



**FIGHTING HUNGER
IN AUSTRALIA**

Foodbank NSW & ACT Limited

ABN 22 056 422 407

Financial Report
for the year ended 30 June 2019

Foodbank NSW & ACT Limited

ABN 22 056 422 407

Financial report - 30 June 2019

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Introduction to the financial report

In the year ended 30 June 2019, Foodbank NSW & ACT Limited (FBNA) distributed a total of 11.9 million kilos of food and grocery items to charities, schools and welfare agencies. This equates to approximately 21.4 million meals being provided to families and individuals in need.

Over the past few years FBNA have built up cash reserves for emergencies. In the year ended 30 June 2019, due to the impact of both the drought and the need for increased food assistance across the communities served by FBNA, the Directors made a conscious decision to increase spending to assist agencies in need, particularly those in drought impacted communities. As such the cash reserves have decreased in this financial year.

As NSW and ACT's largest food charity, FBNA is dedicated to fighting hunger. As a result, the Directors will continue to monitor and address issues such as drought and other needs in the community and will support the management team in making operational decisions that ensure FBNA is assisting as many charities and welfare agencies as possible.

Directors' report

Your directors present the annual financial report of Foodbank NSW & ACT Limited ("FBNA") for the year ended 30 June 2019.

Directors

The following persons were Directors of FBNA during the financial year and to the date of this report:

<i>Name</i>	<i>Date Appointed</i>
Peter Kelly (Chairman)	13 October 2011
Christine Feldmanis	26 October 2016
John Hudson	13 August 2014
Larry Kavanagh	27 June 2017
Paul Moulds	23 February 2015
Emma Peacock	19 November 2015
Dan Peters	1 May 2018
Stephen Schofield	9 March 2011

Principal activities

During the year the principal ongoing activities of FBNA consisted of:

- (a) sourcing by donation or purchasing food and related products from manufacturers, farmers/primary producers, retailers and distributors and encourage partnerships with these suppliers, and
- (b) distribution of food and grocery items to people in need, via a broad range of charitable and service organisations without regard to denomination.
- (c) securing funds via donation and grants to acquire additional food to meet unsatisfied need.

Long term objectives

The long term objective of FBNA is to fight hunger in NSW and the ACT by providing quality food to welfare agencies and schools for supply to individuals and children in need.

As a member of the Foodbank Federation covering Australia (delivering 75% of all food distributed to charities by food rescue organisations), we are moving towards ending hunger for people in need in Australia.

In undertaking this objective we will contribute to a better environment by diverting millions of kilos of edible food away from landfill.

Short term objectives

- (a) FBNA aims to provide over 12,700,000 kg of product in 2019-20
- (b) FBNA aims to supply a core range of staple products 365 days a year while minimising handling fees.
- (c) FBNA aims to have this core range of staple products always available.
- (d) FBNA will expand the ways that it funds these operations to broaden the support of FBNA making FBNA more resilient and less dependent upon a single source of funding.
- (e) FBNA will strive to tell the compelling 'win / win' story of feeding people in need whilst reducing the environmental impact, to the wider Australian public.
- (f) FBNA will continuously improve its operations by listening and learning from our stakeholders, whether they be people in need, charities that provide the front line presence, the volunteers, the donors (of funding and importantly food), and the staff and Directors.

Key strategies and activities for achieving objectives

To ultimately achieve our long term objective, and to meet the objectives set for next year, FBNA will:

- (a) Seek to understand the underlying demand and where it comes from.
- (b) Maintain and improve ways to make food available to more welfare agencies and charities and through them to people in need.
- (c) Maintain, improve and innovate the supply cycle from farmers, manufacturers, retailers, importers to welfare agencies and charities and ultimately people in need with appropriate infrastructure and resources.
- (d) Actively seek funding from a wide range of potential sources.

Measurement of performance

To achieve the objectives and strategies above, FBNA will measure the effectiveness of the allocation of limited resources by:

- (a) formulating specific strategy plans with frequent plan progress updates and outcome monitoring
- (b) ensuring each staff member knows what is expected of their role with annual performance reviews
- (c) setting appropriate financial disciplines with measurable financial budget targets
- (d) regularly comparing actual with targeted budget performance via monthly management reports

Dividends

FBNA is prohibited by clause 2.2 of its Constitution from distributing any of its income or property to its members by way of dividends or otherwise.

