

Social Futures Ltd

ABN 77 398 196 862

Financial Statements

For the Year Ended 30 June 2022

Social Futures Ltd

ABN 77 398 196 862

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For the Year Ended 30 June 2022

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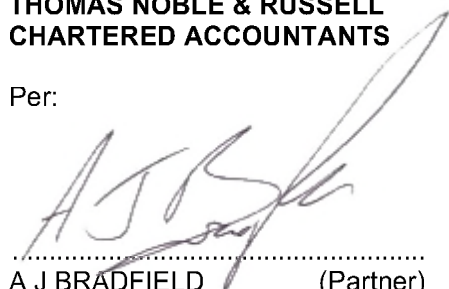
AUDITOR'S INDEPENDENCE DECLARATION

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 2022.

Dated at Lismore this 29th day of September 2022.

**THOMAS NOBLE & RUSSELL
CHARTERED ACCOUNTANTS**

Per:



A J BRADFELD (Partner)
Registered Company Auditor

Social Futures Ltd

ABN 77 398 196 862

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

		2022	2021
	Note	\$	\$
Revenue and other income	4	38,585,773	35,778,418
Expenses from ordinary activities	5	(38,026,366)	(33,563,346)
Finance costs		(76,267)	(89,795)
Profit before income tax		483,140	2,125,277
Income tax expense		-	-
Profit for the year		483,140	2,125,277
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		-	-
Total comprehensive income for the year		483,140	2,125,277

The accompanying notes form part of these financial statements.

Social Futures Ltd

ABN 77 398 196 862

Statement of Financial Position**As At 30 June 2022**

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	5,660,259	3,531,853
Trade and other receivables	8	328,210	125,348
Other financial assets	7	6,644,972	6,608,732
Other assets	10	1,358,458	520,936
TOTAL CURRENT ASSETS		13,991,899	10,786,869
NON-CURRENT ASSETS			
Other financial assets	7	68,055	114,594
Right-of-use assets	11(a)	1,667,218	2,778,412
Property, plant and equipment	12	2,014,491	2,175,796
TOTAL NON-CURRENT ASSETS		3,749,764	5,068,802
TOTAL ASSETS		17,741,663	15,855,671
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	4,979,227	3,633,213
Employee benefits	15	1,731,098	1,295,253
Contract liabilities	16	954,465	772,972
Lease liabilities	11(b)	932,222	1,055,862
TOTAL CURRENT LIABILITIES		8,597,012	6,757,300
NON-CURRENT LIABILITIES			
Borrowings	14	420,000	-
Employee benefits	15	671,514	522,872
Lease liabilities	11(b)	779,509	1,785,011
TOTAL NON-CURRENT LIABILITIES		1,871,023	2,307,883
TOTAL LIABILITIES		10,468,035	9,065,183
NET ASSETS		7,273,628	6,790,488
EQUITY			
Retained earnings	17	7,273,628	6,790,488
TOTAL EQUITY		7,273,628	6,790,488

The accompanying notes form part of these financial statements.

Social Futures Ltd

ABN 77 398 196 862

Statement of Changes in Equity For the Year Ended 30 June 2022

2022

		Retained Earnings	Fair Value Adjustment of Financial Assets at FVOCI Reserve	Total
	Note	\$	\$	\$
Balance at 1 July 2021	17	6,790,488	-	6,790,488
Net profit/(loss) for the year	17	483,140	-	483,140
Balance at 30 June 2022	17	7,273,628	-	7,273,628

2021

		Retained Earnings	Fair Value Adjustment of Financial Assets at FVOCI Reserve	Total
	Note	\$	\$	\$
Balance at 1 July 2020	17	4,664,971	240	4,665,211
Net profit/(loss) for the year	17	2,125,277	-	2,125,277
Transfer from fair value adjustment of financial assets at FVOCI reserve	17	240	(240)	-
Balance at 30 June 2021	17	6,790,488	-	6,790,488

