

2023 Financial Report



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**North East
Local Learning
and Employment Network**

NELLEN acknowledges the traditional owners and custodians of country throughout North East Victoria and their continuing connection to land, waters, and community. We pay our respects to them and their cultures, and Elders past, present and emerging.



North East Local Learning and Employment Network Inc.

ABN 42 037 851 864

Special Purpose Financial Statements

For the year ended 31 December 2023

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Statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

	Notes	2023 \$	2022 \$
Revenue	2	1,102,839	732,660
Employee costs		778,525	433,203
Administration expenses		134,412	133,435
Depreciation expenses	5	20,174	13,752
Motor vehicle expense		43,506	26,823
Rent and outgoings		34,610	33,893
Program Expenses		202,469	142,236
Repairs and maintenance		5,647	7,607
Surplus before income tax expense		<u>(116,504)</u>	<u>(58,289)</u>
Income tax expense	1(c)	<u>-</u>	<u>-</u>
Net surplus		<u>(116,504)</u>	<u>(58,289)</u>
Other comprehensive income		-	-
Total comprehensive result for the year		<u>(116,504)</u>	<u>(58,289)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 31 December 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	390,466	560,115
Trade and other receivables	4	154,907	335,423
Total current assets		<u>545,373</u>	<u>895,538</u>
Non-current assets			
Property, plant & equipment	5	<u>82,121</u>	<u>73,642</u>
Total non-current assets		<u>82,121</u>	<u>73,642</u>
Total assets		<u>627,494</u>	<u>969,180</u>
LIABILITIES			
Current liabilities			
Trade and other payables	6	384,848	623,684
Employee Benefits	7	50,423	37,936
Total current liabilities		<u>435,271</u>	<u>661,620</u>
Non-current liabilities			
Employee Benefits	7	<u>3,114</u>	<u>1,948</u>
Total non-current liabilities		<u>3,114</u>	<u>1,948</u>
Total liabilities		<u>438,386</u>	<u>663,568</u>
Net assets		<u>189,108</u>	<u>305,612</u>
EQUITY			
Accumulated Surplus		<u>189,108</u>	<u>305,612</u>
Total equity		<u>189,108</u>	<u>305,612</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 31 December 2023

	2023	2022
	\$	\$
Accumulated surplus		
Accumulated surplus at the beginning of the financial year	305,612	363,901
Net surplus (deficit) for the year	<u>(116,504)</u>	<u>(58,289)</u>
Accumulated surplus at the end of the financial year	<u>189,108</u>	<u>305,612</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 31 December 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from grant funding and sponsorships		1,032,248	997,236
Cash payments in the course of operations		(1,181,192)	(741,885)
Interest received		7,948	1,408
Net cash inflow/(outflow) from operating activities	9	<u>(140,996)</u>	<u>256,759</u>
Cash flows from investing activities			
Payments for property, plant & equipment	5	(28,653)	(69,424)
Proceeds from sale of Non Current assets		-	35,909
Net cash inflow/(outflow) from investing activities		<u>(28,653)</u>	<u>(33,515)</u>
Net increase/(decrease) in cash and cash equivalents held		(169,649)	223,244
Cash and cash equivalents at the beginning of the financial year		560,115	336,871
Cash and cash equivalents at the end of the financial year	3	<u>390,466</u>	<u>560,115</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements

For the year ended 31 December 2023

Note 1. Summary of significant accounting policies

(a) Basis of accounting

In the Committee of Management's opinion, North East Local Learning and Employment Network Inc. is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements that have been prepared for the sole purpose of complying with the requirements of the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012* to prepare and distribute financial statements to the members and must not be used for any other purpose. The Committee of Management has determined that the accounting policies adopted are appropriate to meet the needs of the members.

Under AIFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with International Financial Reporting Standards (IFRS) requirements. The Association has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently where appropriate the Association has elected to apply options and exemptions within the AIFRS which are applicable to not-for-profit entities.

These special purpose financial statements do not comply with all the recognition and measurement requirements in Australian Accounting Standards.

The recognition and measurement requirements that have not been complied with are those specified in:

- AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not for-Profit Entities as, in accounting for income, recognition of certain grant income has been deferred, until the period the grant relates to, without assessing whether there are enforceable performance obligations to transfer a good or service to a third party which are sufficiently specific to know when the performance obligation has been satisfied.
- AASB 16 Leases, as lease accounting has not been applied, meaning lease payments are charged as an expense in the period in which they are incurred

In addition, these special purpose financial statements have been prepared in accordance with 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, AASB 1048 Interpretation of Standards and AASB 1054 Australian Additional Disclosures, as appropriate for not-for-profit oriented entities.