Review of operations

In the year ended 30 June 2019, FBNA received a total of 12.4 million kilos (2018: 11.9 million) of donated food and grocery items from national and state manufacturers, farmers/primary producers, retailers and distributors.

Out of the above, FBNA distributed a total of 11.9 million kilos (2018: 11.4 million) of food and grocery items to charities, schools and welfare agencies in the year ended 30 June 2019. Of the total volume, 6.2 million kilos (2018: 5.7 million kilos) was distributed free-of-charge with no handling fee.

The net deficit for the year ended 30 June 2019 was \$1,350,845 (2018: surplus \$118,410).

The underlying operating deficit after excluding non-operating items for the year ended 30 June 2019 was \$2,100,416 (2018: \$1,069,867).

Non-operating items include all donations and grants net of direct fundraising and other non-operating expenses \$713,234 (2018: \$1,159,588) and interest income \$36,337 (2018: \$28,689).

Significant changes in the state of affairs

Over the past few years FBNA have built up cash reserves for emergencies. In the year ended 30 June 2019, due to the impact of both the drought and the need for increased food assistance across the communities served by FBNA, the Directors made a conscious decision to increase spending to assist agencies in need, particularly those in drought impacted communities. As such the cash reserves have decreased in this financial year.

Except as mentioned above, there was no significant change in the state of affairs of FBNA other than that referred to in the financial statements or notes thereto.

Matters subsequent to the end of the financial year

In June 2019, it was announced in the NSW State Government budget that the Government will partner with FBNA with \$8 million over four years to expand the School Breakfast 4 Health Program to a further 500 schools. This will enable FBNA to further its objective by providing additional nutritious breakfasts to children in need, especially those in lower socioeconomic areas.

Except as mentioned above, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

- (a) the company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the company's state of affairs in future financial years.

Likely developments and expected results of operations

The Directors will continue to monitor and address issues such as drought and other needs in the community and will support the management team in making operational decisions that ensure FBNA is assisting as many charities and welfare agencies as possible.

Except as mentioned above, there are no likely developments or expected results of operations which are likely to materially affect the financial statements in future financial years.

Environmental regulation

FBNA is not subject to significant environmental regulation in respect of its principal activities.

Information on Directors

Peter Kelly *Chairman.*

Appointed a director in October 2011 and Chairman in November 2016. Peter is the Chair of the Remuneration Committee of FBNA. He is also a member of the Audit Committee and the Communications and Government Relations Committee. Peter worked with global food company Nestle for 39 years. As a member of the senior management team, he led the Company's Corporate Affairs function and was responsible for Nestle Oceania's External Media, Government Relations and Consumer Services, and Legal teams. He was the Chair and Board Member of the Infant Nutrition Council; a Board Member of the Global Compact Network Australia. Peter is now an independent management consultant.

Christine Feldmanis **BCom, MAppFin, FAICD, SFFINSIA, CPA, TFASFA, JP** *Director.*

Appointed a director in October 2016. Christine is the Chair of the Audit Committee of FBNA. Christine started her career in a chartered accounting firm and then continued a career in the finance industry for 30+ years. During that time she worked with firms including Elders Finance, Bankers Trust and NSW TCorp - that spanned both the Government and private sectors. Christine now works as a professional non-executive director with public and private companies, government organisations and the not for profit sector. Christine is the independent chair of Bell Asset Management Ltd, and a non-executive director of Perpetual Equities Investment Company Ltd, Uniting Financial Services and FIIG Securities Ltd.

John Hudson **FCA.** *Director.*

Appointed a Director in August 2014. John is a member of the Audit Committee of FBNA. John has been engaged in both the development and investment in real estate for over 30 years. This has included significant periods as the senior finance executive in a series of major independent property companies. Prior to ceasing full time executive roles, John was the Managing Director and Chief Executive Officer of Thakral Holdings Group, a specialist hotel REIT with ancillary commercial and retail property together with residential development activities and over \$1 billion in assets. John is currently a Director or Investment Committee member of a number of private companies primary related to property.

Larry Kavanagh **GAICD.** *Director.*

Appointed a director in June 2017. Larry is a member of the Workplace Health and Safety and Risk Committee of FBNA. Larry works for Coles as the General Manager of National Processing where he is responsible for developing and managing a sustainable supply strategy. Larry has spent his entire career working in the food industry in a variety of senior management roles. Prior to joining Coles Larry worked for Beak & Johnston in Sydney. Larry and his family emigrated to Australia in 2009 and prior to this Larry worked in various senior roles for the ABP Food Group.

