

LANDCARE NSW INCORPORATED
ABN 24 958 819 359

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018



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Landcare NSW Incorporated
(an incorporated association)

ABN: 24 958 819 359

Financial report

For the year ended 30 June 2018

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Landcare NSW Incorporated

(an incorporated association)

Committees' report

Your committee members submit the financial report for the year ended 30 June 2018.

Committee

The names of committee members throughout the year ended 30 June 2018 and at the date of signing were:

Robert Dulhunty	Chairperson
Stephanie Cameron	Deputy Chair
Hunter White	Treasurer
Robert Jarman	Secretary
Keith Hyde	Committee Member
Beverley Debrincat	Committee Member
Stuart Mosely	Committee Member
Martin Royds	Committee Member

The following committee member held office from 1 July 2017 until resignation on 9 April 2018:

Dale Stringer	Committee Member
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Principal activities

The principal activities of the association during the financial year were to represent, promote and advocate on behalf of community-based landcare and community driven sustainable resource management in New South Wales.

Results of operations

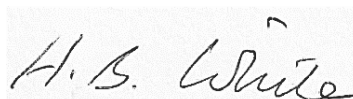
The net operating surplus of the association for the year ended 30 June 2018 was \$182,671 (2017 surplus: \$58,612).

Commencing 1 July 2016 Landcare NSW Incorporated secured a commitment to recurrent funding from the State Government through to 30 June 2018 and specific project funding to 30 June 2019.

In accordance with the resolution of committee by:



.....
Chairperson



.....
Treasurer

Dated: 29 October 2018



Auditor's declaration of independence

To the Committee of Landcare NSW Incorporated

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

- (i) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*; or
- (ii) any applicable code of professional conduct in relation to the audit.

Roberts & Morrow
Chartered Accountants

Michelle A Paul
Partner
Armidale, NSW
Auditor Registration Number: 164853

Dated: 31 October 2018

Landcare NSW Incorporated
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Financial report for the year ended 30 June 2018

Statement of profit or loss and other comprehensive income

	Note	2018 \$	2017 \$
Income			
Organisational income			
Grants received		95,000	95,000
Fee for service income		120,000	-
Activity generated income		30,090	18,700
Interest		13,966	2,678
Other income		12,624	307
Total organisational income		271,680	116,685
Project income			
Government Grants received	2	1,510,995	1,011,834
Project Grant income	2	6,528	-
Other project income		-	5,055
Total project income	2	1,517,523	1,016,889
Total income		1,789,203	1,133,574
Expenditure			
Organisational expenditure			
Activity level expenditure		66,843	34,188
Administration		10,741	5,485
Employee costs		86,176	42,400
Other expenditure		1,248	-
Total organisational expenditure		165,008	82,073
Project expenditure			
Project expenditure		276,120	204,919
Project administration		152,350	66,730
Employee costs		1,013,054	721,240
Total project expenditure		1,441,524	992,889
Total expenditure		1,606,532	1,074,962
Surplus/(deficit) for the year		182,671 ¹	58,612 ²

¹ The above surplus is prior to expenditure of \$36,000 on software upgrades/enhancements and a \$40,000 social enterprise investment. As at 30 June 2018 the software upgrade has been capitalised to the balance sheet as an Intangible asset- in progress (ready for use in July 2018), and the social enterprise investment as a non-current asset.

² The above surplus is prior to expenditure of \$24,000 on software upgrades. As at 30 June 2017 this expenditure was capitalised to intangible asset – in progress.

The statement of comprehensive income is to be read in conjunction with the attached notes.

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Financial report for the year ended 30 June 2018

Statement of financial position

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	3	1,768,973	2,115,949
Trade and other receivables		68,629	7,149
Investments (held-to-maturity)		1,250,000	-
Total current assets		3,087,602	2,123,098
Non-current assets			
Intangible asset - in progress		60,000	24,000
Investments		40,000	-
Total non-current assets		100,000	24,000
Total assets		3,187,602	2,147,098
Current liabilities			
Trade and other payables	4	251,151	210,136
Unspent grants	2	884,947	668,030
Grants received in advance	2	1,631,000	1,100,000
Employee leave provisions	5	139,699	80,412
Total current liabilities		2,906,797	2,058,578
Non-current liabilities			
Employee leave provision	5	20,421	10,807
Total non-current liabilities		20,421	10,807
Total liabilities		2,927,218	2,069,385
Net assets		260,384	77,713
Retained equity		260,384	77,713

The statement of financial position is to be read in conjunction with the attached notes.

