

Changing
the way
we drink



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Alcohol Education and Rehabilitation Foundation Ltd • ABN 91 096 854 385

CORPORATE INFORMATION

This annual report covers the Alcohol Education and Rehabilitation Foundation Ltd (AER) as an individual entity. The AER's function and presentation currency is AUD (\$).

A description of AER's operations and of its principal activities is included in the review of operations and activities in the directors' report on pages 4 to 10. The directors' report is not part of the financial report.

Directors

I Webster (Chair)
S Wilson (Deputy Chair)
C Bart
T Costello
D Crosbie
P d'Abbs
A Mosey
B Tobin

Company Secretary

D Smeaton

Registered office

Suite 8 Level 1
8 Phipps Close
Deakin ACT 2600

Principal place of business

Suite 8 Level 1
8 Phipps Close
Deakin ACT 2600

Solicitors

Clayton Utz
GPO Box 1940
Canberra ACT 2601

Bankers

Macquarie Bank
20 Bond Street
Sydney NSW 2000

Auditors

Australian National Audit Office
GPO Box 707
Canberra ACT 2601

DIRECTORS' REPORT

The directors present their report together with the financial report on the Alcohol Education and Rehabilitation Foundation Ltd (AER) for the financial year ended 30 June 2006 and the auditors report thereon.

DIRECTORS

Names, qualifications, experience and special responsibilities of AER directors in office at any time during or since the end of the financial year are as follows:

Professor Ian William Webster AO (Chair)

Professor Webster was appointed a director of AER on 17 October 2001. Professor Webster is a physician and Emeritus Professor of Public Health and Community Medicine of the University of New South Wales. He is Patron of the Alcohol and other Drugs Council of Australia, Chair of the National Advisory Council on Suicide Prevention, Chair of the NSW Expert Advisory Committee on Alcohol and Drugs and President, Governing Council of The Ted Noffs Foundation.

He has chaired a number of Commonwealth and State Government inquiries and reviews in disability, health, mental health and alcohol and other drug problems. He is in clinical practice in the Drug and Alcohol Services in the South Western Sydney Area Health Service, in Nowra, NSW and is honorary visiting physician to the Matthew Talbot Hostel for the homeless in Sydney. He has conducted research and published in medicine, community and public health, alcohol and other drug problems, mental health and social issues.

Presently, he is the AER Chair and also serves on the Executive and Remuneration committees.

During the past year Professor Webster has also served as a director of the following other companies:

- The Ted Noffs Foundation
- AW Tyree Foundation
- Webster Associates Pty Ltd

Scott Wilson (Deputy Chair)

Scott Wilson was appointed a director of AER on 17 October 2001. Mr Wilson is the State Director of the Aboriginal Drug and Alcohol Council (SA) Inc, which is the only Indigenous organisation of its kind in Australia. Mr Wilson has presented a number of papers on behalf of ADAC at both national and international conferences on indigenous drug and alcohol issues and was awarded the Alcohol and other Drugs Council of Australia (ADCA) Australia Day Achievement Medallion in 1997. In 2003, Mr Wilson was awarded the Centenary Medal for service to Indigenous substance misuse issues.

Presently, he is the AER Deputy Chair and also serves on the Audit, Executive and Remuneration committees.

During the past year Mr Wilson has also served as a director of the following other companies:

- Wine Foundation

Cheryl Sarah Bart (Chair Audit Committee) BCom/LLB

Cheryl Bart was appointed a director of AER on 17 October 2001. Cheryl Bart is a lawyer and company director. She is the Chairman of the South Australian Film Corporation and also Chairs the Adelaide Film Festival.

Presently, she is the AER Audit Chair.

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During the past year Ms Bart has also served as a director of the following other companies:

- Spark Infrastructure Ltd
- ANZ Executors & Trustees Company Limited
- ETSA Utilities
- Defence Industry Advisory Board
- Economic Development Board
- South Australia Film Corporation
- Adelaide Film Festival
- Adelaide Film Festival Investment Fund
- Shaw of Australia
- Electro Optics Systems Holding Ltd
- Growth Properties Ltd

Dr Ngaire Joy Brown (resigned 20/02/2006)

Dr Brown was appointed a director of AER on 17 October 2001 and resigned as a director of AER on 20 February 2006.

Timothy Ewen Costello AO

Timothy Costello was appointed a director of AER on 17 October 2001. Tim Costello has a life long commitment to social justice. He is Chief Executive Officer of World Vision Australia.

David William Crosbie

David Crosbie was appointed a director of AER on 17 October 2001. David Crosbie is currently CEO of Odyssey House Victoria, one of Australia's leading alcohol and drug treatment agencies. He is the former CEO of the Alcohol and other Drugs Council of Australia, and has extensive experience in developing and implementing policies and programs to reduce the level of alcohol related harm in Australia.

Presently, he also serves on the Executive and Remuneration committees.

During the past year Mr Crosbie has also served as a director of the following other companies:

- Crosbie and Associates Pty Ltd
- National Drugs Partnership
- Non Profit Australia

Associate Professor Peter Harald Nilsen d'Abbs

Associate Professor d'Abbs was appointed a director of AER on 17 October 2001. Associate Professor d'Abbs holds a position in the School of Public Health and Tropical Medicine, James Cook University, Cairns and is currently also working with Queensland Health, Cairns. He has conducted extensive policy - related research and evaluation in the areas of alcohol problems and community-based interventions, particularly in Indigenous and rural/remote settings.

Elizabeth Anne Mosey

Elizabeth Mosey was appointed a director of AER on 17 October 2001. Elizabeth Mosey has worked with remote Aboriginal communities for over 10 years in the Northern Territory, Queensland and Western Australia to assist them in the development of strategies concerning alcohol abuse and petrol sniffing. She is currently working as a consultant providing training and community development support to government and non-government agencies in the areas of alcohol and inhalant substance misuse.

Presently, she serves on the Executive and Remuneration committees.

Dr Bernadette Tobin MA(Melb) Med(Melb) Phd(Cantab)

Dr Tobin was appointed a director of AER on 17 October 2001. Dr Tobin is Director of the Plunkett Centre for Ethics at St Vincent’s Hospital in Sydney and Reader in Philosophy at Australian Catholic University.

Presently, she also serves on the Audit committee.

During the past year Dr Tobin has also served as a director of the following other companies:

- Kincoppal-Rose Bay School Pty Ltd
- Garvan Institute for Medical Research



Ian Webster



Scott Wilson



Cheryl Bart



David Crosbie



Ngaire Brown



Tim Costello



Peter d'Abbs



Anne Mosey



Bernadette Tobin

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COMPANY SECRETARY

Daryl Peter Smeaton

Daryl Smeaton was appointed the secretary of AER on 17 October 2001.

Presently, he is the AER Chief Executive Officer. Previously he was Chief Executive Officer of the Real Estate Institute of Australia and prior to that was employed for 30 years by the Commonwealth Government. He holds a Bachelor of Arts and a Graduate Diploma in Law from the University of Canberra.

DIRECTORS MEETINGS

The number of directors meetings and number of meetings attended by each director during the financial year are:

Director Name	General		Executive		Audit	
	Held	Attended	Held	Attended	Held	Attended
Ian William Webster	4	4	4	4		
Scott Wilson	4	4	4	4	6	6
Cheryl Sarah Bart	4	3			6	6
Ngaire Joy Brown	4	1				
Timothy Ewen Costello	4	3				
David William Crosbie	4	4	4	3		
Peter Harald Nilsen d'Abbs	4	3				
Elizabeth Anne Mosey	4	4	4	4		
Bernadette Tobin	4	4			6	6

Directors have been in office since their initial date of appointment upon the formation of AER to the date of this report unless otherwise stated.

AER OVERVIEW

AER was established by its members on 17 October 2001 and The Alcohol Education and Rehabilitation Account Act 2001 (the Act), a funding agreement dated 15 November 2001 with the Australian Government (the Agreement), and the AER Constitution outline its purpose and objectives.

AER's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

PRINCIPAL ACTIVITIES

The principal activity of AER during the financial year was the awarding of community grants, to be expended for one or more of the following purposes:

- to prevent alcohol and other licit substance misuse, including petrol sniffing, particularly among vulnerable population groups such as Indigenous Australians and youth;
- to support evidence-based alcohol and other licit substance misuse treatment, rehabilitation, research and prevention programs;
- to promote community education encouraging low risk consumption of alcohol and highlighting the dangers of licit substance misuse;

- to promote public awareness of the work of AER and raise funds from the private sector for the ongoing work of AER; and
- to provide funding grants to organisations with appropriate community linkages to deliver services which reduce the harms caused by alcohol and other licit substance misuse.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Since 1 July 2005, AER has implemented a business plan for the period 1 July 2005 to 30 June 2007.

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

OPERATING AND FINANCIAL REVIEW

The operating loss of AER for the current financial year amounted to \$18,371,857 (The operating surplus amounted to \$35,643,571 in 2005).

AER's constitution precludes it from distributing any surpluses to its members. Accordingly, there were no dividends provided for or to be paid by AER since the end of the previous financial year and the directors do not recommend the declaration of a dividend.

The balance of unspent trust funds amounts to \$58,598,301 (\$80,419,002 in 2005). Of the unspent trust funds, AER is committed to providing to grantees a further \$24,112,187. These payments are subject to the grantees meeting the terms of their respective funding agreements. Details of these are shown at note 18. In accordance with Australian National Audit Office advice and Department of Finance directives, the committed trust funds have not been expensed in the Income Statement. If the committed funds were included then the balance of unspent trust funds would amount to \$34,486,114.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Since the end of the financial year AER has approved the awarding of further priority area funding in the amount of \$520,377 consistent with the 2005-2007 business plan.

TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As a result of the introduction of the Australian Equivalents to International Financial Reporting Standards (AEIFRS), the AER financial report has been prepared in accordance with those standards. A reconciliation of adjustments arising on the transition to Australian equivalents to AEIFRS is included in Note 2 of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year AER has paid premiums in respect of directors' and officers' liability and legal expenses and also professional indemnity insurance contracts. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been directors or executive officers of AER.

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses and also professional indemnity insurance contracts, as such disclosure is prohibited under the terms of the contract.

LEGAL PROCEEDINGS

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.