Paul Moulds **AM, BA.** *Director.*

Appointed a director in February 2015. Paul is a member of the Communications and Government Relations Committee of FBNA. Paul has worked for over 20 years as an officer of The Salvation Army, where he holds the rank of Major. For 16 years he worked as Director of the Oasis Youth Support Network in inner Sydney, building a highly regarded and effective youth service for homeless and disadvantaged youth. In 2010 he was made a Member of the Order of Australia (AM) for services to homeless youth. Paul has also directed the social and community work of The Salvation Army for the Australian Eastern Territory and is currently managing Salvation Army programs in the Auburn area of Western Sydney. He is also a Board Member of Igniting Change, and is recognised for his expertise in the design of innovative social programs and his deep understanding of the needs of disadvantaged Australians.

Information on Directors (continued)

Dan Peters MA, MBA. *Director.*

Appointed a director in May 2018. Dan is a member of the Communications and Government Relations Committee of FBNA. Dan was a Director on Google Australia & NZ's Leadership team. His role involved driving unique cross-functional deals and Partnerships in order to deliver the best of Google for the largest partners across the market. Dan leads teams that solves complex problems and has had experience leading teams across Business Development, Sales and Partnerships in his more than 10 years with Google. Prior to that, Dan helped found and launch Cleardocs.com, a legal document start up into the Australian market before securing a successful exit. Dan started his career as a WPP Fellow, working across a range of marketing services organisations, including JWT, and Hill & Knowlton PR.

Emma Peacock BA (Comm) *Director.*

Appointed a director in November 2015. Emma is the Chair of the Communications and Government Relations Committee of FBNA. Emma brings almost 20 years of experience across Corporate Affairs, Communications and sustainability/Corporate Social Responsibility. She has spent the last 8 years with Unilever Australia and New Zealand as Director of Sustainable Business and Communications. As a member of the leadership team she is responsible for building reputation, advocacy, partnerships and leading change to support Unilever's sustainable growth agenda as well as embedding a purpose-driven business model. Prior to Unilever, Emma held a number of communications and sustainability management roles including at Coca-Cola Amatil, Britvic Soft Drinks plc (UK), Edelman and Ogilvy Public Relations.

Stephen Schofield MBA (HR/IR), JP. *Director.*

Appointed a director in March 2011. Steve is the Chair of the Workplace Health and Safety and Risk Committee of FBNA. He is also a member of the Fundraising and Events and the Remuneration Committee. Steve provides FBNA with over 30 years' experience in the area of Human Resources and Industrial Relations. Steve was appointed Group Head of Human Resources with Downer Group in February 2015. His former roles included Group General Manager Human Resources for Komatsu Australia Pty Ltd, HR Director at Goodman Fielder, HR Director Schindler Lifts Australia and previously held the role of General Manager Industrial Relations at Qantas Airways Ltd.

Meetings of Directors

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, 8 board meetings were held.

	Attended	Held
Peter Kelly (Chairman)	7	7
Christine Feldmanis	4	7
John Hudson	5	7
Larry Kavanagh	4	7
Paul Moulds	5	7
Dan Peters	5	7
Emma Peacock	5	7
Stephen Schofield	5	7

In addition to board meetings, FBNA also held meetings with the following sub-committees: Audit Committee, Communications and Government Relations Committee, Fundraising and Events Committee, Remuneration Committee and the Workplace Health and Safety and Risk Committee.

Insurance of officers

During the financial year, Foodbank Australia Limited on behalf of FBNA and the other state Foodbanks paid a premium in respect of a contract insuring the directors of FBNA, the company secretary, and all executive officers of FBNA against a liability incurred as such by a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Member's guarantee

FBNA is a company limited by guarantee. If FBNA is wound up, FBNA's constitution states that each member is required to contribute a maximum of \$10 towards meeting outstanding obligations of FBNA.

Number of members as at 30 June 2019 and 2018 are:

	2019	2018
Primary members	8	8
Agency members	826	661
Total members	834	669

Auditor's independence declaration

A copy of the auditor's independence declaration as required under sub division 60-C section 60-40a of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 7.

Auditor

KPMG continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.


Peter Kelly
Chair

Sydney
29 October 2019



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Directors of Foodbank NSW & ACT Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Trent Duvall
Partner

Sydney 29 October 2019

Foodbank NSW & ACT Limited

ABN 22 056 422 407

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This financial report covers Foodbank NSW & ACT Limited ("FBNA") as an individual entity.

