



**FIGHTING HUNGER
IN AUSTRALIA**

Foodbank NSW & ACT Limited

ABN 22 056 422 407

Financial Report
for the year ended 30 June 2017

Foodbank NSW & ACT Limited

ABN 22 056 422 407

Financial report - 30 June 2017

Contents

	Page
Directors' report	1
Lead Auditor's Independence Declaration	6
Financial report	7
Directors' declaration	28
Declaration by the directors in respect of fundraising appeals	29
Independent auditor's report to the members of Foodbank NSW & ACT Limited	30

Directors' report

Your directors present the annual financial report of Foodbank NSW & ACT Limited ("FBNA") for the year ended 30 June 2017.

Directors

The following persons were Directors of FBNA during the financial year and to the date of this report:

<i>Name</i>	<i>Date Appointed</i>
Peter Kelly (Chairman)	13 October 2011
Christine Feldmanis	26 October 2016
John Hudson	13 August 2014
Larry Kavanagh	27 June 2017
Paul Moulds	23 February 2015
Emma Peacock	19 November 2015
Stephen Schofield	9 March 2011
Madeline Dermatossian ¹	19 November 2014
Malcolm Grimmond ²	24 August 2015
Peter Lucas ³	5 July 2003
Ernest Pope ⁴	9 February 2006

¹ Madeline Dermatossian was a Director from the beginning of the financial year until her resignation on 26 October 2016.

² Malcolm Grimmond was a Director from the beginning of the financial year until his resignation on 15 August 2017.

³ Peter Lucas was a Director from the beginning of the financial year until his resignation on 23 November 2016.

⁴ Ernest Pope was the Chair and Director from the beginning of the financial year until his resignation on 23 November 2016.

Principal activities

During the year the principal ongoing activities of FBNA consisted of:

- (a) sourcing and accepting food and related products from manufacturers, farmers/primary producers, retailers and distributors and encourage partnerships with these suppliers, and
- (b) distribution of food and grocery items to people in need, via a broad range of charitable and service organisations without regard to denomination.

Long term objectives

The long term objective of FBNA is to fight hunger in NSW and the ACT by providing quality food to Welfare Agencies for supply to people in need.

As a member of the Foodbank Federation covering Australia (delivering 75% of all food distributed to charities by food rescue organisations), we are moving towards ending hunger for people in need in Australia.

FBNA also aims to continuously reduce service handling fees to Welfare Agencies to as close as possible to free.

In undertaking this objective we will contribute to a better environment by diverting millions of kilos of edible food away from landfill.

Short term objectives

- (a) FBNA aims to provide 10,000,000 kg of product in 2017-18
- (b) FBNA aims to supply a core range of staple products 365 days a year while minimising handling fees.
- (c) FBNA aims to have this core range of staple products always available.
- (d) FBNA will expand the ways that it funds these operations to broaden the support of FBNA making FBNA more resilient and less dependent upon a single source of funding.
- (e) FBNA will strive to tell the compelling 'win / win' story of feeding people in need whilst reducing the environmental impact, to the wider Australian public.
- (f) FBNA will continuously improve its operations by listening and learning from our stakeholders, whether they be people in need, charities that provide the front line presence, the volunteers, the donors (of funding and importantly food), and the staff and Directors.

Key strategies and activities for achieving objectives

To ultimately achieve our long term objective, and to meet the objectives set for next year, FBNA will:

- (a) Seek to understand the underlying demand and where it comes from.
- (b) Maintain and improve ways to make food available to more welfare agencies and charities and through them to people in need.
- (c) Maintain, improve and innovate the supply cycle from farmers, manufacturers, retailers, importers to welfare agencies and charities and ultimately people in need with appropriate infrastructure and resources.
- (d) Actively seek funding from a wide range of potential sources.

Measurement of performance

To achieve the objectives and strategies above, FBNA will measure the effectiveness of the allocation of limited resources by:

- (a) formulating specific strategy plans with frequent plan progress updates and outcome monitoring
- (b) ensuring each staff member knows what is expected of their role with annual performance reviews
- (c) setting appropriate financial disciplines with measurable financial budget targets
- (d) regularly comparing actual with targeted budget performance via monthly management reports

Dividends

FBNA is prohibited by clause 2.2 of its Constitution from distributing any of its income or property to its members by way of dividends or otherwise.

Review of operations

The net surplus of FBNA for the year ended 30 June 2017 was \$1,120,515 (2016: \$310,710).

The underlying operating deficit after excluding non-operating items for the year ended 30 June 2017 was \$647,889 (2016: \$448,993).

Non-operating items include all donations and non-government grants net of direct fundraising expenses \$570,583 (2016: \$683,370), grant provided by the NSW Environmental Trust \$1,139,890 (2016: \$nil), gain on sale of assets \$39,800 (2016: \$8,500), other sundry income \$4,972 (2016: \$22,323) and interest received \$13,159 (2016: \$45,510).

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of FBNA other than that referred to in the financial statements or notes thereto.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

- (a) the company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the company's state of affairs in future financial years.

Likely developments and expected results of operations

There are no likely developments or expected results of operations which are likely to materially affect the financial statements in future financial years.

Environmental regulation

FBNA is not subject to significant environmental regulation in respect of its principal activities.