AER was not a party to any such proceedings during the year.

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REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and executives of AER.

Remuneration philosophy

The performance of AER depends upon the quality of its directors and executives. To prosper, AER must attract, motivate and retain highly skilled directors and executives.

Remuneration committee

The Remuneration Committee of the Board of Directors of AER is responsible for determining and reviewing compensation arrangements for directors and the chief executive officer (CEO).

The Remuneration Committee assesses the appropriateness of the nature of remuneration of directors and the CEO on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum benefit from retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The constitution specifies that the remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the General Meeting held on 27 February 2004.

The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable organisations when undertaking a review process.

Each director receives a fee for being a director of AER. An additional fee is also paid for some Board committees on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub committees.

Senior management remuneration

Objective

AER aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within AER so as to:

- reward executives for AER and individual performance against targets set by reference to appropriate benchmarks;
- link rewards with the strategic goals and performance of AER; and
- ensure total remuneration is competitive by market standards.

Structure

Senior managers are given the opportunity to receive their remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for AER.

Note 5 (b) to the financial statements discloses figures in relation to the remuneration of key management personnel.

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AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

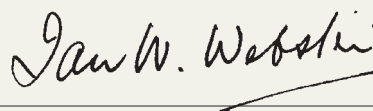
The directors received the following declaration from the auditor of the Alcohol Education and Rehabilitation Foundation Ltd as required under section 307C of the *Corporations Act 2001*.

NON-AUDIT SERVICES

There were no non-audit services provided to AER by its auditor during the financial year.

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

Director



Dated this 1st day of September 2006



Mr Daryl Smeaton
Company Secretary
Alcohol Education and Rehabilitation Foundation Limited
Suite 8
Level 1
8 Phipps Close
DEAKIN ACT 2600

AUDITOR'S INDEPENDENCE DECLARATION
To the Directors of the Alcohol Education and Rehabilitation Foundation Limited

In relation to our audit of the financial report of the Alcohol Education and Rehabilitation Foundation Limited for the year ended 30 June 2006, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office

Michael J. Watson
Group Executive Director

Delegate of the Auditor-General

Canberra
01 September 2006



INDEPENDENT AUDIT REPORT

To the members of the Alcohol Education and Rehabilitation Foundation Limited

Matters relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of the Alcohol Education and Rehab Foundation Limited for the year ended 30 June 2006. The company's directors are responsible for the integrity of both the annual report and its web site.

The audit report refers only to the financial report named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial report.

If the users of this report are concerned with the inherent risks arising from electronic communications they are advised to refer to the hard copy of the audited financial report and the company's annual report.

Scope

The financial report and Directors' responsibility

The financial report comprises:

- Directors' Report;
- Income Statement, Balance Sheet and Cash Flow Statement;
- Statement of Changes in Equity;
- Notes to and forming part of the Financial Report; and
- Directors' Declaration

of the Alcohol Education and Rehabilitation Foundation Limited for the year ended 30 June 2006.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with the requirements of the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia. The directors of the company are also responsible for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud or error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I have conducted an independent audit of the financial report in order to express an opinion on behalf of the members of the company. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the exercise of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the company's financial position, and of its financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by management.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*.

Audit Opinion

In my opinion, the financial report of the Alcohol Education and Rehabilitation Foundation Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Alcohol Education and Rehabilitation Foundation Limited's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
- (b) complying with Accounting Standards and other mandatory financial reporting requirements in Australia and the Corporations Regulations 2001.

Australian National Audit Office



Michael J. Watson
Group Executive Director

Delegate of the Auditor-General

Canberra
01 September 2006

GPO Box 707 CANBERRA ACT 2601
Centenary House 19 National Circuit
BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Alcohol Education and Rehabilitation Foundation Ltd (AER) are responsible for the corporate governance of AER. The Board monitors the business and affairs of AER.

AER's Corporate Governance is structured with reference to the AER Values, which are as follows:

Value 1. Collaborative Approach

Value 2. Capacity Building and Community Engagement

Value 3. Transparent and Accountable

Value 4. Cultural Responsiveness

Value 5. Acknowledging the Importance of Social Justice

AER's corporate governance practices were in place throughout the year ended 30 June 2006.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of AER are considered to be independent when they are independent from management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

Executive Committee

The Board has established an Executive Committee, which meets quarterly, to ensure that the Board continues to operate within established guidelines, including when necessary, selecting candidates for the position of director.

The members of the Executive Committee during the year were:

I. Webster (Committee Chair)

D. Crosbie

E. Mosey

S. Wilson

Audit Committee

The Board has established an Audit Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within AER. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safe guarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial consideration such as benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit Committee are non-executive directors.

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The members of the Audit Committee during the year were:

C. Bart (Committee Chair)

B Tobin

S. Wilson

Remuneration

It is AER's objective to provide maximum benefit from the retention of a highly quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of directors' and executives' emoluments to AER's financial and operational performance.

The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to AER; and
- performance incentives that allow executives to share the success of AER.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer.

The Board has established a Remuneration Committee, and members of the Remuneration Committee throughout the year were:

I. Webster (Committee Chair)

D. Crosbie

E. Mosey

S. Wilson

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INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Continuing operations			
Asset sales	3a	44,276	-
Public Fund	3b	5,461	58
Grant Funds	3c	36,047	52,030,306
Finance revenue	3d	5,133,255	3,632,545
Revenue		5,219,039	55,662,909
Expenses from ordinary activities			
Grant payments	18b	20,218,142	17,431,583
Priority Area payments	18d	1,638,606	-
Occupancy expenses		166,146	369,705
Administrative expenses		396,008	922,167
Depreciation and amortisation expenses	4a	99,304	65,035
Employee benefits expenses	4b	775,018	838,377
Directors expenses	4c	262,698	345,460
Finance costs	4d	23,376	47,011
Net loss on disposal of assets	4e	11,598	-
Net Surplus (Deficit) for the year		(18,371,857)	35,643,571

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BALANCE SHEET

AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
CURRENT ASSETS			
Cash and cash equivalents	6	41,567,199	85,315,082
Trade and other receivables	7	580,793	3,300
Accrued revenue	8	77,564	466,750
Other assets	9	354,948	17,551
TOTAL CURRENT ASSETS		42,580,504	85,802,683
NON-CURRENT ASSETS			
Financial investments held for trading	10	24,396,729	-
Property, plant and equipment	11a	87,890	70,142
Intangible assets	11b	49,003	58,783
TOTAL NON-CURRENT ASSETS		24,533,622	128,925
TOTAL ASSETS		67,114,126	85,931,608
CURRENT LIABILITIES			
Trade and other payables	12	221,553	664,162
Interest-bearing liabilities	13	59,355	45,909
Provisions	14	28,167	43,934
TOTAL CURRENT LIABILITIES		309,075	754,005

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BALANCE SHEET

AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	13	65,009	18,876
Provisions	14	77,634	124,462
TOTAL NON-CURRENT LIABILITIES		142,643	143,338
TOTAL LIABILITIES		451,718	897,343
NET ASSETS		66,662,408	85,034,265
EQUITY			
Reserves- Unspent Trust Funds	15	58,598,301	80,419,002
Retained Surpluses	16	8,064,107	4,615,263
TOTAL EQUITY		66,662,408	85,034,265

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
RESERVES			
Unspent Trust Funds			
Balance at start of year		80,419,002	46,482,254
Transferred to retained surpluses for the year		(21,820,701)	33,936,748
Balance at end of year	15	58,598,301	80,419,002
RETAINED SURPLUSES			
Balance at start of year		4,615,263	2,908,440
Surplus (Deficit) for the year		(18,371,857)	35,643,571
Transfer to Unspent Trust Funds		21,820,701	(33,936,748)
Balance at end of year	16	8,064,107	4,615,263
TOTAL EQUITY		66,662,408	85,034,265

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CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Grant funds		(991,604)	53,085,574
Interest received		4,734,851	3,459,188
Donations		5,461	58
Payments to Suppliers		(2,244,141)	(1,788,447)
Interest paid		(17,376)	(41,011)
Directors		(262,698)	(345,460)
Employees		(795,334)	(779,887)
Grant Payments		(20,218,142)	(17,431,583)
Net cash flows from (used in) operating activities	22(b)	(19,788,983)	36,158,432
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of property, plant and equipment		88,512	-
Payment for property, plant and equipment		(163,153)	(22,352)
Payment for investments		(23,938,730)	-
Net cash flows from (used in) investing activities		(24,013,371)	(22,352)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		103,676	-
Repayments under finance leases		(49,205)	(13,060)
Net cash from (used in) financing activities		54,471	(13,060)
Net increase in cash held		(43,747,883)	36,123,020
Cash at beginning of year		85,315,082	49,192,062
Cash and cash equivalents at end of year	22(a)	41,567,199	85,315,082

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The financial report of the Alcohol Education and Rehabilitation Foundation Ltd (AER) for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of the directors.

AER is a company limited by guarantee, incorporated and domiciled in Australia.

The nature of the operations and principal activities of AER is the awarding of community grants to address alcohol and licit substance misuse.

The following is a summary of the material accounting policies adopted by AER in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and the Australian Accounting Standards.

The financial report covers AER as an individual economic entity.

The financial report is presented in Australian dollars and amounts have been rounded to the nearest dollar.

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS). Compliance with AEIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

In accordance with the requirements of AASB 1: First-time Adoption of AEIFRS, adjustments resulting from the introduction of AEIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of AER prepared in accordance with AEIFRS.

The accounting policies set out below have been consistently applied to all years presented.

Reconciliations of AEIFRS equity and profit for 30 June 2005 to the balances reported in the 30 June 2005 financial report and at transition to AEIFRS are detailed in Note 2.

New accounting standards, and UIG interpretations

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but are not yet effective and have not been adopted by AER for the annual reporting period ended 30 June 2006. The directors' have assessed the impact of these new or amended standards (to the extent relevant to AER) and interpretations as follows:

UIG 4 Determining whether an Arrangement contains a Lease – specifies criteria for determining whether an arrangement is, or contains, a lease.

