

Australia Day Council of South Australia Incorporated

ABN: 95 945 352 311

Financial Report

For the Financial Year Ended 28 February 2019

Australia Day Council of South Australia Incorporated

ABN: 95 945 352 311

For the financial year ended 28 February 2019

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Australia Day Council of South Australia Incorporated

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For the financial year ended 28 February 2019

BOARD'S REPORT

Your board members submit the financial report of Australia Day Council of SA for the financial year ended 28 February 2019.

Board Members

The names of board members throughout the year and at the date of this report are:

Houssam Abiad (Chair)	Mr Steve Maras (Deputy Chair)
Mr Norman Schueler (Deputy Chair)	Ms Carol Martin
Barry Featherston (Treasurer)	Dr Michael Henningsen (Resigned 8.03.2018)
Mayor John Trainer OAM	Mr Peter Tsokas
Dr Simon Behenna	Hon Russell Wortley MLC (Resigned 8.03.2018)
Arman Abrahamzadeh OAM (Appointed 8.03.2018)	Hon Jing Lee (Appointed 8.03.018)
Anetta Johnston (Appointed 8.03.2018)	David O'Loughlin (Appointed 8.03.2018)
Sylvia Rapo (Appointed 8.03.2018)	Joel Bayliss (Appointed 8.03.2018)

Principal Activities

The principal activities of the Australia Day Council of South Australia during the financial year were to inspire national pride and spirit to enrich the life of all Australians.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The profit/(loss) amounted to **(\$309,098)**

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



Chair



Member of the Executive

Dated this 30 day of May 2019

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RESPONSIBLE PERSONS DECLARATION

per section 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013

The Responsible Persons declare that in the Responsible Persons' opinion:

- (a) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- (b) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible Person¹
Responsible persons' declaration

Chair

Member of the Executive

Dated this 30 day of May 2019

¹ The term 'Responsible Person' could be replaced with director(s) of the company or trustee(s) of the trust or if the trustee is a body corporate, a director(s) of the trustee.

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PROFIT AND LOSS STATEMENT FOR THE YEAR ENDING 28 FEBRUARY 2019

	Note	2019 \$	2018 \$
Grants		858,277	547,398
Sponsorship		132,492	23,182
SA Programs		7,127	-
Product Sales		139,074	155,686
Subscriptions		85,957	78,647
Interest Income		7,782	11,361
Other Income		127,333	27,720
TOTAL INCOME		1,358,042	843,994
Administration		105,726	38,877
Cost of Goods Sold		97,826	110,112
Office Costs		123,429	17,195
Employee Expenses		552,891	268,746
Functions		787,268	439,513
TOTAL EXPENSES		1,667,140	874,443
OPERATING SURPLUS / (DEFICIT)		(309,098)	(30,449)

The accompanying notes form part of these financial statements.

Australia Day Council of South Australia Incorporated

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STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2019

	Note	2019	2018
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	2	527,346	762,056
Trade and Other Receivables	3	78,289	84,597
Inventories	4	61,603	66,410
TOTAL CURRENT ASSETS		667,238	913,063
NON-CURRENT ASSETS			
Property, Plant & Equipment	5	8,906	-
TOTAL NON-CURRENT LIABILITIES		8,906	-
TOTAL ASSETS		676,144	913,063
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	6	243,204	183,991
Provisions	7	48,579	40,170
TOTAL CURRENT LIABILITIES		291,783	224,161
NON-CURRENT LIABILITIES			
Provisions	7	13,690	9,133
TOTAL NON-CURRENT LIABILITIES		13,690	9,133
TOTAL LIABILITIES		305,473	233,294
NET ASSETS		370,671	679,769
MEMBERS FUNDS			
Retained Surplus	8	370,671	679,769
TOTAL MEMBERS FUNDS		370,671	679,769

The accompanying notes form part of these financial statements.

