

New South Wales Reconciliation Council

Financial Report

For the year ended 30th June 2021

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Responsible Entities' Report

The Responsible Entities of New South Wales Reconciliation Council present their Report together with the financial statements for the year ended 30 June 2021 and the Independent Audit Report thereon.

Responsible Entities details

The following persons were Responsible Entities of New South Wales Reconciliation Council during or since the end of the financial year.

Joshua Gilbert	<i>Indigenous Chair – Appointed on 30 November, 2020</i>
Annie Tennant	<i>Non-Indigenous Chair – Appointed on 30 November, 2020</i>
Deborah Soler	<i>Treasurer</i>
Joshua Staines	<i>Secretary – Appointed on 30 November, 2020</i>
Nattlie Smith	<i>Indigenous Member – Appointed on 30 November, 2020</i>
Alison Whittaker	<i>Indigenous Member</i>
Rowena Falzon	<i>Non-Indigenous Member – Appointed on 30 November, 2020</i>
Dan Creasey	<i>Non-Indigenous Member – Appointed on 30 November, 2020</i>

The following members of the management committee resigned during the financial year.

Lindon Coombes	<i>Resigned on 30 November, 2020</i>
Cecilia Anthony	<i>Resigned on 30 November, 2020</i>
Tristan Tipps-Webster	<i>Resigned on 30 November, 2020</i>
Jody Broun	<i>Resigned on 30 November, 2020</i>
Annie Tennant	<i>Changed position on 30 November, 2020</i>

Operating result

The operating result for the year ended 30 June 2021 was a surplus of \$40,408 (30 June 2020: a deficit of \$70,154). Total revenue from grant, donation and fundraising activities during the year was \$381,755 compared to \$229,931 in the year ended 30 June 2020. The operating result has been influenced by the recognition of grant revenue under the current accounting standard as explained in Note 1.4(a) which can result in fluctuating surpluses and deficits from year to year, including a decrease in government funding in the year ended 30 June 2020.

Principal activities

New South Wales Reconciliation Council raises awareness and understanding of reconciliation and Indigenous issues, advocates for social justice, equality and Indigenous rights and grows and supports the people's movement for reconciliation.

There have been no significant changes in the nature of these activities during the year.

Responsible Entities' Report (Cont.)

Members' liabilities

The association is incorporated under the Associations Incorporation Act 2009 (New South Wales) and is a charity registered with the Australian Charities and Not-for-profits Commission (ACNC). If the association is wound up, the constitution states that the liability of a member of the association to contribute towards the payment of the debts and liabilities of the association or the costs, charges and expenses of the winding up of the association is limited to the amount, if any, unpaid by the members in respect of membership. At 30 June 2021, there was no outstanding membership.

Signed in accordance with a resolution of the Responsible Entities.



Joshua Gilbert
Responsible Entity
Date: 01 November 2021



Anne Tennant
Responsible Entity
Date: 01 November 2021

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30th June 2021

	<i>Note</i>	2021	2020
		\$	\$
Revenue			
NSW Government Grant		240,000	147,591
Other Grants and Donations		141,755	82,340
Merchandise sales		6,657	12,934
Commission and Consultancy		3,518	645
Government subsidies received - COVID 19		38,254	38,854
Membership		7,959	2,455
Other income		3,501	1,391
Interest received		83	196
Total revenue		441,727	286,406
Expenses			
Stock costs		9,235	9,617
Project and Event costs		40,163	30,312
Media and Communications		10,047	27,943
Equipment and IT related expenses		4,535	5,977
Insurance		8,838	12,460
Audit fees		1,200	1,200
Consultant fees, contractors and training	2	18,637	18,813
Employee expenses	3	289,547	226,395
Depreciation		10,345	15,088
Other administration expenses		8,635	7,120
Interest expense		137	1,635
Total expenses		401,319	356,560
Surplus/(deficit) from ordinary activities		40,408	(70,154)
Other comprehensive income		-	-
Net surplus/(deficit)		40,408	(70,154)

Statement of Financial Position as at 30th June 2021

	Note	2021 \$	2020 \$
Assets			
Current Assets			
Cash and cash equivalents		452,543	143,856
Receivables	4	5,875	-
Inventory	5	1,716	2,684
Prepayments		6,188	3,377
Total Current Assets		466,322	149,917
Non-Current Assets			
Equipment	6	2,566	997
Right of use assets		-	35,631
Total Non-Current Assets		2,566	36,628
Total Assets		468,888	186,545
Liabilities			
Current Liabilities			
Payables	7	12,521	34,359
Current tax liabilities	8	37,536	6,972
Payment received in advance	9	270,000	-
Lease liabilities		-	17,558
Total Current Liabilities		320,057	58,889
Non-Current Liabilities			
Lease liabilities		-	19,233
Total Non-Current Liabilities		-	19,233
Total Liabilities		320,057	78,122
Net Assets		148,831	108,423
Accumulated Funds			
Accumulated surplus		148,831	108,423
Accumulated Funds at the end of the year		148,831	108,423

