

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF THE
LITTLE RIVER LANDCARE GROUP INC.

Scope:

We have audited the financial report being a special purpose financial report, of the Little River Landcare Group Inc., which comprises of the balance sheet as at 30 June 2009, the income statement, for the year then ended, a summary of significant accounting policies and other explanatory notes and the committees' declaration.

Committee's Responsibility for the Financial Report:

The committee of the committee are responsible of the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report are appropriate to meet the financial reporting requirements of the association's constitution and are appropriate to meet the needs of the members. The committee's responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

Auditor's Responsibility:

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We have conducted our audit in accordance with Australian Auditing Standards. These auditing standards require that we comply with relevant ethical requirement relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial report, which is due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the committee's financial reporting under the committee's constitution. We disclaim any assumption of responsibility for any reliance of this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence:

In conducting our audit, we have complied with the independence requirement of the Australian professional ethical pronouncements.

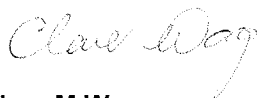
Auditor's Opinion:

In our opinion, the financial report presents fairly, in all material respects the financial position of Little River Landcare Group Inc. as at 30 June 2009 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Emphasis of Matter:

Without qualification to the opinion expressed above attention is drawn to the following matters:

The limited segregation of administrative and other functions of the committee reduced the internal controls of the committee, especially with the change in key administrative staff.

WHK Audit Services (Central West)

Clare M Wagner
157 Brisbane Street
DUBBO NSW 2830

Dated at Dubbo this 17th day of August 2009.

Little River Landcare Group Inc.

Profit & Loss

July 2008 through June 2009

Jul '08 - Jun 09

Ordinary Income/Expense

Income

| | |
|---------------------|-------------------|
| Catering | 909.09 |
| Equipment Hire | 9,806.78 |
| Field Day Charge | 1,908.46 |
| Funding | 288,258.99 |
| Membership | 5,111.79 |
| Refunds | 6,545.63 |
| Total Income | 312,540.74 |

Expense

| | |
|---------------------------|------------|
| Advertising | 1,432.88 |
| Bank Fees & Charges | 497.89 |
| Books and Publications | 78.14 |
| Communications | 5,691.50 |
| Depreciation Expense | 14,510.00 |
| Gifts and Donations | 86.49 |
| Hardware | 869.62 |
| Insurance | 1,283.97 |
| Interest Expense | 1,448.32 |
| Monitoring | 382.50 |
| Motor Expense | 22,227.38 |
| Office | 2,480.66 |
| On-Ground Works | 330,653.79 |
| Payroll Expenses | 202,642.02 |
| Postage and Freight | 2,945.95 |
| Printing and Reproduction | 212.82 |
| Professional Fees | 2,682.72 |
| Repairs | 5,198.63 |
| Software Expense | 2,210.89 |
| Utilities | 1,683.86 |
| Workshop / Forum Expense | 40,183.43 |

Total Expense 639,403.46

Net Ordinary Income -326,862.72

Other Income/Expense

Other Income

Interest Income 14,454.27

Total Other Income 14,454.27

Net Other Income 14,454.27

Net Income -312,408.45

Little River Landcare Group Inc.
Balance Sheet
As of June 30, 2009

| | Note | <u>Jun 30, 09</u> |
|-----------------------------------|------|--------------------------|
| ASSETS | | |
| Current Assets | | |
| Bank Account | | |
| DAFF Recognising Women Farmers | | 55,000.00 |
| NAB - Visa | | -1,516.24 |
| NAB C4OC - Cash Max | | 106,984.86 |
| NAB C4OC - Chq Account | | 8.20 |
| NAB Cash Max | | 165,933.29 |
| NAB Cash Max 2 | | 16,337.70 |
| NAB Public Fund | | -10.80 |
| NAB Term Deposit | | 5,000.00 |
| NAB Working Account | | 6,235.68 |
| Petty Cash | | 91.85 |
| Total Bank Accounts | | <u>354,064.54</u> |
| Accounts Receivable | | |
| Accounts Receivable | | 1,177.86 |
| Total Accounts Receivable | | <u>1,177.86</u> |
| Other Current Assets | | |
| Prepayment | | 3,406.56 |
| Total Other Current Assets | | <u>3,406.56</u> |
| Total Current Assets | | 358,648.96 |
| Fixed Assets | | |
| Plant & Equipment | 3 | <u>35,715.00</u> |
| Total Fixed Assets | | <u>35,715.00</u> |
| TOTAL ASSETS | | <u><u>394,363.96</u></u> |

Little River Landcare Group Inc.
Balance Sheet
As of June 30, 2009

| | Note | <u>Jun 30, 09</u> |
|--|------|--------------------------|
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | | |
| Accounts Payable | | 22,499.93 |
| Total Accounts Payable | | <u>22,499.93</u> |
| Other Current Liabilities | | |
| Funding received in advance | 4 | 80,000.00 |
| Payroll Liabilities | 5 | 21,697.05 |
| GST account Payable/(Refundable) | | <u>-3,057.53</u> |
| Total Other Current Liabilities | | <u>98,639.52</u> |
| Total Current Liabilities | | 121,139.45 |
| Long Term Liabilities | | |
| Zone Funds held in Trust | 6 | 16,337.70 |
| Total Long Term Liabilities | | <u>16,337.70</u> |
| TOTAL LIABILITIES | | <u>137,477.15</u> |
| NET ASSETS | | <u><u>256,886.81</u></u> |
| EQUITY | | |
| Prior year adjustment | 7 | -22,232.81 |
| Retained Earnings | | 591,528.00 |
| Net Income | | <u>-312,408.45</u> |
| TOTAL EQUITY | | <u><u>256,886.74</u></u> |

