Northern Rivers Social Development Council Ltd

ABN 77 398 196 862

Financial Statements

For the Year Ended 30 June 2020

Northern Rivers Social Development Council Ltd

ABN 77 398 196 862

Contents

For the Year Ended 30 June 2020

Thomas Noble & Russell
Accountants | Auditors | Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Northern Rivers Social Development Council Ltd for the year ended 30 June 2020.

Dated at Lismore this 24th day of September 2020.

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS

Per:

....
A J BRADFIELD (Partner)
Registered Company Auditor

31 Keen Street
PO Box 106
Lismore NSW 2480
Phone: +61 (02) 6626 3000

Suite 901, Level 9, The Rocket
203 Robina Town Centre Drive
Robina QLD 4226
Phone: +61 (07) 5593 1601

Email: enquiries@tnr.com.au
Website: www.tnr.com.au

Northern Rivers Social Development Council Ltd

ABN 77 398 196 862

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue and other income	5	**42,271,606**	42,877,493
Expenses from ordinary activities	6	**(40,992,193)**	(41,740,887)
Profit before income tax		**1,279,413**	1,136,606
Income tax expense		**-**	-
Profit for the year		**1,279,413**	1,136,606
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		**-**	-
Items that will be reclassified to profit or loss when specific conditions are met			
Net fair value movements for available-for-sale financial assets	17	**(5,956)**	(1,331)
Other comprehensive income for the year, net of tax		**(5,956)**	(1,331)
Total comprehensive income for the year		**1,273,457**	1,135,275

The accompanying notes form part of these financial statements.

Northern Rivers Social Development Council Ltd

ABN 77 398 196 862

Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**3,652,058**	1,974,953
Trade and other receivables	10	**327,366**	591,521
Other financial assets	8	**6,700,000**	6,208,247
Other assets	11	**293,752**	251,932
TOTAL CURRENT ASSETS		**10,973,176**	9,026,653
NON-CURRENT ASSETS			
Other financial assets	8	**124,628**	19,221
Right-of-use assets	12	**3,126,987**	-
Property, plant and equipment	13	**836,452**	357,287
TOTAL NON-CURRENT ASSETS		**4,088,067**	376,508
TOTAL ASSETS		**15,061,243**	9,403,161
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	**4,519,982**	2,722,698
Employee benefits	15	**1,234,321**	907,687
Contract liabilities (2019: Other liabilities)	16	**1,088,765**	2,143,324
Lease liabilities		**1,057,635**	-
TOTAL CURRENT LIABILITIES		**7,900,703**	5,773,709
NON-CURRENT LIABILITIES			
Employee benefits	15	**399,478**	237,698
Lease liabilities		**2,095,851**	-
TOTAL NON-CURRENT LIABILITIES		**2,495,329**	237,698
TOTAL LIABILITIES		**10,396,032**	6,011,407
NET ASSETS		**4,665,211**	3,391,754
EQUITY			
Reserves	17	**240**	6,196
Retained earnings	18	**4,664,971**	3,385,558
TOTAL EQUITY		**4,665,211**	3,391,754

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Note	Retained Earnings $	Fair Value Adjustment Assets-Available-For-Sale Reserve $	Total $
Balance at 1 July 2019	18,17	3,385,558	6,196	**3,391,754**
Net profit/(loss) for the year	18	1,279,413	-	**1,279,413**
Fair value loss on available-for-sale financial assets	17	-	(5,956)	**(5,956)**
Balance at 30 June 2020	18,17	4,664,971	240	**4,665,211**

2019

	Note	Retained Earnings $	Fair Value Adjustment Assets-Available-For-Sale Reserve $	Total $
Balance at 1 July 2018	18,17	2,248,952	7,527	2,256,479
Net profit/(loss) for the year	18	1,136,606	-	1,136,606
Fair value loss on available-for-sale financial assets	17	-	(1,331)	(1,331)
Balance at 30 June 2019	18,17	3,385,558	6,196	3,391,754

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Grant receipts in the course of operations		**40,253,417**	40,219,420
Cash payments in the course of operations		**(37,393,605)**	(41,284,796)
Interest received		**183,902**	159,442
Interest paid		**(65,748)**	-
Other operating receipts		**993,533**	-
Net cash provided by/(used in) operating activities		**3,971,499**	(905,934)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**42,726**	78,450
Proceeds from sale of held-for-trading investments		**-**	(1,214)
Purchase of property, plant and equipment		**(572,552)**	(306,893)
Purchase of financial assets		**(603,116)**	(4,700,000)
Net cash provided by/(used in) investing activities		**(1,132,942)**	(4,929,657)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease liability		**(1,161,452)**	-
Net cash provided by/(used in) financing activities		**(1,161,452)**	-
Net increase/(decrease) in cash and cash equivalents held		**1,677,105**	(5,835,591)
Cash and cash equivalents at beginning of year		**1,974,953**	7,810,544
Cash and cash equivalents at end of financial year	7(a)	**3,652,058**	1,974,953

The accompanying notes form part of these financial statements.

