Social Futures Ltd

ABN 77 398 196 862

Financial Statements

For the Year Ended 30 June 2023

Social Futures Ltd

ABN 77 398 196 862

Contents

For the Year Ended 30 June 2023

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 Social Futures Ltd for the year ended 30 June 2023.

Dated at Lismore this 28th day of September 2023.

THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS

Per:

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

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2023

	Note	2023 $	2022 $
Revenue and other income	5	**50,133,492**	38,585,773
Expenses from ordinary activities	6	**(42,806,353)**	(38,026,366)
Finance costs		**(84,263)**	(76,267)
Profit before income tax		**7,242,876**	483,140
Income tax expense		**-**	-
Profit for the year		**7,242,876**	483,140
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Revaluation changes for property, plant and equipment	18	**100,323**	-
Items that will be reclassified to profit or loss when specific conditions are met		**-**	-
Other comprehensive income for the year, net of tax		**100,323**	-
Total comprehensive income for the year		**7,343,199**	483,140

The accompanying notes form part of these financial statements.

Social Futures Ltd

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Statement of Financial Position

As At 30 June 2023

	Note	2023 $	2022 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**9,202,853**	5,660,259
Trade and other receivables	9	**3,521,929**	328,210
Other financial assets	8	**6,755,313**	6,644,972
Other assets	11	**669,326**	1,358,458
TOTAL CURRENT ASSETS		**20,149,421**	13,991,899
NON-CURRENT ASSETS			
Other financial assets	8	**120,021**	68,055
Right-of-use assets	12(a)	**4,758,942**	1,667,218
Property, plant and equipment	13	**5,099,890**	2,014,491
TOTAL NON-CURRENT ASSETS		**9,978,853**	3,749,764
TOTAL ASSETS		**30,128,274**	17,741,663
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	**4,115,069**	4,979,227
Employee benefits	16	**1,813,535**	1,731,098
Contract liabilities	17	**3,866,403**	954,465
Lease liabilities	12(b)	**1,065,266**	932,222
TOTAL CURRENT LIABILITIES		**10,860,273**	8,597,012
NON-CURRENT LIABILITIES			
Borrowings	15	**-**	420,000
Employee benefits	16	**798,517**	671,514
Lease liabilities	12(b)	**3,852,657**	779,509
TOTAL NON-CURRENT LIABILITIES		**4,651,174**	1,871,023
TOTAL LIABILITIES		**15,511,447**	10,468,035
NET ASSETS		**14,616,827**	7,273,628
EQUITY			
Reserves	18	**100,323**	-
Retained earnings	19	**14,516,504**	7,273,628
TOTAL EQUITY		**14,616,827**	7,273,628

The accompanying notes form part of these financial statements.

Social Futures Ltd

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Statement of Changes in Equity

For the Year Ended 30 June 2023

2023

	Note	Retained Earnings $	Asset Revaluation Reserve $	Total $
Balance at 1 July 2022	18,19	**7,273,628**	**-**	**7,273,628**
Net profit/(loss) for the year	19	**7,242,876**	**-**	**7,242,876**
Revaluation increment - buildings	18	**-**	**100,323**	**100,323**
Balance at 30 June 2023	18,19	**14,516,504**	**100,323**	**14,616,827**

2022

	Note	Retained Earnings $	Asset Revaluation Reserve $	Total $
Balance at 1 July 2021	18,19	6,790,488	-	6,790,488
Net profit/(loss) for the year	19	483,140	-	483,140
Balance at 30 June 2022	18,19	7,273,628	-	7,273,628

The accompanying notes form part of these financial statements.

Social Futures Ltd

ABN 77 398 196 862

Statement of Cash Flows

For the Year Ended 30 June 2023

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from government grants		**47,052,611**	37,365,408
Payments to suppliers and employees		**(40,836,449)**	(34,734,337)
Interest received		**89,164**	58,305
Interest paid		**(84,263)**	(76,267)
Other operating receipts		**2,664,722**	1,089,528
Net cash provided by/(used in) operating activities		**8,885,785**	3,702,637
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**541,619**	186,753
Purchase of property, plant and equipment		**(4,047,487)**	(891,414)
Net redemption / (purchase) of financial assets		**(158,869)**	8,581
Net cash provided by/(used in) investing activities		**(3,664,737)**	(696,080)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		**-**	420,000
Repayment of borrowings		**(420,000)**	-
Repayment of lease liability		**(1,258,454)**	(1,298,151)
Net cash provided by/(used in) financing activities		**(1,678,454)**	(878,151)
Net increase/(decrease) in cash and cash equivalents held		**3,542,594**	2,128,406
Cash and cash equivalents at beginning of year		**5,660,259**	3,531,853
Cash and cash equivalents at end of financial year	7(a)	**9,202,853**	5,660,259