Landcare NSW Incorporated
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Financial report for the year ended 30 June 2018
Statement of changes in equity

	Retained earnings \$	General reserves \$	Total \$
Balance at 30 June 2016	<u>19,101</u>	<u>-</u>	<u>19,101</u>
Surplus / (deficit) attributed for the year	58,612	-	58,612
Balance at 30 June 2017	<u>77,713</u>	<u>-</u>	<u>77,713</u>
Surplus / (deficit) attributed for the year	182,671	-	182,671
Balance at 30 June 2018	<u>260,384</u>	<u>-</u>	<u>260,384</u>

The statement of changes in equity is to be read in conjunction with the attached notes.

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Financial report for the year ended 30 June 2018

Statement of cash flows

	Note	2018	2017
		\$	\$
Cash flows from operating activities			
Government funding		2,603,570	2,975,904
Other income		115,840	26,467
Interest received		13,966	2,678
Payment to suppliers and employees		(1,754,352)	(1,166,465)
Net cash provided by operating activities	6	979,024	1,838,584
Cash flows from investing activities			
Payments for Intangible assets		(36,000)	(24,000)
Payments for Investments held to maturity		(1,250,000)	-
Payment for Investment in social enterprise		(40,000)	-
Net Cash flows from investing activities		(1,326,000)	(24,000)
Cash flows from financing activities		-	-
Net increase / (decrease) in cash held		(346,976)	1,814,584
Cash and cash equivalents at the beginning of the financial year		2,115,949	301,365
Cash and cash equivalents at the end of the financial year	3	1,768,973	2,115,949

The statement of cash flows is to be read in conjunction with the attached notes.

Landcare NSW Incorporated

(an incorporated association)

Financial report for the year ended 30 June 2018

Notes to and forming part of the financial statements

1. Association information

The financial report covers Landcare NSW Incorporated (the “association”) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the committee on 29 October 2018.

Landcare NSW Incorporated is a not-for-profit entity registered as a charity with the Australian Charities and Not-for-profits Commission (ACNC). The entity is also a Tier 1 incorporated association as defined under s.42 of the *Associations Incorporation Act (NSW) 2009*. The nature of the operations and principal activities of the association are described in the Committees’ Report.

2. Statement of significant accounting policies and changes of financial year

(a) Basis of preparation

Landcare NSW Incorporated applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, the *Associations Incorporation Act (NSW) 2009* and Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial report, except for the cash flow information, has been prepared on an accrual basis and is based on historical costs. The amounts presented in the financial statements have been presented in Australian dollars and rounded to the nearest dollar.

(b) Revenue recognition

Revenue is recognised when the association is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

Landcare NSW Incorporated

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Financial report for the year ended 30 June 2018

Notes to and forming part of the financial statements

Grants

Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when the association obtains control of the funds.

Sponsorship

Untied donations are recognised upon receipt.

Interest income

Interest is recognised as it is received.

Activity generated income

Activity generated income is recognised on an accruals basis.

(c) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources.

Project expenditure

Project expenditure is accounted for on an accruals basis.

Milestone payments to Project Partners are made in accordance with project agreements. Payments are made upon successful completion of milestones and acceptance of satisfactory milestone reporting.

Project management expenditure

Project management expenditure represents contractual payments for the management of individual projects.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(e) Trade and other receivables

Trade receivables, which comprise amounts due from the provision of services, are recognised and carried at original invoice amount less any allowance for any uncollectable amounts.

An allowance for doubtful debts is made when there is objective evidence that the association will not be able to collect the debts. Bad debts are written off when identified.

Landcare NSW Incorporated

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Financial report for the year ended 30 June 2018

Notes to and forming part of the financial statements

(f) Trade and other payables

Trade creditors and other payables represent liabilities for goods and services provided to the association prior to the end of the financial year that are unpaid. These amounts are usually settled in 30 days. The notional amount of the creditors and payables is deemed to reflect fair value.

(g) Unspent grant funds

Any project funding not spent during the year and which is required by individual project agreements to be spent in the proceeding financial year is recorded as a liability at balance date.

(h) Employee benefits

Employee benefits comprise wages and salaries, annual, non-accumulating sick and long service leave, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months of balance date are recognised in trade and other payables in respect of employees' services up to the reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within 12 months of balance date are recognised in the provision for annual leave. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled.

Provision is made for the association's obligation for long service leave benefits and annual leave benefits not expected to be settled within 12 months. These benefits are measured at the present value of expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the measurement of obligations, the net change in the obligation is recognised in the statement of profit or loss and other comprehensive income under employee benefits expense.

The association's obligation for long term employee benefits are presented as non-current liabilities in the statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after end of the reporting period, in which case the obligations are presented as current liabilities.

(i) Intangible assets – other than goodwill

These assets are website and software development costs to establish a portal to act as a data collection and communication hub for members.