The financial report covers Northern Rivers Social Development Council Ltd ("the Company") as an individual entity. Northern Rivers Social Development Council Ltd is a not-for-profit Company, registered and domiciled in Australia.

The principal activities of the Company for the year ended 30 June 2020 were to provide services that promote inclusion, fairness and social justice in the community. The Company provides homelessness and housing supports, youth and family services, programs that promote genuine participation for people with disability, community sector support, professional development, and systemic advocacy.

The functional and presentation currency of Northern Rivers Social Development Council Ltd is Australian dollars.

The financial report was authorised for issue by those charged with governance on 24th of September 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Change in Accounting Policy

Revenue from Contracts with Customers - Adoption of AASB 15

The Company has adopted AASB 15 *Revenue from Contracts* with Customers and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Company performed an impact assessment regarding the application of AASB 15 and AASB 1058. The assessment identified that the application of this standard had no impact on the Company.

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

AASB 15 and AASB 1058 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions* are related interpretations and applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. Any required adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

2 Change in Accounting Policy (continued)

Leases - Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

2 Change in Accounting Policy (continued)

Financial statement impact of adoption of AASB 16

	$
Operating lease commitments at 30 June 2019 financial statements	1,630,121
Discounted using the incremental borrowing rate at 1 July 2019	1,585,293
Add:	
Extension options reasonably certain to be exercised not included in the commitments note	1,184,000
Renegotiated leases with different lease periods	19,700
Other adjustments	160,756
Less:	
Short-term leases included in commitments note	5,425
Renegotiated leases with different lease periods	451,000
Lease liabilities recognised at 1 July 2019	2,493,324

Refer to Note 12 for further information in respect of leases.

3 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

For the comparative year

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Revenue is recognised when the business is entitled to it.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

3 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Grant revenue (continued)

Northern Rivers Social Development Council Ltd receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Revenue from contracts with customers

For current year

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Rendering of services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual services provided to the end of the reporting period as a proportion of the total services to be provided as the customer receives and uses the benefit simultaneously.

3 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(c) Leases

For the comparative year

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

For the current year

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

3 Summary of Significant Accounting Policies (continued)

(c) Leases (continued)

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(d) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(f) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

3 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

3 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(g) Property, plant and equipment

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

3 Summary of Significant Accounting Policies (continued)

(g) Property, plant and equipment (continued)

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	5% - 20%
Motor Vehicles	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is any evidence of impairment for its non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

3 Summary of Significant Accounting Policies (continued)

(i) Trade and other payables

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

(j) Employee benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(k) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

3 Summary of Significant Accounting Policies (continued)

(l) Going concern / economic dependence

The Company is reliant upon the continuity of grant funding to continue as a going concern. There are signed funding agreements for majority of its grants in place until at least June 2021. The Company has no reason to believe continued funding support from various government agencies will not continue to occur.

(m) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 1 July 2019. Refer to Note 2 for details on changes in accounting policies due to the adoption of AASB 15, AASB 1058 and AASB 16.

4 Critical Accounting Estimates and Judgements

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - Impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Notes to the Financial Statements
For the Year Ended 30 June 2020

5 Revenue and Other Income

Revenue from continuing operations

	2020	2019
	$	$
Grants	**41,062,882**	39,145,847
Operating	**489,119**	546,587
Funding partners	**58,779**	2,362,892
Other income	**660,826**	822,167
Total revenue and other income	**42,271,606**	42,877,493