**Statement of Changes in Equity
For the year ended 30th June 2021**

	Accumulated Funds
Balance at 01st July 2019	178,577
Surplus/(deficit) after income tax for the year	(70,154)
Balance at 30th June 2020	108,423
Surplus/(deficit) after income tax for the year	40,408
Balance at 30th June 2021	148,831

Statement of Cash Flows

For the year ended 30th June 2021

	<i>Note</i>	2021	2020
		\$	\$
Cash Flow From Operating Activities			
Cash received from grants, donations and other activities		714,977	328,200
Payments to suppliers and employees		(394,180)	(405,491)
Interest received		83	196
Net cash provided by (used in) operating activities	10	<u>320,880</u>	<u>(77,095)</u>
Cash Flows From Investing Activities			
Payments for plant and equipment		<u>(2,921)</u>	-
Net cash provided by (used in) investing activities		<u>(2,921)</u>	-
Cash Flows From Financing Activities			
Lease payments		<u>(9,272)</u>	(12,201)
Net cash provided by (used in) financing activities		<u>(9,272)</u>	(12,201)
Net increase (decrease) in cash held		308,687	(89,296)
Cash at the beginning of the year		<u>143,856</u>	<u>233,152</u>
Cash at the end of the year		<u>452,543</u>	<u>143,856</u>

Notes to the Financial Statements For the year ended 30th June 2021

1. Statement of significant accounting Policies

New South Wales Reconciliation Council is an association incorporated under the Associations Incorporation Act 2009 (New South Wales) and is a charity registered with the Australian Charities and Not-for-profits Commission (ACNC) under the Australian Charities and Not-for-profits Commission Act 2012. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared on the basis that the association is not a reporting entity because there are no users dependent on a general purpose financial report. The financial statements are therefore special purpose financial statements that have been prepared in order to satisfy the financial reporting requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Act 2009 (New South Wales).

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, and the Australian Charities and Not-for-profits Commission Act 2012. The accounting policies have been consistently applied, unless otherwise stated.

1.1 Basis of preparation

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and liabilities for which the fair value basis of accounting has been applied.

1.2 Going concern

The members of the management committee have considered the potential impact that the COVID-19 pandemic may have on the operations of the association. Whilst forecasting the future is currently uncertain, the members of the management committee have an expectation that business operations will continue to be at a level so that the association can operate effectively. If unexpected significant market events were to materially affect the operations of the association, the members of the management committee are confident that the association could take actions to limit exposures and liabilities, and continue to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements. Accordingly, the financial statements have been prepared on the basis that the association is a going concern. No adjustments have been made to the financial report relating to the recoverability or classification of recorded assets and classification of liabilities that maybe necessary should the association not continue as a going concern.

1.3 New and amended accounting policies adopted by the association

The association has adopted all standards which became effective for the first time at 01 July 2020. The adoption of these standards has not caused any material adjustments to the reported financial position, performance and cash flow of the association.

Notes to the Financial Statements For the year ended 30th June 2021

1.4 Significant accounting policies

The following is a summary of the material accounting policies adopted by the association in the preparation of the financial report.

(a) Revenue

Revenue comprises revenue from grants, donations, fundraising activities, membership fees, interest, sale of goods, commissions and consultancy. The association recognises revenue as follows:

Grants

A number of the association's programs are supported by grants received from the state and local governments, and other grantors.

Grants arise from non-exchange transactions where the association does not directly give approximately equal value to the grantor. Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the association to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under AASB 15 - *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as deferred income) and recognised as or when the performance obligations are satisfied. Otherwise, the grant is accounted for under AASB 1058 - *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding, except from special purpose capital grants received to construct non-financial assets to be controlled by the association. The association has a number of grant arrangements with the government that relate to funding of activity-based services. Most of these arrangements have been identified as having sufficiently specific performance obligations under enforceable grant agreements.

Donations and income from fundraising activities

Monies received from fundraising activities and donations collected, including cash and goods for resale, are recognised as revenue when the association gains control, economic benefits are probable and the amounts can be measured reliably.

Revenue from sale of goods and services

Revenue is recognised at an amount that reflects the consideration to which the association is expected to be entitled in exchange for transferring goods or services to a customer. The association recognises revenue in a manner that depicts the transfer to the customer of the goods or services promised.

Interest and other income

Interest and other income are recognised when received or receivable.

(b) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Notes to the Financial Statements For the year ended 30th June 2021

(c) Equipment

Equipment (comprising furniture and office equipment) is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the association's management.

Equipment is subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of equipment. The following useful lives are applied:

- Furniture: 2 - 3 years
- Computers and other office equipment: 2 - 3 years

(d) Leases

The association assesses at the start of a contract whether or not it contains a lease, by deciding if the contract provides the right to control the use of an identified asset for a period of time in exchange for consideration. The association currently uses a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The association recognises lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets.

Right-of-use assets

The association recognises right-of-use assets at the start of the lease which are measured at costs, less accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use asset are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the association recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the association and payments of penalties for terminating the lease, if the lease term reflects the association exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised in the income statement in the period in which the event or condition that triggers the payment occurs.

