Carbon Neutral Charitable Fund

Directors Report

Annual Financial Statements for the year ended 30 September 2021

Your Footprint. Australia's Trees. Our Future.

CONTENTS

GLOSSARY

AASB	The Australian Accounting Standards Board
ACNC	The Australian Charities and Not-for-Profits Commission
The "Act"	The Australian Charities and Not-for-Profits Commission Act 2012
ASIC	The Australian Securities and Investment Commission
ATO	The Australian Tax Office
CFI	Carbon Farming Initiative
The "Company"	Carbon Neutral Charitable Fund Ltd
CNCF	Carbon Neutral Charitable Fund Ltd
REO	Register of Environmental Organisations
GST	Goods and Services Tax

CORPORATE DIRECTORY

Name:	Carbon Neutral Charitable Fund Ltd
	Trading as: Carbon Positive Australia and CNCF
ABN:	99 124 696 966
Incorporation Date:	30 March 2007
Current Directors:	Mr Ian Rawlings (Chairman)
	Dr Jeff Bremer
	Mr Adam Marr
	Ms Denise True
	Mr Grahame Reader
	Ms Jennifer West
Company Secretary	Ms Catherine Patterson (Company Secretary)
Chief Executive Officer:	Mrs Louise Marlena Tarrier
Registered Address:	Unit 11, City West Lotteries House, 2 Delhi St, West Perth, Western Australia 6005
Telephone:	1300 857 970
Email:	admin@carbonpositiveaustralia.org.au
Auditor:	Mr Greg Godwin, Moore Australia, Level 15 Exchange Tower, 2 The Esplanade, Perth WA 6000

Directors' Report

Your directors present this report on the company, Carbon Neutral Charitable Fund Ltd (t/a Carbon Positive Australia) for the year ended 30 September 2021

Governance

Directors

The name of every person who has been a director during the year to the date of this report is listed.

Name	Date Appointed	Date Resigned
Ian Rawlings (Chair)	Apr 08	
Jeff Bremer	May-11	
Katherine Clayton	Sept-18	Jan-21
Adam Marr	Nov-17	
Grahame Reader	Feb-19	
Denise True	Feb-16	
Jennifer West	Feb-19	

Company Secretary

Ms Catherine Patterson holds the position of company secretary

Responsible Persons

All directors and the secretary are listed with the Australian Charities and Not for Profits Commission as "Responsible Persons" for the company.

Information on Directors

Ian Rawlings DipMgt

(Chairman since July 2011)

Ian studied and worked in architecture and building before pursuing an interest in community development and administration in the WA desert working with Aboriginal communities across Western Australia for the last 30 years. He has recently retired as the CEO of both Central Desert Native Title Services and Desert Support Services. Ian has had a lifelong interest in the environment and in living sustainably and has served on management committees and the boards of Trillion Trees (when it was known as Men of the Trees) and Perth City Farm. Ian is committed to doing all he can to ensure that his grandchildren can have a safe and flourishing world to grow up in.

Jeff Bremer BEng (Hons) PhD, FIE(Aust)

Jeff is a Principal Engineer based in Perth Western Australia with 30 years' experience in pipelines, mining and minerals processing industries. He has expertise in strategic analysis of greenhouse gas emissions and energy policy. He has also worked in sustainability and led remote area energy studies in the Indian Ocean. He has served on the Mechanical Committee of Engineers Australia WA, is a Fellow of the Institute of Engineers Australia and is keen to contribute to the re-vegetation of coastal waters, degraded landscapes, woodlands and forests.

Adam Marr BBus, MSc

Adam has worked in London and across Australia, in both start-ups and $1bn+ organisations. Most recently Adam jointly owns and delivers business advisory services through StepBeyond - a strategy consultancy and a certified B Corporation (revenue/profit generated from sustainable impact). He has studied in Perth, Melbourne and Vietnam and holds a Bachelor of Business from RMIT University and Master of Science (Sustainability) from Curtin University. Adam is also Chair of the Community Arts Network (CAN) Board. Adam is driven toward helping create a shared future we can all be proud of - one project at a time.