Information on Directors

Peter Kelly *Chairman.*

Appointed a director in October 2011 and Chairman in November 2016. Peter is the Chair of the Remuneration Committee of FBNA. He is also a member of the Audit Committee and the Government and Public Relations Committee. Peter worked with global food company Nestle for 39 years. As a member of the senior management team, he led the Company's Corporate Affairs function and was responsible for Nestle Oceania's External Media, Government Relations and Consumer Services, and Legal teams. He was the Chair and Board Member of the Infant Nutrition Council; a Board Member of the Global Compact Network Australia. Peter is now an independent management consultant.

Christine Feldmanis **BCom, MAppFin, FAICD, SFFINSIA, CPA, TFASFA, JP** *Director.*

Appointed a director in October 2016. Christine is the Chair of the Audit Committee of FBNA. Christine started her career in a chartered accounting firm and then continued a career in the finance industry for 30+ years. During that time she worked with firms including Elders Finance, Bankers Trust and NSW TCorp - that spanned both the Government and private sectors. Christine now works as a professional non-executive director with public and private companies, government organisations and the not for profit sector. Christine is the independent chair of Bell Asset Management Ltd, and a non-executive director of Perpetual Equities Investment Company Ltd, Uniting Financial Services and Netball NSW.

John Hudson **FCA.** *Director.*

Appointed a director in August 2014. John is the Chair of the Fundraising and Events Committee of FBNA. He is also a member of the Audit Committee. John has been engaged in both the development and investment in real estate for over 30 years. This has included significant periods as the senior finance executive in a series of major independent property companies. Prior to ceasing full time executive roles, John was the Managing Director and Chief Executive Officer of Thakral Holdings Group, a specialist hotel REIT with ancillary commercial and retail property together with residential development activities and over \$1 billion in assets. John is currently a Director or Investment Committee member of a number of private companies primary related to property. John is a Chartered Accountant and member of the Institute of Company Directors.

Larry Kavanagh **GAICD.** *Director.*

Appointed a director in June 2017. Larry works for Coles as General Manager of National Meat Processing where he is responsible for developing and managing a sustainable protein supply strategy. Larry has spent his entire career working in the food industry in a variety of senior management roles. Prior to joining Coles Larry worked for Beak & Johnston in Sydney. Larry and his family emigrated to Australia in 2009 and prior to this Larry worked in various senior roles for the ABP Food Group.

Paul Moulds **AM, BA.** *Director.*

Appointed a director in February 2015. Paul is a member of the Government and Public Relations Committee of FBNA. Paul has worked for over 20 years as an officer of The Salvation Army, where he holds the rank of Major. For 16 years he worked as Director of the Oasis Youth Support Network in inner Sydney, building a highly regarded and effective youth service for homeless and disadvantaged youth. In 2010 he was made a Member of the Order of Australia (AM) for services to homeless youth. Paul has also directed the social and community work of The Salvation Army for the Australian Eastern Territory and is currently managing Salvation Army programs in the Auburn area of Western Sydney. He is also a Board Member of Igniting Change, and is recognised for his expertise in the design of innovative social programs and his deep understanding of the needs of disadvantaged Australians.

Emma Peacock **BA (Comm)** *Director.*

Appointed a director in November 2015. Emma is the Chair of the Government and Public Relations Committee of FBNA. Emma brings over 15 years of experience across Corporate Affairs, Communications and sustainability/Corporate Social Responsibility. She has spent the last 6 years with Unilever Australia & New Zealand as Head of Sustainable Business & Communications. As a member of the leadership team she is responsible for building reputation, advocacy and partnerships to support Unilever's sustainable growth agenda as well as embedding a purpose-driven business model. Prior to Unilever, Emma held a number of communications and sustainability management roles including at Coca-Cola Amatil, Britvic Soft Drinks plc (UK), Edelman and Ogilvy Public Relations.

Information on Directors (continued)

Stephen Schofield **MBA (HR/IR), JP.** *Director.*

Appointed a director in March 2011. Steve is the Chair of the Safety and Risk Committee of FBNA. He is also a member of the Fundraising and Events and the Remuneration Committee. Steve provides FBNA with over 30 years' experience in the area of Human Resources and Industrial Relations. Steve was appointed Group Head of Human Resources with Downer Group in February 2015. His former roles included Group General Manager Human Resources for Komatsu Australia Pty Ltd, HR Director at Goodman Fielder, HR Director Schindler Lifts Australia and previously held the role of General Manager Industrial Relations at Qantas Airways Ltd.

Meetings of Directors

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, 8 board meetings were held.

	Attended	Held
Peter Kelly (Chairman)	8	8
Madeline Dermatossian	1	2
Christine Feldmanis	5	6
Malcolm Grimmond	3	8
John Hudson	7	8
Larry Kavanagh	1	1
Peter Lucas	4	4
Paul Moulds	7	8
Emma Peacock	5	8
Ernest Pope	4	4
Stephen Schofield	8	8

Insurance of officers

During the financial year, Foodbank Australia Limited on behalf of FBNA and the other state Foodbanks paid a premium in respect of a contract insuring the directors of FBNA, the company secretary, and all executive officers of FBNA against a liability incurred as such by a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Member's guarantee

FBNA is a company limited by guarantee. If FBNA is wound up, FBNA's constitution states that each member is required to contribute a maximum of \$10 towards meeting outstanding obligations of FBNA.