Once ready for use (2019 year) the costs will be amortised over a three year period.

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(j) Investment in social enterprise

During the year the Association has invested \$40,000 in a Social Enterprise - Start Up – Citizen Blue Limited, through the Total Environment Centre Inc. This investment is consistent with the Associations focus on the Container Development Scheme (CDS). At present the committee believes that the carrying value of this investment has not been impaired and is appropriately valued at cost, however the committee recognises the inherent risk of start-ups and acknowledges that the future carrying value of this investment is subject to a high degree of uncertainty.

(k) Income tax

The association is exempt from income tax and accordingly no provision has been made.

(l) 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, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office is classified as operating cash flows.

Landcare NSW Incorporated
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Financial report for the year ended 30 June 2018
Notes to and forming part of the financial statements

2. Reconciliation of grant income

	C/Fwd. from 30/06/17	Grant Received	Less Unspent / In Advance at 30/06/18	Income Recognised
Government Grants				
NSW Local Lands Service	1,668,685	1,765,440	2,019,660	1,414,465
NSW DPI	-	500,000	495,000	5,000
LECG	91,530	-	-	91,530
Total Govt. Grants	<u>1,760,215</u>	<u>2,265,440</u>	<u>2,514,660</u>	<u>1,510,995</u>
Other project grant	7,815	-	1,287	6,528
Income	<u>1,768,030</u>	<u>2,265,440</u>	<u>2,515,947</u>	<u>1,517,523</u>

3. Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank	1,748,831	2,093,946
Debit Card Balances	20,142	22,003
	<u>1,768,973</u>	<u>2,115,949</u>

4. Trade and other payables

	2018	2017
	\$	\$
Trade payables	36,182	10,951
GST payable	194,611	187,841
PAYG payable	20,358	11,344
	<u>251,151</u>	<u>210,136</u>

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Financial report for the year ended 30 June 2018
Notes to and forming part of the financial statements

5. Employee Provisions

	2018	2017
	\$	\$
Current		
Provision for annual leave	42,803	26,420
Provision for long service leave	33,624	33,624
Provision for personal leave	26,715	8,391
Provision for time in lieu	22,516	3,914
Oncosts	14,041	8,063
	139,699	80,412
Non-current		
Provision for long service leave	20,421	10,807
	20,421	10,807
	160,120	91,219

It should be noted that in the past three years Landcare NSW Incorporated has held in trust long service leave on behalf of employees who have transferred in from other Landcare group entities. These balances accrue no further entitlement to long service leave, and total \$33,624.

6. Reconciliation of cash flows from operating activities

	2018	2017
	\$	\$
Surplus/(deficit) from operating activities	182,671	58,612
Depreciation	-	-
Increase / (decrease) in liabilities		
Trade creditors	41,015	159,533
Unspent grants	216,917	575,166
Income in advance	531,000	1,028,000
Employee provisions	68,901	21,947
Decrease / (increase) in assets		
Trade debtors	(61,480)	(4,674)
Cash flows from operations	979,024	1,838,584

Landcare NSW Incorporated

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Financial report for the year ended 30 June 2018

Notes to and forming part of the financial statements

7. Capital commitments

To the best of the committee's knowledge there are no capital commitments as at 30 June 2018.

8. Lease commitments

Future minimum lease payments and the present value of the minimum lease payments under non-cancellable leases are:

Lease	2018 \$	2017 \$
Within the next 12 months	28,164	12,440
Total lease liabilities	28,164	12,440

The lease liabilities are for operating leases only and relate to the lease of the following premises:

- Suite 109, 3 Gladstone Street, Newtown (from 22 October 2018);
- Sublet space in 310 Prices Highway, St Peter (up to 22 October 2018); and
- Sublet space in Office of Environment & Heritage, Glen Innes

9. Contingent assets and liabilities

To the best of the committees knowledge and belief there are no contingent assets or liabilities at balance date.

10. Events after the reporting period

The have been no significant events subsequent to balance date.

11. Related parties and related party transactions

Committee members

Committee members in office during the year are disclosed in the Committees' Report that accompanies these financial statements. No committee members were remunerated for their services to the association during the year, other than for the reimbursement of travel and administration on normal arm's length terms and conditions.

Some committee members are paid Honorariums for presentations at workshops run by the organisation throughout the year total payments for the year were \$3,500.

Landcare NSW Incorporated

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Financial report for the year ended 30 June 2018

Notes to and forming part of the financial statements

Related party contributions and payments

Landcare NSW funds landcare groups operating in NSW on a fee for service basis to hold workshops for funded projects, provide project assistance and undertake contract work for fee for service income. These transactions are on normal arms length terms and conditions.