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from government grants	37,365,408	34,718,550
Payments to suppliers and employees	(34,734,337)	(33,141,351)
Interest received	58,305	87,082
Interest paid	(76,267)	(89,795)
Other operating receipts	1,089,528	830,699
Net cash provided by/(used in) operating activities	3,702,637	2,405,185
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	186,753	178,655
Purchase of property, plant and equipment	(891,414)	(1,621,228)
Net redemption / (purchase) of financial assets	8,581	101,062
Net cash provided by/(used in) investing activities	(696,080)	(1,341,511)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	420,000	-
Repayment of lease liability	(1,298,151)	(1,183,879)
Net cash provided by/(used in) financing activities	(878,151)	(1,183,879)
Net increase/(decrease) in cash and cash equivalents held	2,128,406	(120,205)
Cash and cash equivalents at beginning of year	3,531,853	3,652,058
Cash and cash equivalents at end of financial year	5,660,259	3,531,853

6(a)

Notes to the Financial Statements

For the Year Ended 30 June 2022

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 2022 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 29th of September 2022.

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 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

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Revenue from contracts with customers (continued)

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

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

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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(c) Leases (continued)

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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(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:

- 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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)

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.

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 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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)

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.

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

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%
Furniture, Fixtures and Fittings	6% - 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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 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 2023. 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 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Company has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Company's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The Company has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for auditor's remuneration and other minor areas.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(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.

3 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 2(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 2022

4 Revenue and Other Income

	2022	2021
	\$	\$
Revenue from contracts with customers		
- Sale of goods	750,065	431,812
- Other revenue	159,568	80,861
Total revenue from contracts with customers	909,633	512,673
Other income		
- Grants without sufficiently specific performance obligations	37,386,776	34,764,840
- Interest received	58,306	87,082
- Gain on sale of assets	51,164	36,611
- Other income	179,894	377,212
Total other income	37,676,140	35,265,745
Total revenue and other income	38,585,773	35,778,418

(a) Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated as follows:

Timing of revenue recognition

- goods/services transferred at a point in time	750,065	431,812
- goods/services transferred over time	159,568	80,861

Revenue from contracts with customers

	909,633	512,673
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Geographical regions

- Australia	909,633	512,673
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Revenue from contracts with customers

	909,633	512,673
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5 Expenses from Ordinary Activities

	2022	2021
	\$	\$
Administration	1,461,041	1,253,678
Advertising & promotion	220,203	118,985
Brokerage	566,433	496,035
Consultants	391,137	414,180
Cost of sales - training/conferences	2,266	1,474
Depreciation expense:		
- property, plant and equipment	174,130	139,840
- right-of-use assets	1,185,373	1,219,841
Employee benefits expense	28,598,532	25,526,232
Equipment	145,637	458,132
IT support & maintenance	1,161,060	823,456
Motor vehicle expenses	252,088	245,548
Premises	240,608	545,703
Funding partners	2,214,773	1,708,301
Training & development	246,483	229,613
Telephone and fax	423,602	382,328
Write-off of assets arising from flooding event	743,000	-
Total expenses	38,026,366	33,563,346

Notes to the Financial Statements

For the Year Ended 30 June 2022

6 Cash and Cash Equivalents

	2022	2021
Note	\$	\$
Cash on hand	1,386	1,611
Cash at bank	5,658,873	3,530,242
Total cash and cash equivalents	5,660,259	3,531,853

(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	6	5,660,259	3,531,853
Balance as per statement of cash flows		5,660,259	3,531,853

7 Financial Assets

	2022	2021
	\$	\$
CURRENT		
Term deposits	6,644,972	6,608,732
Total current financial assets	6,644,972	6,608,732
NON-CURRENT		
Shares in listed entity	11,101	12,668
Term deposits	56,954	101,926
Total non-current financial assets	68,055	114,594

8 Trade and Other Receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	237,183	102,431
GST receivable	66,689	-
Accrued income	24,338	22,917
Total current trade and other receivables	328,210	125,348

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 2022

9 Restricted Cash and Financial Assets

	2022	2021
	\$	\$
Community, Families & Youth		
- Youth on Track	107,146	44,789
- Reconnect	48,551	-
Housing, Homelessness and Employment		
- Tenancy Set Up	11,517	64,140
- Standing Strong (Stronger Women)	349,056	299,632
- Assertive Outreach	157,619	118,502
- Youth Support & headleasing	178,256	213,000
- Various	10,000	58,057
- Sustaining Tenancies	-	59,871
Mental Health and Wellbeing		
- Care Connect	348,147	234,636
- Rent Choice Youth	-	42,700
- headspace Lismore	178,667	170,085
- headspace Tweed Heads	133,412	56,761
- Youth Expansion Casino/ Kyogle	50,039	36,474
- Various	10,000	-
- Wait Time Reduction Lismore	36,779	-
- Wait Time Reduction Tweed Heads	18,487	-
- Under 16 Stimulus funding	-	41,018
LAC		
- LAC Northern NSW	192,500	-
Strategy & Engagement		
- Various	2,702	8,540
Total restricted cash and financial assets	1,832,878	1,448,205

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 during the 2022-23 year.