AASB 7 *Financial Instruments: Disclosures* - requires disclosure of the significance of financial instruments for an entity's financial position and performance; and qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

AASB 2005-10 *Amendments to Australian Accounting Standards* [AASB 132, AASB 101, AASB 114, AASB 117, AASB 139, & AASB 1] – new disclosure requirements for financial instruments applicable for annual reporting periods beginning on or after 1 January 2007.

AASB 2005-7 *Amendments to Australian Accounting Standards* [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038] – AER will be required to disclose the basis for meeting the designation criteria for designation of financial instruments at fair value through profit and loss for accounting periods beginning on or after 1 January 2006.

It is not yet determined whether or to what extent these standards will impact the amounts recognised in the financial statements.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets for which the fair value basis of accounting has been applied.

Accounting policies

a. Economic Dependency

AER was established by its members on 17 October 2001 and The Alcohol Education and Rehabilitation Account Act 2001 (the Act), a funding agreement dated 15 November 2001 with the Australian Government (the Agreement), and AER Constitution outline its purpose and objectives.

During the prior year the Agreement expired. Under the expired Agreement AER has an accumulated pool of funds which it is permitted to use for its continued existence.

AER has established a public fund to assist in ensuring the long term sustainability of AER.

b. Income Tax

AER is a not for profit organisation originally established for the purpose of providing grants to the community. AER applied for and obtained an exemption from the Commissioner for Taxation and accordingly does not account for Income Tax.

AER applied for and obtained Deductible Gift Recipient Status through the specific listing of AER as a deductible gift recipient in the *Income Tax Assessment Act 1997*.

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of those assets, on the basis of the higher of its fair value, less costs to sell, and value in use.

AER has again this year received an independent asset valuation which indicates an \$82,321 increase in the carrying value of intangible assets (computer software). AER has not taken up this increase as it does not meet the recognition criteria in AASB 138 *Intangible Assets*.

AER continues to exercise its right to elect the cost model, rather than the valuation model, under AASB 116 (29) in respect of property, plant and equipment.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

Depreciation

The depreciable amount of all property, plant and equipment including buildings and capitalised leased assets, but excluding freehold land and properties held for investment purposes, is depreciated on a straight line basis over their estimated useful lives to AER 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 assets are:

Class of Asset	2006 Depreciation Rate	2005 Depreciation Rate
Property, plant and equipment	25%-40%	25%-40%
Motor Vehicles	22.5%	22.5%

Impairment of Assets

At each reporting date, AER reviews the carrying value 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 assets carrying value. The asset is then written down to its recoverable amount through the income statement.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, AER estimates the recoverable amount of the cash generating unit to which the asset belongs.

d. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to AER are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the lower of fair value and the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that AER will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for 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.

Lease incentives received under operating leases are recognised as a liability. Lease payments received reduce the liability.

Lease Make-good provision for the accommodation lease has been assessed by an external independent valuation of the responsibility under the lease for make-good, less subsequent depreciation. The opening balance sheet has been adjusted in accordance with AEIFRS as disclosed in Note 2. The asset is being depreciated over the term of the lease resulting in a depreciation expense of \$16,000 in 2006.

e. Employee Benefits

Provision is made for AER's liability for employee benefits arising from services rendered by employees to balance date. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of AER is estimated to be less than the annual benefit for

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

sick leave. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries, annual leave and long service leave have been measured at their nominal amount. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by AER to a fully funded employee superannuation fund and are charged as expenses when incurred.

f. Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less using the indirect method.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

g. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Grant refunds are recognised after the review of the financial acquittal provided for each individual grant awarded and a tax invoice is issued to the relevant grantee for the repayment of any unused funds provided.

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).

h. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: *Financial Instruments: Recognition and Measurement*. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Fair value

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. 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST

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FOR THE YEAR ENDED 30 JUNE 2006

j. **Comparitive Figures**

The comparative figures for AER's fourth year in operation 1 July 2004 to 30 June 2005 are shown. Where required by Accounting Standards, comparitives have been adjusted to conform to changes in presentation for the current financial year.

k. **Critical accounting estimates and judgements**

The directors evaluate estimates and judgements incorporated into the financial report 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.

Key Estimates – Impairment

The AER assesses impairment at each reporting date by evaluating conditions specific to the AER that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair Value and Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

l. **Related Party Disclosures**

Directors associated with organisations which may receive financial support from AER are Ian Webster, President, Governing Council of the Ted Noffs Foundation, Scott Wilson, an employee of the Aboriginal Drug and Alcohol Council (SA) Inc and David Crosbie, an employee of Odyssey House, Victoria.

Terms and Conditions:

Grants awarded to organisations that AER directors are directors and/or employees of are made at arms length and are under the same terms and conditions as all grantees of AER.

AER directors of the related parties were not involved in the decision making process of the grants awarded to those organisations. Details of those grants awarded are contained at Note 25.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2005 \$	2004 \$
NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS			
Total Equity under old AGAAP		85,056,265	49,390,694
Recognise make-good provision	2a	(54,000)	(48,000)
Recognise asset	2a	32,000	48,000
Total Equity under AEIFRS		85,034,265	49,390,694

Surplus under old AGAAP		35,665,571	
Make-good provision		(6,000)	
Depreciation and amortisation		(16,000)	
Surplus under AEIFRS		35,643,571	

2a. An increase in provisions to recognise the lease make-good that has been recognised under AEIFRS. This amount was initially brought to account as an increase in assets of \$48,000 and the recognition of a liability of \$48,000.

2b. The adoption of AEIFRS has not had any impact on the Cash Flow Statement.

	Note	2006 \$	2005 \$
NOTE 3: REVENUES			
a. Asset Sales			
Computers		276	-
Disposal of Lease Make-good asset		44,000	-
Total Asset Sale Revenue		44,276	-

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 3: REVENUES			
b. Public Fund			
Donations		1,314	58
Gifts		4,147	-
Total Public Fund Revenue		5,461	58
c. Grant Funds			
Grants Received			
Dept of Health and Ageing		-	51,818,000
Total Grants Received		-	51,818,000
Grant Payment Refunds			
Anglican Counseling Service		-	9,607
APSAD		-	133
Barossa Region		125	-
Baysa		520	-
Bundjalung Tribal Society		-	504
Curtin University		-	122,134
Deakin University		25,000	-
Demou Venetia		-	888
Directions ACT		-	367
Dr Paul Lehmann		-	3,217
Gindaja SMC		-	16,764
Judge Rainbow Memorial Fund		-	33,320
KASH Aboriginal Corporation		-	2,558
Local Drug Action Group		192	-

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 3: REVENUES			
Longreach Youth Club		3,939	-
Merrylands Community Health		-	1,765
Moree Family Support		1,206	1,432
Mothers Crying Out for Help Group		-	617
Palmerston City Council		5,065	-
Wesley Mission		-	19,000
Total Grant Payment Refunds		36,047	212,306
Total Grant Funds Revenue		36,047	52,030,306
d. Finance Revenue			
Interest Income			
Public Fund		70	1
Operating/Trust Accounts		195,656	957,999
Interest Bearing Deposit		-	2,674,545
Total Interest Income		195,726	3,632,545
Investment Income			
Net Investment Income		4,558,054	-
GST on Brokerage		49,885	-
Tax Imputation Credits		329,590	-
Total Investment Income		4,937,529	-
Total Finance Revenue		5,133,255	3,632,545

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 4: EXPENSES			
Surplus (Deficit) for the year has been determined after:			
a. Depreciation and amortisation of non-current assets			
Telephone system		901	1,333
Furniture and fixtures		10,279	15,250
Other property, plant and equipment		1,515	2,612
Lease Make-good		16,000	16,000
Motor vehicles		23,118	6,376
Computers		47,491	23,464
Total depreciation and amortisation		99,304	65,035
b. Employee benefits expenses			
Wage accrual		4,499	2,318
Superannuation accrual		372	209
Leave accrual		4,453	15,483
Long Service Leave accrual		15,872	12,349
Other employee expenses		27,508	2,505
Wages and salaries		660,463	736,039
Superannuation-defined contribution		55,690	62,184
Workers compensation		6,161	7,290
Total employee benefits expenses		775,018	838,377

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 4: EXPENSES			
c. Directors expenses			
Fees		150,250	164,000
Wages		52,750	57,875
Superannuation		4,747	5,209
Other expenses		54,951	118,376
Total directors expenses		262,698	345,460
d. Finance costs			
Operating leases			
Computer		1,811	31,313
Provision Lease Make-good		6,000	6,000
Photocopier and Fax		8,626	6,958
Finance leases			
Motor vehicles		6,939	2,740
Total finance costs		23,376	47,011
e. Loss on disposal of assets			
Computers		830	-
Motor vehicles		10,751	-
Other property, plant and equipment		17	-
Total loss on disposal of assets		11,598	-
f. Expenditure accruals			
Other expenses		161,590	122,732
Total expenditure accruals		161,590	122,732

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 4: EXPENSES			
g. Rental expense on operating leases			
Computer rental		1,811	31,313
Office lease		55,096	54,148
Photocopy fax lease		8,626	6,958
Total rental expenses on operating leases		65,533	92,419
h. Auditor remuneration			
Audit or review		15,000	15,000
Total Auditor remuneration		15,000	15,000

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION**a. Details of Key Management Personnel****Directors**

I Webster	Chair/Executive Committee
S Wilson	Deputy Chair/Executive and Audit Committees
C Bart	Director/Chair Audit Committee
N Brown	Director (Resigned 20 February 2006)
T Costello	Director
D Crosbie	Director/Executive Committee
P d'Abbs	Director
A Mosey	Director/Executive Committee
B Tobin	Director/Audit Committee

Executives

D Smeaton	Secretary/Chief Executive Officer
T Purdam	Deputy Chief Executive Officer

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION			
b. Compensation of Key Management Personnel			
Short-term benefits			
Salary & Fees		534,996	515,525
Cash Bonus		-	-
Non Monetary benefits		42,598	29,801
Other		-	-
Total Short-term benefits		577,594	545,326
Post employment benefits			
Superannuation		28,642	27,594
Retirement benefits		-	-
Total Post employment benefits		28,642	27,594
Long Term			
Incentive Plans		-	-
Total Long Term		-	-
Total		606,236	572,920