Grahame Reader (GAICD, EMPA, BSc, Grad. Dip Met. Grad Dip Ed, Grad Dip Bus)

Grahame is an experienced senior executive with the Bureau of Meteorology. He has significant specialist expertise in assessing and communicating natural hazard and climate risks, advising on decision-making under uncertainty, and in appropriately responding to those threats through risk and incident management frameworks.

Grahame has a Bachelor of Applied Science, a Masters in Public Administration and is a graduate of AICD.

Denise True BSc, MIPL

Denise has a comprehensive knowledge of the legislation and policy for biodiversity conservation, natural resource management, restoration and environmental protection in Western Australia. She is a longstanding member of the Threatened Ecological Communities Advisory Committee. Denise provides strategic advice for conservation and environmental projects and has worked for commercial, government and non-government organisations at local, state and international levels. Denise has a Bachelor of Science and a Masters of Intellectual Property Law with a focus on Traditional Knowledge.

Jennifer West AICD directorship program and a journalism law unit at Curtin University.

Jennifer has a diverse range of work experience which includes journalism, publishing, business management and broadacre farming. While farming near Boyup Brook over the past decade, Jennifer has developed her passion for soil health and regenerative agriculture. Since returning to Perth with her family, she has been exploring the potential of sequestering carbon in the soil in the hope of creating an additional source of income for farmers, while also improving the health, productivity and environmental sustainability of farms and rural communities.

Meetings of Directors

During the financial year, 10 meetings of directors were held. Attendances by each director during the year were as follows:

Director	Eligible to attend	Attended
Ian Rawlings (Chair)	10	10
Jeff Bremer	10	9
Katherine Clayton	3	0
Adam Marr	10	8
Grahame Reader	10	9
Denise True	10	7
Jennifer West	10	10

Katherine Clayton resigned on the 27th January 2021, prior to that she had been on sabbatical.

ACNC Governance Standards

The company adopted and continues to meet the 5 ACNC Governance Standards in its framework for governance. The standards are:

1. Not-for-profit and working towards purpose;

2. Accountability to members;

3. Compliance with Australian Laws;

4. Suitability of Responsible Persons; and

5. Duties of Responsible Persons.

Report of the Chair

"I begin this report by acknowledging the traditional owners across this vast and beautiful land. For countless generations, Aboriginal peoples have cared for this country; it nurtured them, and they nurtured it, in a continuous process of ritual care and respect, handed from generation to generation. This always was and always will be Aboriginal land. "

This year has seen the IPCC deliver the starkest warning yet on global temperature rises. Our mission to see Australia become a Carbon Positive nation has never been more important. I am deeply grateful I am to all our supporters, to my fellow directors, to our hard-working team and to all the individuals and organisations who partner with us to deliver this mission.

This year we restored almost 300 hectares of degraded land and planted more than 40,000 native trees through our community projects to mitigate the impacts of climate change. 2021 also saw us deliver the first two reports from our CarbonCare™ project - made possible by substantial support from Lotterywest with a grant of $360,500 over five years. We extend our sincere thanks to Point Advisory, Carbon West, Carbon Neutral Pty Ltd and Clear South for their assistance with this project.

With assistance from the Perth-based design team at Anthologie, we also released our new and improved online Carbon Footprint Calculator. As the organisation that developed Australia's first personal carbon calculator, we are delighted to bring our supporters, old and new, an updated version of this calculator. The new calculator combines the same accuracy and transparency with an enhanced user experience which includes tailored tips and hints to reduce your carbon footprint.

2021 marked our 20th Anniversary. To celebrate, we gathered our members, landholders, partners, staff, and board for an evening of networking, education, and celebration. What was most heartening was the collaborative spirit and the recognition that together, we can achieve the change we all want to see.

The climate emergency is now well and truly upon us. We know that there is a significant amount of work to be done to return carbon levels to a point where we can stabilise warming and balance our climate, so we are encouraging everyone to make climate conscious decisions in their daily lives.

In 2022 we will continue to plant trees on degraded land that otherwise wouldn't be planted; sequestering carbon, increasing biodiversity, and improving soil health and water quality. We will also be broadening our scope to increase our planting in regional and remote areas, and in city and urban environments to mitigate the impacts of climate change and the urban heat-island effect. We commit to continuing to assist you in understanding and managing your carbon footprint as well as to planting trees for you across Australia. We are leading the way to ensure that we have a diverse environment, a stable climate, a healthy and caring society and a green and sustainable economy for future generations.