10 Other Assets

	2022	2021
	\$	\$
CURRENT		
Prepayments	1,186,541	325,787
Other	171,917	195,149
Total current other assets	1,358,458	520,936

Notes to the Financial Statements

For the Year Ended 30 June 2022

11 Leases

(a) Right-of-use assets

	2022 \$	2021 \$
Buildings		
At cost	3,374,705	4,463,844
Accumulated depreciation	(1,929,094)	(1,685,432)
Total buildings	1,445,611	2,778,412
Motor vehicles		
At cost	300,515	-
Accumulated depreciation	(78,908)	-
Total motor vehicles	221,607	-
Total right-of-use assets	1,667,218	2,778,412

	Buildings \$	Motor Vehicles \$	Total \$
Year ended 30 June 2022			
Balance at beginning of year	2,778,412	-	2,778,412
Additions to right-of-use assets	210,957	305,584	516,541
Disposals	(16,435)	(12,547)	(28,982)
Remeasurement of right-of-use assets due to changes in lease liability	(413,380)	-	(413,380)
Depreciation expense	(1,113,943)	(71,430)	(1,185,373)
Balance at end of year	1,445,611	221,607	1,667,218

Notes to the Financial Statements

For the Year Ended 30 June 2022

11 Leases (continued)

(b) Lease liabilities

	2022	2021
	\$	\$
Current lease liabilities	932,222	1,055,862
Non-current lease liabilities	779,509	1,785,011
Total lease liabilities	1,711,731	2,840,873

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
	\$	\$	\$	\$	\$
2022					
Lease liabilities	967,433	471,914	327,758	1,767,105	1,711,731
2021					
Lease liabilities	1,120,717	986,249	859,835	2,966,801	2,840,873

(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:

	2022	2021
	\$	\$
Interest expense on lease liabilities	59,571	54,516
Expenses relating to short-term leases	37,672	11,462
	97,243	65,978

Notes to the Financial Statements

For the Year Ended 30 June 2022

12 Property, plant and equipment

	2022 \$	2021 \$
Land		
At cost	308,151	308,151
Total land	308,151	308,151
Buildings		
At cost	819,081	822,908
Accumulated depreciation	(18,928)	-
Total buildings	800,153	822,908
Capital works in progress		
At cost	447,891	427,510
Total capital works in progress	447,891	427,510
Plant and equipment		
At cost	22,709	22,709
Accumulated depreciation	(4,548)	(2,277)
Total plant and equipment	18,161	20,432
Furniture, fixtures and fittings		
At cost	48,105	-
Accumulated depreciation	(2,019)	-
Total furniture, fixtures and fittings	46,086	-
Motor vehicles		
At cost	825,534	901,826
Accumulated depreciation	(431,485)	(305,031)
Total motor vehicles	394,049	596,795
Total property, plant and equipment	2,014,491	2,175,796

(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 \$	Buildings \$	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Total \$
Year ended 30 June 2022							
Balance at the beginning of the year	427,510	308,151	822,908	20,432	-	596,795	2,175,796
Additions	763,381	-	30,386	-	48,105	49,544	891,416
Disposals	(743,000)	-	(34,213)	-	-	(101,377)	(878,590)
Depreciation expense	-	-	(18,928)	(2,271)	(2,019)	(150,913)	(174,131)
Balance at the end of the year	447,891	308,151	800,153	18,161	46,086	394,049	2,014,491

Notes to the Financial Statements

For the Year Ended 30 June 2022

13 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Trade payables	2,148,776	1,290,453
GST payable	-	24,517
Sundry payables and accrued expenses	2,830,451	2,318,243
Total current trade and other payables	4,979,227	3,633,213

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.

14 Borrowings

	2022	2021
	\$	\$
NON-CURRENT		
<i>Unsecured liabilities:</i>		
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. Interest only repayments are required for 3 years after which the principal sum is repayable.

