TeamHEALTH

TOP END ASSOCIATION FOR MENTAL HEALTH INCORPORATED

ABN: 16 345 352 064

General Purpose Financial Report

for the year ended 30 June 2022

CONTENTS

Board of Management's Report

The Board of Management of the Top End Association for Mental Health Incorporated (the "Association") submit herewith the annual report of the Association for the financial year ended 30 June 2022. In order to comply with the provisions of the *Associations Act (NT)* and the *Australian Charities and Not-for-Profit Commission Act 2012*, the Board of Management reports as follows:

Board members

The names of the members of the Board of Management of the Association during the year and to the date of this report are:

Jessica Silvester

Aminul Islam

Martin Burns (Appointed on 25/08/2021)

Chrissy McConnel (Appointed on 03/11/2021)

Kim Hill

Markus Spazzapan (Resigned on 03/11/2021)

Tracey Myles (Resigned on 03/11/2021)

Directors 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 a range of recovery focused support including residential services for people with severe and persistent mental illness, a community housing service, individual recovery and group based support, together with early intervention support and home based aged care support.

Review of Operations

During the year, the Association continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

The net current year operating surplus of the Association for the financial year ended 30 June 2022 amounted to $707,009 (2021: $582,759).

Changes in state of affairs

There were no significant changes in the state of affairs of the Association during the financial year.

Information on Directors

Jessica Silvester	–	Chairperson, Secretary, Public Officer
Qualifications	–	Bachelor of Business
Kim Hill	–	Vice Chairperson
Qualifications	–	Managing Director at Yingwati Pty Ltd - Aboriginal Owned and Family Company (Supply Nation Certified)
Aminul Islam	–	Treasurer
Qualifications	–	Chartered Accountant

Chrissy McConnel	–	Board member
Qualifications	–	Current Master of Laws (Criminal Practice) Bachelor of laws (llb) & Graduate Diploma in Legal Practice Professional Diploma in Human Resources Management Diploma in hotel management

Martin Burns	–	Board Member
Qualifications	–	Certified HIMSS Consultant and is a Graduate Members of the Company Directors Course

Meetings of Directors

During the financial year, five Board of Management meetings were held. Attendances by each member were as follows:

	Number eligible to attend
Jessica Silvester	5
Kim Hill	4
Amin Islam	4
Chrissy McConnel	4
Martin Burns	5

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

Jessica Silvester
Chairperson
Building 4, Darwin Corporate Park
631 Stuart Highway, BERRIMAH 0828
Dated: 17 October 2022

Amin Islam
Treasurer
Building 4, Darwin Corporate Park
631 Stuart Highway, BERRIMAH 0828
Dated: 17 October 2022

Independent Auditor's Report to the Members of Top End Association for Mental Health Incorporated

Opinion

We have audited the financial report of Top End Association for Mental Health Incorporated (the "Association"), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Board of Management's declaration.

In our opinion the financial report of Top End Association for Mental Health Incorporated is in accordance with the *Associations Act NT* and Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the Association's financial position as at 30 June 2022 and of its financial performance for the year then ended;

b) complying with Australian Accounting Standards – Simplified Disclosure and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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") 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.

Other information

Management of the Association is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Board of Management's Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management of the Association is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Associations Act NT,* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and 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 corporate governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibility 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 of Management.
- Conclude on the appropriateness of the Association's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with corporate 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 we identify during our audit.

Merit Partners

Merit Partners

MunLi Chee
Director

DARWIN
17 October 2022

Board of Management's Declaration

In the Board of Management's opinion:

(a) The attached financial statements and notes comply with the Australian Accounting Standards – Simplified Disclosures, the *Associations Act (NT)* and the *Australian Charities and Not-for-Profit Commission Act 2012*;

(b) The attached financial statements and notes give a true and fair view of the Association's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

(c) There are reasonable grounds to believe that the Association will be able to pay its debts as and when they come due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

On behalf of the Board of Management:

Jessica Silvester
Chairperson
Building 4, Darwin Corporate Park
631 Stuart Highway, BERRIMAH 0828
Dated: 17 October 2022