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 6: CASH AND CASH EQUIVALENTS			
The cash and cash equivalent assets comprise the following:			
Public Fund account		5,506	59
Operating account		350,827	594,108
Trust account		1,640,436	9,720,551
Petty cash account		198	364
Term deposits		39,570,232	75,000,000
Total Cash and Cash Equivalents		41,567,199	85,315,082

NOTE 7: TRADE AND OTHER RECEIVABLES

Grant Payment refunds		-	3,300
GST paid		576,861	-
Other receivables		3,932	-
Total Trade and Other Receivables		580,793	3,300

NOTE 8: ACCRUED REVENUE**Interest accrued**

Operating/Trust accounts		49,314	55,822
Investment portfolio		28,250	-
Interest bearing deposit		-	410,928
Total Accrued Revenue		77,564	466,750

NOTE 9: OTHER ASSETS

Deposits paid		1,030	1,030
Imputation Credit refunds		329,590	-
Prepayments		24,328	16,521
Total Other Assets		354,948	17,551

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
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NOTE 10: FINANCIAL INVESTMENTS HELD FOR TRADING

Financial investments held for trading comprise:

Shares in listed corporations, at fair value		24,396,729	-
Total Financial investments held for trading.		24,396,729	-

Financial investments held for trading comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

NOTE 11: PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**a. Property, Plant and Equipment****Non leased Property, Plant and Equipment****Telephone System**

Telephone System at cost		7,845	7,845
Less accumulated depreciation		(6,461)	(5,560)
Total Telephone System		1,384	2,285

Furniture and Fixtures

Furniture and Fixtures at cost		94,991	93,223
Less accumulated depreciation		(78,911)	(68,632)
Total Furniture and Fixtures		16,080	24,591

Other Property, Plant and Equipment

Other Property, Plant and Equipment at cost		8,174	7,990
Less accumulated depreciation		(6,535)	(5,020)
Total Other Property, Plant and Equipment		1,639	2,970

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS			
Leased Property, Plant and Equipment			
Motor Vehicles			
Motor Vehicles at cost		90,088	51,007
Less accumulated depreciation		(21,301)	(10,711)
Total Motor Vehicles		68,787	40,296
Total Property, Plant and Equipment		87,890	70,142
b. Intangible Assets			
Computer software			
Computer software at cost		176,303	106,592
Less accumulated amortisation		(127,300)	(76,809)
Total Computer software		49,003	26,783
Lease Make-good			
Lease Make-good at valuation		-	48,000
Less accumulated depreciation		-	(16,000)
Total Lease Make-good		-	32,000
Total Intangible Assets		49,003	58,783

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS			
c. Movements in Carrying Amounts			
Movements in the carrying amounts for each class of property, plant and equipment and intangible assets between the beginning and the end of the current financial year			
Property, Plant and Equipment			
Telephone System			
Balance at the beginning of the year		2,285	2,729
Additions		-	889
Disposals		-	-
Revaluation increments/ (decrements)		-	-
Depreciation expense		(901)	(1,333)
Carrying amount at the end of the year		1,384	2,285
Furniture and Fixtures			
Balance at the beginning of the year		24,591	30,847
Additions		1,768	8,994
Disposals		-	-
Revaluation increments/ (decrements)		-	-
Depreciation expense		(10,279)	(15,250)
Carrying amount at the end of the year		16,080	24,591

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS			
Other Property, Plant and Equipment			
Balance at the beginning of the year		2,970	5,543
Additions		201	39
Disposals		(17)	-
Revaluation increments/ (decrements)		-	-
Depreciation expense		(1,515)	(2,612)
Carrying amount at the end of the year		1,639	2,970
Motor Vehicles			
Balance at the beginning of the year		40,296	46,672
Additions		90,088	-
Disposals		(38,479)	-
Revaluation increments/ (decrements)		-	-
Depreciation expense		(23,118)	(6,376)
Carrying amount at the end of the year		68,787	40,296
Intangible Assets			
Computer software			
Balance at the beginning of the year		26,783	37,817
Additions		71,096	12,429
Disposals		(1,385)	-
Revaluation increments/ (decrements)		-	-
Amortisation expense		(47,491)	(23,463)
Carrying amount at the end of the year		49,003	26,783

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS			
c. Movements in Carrying Amounts			
Lease Make-good			
Balance at the beginning of the year		32,000	48,000
Additions		-	-
Disposals		(16,000)	-
Revaluation increments/ (decrements)		-	-
Depreciation expense		(16,000)	(16,000)
Carrying amount at the end of the year		-	32,000
Total Movements			
Balance at the beginning of the year		128,925	171,608
Additions		163,153	22,352
Disposals		(55,881)	-
Revaluation increments/(decrements)		-	-
Depreciation/Amortisation expense		(99,304)	(65,035)
Total carrying amount at the end of the year		136,893	128,925

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 12: TRADE AND OTHER PAYABLES			
CURRENT			
Payables		39,196	5,621
Accrued expenses		166,461	125,258
FBT liability		(2,403)	(2,403)
GST liability		631	506,301
PAYG liability		17,668	29,385
Total Trade and Other Payables		221,553	664,162
NOTE 13 : INTEREST BEARING LIABILITIES			
CURRENT			
Bank credit card	23	37,033	31,926
Finance lease liability	17	22,322	13,983
Total Current		59,355	45,909
NON CURRENT			
Finance lease liability	17	65,009	18,876
Total non current		65,009	18,876
Total Interest Bearing Liabilities		124,364	64,785

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 14: PROVISIONS			
CURRENT			
Employee benefits			
Opening balance		43,934	49,016
Additions		10,109	15,483
Amounts charged		(25,876)	(20,565)
Closing balance		28,167	43,934
Lease Make-good provision			
Opening balance		54,000	-
Additions		6,000	-
Amounts charged		(60,000)	-
Closing balance		-	-
Total Current Provisions		28,167	43,934
NON-CURRENT			
Employee benefits			
Opening balance		70,461	33,877
Additions		20,303	36,585
Amounts charged		(13,130)	-
Closing balance		77,634	70,462
a. Aggregate employee benefit liability		105,801	114,396
b. Number of employees at year end		8	8
Lease Make-good provision			
Opening balance		-	48,000
Additions		-	6,000
Amounts charged		-	-
Closing balance		-	54,000
Total Non-Current Provisions		77,634	124,462

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 15: RESERVES			
General Reserve			
The general reserve records trust funds set aside for future grant/priority area payments and AER strategic directions.			
Unspent Trust Funds			
Movements during the year			
Opening balance		80,419,002	46,482,254
Plus Transfer from Retained Surpluses		(21,820,701)	33,936,748
Closing balance		58,598,301	80,419,002
Trust Funds			
Opening balance		80,419,002	46,482,254
Dept of Health and Ageing Grants paid		-	52,489,800
Less GST		-	(4,771,800)
Plus Grant payment refunds	3c	36,047	212,306
Plus Interest received		-	2,996,805
		80,455,049	97,409,365
Grants receivable		-	-
Plus GST		-	13,565
Plus Interest Accrued		-	427,655
		-	441,220
Net Trust Funds		80,455,049	97,850,585
Less Grants/Priority Area payments made	18	(21,856,748)	(17,431,583)
Unspent Trust Funds closing balance		58,598,301	80,419,002

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 16: RETAINED SURPLUSES			
Retained surpluses at beginning of financial year		4,615,263	2,908,440
Operating surplus	2	(18,371,857)	35,643,571
Transfer to general reserve	15	21,820,701	(33,936,748)
Retained surpluses at the end of the financial year		8,064,107	4,615,263

NOTE 17: CAPITAL AND LEASING COMMITMENTS

a. Finance Lease Commitments

Payable

— not later than 1 year		27,803	15,800
— later than 1 year but not later than 5 years		69,753	19,750
Minimum Finance Lease payments		97,556	35,550
Less future finance charges		(10,225)	(2,691)
Total Finance Lease Liability	13	87,331	32,859
Current			
Finance Lease liability		22,322	13,983
Non Current			
Finance lease liability		65,009	18,876
Total Finance Lease Liability		87,331	32,859

Finance Lease exists in relation to the motor vehicle supplied in terms of employment contract.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 17: CAPITAL AND LEASING COMMITMENTS			
b. Operating Lease Commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements:			
Payable			
— not later than 1 year		81,442	59,143
— later than 1 year but not later than 5 years		169,378	85,332
Minimum Operating Lease Commitments		250,820	144,475
Total Operating Lease Commitments		250,820	144,475

The photocopier lease is a non-cancellable lease with a five year term, with rent payable monthly in advance on a fixed monthly instalment for the term of the lease. The equipment is to be returned to the lessee on expiration or termination of the lease.

The property lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. Rental provisions within the property lease agreement require that the minimum lease payments shall be increased by 3% per annum in July each year. An option exists to renew the lease at the end of the three-year term for an additional term of two years.

NOTE 18: OTHER COMMITMENTS**Trust Fund Approvals**

As at 30 June 2006, AER is committed to providing to grantees a further \$24,112,187. These payments are subject to the grantees meeting the terms of their respective funding agreements. The full terms of approval were not complied with at that date. In accordance with Australian National Audit Office advice and the Department of Finance directives, the committed trust funds have not been expensed in the Income Statement. If the committed trust funds were included then the balance of unspent trust funds would amount to \$34,486,114.