Number of members as at 30 June 2017 and 2016 are:

	2017	2016
Primary members	8	9
Agency members	607	498
Total members	615	507

Auditor's independence declaration

A copy of the auditor's independence declaration as required under sub division 60-C section 60-40a of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 6.

Auditor

KPMG continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.



Peter Kelly
Chair

Sydney
19 September 2017



Lead Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of Foodbank NSW & ACT Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Foodbank NSW & ACT Limited for the financial year ended 30 June 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Trent Duvall
Partner
Sydney
19 September 2017

Foodbank NSW & ACT Limited

ABN 22 056 422 407

Financial report - 30 June 2017

Contents

	Page
Financial report	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12-27
Directors' declaration	28
Declaration by the directors in respect of fundraising appeals	29
Independent auditor's report to the members of Foodbank NSW & ACT Limited	30

This financial report covers Foodbank NSW & ACT Limited ("FBNA") as an individual entity.

Foodbank NSW & ACT Limited is a "not-for-profit" company limited by guarantee, domiciled in Australia. Its registered office and principal place of business is:

Foodbank NSW & ACT Limited
50 Owen Street
Glendenning NSW 2761

A description of the nature of the entity's operations and its principal activities is included in the directors' report on pages 1-5, which is not part of these financial reports.

The financial report was authorised for issue by the directors on 19 September 2017. The directors have the power to amend and reissue the financial report.

Statement of comprehensive income

For the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenue from continuing operations			
Revenue from service fees	3	4,980,407	4,333,329
Cost of supply - purchased stock items only	4	(1,581,889)	(1,327,143)
		3,398,518	3,006,186
Other operating income	5	1,232,071	908,637
(Less) Other expenses from ordinary activities			
Distribution and warehouse		2,067,348	1,534,525
Marketing		136,995	95,560
Administration		368,779	391,310
Personnel		1,910,715	1,572,847
Depreciation and amortisation		671,883	460,722
Relocation		-	151,954
Other		122,758	156,898
	6	5,278,478	4,363,816
Results from operating activities		(647,889)	(448,993)
Other income and expenses			
Other income - recurring		502,871	353,294
Other income - non-recurring		1,654,986	393,931
Other expenses		(402,612)	(33,032)
	7	1,755,245	714,193
Finance income	8	13,159	45,510
Net surplus		1,120,515	310,710
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,120,515	310,710

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Balance sheet

As at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current assets			
Cash assets	9	1,454,193	1,325,724
Receivables	10	98,081	140,821
Other current assets	11	187,331	242,274
Total current assets		1,739,605	1,708,819
Non-current assets			
Property, plant and equipment	12	14,878,734	14,920,954
Intangible assets	13	96,428	64,874
Total non-current assets		14,975,162	14,985,828
Total assets		16,714,767	16,694,647
LIABILITIES			
Current liabilities			
Deferred revenue	14	79,621	1,327,191
Payables	15	364,753	222,109
Provisions	16	133,822	151,791
Total current liabilities		578,196	1,701,091
Non-current liabilities			
Deferred revenue	17	3,000,000	3,000,000
Provisions	18	86,460	63,960
Total non-current liabilities		3,086,460	3,063,960
Total liabilities		3,664,656	4,765,051
Net assets		13,050,111	11,929,596
EQUITY			
Accumulated surplus	19	13,050,111	11,929,596
Total equity		13,050,111	11,929,596

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2017

	Notes	Retained earnings \$	Total equity \$
Balance at 1 July 2015		11,618,886	11,618,886
Results for the year		310,710	310,710
Other comprehensive income		-	-
Total comprehensive income for the year		310,710	310,710
Balance at 30 June 2016		11,929,596	11,929,596
Balance at 1 July 2016		11,929,596	11,929,596
Results for the year		1,120,515	1,120,515
Other comprehensive income		-	-
Total comprehensive income for the year		1,120,515	1,120,515
Balance at 30 June 2017	19	13,050,111	13,050,111

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

Statement of cash flows

For the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from agencies, donations and grants		7,125,704	6,643,501
Payments to suppliers and employees		(6,388,977)	(6,818,055)
Net cash inflow (outflow) from operating activities	27	736,727	(174,554)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(617,317)	(7,100,509)
Payments for intangibles	13	(45,600)	(67,135)
Proceeds from sale of property, plant and equipment		41,500	8,500
Net cash (outflow) from investing activities		(621,417)	(7,159,144)
Cash flows from financing activities			
Receipts from capital grants		-	3,000,000
Interest received		13,159	62,448
Net cash inflow from financing activities		13,159	3,062,448
Net increase (decrease) in cash and cash equivalents		128,469	(4,271,250)
Cash and cash equivalents at the beginning of the financial year		1,325,724	5,596,974
Cash and cash equivalents at end of year	9	1,454,193	1,325,724