Amin Islam
Treasurer
Building 4, Darwin Corporate Park
631 Stuart Highway, BERRIMAH 0828
Dated: 17 October 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		$	$
Revenue	4.1	**15,754,184**	13,329,582
Other income	4.2	**592,042**	709,720
Total Revenue		**16,346,226**	14,039,302
Employee benefits expense	4.3	**(10,784,434)**	(8,860,162)
Operation expenses		**(1,583,756)**	(1,505,222)
Vehicle expenses		**(263,681)**	(191,116)
Travel expenses		**(95,135)**	(44,864)
IT expenses		**(234,773)**	(227,197)
Insurance		**(110,882)**	(80,936)
Premises expenses		**(249,671)**	(301,797)
Program expenses		**(1,048,716)**	(1,104,168)
Client support services		**(447,108)**	(303,208)
Consultancy expenses		**(90,235)**	(109,654)
Depreciation expense – Property, Plant and Equipment		**(175,932)**	(343,730)
Depreciation expense – Right of Use Assets		**(246,048)**	(194,992)
Repairs and Maintenance		**(4,863)**	-
Interest expense		**(20,794)**	(13,675)
Low value assets		**(283,189)**	(175,822)
Total Expenses		**(15,639,217)**	(13,456,543)
Surplus for the year before income tax expense		**707,009**	582,759
Income tax expense		**-**	-
Surplus after income tax expense for the year attributable to the members of the Association		**707,009**	582,759
Other comprehensive income for the year, net of tax (revaluation surplus)		**-**	592,712
Total comprehensive income for the year for the year attributable to the member of the Association		**707,009**	1,175,471

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022	2021
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**5,626,555**	6,360,202
Accounts receivable and other debtors	5	**494,798**	386,811
Other current assets	6	**490,633**	375,473
TOTAL CURRENT ASSETS		**6,611,986**	7,122,486
NON-CURRENT ASSETS			
Property, plant and equipment	7	**8,029,332**	6,923,040
Right of use assets	8	**267,272**	105,212
TOTAL NON-CURRENT ASSETS		**8,296,604**	7,028,252
TOTAL ASSETS		**14,908,590**	14,150,738
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	9	**753,234**	655,435
Employee benefits	10	**735,592**	600,201
Contract liabilities	11	**1,246,377**	1,566,596
Lease liabilities	12	**171,657**	105,646
TOTAL CURRENT LIABILITIES		**2,906,860**	2,927,878
NON-CURRENT LIABILITIES			
Employee benefits	10	**103,723**	138,401
Lease liabilities	12	**106,539**	-
TOTAL NON-CURRENT LIABILITIES		**210,262**	138,401
TOTAL LIABILITIES		**3,117,122**	3,066,279
NET ASSETS		**11,791,468**	11,084,459
EQUITY			
Reserves	13	**6,920,000**	6,900,000
Retained surplus	14	**4,871,468**	4,184,459
TOTAL EQUITY		**11,791,468**	11,084,459

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Revaluation reserve – Prescribed properties	Prescribed properties reserve	Retained surplus	Total
	$	$	$	$
Balance at 1 July 2020	1,483,061	4,927,590	3,498,337	9,908,988
Transfers	-	(103,363)	103,363	-
Surplus for the year	-	-	582,759	582,759
Other comprehensive income for the year	592,712	-	-	592,712
Total comprehensive income for the year	592,712	(103,363)	686,122	1,175,471
Balance at 30 June 2021	2,075,773	4,824,227	4,184,459	11,084,459
Balance at 1 July 2021	**2,075,773**	**4,824,227**	**4,184,459**	**11,084,459**
Transfers	**-**	**20,000**	**(20,000)**	-
Surplus for the year	**-**	**-**	**707,009**	**707,009**
Total comprehensive income for the year	**-**	**-**	**687,009**	**687,009**
Balance at 30 June 2022	**2,075,773**	**4,844,227**	**4,871,468**	**11,791,468**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants received	**11,512,090**	9,249,246
Other income received	**4,377,976**	4,189,740
Payments to suppliers and employees	**(15,609,751)**	(12,982,202)
Interest received	**24,753**	27,317
Interest expense	**-**	(13,675)
Net cash generated from operating activities	**305,068**	470,426
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	**(1,282,224)**	(212,596)
Net cash used in investing activities	**(1,282,224)**	(212,596)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance lease advances	**243,508**	-
Repayment of borrowings	**-**	(216,384)
Net cash used in financing activities	**243,508**	(216,384)
Net increase in cash held	**-**	41,446
Cash on hand at the beginning of the financial year	6,360,202	6,318,756
Cash on hand at the end of the financial year	**5,626,555**	6,360,202

The accompanying notes form part of these financial statements.