Ian Rawlings (Chair)

Operations Review

This is Carbon Neutral Charitable Fund's thirteenth annual report. The company recorded a surplus of $379,280 (2020: Loss of $9,657). The surplus for the year was a result of project planting costs on the Nimbin site being deferred to 2022 due to a weather event. The charity planted 293.5 hectares compared to the planned 326.5 hectares. Natural regeneration and creek repair work took place in September 2021 but the full planting will not take place until Autumn 2022.

Carbon Neutral's Charitable Fund's principal activities are:

i) Management of revegetation projects as a viable carbon abatement action to achieve co-benefits of carbon sequestration, biodiversity conservation and natural resource management
ii) Production and sale of biodiverse reforestation offset products
iii) Education - Raising community awareness and providing web-based resources to enable businesses and households to reduce and offset greenhouse gas emissions

Carbon Neutral Charitable Fund is registered with ACNC; the Register of Environmental Organisations; and holds a Collections Licence with the Western Australian Department of Mines, Industry Regulation and Safety - Consumer Protection.

Our major revegetation project for 2021 was a continuation of the planting begun in 2019 of a 750 hectare jam and york gum woodland ecosystem restoration at Eurardy Reserve, in partnership with land owner Bush Heritage Australia. A further 220 hectares was restored in 2021, with an agreement signed to restore other sections, which will take the planned planting to 1,350 hectares. The site at Eurardy was used as a pastoral lease of which over 2,300 hectares had been cleared for agriculture and grazed extensively for decades. This changed the landscape and entire ecosystems were modified and degraded. With the loss of vegetation, other land degradation occurred including fragmentation of habitat, dryland salinity, erosion, low soil seed bank levels, and chemical residue from fertilisers remaining in the soil.

Eurardy protects more than 500 plant species, including five nationally endangered or vulnerable species. The reserve also forms a crucial ecological linkage between the Kalbarri National Park to the west, and the Toolong Nature Reserve to the northeast. By planting what used to grow here, we hope that these plants will then set their seeds to the wind and eventually start to develop naturally self-sustaining habitats and ecosystems.

During the year we partnered with Green Skills who have recently purchased 50 hectares of land at Tootanellup. The purpose of the purchase was to provide further connectivity as part of the wider Gondwana link and to encourage restoration of the wetlands. In total an area of 25 hectares was directly seeded with 79 endemic species. The property was registered as a biodiverse carbon project with the Emissions Reduction Fund. (see picture of seedling development from direct seeding on site).

We also began a project nr. Gabbin, where we planted biodiverse native species to support sandalwood planting. The 40 hectare project is an 'expansion' to the CNCF Biodiverse Sandalwood project (ERF 120667). Located in the northern Wheatbelt of WA, this site is part of a larger property owned by a local farming family. Before being cleared in the early 1900s, much of this region was covered with native Australian sandalwood (Santalum spicatum). Without the protection of trees and shrubs, the land has suffered significant wind damage. We are restoring the site with a mix of native species including Acacias which will act as 'hosts' to the hemiparasitic sandalwood trees. In total we planted 18,000 native stems and 6kg of native seed.

We also continued planting near Brookton a Western Australian Wheatbelt town. This year a total of 8.5 hectares on the saltland area of the project. In total 15,552 stems. This project was previously supported by an NRM grant to gain further knowledge of planting for carbon in salt impacted areas. The site will be monitored to see how the mixture of species tolerate the salt and to review the expected sequestration.

Donation income increased by 77% from the previous year to $1,792,757 (2020: $1,012,186). The increase was primarily related to offset income increasing.