Foodbank NSW & ACT Limited is a "not-for-profit" company limited by guarantee, domiciled in Australia. Its registered office and principal place of business is:

Foodbank NSW & ACT Limited
50 Owen Street
Glendenning NSW 2761

A description of the nature of the entity's operations and its principal activities is included in the directors' report on pages 2-6, which is not part of these financial reports.

The financial report was authorised for issue by the directors on 29 October 2019.

Statement of comprehensive income

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue from continuing operations			
Revenue from service fees	3	6,415,399	5,619,634
Cost of supply - purchased stock items only	4	(2,060,480)	(1,514,604)
		4,354,919	4,105,030
Other operating income	5	1,628,654	1,303,902
		5,983,573	5,408,932
(Less) Other expenses from ordinary activities			
Distribution and warehouse		3,350,052	2,573,257
Marketing		192,560	189,561
Administration		437,946	437,937
Personnel		2,978,998	2,276,822
Depreciation and amortisation		800,709	733,077
Other		323,724	268,145
	6	8,083,989	6,478,799
Results from operating activities		(2,100,416)	(1,069,867)
Other income and expenses			
Other income - recurring		1,903,116	1,151,390
Other income - non-recurring		40,000	949,301
Other expenses		(1,229,882)	(941,103)
	7	713,234	1,159,588
Finance income	8	36,337	28,689
Net (deficit) surplus		(1,350,845)	118,410
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) income for the year		(1,350,845)	118,410

The above statement of comprehensive income should be read in conjunction with the accompanying notes and the introduction to the financial report.

Balance sheet

As at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash assets	9	1,439,279	1,656,866
Receivables	10	241,488	197,715
Other current assets	11	480,471	416,623
Total current assets		2,161,238	2,271,204
Non-current assets			
Property, plant and equipment	12	14,067,256	14,603,733
Intangible assets	13	49,789	72,848
Total non-current assets		14,117,045	14,676,581
Total assets		16,278,283	16,947,785
LIABILITIES			
Current liabilities			
Deferred revenue	14	414,707	95,654
Payables	15	788,402	446,338
Provisions	16	165,475	145,763
Total current liabilities		1,368,584	687,755
Non-current liabilities			
Deferred revenue	17	3,000,000	3,000,000
Provisions	18	92,023	91,509
Total non-current liabilities		3,092,023	3,091,509
Total liabilities		4,460,607	3,779,264
Net assets		11,817,676	13,168,521
EQUITY			
Accumulated surplus	19	11,817,676	13,168,521
Total equity		11,817,676	13,168,521

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2019

	Notes	Retained earnings \$	Total equity \$
Balance at 1 July 2017		13,050,111	13,050,111
Results for the year		118,410	118,410
Other comprehensive income		-	-
Total comprehensive income for the year		118,410	118,410
Balance at 30 June 2018		13,168,521	13,168,521
Balance at 1 July 2018		13,168,521	13,168,521
Results for the year		(1,350,845)	(1,350,845)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,350,845)	(1,350,845)
Balance at 30 June 2019	19	11,817,676	11,817,676

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from agencies, donations and grants		10,255,299	8,948,331
Payments to suppliers and employees		(10,270,449)	(8,332,146)
Net cash (outflow) inflow from operating activities	27	(15,150)	616,185
Cash flows from investing activities			
Payments for property, plant and equipment	12	(245,924)	(434,496)
Payments for intangibles	13	-	-
Proceeds from sale of property, plant and equipment		-	-
Net cash (outflow) from investing activities		(245,924)	(434,496)
Cash flows from financing activities			
Interest received		43,487	20,984
Net cash inflow from financing activities		43,487	20,984
Net (decrease) increase in cash and cash equivalents		(217,587)	202,673
Cash and cash equivalents at the beginning of the financial year		1,656,866	1,454,193
Cash and cash equivalents at end of year	9	1,439,279	1,656,866

The above statement of cash flows should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Reporting entity

Foodbank NSW & ACT Limited ("FBNA") is a "not-for-profit" company limited by guarantee. It is an income tax exempt charitable organisation domiciled in Australia that collects surplus, salvaged, donated food and grocery products and purchases from food manufacturers, distributors, farmers and retailers and distributes it via charitable welfare agencies, to people in need.

(b) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profits Commission Act 2012*.

(i) Historical cost convention

This financial report has been prepared under the historical cost convention with the exception of certain classes of property, plant and equipment that are carried at fair value as discussed in note 12.