15 Employee Benefits

	2022	2021
	\$	\$
CURRENT		
Long service leave	124,001	70,709
Annual leave	1,607,097	1,224,544
Total current employee benefits	1,731,098	1,295,253
NON-CURRENT		
Long service leave	671,514	522,872
Total non-current employee benefits	671,514	522,872

Notes to the Financial Statements

For the Year Ended 30 June 2022

16 Contract Liabilities

	2022	2021
	\$	\$
CURRENT		
Grants received in advance	954,465	772,972
Total current contract liabilities	954,465	772,972

17 Retained Earnings

	2022	2021
	\$	\$
Retained earnings at the beginning of the financial year	6,790,488	4,664,971
Net profit/(loss) for the year	483,140	2,125,277
Transfer from fair value adjustment of financial assets at FVOCI reserve	-	240
Retained earnings at end of the financial year	7,273,628	6,790,488

18 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:

		2022	2021
		\$	\$
Financial Assets			
<i>Financial assets at amortised cost:</i>			
- Cash and cash equivalents	6	5,660,259	3,531,853
- Term deposits	7	6,644,972	6,608,732
- Trade and other receivables	8	328,210	125,348
<i>Financial assets at fair value through other comprehensive income:</i>			
- Other financial assets	7	68,055	114,594
Total financial assets		12,701,496	10,380,527
Financial Liabilities			
<i>Financial liabilities at amortised cost:</i>			
- Trade and other payables	13	4,979,227	3,633,213
- Lease liabilities	11	1,711,731	2,840,873
Total financial liabilities		6,690,958	6,474,086

Notes to the Financial Statements

For the Year Ended 30 June 2022

19 Key Management Personnel Remuneration

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

Patrick Grier (Chair)
 Kirstie McClean (Deputy Chair)
 Keith Sloan
 Chris Leach (Chair Quality Risk & Compliance)
 Leanne Coventry
 Orit Ben-Harush
 Penny Cox (Chair Finance Committee)
 Margarita Escartin
 Trish Oxford

The Company Secretaries are:

Michael Carter
 Tanya Miller (to 29 July 2021)

Total remuneration paid:

The total remuneration paid to key management personnel of the Company is \$1,304,388 (2021: \$1,242,135).

20 Auditor's Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor, Thomas Noble & Russell, for:		
- auditing the financial statements	23,430	21,300
- other assurance services	12,500	12,500
- other services	2,100	1,910
Total auditor's remuneration	38,030	35,710

21 Capital Commitments

	2022	2021
	\$	\$
Payable within 1 year	-	930,080

In the 2021 year, the Company entered into a contract for the construction of a 12 unit property at 65 McKenzie Street, Lismore.

22 Contingencies

Insurance Claim

In March 2022, the Building Contractor submitted an insurance claim of \$979,243.72 in relation to the buildings at 65 McKenzie Street which were significantly impacted by flooding on February 28, 2022 during the construction phase. As at 30 June 2022, the claim was yet to be approved and no asset has been recognised in the statement of financial position in relation to this. Subsequent to reporting date the claim has been partially approved and the Company is awaiting insurance proceeds of \$510,679.71. The remaining portion of the claim remains unapproved and the Company is unable to determine the probability that any or all of the final claim will be received.

Notes to the Financial Statements

For the Year Ended 30 June 2022

22 Contingencies (continued)

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2022 (30 June 2021: None).

23 Related Parties

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

Key management personnel - refer to Note 19.

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.

24 Events after the end of the Reporting Period

The financial report was authorised for issue on 29th of September 2022 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.

25 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

Social Futures Ltd

ABN 77 398 196 862

Directors' Declaration

The Directors declare that in their opinion:

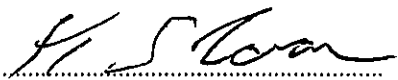
- the financial statements and notes for the financial year ended 30 June 2022 comply with Australian Accounting Standards - Simplified Disclosures; and
- the financial statements and notes for the year ended 30 June 2022 give a true and fair view of the financial position and performance of the Company; 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


Patrick Grier

Director


Keith Sloan

Dated this 29th day of September 2022

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 2022, 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 2022 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards – Simplified Disclosures 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 – Simplified Disclosures 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 BRADFELD (Partner)

Dated at Lismore this 29th day of September 2022