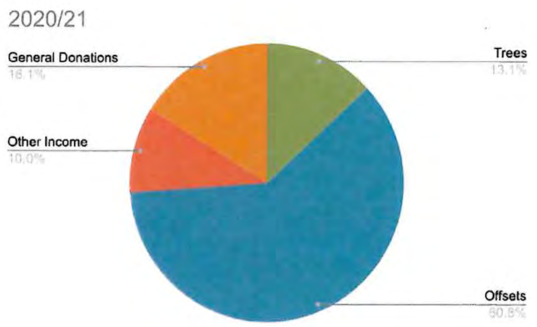
Carbon Neutral Charitable Fund was awarded grant funding by Lottery West for a five year project of $360,500 in 2020. During the year a total of $151,590 (2020:$100,000) was claimed from Lottery West, and a total of $171,455 (2020: $100,000) was spent against grant outcomes. This grant funding supported research for the CarbonCare™ project $107,267 (2020: $70,000). The research findings of CarbonCare were released in May 2021. Two separate reports, one into the valuation of co-benefits of planting at Hill View a property within the "Yarra Yarra Biodiversity corridor" and, the other a stakeholder analysis of views of the carbon market and carbon planting. Three more complex case studies will also be released in the late Autumn/Winter of 2022.

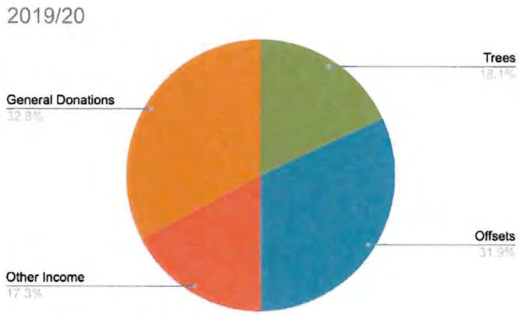
The funding also supported education programs, and updating and upgrading of the organisation's carbon calculator $64,187 (2020: $30,000). The new and improved individual and household calculator was released in May 2021.

The organisation has a team of 7 (6.3 FTE) (2020: 6, (5.1 FTE). During the year the organisation also employed 2 interns and 1 casual employee. There were also 13 volunteers (2020: 7)

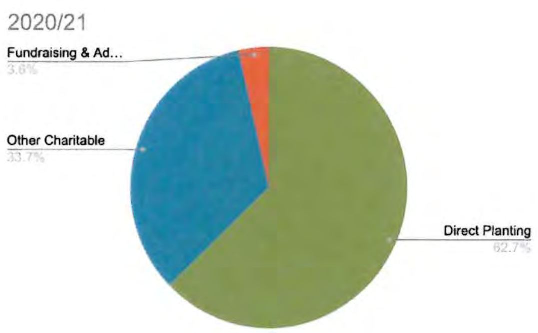
For 2022, we will continue to implement our 2020-2025 strategic plan which includes increasing our planting capacity, and encouraging everyone on their carbon positive journey. We will be increasing our planting scope to include community planting in inner city and urban disinvested communities, and planting in remote and regional areas to provide climate change mitigation.

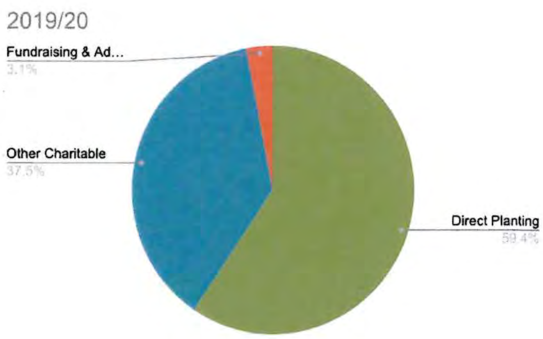
Income by category





Expenditure





After Balance Date Events

No matters have arisen since the end of the year that will or may significantly affect:

i) the company's operations in future financial years or

ii) the results of those operations in future financial years, or

iii) the company's state of affairs in future financial years

Environmental Performance

The Company is not subject to any particular and significant environmental regulations under Commonwealth, State or Territory law.

The company is listed on the Register of Environmental Organisations as a Deductible Gift Recipient.

Distributions to members during the year

No dividends or distributions were recommended, declared or paid to members during the year. The company is a non-profit company and its Constitution does not allow payments including dividends, bonuses or distributions of profit, directly or indirectly, to members, officers, servants, agents or employees other than as reasonable remuneration for services rendered.

Indemnifying officers or auditor

No indemnities have been given during or since the end of the financial year, for any person who is or has been an officer or auditor of the company. The company holds an Association liability insurance policy with Allianz Australia Insurance Ltd which includes Directors and Officers as well as Professional Indemnity insurance.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditors independence declaration

The company's auditor is Moore Australia. A copy of the auditor's independence declaration as required under section 60.40 of the Australian Charities and Not-for-Profits Commission Act 2012 ("the Act") is set out in page 16 of this report

Signed in accordance with a resolution of the board of directors.