Notes to the Financial Statements

For the Year Ended 30 June 2023

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

The principal activities of the Company for the year ended 30 June 2023 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 the Company is Australian dollars.

The financial report was authorised for issue by those charged with governance on 28th of September 2023.

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 - Simplified Disclosures 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

The Company has previously accounted for their Land and Building assets using the historical cost model in AASB 116 *Property, Plant and Equipment*. During the current financial year, the Company has adopted a voluntary change in accounting policy to account for these assets using a revaluation model.

The decision to change the accounting policy from the cost model to the revaluation model was made to provide a more accurate representation of the Company's financial position and performance, as well as provide users of the financial statements with more relevant information.

The new accounting policy is presented in Note 3(g).

The adoption of this change in accounting policy has resulted in the recognition of the Asset Revaluation Reserve and a corresponding adjustment to the carrying value of Land and Buidling assets within Property, Plant and Equipment.

Comparative information has not been restated as the Directors consider the impact to not be significant to the financial statements.

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

Revenue from contracts with customers

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.

Grant revenue

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

Amounts arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The Company considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is

3 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Grant revenue (continued)
received.

Other income

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

(c) Leases

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.

Right-of-use asset

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.

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.

Lease liability

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.

3 Summary of Significant Accounting Policies (continued)

(c) Leases (continued)

Lease liability (continued)

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).

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:

3 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)

- amortised cost
- fair value through profit or loss - FVTPL
- 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, cash and cash equivalents, and term deposits.

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.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are 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 asset 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 asset 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 has 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.

3 Summary of Significant Accounting Policies (continued)

(g) Property, plant and equipment

For the year ended 30 June 2022

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

For the year ended 30 June 2023

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

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

Land and buildings

For the year ended 30 June 2022

Land and buildings are measured using the cost model.

For the year ended 30 June 2023

Land and buildings are measured using the revaluation 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.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	5% - 20%
Furniture, Fixtures and Fittings	6% - 20%
Motor Vehicles	20%
Leasehold improvements	10%

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.

3 Summary of Significant Accounting Policies (continued)

(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.

(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.

3 Summary of Significant Accounting Policies (continued)

(j) Employee benefits (continued)

Other long-term employee benefits (continued)

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.

(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 the majority of its grants in place until at least June 2024. 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 2022. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

(n) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Company.

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.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment

Employee benefits provision

As discussed in Note 3(j), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the Financial Statements

For the Year Ended 30 June 2023

5 Revenue and Other Income

	2023 $	2022 $
Revenue from contracts with customers		
- Sale of goods	**314,065**	750,065
- Other revenue	**50,460**	159,568
Total revenue from contracts with customers	**364,525**	909,633
Other income		
- Grants without sufficiently specific performance obligations	**47,165,712**	37,386,776
- Interest received	**257,844**	58,306
- Gain on sale of assets	**41,776**	51,164
- Other income	**2,303,635**	179,894
Total other income	**49,768,967**	37,676,140
Total revenue and other income	**50,133,492**	38,585,773

(a) Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated as follows:

	2023 $	2022 $
Timing of revenue recognition		
- goods/services transferred at a point in time	**314,065**	750,065
- goods/services transferred over time	**50,460**	159,568
Revenue from contracts with customers	**364,525**	909,633
Geographical regions		
- Australia	**364,525**	909,633
Revenue from contracts with customers	**364,525**	909,633