6 Expenses from Ordinary Activities

	2020	2019
	$	$
Administration	**1,290,042**	1,304,003
Advertising & promotion	**183,324**	128,434
Brokerage	**612,725**	414,690
Consultants	**872,045**	959,184
Cost of sales - training/conferences	**-**	18,333
Depreciation expense:		
- property, plant and equipment	**81,949**	78,463
- right-of-use assets	**1,120,555**	-
Employee benefits expense	**21,089,823**	19,168,118
Equipment	**261,292**	87,614
IT support & maintenance	**1,012,349**	528,243
Motor vehicle expenses	**237,494**	533,407
Premises	**322,454**	1,171,241
Funding partners	**13,414,278**	16,715,076
Training & development	**151,295**	318,275
Telephone and fax	**342,568**	315,806
Total expenses	**40,992,193**	41,740,887

Notes to the Financial Statements

For the Year Ended 30 June 2020

7 Cash and Cash Equivalents

		2020	2019
		$	$
Cash on hand		**2,330**	2,253
Cash at bank		**3,649,728**	1,672,700
Short-term deposits		**-**	300,000
Total cash and cash equivalents	7(a)	**3,652,058**	1,974,953

(a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	7	**3,652,058**	1,974,953
Balance as per statement of cash flows		**3,652,058**	1,974,953

8 Financial Assets

	2020	2019
	$	$
CURRENT		
Term deposits	**6,700,000**	6,208,247
Total current financial assets	**6,700,000**	6,208,247
NON-CURRENT		
Shares in listed entity (IAG)	**13,969**	19,221
Total non-current financial assets	**13,969**	19,221

9 Restricted cash and financial assets

	2020	2019
	$	$
Branch		
Community, Families & Youth	**95,971**	79,813
Strategy & Engagement	**16,837**	8,444

Notes to the Financial Statements

For the Year Ended 30 June 2020

10 Trade and Other Receivables

	2020	2019
	$	$
CURRENT		
Trade receivables	**1,136**	161,788
GST receivable	**-**	43,938
Accrued income	**326,230**	385,795
Total current trade and other receivables	**327,366**	591,521

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

11 Other Assets

	2020	2019
	$	$
CURRENT		
Prepayments	**90,303**	134,940
Other	**136,053**	116,992
Clearing account - property leases	**67,396**	-
Total current other assets	**293,752**	251,932

12 Leases

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Right-of-use assets

	Buildings	Motor Vehicles	Total
	$	$	$
Year ended 30 June 2020			
Balance at the beginning of the year	**2,057,922**	**435,402**	**2,493,324**
Net movements	**1,754,218**	**-**	**1,754,218**
Depreciation	**(868,908)**	**(251,647)**	**(1,120,555)**
Balance at end of year	**2,943,232**	**183,755**	**3,126,987**

Current and non-current lease liabilities totalling $3,153,486 were included in the statement of financial position as at 30 June 2020.

Notes to the Financial Statements

For the Year Ended 30 June 2020

13 Property, plant and equipment

	2020	2019
	$	$
Land		
At cost	307,788	-
Total land	307,788	-
Capital works in progress		
At cost	38,445	32,816
Total capital works in progress	38,445	32,816
Plant and equipment		
At cost	32,119	9,410
Accumulated depreciation	(9,416)	(8,462)
Total plant and equipment	22,703	948
Motor vehicles		
At cost	667,472	532,381
Accumulated depreciation	(199,956)	(208,858)
Total motor vehicles	467,516	323,523
Total property, plant and equipment	836,452	357,287

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Land	Plant and Equipment	Motor Vehicles	Total
	$	$	$	$	$
Year ended 30 June 2020					
Balance at the beggining of the year	32,816	-	948	323,523	357,287
Additions	313,417	-	22,709	236,426	572,552
Disposals	-	-	-	(11,439)	(11,439)
Transfers	(307,788)	307,788	-	-	-
Depreciation expense	-	-	(954)	(80,994)	(81,948)
Balance at the end of the year	38,445	307,788	22,703	467,516	836,452

Notes to the Financial Statements

For the Year Ended 30 June 2020

14 Trade and Other Payables

	2020	2019
	$	$
CURRENT		
Trade payables	**1,176,681**	929,131
GST payable	**41,131**	-
Sundry payables and accrued expenses	**3,302,170**	1,793,567
Total current trade and other payables	**4,519,982**	2,722,698

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

15 Employee Benefits

	2020	2019
	$	$
CURRENT		
Long service leave	**82,530**	60,622
Annual leave	**1,151,791**	847,065
Total current employee benefits	**1,234,321**	907,687
NON-CURRENT		
Long service leave	**399,478**	237,698
Total non-current employee benefits	**399,478**	237,698