Mr Ian Rawlings
Chair

The Board of Directors

MOORE

Moore Australia Audit (WA)

Level 15, Exchange Tower,
2 The Esplanade, Perth, WA 6000
PO Box 5785, St Georges Terrace, WA 6831

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CARBON NEUTRAL CHARITABLE FUND LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2021, there have been:

a) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

GREG GODWIN
PARTNER

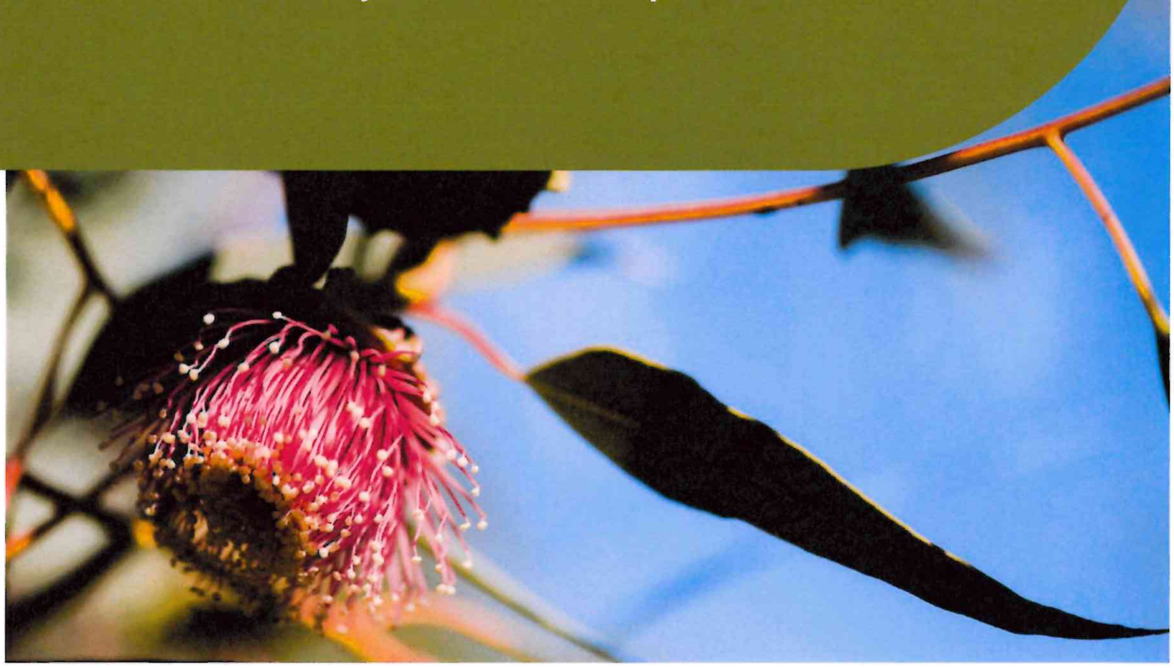
Moore Australia

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 12th day of January 2022

Financial Report

For year ended 30 September 2021



DIRECTORS' DECLARATION

The directors, being the Responsible Persons' of Carbon Neutral Charitable Fund Ltd, declare that in the director's opinion:

1. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. The financial statements and notes:
   - satisfy the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012;*
   - give a true and fair view of the financial position of the company as at 30 September 2021 and of its performance for its operations as a whole for the year then ended; and,
   - comply with Australian Accounting Standards – Reduced Disclosure Requirements.

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

Regulation 2013 on behalf of the directors by:

Ian Rawlings, Director - Chair

Moore Australia Audit (WA)

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARBON NEUTRAL CHARITABLE FUND LTD

Opinion

We have audited the financial report of Carbon Neutral Charitable Fund Ltd (the "company") which comprises the statement of financial position as at 30 September 2021, 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 report, including a summary of significant accounting policies and directors' declaration.