(ii) Critical accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(c) Revenue recognition

Revenue is recognised for the major business activities as follows:

(i) Service fees

A small service fee is charged for the storage, handling and distribution of product to agencies. Service fee revenue is recognised when the service is rendered on an accrual basis.

(ii) Donations/Contributions

Due to the nature of donations, such items can only be recognised as income when they are received and recorded in FBNA's accounting records.

(iii) Grants

Grants can be granted to FBNA with conditions attached or for specific purposes (reciprocal transfers) or with no conditions or specific purpose attached (non-reciprocal transfers).

Grants that meet the definition of non-reciprocal transfers are subject to AASB 1004 *Contributions* and are recognised as revenue when FBNA receives the grant.

Where the grant is a reciprocal transfer, AASB 118 *Revenue* is applicable. Revenue arising from the grant is recognised in proportion to the stage of completion of the transaction at the reporting date. Where funding has been received but has not met the revenue recognition criteria of AASB 118 *Revenue*, the funding is recorded as deferred revenue in the balance sheet.

(iv) Interest income

Interest is recognised on an accrual basis.

(d) Income tax

FBNA is exempt from the payment of income tax under the provisions of Section 50-5 of the *Income Tax Assesment Act 1997*.

1 Summary of significant accounting policies (continued)

(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that FBNA will not be able to collect all amounts due according to the original terms of the receivables.

(g) Inventories

Inventories comprise of both goods donated or salvaged at no cost and goods purchased to supplement the inventory available to meet the needs of charity clients.

As FBNA is a 'not-for-profit' entity the purchased inventories held for distribution are carried at cost, whilst donated goods are not revalued.

Inventories are carried at the cost FBNA incurred to acquire the assets as at the reporting date.

(h) Property, plant and equipment

FBNA's accounting policy is to carry land and buildings at cost on acquisition less any accumulated depreciation and impairment losses.

As at 30 June 2019, land and building is carried at \$11,439,232 (2018: \$11,635,417) being the purchase price and other directly attributable costs associated with the purchase less accumulated depreciation on the building.

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Plant and equipment that is donated is recognised at fair value, if that value is above \$10,000, in property, plant & equipment at the date of acquisition, with a non-cash donation recognised for the same amount.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings	40 years
Plant and equipment	3-10 years

Capital work in progress, which represents additions to property, plant and equipment that have not yet been brought into use, is not depreciated. Additions are transferred into the above asset classes once they are brought into use.

1 Summary of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(i) Intangible assets

Software

Software assets which have finite useful lives are measured at cost less accumulated amortisation.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 5 years, from the date that they are available for use.

(j) Deferred revenue

(i) Short-term deferred revenue

Short-term deferred revenue represents funding amounts received that are expected to be recognised as revenue within 12 months after the end of the reporting period. Amounts recorded in FBNA's short-term deferred revenue are usually grants received for a specific purpose whereby the conditions of have not yet been met.

(ii) Long-term deferred revenue

Funding received that are not expected to be recognised as revenue within 12 months after the end of the reporting period. FBNA's long-term deferred revenue represents reciprocal grants with project durations that go beyond 12 months after the end of the reporting period.

(k) Trade and other payables

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

(l) Employee benefits

(i) Short-term obligations

Liabilities for wages, salaries and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service. These liabilities are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

1 Summary of significant accounting policies (continued)

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

(n) 'In-kind' provision of services to Foodbank NSW & ACT Limited

FBNA receives "in-kind" services from a number of individuals and organisations. FBNA does not recognise an expense and associated revenue for these 'in-kind' services in the financial report. The major 'in-kind' services received are disclosed in note 24.

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods. FBNA has not yet adopted these new standards and interpretations and it is not expected that their adoption will have a material impact on future financial statements.

AASB 15 Revenue from Contracts with Customers and AASB 1058 - Income of Not-for-Profit Entities

AASB 15 and AASB 1058 establish a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and IFRIC 13 *Customer Royalty Programmes*.

FBNA have completed a review of its revenue streams against the requirements of AASB 15 and AASB 1058 and currently recognise revenue in accordance with the associated contracts and performance obligations. No material change is anticipated on adoption of these standards from 1 July 2019.

AASB 16 Leases

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items.

Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

AASB 16 replaces existing leases guidance including AASB 117 *Leases*, IFRIC 4 *Determining whether an arrangement contains a Lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. Early adoption is permitted for entities that also adopt AASB 15 at or before the date of initial application of AASB 16.