	2006 \$	2005 \$
a. Summary		
Balance at the beginning of year	43,842,963	27,172,342
Committed	5,511,014	34,326,281
Total payable	49,353,977	61,498,623
Less amounts paid	(21,856,748)	(17,431,583)
Less amounts unutilised	(3,385,042)	(224,077)
Balance Payable	24,112,187	43,842,963

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
TREATMENT AND REHABILITATION					
Australian Capital Territory					
AERF – Pharmacotherapy meta-evaluation	350,000	-	119,665	-	230,335
Alcohol and Drug Foundation ACT Inc	18,080	-	17,993	87	-
The Salvation Army	10,000	-	10,000	-	-
WIREDD	139,887	-	43,629	-	96,258
Total Australian Capital Territory	517,967	-	191,287	87	326,593
New South Wales					
ADF NSW	154,000	-	127,947	1,053	25,000
Albury Wodonga Aboriginal Health Service	2,000	-	-	-	2,000
Anglican Counselling Service	2,500	-	-	-	2,500
Aroonba Aboriginal Corporation	293	-	-	-	293
Citycare Newcastle Inc	20,000	-	19,979	21	-
CSAHS RPA Hospital	9,000	-	-	-	9,000
Drug and Alcohol Nurses of Australasia	18,800	-	17,800	-	1,000
Family Drug Support	2,000	-	-	-	2,000
Guthrie House Co-operative Ltd	176,000	-	95,000	-	81,000
Hillsong Emerge	124,515	-	115,485	-	9,030
Kamira Farm Incorporated	2,886	-	1,200	1,686	-
Macquarie University – D Hewson	790	-	-	-	790
Mission Australia	161,271	-	77,938	-	83,333

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FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
TREATMENT AND REHABILITATION					
New England Area Health Service	1,600	-	1,600	-	-
Ngaimpe Aboriginal Corp	33,000	-	33,000	-	-
Odyssey House McGrath	23,100	-	22,100	-	1,000
Oolong Aboriginal Corporation Inc	36,575	-	31,000	-	5,575
Regenesis	453	-	453	-	-
Shared Vision Aboriginal Corp Inc	1,000	-	-	1,000	-
Society of St. Vincent de Paul	49,266	-	45,340	3,926	-
South Western Sydney Area HS	38,000	-	35,000	-	3,000
St George District Division of GP	5,250	-	5,250	-	-
St Vincents – The Alcohol and Drug Service	89,000	-	80,000	-	9,000
Sydney West Area Health Service	468,888	-	111,623	275,000	82,265
Ted Noffs Foundation	284,393	-	157,836	-	126,557
Teen Challenge NSW	100,000	-	90,000	-	10,000
The Buttery Incorporated	151,966	-	-	-	151,966
The Construction Industry D and A Foundation	168,581	-	-	-	168,581
The Jewish House	19,500	-	-	19,500	-
The Lyndon Community	476,600	-	373,300	-	103,300
The University of New South Wales	147,616	-	-	-	147,616
The University of Sydney	494,689	-	330,554	-	164,135
Wegelli Aboriginal Corporation	75,000	-	39,000	-	36,000
We Help Ourselves	283,000	-	8,000	-	275,000

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FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
TREATMENT AND REHABILITATION					
Wesley Mission	5,395	-	5,395	-	-
Western Sydney Division of General Practice	246,215	-	141,215	-	105,000
Youth Off The Streets	95,780	-	38,017	14,564	43,199
Youth Solutions	5,000	-	5,000	-	-
Total New South Wales	3,973,922	-	2,009,032	316,750	1,648,140
Northern Territory					
Alcohol Awareness and FR	72,849	-	-	-	72,849
CAAAPU Aboriginal Corp	2,000	-	-	2,000	-
CAAPS	20,552	-	-	-	20,552
Drug and Alcohol Services Association	84,877	-	79,046	831	5,000
Forster Foundation for Drug Rehabilitation Inc	283,690	-	269,440	-	14,250
FORWAARD	2,000	-	2,000	-	-
Ipurla Aboriginal Corporation	275,000	-	98,000	-	177,000
Menzies School of Health Research	500	-	-	-	500
Mt Theo-Yuendumu	125,400	-	82,400	-	43,000
Tangentyere Council Inc	400,813	-	255,500	-	145,313
Total Northern Territory	1,267,681	-	786,386	2,831	478,464

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
TREATMENT AND REHABILITATION					
Queensland					
Aborigines and Islanders Alcohol Relief Services	48,819	-	41,000	-	7,819
ADF QLD	24,840	-	4,840	20,000	-
Brisbane Youth Services	62,500	-	52,500	-	10,000
Congress Community Development and Education Unit	271,612	-	-	-	271,612
Department of Premier and Cabinet	9,632	-	-	-	9,632
Drug Arm	130,107	-	120,107	-	10,000
Ferdy's Haven Rehab Ab Cor	251,364	-	-	-	251,364
Fresh Hope Association	2,500	-	2,500	-	-
Gold Coast Drug Council Inc	263,390	-	255,282	8,108	-
Gumbi Gumbi Aboriginal and Torres Strait Islanders Corp	13,099	-	10,882	-	2,217
Katherine Mann	968	-	968	-	-
Korrawinga Aboriginal Corporation	255,888	-	117,845	-	138,043
Mt Isa Volatile Substance Misuse	122,362	-	109,862	-	12,500
Ozcare	212,620	-	196,020	-	16,600
Pormur Paanth Aboriginal Corporation	275,000	-	120,000	-	155,000
Queensland Baptist Care	12,394	-	-	-	12,394
Queensland Police Service	40,000	-	35,000	-	5,000
The Salvation Army	275,000	-	110,000	-	165,000
Teen Challenge Care (QLD)	275,000	-	275,000	-	-
Wu Chopperen HS Ltd	43,274	-	38,275	-	4,999
Total Queensland	2,590,369	-	1,490,081	28,108	1,072,180

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FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
TREATMENT AND REHABILITATION					
South Australia					
ADAC of SA Inc	12,072	-	11,000	-	1,072
Anglicare SA Incorporated	274,175	-	237,000	-	37,175
Baptist Community Service	2,085	-	-	-	2,085
Ceduna Koonibba Aboriginal HS Inc	6,751	-	-	6,751	-
Goreta Aboriginal Corporation	178,250	-	-	-	178,250
Lower Murray Nungas Club	6,097	-	-	6,097	-
National Correctional Services AC	19,500	-	15,000	-	4,500
Mission Australia	29,667	-	27,289	2,378	-
NCETA	62,113	-	-	-	62,113
Northern Area Community and Youth Services Inc	19,110	-	18,000	-	1,110
OARS SA	485,616	-	221,008	-	264,608
Port Augusta Hospital	112,060	-	112,060	-	-
Port Lincoln Health Service Inc	1,500	-	-	1,500	-
RDNS Research Unit	14,600	-	-	-	14,600
SANDAS	74,420	-	36,380	-	38,040
Uniting Care Wesley Adelaide SA	130,934	-	65,013	-	65,921
University of Adelaide	144,226	-	75,000	-	69,226
Total South Australia	1,573,176	-	817,750	16,726	738,700

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FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
TREATMENT AND REHABILITATION					
Tasmania					
Drug Education Network	160,265	-	-	-	160,265
Launceston City Mission	59,000	-	-	-	59,000
Tasmanian Department of Health and Human Services	275,000	-	-	-	275,000
Salvation Army	173,477	-	80,779	-	92,698
The Pharmacy Guild of Australia TAS	24,594	-	20,000	-	4,594
Total Tasmania	692,336	-	100,779	-	591,557
Victoria					
ARCAB – Western Region A & D Centre	197,319	-	190,000	-	7,319
Baysa Limited – Baysa Youth Services	365,232	-	260,615	-	104,617
Bendigo and District Division of General Practice	150,000	-	-	-	150,000
Beyond Blue	202,000	-	202,000	-	-
Centacare Catholic Family Services	39,000	-	36,000	-	3,000
City of Greater Geelong	1,892	-	1,892	-	-
Deakin University	160,735	-	-	-	160,735
Glenelg Southern Grampians DTS	84,800	-	76,000	-	8,800
Grampians Community Health Centre Inc	276,977	-	142,000	-	134,977
Heatherton Christian Resource Centre	280,000	-	-	-	280,000
Jesuit Social Services	264,000	-	240,000	-	24,000
Njerda Aboriginal Corporation	275,000	-	91,633	-	183,367
Odyssey House Victoria	120,000	-	20,000	-	100,000

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FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
TREATMENT AND REHABILITATION					
Odyssey Institute of Studies	40,726	-	-	-	40,726
Orygen Research Centre	281,975	-	258,725	-	23,250
Shekinah Homelessness Services Inc	25,277	-	22,277	-	3,000
Southern Health	248,512	-	162,023	-	86,489
St Vincents Hospital – Dr A Dent	71,358	-	62,000	-	9,358
Taskforce Community Agency Inc	55,000	-	55,000	-	-
The Bouyancy Foundation of Vic	25,000	-	22,500	-	2,500
The Pharmaceutical Society of Aust	5,000		5,000	-	-
The Salvation Army (VIC)	10,000	-	-	-	10,000
The Windana Society	23,843	-	7,426	16,417	-
Turning Point Drug and Alcohol Centre	340,626	-	300,112	1,891	38,623
Uniting Care Moreland Hall	10,000	-	10,000	-	-
VAADA	1,500	-	-	-	1,500
Western Region ADC	71,276	-	40,276	-	31,000
Whitelion	14,946	-	14,946	-	-
Youth Substance Abuse Service	503,084	-	204,813	-	298,271
Total Victoria	4,145,078	-	2,425,238	18,308	1,701,532

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FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
TREATMENT AND REHABILITATION					
Western Australia					
Collie Health Service	3,440	-	-	-	3,440
Curtin University of Technology – NDRI	332,958	-	235,000	-	97,958
Drug and Alcohol Office	56,222	-	53,222	-	3,000
Drug Arm WA Inc	44,900	-	41,000	-	3,900
Holyoake	31,090	-	28,500	-	2,590
John Wale	13,000	-	6,000	-	7,000
Kimberley Aboriginal Law and Culture Centre	162,000	-	76,000	-	86,000
Local Drug Action Groups Inc	5,000	-	-	5,000	-
Mission Australia	275,000	-	136,337	-	138,663
Ngnowar-Aerwah Aboriginal Corporation	242,251	-	230,000	-	12,251
Palmerston Association Inc	344,830	-	276,727	-	68,103
Perth Community Drug Service Team	4,100	-	3,600	-	500
Salvation Army Bridge	480,608	-	187,324	-	293,284
Serenity Lodge	275,000	-	253,462	21,538	-
WANADA	39,000	-	36,000	-	3,000
WA Council on Addiction Inc	160,785	-	90,985	-	69,800
Total Western Australia	2,470,184	-	1,654,157	26,538	789,489
Total Treatment and Rehabilitation	17,230,713	-	9,474,710	409,348	7,346,655