In our opinion the accompanying financial report of Carbon Neutral Charitable Fund Ltd is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the Company's financial position as at 30 September 2021 and of its performance and cash flows for the period ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements, Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013 and Corporations Act 2001.

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 Company 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 with the Code.

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

MOORE

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CARBON NEUTRAL CHARITABLE FUND LTD (CONTINUED)

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012 and Corporations Act 2001. The directors' responsibility also includes establishing 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.

In preparing the financial report, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 include the economic decisions of the users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CARBON NEUTRAL CHARITABLE FUND LTD (CONTINUED)

Auditor's Responsibility for the Audit of the Financial Report (continued)

- 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 Company'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 Company'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 Company 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 the directors 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Section 60-45(3)(b) of the ACNC Act, in our opinion there are no deficiency, failure or shortcoming in respect of the matters referred to in Section 60-30(3)(b),(c) or (d) of the ACNC Act.

GREG GODWIN	MOORE AUSTRALIA AUDIT (WA)
PARTNER	CHARTERED ACCOUNTANTS

Signed at Perth this 12th day of January 2022

STATEMENT OF FINANCIAL POSITION
as at the 30 September 2021

	Note	Sept 21	Sept 20
		$	$
Current Assets			
Cash and cash equivalents	6	1,004,627	503,752
Trade and other receivables	9	37,610	76,835
Inventory	8	179,775	278,691
Other current assets	10	25,200	5,838
Total current assets		**1,247,212**	**865,116**
Non-current assets			
Property, plant & equipment	11	6,547	3,838
Total non-current assets		**6,547**	**3,838**
Total Assets		**1,253,759**	**868,954**
Current liabilities			
Trade and other payables	12	39,602	6,552
Provisions and accruals	13	50,011	77,535
Total current liabilities		**89,613**	**84,087**
Total liabilities		**89,613**	**84,087**
Net Assets		**1,164,146**	**784,866**
Equity			
Members funds - Reserves		784,866	794,523
Retained earnings/(losses)		379,280	(9,657)
Total Equity		**1,164,146**	**784,866**

STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2021

	Note	Sept 21	Sept 20
		$	$
Revenue from continuing operations	3	1,792,757	1,012,086
Other income	4	5,501	3,443
		1,798,258	**1,015,529**
Less:			
Planting costs	5	525,077	459,994
Cost of other charitable activities excl. Employment expenses		243,585	147,130
Rent, rates and services		27,829	25,111
Office expenses		6,848	19,043
Operating expenses		21,347	29,534
Employment expenses		581,548	332,137
Professional services		11,101	10,625
Depreciation		1,643	1,612
		1,418,978	**1,025,186**
Net surplus/(loss) before income tax		**379,280**	**(9,657)**
Income Tax		0	0
Net surplus/(loss) after income tax		379,280	(9,657)
Other comprehensive income		0	0
Total comprehensive income/(loss)		**379,280**	**(9,657)**

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2021

	Retained Earnings	Total
	$	$
Balance as at 30 September 2019	**794,523**	**794,523**
Loss for the year	(9,657)	(9,657)
Other comprehensive income	0	0
Balance as at 30 September 2020	**784,866**	**784,866**
Profit for the year	379,280	379,280
Other comprehensive income	0	0
Balance as at 30 September 2021	**1,164,146**	**1,164,146**

STATEMENT OF CASH FLOWS

For the year ended 30 September 2021

	Note	Sept 21	Sept 20
		$	$
Cash flows from operating activities			
Receipts from clients and donors		1,919,572	943,289
Interest received		5,501	3,443
Payments to employees and suppliers		(1,419,531)	(1,106,699)
Net cash inflow(outflow) from operating activities	7	**505,542**	**(159,968)**
Cash flows from investing activities			
Payments for property, plant & equipment		(4,352)	0
Sale of property, plant & equipment		0	0
Net cash inflow/(outflow) from investing activities		**(4,352)**	**0**
Cash flows from financing activities			
Proceeds from financing activities		(315)	0
Net cash inflow/(outflow) from financing activities		**(315)**	**0**
Net increase/(decrease) in cash		**500,875**	**(159,968)**
Cash at the beginning of the financial year		503,752	663,720
Cash at the end of the financial year	6	1,004,627	503,752
Net increase/(decrease) in cash		**500,875**	**(159,968)**

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Accounting

Date of Issue
The directors issued these accounts on 23rd February 2022. The directors have the authority to amend the financial reports after that date.