FBNA has completed an assessment of the impact of AASB 16 and intend to apply the modified retrospective approach where the liability is calculated as the present value of the outstanding rentals discounted using the incremental borrowing rate at the date of transition and the right-of-use-asset is set equal to the liability. FBNA anticipates that this will result in an increase in assets and liabilities of \$85,557 as at 1 July 2019.

2 Financial risk management

FBNA's activities expose it to market risk and credit risk.

(a) Market risk

(i) Cash flow and fair value interest rate risk

FBNA's main interest rate risk arises from its holdings of cash and term deposits. There is no material interest rate risk exposure on financial liabilities.

(ii) Price risk

Index	0.5% increase in interest rates		-0.5% decrease in interest rates	
	2019 \$	2018 \$	2019 \$	2018 \$
Cash and cash equivalents	1,404	1,530	(1,404)	(1,530)
Bank bills and term deposits	8,212	8,030	(8,212)	(8,030)
Effect on surplus	9,616	9,560	(9,616)	(9,560)

Carrying values of the assets are as follows:

	2019 \$	2018 \$
Cash and cash equivalents	207,961	179,241
Bank bills and term deposits	1,231,318	1,477,625
	1,439,279	1,656,866

(b) Credit risk

Credit risk refers to the risk that counter-party will default on its contractual obligations resulting in financial loss to FBNA. FBNA has adopted the policy of only dealing with counter-parties that meets FBNA's investment criteria as a means of mitigating the risk of financial loss from defaults.

(c) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting date.

The net fair value of all financial assets and liabilities in the balance sheet approximates their carrying values.

3 Revenue

	2019 \$	2018 \$
From continuing operations		
Revenue from service fees	6,415,399	5,619,634

Service fees are generally charged to our member agencies on the basis of kilograms of product they withdraw from FBNA.

	2019 Kilograms	2018 Kilograms
Total kilograms distributed to:		
Member agencies - charged	5,641,000	5,655,000
Member agencies - free	6,245,000	5,747,000
Interstate foodbanks	904,000	1,021,000
	12,790,000	12,423,000

In 2019, average service handling fee per kilo was \$0.50 (2018: \$0.45)

4 Cost of supply - purchased stock

	2019 \$	2018 \$
Cost of purchased items distributed to member agencies	2,060,480	1,514,604

5 Other operating income

	2019 \$	2018 \$
NSW Government: Transport Subsidy	1,177,982	510,938
Freight recovery fees	204,545	489,918
Rental Income	164,531	210,152
Other operating income	81,596	92,894
	1,628,654	1,303,902

6 Operating expenses

	2019 \$	2018 \$
<i>Distribution and warehouse expenses</i>		
Contractor expenses	638,919	459,358
Electricity	121,954	109,926
Freight expenses	1,681,425	1,294,182
Motor vehicle, truck and forklift	314,160	228,010
Repairs and maintenance	183,141	164,021
Other distribution related expenses	410,453	317,760
	3,350,052	2,573,257
<i>Marketing expenses</i>		
Advertising and marketing	192,560	189,561
<i>Administration expenses</i>		
General administration expenses	437,946	437,937
<i>Personnel expenses</i>		
Salaries and wages - includes superannuation \$246,827(2018: \$188,856)	2,978,998	2,276,822
<i>Depreciation and Amortisation</i>		
Amortisation of intangible assets	23,059	23,580
Depreciation of plant and equipment	777,650	709,497
	800,709	733,077
<i>Other expenses</i>		
Bad Debts ¹	35,513	-
Business Planning Reporting and Evaluation Costs	38,823	375
Credit associated fees	23,137	8,658
Leasing fees	17,028	32,306
Loss on Disposal of Assets	4,751	-
Security and Cleaning	37,120	62,125
Training & Development	32,848	19,034
Others	134,504	145,647
	323,724	268,145
	8,083,989	6,478,799

FBNA also receives "in-kind" services which are not recorded in the accounting records shown in note 24.

¹ Relates to one debtor only and is for unrecovered rental payments of FBNA's warehouse B due to the liquidation of the tenant.