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

Contents of the notes to the financial statements

		Page
1	Summary of significant accounting policies	13
2	Financial risk management	16
3	Revenue	17
4	Cost of supply - purchased stock	17
5	Other operating income	17
6	Operating expenses	18
7	Other income and expenses	19
8	Finance income	19
9	Current assets - Cash assets	19
10	Current assets - Receivables	20
11	Current assets - Other current assets	20
12	Non-current assets - Property, plant and equipment	21
13	Non-current assets - Intangible assets	22
14	Current liabilities - Deferred revenue	22
15	Current liabilities - Payables	23
16	Current liabilities - Provisions	23
17	Non-current liabilities - Deferred revenue	23
18	Non-current liabilities - Provisions	23
19	Accumulated funds	23
20	Remuneration of auditors	23
21	Contingencies	24
22	Commitments	24
23	Related party transactions	24
24	'In-kind' provision of services	25
25	Additional information to be furnished under the Charitable Fundraising Act 1991	26
26	Events occurring after the reporting period	27
27	Reconciliation of surplus after income tax to net cash flow from operating activities	27

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Reporting entity

Foodbank NSW & ACT Limited ("FBNA") is a "not-for-profit" company limited by guarantee. It is an income tax exempt charitable organisation domiciled in Australia which collects surplus, salvaged and donated food and grocery products from food manufacturers, distributors, farmers and retailers and distributes it via charitable welfare agencies, to people in need.

(b) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profits Commission Act 2012*.

(i) Historical cost convention

This financial report has been prepared under the historical cost convention with the exception of certain classes of property, plant and equipment that are carried at fair value as discussed in note 12.

(ii) Critical accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(c) Revenue recognition

Revenue is recognised for the major business activities as follows:

(i) Service fees

A small service fee is charged for the storage, handling and distribution of product to agencies. Service fee revenue is recognised when the service is rendered on an accrual basis.

(ii) Donations/Contributions

Due to the nature of donations, such items can only be recognised as income when they are received and recorded in FBNA's accounting records.

(iii) Grants

Grants can be granted to FBNA with conditions attached or for specific purposes (reciprocal transfers) or with no conditions or specific purpose attached (non-reciprocal transfers).

Grants that meet the definition of non-reciprocal transfers are subject to AASB 1004 *Contributions* and are recognised as revenue when FBNA receives the grant.

Where the grant is a reciprocal transfer, AASB 118 *Revenue* is applicable. Revenue arising from the grant is recognised in proportion to the stage of completion of the transaction at the reporting date. Where funding has been received but has not met the revenue recognition criteria of AASB 118 *Revenue*, the funding is recorded as deferred revenue in the balance sheet.

(iv) Interest income

Interest is recognised on an accrual basis.

(d) Income tax

FBNA is exempt from the payment of income tax under the provisions of Section 50-5 of the *Income Tax Assesment Act 1997*.

1 Summary of significant accounting policies (continued)

(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that FBNA will not be able to collect all amounts due according to the original terms of the receivables.

(g) Inventories

Inventories comprise of both goods donated or salvaged at no cost and goods purchased to supplement the inventory available to meet the needs of charity clients.

As FBNA is a 'not-for-profit' entity the purchased inventories held for distribution are carried at cost, whilst donated goods are not revalued.

Inventories are carried at the cost FBNA incurred to acquire the assets as at the reporting date.

(h) Property, plant and equipment

FBNA's accounting policy is to carry land and buildings at cost on acquisition less any accumulated depreciation and impairment losses.

As at 30 June 2017, land and building is carried at \$11,831,602 (2016: \$12,027,787) being the purchase price and other directly attributable costs associated with the purchase less accumulated depreciation on the building.

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Plant and equipment that is donated is recognised at fair value, if that value is above \$5,000, in property, plant & equipment at the date of acquisition, with a non-cash donation recognised for the same amount.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings	40 years
Plant and equipment	3-10 years

Capital work in progress, which represents additions to property, plant and equipment that have not yet been brought into use, is not depreciated. Additions are transferred into the above asset classes once they are brought into use.

1 Summary of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(i) Intangible assets

Software

Software assets which have finite useful lives, are measured at cost less accumulated amortisation.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 5 years, from the date that they are available for use.

(j) Deferred revenue

(i) Short-term deferred revenue

Short-term deferred revenue represents funding amounts received that are expected to be recognised as revenue within 12 months after the end of the reporting period. Amounts recorded in FBNA's short-term deferred revenue are usually grants received for a specific purpose whereby the conditions of have not yet been met.

(ii) Long-term deferred revenue

Funding received that are not expected to be recognised as revenue within 12 months after the end of the reporting period. FBNA's long-term deferred revenue represents reciprocal grants with project durations that go beyond 12 months after the end of the reporting period.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to FBNA prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Employee benefits

(i) Short-term obligations

Liabilities for wages, salaries and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service. These liabilities are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

1 Summary of significant accounting policies (continued)

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

(n) 'In-kind' provision of services to Foodbank NSW & ACT Limited

FBNA receives "in-kind" services from a number of individuals and organisations. FBNA does not recognise an expense and associated revenue for these 'in-kind' services in the financial report. The major 'in-kind' services received are disclosed in note 24.

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. These are AASB 9 Financial Instruments, AASB 15 Revenue and Contracts with Customers and AASB 16 Leases. FBNA has not adopted these new standards and interpretations and it is not expected that their adoption will have a material impact on future financial statements.

2 Financial risk management

FBNA's activities expose it to market risk and credit risk.