Australia Day Council of South Australia Incorporated

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2019

	Retained Surplus	Total
	\$	\$
2019		
BALANCE AT 1 MARCH 2018	679,769	679,769
Profit / (Loss) for the year	(309,098)	(309,098)
BALANCE AT 28 FEBRUARY 2019	370,671	370,671
2018		
BALANCE AT 1 MARCH 2017	710,218	710,218
Profit / (Loss) for the year	(30,449)	(30,449)
BALANCE AT 28 FEBRUARY 2018	679,769	679,769

The accompanying notes form part of these financial statements.

Australia Day Council of South Australia Incorporated

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For the financial year ended 28 February 2019

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRAURY 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Grants	858,277	547,398
Receipts from customers	503,098	270,996
Payment to suppliers and employees	(1,594,101)	(761,170)
Interest & Dividends Received	7,782	11,361
Net cash provided by operating activities	<u>(224,944)</u>	<u>68,585</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	<u>(9,766)</u>	-
Net cash provided by investing activities	<u>(9,766)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	-
Net cash provided by financing activities	-	-
Net increase/(decrease) in cash and cash equivalents held	(234,710)	68,585
Cash and cash equivalents at beginning of financial year	762,056	693,471
Cash and cash equivalents at end of financial year	2 <u>527,346</u>	<u>762,056</u>

The accompanying notes form part of these financial statements.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The Board has determined that the Association is a not for profit and not a reporting entity.

The financial report has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the following Australian Accounting Standards:

- AASB 101: Presentation of Financial Statements
- AASB 107: Statement of Cash Flows
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 110: Events after the Balance Sheet Date
- AASB 1048: Interpretation of Standards
- AASB 1053: Application of tiers of Australian Accounting Standards
- AASB 1054: Australian Additional Disclosures

No other applicable Accounting Standards, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated specifically, current valuations of non-current assets.

The following significant accounting policies, which are consistent with the previous period unless stated otherwise, have been adopted in the preparation of these financial statements.

a. **Employee Provisions**

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee provisions have been measured at the amounts expected to be paid when the liability is settled.

b. **Cash on Hand**

Cash on hand includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

c. **Accounts Receivable and Other Debtors**

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from donors. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

d. **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Grant and sponsorship income is recognised as revenue in the year of receipt.

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

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

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the assets and liabilities statement.

f. **Inventories on Hand**

Inventories held for sale are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

Inventories acquired at no cost or for nominal consideration are measured at the current replacement cost as at the date of acquisition.

g. **Accounts Payable and Other Payables**

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

h. **Economic Dependence**

The Association relies on Federal, State and Local Government grant funding to enable the Association to fund its normal activities. Status of agreements can be seen below:

<i>Status of Agreements</i>	<i>Expires</i>
• Commonwealth Grants	June 2019
• Adelaide City Council Grant	June 2019
• State Government Grant	June 2021

Should the Association not secure funding or a reduced level of funding, it may impact on the ability of the Association to continue operating as a going concern.

i. **Events After the Reporting Period**

The members are not aware of any events occurring after the reporting period that require any consideration for the adjustment to, or additional disclosures in the financial report.

j. **New Accounting Statement**

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts – except leases with a maximum term of 12 months and leases for non-material amounts – be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. As at reporting date, the Association has not undertaken an assessment to determine the impact of this standard on future periods.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

NOTE 2: CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at Bank	80,316	317,919
Cash on Hand	200	200
Investment Account	446,830	443,937
	527,346	762,056

NOTE 3: TRADE AND OTHER RECEIVABLES

Trade Debtors	46,837	84,597
Prepaid Expenses	5,346	-
GST Receivable	26,106	-
	78,289	84,597

NOTE 4: INVENTORIES

Stock on Hand at Cost	61,603	66,410
	61,603	66,410

NOTE 5: PROPERTY, PLANT & EQUIPMENT

Property, Plant & Equipment at Cost	9,767	-
Accumulated Depreciation	(859)	-
	8,906	-