Payments received from related parties	Amount
Holbrook Landcare Network	232
Kyogle Landcare Group	110
Murrumbidgee Landcare Incorporated	232
National Landcare Network	105,263
New England North West Landcare Chairs Inc	232
North West Plains Sustainability Group Inc.	145
Total	106,214

Payments to related parties	Amount
Ben Lomond Landcare Group Inc.	1,000
Border Ranges Richmond Valley Landcare Network Inc	1,100
Clarence Landcare Incorporated	1,100
Coffs Harbour Regional Landcare Inc	1,354
Eurobodalla Landcare Network Incorporated	275
Far South Coast Landcare Association	462
Glenrac Inc	6,077
Granite Borders Landcare Committee Inc	1,100
Greater Sydney Landcare Network Inc	2,200
Hastings Landcare Incorporated	1,049
Holbrook Landcare Network	11,372
Hunter Region Landcare Network Inc.	1,100
Lachlan Landcare	2,750
Murrumbidgee Landcare Incorporated	6,957
National Landcare Network	6,026
New England North West Landcare	1,678
North Coast Regional Landcare Network	13,250
Northern Slopes Landcare Association Inc.	1,733
Richmond Landcare Incorporated	1,100
Shoalhaven Landcare Association Inc.	1,356
Singleton Shire Landcare Network Inc.	1,784
South East Landcare Inc.	5,500
Southern New England Landcare Ltd	1,811
Tamworth Regional Landcare Association	2,181
Watershed Landcare Incorporated	641
Western Landcare NSW Inc	9,859
Total	84,816

Landcare NSW Incorporated

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Financial report for the year ended 30 June 2018

Notes to and forming part of the financial statements

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any committee member of the entity is considered to be key management personnel. The association had four key management personnel during the year, being Sonia Williams, Cassandra Price, Adrian Zammit and Matthew Farago. The totals of remuneration paid to key management personnel of the association during the year was \$289,499.

12. Future viability

Landcare NSW Incorporated remains economically dependent upon continued receipt of Government and other funding to ensure the continuance of its services. Current recurrent Government funding wound up as at 30 June 2018. Specific project funding to 30 June 2019. A priority for the committee during the current year is to continue to procure appropriate revenue sources to ensure that the organisation remains both relevant and viable into the future.

Landcare NSW Incorporated
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Committees' declaration

In accordance with a resolution of the Committee of Landcare NSW Incorporated, the committee declare that in their opinion:

1. The financial statements and notes are in accordance with the *Associations Incorporation Act NSW 2009*, Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Regulations 2014*, and:

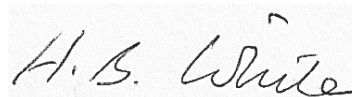
- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
- (b) give a true and fair view of the financial position of the association as at 30 June 2018 and its performance and cash flows for the year ending on that date.

2. In the committee's opinion there are reasonable grounds to believe that Landcare NSW Incorporated will be able to pay all of its debts as and when they become due and payable.

In arriving at their decision in point 2 above the Committee have taken into account the information contained in Note 12 to the financial report.



.....
Chairperson



.....
Treasurer

Dated: 29 October 2018



Independent auditor's report

To the members of Landcare NSW Incorporated.

Opinion

We have audited the accompanying financial report, of Landcare NSW Incorporated (the association), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the association as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. Further, the financial report has been prepared in accordance with Division 60 of the Australian Charities and Not-For-Profits Commission Act 2012 and the requirements set out in the Australian Charities and Not-For-Profits Commission Regulations 2013 and has been prepared in accordance with the Associations Incorporation Act NSW 2009 and the Associations Incorporations Regulations.

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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) and the auditor independence requirements of the Australian Charities and Not-For-Profits Commission Act 2012 that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, in accordance with Division 60 of the Australian Charities and Not-For-Profits Commission Act 2012 and the requirements set out in the Australian Charities and Not-For-Profits Commission Regulations 2013 and have been prepared in accordance with the Associations Incorporations Act NSW 2009 and the Associations Incorporation Regulations, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is 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 management either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the association's financial reporting process.

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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Our responsibilities

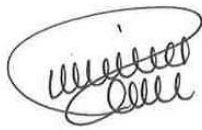
As part of an audit in accordance with the Australian Auditing Standards, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.
- Obtains 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 entity's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Concludes on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the financial report, including the disclosures made by those charged with governance.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Roberts & Morrow
Chartered Accountants

A handwritten signature in black ink, enclosed in a hand-drawn oval. The signature appears to read "Michelle Paull".

Michelle A Paull
137 Beardy Street
Armidale
Auditor Registration Number: 164853

Dated: 31 October 2018