(a) Market risk

(i) Cash flow and fair value interest rate risk

FBNA's main interest rate risk arises from its holdings of cash and term deposits. There is no material interest rate risk exposure on financial liabilities.

(ii) Price risk

Index	1% increase in interest rates		-1% decrease in interest rates	
	2017 \$	2016 \$	2017 \$	2016 \$
Cash and cash equivalents	3,218	4,601	(3,218)	(4,601)
Bank bills and term deposits	8,428	18,756	(8,428)	(18,756)
Effect on surplus	11,646	23,357	(11,646)	(23,357)

Carrying values of the assets are as follows:

	2017 \$	2016 \$
Cash and cash equivalents	492,662	515,130
Bank bills and term deposits	961,531	810,594
	1,454,193	1,325,724

2 Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that counter-party will default on its contractual obligations resulting in financial loss to FBNA. FBNA has adopted the policy of only dealing with creditworthy counter-parties as a means of mitigating the risk of financial loss from defaults.

(c) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting date.

The net fair value of all financial assets and liabilities in the balance sheet approximates their carrying values.

3 Revenue

	2017 \$	2016 \$
From continuing operations		
Revenue from service fees	4,980,407	4,333,329

Service fees are generally charged to our member agencies on the basis of kilograms of product they withdraw from FBNA.

	2017 Kilograms	2016 Kilograms
Total kilograms distributed to:		
Member agencies	8,419,000	6,542,000
Interstate foodbanks	876,000	528,000
	9,295,000	7,070,000

In 2017, average service handling fee per kilo was \$0.54 (2016: \$0.61)

4 Cost of supply - purchased stock

	2017 \$	2016 \$
Cost of purchased items distributed to member agencies	1,581,889	1,327,143

5 Other operating income

	2017 \$	2016 \$
NSW Government: Transport Subsidy	453,824	443,187
Freight recovery fees	418,675	343,257
Rental Income	271,446	113,102
Other operating income	88,126	9,091
	1,232,071	908,637

6 Operating expenses

	2017 \$	2016 \$
<i>Distribution and warehouse expenses</i>		
Contract packaging and processing	20,725	44,180
Contractor expenses	379,773	231,633
Electricity	128,195	95,100
Freight expenses	1,087,229	805,520
Motor vehicle, truck and forklift	178,220	125,309
Repairs and maintenance	89,302	61,297
Service fees - interstate Foodbank entities	34,439	34,617
Storage - external	22,835	19,894
Waste removal	28,960	18,776
Warehouse expenses	97,670	98,199
	2,067,348	1,534,525
<i>Marketing expenses</i>		
Advertising and marketing	136,995	95,560
<i>Administration expenses</i>		
Computer maintenance and support	15,807	20,077
Foodbank Australia centralised server management (note 23 (b)(ii))	75,768	80,800
Foodbank Australia levy (note 23 (b)(i))	184,028	207,072
Insurance	32,260	25,577
Legal fees	8,603	7,423
Printing and stationery	24,310	21,751
Telephone	28,003	28,610
	368,779	391,310
<i>Personnel expenses</i>		
Salaries and wages - includes superannuation \$159,103 (2016: \$140,675)	1,910,715	1,572,847
<i>Depreciation and Amortisation</i>		
Amortisation of intangible assets	14,046	6,859
Depreciation of plant and equipment	657,837	453,863
	671,883	460,722
<i>Relocation expenses</i>		
Asset purchases < \$5,000	-	25,855
Consultancy fees: New Distribution Centre	-	-
Loss on asset disposals	-	5,956
Signage and moving expenses	-	55,631
Rent	-	64,512
	-	151,954
<i>Other expenses</i>		
Business planning and evaluation	-	10,850
Cleaning	28,842	25,425
Consultancy fees	811	6,969
Membership fees	16,417	14,436
Real estate fees	-	29,859
Travel and accommodation	16,708	16,321
Others	59,980	53,038
	122,758	156,898
	5,278,478	4,363,816

FBNA also receives "in-kind" services which are not recorded in the accounting records shown in note 24.

7 Other income and expenses

	2017 \$	2016 \$
Other Income - Recurring		
<i>Fundraising Income:</i>		
- General donations	246,792	293,358
- Fundraising: campaigns	256,079	59,936
	502,871	353,294
Other Income - Non-recurring		
<i>Fundraising Income:</i>		
- Fundraising: events/concerts	140,324	8,108
- Other non-government grants	330,000	355,000
<i>Government Grants:</i>		
- EPA Grant	1,139,890	-
Gain on sale of assets	39,800	8,500
Sundry income	4,972	22,323
	1,654,986	393,931
Other Expenses		
Fundraising expenses	(402,612)	(33,032)
	1,755,245	714,193

8 Finance income

	2017 \$	2016 \$
Interest received	13,159	45,510

9 Current assets - Cash assets

	2017 \$	2016 \$
Cash on hand	1,500	1,500
Cash in bank - trading account	486,597	508,146
Cash in bank - PayPal	4,565	5,484
Cash in bank - ANZ 11 AM Call	961,531	810,594
	1,454,193	1,325,724

(a) Cash in bank

These are bearing weighted average interest rate of 1.35% (2016: 1.97%).