6 Expenses from Ordinary Activities

	2023 $	2022 $
Administration	**2,390,322**	1,461,041
Advertising & promotion	**291,653**	220,203
Brokerage	**940,258**	566,433
Consultants	**362,095**	391,137
Cost of sales - training/conferences	**4,591**	2,266
Depreciation expense:		
- property, plant and equipment	**404,417**	174,130
- right-of-use assets	**1,277,522**	1,185,373
Employee benefits expense	**31,392,551**	28,598,532
Equipment	**83,917**	145,637
IT support & maintenance	**1,056,066**	1,161,060
Motor vehicle expenses	**401,506**	252,088
Premises	**480,243**	240,608
Funding partners	**2,635,118**	2,214,773
Training & development	**491,199**	246,483
Telephone and fax	**436,744**	423,602
Revaluation decrement on land	**158,151**	-
Write-off of assets arising from flooding event	**-**	743,000
Total expenses	**42,806,353**	38,026,366

Notes to the Financial Statements

For the Year Ended 30 June 2023

7 Cash and Cash Equivalents

	Note	2023 $	2022 $
Cash on hand		**570**	1,386
Cash at bank		**9,202,283**	5,658,873
Total cash and cash equivalents	7(a)	**9,202,853**	5,660,259

(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:

	Note	2023 $	2022 $
Cash and cash equivalents	7	**9,202,853**	5,660,259
Balance as per statement of cash flows		**9,202,853**	5,660,259

8 Financial Assets

	2023 $	2022 $
CURRENT		
Term deposits	**6,755,313**	6,644,972
Total current financial assets	**6,755,313**	6,644,972
NON-CURRENT		
Shares in listed entity	**14,666**	11,101
Term deposits	**105,355**	56,954
Total non-current financial assets	**120,021**	68,055

9 Trade and Other Receivables

	2023 $	2022 $
CURRENT		
Trade receivables	**1,304,728**	237,183
GST receivable	**-**	66,689
Accrued income	**2,217,201**	24,338
Total current trade and other receivables	**3,521,929**	328,210

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.

Notes to the Financial Statements

For the Year Ended 30 June 2023

10 Restricted Cash and Financial Assets

	2023	2022
	$	$
Community, Families & Youth		
- Youth on Track	**-**	107,146
- Reconnect	**-**	48,551
- NGO Flood Support	**115,061**	-
- Local Drug Action Team	**3,836**	-
- Clubhouse Broken Hill	**398,271**	-
- Clubhouse Bathurst	**393,274**	-
Housing, Homelessness and Employment		
- Northern NSW Accommodation and Support Service	**1,242,095**	-
- Northern NSW Specialist Complex Case Homelessness Service	**1,138,103**	-
- Homeless Youth Assistance Program	**653,212**	-
- Tenancy Set Up	**-**	11,517
- Standing Strong (Stronger Women)	**393,435**	349,056
- Assertive Outreach	**-**	157,619
- Youth Support & headleasing	**-**	178,256
- Various	**10,000**	10,000
- StandBy Other	**16,634**	-
Mental Health and Wellbeing		
- Care Connect	**433,275**	348,147
- headspace Lismore	**-**	178,667
- headspace Tweed Heads	**-**	133,412
- Youth Expansion Casino/ Kyogle	**-**	50,039
- Various	**10,000**	10,000
- Wait Time Reduction Lismore	**-**	36,779
- Wait Time Reduction Tweed Heads	**-**	18,487
LAC		
- LAC Northern NSW	**-**	192,500
Strategy & Engagement		
Non-service Delivery Branch		
- Various	**257,604**	2,702
Total restricted cash and financial assets	**5,064,800**	1,832,878

The Company has recognised the above amounts as income in accordance with AASB 1058, however, service delivery in relation to this funding will be delivered in future financial years.

11 Other Assets

	2023	2022
	$	$
CURRENT		
Prepayments	**497,064**	1,186,541
Other	**172,262**	171,917
Total current other assets	**669,326**	1,358,458

12 Leases

(a) Right-of-use assets

	2023	2022
	$	$
Buildings		
At cost	**7,324,002**	3,374,705
Accumulated depreciation	**(2,727,949)**	(1,929,094)
Total buildings	**4,596,053**	1,445,611
Motor vehicles		
At cost	**415,573**	300,515
Accumulated depreciation	**(252,684)**	(78,908)
Total motor vehicles	**162,889**	221,607
Total right-of-use assets	**4,758,942**	1,667,218

