u>
	Total provisions for employee benefits	<u>124,499</u>	<u>144,646</u>
	Analysis of total provisions:	Total	
		\$	
	Opening balance at 1 July 2019	144,646	
	Additional provisions raised during the year	(20,147)	
	Amounts used	-	
	Balance at 30 June 2020	<u>124,499</u>	

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 12 Employee Provisions (Cont.)

Provision For Employee Benefits

Employee provisions represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amount accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Association does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Association does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(f).

Note 13 Reserves	2020	2019
	\$	\$
Maternity Leave Reserve	94,835	26,590
Redundancy Reserve	75,748	146,214
Total Reserves	<u>170,583</u>	<u>172,804</u>
Movements :		
Transfer from Redundancy Reserve	(70,466)	
Transfer to Maternity Reserve	68,245	
Transfer to Retained Earnings	<u>(2,221)</u>	

Note 14 Key Management Remuneration

2020

\$

The totals of remuneration paid to KMP of the Association during the year are as follows:

Employment benefits	179,857
Total Key Management Remuneration	<u>179,857</u>

Note 15 Other Related Party Disclosure

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel or individual or collectively with their close family members.

Transactions between related parties are on commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no other related party transactions in 2020 (2019 :\$Nil).

DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 16	Cash Flow Information	Note	2020 \$	2019 \$
	(a) Reconciliation of cash and cash equivalents to Statement of Cash Flows:			
	Cash on hand and at bank	4	1,584,394	1,212,341
	Total cash as stated in the Statement of cash flows		1,584,394	1,212,341
	(b) Reconciliation of Cash Flow from Operating Activities with Current Year Profit (Loss)			
	Profit (Loss) for the current year		469,536	134,329
	Non-cash flows:			
	Depreciation and amortisation expense		67,234	17,563
	Gain/ (losses) on disposal of property, plant and equipment		(273)	(19,636)
	Interest expense on lease liabilities		14,565	-
	Changes in assets and liabilities:			
	(Increase)/decrease in Trade and other receivables		(73,782)	16,276
	(Increase)/decrease in Prepayments		(29,598)	41,959
	Increase/(decrease) in Trade and other payables		95,757	(37,584)
	Increase/(decrease) in Other liabilities		(89,112)	(192,949)
	Increase/(decrease) in Employee provisions		(20,147)	(50,570)
	Net cash provided by (used in) operating activities		434,180	(90,612)
Note 17	Capital and Leasing Commitments:		2020 \$	2019 \$
	(a) Lease Commitments			
	<i>Rental commitments : short term and low value assets</i>			
	Committed at the reporting date but not recognised as liabilities, payable:			
	Within one year		-	155,700
	One to five years		-	668,500
	More than 5 years		-	289,683
			-	1,113,883

Included in 2019 was the rental of the Association's premises and some low value assets. The agreements for the low value assets expired in 2020.

The Association is currently paying monthly rental of \$9,200 for additional floor space at its office premises. The lease agreements for this area have expired and have not been renewed.

(b) Capital Expenditure Commitments

The Association has no capital expenditure commitments as at 30 June 2020 (2019:\$Nil).

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 18 Contingent Liabilities and Contingent Assets

The Association has no known Contingent Liabilities as at 30 June 2020 (2019:\$Nil).

Note 19 Events After the Reporting Period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it **had little financial impact** on the Association up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Subsequent to 30 June 2020, the termination of a number of employees required related payments due to notice and lawful entitlements.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

Note 20 Association Details

The Principal place of business is:

75 Woods Street, Darwin City
NT 0800

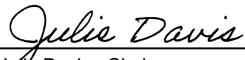
DARWIN COMMUNITY LEGAL SERVICE INC.
ABN: 42 840 626 724
DECLARATION BY COMMITTEE MEMBERS
FOR THE YEAR ENDED 30 JUNE 2020

The Committee Members have determined that the Association is not a reporting entity and that this special purpose financial report is prepared in accordance with the accounting policies stated in note 1 to the financial statements.


The Committee Members declare that the financial statements as set out on page 3 to 26 are in accordance with the requirements of the *Northern Territory of Australia Association Act 2003* and with the *Australian Charities and Not for Profits Commission Act 2012* and:

- 1 Comply with Australian Accounting Standards as described in note 1 to the financial statements;
- 2 Give a true and fair view of the financial position of the Darwin Community Legal Service Inc. as at 30 June 2020, its performance and cash flows for the year ended on that date; and
- 3 At the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

This declaration is made in accordance with a resolution of the Committee Members and is signed for and on behalf of the Committee Members by:



Julie Davis, Chairperson
Dated November 2020



Kimmy Jongue, Treasurer
Dated 2nd November 2020