(b) Fair value

The carrying amount for cash assets equals the fair value.

10 Current assets - Receivables

	2017 \$	2016 \$
Service fees receivable	98,081	140,821

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. There are no overdue or impairment on receivables.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for information on the risk management policy of FBNA and the credit quality of FBNA's receivables.

The aging of service fees receivables is as follows:

	2017 \$	2016 \$
Not past due	71,417	92,915
Past due 1 - 7 days	5,965	40,076
Past due over 7 days	20,699	7,830
	98,081	140,821

11 Current assets - Other current assets

	2017 \$	2016 \$
Inventory of purchased stock	106,588	196,803
GST refundable	45,373	2,091
Prepayments	35,370	28,380
Other assets	-	15,000
	187,331	242,274

12 Non-current assets - Property, plant and equipment

	Freehold land and buildings \$	Plant and equipment \$	Capital work in progress \$	Total \$
At 1 July 2015				
Cost or fair value	4,308,840	838,566	3,707,894	8,855,300
Accumulated depreciation	-	(575,036)	-	(575,036)
Net book amount	4,308,840	263,530	3,707,894	8,280,264
Year ended 30 June 2016				
Opening net book amount	4,308,840	263,530	3,707,894	8,280,264
Additions	4,144,889	2,955,620	-	7,100,509
Transfers from capital work in progress to freehold land and buildings	3,707,894	-	(3,707,894)	-
Disposals ¹	-	(5,956)	-	(5,956)
Depreciation charge	(133,836)	(320,027)	-	(453,863)
Closing net book amount	12,027,787	2,893,167	-	14,920,954
At 30 June 2016				
Cost or fair value	12,161,623	3,686,971	-	15,848,594
Accumulated depreciation	(133,836)	(793,804)	-	(927,640)
Net book amount	12,027,787	2,893,167	-	14,920,954
Year ended 30 June 2017				
Opening net book amount	12,027,787	2,893,167	-	14,920,954
Additions	-	617,317	-	617,317
Disposals ²	-	(1,700)	-	(1,700)
Depreciation charge	(196,185)	(461,652)	-	(657,837)
Closing net book amount	11,831,602	3,047,132	-	14,878,734
At 30 June 2017				
Cost	12,161,623	4,147,760	-	16,309,383
Accumulated depreciation	(330,021)	(1,100,628)	-	(1,430,649)
Net book amount	11,831,602	3,047,132	-	14,878,734

¹ Does not include fully written down plant and equipment disposals of \$101,259.

² Does not include fully written down plant and equipment disposals of \$154,828.

Land and buildings

As at 30 June 2017, land and building is carried at \$11,831,602 (2016: \$12,027,787) being the purchase price and other directly attributable costs associated with the purchase less accumulated depreciation on the building.

Capital work in progress

Capital work in progress represents amounts associated with the design and development of FBNA's new Distribution Centre at Glendenning. The balance of capital work in progress was transferred into freehold land and buildings in October 2015 when of FNBA's moved into its new Distribution Centre.

13 Non-current assets - Intangible assets

	Software \$
At 1 July 2015	
Cost	15,212
Accumulation amortisation and impairment	(10,614)
Net book amount	4,598
Year ended 30 June 2016	
Opening net book amount	4,598
Additions	67,135
Disposals	-
Amortisation charge	(6,859)
Closing net book amount	64,874
At 30 June 2016	
Cost	82,347
Accumulation amortisation and impairment	(17,473)
Net book amount	64,874
Year ended 30 June 2017	
Opening net book amount	64,874
Additions	45,600
Disposals ¹	-
Amortisation charge	(14,046)
Closing net book amount	96,428
At 30 June 2017	
Cost	117,985
Accumulated amortisation	(21,557)
Net book amount	96,428

¹ Does not include fully written down software disposals of \$9,962.

14 Current liabilities - Deferred revenue

	2017 \$	2016 \$
School breakfast program grant funding	57,000	11,291
Grants received in advance ¹	-	1,315,900
Revenue received in advance	22,621	-
	79,621	1,327,191

¹ Includes 90% of the grant provided by the NSW Environmental Trust in partnership with the NSW Environmental Protection Authority (EPA) of \$1,025,900 to complete the fit out of the new distribution centre and \$290,000 provided by Sargents Pies Charitable Foundation for the purchase of a new truck. Both grants were recognised on completion of grant specifications and outcomes in 2016-17.

15 Current liabilities - Payables

	2017 \$	2016 \$
Creditors	241,815	120,749
PAYG withholding payable	43,642	28,272
Accrued expenses	33,625	32,695
Superannuation payable	20,789	15,511
Rental bond	24,882	24,882
	364,753	222,109

16 Current liabilities - Provisions

	2017 \$	2016 \$
Employee benefits	133,822	151,791

FBNA has 26 employees (23.2 full time equivalents) as at 30 June 2017 (2016: 24 (20.3 full time equivalents)).

17 Non-current liabilities - Deferred revenue

	2017 \$	2016 \$
Grants received in advance ¹	3,000,000	3,000,000

¹ Grant provided by the NSW Department of Family and Community Services (FACS) for assistance in the construction of the new Distribution Centre. The deed of capital grant requires FBNA to operate the asset in a prescribed manner as specified in the deed for the project duration of ten (10) years from the commencement date on 28 July 2015. The grant will become non-reciprocal on 28 July 2025.