LITTLE RIVER LANDCARE GROUP INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1 – STATEMENTS OF ACCOUNTING POLICY

These financial statements are a special purpose financial report prepared for use by the directors and members of the association. The members of the management committee have determined that the association is not a reporting entity and hence the requirements of Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Consensus Views) do not have mandatory applicability to Little River Land Care Group Inc.

They have been prepared on a consistent basis with the previous period in accordance with accounting policies. The statements are based on historical costs and do not take into account changing values or the current value of non current assets, unless specifically stated. The statements have been prepared on an accruals basis from the records of the association.

- a) Income
Funding received but activity not yet activated is classed as Fund received in advance from 1 July 2008. Otherwise, all funding received is recognised as income.
- b) Taxation
The association is exempt from income tax.
- c) Employee entitlement
The amount provided for long service and annual leave is based on legal entitlement as at balance date. Super contributions are made to employee superannuation funds and are charged as expenses when incurred.
- d) Property, Plant & Equipment
Non-current assets are recorded as cost, except where revaluations have occurred. All plant & equipment original cost less than \$300 is written off in the year of acquired. Depreciation is provided on a mix of straight line (prime cost) and diminishing value base so as to write off assets over their estimated useful lives using the following rates:

| <u>Class of asset</u> | <u>Method</u> | <u>Rate</u> |
|-----------------------|-------------------------|-------------|
| Plant & Equipment | Prime/Diminishing value | 12.5%/20% |
| Office Equipment | Prime/Diminishing value | 20%/67% |

NOTE 2 – OCCUPATIONAL HEALTH AND SAFETY

New regulations, which are monitored by the Workcover Authority, came into effect on the 1st September 2003. These regulations may impact upon the future operations of Little River Landcare Group Inc. The cost of complying has not been determined.

LITTLE RIVER LANDCARE GROUP INC.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

| Note | 2009 |
|---|-------------------------|
| | \$ |
| 3 Plant & Equipment | |
| At cost | 64,386.00 |
| Less accumulated Depreciation | <u>-33,883.00</u> |
| | 30,503.00 |
| | |
| Office furniture & Equipment | |
| At Cost | 11,841.00 |
| Less accumulated depreciation | <u>- 6,629.00</u> |
| | 5,212.00 |
| | |
| Total Fixed Asset -Plant & Equipment | <u><u>35,715.00</u></u> |
| | |
| 4 Funding received in advance | |
| DAFF Recognising Women Farmers | 50,000.00 |
| SSE Community Support | <u>30,000.00</u> |
| Total Funding received in advance | <u>80,000.00</u> |
| | |
| 5 Payroll Liabilities | |
| PAYG Tax | 9,464.00 |
| Provisions for Annual Leave | 6,834.96 |
| Superannuation | <u>5,398.09</u> |
| Total Payroll Liabilities | <u>21,697.05</u> |
| | |
| 6 Zone Funds held in Trust | |
| Burgoon | 130.60 |
| Eurimbla | 3,582.67 |
| Myrangle | 5,494.54 |
| Suntop Salt Action Group | 4,025.25 |
| Toongi Landcare | <u>3,104.64</u> |
| Total Zone Funds held in Trust | <u>16,337.70</u> |
| | |
| 7 Prior year adjustment | |
| Variance in Debtor 2008 balance | 3,142.20 |
| GST on debtors 2008 balance | 31.42 |
| Variance in Fixed assets balance in 2008 account in Quickbook | 3,031.30 |
| Variance GST account | 1,292.46 |
| Zone funds not taken up in 2008 financial | 12,609.72 |
| Variance in NAB Working account in 2008 | 2,034.06 |
| Variance in Petty Cash opening balance | 86.85 |
| PAYG Withheld shortfall | - 188.00 |
| Variance NAB Visa | - 6,832.00 |
| Unknown variance from prior year | <u>7,024.80</u> |
| Total Prior year adjustment | <u><u>22,232.81</u></u> |

8 Comparatives

Comparatives is not shown as we have not made an audit review on the prior year figures.

Little River Land Care Group Inc.

STATEMENT BY THE MEMBERS OF THE COMMITTEE

The committee has determined that the incorporation is not a reporting entity.

The committee have determined that this special purpose financial report should be prepared in accordance with those accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial report as set out on the following pages:

1. Presents fairly the financial position of Little River Land Care Group Inc.. as at 30 June 2009 and its performance for the year ended on that date and;
2. At the date of this statement, there are reasonable grounds to believe that the of Little River Land Care Group Inc. will be able to pay its debts as and when they fall due.

President.....

Name:

Date:

Secretary.....

Name:

Date: