

Drug Policy Australia Limited

2020 Annual Financial Report



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Drug Policy Australia Limited

ABN: 43 169 588 578

16th October 2020

Annual Financial Report

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This annual financial report covers Drug Policy Australia Ltd, which is a company limited by guarantee, incorporated and domiciled in Australia. Its details are as follows:

Directors & Responsible Entities

As of 30th June 2020, the directors of the company were:

Gregory Shane Chipp – Chairman, Director & Company Secretary

Stephanie Tzanetis - Director

Dr John Sherman – Director

Lisa Van Rooyen - Director

Registered Office & Principal Place of Business

4/22 Narong Rd
Caulfield North VIC 3161

1. Overview

Drug Policy Australia (DPA) was incorporated in on 22nd May 2014 under the *Corporations Act 2001* (Cth) as a company limited by guarantee and was subsequently registered by the Australian Charities and Not-For-Profits Commission (ACNC) as a Health Promotion Charity (HPC). On this basis, the Australian Taxation Office (ATO) granted DPA Deductible Gift Recipient (DGR) status, along with designation as a Tax Concession Charity (TCC) with a number of tax concessions, including those related to certain exemptions from Goods & Services Tax (GST), Fringe Benefits Tax (FBT) and income tax.

DPA is required to lodge an Annual Information Statement (AIS) with the ACNC for the 2020 financial year by 31st January 2021, based on the financial information contained in this report.

This 2020 Annual Financial Report will be the primary document for consideration and adoption by the members at the 2020 Annual General Meeting, pursuant to clause 14.1 of the Company Constitution.

Income

Between the year of incorporation in FY14 and FY17, DPA operated as a volunteer-only organisation earning modest amounts of donation income from members, close associates and also from the public through its website. In the FY18 period, donation income increased significantly as a result of DPAs increased promotional activities relating to a number of drug policy conferences that it hosted in Melbourne.

In FY19, donation, events, merchandise and raffle income increased significantly compared to previous years, due to the Managing Director, working in a part-time capacity. The Managing Director focused on building the profile of the organisation as a drug policy advocate and organised a number of successful drug policy discussion forums in Melbourne.

In FY20, the Managing Director transitioned to working on a full-time basis as DPA focused on growing donation income from a wider base of supporters as well as engaging in more advocacy activities that resulted in a growth in donations and merchandise sales. Although the COVID-19 pandemic hindered the increase in monthly contributions, single contributions increased to \$19,193 mainly due to 2 large donations of \$10,000 and \$7,500.

With the onset of the COVID-19 pandemic in February/March 2020 and the resulting lockdown-induced economic downturn in Australia, donation and other income reduced markedly. Specifically, estimated revenue decreased by \$20,000 due to the cancellation of the Sydney conference and monthly donations falling by over a third. However, DPA benefited from \$26,000 in government stimulus payments made up of \$6,000 JobKeeper and \$10,000 stimulus payments respectively from the Federal and State governments, that enabled the organisation to maintain its drug policy advocacy operations and activities.

Total income for FY20 was \$108,178 (including stimulus payments), up from \$62,713 an increase of 72% on FY19, \$14,733 in FY18, and \$2,864 in FY17.

Due to increase focus on fundraising by the Managing Director, donations increase by \$18,614 or 57% on the previous year. Merchandise sales increased by \$6,423 or 67%. Event income decrease by 17% due to the COVID pandemic restrictions.

Income is expected to increase in future years as the public profile of DPA grows due to increased time spent by the DPA on promotional and advocacy activities as well as more and larger drug policy forums and conferences.

Expenses

Between FY14 and FY17, DPA incurred expenses mainly for the purpose of establishing its website, developing fundraising channels, creating promotional materials and fundraising documentation and organising a number of drug policy events.

In the FY18 period, DPA incurred increased expenditure primarily relating to the drug policy conferences it organised and hosted.

In FY19, expenses generally grew in line with DPAs increased promotional and advocacy activities, in particular the hosting of the drug policy discussion forums and the employment of the Managing Director on a part-time basis.

