Althea Projects Incorporated

ABN: 47 280 156 982

Financial Statements

For the Year Ended 30 June 2020

Althea Projects Incorporated

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Contents

For the Year Ended 30 June 2020

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue	4	**3,739,107**	3,567,098
Employee benefits expense		**(2,367,234)**	(2,263,870)
Depreciation		**(148,042)**	(83,699)
Other expenses	5	**(966,515)**	(999,933)
Profit before income tax		**257,316**	219,596
Income tax expense	3(b)	**-**	-
Profit for the year		**257,316**	219,596
Total comprehensive income for the year		**257,316**	219,596

The accompanying notes form part of these financial statements.

Althea Projects Incorporated

ABN: 47 280 156 982

Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**1,090,371**	713,609
Trade and other receivables	7	**56,427**	55,387
Other financial assets	8	**844,280**	819,122
Prepayments		**46,643**	49,277
TOTAL CURRENT ASSETS		**2,037,721**	1,637,395
NON-CURRENT ASSETS			
Property, plant and equipment	9	**232,485**	143,288
Right-of-use assets	10	**103,788**	-
TOTAL NON-CURRENT ASSETS		**336,273**	143,288
TOTAL ASSETS		**2,373,994**	1,780,683
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	**419,792**	214,282
Lease liabilities	10	**83,971**	-
Employee benefits	12	**210,568**	187,293
TOTAL CURRENT LIABILITIES		**714,332**	401,576
NON-CURRENT LIABILITIES			
Lease liabilities	10	**22,266**	-
Employee benefits	12	**28,320**	27,348
TOTAL NON-CURRENT LIABILITIES		**50,586**	27,348
TOTAL LIABILITIES		**764,918**	428,924
NET ASSETS		**1,609,076**	1,351,759
EQUITY			
Retained earnings		**1,609,076**	1,351,759
TOTAL EQUITY		**1,609,076**	1,351,759

The accompanying notes form part of these financial statements.

Althea Projects Incorporated

ABN: 47 280 156 982

Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Retained Earnings	Total
	$	$
Balance at 1 July 2019	**1,351,759**	**1,351,759**
Profit/(loss) for the year	**257,316**	**257,316**
Balance at 30 June 2020	**1,609,076**	**1,609,076**

2019

	Retained Earnings	Total
	$	$
Balance at 1 July 2018	1,132,163	1,132,163
Profit/(loss) for the year	219,596	219,596
Balance at 30 June 2019	1,351,759	1,351,759

The accompanying notes form part of these financial statements.

Althea Projects Incorporated

ABN: 47 280 156 982

Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**3,862,571**	3,499,558
Payments to suppliers and employees		**(3,264,695)**	(3,215,527)
Dividends received		**30,666**	15,219
Interest received		**3,965**	12,643
Finance costs		**(5,621)**	(1,514)
Net cash provided by/(used in) operating activities		**626,886**	310,379
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**-**	7,727
Purchase of property, plant and equipment		**(135,427)**	-
Purchases of investments		**(15,333)**	(819,122)
Net cash provided by/(used in) investing activities		**(150,760)**	(811,395)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liabilities		**(99,364)**	-
Net cash provided by/(used in) financing activities		**(99,364)**	-
Net increase/(decrease) in cash and cash equivalents held		**376,762**	(501,016)
Cash and cash equivalents at beginning of year		**713,609**	1,214,625
Cash and cash equivalents at end of financial year	6	**1,090,371**	713,609

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2020

The financial report covers Althea Projects Incorporated as an individual entity. Althea Projects Incorporated is a not-for-profit Entity, registered and domiciled in Australia.

The principal activities of the Entity for the year ended 30 June 2020 were to strengthen and support famillies so children and young people can reach their full potential. This is achieved by delivering and supporting various projects and initiatives to support families across the community.

The functional and presentation currency of Althea Projects Incorporated is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of the Management committee the Entity is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012.*

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies*, *Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

2 Change in Accounting Policy

Revenue from Contracts with Customers - Adoption of AASB 15 and AASB 1058

The Entity has adopted AASB 15 *Revenue from Contracts* with Customers and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Entity has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

Leases - Adoption of AASB 16

The Entity has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

3 Summary of Significant Accounting Policies

(a) Revenue and other income

For comparative year

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

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

3 Summary of Significant Accounting Policies

(a) Revenue and other income

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the Entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the 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.

Althea Projects Incorporated receives non-reciprocal 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 the statement of profit or loss and other comprehensive income.

For current year

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Entity expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Grant income

Amount arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The Entity considers whether there are any related liabilty or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilites have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

3 Summary of Significant Accounting Policies

(b) Income Tax

The Entity is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Entity, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Land and buildings	2.5% - 4%
Plant and Equipment	10% - 50%
Furniture, Fixtures and Fittings	10% - 20%
Motor Vehicles	14% - 25%
Computer Equipment	17% - 50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

3 Summary of Significant Accounting Policies

(e) Financial instruments

Financial instruments are recognised initially on the date that the Entity becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial liabilities

The Entity measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Entity comprise trade payables, bank and other loans and lease liabilities.