7 Other income and expenses

	2019 \$	2018 \$
Other Income - Recurring		
<i>Fundraising Income:</i>		
- General donations	501,874	286,454
- Fundraising: Direct mail, digital integration and online campaigns	875,342	636,111
- Fundraising: Events	276,614	192,335
- Fundraising: Face to Face and telemarketing	249,286	36,490
	1,903,116	1,151,390
Other Income - Non-recurring		
<i>Fundraising Income:</i>		
- Other non-government grants	40,000	889,301
<i>Government Grants:</i>		
- Department of Environment and Energy Solar Grant	-	60,000
	40,000	949,301
Total other income	1,943,116	2,100,691
Other Expenses		
Expenses associated in securing grants, donations and other fundraising	(1,229,882)	(941,103)
	713,234	1,159,588

8 Finance income

	2019 \$	2018 \$
Interest income	36,337	28,689

9 Current assets - Cash assets

	2019 \$	2018 \$
Cash on hand	1,549	1,183
Cash in bank - trading accounts	197,050	170,536
Cash in bank - PayPal	9,362	7,522
ANZ Call and Term Deposits	706,770	677,625
NAB Term Deposit	524,548	800,000
	1,439,279	1,656,866

Out of total cash assets, \$319,053 is considered "restricted cash" and can only be used on FBNA's mezzanine construction project. Refer to note 14 - deferred revenue.

(a) Cash in bank

These are bearing weighted average interest rate of 1.78% (2018: 1.55%).

(b) Fair value

The carrying amount for cash assets equals the fair value.

10 Current assets - Receivables

	2019 \$	2018 \$
Service fees receivable	163,202	162,279
Interest receivable	555	7,705
Other debtors	77,731	27,731
	241,488	197,715

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. There are no overdue or impairment on receivables.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for information on the risk management policy of FBNA and the credit quality of FBNA's receivables.

The aging of service fees receivables is as follows:

	2019 \$	2018 \$
Not past due	88,599	103,569
Past due 1 - 7 days	29,137	35,209
Past due over 7 days	45,466	23,501
	163,202	162,279

11 Current assets - Other current assets

	2019 \$	2018 \$
Inventory of purchased stock	335,434	276,075
GST refundable	86,527	91,217
Prepayments	58,510	49,331
	480,471	416,623

12 Non-current assets - Property, plant and equipment

	Freehold land and buildings \$	Plant and equipment \$	Capital work in progress \$	Total \$
At 1 July 2017				
Cost or fair value	12,161,623	4,147,760	-	16,309,383
Accumulated depreciation	(330,021)	(1,100,628)	-	(1,430,649)
Net book amount	11,831,602	3,047,132	-	14,878,734
Year ended 30 June 2018				
Opening net book amount	11,831,602	3,047,132	-	14,878,734
Additions	-	434,496	-	434,496
Disposals ¹	-	-	-	-
Depreciation charge	(196,185)	(513,312)	-	(709,497)
Closing net book amount	11,635,417	2,968,316	-	14,603,733
At 30 June 2018				
Cost or fair value	12,161,623	4,565,220	-	16,726,843
Accumulated depreciation	(526,206)	(1,596,904)	-	(2,123,110)
Net book amount	11,635,417	2,968,316	-	14,603,733
Year ended 30 June 2019				
Opening net book amount	11,635,417	2,968,316	-	14,603,733
Additions	-	235,574	10,350	245,924
Disposals ²	-	(4,751)	-	(4,751)
Depreciation charge	(196,185)	(581,465)	-	(777,650)
Closing net book amount	11,439,232	2,617,674	10,350	14,067,256
At 30 June 2019				
Cost	12,161,623	4,720,541	10,350	16,892,514
Accumulated depreciation	(722,391)	(2,102,867)	-	(2,825,258)
Net book amount	11,439,232	2,617,674	10,350	14,067,256

¹ Does not include fully written down plant and equipment disposals of \$17,036.

² Does not include fully written down plant and equipment disposals of \$75,502.

Land and buildings

As at 30 June 2019, land and building is carried at \$11,439,232 (2018: \$11,635,417) being the purchase price and other directly attributable costs associated with the purchase less accumulated depreciation on the building.

The most recent market value of FBNA's property at 50 Owen Street, Glendenning NSW 2761 was estimated to be approximately \$15,600,000 - \$16,300,000. This market opinion was provided by LJ Hooker Commercial in March 2018 and utilises recent market transactions to reach an estimate.

Capital work in progress

Capital work in progress represents amounts associated with the design of FBNA's warehouse mezzanine which is due to begin construction between late 2019 and early 2020.