Notes to and forming part of the financial statements

For the year ended 31 December 2023

Note 1. Summary of significant accounting policies (continued)

(b) Revenue Recognition

(i) Grants

Grants are recognised as revenues when the Association obtains control over the asset. Control over granted assets usually occurs at the time they are received. However, grants are recognised as revenue over the funding period on a monthly basis. Any amounts of grants received at balance date that relates to subsequent financial years will not be brought to account as revenue and are disclosed as a liability called income in advance (note 6). Where program expenditure has been incurred prior to the receipt of grant funding, these amounts are brought to account as revenue and a corresponding asset called Accrued Revenue.

(ii) Interest

Interest revenue is recognised on an accrual basis, taking into account the interest rates applicable to the financial assets.

(c) Income tax

North East Local Learning and Employment Network Inc. is exempt from income tax.

(d) Cash and cash equivalents

For the purposes of the cash flow statement, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(e) Trade and other receivables

Debtors are brought to account at their nominal amounts. A provision for doubtful debts is raised when some doubt as to collection exists.

(f) Property, plant and equipment

The cost method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Assets under the value of \$1,000 are expensed as incurred.

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated using the prime cost and diminishing value method to write off the cost of the asset over its expected useful life. The depreciation rates applied are as follows:

	<u>2023</u>	<u>2022</u>
Plant and Equipment	10-33%	10-33%
Motor Vehicles	25%	25%
Office Equipment	10-40%	10-40%
Leasehold Improvements	16.67%	16.67%

Notes to and forming part of the financial statements

For the year ended 31 December 2023

Note 1. Summary of significant accounting policies (continued)

(g) Impairment of assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. As the Association is a not-for-profit entity, the value in use is the depreciated replacement cost of the asset.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Association prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within normal trading terms.

(i) Employee Entitlements

(i) Annual leave

A liability for annual leave is recognised, and is measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(ii) Long service leave

A liability for long service leave is recognised and is measured at 100% of the entitlement at the reporting date for all employees with 5 years' service or more.

(iii) Portable Long Service Leave

In addition to traditional long service, Victoria offers portable long service benefits for eligible workers in the community services sector. The Portable Long Service Benefits Scheme allows eligible workers to build up long service entitlements based on time spent in their industry, rather than with a single employer. The entity has identified employees eligible for portable long service benefits in Victoria and pays a levy to the respective Authorities. In the year ended 31 December 2023, the entity was invoiced and paid long service leave benefits to the value of \$2,213 to the Portable Long Service Authority.

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(k) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Notes to and forming part of the financial statements

For the year ended 31 December 2023

Note 2. Revenue

	2023	2022
	\$	\$
Revenue		
Government grants	1,093,891	709,981
Interest income	7,948	1,408
Other income	1,000	21,271
Total Revenue	<u>1,102,839</u>	<u>732,660</u>

Note 3. Current assets - Cash and cash equivalents

Cash on hand	654	111
Cheque account – Bendigo Bank	12,841	18,926
Debit Card – Bendigo Bank	4,100	4,703
Cash maximiser account – Bendigo Bank	372,871	536,375
	<u>390,466</u>	<u>560,115</u>

Note 4. Current assets – Trade and other receivables

Trade Receivables	152,890	330,435
Sundry receivables	2,017	4,988
	<u>154,907</u>	<u>335,423</u>

Note 5. Non-current assets - Property, plant and equipment

	2023	2022
	\$	\$
Plant and equipment – At cost	7,414	7,414
Less: Accumulated depreciation	(4,077)	(3,031)
	<u>3,337</u>	<u>4,383</u>
Motor Vehicles – At Cost	36,709	36,710
Less: Accumulated depreciation	(12,515)	(4,451)
	<u>24,194</u>	<u>32,259</u>
Office Equipment – At cost	73,107	48,104
Less: Accumulated depreciation	(39,095)	(31,909)
	<u>34,012</u>	<u>16,195</u>

Notes to and forming part of the financial statements

For the year ended 31 December 2023

Note 5. Non-current assets - Property, plant and equipment (continued)

	2023	2022
	\$	\$
Leasehold Improvements – At Cost	24,897	21,247
Less: Accumulated depreciation	(4,319)	(442)
	<u>20,578</u>	<u>20,805</u>
Total Property, Plant & Equipment	<u>82,121</u>	<u>73,642</u>

Reconciliations

Reconciliations of the carrying amounts for each class of plant and equipment are set out below:

	Plant & Equipment	Motor Vehicles	Office Equipment	Leasehold Improvements	Total
Carrying amount at the beginning of the year	4,383	32,259	16,195	20,805	73,642
Additions	-	-	25,003	3,650	28,653
Disposals	-	-	-	-	-
Depreciation	(1,046)	(8,065)	(7,186)	(3,877)	(20,174)
Carrying amounts at the end of the year	<u>3,337</u>	<u>24,194</u>	<u>34,012</u>	<u>20,578</u>	<u>82,121</u>

Note 6. Current liability - Trade and other payables

	2023	2022
	\$	\$
Income in advance	289,231	532,391
Trade creditors	51,147	42,887
Accrued expenses	17,606	-
Net GST payable	26,864	48,406
	<u>384,848</u>	<u>623,684</u>

Note 7. Provisions

Current

Provision for annual leave	32,967	22,651
Provision for long service leave	17,456	15,285
	<u>50,423</u>	<u>37,936</u>

Non-current

Provision for long service leave	<u>3,114</u>	<u>1,948</u>
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Notes to and forming part of the financial statements

For the year ended 31 December 2023

Note 8. Commitments for expenditure

Operating leases	2023	2022
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	\$	\$
Within one year	29,500	29,500
Later than one year but not later than 5 years	29,500	59,000
	<u>59,000</u>	<u>88,500</u>

Note 9. Reconciliation of surplus to net cash inflow from operating activities

	2023	2022
	\$	\$
Surplus (deficit) after income tax	(116,504)	(58,289)
Depreciation	20,174	13,753
Net (Profit)/Loss on sale of fixed assets	-	(15,967)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	180,516	49,433
(Decrease)/Increase in trade and other payables	(238,836)	243,643
Increase in provisions for employees	13,653	24,186
	<u>(140,996)</u>	<u>256,759</u>

Note 10. Events occurring after the balance date

No matter or circumstance has arisen up to the date of the signing of these statements that has significantly affected, or may significantly affect the Association's operations in future financial years, or the results of those operations in future financial years, or the Association's state of affairs in future financial years.

Note 11. Contingent assets and liabilities

The Committee of Management are not aware of any contingent assets or liabilities that may exist as at 31 December 2023.

Note 12. Economic Dependency

North East Local Learning and Employment Network Inc. is reliant on ongoing funding from the Department of Education.

Committee of management's declaration

For the year ended 31 December 2023

As stated in Note 1(a) to the financial statements, in the opinion of the Committee of Management, North East Local Learning and Employment Network Inc. is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements that have been prepared to meet the requirements of the *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*.

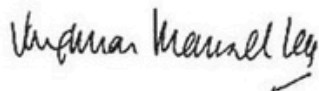
The financial statements have been prepared in accordance with applicable accounting standards and mandatory professional reporting requirements to the extent described in Note 1(a).

The Committee of Management declares that the financial statements and notes set out on pages 1 to 10:

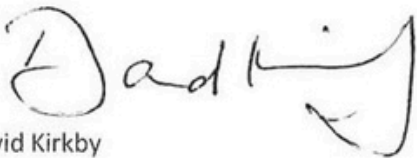
- a) comply with the Accounting Standards and other mandatory professional reporting requirements as detailed above, and the *Association Incorporations Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*; and
- b) give a true and fair view of North East Local Learning and Employment Network Inc.'s financial position as at 31 December 2023, and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the opinion of the Committee of Management, there are reasonable grounds to believe that North East Local Learning and Employment Network Inc. will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Committee of Management.



Virginia Mansel Lees
Chairperson



David Kirkby
Treasurer

29 April 2024



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Independent Auditor's Report to the members of North East Local Learning and Employment Network Inc,

Opinion

We have audited the special purpose financial report (the financial report) of North East Local Learning and Employment Network Inc. (the Association), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Committee of Management.

In our opinion, the accompanying financial report of the North East Local Learning and Employment Network Inc. is in accordance with the Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act), including:

- (a) giving a true and fair view of the North East Local Learning and Employment Network Inc's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and complying with the *Associations Incorporation Reform Act Vic 2022* Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

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* (including independence standards) (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 *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Responsibilities of Committee of Management for the Financial Statements

The Committee of Management is 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 *Associations Incorporation Reform Act 2012* and the *Australian Charities and Not-for-profits Commission Act 2012*. Management's responsibility also includes 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 intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The committee of management are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 directors.
- Conclude on the appropriateness of the directors' 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 the audit.

A handwritten signature in blue ink that reads "Crowe".

CROWE AUDIT AUSTRALIA

A handwritten signature in blue ink that reads "Bradley D Bohun".

BRADLEY D BOHUN
Partner

Dated at Albury this 29th day of April 2024

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Australian Government



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