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
PREVENTION					
Australian Capital Territory					
ADCA	164,633	-	-	-	164,633
Australian Alcohol and Other Drug Sector	1,600,000	-	-	1,200,000	400,000
Australian Division of GP's	628,079	-	500,000	-	128,079
Dr Maggie Brady	53,889	-	48,889	-	5,000
Total Australian Capital Territory	2,446,601	-	548,889	1,200,000	697,712
New South Wales					
Arts North West	250,000	-	125,000	-	125,000
DAMEC	249,903	-	149,903	-	100,000
Family Drug Support	2,000	-	-	-	2,000
Glebe Youth Services	9,500	-	-	9,500	-
Hornsby Shire Council	1,000	-	-	-	1,000
International Society for Biomedical Research on Alcoholism	20,000	-	-	-	20,000
Macquarie University	34,160	-	-	-	34,160
Moree Boomerangs	2,618	-	-	2,618	-
Moree Family Support Inc	2,000	-	-	2,000	-
NDARC	362,223	-	124,509	-	237,714
Newcastle City Council	250,000	-	125,000	-	125,000
NSW Bureau of Crime Stat & Res	152,000	-	114,500	32,500	5,000
NSW Department of Health	1,630,000	-	-	-	1,630,000
Queanbeyan West Public School	18,440	-	7,000	-	11,440

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
PREVENTION					
Royal Prince Alfred Hospital	117,571	-	63,287	-	54,284
South West Sydney AHS	210,358	-	-	-	210,358
Tourism and Training Australia	14,875	-	14,875	-	-
University of New South Wales	2,472	-	-	-	2,472
University of Newcastle	2,110,425	-	464,888	-	1,645,537
University of Sydney	350,000	-	175,000	-	175,000
Vibe Australia	285,000	-	150,000	-	135,000
Total New South Wales	6,074,545	-	1,513,962	46,618	4,513,965
Northern Territory					
AFL Central Australia	150,000	-	100,000	-	50,000
Alice Springs Youth Accommodation SS	19,830	-	18,830	-	1,000
Batchelor IOITE	1,983	-	-	-	1,983
Central Australian Aboriginal Congress	18,860	-	16,425	-	2,435
Djabulukgu Association	328,254	-	188,254	-	140,000
Djilpin Arts Aboriginal Corporation	20,000	-	20,000	-	-
Gumatj Association Inc-Gunyangara Men's Group	342,000	-	200,000	-	142,000
Mt Theo Yuendumu	622	-	-	-	622
NPY Womens Council	910	-	-	-	910
Palmerston City Council	2,000	-	-	2,000	-
Sports Challenge Australia	1,000	-	-	-	1,000
Tangentyere Council Inc	352,468	-	350,500	-	1,968
YMCA Katherine	721,535	-	234,042	-	487,493

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FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
PREVENTION					
Yeulamu Community Council Inc	20,000	-	19,000	-	1,000
Yuendumu Community Council	2,000	-	-	-	2,000
Yuendumu Womens Centre	4,000	-	-	-	4,000
Total Northern Territory	1,985,462	-	1,147,051	2,000	836,411
Queensland					
Apunipima Cape York Health Council	3,543	-	-	-	3,543
Drug Arm Australasia	120,000	-	110,000	-	10,000
Nicki Gazis / QLD University	46,093	-	25,853	-	20,240
Girringun Aboriginal Corporation	2,000	-	-	2,000	-
James Cook University	26,000	-	-	-	26,000
KASH	381,260	-	360,000	-	21,260
Keriba-Mina TSIC for Development	1,800	-	-	-	1,800
Livingstone Shire Council	300	-	-	-	300
Lockhart River Council	2,000	-	-	2,000	-
Monto Community Development	2,000	-	831	1,169	-
Mothers Crying Out for Help Group	465	-	-	465	-
Ozcare	37,446	-	34,500	-	2,946
Queensland Health	50,000	-	50,000	-	-
Queensland Police Citizens Youth Welfare	1,860	-	-	-	1,860
The University of Queensland	362,915	-	226,820	-	136,095
Wu Chopperren	1,000	-	-	-	1,000
Total Queensland	1,038,682	-	808,004	5,634	225,044

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
PREVENTION					
South Australia					
ADAC of SA Inc	2,000	-	-	-	2,000
Alzheimers Australia SA Inc	279,849	-	-	-	279,849
Barossa Region Road Safety Committee	238	-	-	238	-
Kalparrin Community Inc	1,001	-	1,001	-	-
Keith and District Hospital Inc	281	-	149	132	-
Life Education Australia	25,685	-	-	-	25,685
Mary Black	950	-	950	-	-
Mission Australia's Hindmarsh Centre	4,345	-	2,105	-	2,240
NCETA – N Skinner	10,000	-	-	-	10,000
NCETA –The 3r's	5,506	-	-	-	5,506
Port Lincoln Aboriginal Community Inc	108,872	-	48,436	-	60,436
Vietnamese Community in Australia	260,000	-	150,000	-	110,000
Wakefield Health	245,000		145,000		100,000
YWCA of Adelaide Inc	139,079	-	79,079	28,500	31,500
Total South Australia	1,082,806	-	426,720	28,870	627,216
Tasmania					
Community Connections Inc	210,000	-	100,000	-	110,000
The Link Youth Health Service Inc	1,977	-	-	-	1,977
Total Tasmania	211,977	-	100,000	-	111,977

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FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
PREVENTION					
Victoria					
Australian Drug Foundation	928,830	-	928,830	-	-
Baysa Youth Services	14,323	-	500	500	13,323
Breaking the Barriers Action Group	5,800	-	5,000	-	800
Brophy Family and Youth Services	1,000	-	-	-	1,000
Deakin University	28,467	-	-	28,467	-
Erin Crowley	10,900	-	9,000	-	1,900
Gennady Baksheev	15,000	-	-	15,000	-
Latrobe City Council	2,670	-	-	-	2,670
Murdoch Children's Research Institute	146,696	-	131,696	-	15,000
Peninsula Health Drug & Alcohol Program	500	-	-	-	500
Southern Health	125,000	-	85,000	-	40,000
SPARC/ARBIAS	6,000	-	5,500	-	500
Turning Point Drug and Alcohol Centre	1,063,240	-	371,270	-	691,970
University of Melbourne	85,071	-	-	-	85,071
Victoria Government	1,100,000	-	85,000	-	1,015,000
Western Health through DASWest Youth Services	500	-	-	-	500
Western Region Alcohol and Drug Centre	500	-	-	-	500
Total Victoria	3,534,497	-	1,621,796	43,967	1,868,734

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FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
PREVENTION					
Western Australia					
City of Canning	500	-	-	-	500
City of Kalgoorlie Boulder	25,000	-	20,000	-	5,000
Curtin University of Technology	299,664	-	-	-	299,664
Greater Bunbury Division of GP's	268,698	-	133,698	-	135,000
Karratha Youth Theatre	2,000	-	-	2,000	-
Kimberley Community DST	356,486	-	79,794	-	276,692
NDRI Indigenous Traineeship	60,738	-	-	-	60,738
NDRI Tim Stockwell	20,000	-	20,000	-	-
Noongar/Alcohol Substance Abuse Service	1,000	-	-	-	1,000
Royal Life Saving Society of WA	301,100	-	171,100	-	130,000
Shire of Halls Creek	450,000	-	430,000	-	20,000
Telethon Institute	900,000	-	524,500	-	375,500
University of WA – Gary Hulse	5,567	-	5,567	-	-
University of WA – O Almeida	6,753	-	6,753	-	-
WANADA	20,000	-	20,000	-	-
Wheat Belt Comm Drugs	47,907	-	4,351	43,556	-
Total Western Australia	2,765,413	-	1,415,763	45,556	1,304,094
Total Prevention	19,139,983	-	7,582,185	1,372,645	10,185,153

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
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NOTE 18: OTHER COMMITMENTS**b. Grants****Individual Grantee Details****PUBLIC EDUCATION****Australian Capital Territory**

ADCA Robert Preece	10,000	-	10,000	-	-
Australian Alcohol and Other Drug Sector	1,500,000		-	1,500,000	
Australian Associated Brewers Inc	202,917	-	93,561	18,447	90,909
Australian Sports Medicine Federation	100,000	-	50,000	-	50,000
Total Australian Capital Territory	1,812,917	-	153,561	1,518,447	140,909

New South Wales

Breakfree Foundation Limited	1,000	-	1,000	-	-
Byron Youth Activities	1,917	-	-	1,917	-
Calvary Health Care Riverina	740	-	-	-	740
Community Broadcasting Association of Australia	185,000	-	165,000	-	20,000
DAMEC	96,420	-	88,420	-	8,000
Drug Arm Wollongong	39,007	-	-	-	39,007
Greater Western Area Health	27,928	-	25,928	-	2,000
Griffith Skills Training Centre	280	-	-	280	-
Historic Houses Trust of NSW	1,180	-	-	-	1,180
Hunter Centre for H A	10,000	-	-	-	10,000
Lithgow Community Projects	1,690	-	1,690	-	-
Macquarie Area Health Service	2,500	-	2,500	-	-
MDECC	375,695	-	210,695	-	165,000
NDARC M Shanahan	2,000	-	2,000	-	-
Nambucca Shire Council	5,680	-	-	5,680	-

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
PUBLIC EDUCATION					
Newcastle City Council	128,600	-	62,510	-	66,090
NSW Department of Health	945,500	-	-	-	945,500
NSW Police – Penrith Liquor Accord	2,000	-	-	2,000	-
Port Stephens Council	23,095	-	-	23,095	-
RADD Australia Ltd	18,000	-	18,000	-	-
Radiowise Media Networks	462,229	-	462,229	-	-
Sydney West Area Health Service	741	-	-	-	741
Tamworth Youth Care Inc	980	-	-	-	980
The University of New South Wales	4,000	-	4,000	-	-
The University of Sydney	930	-	930	-	-
We Help Ourselves	2,000	-	2,000	-	-
Wirringa Baiya Aboriginal Women's Legal Centre Inc	17,339	-	16,000	-	1,339
Wollongong Local Area Command	1,000	-	1,000	-	-
Total New South Wales	2,357,451	-	1,063,902	32,972	1,260,577
Northern Territory					
Central Australian Aboriginal Media Association	250,000	-	180,000	-	70,000
Central Land Council	1,000	-	-	1,000	-
Council for Aboriginal Alcohol Programme Services Inc	38,515	-	-	-	38,515
Mutitjulu Community Inc	2,000	-	-	-	2,000
Nyirranggulung Mardruk Ngadberre Council	1,000	-	-	-	1,000
Walungurru Community Aboriginal Council AC	2,000	-	-	-	2,000
Total Northern Territory	294,515	-	180,000	1,000	113,515