In FY20 expenses, in particular salary and superannuation costs, increased in line with the Managing Directors full-time work for DPA as he grew the profile of the organisation by a greater focus on online engagement with supporters and the general public, drug policy conferences and the sale of merchandise.

Total expenses for FY20 was \$81,154, up from \$63,450 in FY19, and \$13,839 in FY17.

Net Profit/Loss

In FY20 DPAs net profit was \$27,024, up from the operating loss of \$160 in FY19, net profit of \$893 in FY18, and a \$1,336 net profit in FY17.

Assets & Liabilities

As of 30 June 2020, total assets was comprised of cash and cash equivalents of \$29,630, up significantly from previous years: \$2,774 in FY19; \$2,724 in FY18; and \$1,336 in FY17.

As of 30 June 2020, DPA owed \$621 in employee-related current liabilities. This compares to \$705 at 30 June 2019, \$496 in 2018, and \$nil liabilities in 2017.

On this basis, it may be concluded that DPA remains solvent and is a going concern.

2. Financial Report

DRUG POLICY AUSTRALIA

ABN - 43 169 588 578

2020 FINANCIAL REPORT

	2020	2019	2018	2017
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
Income				
Donations received	\$ -	\$ -	\$ -	\$ 816
Donations (Public collections)	\$ 51,016	\$ 32,402	\$ 12,414	\$ 2,046
Non-tax deductible gifts	\$ -	\$ -	\$ 2,309	\$ -
Events income	\$ 19,135	\$ 23,035	\$ -	\$ -
Merchandise Income	\$ 10,753	\$ 6,423	\$ -	\$ -
Raffle Income	\$ 1,264	\$ 1,419	\$ -	\$ -
Other Income	\$ 26,000	\$ -	\$ -	\$ -
Interest - Restricted	\$ 10	\$ 11	\$ 9	\$ 1
Interest - Unrestricted			\$ -	\$ 1
Gross Income	\$ 108,178	\$ 63,290	\$ 14,733	\$ 2,864
Expenses				
Advocacy & Promotion	\$ 14,263	\$ 5,915	\$ 1,132	\$ -
Conferences & events	\$ 14,244	\$ 13,305	\$ 3,737	\$ -
Bank Charges	\$ 167	\$ 29	\$ -	\$ -
Computer Expenses	\$ 120	\$ 207	\$ 208	\$ 295
Equipment Expenses	\$ 1,098	\$ -	\$ -	\$ -
Consultancy Fees	\$ -	\$ -	\$ -	\$ 850
Accounting & legal fees	\$ 520	\$ 420	\$ 157	\$ -
Insurance	\$ 770	\$ 829	\$ 977	\$ -
Wages & salaries	\$ 43,474	\$ 36,618	\$ 5,758	\$ -
Employee superannuation	\$ 4,130	\$ 3,479	\$ 547	\$ -
Credit Card Fees	\$ 1,225	\$ 1,150	\$ 281	\$ 62
Fees & Permits	\$ -	\$ -	\$ -	\$ -
Office Expenses	\$ 551	\$ 782	\$ 403	\$ 296
Telephone & internet	\$ 366	\$ 595	\$ 464	\$ -
Travel & Accommodation	\$ 227	\$ 121	\$ 176	\$ 24
Total Expenses	\$ 81,154	\$ 63,450	\$ 13,839	\$ 1,527
Net Profit	\$ 27,024	\$ (160)	\$ 893	\$ 1,336
STATEMENT OF FINANCIAL POSITION				
Current Assets	\$ 29,713	\$ 2,774	\$ 2,724	\$ 1,336
Non-Current Assets	\$ -	\$ -	\$ -	\$ -
Total Assets	\$ 29,713	\$ 2,774	\$ 2,724	\$ 1,336
Current Liabilities	\$ 621	\$ 705	\$ 496	\$ -
Non-Current Liabilities	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ 621	\$ 705	\$ 496	\$ -
Net Assets	\$ 29,093	\$ 2,069	\$ 2,229	\$ 1,336
Equity				
Current Earnings	\$ 27,024	\$ (160)	\$ 893	\$ (1)
Retained Earnings	\$ 2,069	\$ 2,229	\$ 1,336	\$ 1,336
Total Equity	\$ 29,093	\$ 2,069	\$ 2,229	\$ 1,336
STATEMENT OF CHANGES IN EQUITY				
Retained Earnings:				
Opening Balance	\$ 2,069	\$ 2,229	\$ 1,336	\$ (1)
Net Operating Income/(loss) after income tax	\$ 27,024	\$ (160)	\$ 893	\$ 1,336
Closing Balance	\$ 29,093	\$ 2,069	\$ 2,229	\$ 1,336
STATEMENT OF CASH FLOWS				
Operating Activities	\$ 26,940	\$ 49	\$ 1,389	\$ 1,336
Investing Activities	\$ -	\$ -	\$ -	\$ -
Financing Activities	\$ -	\$ -	\$ -	\$ (250)
Cash & cash equivalents at beginning of period	\$ 2,774	\$ 2,724	\$ 1,336	\$ 249
Net Cashflow	\$ 26,940	\$ 49	\$ 1,389	\$ 1,086
Cash and cash equivalents at End of period	\$ 29,713	\$ 2,774	\$ 2,724	\$ 1,336

3. Notes to the Financial Statements

Note 1: Statement of Significant Accounting Policies

- (a) General information. Drug Policy Australia is a company limited by guarantee, incorporated and domiciled in Australia. The financial report is presented in the Australian currency. The company is a Health Promotion Charity and is thus registered with the Australian Charities and Not-for-Profits Commission (ACNC) as a Deductible Gift Recipient (DGR).

The directors (responsible entities) have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general-purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial statements have been prepared in accordance with significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise. The financial report has been prepared in accordance with the following Australian Accounting Standards: *AASB 101, Presentation of Financial Statements; AASB 107, Statement of Cash Flows; AASB 108, Accounting Policies, Changes in Accounting Estimates and Errors; AASB 1031, Materiality; AASB 1048, Interpretation of Standards; AASB 1054, Australian Additional Disclosures*; and the financial report is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* and its Regulations. No other Australian Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial statements have been prepared on a cash basis and are based on historical costs unless otherwise stated. The accounting policies that have been adopted in the preparation of the statements are as follows:

- (b) Going Concern. The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities by the company and the realisation of assets and settlement of liabilities in the ordinary course of business.
- (c) Cash and Cash Equivalents. Cash and cash equivalents include cash on hand, deposits held at call with banks and other financial intermediaries, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.
- (d) Revenue. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Donation and fundraising income is recognised when the funds are controlled by the entity.
- (e) Goods and Services Tax (GST). The company was registered for GST on 1 July 2018. All income and expense figures in this report are recorded on a GST-exclusive basis.

Note 2: Adjustments to 2019 Donation Income and Merchant Fee Expense

The following adjustments were made to the 2019 comparative financial statements in this 2020 financial report: donation income was increased by \$519 and merchandise income by \$58, with a corresponding increase of \$694 in credit card merchant fees, and decrease in bank fees of \$118, with no effect on the reported net profit figure for 2019.

4. Responsible Entities Declaration 30 June 2020

The Responsible Entities of Drug Policy Australia declare that:

- 1) The financial statements and notes of the Entity are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* including:
 - a. giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date;
 - b. complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013 (Cth)* to the extent outlined in the Notes to the Financial Statements; and
- 2) there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Responsible Entities (Board of Directors).

Signed:



Name: // Gregory Shane Chipp

Dated:

20/10/20

Signed:



Name: Stephanie Tzanetis

Dated:

30/10/20

Signed:



Name: John Sherman

Dated:

20/10/20

Signed:



Name: Lisa Van Rooyen

Dated:

28/10/2020