NOTE 6: TRADE AND OTHER PAYABLES

Other Payables and Accruals	132,193	99,521
GST Payable	-	13,116
Pay As You Go Withholding Tax	10,554	11,104
Superannuation Payable	3,730	-
Income Received in Advance	96,727	60,250
	243,204	183,991

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

NOTE 7: PROVISIONS

	2019	2018
	\$	\$
Employee Benefits – Current Liability		
Annual Leave Provision	36,924	28,001
Long Service Leave Provision	11,655	12,169
	<u>48,579</u>	<u>40,170</u>
Employee Benefits – Non-Current Liability		
Long Service Leave Provision	13,690	9,133
	<u>13,690</u>	<u>9,133</u>

NOTE 8: MEMBERS' FUNDS

Opening Retained Surplus	679,769	710,218
Surplus / (Deficit) for the Period	(309,098)	(30,449)
Closing Retained Surplus	<u>370,671</u>	<u>679,769</u>

NOTE 9: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no Contingent Liabilities or Contingent Assets to be reported.

NOTE 10: BANK GUARANTEE

As at reporting date, the Association has a Bank Guarantee totalling \$7,956.67 held with the Commonwealth Bank (CBA) as a Bond in accordance with the requirements of its lease agreement to occupy 18/240 Curry Street Adelaide SA premises.

This Guarantee has no expiry date.

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NOTE 11: FINANCIAL RISK MANAGEMENT

As at 28 February 2019 the Association has a Commonwealth Bank of Australia Business Card with a credit facility limit of \$10,000. As at 28 February 2019, the facility has a total undrawn amount of \$6,278.01.

The Association had no other undrawn credit facilities at reporting date.

NOTE 12: ASSOCIATION DETAILS

The registered office and principal place of business of the Association is:

The Australia Day Council of South Australia
18/240 Currie Street
ADELAIDE SA 5000

ABN: 95 945 352 311

12 June 2019

Ms Jan Chorley
Chief Executive Officer
Australia Day Council of South Australia Inc.
18/240 Currie Street
ADELAIDE SA 5000

Dear Jan

**RE: External Audit Management Letter
Financial Year Ended 28 February 2019**

We have completed our external audit of the Australia Day Council of South Australia Inc. for the financial year ended 28 February 2019 which has been signed without any modification being made to the audit opinion

As is our standard practice for all audit clients, we strongly recommend that the Administration at undertakes a risk assessment of its internal control environment to test that controls are operating as intended and that at least annually, undertake a review and update of the effectiveness of internal controls operating throughout the organisation.

From our experience, a particular focus should be placed on internal controls surrounding the collection and handling of cash, banking/payment security procedures, stock and procurement practices.

We wish to highlight the following observations and recommendations as a result of work recently completed for your consideration.

1. A new accounting standard, Australian Accounting Standard (AASB) 16 *Leases*, which will be in effect for the Association for the 2019/20 financial year, requires that all operating leases be recognised on the Balance Sheet as a liability. As at reporting date, the Association has not undertaken an assessment to determine the impact of this standard on future periods.
We recommend that the Association undertakes a review of the potential impact of AASB 16 on the accounting policies of the Association in consultation with the Corporate Governance Committee.
2. As a matter of best practice, we recommend a review of all recorded IT user access and permission level granted to all IT network folders and applications be considered to ensure adequate segregation of duties for individual roles within the association.

We respectfully request to be provided with a formal response to our Management Letter that provides an update from the Association on the results of any internal control assessment undertaken along with consideration of other matters highlighted above.

I would like to extend my appreciation to the Association's Administration for their assistance provided to the audit team whilst the audit was being undertaken.

Please do not hesitate to contact me if further information is required on 8267 4777 or sam@deannewbery.com.au.

Yours sincerely

DEAN NEWBERY & PARTNERS

A handwritten signature in black ink, appearing to read 'Samantha Creten', written in a cursive style.

Samantha Creten

Partner

C. Chairperson of Board
C. Corporate Governance Committee