16 Contract Liabilities (2019: Other Liabilities)

	2020	2019
	$	$
CURRENT		
Grants received in advance	**1,088,765**	1,464,444
Grants received in advance - LAC	-	678,880
Total current contract liabilities (2019: other liabilities)	**1,088,765**	2,143,324

17 Reserves

	2020	2019
	$	$
Fair value adjustment assets-available-for-sale reserve		
Opening balance	**6,196**	7,527
Fair value adjustment	**(5,956)**	(1,331)
Closing balance	**240**	6,196
Total reserves	**240**	6,196

Notes to the Financial Statements

For the Year Ended 30 June 2020

18 Retained Earnings

	2020	2019
	$	$
Retained earnings at the beginning of the financial year	**3,385,558**	2,248,952
Net profit/(loss) for the year	**1,279,413**	1,136,606
Retained earnings at end of the financial year	**4,664,971**	3,385,558

19 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, investment in listed securities, and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

		2020	2019
		$	$
Financial Assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	7	**3,652,058**	1,974,953
- Term deposits	8	**6,700,000**	6,208,247
- Trade and other receivables	10	**327,366**	591,521
Financial assets at fair value through other comprehensive income:			
- Other financial assets	8	**13,969**	19,221
Total financial assets		**10,693,393**	8,793,942
Financial Liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	14	**4,519,982**	2,722,698
- Lease liabilities		**3,153,486**	-
Total financial liabilities		**7,673,468**	2,722,698

20 Leasing Commitments

(a) Operating lease commitments - Office leases

	2020 $	2019 $
Minimum lease payments:		
- not later than one year	-	707,794
- between one year and five years	-	682,314
Total minimum lease payments	-	1,390,108

(b) Operating lease commitments - Motor vehicles

	2020 $	2019 $
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	211,495
- between one year and five years	-	28,518
Total minimum lease payments	-	240,013

Note 2 describes the Company's accounting policy for adoption of AASB 16 on 1 July 2019.

21 Key Management Personnel Remuneration

The following Directors held office during the year in a voluntary capacity:

Patrick Grier (Chair)
Karen Hazan (Deputy Chair)
Leanne Coventry
Keith Sloan (Chair Finance Committee)
Orit Ben-Harush
Penny Cox
Margarita Escartin
Kirstie McClean
Chris Leach (appointed 28/11/19)
Trish Oxford (appointed 28/11/19)

The Company Secretaries are:

Michael Carter
Tanya Miller (commenced 28/05/20)
Anita Mansfield (ceased 7/05/20)

Total remuneration paid:

The total remuneration paid to key management personnel of the Company is $1,324,901 (2019: $1,141,630).

Other related party transactions:

From time to time, board members of the Company, or board member-related entities, may purchase/supply goods or

21 Key Management Personnel Remuneration (continued)

services from/to the Company. These purchases/supplies are on the same terms and conditions as those entered into by other Company employees, customers or suppliers.

22 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2020 (30 June 2019: None).

23 Events after the end of the Reporting Period

The financial report was authorised for issue on 24th of September 2020 by those charged with governance.

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

24 Statutory Information

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

Northern Rivers Social Development Council Ltd
16 Keen Street
Lismore NSW 2480

Northern Rivers Social Development Council Ltd

ABN 77 398 196 862

Directors' Declaration

The Directors declare that in their opinion:

- the financial statements and notes for the financial year ended 30 June 2020 comply with Australian Accounting Standards - Reduced Disclosure Requirement; and
- the financial statements and notes for the year ended 30 June 2020 give a true and fair view of the financial position and performance of the Company; and
- there are reasonable grounds to believe that the Company is able to pay all of its debts, as and when they become due and payable; and
- 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*.

Chairperson .... I. P. GRIER

Director .... Robert Henry Keith Sloan

Dated this 24th day of September 2020

Thomas Noble & Russell
Accountants | Auditors | Business Advisers

Independent Auditor's Report to the Members of Northern Rivers Social Development Council Ltd

Opinion

We have audited the financial report of Northern Rivers Social Development Council Ltd ("the Entity") which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a) giving a true and fair view of the Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

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 Entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also 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 Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines 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, management is responsible for assessing the 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 management either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 the Australian Auditing Standards, we exercise professional judgement 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 management.
- Conclude on the appropriateness of the management's 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 Entity'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 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 report represents 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS

Per:

A J BRADFIELD (Partner)

Dated at Lismore this 24th day of September 2020