Basis of Preparation
The financial statements are general purpose financial statements - reduced disclosure requirements, that have been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012. The entity is a not for profit for financial reporting purposes under Australian Accounting Standards

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements have been prepared on a "going concern" basis.

2. Summary of Significant Accounting Policies

A. **Revenue**
Non-reciprocal grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and 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.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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.
Carbon Neutral Charitable Fund Ltd 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 profit or loss.
Donations and bequests are recognised as revenue when received.

Interest revenue is recognised as it accrues using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

B. **Inventories on Hand**
Inventories are measured at the lower of cost and current replacement cost. Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

C. **Property, Plant and Equipment**
Each class of property, plant and equipment is carried at cost or fair value, less, where applicable, accumulated depreciation and any impairment losses.

Trees
Trees were carried as property in the accounts, these have been transferred to inventory at the lower of cost and net realisable value to reflect the planting costs involved and the number of stems planted and allocated in the financial year.

Plant and equipment
Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost, are recognised at the fair value of the asset at the date it is acquired.

Depreciation
The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is

held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets:

Class of Fixed Asset	
Equipment	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

D. **Leases**

The Entity as lessee

At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and

- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary Leases
For leases that have significantly below-market terms and conditions principally to enable the Entity to further its objectives (commonly known as peppercorn/concessionary leases), the Entity has adopted the temporary relief under AASB 2018-823 and measures the right of use of assets at cost on initial recognition.

The Entity as lessor
The Entity leases some rooms in their building to external parties

Upon entering into each contract as a lessor, the Entity assesses if the lease is a finance or operating lease

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

E. **Financial Instruments**

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

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

Financial assets are classified at "fair value through profit or loss" when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments
Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to

their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.
Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment
At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") that has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the writing off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

F. **Impairment of Assets**
At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset. Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

G. **Employee Benefits**
Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including

wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of accounts payable and other payables in the statement of financial position.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

H. **Cash and Cash Equivalents**
Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

I. **Accounts Receivable and Other Debtors**
Accounts receivable and other debtors include amounts due from donors and any outstanding grants receipts. 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.

J. **Goods and Services Tax (GST)**
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 Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

K. **Income Tax**
No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

L. **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

M. **Accounts Payable and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within the short term.

N. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates

(a) Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers.

No judgments are necessary.

3. Revenue

	2021	2020
Revenue	$	$
Donations received for trees	55,528	54,919
Donations received	289,425	292,228
Major business offsets	977,903	183,565
Donations to offsetting	115,156	138,923
Ecards	21,401	39,374
Business plant a tree	179,668	128,070
Net grant funding	151,590	100,000
Other Revenue	2,086	75,007
	1,792,757	**1,012,086**

4. Other Income

	2021	2020
Other Income	$	$
Interest received	5,501	3,443

5. Major Planting Expenses

	2021	2020
	$	$
Major Planting Expenses		
Planting establishment	514,263	385,618
Monitoring costs	25,380	30,106
Caveats and covenants	909	9,270
Landholder costs	(15,475)	35,000
	525,077	**459,994**

6. Cash and Cash Equivalents

	2021	2020
	$	$
Cash & cash equivalents		
Cash on hand	19	24
Cash at bank - Operating account	665,723	132,333
Cash at bank - Term deposit	309,201	305,798
Cash at bank - Cash reserve	29,684	65,596
	1,004,627	**503,752**

7. Reconciliation of profit after tax to net cash inflow from operating activities

	2021	2020
Reconciliation of profit after tax to net cash inflow from operating activities	$	$
Net surplus/((loss) before income tax	379,280	(9,657)
(Increase)/decrease in trade and other receivables	19,863	(73,264)
(Increase)/decrease in inventory	98,916	(73,197)
Increase/(decrease) in provisions	(27,524)	45,320
Increase/(decrease) in current trade and other payables	33,364	(50,782)
Changes in assets and liabilities		
Non cash flows in profit from ordinary activities: Depreciation	1,643	1,612
Net cash inflow/(outflow) from operating activities	**505,542**	**(159,968)**

