

South Australian Network of Drug and Alcohol Services Inc

A.B.N.88 963 018 438

Financial Statements

For the Year Ended 30 June 2018

South Australian Network of Drug and Alcohol Services Inc

A.B.N.88 963 018 438

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South Australian Network of Drug and Alcohol Services Inc

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Board's Report

30 June 2018

The board members submit the financial report of the Association for the financial year ended 30 June 2018.

(a) General information

Board members

The names of board members throughout the year and at the date of this report are:

Name	Office	Organisation	Commenced/Resigned
Ms Helene Nielsen	Chair	Centacare	Full Year
Mr Mark Anders	Treasurer	Individual member	Full Year
Ms Cheryl Hillier	Secretary / Deputy Chair	Uniting Communities	Commenced 1/2018 for Carol Gannon
Ms Sue Bertossa	Ordinary Member	Flinders University	Full Year
Ms Kyp Boucher	Ordinary Member	Life Without Barriers	Full Year
Mr Deirdre Flynn	Ordinary Member	Catherine House	Full Year
Mr Leigh Garrett	Ordinary Member	OARS Community Transitions	Commenced 2/2018
Ms Emanuela Caroscio	Ordinary Member	Drug Arm	Proxy for Debby Kadarusman till 9/2018
Mr Dimitri Morfopos	Ordinary Member	Towards Independence Network of Services	Commenced 5/2018 for Karen Flenche
Ms Margaret Randle	Ordinary Member	Hepatitis SA	Commenced 4/2018 for Carol Holly
Ms My Phuong Sramek	Ordinary Member	CASSA	Full Year
Mr Don Scordo	Ordinary Member	ASG	Appointed 11/2017; resigned 1/2018

The principal activities of the Association during the financial year were to provide independent, state wide representation and advocacy for non-government organisations working in the alcohol and other drug sector and to support and enhance efficiency through networking and policy development.

Significant changes

No significant change in the nature of these activities occurred during the year.

Benefits as a result of contracts

During the financial year, there were no benefits received or entitled to be received as a result of a contract between an officer, firm or body corporate and the Association.

Payments and other benefits

No payments or benefits of a pecuniary value were received by any officers of the Association during the financial year.


(b) Operating results and review of operations for the year

Operating result

The profit of the Association for the financial year after providing for income tax amounted to \$ 8,077 (2017: \$ 37,023).

Signed in accordance with a resolution of the Members of the Board:

Chair: 
 Helene Nielsen

Treasurer: 
 Mark Anders

Dated this Fifteenth day of October 2018

South Australian Network of Drug and Alcohol Services Inc

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Statement of Profit or Loss

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
Income			
Members contributions		3,295	3,295
Grant income		456,866	400,799
Interest received		2,646	4,299
Other revenue		8,479	43,474
		<u>471,286</u>	<u>451,867</u>
Expenditure			
Employee benefits expense		353,932	299,322
Depreciation and amortisation expense		1,474	7,364
Administration expenses		107,803	108,158
		<u>463,209</u>	<u>414,844</u>
Net profit before tax		<u>8,077</u>	<u>37,023</u>
Income tax expense		-	-
Net profit after tax		<u>8,077</u>	<u>37,023</u>

The accompanying notes form part of these financial statements.

South Australian Network of Drug and Alcohol Services Inc

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Statement of Assets and Liabilities

30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	282,609	285,173
Trade and other receivables	4	1,209	1,790
Prepayments		2,633	2,680
TOTAL CURRENT ASSETS		286,451	289,643
NON-CURRENT ASSETS			
Plant and equipment	5	5,526	7,001
TOTAL NON-CURRENT ASSETS		5,526	7,001
TOTAL ASSETS		291,977	296,644
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	9,465	21,127
Employee benefits		19,382	12,837
Other financial liabilities	7	(1,659)	4,402
TOTAL CURRENT LIABILITIES		27,188	38,366
NON-CURRENT LIABILITIES			
Other financial liabilities	7	4,834	6,399
TOTAL NON-CURRENT LIABILITIES		4,834	6,399
TOTAL LIABILITIES		32,022	44,765
NET ASSETS		259,955	251,878
MEMBERS' FUNDS			
Retained profits		259,955	251,878
TOTAL MEMBERS' FUNDS		259,955	251,878

The accompanying notes form part of these financial statements.

South Australian Network of Drug and Alcohol Services Inc

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Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

	Note	Retained Earnings \$	Total \$
Balance at 1 July 2017		251,878	251,878
Profit for the year		8,077	8,077
Balance at 30 June 2018		259,955	259,955

2017

	Note	Retained Earnings \$	Total \$
Balance at 1 July 2016		214,855	214,855
Profit for the year		37,023	37,023
Balance at 30 June 2017		251,878	251,878

The accompanying notes form part of these financial statements.

South Australian Network of Drug and Alcohol Services Inc

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Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers	(471,866)	(450,959)
Payments to suppliers and employees	474,431	421,875
Net increase in cash and cash equivalents held	<u>2,564</u>	<u>(29,084)</u>
Cash and cash equivalents at beginning of year	285,173	256,089
Cash and cash equivalents at end of financial year	<u>3</u> <u>282,609</u>	<u>285,173</u>

The accompanying notes form part of these financial statements.

South Australian Network of Drug and Alcohol Services Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2018

The financial statements cover South Australian Network of Drug and Alcohol Services Inc as an individual entity. South Australian Network of Drug and Alcohol Services Inc is a not-for-profit Association incorporated in South Australia under the *Associations Incorporation Act (SA) 1985* ('the Act').

The principal activities of the Association for the year ended 30 June 2018 were to lead and strengthen community responses to the harms caused by alcohol and other drugs.

The functional and presentation currency of South Australian Network of Drug and Alcohol Services Inc is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of the Board, the Association 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 Act.

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 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Commitments

The Association currently holds a lease agreement for 204 Wright Street, Adelaide. Rent Expense in 2018 was \$19,190 (2017: \$18,700).

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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(c) Revenue and other income

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 Association 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.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies continued

(c) Revenue and other income continued

Provision of goods

Revenue is recognised on provision of goods and service is recognised upon the delivery of the goods and services to the customers.

Grant revenue

Grant revenue is recognised in the statement of profit or loss 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 assets and liabilities as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

South Australian Network of Drug and Alcohol Services Inc 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 assets and liabilities, with a corresponding amount of income recognised in the statement of profit or loss.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Interest revenue

Interest is recognised using the effective interest method.

(d) 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.

(e) 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies continued

(e) Property, plant and equipment continued

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

Plant and equipment

Plant and equipment are measured using the cost model.

The carrying amount is reviewed annual by the board to ensure it is not in excess of the recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Depreciation

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

(f) 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.

(g) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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.

(h) Economic dependence

South Australian Network of Drug and Alcohol Services Inc incurred an operating profit in 2018 of \$8,077 (2017 profit of \$37,023).

The Association receives significant funding from Government Grants. The extent to which the Association will be able to continue the provision of services at current levels is dependent on the continuation of appropriate levels of Government Funding and the achievement of operating surpluses and positive cash flows.

The Association has renewed the following service agreements with the State and Federal Government:

South Australian Network of Drug and Alcohol Services Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies continued

(h) Economic dependence continued

(i) Grant

	Funding p.a (Ex GST)	Agreement expiration date
CSCBSPP (Cwith)	\$218,609	30 June 2019
Mental Health and Substance Abuse	\$133,057	30 June 2020

In addition, an indexation adjustment payment is expected to be received from the Government for core funding.

South Australian Network of Drug and Alcohol Services Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2018

3 Cash and Cash Equivalents

	2018	2017
	\$	\$
Cash at bank and in hand	282,609	285,173
	<u>282,609</u>	<u>285,173</u>

4 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	1,209	1,790
Total current trade and other receivables	<u>1,209</u>	<u>1,790</u>

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.

5 Property, plant and equipment

PLANT AND EQUIPMENT

Computer and office equipment		
At cost	32,198	32,198
Accumulated depreciation	(26,672)	(25,197)
Total computer equipment	<u>5,526</u>	<u>7,001</u>
Total property, plant and equipment	<u>5,526</u>	<u>7,001</u>

South Australian Network of Drug and Alcohol Services Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2018

6 Trade and Other Payables

	2018	2017
Note	\$	\$
Current		
Trade payables	2,686	1,853
GST payable	1,272	8,381
Withholding taxes payable	5,506	(3,966)
Unexpended grant funds	-	14,859
	<u>9,464</u>	<u>21,127</u>

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.

7 Other Financial Liabilities

	2018	2017
	\$	\$
CURRENT		
Canon lease	1,706	1,706
Westpac Mastercard	(3,365)	2,696
Total	<u>(1,659)</u>	<u>4,402</u>

	2018	2017
	\$	\$
NON-CURRENT		
Canon lease	4,834	6,399

8 Capital and Leasing Commitments

(a) Operating Leases

Operating leases are in place for the Canon photocopier and have a term of 5 years. Lease payments are fixed.

9 Contingencies

In the opinion of the Board, the Association did not have any contingencies at 30 June 2018 (30 June 2017:None).

10 Events after the end of the Reporting Period

The financial report was authorised for issue on 25.09.2018 by the Board.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may

South Australian Network of Drug and Alcohol Services Inc

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Notes to the Financial Statements

For the Year Ended 30 June 2018

10 Events after the end of the Reporting Period continued

significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

11 Statutory Information

The registered office and principal place of business of the company is:

South Australian Network of Drug and Alcohol Services Inc
204 Wright Street
Adelaide SA 5000

South Australian Network of Drug and Alcohol Services Inc

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Board members' Declaration

The board has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

In the opinion of the Board the financial report as set out on pages 3 to 12:

1. Presents fairly the results of the operations of South Australian Network of Drug and Alcohol Services Inc as at 30 June 2018 and the state of its affairs for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that South Australian Network of Drug and Alcohol Services Inc will be able to pay its debts as and when they fall due.

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

Chair 
.....
Helene Nielsen

Treasurer 
.....
Mark Anders

Dated

Independent Audit Report to the members of South Australian Network of Drug and Alcohol Services Inc

Opinion

We have audited the financial report, being a special purpose financial report, of South Australian Network of Drug and Alcohol Services Inc. ('the Association'), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income for the year then ended, a summary of significant accounting policies, other explanatory notes and the declaration by the board members.

In our opinion, the accompanying financial report of South Australian Network of Drug and Alcohol Services Inc. is in accordance with *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 2018 and of its financial performance and cash flows for the year ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, 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 *Australian Charities and Not-for-profits Commission Act 2012* (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 Association'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.

Responsibility of the Responsible Entities for the Financial Report

The board members are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The Association's responsibility also includes such internal control as the board determines 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 board members are responsible for assessing the Association'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 responsible entities either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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Independent Audit Report to the members of South Australian Network of Drug and Alcohol Services Inc (con't)

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 the financial report.

As part of an audit in accordance with 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Association.
- 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 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.

PKF Adelaide



Steven A Russo CA, RCA

Partner

Lvl 9, 81 Flinders Street, Adelaide SA

Dated this 11th day of October 2018