1. GENERAL INFORMATION

Top End Association for Mental Health Incorporated (the "Association") is an Association, incorporated under the *Associations Act (NT)* and is a registered entity under the *Australian Charities and Not-for-Profits Commission Act 2012*. The Association's registered office and its principal place of business are as follows:

Level 1, Building 4, Darwin Corporate Park
631 Stuart Highway, BERRIMAH 0828

The principal activities of the Association during the financial year were to provide a range of recovery focused support including residential services for people with severe and persistent mental illness, a community housing service, individual recovery and group based support, together with early intervention support and home based aged care support.

The financial statements were authorised for issue on the date of the signed Board of Management's Declaration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Application of new and revised Accounting Standards

The Association has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has resulted in no significant changes to the Association's accounting policies.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Association.

The following Accounting Standards and Interpretations are most relevant to the Association:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The Association has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Association's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
The Association has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel and related parties.

These general purpose financial statements for the year ended 30 June 2022, are the first the Association has prepared complying with Australian Accounting Standards – Simplified Disclosures. The Association has been preparing special purpose financial statements for periods up to and including the year ended 30 June 2021.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Act (NT)* as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Accounting Policies

a. **Revenue**

The Association recognises revenue in accordance with AASB 15: *Revenue from Contracts with Customers* and AASB 1058*: Income of Not-for-Profit Entities*. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i. Grants

Grant revenue is recognised in profit or loss when the Association satisfies performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the Association is eligible to receive the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Where the Association receives contributions of assets from the government and other parties for zero or a nominal value, these assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

i. Rent Received

Rental income is recognised in the statement of profit and loss and other comprehensive income on a straight-line basis over the term of the lease.

ii. Interest Income

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

iii. Other Income

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

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

b. **Income tax**

The Association is exempted from income tax under section 50-10 of the *Income Tax Assessment Act 1997*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Policies (continued)

c. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority 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 taxation authority is classified within operating cash flows.

d. **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the incorporated association's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the incorporated association's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

e. **Cash and cash equivalent**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f. **Accounts Receivable and Other Debtors**

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

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

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

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

g. **Contract assets**

Contract assets are recognised when the incorporated association has transferred goods or services to the customer but where the incorporated association is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Policies (continued)

h. **Other financial assets**

Other financial assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

i. **Property, Plant and Equipment**

Land and buildings held for use in the supply of services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Freehold land is not depreciated.

Plant and equipment is stated at cost less accumulated depreciation and impairment.

New property, plant and equipment acquired during the year with a value of less than $5,000 are expensed in the profit and loss. They are maintained in a low value asset register.
Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Class of fixed assets	Depreciation rates
Plant and equipment	13.00% - 33.33%
Motor vehicles	20.00% - 100%
Buildings	2.50%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Policies (continued)

j. **Right of Use Assets**

The Association assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Association recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

The Association recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right of use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site, if any.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are subsequently measured at fair value which approximates costs except for those arising from leases that have significantly below-market terms and conditions principally to enable the Association to further its objectives and are also subject to impairment.

The right of use assets are subject to remeasurement principles consistent with the lease liability including indexation and market rent review that approximates fair value and only revalued where a trigger or event may indicate their carrying amount does not equal fair value.

k. **Leases Liabilities**

At the commencement date of the lease where the Association is the lessee, the Association recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments may include fixed payments (including in substance fixed payments) less any lease incentives receivable and payments of penalties for terminating the lease, if the lease term reflects the Association exercising the option to terminate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Association's leases, the weighted average incremental borrowing rate is used as the incremental borrowing rate.

l. **Impairment**

Impairment of financial assets

The Association recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost;
- lease receivables; and
- loan commitments that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Policies (continued)

l. **Impairment (continued)**

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

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

Impairment of non-financial assets

At each reporting date, the Association reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. All impairment losses are recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

m. **Employee Benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave in the period the related service is rendered.