Notes to the Financial Statements For the year ended 30th June 2021

In calculating the present value of lease payments, the association uses its incremental borrowing rate at the lease commencement date or an estimated rate (where no incremental borrowing rate is available) because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The association applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(e) Inventory

Goods for resale are valued at the lower of cost and net realisable value. No value is ascribed to goods for resale that have been donated to the association where fair value cannot be reliably determined. Net realisable value is the estimated selling price in the ordinary course of business, less any discount.

(f) Income tax

No provision for income tax has been raised for the year as the association is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Employee benefits

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs. Employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Notes to the Financial Statements For the year ended 30th June 2021

(i) Provisions, contingent liabilities and contingent assets

Provisions are recognized when New South Wales Reconciliation Council has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefit will result and that the outflow can be measured reliably.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

(j) Goods and Services Tax (GST)

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

(k) Economic dependence

The association is dependent upon the ongoing receipt of State Government grants and community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report management has no reason to believe that this financial support will not continue in the financial year ended 30 June 2021.

(l) Comparative figures

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

1.5 Critical accounting estimates and judgements

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may be substantially different. In preparing the financial report, the significant judgements made by management in applying the association's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the previous financial year.

Notes to the Financial Statements

For the year ended 30th June 2021

2. Consultant fees, contractors and training expenses

	2021	2020
	\$	\$
Consultant fees & Intern costs	18,781	17,999
Training and Development	(144)	814
Total	18,637	18,813

3. Employee expenses

	2021	2020
	\$	\$
Salaries and wages	263,365	216,046
Superannuation	24,848	19,430
Leave entitlements, allowances & others	1,334	(9,081)
Total	289,547	226,395

4. Receivables

	2021	2020
	\$	\$
Donations and other funds raised	4950	-
Other receivables	925	-
Total	5,875	-

5. Inventory

	2021	2020
	\$	\$
Merchandise	1,716	2,684
Total	1,716	2,684

Notes to the Financial Statements For the year ended 30th June 2021

6. Equipment

	2021	2020
	\$	\$
Office furniture		
- At cost	81	81
- Less: Accumulated depreciation	(81)	(81)
	-	-
Computers and Laptops		
- At cost	10,308	7,387
- Less: Accumulated depreciation	(7,742)	(6,390)
	2,566	997
Total	2,566	997

7. Payables

	2021	2020
	\$	\$
Payable to suppliers	4,641	27,800
Superannuation payable	7,880	6,559
Total	12,521	34,359

8. Tax Liabilities

	2021	2020
	\$	\$
GST liability	26,232	(728)
Amounts withheld from salary and wages	11,304	7,700
Total	37,536	6,972

Notes to the Financial Statements For the year ended 30th June 2021

9. Payment received in advance

	2021	2020
	\$	\$
Payments from State Government	270,000	-
Total	270,000	-

10. Reconciliation of Profit or Loss for the year to net cash from operating activities

	2021	2020
	\$	\$
Surplus/(deficit) after income tax	40,408	(70,154)
<i>Adjustments to reconcile to cash provided by operations</i>		
Depreciation and adjustments	9,464	15,088
Changes in working capital items:		
Trade debtors	(5,875)	14,226
Inventory	968	(349)
Prepayments	(2,811)	(189)
Trade creditors	(23,159)	24,412
Other payables	1,321	(569)
Employee entitlements	-	(9,976)
Payment received in advance	270,000	(46,758)
Income tax and other tax liabilities	30,564	(2,826)
Net cash from operating activities	320,880	(77,095)

11. Events Subsequent to Reporting Date

The members of the management committee are not aware of any material events occurring in the interval between the end of the financial year and the date of this report that would require further disclosures in these financial statements.

12. Related Parties

There were no transactions conducted with related parties during the financial year.

Responsible Entities' Declaration

In the opinion of the Responsible Entities of New South Wales Reconciliation Council:

1. The financial statements and notes to the financial statements of New South Wales Reconciliation Council are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Act 2009, including:
 - (a) Giving a true and fair view of its financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
 - (b) Complying with the Australian Accounting Standards outlined in Note 1 to the financial statements and the Australian Charities and Not-for-profits Commission Act 2012, and the Associations Incorporation Act 2009; and
2. At the date of this statement, there are reasonable grounds to believe that New South Wales Reconciliation Council will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Responsible Entities.



Joshua Gilbert
Responsible Entity
Date: 01 November 2021



Anne Tennant
Responsible Entity
Date: 01 November 2021

Independent Auditor's Report

To the members of New South Wales Reconciliation Council Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of New South Wales Reconciliation Council (the registered entity), which comprises the statement of financial position as at 30th June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes to the accounts.

In our opinion the financial report of New South Wales Reconciliation Council has been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 including:

1. Giving a true and fair view of the association's financial position as at 30th June 2021 and of its performance for the year ended on that date: and
2. Complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial report section of our report. We are independent of the association in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (the ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Horwood Partners
Simon Chhoeu, FCPA, CA
Date: 01 November 2021