18 Non-current liabilities - Provisions

	2017 \$	2016 \$
Employee benefits	86,460	63,960

19 Accumulated funds

Movements in accumulated funds were as follows:

	2017 \$	2016 \$
Balance 1 July	11,929,596	11,618,886
Surplus for the year	1,120,515	310,710
Balance 30 June	13,050,111	11,929,596

20 Remuneration of auditors

KPMG performed the audit on an honorary basis and accordingly did not receive any payment for services rendered during this or the previous financial year.

21 Contingencies

FBNA had no contingent assets or liabilities at 30 June 2017 (2016: \$nil).

22 Commitments

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2017 \$	2016 \$
Property, plant and equipment		
Payable: Within one year	-	508,360

Capital commitments in 2016 relate to orders for two purpose built trucks that were delivered late 2016.

23 Related party transactions

(a) Directors

The names of persons who were directors of FBNA at any time during the financial year are as follows:

Peter Kelly	(Appointed 13 October 2011)
Christine Feldmanis	(Appointed 26 October 2016)
Malcolm Grimmond	(Appointed 24 August 2015)
John Hudson	(Appointed 13 August 2014)
Larry Kavanagh	(Appointed 17 June 2017)
Paul Moulds	(Appointed 23 February 2015)
Emma Peacock	(Appointed 19 November 2015)
Stephen Schofield	(Appointed 9 March 2011)
Madeline Dermatossian	(Ceased 26 October 2016)
Peter Lucas	(Ceased 23 November 2016)
Ernest Pope	(Ceased 23 November 2016)

(b) Foodbank Australia Limited

- (i) Foodbank Australia Limited acts as a national liaison and co-ordination point for food supply and activities of FBNA and other similar 'Foodbank' organisations in Western Australia, South Australia, Victoria, Queensland, Tasmania and Northern Territory. Foodbank Australia Limited costs of operation are met in part by levies paid by all 'Foodbank' organisations. During the year, FBNA paid \$184,028 (2016: \$207,072) to Foodbank Australia Limited.
- (ii) Foodbank Australia Limited hosts a centralised server as part of the federated approach to computer systems and software. FBNA paid \$75,768 (2016: \$80,800) to Foodbank Australia Limited for the company's share of the costs of this federated service. This payment covers consultancy, management and maintenance costs of the hosting server and software program.
- (iii) FBNA provides Foodbank Australia Limited funds to purchase additional key staple food under the Key Staple Program (KSP). In 2017, FBNA paid \$131,996 (2016: \$267,892) to Foodbank Australia to acquire cereal, canned fruit, rice, spreads and long life milk.
- (iv) On 23 May 2016, Foodbank Australia Limited entered into a service agreement with FBNA for the provision of accounting and finance services. In 2017, Foodbank Australia Limited paid \$57,498 (2016: \$4,580) to FBNA for assistance in general finance management, bookkeeping and financial reporting.

23 Related party transactions (continued)

(c) Other

Gerry Andersen is the CEO of FBNA and is also a Director of Pegasus Print Group. Pegasus Print Group provides FBNA with regular printing services throughout the financial year with a portion of printing services provided free of charge. During the year, FBNA paid \$30,221 (2016: \$29,330) to Pegasus Print Group.

(d) Directors remuneration

No remuneration was paid or is payable to any of the directors in respect of the financial year ended 30 June 2017 (2016: \$nil).

24 'In-kind' provision of services

Foodbank FNBA relies upon a network of organisations and individuals to enable it to achieve its objectives, some of which do not charge FBNA for their services, or part of their services. As detailed in note 1(n), FBNA does not record these 'in kind' services received as both revenue and expenditure.

In order to understand the level of expenditure that would be incurred if these organisations and individuals were to charge for their services, the following information on major 'in kind' services received is provided.

Item	Provided by	Estimated value 2017 \$	Estimated value 2016 \$	If paid, would be an addition to the following expenses (refer Note 6)
Audit services	KPMG	45,000	40,000	Audit fees
Food safety consultancy	Gary Kennedy	1,000	500	Consultancy
Forklift maintenance	Crown Equipment/ Toyota Materials Handling	8,000	8,000	Warehouse expenses
Freight - intrastate	Toll Holdings	22,000	22,000	Freight
Legal fees	Holman Webb Lawyers	8,000	8,000	Legal fees
Pallet hire	Chep/Loscam	360,000	268,000	Warehouse expenses
Printing	Pegasus Print Group	5,000	7,800	Printing and stationery
Storage	Swire Cold Storage	-	6,500	Storage - offsite
Volunteers/Directors	Individuals	1,164,500	1,025,000	Salaries, wages and fees
		1,613,500	1,385,800	

25 Additional information to be furnished under the Charitable Fundraising Act 1991

Throughout the financial year ending 30 June 2017, FBNA conducted various appeals aimed to raise funds and donated food and grocery items to support food programs. Monetary funds received from these appeals have been applied to the purchase of food or equipment to support these programs.

In 2017, FBNA engaged a reputable fundraising consulting firm to increase FBNA's fundraising activities. The aim is to raise recurrent funds to support operations, improve services, provide more food and reduce the handling fees to agencies. Initial upfront fees and establishment costs for fundraising is disproportionately higher in the beginning years; however FBNA should see improved returns once the fundraising programs are fully established.

In accordance with section 20 of the *Charitable Fundraising (NSW) Act 1991*, proceeds received in the course of fundraising appeals are applied according to the objects or purposes of the appeal net of appropriate expenses.

	2017 \$	2016 \$
(1) Gross proceeds from food donations and fundraising appeals		
Donations, fundraising events, campaigns and other grants	973,195	716,402
Value of donated food received ¹	8,719,000	6,208,000
(Less) Direct fundraising costs	(402,612)	(33,032)
Net contributions from fundraising appeals	9,289,583	6,891,370
(2) These were applied to the following charitable purpose:		
Purchase of food for distribution	280,583	383,370
Value of donated food distributed ¹	8,719,000	6,208,000
New Distribution Centre (design and development costs) ²	-	300,000
Purchase of truck ³	290,000	-
Total expenditure on direct services	9,289,583	6,891,370
Results from fundraising appeals	-	-

While the *Charitable Fundraising Act 1991* primarily focuses on cash fundraising, given the nature of its business FBNA also undertakes extensive efforts to achieve food donations. The volume of food that was received by the company are:

	2017 Kilograms	2016 Kilograms
Food from National Donors ⁴	4,443,000	3,482,000
Food from State Donors	4,276,000	2,726,000
Food from Key Staples Program ⁵	774,000	916,000
	9,493,000	7,124,000

¹ As the majority of FBNA's consolidated efforts are concentrated on sourcing donated food, the present value of food is captured to provide a more realistic valuation of FBNA's fundraising proceeds. Director's adopted at notional value for donated food of \$1 per kilogram from FBNA's National and State donors.

² On 3 July 2015, \$300,000 was received from Sargents Pies Charitable Foundation to fund FBNA's solar panel installation.

³ \$290,000 was received from Sargents Pies Charitable Foundation to fund a new truck for food collection and distribution. The new truck was delivered in September 2016.

^{4,5} Food received from the liaison and coordination of Foodbank Australia.

26 Events occurring after the reporting period

There are no significant events occurring after the reporting period that requires disclosure.

27 Reconciliation of surplus after income tax to net cash flow from operating activities

	2017 \$	2016 \$
Surplus for the year	1,120,515	310,710
Depreciation and amortisation	671,883	460,722
Net (gain) on disposal of property, plant and equipment	(39,800)	(2,544)
Interest received	(13,159)	(45,510)
Change in operating assets and liabilities:		
Decrease (Increase) in current receivables	42,740	(71,418)
Decrease in other current assets	54,943	196,106
Increase (Decrease) in current payables	142,644	(1,795,326)
(Decrease) Increase in current deferred revenue	(1,247,570)	734,228
Increase in provisions	4,531	38,478
Net cash inflow (outflow) from operating activities¹	736,727	(174,554)

¹ Net cash flow from operating activities includes cash flows associated with grant income and other donation activities as set out in Note 7.

In the directors' opinion:

- (a) the financial report and notes set out on pages 7 to 27 are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (i) complying with Accounting Standards, the *Australian Charities and Not-for-Profits Commission Regulation 2013* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 30 June 2017 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Peter Kelly
Chair

Sydney
19 September 2017

The directors declare that:

- (a) the financial report gives a true and fair view of all income and expenditure of Foodbank NSW & ACT Limited with respect to fundraising appeal activities for the financial year ended 30 June 2017;
- (b) the provisions of the *Charitable Fundraising Act 1991* and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2017; and
- (c) the internal controls exercised by Foodbank NSW & ACT Limited are appropriate and effective in accounting for all income received and applied by Foodbank NSW & ACT Limited from any of its fundraising appeals.

Signed in accordance with a resolution of the directors.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'P. Kelly', with a small flourish at the end.

Peter Kelly
Chair

Sydney
19 September 2017



Independent Auditor's Report

To the members of Foodbank NSW & ACT Limited :

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Foodbank NSW & ACT Limited (the Company)

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2017, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises :

- Balance sheet as at 30 June 2017.
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- Notes including a summary of significant accounting policies.
- Directors' declaration of the Company.
- Declaration by the directors in respect of fundraising appeals of the Company.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in Foodbank NSW & ACT Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with



the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC.
- ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations (the Act and Regulations).
- iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iv. Assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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. They 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.

Undertaking an audit in accordance with *Australian Auditing Standards*, means exercising professional judgment and maintaining professional skepticism.

Our responsibilities include:

- i. Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.
- ii. Designing and performing audit procedures responsive to those risks, and obtaining 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. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- iii. Obtaining an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- iv. Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



- v. Concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- vi. Evaluating the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

In addition we have:

- i. Obtained an understanding of the internal control structure for fundraising appeal activities.
- ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulation.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion,

- i. the Financial Report gives a true and fair view of the Company's financial result of fundraising appeal activities for the financial year ended 30 June 2017;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period 1 July 2016 to 30 June 2017 in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- iii. money received as a result of fundraising appeal activities conducted during the period from 1 July 2016 to 30 June 2017 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- iv. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

KPMG

Trent Duvall
Partner

Sydney
19 September 2017