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 present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Policies (continued)

n. **Contract liabilities**

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

o. **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

p. **Trade and other payables**

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

q. **Asset reserves**

The asset revaluation reserve is used to record revalued increments and decrements arising from changes in fair value of non-current assets (less any subsequent impairment losses).

The prescribed property reserve is used to record the contribution received in respect of prescribed properties.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Association's accounting policies, which are described in Note 1, the Board of Management of the Association are required to make judgments, estimates and assumptions about carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Performance obligations
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 specific 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.

Estimation of useful lives of assets
The incorporated 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.

Lease Term

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the Association will make. The Association determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the Association.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account

NOTE 4: SURPLUS FOR THE YEAR

Surplus for the year has been arrived at after crediting / (charging):

		Note	2022	2021
			$	$
4.1	**Revenue**			
	Grants			
	Northern Territory grants		**8,937,582**	7,289,556
	Commonwealth grants		**2,883,762**	2,480,736
	Net grant revenue carried forward		**10,965**	(43,042)
			11,832,309	9,727,250
	Other revenue			
	Rent		**547,437**	526,672
	Fee for Services		**101,722**	145,024
	NDIS	4.4	**3,272,716**	2,930,636
			3,921,875	3,602,332
	Total revenue		**15,754,184**	13,329,582
4.2	**Other Income**			
	Bank interest income		**18,788**	31,163
	ATO cash flow boost		**-**	50,000
	Other income		**573,254**	628,557
	Total other income		**592,042**	709,720
4.3	**Employee benefits expense**			
	Post-employment benefits			
	Defined contribution plans (Superannuation)		**915,307**	700,619
	Other employee benefits		**9,869,127**	8,159,543
	Total employee benefits expense		**10,784,434**	8,860,162

4.4 This NDIS income includes $1,055,085 (2021: $899,888) of Plan management income. Program expenditure of $899,888 (2021: $899,888) has also been incurred during the year.

NOTE 5: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	2022	2021
	$	**$**
CURRENT		
Accounts receivable	**145,391**	321,910
Less: Expected Credit Losses	**(52,046)**	(52,046)
Accrued income	**401,454**	116,947
Total current accounts receivable and other debtors	**494,798**	386,811

NOTE 6: OTHER CURRENT ASSETS

	2022	2021
	$	$
Prepayments	**476,592**	364,632
Other	**14,042**	10,841
Total other current assets	**490,633**	375,473

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	2022	2021
Land – at fair value	**2,005,000**	1,705,000
Less: Accumulated depreciation	**-**	-
	2,005,000	1,705,000
Building – at fair value	**5,738,787**	5,195,000
Less: Accumulated depreciation	**(133,274)**	-
	5,605,513	5,195,000
Leasehold improvements – at cost	**55,376**	**55,376**
Less: Accumulated depreciation	**(46,438)**	(45,796)
	8,939	9,581
Plant and equipment – at cost	**340,738**	315,158
Less: Accumulated depreciation	**(306,226)**	(301,699)
	34,512	13,459
Motor vehicles – at cost	**1,714,549**	1,368,693
Less: Accumulated depreciation	**(1,339,181)**	(1,368,693)
	375,367	-
	8,029,332	6,923,040

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Prescribed Land at fair value	**Prescribed Buildings at fair value**	**Leasehold Improvements at cost**	**Plant and Equipment at cost**	**Motor Vehicles at cost**	**Prescribed WIP**	**Total**
	$	$	$	$	$	$	$
Cost/Valuation							
Balance at 1 July 2021	1,705,000	5,195,000	55,377	315,158	1,352,854	-	8,623,389
Additions	300,000	543,787	-	25,580	412,857	-	1,282,224
Disposals					(51,162)		(51,162)
Balance at 30 June 2022	**2,005,000**	**5,738,787**	**55,377**	**340,738**	**1,714,549**	**-**	**9,854,452**
Balance at 1 July 2021	-	-	45,796	301,699	1,352,854	-	1,700,349
Depreciation	-	133,274	643	4,527	37,489	-	175,932
Disposals	-	-	-	-	(51,162)	-	(51,162)
Balance at 30 June 2022	-	**133,274**	**46,437**	**306,226**	**1,339,181**	**-**	**1,825,120**
Net book value	**2,005,000**	**5,605,513**	**8,939**	**34,512**	**375,367**	**-**	**8,029,332**

Encumbrances

Grant funding used for the purchase of Land and Buildings (prescribed) was given to the Association on the condition that the Association shall not sell, encumber or otherwise deal with the Properties in any manner without the written consent of the of the Northern Territory Government Chief Executive Officer (Housing and Health).