	Buildings	Motor Vehicles	Total
	$	$	$
Year ended 30 June 2023			
Balance at beginning of year	**1,445,611**	**221,607**	**1,667,218**
Additions to right-of-use assets	**3,689,877**	**120,893**	**3,810,770**
Disposals	**(13,064)**	**(1,047)**	**(14,111)**
Remeasurement of right-of-use assets due to changes in lease liability	**572,587**	**-**	**572,587**
Depreciation expense	**(1,098,958)**	**(178,564)**	**(1,277,522)**
Balance at end of year	**4,596,053**	**162,889**	**4,758,942**

12 Leases (continued)

(b) Lease liabilities

	2023	2022
	$	$
Current lease liabilities	**1,065,266**	932,222
Non-current lease liabilities	**3,852,657**	779,509
Total lease liabilities	**4,917,923**	1,711,731

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	$	$	$	$	$
2023					
Lease liabilities	**1,188,009**	**2,232,010**	**2,015,615**	**5,435,634**	**4,917,923**
2022					
Lease liabilities	967,433	471,914	327,758	1,767,105	1,711,731

(c) Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to interest expense on lease liabilities and short-term leases or leases of low value assets are shown below:

	2023	2022
	$	$
Interest expense on lease liabilities	**59,571**	54,516
Expenses relating to short-term leases	**-**	37,672
	59,571	92,188

13 Property, plant and equipment

	2023 $	2022 $
Land		
At fair value (2022: at cost)	**973,013**	308,151
Total land	**973,013**	308,151
Buildings		
At fair value (2022: at Cost)	**890,000**	819,081
Accumulated depreciation	**-**	(18,928)
Total buildings	**890,000**	800,153
Capital works in progress		
At cost	**-**	447,891
Total capital works in progress	**-**	447,891
Plant and equipment		
At cost	**467,974**	22,709
Accumulated depreciation	**(48,588)**	(4,548)
Total plant and equipment	**419,386**	18,161
Furniture, fixtures and fittings		
At cost	**53,808**	48,105
Accumulated depreciation	**(4,558)**	(2,019)
Total furniture, fixtures and fittings	**49,250**	46,086
Motor vehicles		
At cost	**1,365,705**	825,534
Accumulated depreciation	**(549,559)**	(431,485)
Total motor vehicles	**816,146**	394,049
Leasehold Improvements		
At cost	**2,108,032**	-
Accumulated depreciation	**(155,937)**	-
Total leasehold improvements	**1,952,095**	-
Total property, plant and equipment	**5,099,890**	2,014,491

(a) Revaluation of Land and Buildings

Land

The Company's land was valued at Market Value (highest and best use) by Herron Todd White in 2023 after identifying all elements that would be taken into account by buyers and sellers in setting the price, including but not limited to location of site, size and market evidence of sales activity in the area.

The valuation has resulted in a decrement of $158,151 to carrying values, and corresponding decrease through profit and loss.

13 Property, plant and equipment (continued)

(a) Revaluation of Land and Buildings (continued)

Buildings

The Company's buildings were valued at Market Value (highest and best use) by Herron Todd White in 2023 after identifying all elements that would be taken into account by buyers and sellers in setting the price, including but not limited to location of site, condition of asset and market evidence of leasing activity in the area.

The valuation has resulted in an increment of $100,323 to carrying values, and corresponding increase to the asset revaluation reserve.

(b) 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	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Leasehold Improvements	Total
	$	$	$	$	$	$	$	$
Year ended 30 June 2023								
Balance at the beginning of the year	447,891	308,151	800,153	18,161	46,086	394,049	-	2,014,491
Additions	-	-	855,392	445,265	23,327	615,471	2,108,032	4,047,487
Disposals	-	-	(470,269)	-	(17,623)	(11,951)	-	(499,843)
Transfers	(447,891)	-	447,891	-	-	-	-	-
Depreciation expense	-	-	(20,477)	(44,040)	(2,540)	(181,423)	(155,937)	(404,417)
Revaluation decrease recognised in income	-	(158,151)	-	-	-	-	-	(158,151)
Revaluation increase recognised in equity	-	-	100,323	-	-	-	-	100,323
Balance at the end of the year	-	150,000	1,713,013	419,386	49,250	816,146	1,952,095	5,099,890

Notes to the Financial Statements

For the Year Ended 30 June 2023

14 Trade and Other Payables

	2023 $	2022 $
CURRENT		
Trade payables	**392,813**	2,148,776
GST payable	**860,722**	-
Sundry payables and accrued expenses	**2,861,534**	2,830,451
Total current trade and other payables	**4,115,069**	4,979,227

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 Borrowings

	2023 $	2022 $
NON-CURRENT		
Unsecured liabilities:		
Loan from Diocese of Lismore	**-**	420,000
Total non-current borrowings	**-**	420,000

(a) Summary of borrowings

The Company entered into a loan to fund the construction of a property in Lismore. This loan has been repaid in current year.

