

Darwin Community Legal Service Inc.

ABN: 42 840 626 724

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

Darwin Community Legal Service Inc.

ABN: 42 840 626 724

Financial Report For The Year Ended 30 June 2020

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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



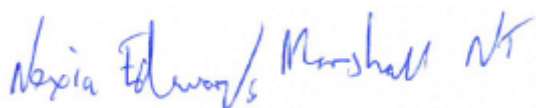
Dated this 2nd day of November 2020

**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 2020 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

Dated 2 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

	Note	Retained Earnings \$	Reserve \$	Total Equity \$
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		<u>804,606</u>	<u>172,804</u>	<u>977,410</u>
 Balance at 1 July 2019		<u>804,606</u>	<u>172,804</u>	<u>977,410</u>
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	13	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		<u>1,276,363</u>	<u>170,583</u>	<u>1,446,946</u>

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	<u>434,180</u>	<u>(90,612)</u>
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		<u>273</u>	<u>12,648</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for lease liabilities		(62,400)	-
Net cash used in financing activities		<u>(62,400)</u>	<u>-</u>
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	<u>1,584,394</u>	<u>1,212,341</u>
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.
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

Note 1
(a) Revenue and Other Income (cont.)

Summary of Significant Accounting Policies (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.
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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.

Note 1 Summary of Significant Accounting Policies (Cont.)

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

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.

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.

Note 1 Summary of Significant Accounting Policies (Cont.)

Initial Recognition and Measurement

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.

Financial liabilities

A financial liability cannot be reclassified.

Financial assets

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.
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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.

Note 1 Summary of Significant Accounting Policies (Cont.)

Impairment

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

- the general approach;

- if the credit risk of the financial instrument has increased significantly since initial recognition, the Association measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there has been no significant increase in credit risk since initial recognition, the Association measures the loss allowance of the financial instrument at an amount equal to 12 month expected credit losses.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

Note 1 Summary of Significant Accounting Policies (Cont.)

Note 1 Summary of Significant Accounting Policies (Cont.)

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.

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.

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.

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.

Key estimates

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.

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).

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.

(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.

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

Note 1

Summary of Significant Accounting Policies (Cont.)

(p) Fair Value of Assets

The Association measures some of its assets at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Association would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (ie the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the Association at the end of the reporting period (ie the market that maximises the receipt from the sale of the asset, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(q) Economic Dependence

The Association is dependent on Commonwealth and NT Government grants for the majority of its revenue to operate its programs and business. At the date of this report, the Committee Members have no reason to believe that the above governments will not continue to support the Association. The operations and future success of the Association is dependent upon the continued support and funding by the government bodies, its members and donors and the achievement of operating surpluses and positive operating cash flows.

(r) Adoption of New and Revised Accounting Standards

The Association has implemented three new Accounting Standards that are applicable for the current reporting period. AASB 15: Revenue from Contracts with Customers, AASB 1058: Income of Not-for-Profit Entities and AASB 16: Leases. These Standards have been applied using the cumulative effective method. Therefore, the comparative information has not been restated and continues to be reported under AASB 118: Revenue, and AASB 117: Leases and AASB 1004: Contributions. Also to note in relation to AASB 16 is that the Association applied the temporary relief for peppercorn leases under AASB 2018-8 to measure the right of use assets at cost on initial recognition.

Initial Application of AASB 16 : Leases

The Association has adopted AASB 16: Leases retrospectively with a date of initial application of 1 July 2019. As a result, the Association has changed its accounting policy for leases recognition as detailed in this note. In accordance with AASB 16 the comparatives for the 2019 reporting period have not been restated and the cumulative effect of initially applying AASB 16 recognised at 1 July 2019.

The Association has recognised a lease liability and right-of-use asset for all leases (with the exception of short term and low value leases) recognised as operating leases under AASB 117: Leases where the Association is the lessee. The lease liabilities are measured at the present value of the remaining lease payments. The Association's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities and used to discount the lease payments was 4.66%.

The right of use assets for property, plant and equipment were measured at their carrying amounts as if AASB 16: Leases had been applied since the commencement date, but discounted using the Association's weighted average incremental borrowing rate on 1 July 2019.

The right of use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability, prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

Note 1 Summary of Significant Accounting Policies (Cont.)

- 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.

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

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

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

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	2,681,444	2,005,783
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	224,433	223,460
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	1,992,219	1,624,420
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	162,899	151,955
3B	Auditor's Remuneration		
	Audit fees	5,500	5,500

DARWIN COMMUNITY LEGAL SERVICE INC.
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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	16	<u>1,584,394</u>	<u>1,212,341</u>
Note 5	Trade and Other Receivables			
	CURRENT			
	Receivables :			
	Trade receivables		-	15,792
	Less :Provision for impairment of receivables		-	-
	Total accounts receivable		<u>-</u>	<u>15,792</u>
	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		<u>93,806</u>	<u>4,232</u>
	Total current trade and other receivables		<u>93,806</u>	<u>20,024</u>
	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
			<u>53,569</u>	<u>23,971</u>
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		<u>45,128</u>	<u>53,732</u>
	Plant and equipment:			
	Furniture:			
	At cost		42,320	42,320
	Less Accumulated depreciation		(36,325)	(31,829)
	Total Plant and equipment		<u>5,995</u>	<u>10,491</u>
	Total Plant and Equipment		<u>5,995</u>	<u>10,491</u>
	Total property, plant and equipment		<u>51,123</u>	<u>64,223</u>

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><u>280,159</u></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.
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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.
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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.
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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		<u>1,584,394</u>	<u>1,212,341</u>
	(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		<u>434,180</u>	<u>(90,612)</u>
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
			<u>-</u>	<u>1,113,883</u>

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

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 2020, 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 2003*; including:

- (i) giving a true and fair view of the Association's financial position as at 30 June 2020 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 2003*.

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.

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 2003*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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 2003*. 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.

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

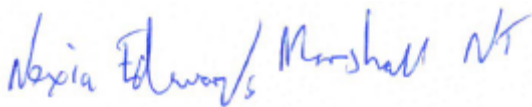
Auditor's Responsibilities for the Audit of the Financial Report

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.

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 2 November 2020