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
PUBLIC EDUCATION					
Queensland					
Ethnic Broadcasting Association of QLD Ltd	500	-	500	-	-
Longreach Youth Club & Sports Complex	1,000	-	-	1,000	-
National Indigenous Radio Services Ltd	84,350	-	74,350	-	10,000
Perry Shire Council	257	-	-	-	257
QLD Health	120,593	-	110,000	-	10,593
South Burnett CTC Youth Services	376,500	-	256,500	-	120,000
Wu Chopperren	935	-	-	-	935
Total Queensland	584,135	-	441,350	1,000	141,785
South Australia					
ADAC HOSW 2004	2,500	-	-	-	2,500
ADAC & Streetwise	13,856	-	13,856	-	-
ADAC Inc – Indigenous Standard Drinks	5,000	-	-	-	5,000
Booleroo Centre DH and HS Inc	5,000	-	-	-	5,000
Confederation of Australian Sport – 10th Australian Masters Games	1,000	-	-	-	1,000
Drug and Alcohol Services Council	200,000	-	-	-	200,000
Flinders University of SA	60,044	-	55,000	-	5,044
Port Adelaide Football Club	45,455	-	45,455	-	-
Total South Australia	332,855	-	114,311	-	218,544

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
PUBLIC EDUCATION					
Tasmania					
Launceston City Council	8,200	-	-	-	8,200
University of Tasmania	489,442	-	269,442	-	220,000
Total Tasmania	497,642	-	269,442	-	228,200
Victoria					
Australian Drug Foundation GSP	5,000	-	5,000	-	-
Central Bayside Community Health	25,000	-	20,000	-	5,000
Child and Family Services – Ballarat	2,000	-	-	-	2,000
Cobaw Community Health Service	216,945	-	156,945	-	60,000
Colac Area Health	9,411	-	9,411	-	-
Corrugation Road	44,000	-	-	44,000	-
Focal Promotions Pty Ltd	250,000	-	230,000	-	20,000
Grampians Community Health Centre	179,197	-	109,197	-	70,000
Odyssey Institute of Studies	4,642	-	-	-	4,642
Self Help Addiction Resource Centre Inc	95,400	-	60,400	-	35,000
South Western Centre Against Sexual Assault	1,000	-	1,000	-	-
Sunraysia Community Health Services	250	-	-	-	250
Turning Point Alcohol & Drug Centre Inc	1,280	-	1,280	-	-
VAADA	640	-	-	-	640
VAADA NADA WANADA	125,000	-	-	-	125,000
Vic Arabic Social Service	8,000	-	-	-	8,000
Victorian Deaf Society	20,000	-	19,000	-	1,000
Total Victoria	987,765	-	612,233	44,000	331,532

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
b. Grants					
Individual Grantee Details					
PUBLIC EDUCATION					
Western Australia					
Broome Aboriginal Media	149,920	-	79,920	-	70,000
City of Canning	46,000	-	38,000	-	8,000
Compari Midwest Community DST	3,000	-	2,745	255	-
Curtin University	332,934	-	137,975	-	194,959
Curtin University – WA Department of Health	61,808	-	56,808	-	5,000
Denmark Local Drug Action Group	1,000	-	1,000	-	-
Port Hedland Sobering Up Centre Group	325	-	-	325	-
Sports Challenge	10,000	-	10,000	-	-
Total Western Australia	604,987	-	326,448	580	277,959
Total Public Education	7,472,267	-	3,161,247	1,597,999	2,713,021
TOTAL GRANTS	43,842,963	-	20,218,142	3,379,992	20,244,829
			Treatment and Rehabilitation	Public Education	Total 2006
c. Grant Commitments					
Payable					
— not later than 1 year	6,316,554	8,083,274	2,248,735	16,648,563	
— later than 1 year but not later than 2 years	960,049	1,516,048	408,786	2,884,883	
— later than 2 years but not later than 5 years	70,052	585,831	55,500	711,383	
Total Grant Liability	7,346,655	10,185,153	2,713,021	20,244,829	

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
d. Priority Areas					
Individual Beneficiary Details					
PRIORITY AREA ONE					
Australian Capital Territory					
AER Business Plan 2006-2007					
Strategic Funding-Constituency Roundtable	-	33,893	33,893	-	-
Total Australian Capital Territory	-	33,893	33,893	-	-
New South Wales					
RADD Australia Limited	-	250,000	237,500	-	12,500
Radiowise Media Networks	-	800	800	-	-
Total New South Wales	-	250,800	238,300	-	12,500
Victoria					
Australian Drug Foundation	-	977,519	-	-	977,519
Focal Promotions Pty Ltd	-	250,000	-	-	250,000
Total Victoria	-	1,227,519	-	-	1,227,519
Western Australia					
Curtin University of Technology	-	317	-	-	317
Telethon Institute for Child Health Research	-	20,000	-	-	20,000
Total Western Australia	-	20,317	-	-	20,317
Total Priority Area One	-	1,532,529	272,193	-	1,260,336

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006	Approved 2006	Payments 2006	Unutilised Approvals 2006	Balance Payable 2006
	\$	\$	\$	\$	\$

NOTE 18: OTHER COMMITMENTS**d. Priority Areas****Individual Beneficiary Details****PRIORITY AREA TWO****Australian Capital Territory**

ADCA	-	40,000	19,000	-	21,000
AER Business Plan 2006-2007 Strategic Funding-Sub Committee Strategic Planning	-	13,789	13,789	-	-
Total Australian Capital Territory	-	53,789	32,789	-	21,000

New South Wales

Illawarra Area Health	-	9,986	9,500	-	486
The Construction Industry Drug and Alcohol Foundation	-	36,970	-	-	36,970
The Ted Noffs Foundation	-	100,000	47,500	-	52,500
Tourism and Training Australia	-	177,000	150,000	-	27,000
Total New South Wales	-	323,956	207,000	-	116,956

Northern Territory

Tangentyere Council Inc	-	80,000	-	-	80,000
Total Northern Territory	-	80,000	-	-	80,000

Queensland

Alcohol and Drug Foundation QLD	-	40,000	19,000	-	21,000
Mothers Crying Out for Help Group	-	19,915	18,600	-	1,315
Roman Catholic Trust Corporation	-	4,700	4,200	-	500
Teen Challenge QLD	-	18,455	5,000	-	13,455
Total Queensland	-	83,070	46,800	-	36,270

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
d. Priority Areas					
Individual Beneficiary Details					
PRIORITY AREA TWO					
South Australia					
NOFASARD	-	15,370	9,320	5,050	1,000
RDNS		11,000			11,000
SANDAS	-	20,000	-	-	20,000
Total South Australia	-	46,370	9,320	5,050	32,000
Tasmania					
Pharmacy Guild of Australia TAS Branch	-	5,285	5,000	-	285
Total Tasmania	-	5,285	5,000	-	285
Victoria					
Australian Drug Foundation Inc	-	20,000	19,000	-	1,000
DANA	-	40,000	19,000	-	21,000
DasWest	-	5,494	5,000	-	494
Total Victoria	-	65,494	43,000	-	22,494
Western Australia					
APSAD	-	40,000	19,000	-	21,000
Total Western Australia	-	40,000	19,000	-	21,000
Total Priority Area Two	-	697,964	362,909	5,050	330,005

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

Opening Balance 2006	Approved 2006	Payments 2006	Unutilised Approvals 2006	Balance Payable 2006
\$	\$	\$	\$	\$

NOTE 18: OTHER COMMITMENTS**d. Priority Areas****Individual Beneficiary Details****PRIORITY AREA THREE****Australian Capital Territory**

AER Business Plan 2006-2007 Strategic
Funding-Constituency Workshops
and National Conference

-	918,107	918,107	-	-
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Australian National University-M Brady

-	119,738	-	-	119,738
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Total Australian Capital Territory

-	1,037,845	918,107	-	119,738
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Queensland

University of Queensland

-	28,812	-	-	28,812
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Total Queensland

-	28,812	-	-	28,812
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South Australia

South Australian Government Policy Partnership

-	2,100,000	-	-	2,100,000
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Total South Australia

-	2,100,000	-	-	2,100,000
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Victoria

Monash University

-	53,467	25,000	-	28,467
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Total Victoria

-	53,467	25,000	-	28,467
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Total Priority Area Three

-	3,220,124	943,107	-	2,277,017
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Opening Balance 2006 \$	Approved 2006 \$	Payments 2006 \$	Unutilised Approvals 2006 \$	Balance Payable 2006 \$
NOTE 18: OTHER COMMITMENTS					
d. Priority Areas					
Individual Beneficiary Details					
PRIORITY AREA FOUR					
Australian Capital Territory					
AER Business Plan 2006-2007 Strategic					
Funding-Public Fund	-	60,397	60,397	-	-
Total Australian Capital Territory	-	60,397	60,397	-	-
Total Priority Area Four	-	60,397	60,397	-	-
TOTAL PRIORITY AREAS	-	5,551,014	1,638,606	5,050	3,867,358

	Priority Area One	Priority Area Two	Priority Area Three	Priority Area Four	Total 2006
e. Priority Areas Commitments					
Payable					
— not later than 1 year	1,114,817	318,005	1,772,017	-	3,204,839
— later than 1 year but not later than 2 years	145,519	12,000	455,000	-	612,519
— later than 2 years but not later than 5 years	-	-	50,000	-	50,000
Total Priority Area Liability	1,260,336	330,005	2,277,017	-	3,867,358

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 19: CONTINGENT LIABILITIES

As at 30 June 2006 AER had no contingent liabilities or contingent assets that may become payable or receivable.

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year AER has approved the awarding of further priority area funding in the amount of \$520,377 consistent with the 2005-2007 business plan.

NOTE 21: SEGMENT REPORTING

AER operates predominantly in one business and geographical segment being the awarding of community grants throughout Australia.