Fair value measurement of the Association's prescribed land and buildings

The four properties that comprise prescribed land and buildings were valued in June 2021 by an external valuer, McGees Property. The methodology used was the capitalisation approach for two properties and the direct comparison approach for the other two properties. The gain arising on revaluation has been taken directly to reserves.

NOTE 8: RIGHT OF USE ASSETS

	2022	**2021**
	$	**$**
Property leases		
Property Leases - Land and building	**857,702**	449,593
Less: Accumulated depreciation	**(590,430)**	(334,381)
	267,272	105,212

Additions to the right-of-use assets during the year were $408,109 and depreciation charged to profit or loss was $246,048.

The Association leases buildings for its offices under agreements of between two to three years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

NOTE 9: ACCOUNTS PAYABLE AND OTHER PAYABLES

	2022	2021
	$	$
CURRENT		
Accounts payable	**73,991**	72,093
Other creditors and accruals	**427,035**	349,566
Goods and services tax payable	**41,141**	84,769
PAYG tax payable	**211,067**	149,007
	753,234	655,435

NOTE 10: EMPLOYEE BENEFITS

Current		
Annual leave liabilities	**661,808**	523,806
Long service leave liabilities	**73,784**	76,395
	735,592	600,201
Non-Current		
Long service leave liabilities	**103,724**	138,401
	839,316	738,602

NOTE 11: CONTRACT LIABILITIES

Unearned grant revenue	**1,246,377**	1,566,596
	1,246,377	1,566,596

NOTE 12: LEASE LIABILITIES

Current	**171,657**	105,646
Non-current	**106,539**	-
	278,196	105,646

Future Lease payments are due as follows:		
Within one year	**174,649**	105,646
One to five years	**88,081**	-
	262,730	105,646

NOTE 13: RESERVES

	Note	2022	2021
Revaluation reserve – Prescribed properties		**$**	**$**
Balance at the beginning of year		**2,075,773**	1,483,061
Movement during the year		**-**	592,712
Balance at the end of year		**2,075,773**	2,075,773

The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Prescribed properties reserve			
Balance at the beginning of year		**4,824,227**	4,927,590
Transfer of prescribed properties (to) / from retained earnings	14	**20,000**	(103,363)
Balance at the end of year		**4,844,227**	4,824,227
Total reserves		**6,900,000**	6,900,000

NOTE 14: RETAINED SURPLUS

Balance at the beginning of year		**4,184,459**	3,498,337
Transfer from / (to) prescribed properties reserve	13	**(20,000)**	103,363
Surplus for the year		**707,009**	582,759
Balance at the end of year		**4,871,468**	4,184,459

NOTE 15: REMUNERATION OF AUDITORS

	2022	2021
	$	**$**
Audit of the financial statements	**22,700**	20,200
Other services	**10,000**	-
	32,700	20,200

NOTE 16. COMMITMENTS

The Association had no commitments for expenditure as at 30 June 2022 and 30 June 2021.

NOTE 17. CONTINGENT LIABILITIES

The Association had no contingent liabilities as at 30 June 2022 and 30 June 2021.

NOTE 18. KEY MANAGEMENT PERSONNEL DISCLOSURES

	2022	2021
	$	$
Compensation		
The aggregate compensation made to officers and other members of key management personnel of the Association is set out below:	781,371	687,540

NOTE 19. RELATED PARTY TRANSACTIONS

Key management personnel
Disclosures relating to key management personnel are set out in note 18.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

NOTE 20: ECONOMIC DEPENDENCE AND GOING CONCERN

The future operations of the Association are dependent upon the continuation of adequate funding from the Commonwealth and Northern Territory Governments.

The financial report has been prepared on the basis that the Association is a going concern and will continue to operate. At the date of this report, the Board Members have no reason to believe that the funding bodies will not continue to provide the funding and support to the Association.

NOTE 21: EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Association, the results of those operations, or the state of affairs of the Association in future financial years.