(f) Impairment of non-financial assets

At the end of each reporting period the Entity determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3 Summary of Significant Accounting Policies

(h) Leases

For comparative year

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

For current year

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Entity's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Entity's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(i) Employee benefits

Provision is made for the Entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2020

4 Revenues

	2020	2019
	$	$
Gain on insurance claim	**-**	130,900
Interest received	**3,965**	12,643
Gain from sale of asset	**-**	7,727
Recoupments	**20,563**	3,497
Project income	**33,126**	37,513
Fundraising income	**47,620**	115,128
Donation and gift income	**23,806**	26,119
Other income	**75,660**	33,176
Unrealised gains (loss)	**9,825**	11,512
Dividends received	**30,666**	15,219
Donations	**2,591**	1,058
Grants	**3,491,286**	3,172,606
Total	**3,739,107**	3,567,098

5 Other Expenses

	2020	2019
	$	$
Emergency relief payment	**339,673**	369,731
Rent	**13,061**	98,481
Client support costs	**57,836**	49,970
Accounting fees	**16,611**	11,000
Advertising	**28,934**	47,078
Bank charges	**1,396**	1,514
Cleaning	**29,607**	32,492
Computer costs	**98,173**	46,125
Consultancy fees	**1,572**	10,000
Fringe benefits tax	**3,170**	1,649
Insurance	**40,592**	6,499
Interest expense	**5,621**	-
Motor vehicle expenses	**23,833**	44,712
Other expenses	**80,923**	97,291
Postage	**794**	1,272
Printing and stationery	**19,380**	20,814
Rates and taxes	**32,547**	31,423
Repairs and maintenance	**53,156**	29,037
Sundry expenses	**8,890**	1,957
Telephone	**23,293**	22,762
Travel	**49,730**	37,562
Utilities	**37,723**	38,565
Total	**966,515**	999,933

Notes to the Financial Statements

For the Year Ended 30 June 2020

6 Cash and Cash Equivalents

	2020 $	2019 $
Cash at bank and in hand	**1,090,371**	713,609
	1,090,371	713,609

7 Trade and other receivables

	2020 $	2019 $
CURRENT		
Trade receivables	**6,427**	55,387
Cash flow boost accrual	**50,000**	-
Total current trade and other receivables	**56,427**	55,387

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Other Financial Assets

(a) Financial assets at fair value through profit or loss

	2020 $	2019 $
CURRENT		
Other financial assets		
Shares in unlisted public companies	**844,280**	819,122
Total	**844,280**	819,122

Notes to the Financial Statements

For the Year Ended 30 June 2020

9 Property, plant and equipment

	2020 $	2019 $
Buildings		
At cost	**509,027**	561,357
Accumulated depreciation	**(419,720)**	(432,062)
Total buildings	**89,307**	129,295
Plant and equipment		
At cost	**239,340**	194,517
Accumulated depreciation	**(211,987)**	(189,427)
Total plant and equipment	**27,353**	5,090
Furniture, fixtures and fittings		
At cost	**64,866**	69,601
Accumulated depreciation	**(48,996)**	(60,698)
Total furniture, fixtures and fittings	**15,870**	8,903
Motor vehicles		
At cost	**128,392**	64,370
Accumulated depreciation	**(75,678)**	(64,370)
Total motor vehicles	**52,714**	-
Computer equipment		
At cost	**53,131**	33,065
Accumulated depreciation	**(5,890)**	(33,065)
Total computer equipment	**47,241**	-
Total property, plant and equipment	**232,485**	143,288

10 Leases

Right-of-use assets

	Buildings $	Motor Vehicles $	Total $
Year ended 30 June 2020			
Balance at beginning of year	-	-	-
Depreciation	(78,132)	(23,681)	(101,813)
Additions	136,731	68,870	205,601
Balance at end of year	58,599	45,189	103,788

10 Leases

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	$	$	$	$	$
2020					
Lease liabilities	**83,971**	**22,266**	**-**	**106,237**	**106,237**

11 Trade and Other Payables

	2020	2019
	$	$
CURRENT		
Trade payables	**27,545**	18,514
GST payable	**75,770**	62,480
PAYG payable	**27,657**	27,111
Accrued expenses	**3,600**	3,450
Superannuation liability	**23,374**	20,791
Payroll accrual	**42,173**	24,200
FBT payable	**-**	1,649
Unexpended government funds	**219,673**	56,087
	419,792	214,282

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

12 Employee Benefits

	2020	2019
	$	$
Current liabilities		
Long service leave	**38,200**	65,126
Annual leave	**172,368**	122,167
	210,568	187,293

	2020	2019
	$	$
Non-current liabilities		
Long service leave	**28,320**	27,348
	28,320	27,348

13 Contingencies

In the opinion of the Management committee, the Entity did not have any contingencies at 30 June 2020 (30 June 2019:None).

14 Events Occurring After the Reporting Date

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

15 Statutory Information

The principal place of business of the entity is:

Althea Projects Incorporated
296 Ross River Road
Aitkenvale QLD 4814

Althea Projects Incorporated

ABN: 47 280 156 982

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and

- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012.*

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

Responsible person ..M. Wallace............ Responsible person ....

Dated 11/11/2020.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALTHEA PROJECTS INCORPORATED FOR THE YEAR ENDED 30 JUNE 2020

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Althea Projects Incorporated (the registered entity), which comprises the statement of financial position as at 30 June 2020, 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 responsible persons' declaration.

In our opinion, the accompanying financial report of the registered entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), including:

- giving a true and fair view of the registered entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards, 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 registered entity in accordance with the ACNC Act and 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.

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 registered entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Responsibilities of the Committee for the Financial Report

The committee members of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and is appropriate to meet the needs of the members. The committees' responsibility also includes such internal control as the committee members determine is necessary to enable the preparation of a 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, the committee members are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the committee members either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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Paul Sapelli
Partner

Level 1, 211 Sturt Street, Townsville, QLD 4810

Dated: 11 November 2020