Note	2006	2005
	\$	\$

NOTE 22: CASH FLOW INFORMATION**a. Reconciliation of Cash**

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash on hand	1,996,967	10,315,082
Term deposits	39,570,232	75,000,000
Total	41,567,199	85,315,082

b. Reconciliation of Cash Flow from Operations with net Surplus (Deficit) for the year

Net Surplus/(Deficit) for the year	(18,371,857)	35,643,571
Unrealised Investment Income	(458,000)	-
Surplus/(Deficit) from trading activities	(18,829,857)	35,643,571
Non-cash flows in surplus from ordinary activities		
Asset Sales - Loss	(32,678)	-
Depreciation	99,304	65,034

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
NOTE 22: CASH FLOW INFORMATION			
Changes in assets and liabilities			
(Increase)/Decrease in receivables		(631)	27,618
(Increase)/Decrease in accrued revenue		59,595	(173,358)
(Increase)/Decrease in other assets		(7,808)	(398)
Increase/(Decrease) in payables		74,277	(4,662)
Increase/(Decrease) in employee provisions		(4,175)	33,834
Increase/(Decrease) in provisions		(54,000)	6,000
(Increase)/Decrease in GST paid on expenses		(55,510)	(521,354)
Increase/(Decrease) in GST collected on income		(1,027,019)	1,027,650
Increase/(Decrease) in Payroll liabilities		(16,141)	30,658
Increase/(Decrease) in bank credit card		5,660	29,839
Cash flows from operations		(19,788,983)	36,158,432
c. Trust Fund Payments			
Grant Payments made	18	20,218,142	17,431,583
Priority Area Payments made	18	1,638,606	-
Total Trust Fund Payments		21,856,748	17,431,583

This cashflow represents the aggregate cashflows of AER required to maintain its operating capacity. There were no material cashflows which represent an increase in operating capacity.

NOTE 23: CREDIT STAND-BY ARRANGEMENT AND LOAN FACILITIES

AER has a mastercard facility amounting to \$20,000. This may be terminated at any time at the option of the bank. At 30 June 2006 \$798 of this facility was used. Interest rates are variable.

AER has an unlimited American Express corporate card facility. This may be terminated at any time at the option of American Express. At 30 June 2006 \$36,235 of this facility was used.

AER has a bank guarantee as security deposit in favour of the property lessors for an amount of \$14,115.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 24: FINANCIAL INSTRUMENTS
Note 24 A: — Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial Assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	6	Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	AER invests funds with a commercial bank at call. Interest is earned on the daily balances at rates based on the banks at call rates. Rate has averaged at 5.75%. Interest is paid at months end.
Financial investments held for trading	10	Financial investments held for trading are initially recognised at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these assets are measured at fair value determined on current bid prices for all quoted investments.	AER invests funds in a managed portfolio with a commercial bank. There are no fixed returns or maturity dates attached to these investments.
Receivables	7	These receivables are recognised at the nominal amounts due.	
Term deposits	6	Term deposits are recognised at cost. Interest is accrued as it is earned.	Term deposits are with AER's bank, and earn an effective rate of interest of 5.75% payable quarterly.
Financial Liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Financial lease liabilities	17	Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases.	At reporting date, AER had two finance leases with a term of 3 years each. The interest rate implicit in the leases are 7.13% and 7.03%. These lease liabilities are secured by the leased assets.
Creditors	12	Creditors and accruals are recognised at their nominal amounts, being the amounts at which liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.
Unrecognised Financial Liabilities			
Other guarantees	23	The amount guaranteed by AER has been disclosed in the Schedule of credit standby arrangements and loan facilities.	AER has a bank guarantee as security deposit in favour of the property lessors for an amount of \$14,115.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 24: FINANCIAL INSTRUMENTS
Note 24 B: — Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate		
		2006 \$	2005 \$	1 Year or Less		1 to 5 Years		> 5 Years		2006 \$	2005 \$	2006 \$	2005 \$	2006 %	2005 %	
				2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$							
Financial Assets																
Cash at bank	6	1,996,769	10,314,718	-	-	-	-	-	-	-	-	-	1,996,769	10,314,718	5.75	3.75
Cash on hand	6	-	-	-	-	-	-	-	-	198	364	-	198	364	n/a	n/a
Receivables	6	-	-	-	-	-	-	-	-	3,932	3,300	-	3,932	3,300	n/a	n/a
Term deposit	6	-	-	39,570,232	75,000,000	-	-	-	-	-	-	-	39,570,232	75,000,000	n/a	5.75
Financial investments held for trading	10	24,396,729	-	-	-	-	-	-	-	-	-	-	24,396,729	-	7.04	-
Total		26,393,498	10,314,718	39,570,232	75,000,000	-	-	-	-	4,130	3,664	-	65,967,860	85,318,382		
Total Assets													67,114,126	85,931,608		
Financial Liabilities																
Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate		
		2006 \$	2005 \$	1 Year or Less		1 to 5 Years		> 5 Years		2006 \$	2005 \$	2006 \$	2005 \$	2006 %	2005 %	
Bank credit cards	13	37,033	31,926	-	-	-	-	-	-	-	-	-	37,033	31,926	22.00	22.00
Financial lease liabilities	17	-	-	27,803	15,800	69,753	19,750	-	-	-	-	-	97,556	35,550	7.08	6.83
Creditors	12	-	-	-	-	-	-	-	-	220,922	157,861	-	220,922	157,861	n/a	n/a
Total		37,033	31,926	27,803	15,800	69,753	19,750	-	-	220,922	157,861	-	355,511	225,337		
Total Liabilities													451,718	897,343		
Other guarantees	23	-	-	-	-	-	-	-	-	14,115	-	-	14,115	-	n/a	n/a
Total Financial Liabilities (Unrecognised)										14,115	-	-	14,115	-		

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 Total Carrying Amount	2006 Aggregate Net Fair Value	2005 Total Carrying Amount	2005 Aggregate Net Fair Value
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NOTE 24: FINANCIAL INSTRUMENTS**Note 24 C: - Net Fair Values of Financial Assets and Liabilities****Financial Assets**

Cash at Bank	6	1,996,769	1,996,769	10,314,718	10,314,718
Cash on Hand	6	198	198	364	364
Receivables	7	580,793	580,793	3,300	3,300
Term Deposits	6	39,570,232	39,570,232	75,000,000	75,000,000
Financial investments held for trading	10	24,396,729	24,396,729	-	-
Total Financial Assets		66,544,721	66,544,721	85,318,382	85,318,382

Financial Liabilities

Bank credit cards	13	37,033	37,033	31,926	31,926
Finance Lease Liabilities	17	97,556	97,556	35,550	35,550
Creditors	12	221,553	221,553	664,162	664,162
Total Financial Liabilities		356,142	356,142	731,638	731,638

Financial Liabilities (Unrecognised)

Other Guarantees	23	14,115	14,115	-	-
Indemnities					
Total Financial Liabilities (Unrecognised)		14,115	14,115	-	-

Financial Assets

The net fair values of cash, deposits on call and non-bearing monetary financial assets approximate their carrying amounts.

The net fair value of the term deposit is based on discounted cash flows using current interest rates for assets with similar risk profiles.

Other than for listed financial assets, none of the classes of financial assets are readily traded on organised markets in standardised form.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

NOTE 24: FINANCIAL INSTRUMENTS

Financial Liabilities

The net fair values of all loans, unsecured notes, finance leases, deposits and guarantees are based on discounted cash flows using current interest rates for liabilities with similar risk profiles. (Where the liability is on a floating rate of interest, the method returns the principal amount).

The net fair value for creditors, grant and priority area liabilities, all of which are short term in nature, are approximated by their carrying amounts.

Note 24 D: - Credit Risk Exposures

A finance committee consisting of senior executives of AER meet on a regular basis to analyse currency and interest rate exposure and to evaluate strategies in the context of the most recent economic conditions and forecasts.

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 of those assets, net of any provisions for doubtful debts, as disclosed in the Income Statement and notes to the financial statements.

AER does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by AER.

NOTE 25: RELATED PARTY DISCLOSURES

The value of Trust Fund Approvals to organisations of which AER directors are directors and/or employees of are detailed below:

	Note	2006 \$	2005 \$
Related parties			
Aboriginal Drug and Alcohol Council (SA) Inc		-	47,533
Odyssey House, Victoria		-	193,453
The Ted Noffs Foundation		100,000	26,439
Total Related Party Disclosures		100,000	267,425

END OF AUDITED FINANCIAL STATEMENTS

Alcohol Education and Rehabilitation Foundation Ltd • ABN 91 096 854 385

CHIEF EXECUTIVE OFFICERS' DECLARATION

The Chief Executive Officer of AER declares that:

- the financial records of AER for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
- the financial statements, and the notes comply with the accounting standards;
- the financial statements, and notes give a true and fair view; and
- other matters prescribed by the regulations in relation to the financial statements, and the notes for the financial year are satisfied.

This declaration is made by:

Daryl P. Smeaton
Chief Executive Officer



Dated this 1st day of September 2006

Alcohol Education and Rehabilitation Foundation Ltd • ABN 91 096 854 385

CHIEF FINANCE OFFICERS' DECLARATION

The Chief Finance Officer of AER declares that:

- the financial records of AER for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
- the financial statements, and the notes comply with the accounting standards;
- the financial statements, and notes give a true and fair view; and
- other matters prescribed by the regulations in relation to the financial statements, and the notes for the financial year are satisfied.

This declaration is made by:

Jim O'Shea
Chief Finance Officer



Dated this 1st day of September 2006

DIRECTORS' DECLARATION

The directors of AER declare that:

1. The financial statements and notes, as set out on pages 1 to 75 are in accordance with the *Corporations Act 2001*:
 - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of AER.
2. In the directors opinion there are reasonable grounds to believe that AER will be able to pay its debts as and when they become due and payable.

The directors make this declaration having received declarations from the chief executive officer and the chief financial officer that:

- the financial records of AER for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
- the financial statements, and the notes comply with the accounting standards;
- the financial statements, and notes give a true and fair view; and
- other matters prescribed by the regulations in relation to the financial statements, and the notes for the financial year are satisfied.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



Jan W. Webster

Dated this 1st day of September 2006



AER

Foundation Ltd

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