16 Employee Benefits

	2023 $	2022 $
CURRENT		
Annual leave	**1,623,303**	1,607,097
Long service leave	**190,232**	124,001
Total current employee benefits	**1,813,535**	1,731,098
NON-CURRENT		
Long service leave	**798,517**	671,514
Total non-current employee benefits	**798,517**	671,514

Notes to the Financial Statements
For the Year Ended 30 June 2023

17 Contract Liabilities

	2023	2022
	$	$
CURRENT		
Grants received in advance	**3,866,403**	954,465
Total current contract liabilities	**3,866,403**	954,465

18 Reserves

	2023	2022
	$	$
Asset revaluation reserve		
Opening balance	**-**	-
Revaluation increment - buildings	**100,323**	-
Closing balance	**100,323**	-
Total reserves	**100,323**	-

(a) Asset revaluation reserve

The asset revaluation reserve records fair value movements on property, plant and equipment held under the revaluation model.

19 Retained Earnings

	2023	2022
	$	$
Retained earnings at the beginning of the financial year	**7,273,628**	6,790,488
Net profit/(loss) for the year	**7,242,876**	483,140
Retained earnings at end of the financial year	**14,516,504**	7,273,628

20 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:

		2023	2022
		$	$
Financial Assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	7	**9,202,853**	5,660,259
- Term deposits	8	**6,860,668**	6,701,926
- Trade and other receivables	9	**3,521,929**	328,210
Financial assets at fair value through profit or loss:			
- Other financial assets	8	**14,666**	11,101
Total financial assets		**19,600,116**	12,701,496
Financial Liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	14	**4,115,069**	4,979,227
- Lease liabilities	12	**4,917,923**	1,711,731
Total financial liabilities		**9,032,992**	6,690,958

21 Key Management Personnel Remuneration

The following Directors held office during the year:

Patrick Grier (Chair)
Kirstie McClean (Deputy Chair)
Keith Sloan
Chris Leach (Chair Quality Risk & Compliance until June 2023)
Leanne Coventry
Orit Ben-Harush (Chair Quality Risk & Compliance from June 2023)
Penny Cox (Chair Finance Committee)
Margarita Escartin
Trish Oxford (Chair Aboriginal Advisory Committee)
Joe Hedger (from September 2022)

The Company Secretaries are:

Michael Carter
Jana Hall (from March 2023)

Total remuneration paid:

The total remuneration paid to key management personnel of the Company is $1,296,922 (2022: $1,304,388).

22 Auditor's Remuneration

	2023 $	2022 $
Remuneration of the auditor, Thomas Noble & Russell, for:		
- auditing or reviewing the financial statements	**27,500**	23,430
- other assurance services	**12,500**	12,500
- other services	**2,400**	2,100
Total auditor's remuneration	**42,400**	38,030

23 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2023 (30 June 2022: None).

24 Related Parties

(a) The Company's main related parties are as follows:

Key management personnel - refer to Note 21.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Other related party transactions:

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

25 Events after the end of the Reporting Period

The financial report was authorised for issue on the 28th of September 2023 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.

26 Statutory Information

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

Social Futures Ltd
Unit 5/274 River Street
Ballina NSW 2478

Directors' Declaration

The Directors declare that in their opinion:

- the financial statements and notes for the financial year ended 30 June 2023 comply with Australian Accounting Standards - Simplified Disclosures; and
- the financial statements and notes for the year ended 30 June 2023 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 20*22.

Kirstie McClean

Director ....
Kirstie McClean

Director ....
Chris Leach

Dated this 28th day of September 2023

Independent Auditor's Report to the Members of Social Futures Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Social Futures Ltd ("the Entity") which comprises the statement of financial position as at 30 June 2023, 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 2023 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022.*

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, 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.

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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 the 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 28th day of September 2023