8. Inventory

	2021	2020
	$	$
Opening Inventory		
Brought forward as at 1st October 2020	278,691	214,113
Planting establishment costs	525,077	459,994
Stock sold	(623,993)	(395,416)
Carried forward as at 30 September 2021	**179,775**	**278,691**

9. Trade and other receivables

	2021	2020
	$	$
Trade & other receivables		
Trade debtors	22,986	431
ATO	0	11,271
GST receivable	13,552	432
Other receivable	1,072	64,701
	37,610	**76,835**

Terms: Receivables are usually settled within 30 days and are generally non-interest bearing.
Impairment: An allowance for doubtful debts is made where there is objective evidence that trade receivables are impaired.

10. Other current assets

	2021	2020
	$	$
Other current assets		
Prepayments	22,722	3,360
Rental Bond on premises	2,478	2,478
	25,200	**5,838**

11. Property, plant and equipment

	2021	2020
	$	$
Equipment at cost	13,422	9,070
Accumulated depreciation	(6,875)	(5,232)
	6,547	**3,838**

Movement in carrying amounts

	Equipment	Total
Balance as at 30 September 2020	**3,838**	**3,838**
Additions	4,352	4,352
Disposals	0	0
Depreciation	(1,643)	(1,643)
Carrying amount as at 30 September 2021	**6,547**	**6,547**

12. Trade and other payables

	2021	2020
	$	$
Trade and other payables		
Trade creditors	21,361	169
Superannuation	6,217	5,470
PAYG	12,024	343
GST	0	257
Other	0	314
	39,602	**6,552**

13. Provisions and accruals

	2021	2020
	$	$
Provisions and accruals		
Audit fee provision	6,500	4,500
Accrued expenses	5,376	13,933
Accrued annual leave	38,135	24,102
Landowner incentives	0	35,000
	50,011	**77,535**

The accruals for annual leave are presented as current obligations, since the Company does not have an unconditional right to defer settlement. However based on past experience, the Company does not expect all employees to take the full amount of accrued leave within the next 12 months. The expected cash outflow timing is anticipated to be within one year. The Company has no policy whereby employees are required to take their accrued leave within 12 months. Accrued leave has been reallocated from Trade and Other payables.

14. Remuneration of auditors

The company's auditor is Moore Australia. During the year an amount of $4,500 was paid to the previous auditor Ray Woolley Pty Ltd for audit services provided in the 2020 financial year.

15. Key management personnel

The key management personnel comprise the Directors identified in the Directors's report and the following management staff

Chief Executive Officer - Louise-Marlena Tarrier

	2021	2020
Total Remuneration paid (salary)	136,692	72,909

Directors are volunteers and have no beneficial interest in the company. Catherine Patterson is an employee of the organisation as well as being Company Secretary.

16. Related party transactions

Related Party Transactions	**2021**	**2020**
Carbon West	29,806	66,000

Jennifer West, a Director is also a Director of Carbon West. Carbon West provided services to Carbon Neutral Charitable Fund in relation to survey data collected for CarbonCare™.

17. Commitments

Operating lease Commitments: There were no operating lease commitments at year end.

Planting Commitments: There were no planting commitments outstanding at year end.

18. Contingent assets and liabilities

Contingent assets: There were no contingent assets at year end.

Contingent liabilities: There were no contingent liabilities at year end.

19. Financial Instruments

Financial Risk Management
The company's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable. The company does not have any derivative instruments as at 30 September 2021.

i. Treasury Risk Management All funds are held in at-call deposits or in short term investments with major banks.
ii. Financial Risks The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk
There is no significant interest rate risk. Cash held in banks is subject to floating interest rates. There is no interest risk on Accounts payable or receivable.

Liquidity risk
The company manages liquidity risk by monitoring forecast cash flows.

Credit risk
The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The company does not usually have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

Price risk
The company is not exposed to any material commodity price risk.

Foreign currency risk The company is not exposed to fluctuations in foreign currencies.

20. Member guarantee

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up the constitution states that each member is required to contribute a maximum of $1 each towards the property of the company for payment of the debts and liabilities of the company. As at 30 September 2021 the number of members was 62 (2020: 59).

21. Events after the balance 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 company, the results of those operations, or the state of the affairs of the company in future financial years.