13 Non-current assets - Intangible assets

	Software \$
At 1 July 2017	
Cost	117,985
Accumulation amortisation and impairment	(21,557)
Net book amount	96,428
Year ended 30 June 2018	
Opening net book amount	96,428
Additions	-
Disposals	-
Amortisation charge	(23,580)
Closing net book amount	72,848
At 30 June 2018	
Cost	117,985
Accumulation amortisation and impairment	(45,137)
Net book amount	72,848
Year ended 30 June 2019	
Opening net book amount	72,848
Additions	-
Disposals	-
Amortisation charge	(23,059)
Closing net book amount	49,789
At 30 June 2019	
Cost	117,985
Accumulated amortisation	(68,196)
Net book amount	49,789

14 Current liabilities - Deferred revenue

	2019 \$	2018 \$
Grants received in advance ¹	414,707	95,654

¹ Includes 50% of the grant provided by the NSW Environmental Trust in partnership with the NSW Environmental Protection Authority (EPA) of \$95,654 to increase FBNA's capacity to handle rescue food. The funding is for the purchase of new forklifts, a pallet mover and a bulk produce sorting and packing line to increase quality and quantity of packed fresh produce.

Total also includes 90% of the grant from Department of Industry totalled \$180,000 and 50% NSW Environmental Trust grant of \$139,053 for the construction of FBNA's mezzanine.

These grants will be recognised when the grant outcomes are achieved.

15 Current liabilities - Payables

	2019 \$	2018 \$
Creditors	614,949	268,822
PAYG withholding payable	83,578	63,046
Accrued expenses	20,000	20,000
Superannuation payable	32,750	26,604
Rental bond	37,125	67,866
	788,402	446,338

16 Current liabilities - Provisions

	2019 \$	2018 \$
Employee benefits	165,475	145,763

FBNA has 38 employees (35.0 full time equivalents) as at 30 June 2019 (2018: 31 (28.0 full time equivalents)).

17 Non-current liabilities - Deferred revenue

	2019 \$	2018 \$
Grants received in advance ¹	3,000,000	3,000,000

¹ Grant provided by the NSW Department of Family and Community Services (FACS) for assistance in the construction of the Distribution Centre. The deed of capital grant requires FBNA to operate the asset in a prescribed manner as specified in the deed for the project duration of ten (10) years from the commencement date on 28 July 2015. The grant will be fully recognised on 28 July 2025.

18 Non-current liabilities - Provisions

	2019 \$	2018 \$
Employee benefits	92,023	91,509

19 Accumulated funds

Movements in accumulated funds were as follows:

	2019 \$	2018 \$
Balance 1 July	13,168,521	13,050,111
Deficit (surplus) for the year	(1,350,845)	118,410
Balance 30 June	11,817,676	13,168,521

20 Remuneration of auditors

KPMG performed the audit on an honorary basis and accordingly did not receive any payment for services rendered during this or the previous financial year.

21 Contingencies

FBNA had no contingent assets or liabilities at 30 June 2019 (2018: \$nil).

22 Commitments

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2019	2018
	\$	\$
Property, plant and equipment		
Payable: Within one year	575,706	-

Capital commitments relate to the total amount FBNA is contracted to spend on the construction of FBNA's mezzanine.

23 Related party transactions

(a) Directors

The names of persons who were directors of FBNA at any time during the financial year are as follows:

Peter Kelly	(Appointed 13 October 2011)
Christine Feldmanis	(Appointed 26 October 2016)
John Hudson	(Appointed 13 August 2014)
Larry Kavanagh	(Appointed 17 June 2017)
Paul Moulds	(Appointed 23 February 2015)
Emma Peacock	(Appointed 19 November 2015)
Dan Peters	(Appointed 1 May 2018)
Stephen Schofield	(Appointed 9 March 2011)

(b) Foodbank Australia Limited

- (i) Foodbank Australia Limited acts as a national liaison and co-ordination point for food supply and activities of FBNA and other similar 'Foodbank' organisations in Western Australia, South Australia, Victoria, Queensland, Tasmania and Northern Territory. Foodbank Australia Limited costs of operation are met in part by levies paid by all 'Foodbank' organisations. During the year, FBNA paid \$185,218 (2018: \$182,720) to Foodbank Australia Limited.
- (ii) Foodbank Australia Limited hosts a centralised server and national website as part of the federated approach to computer systems and software. FBNA paid \$104,267 (2018: \$114,932) to Foodbank Australia Limited for the company's share of the costs of this federated service. This payment covers consultancy, management and maintenance costs of the hosting website, server and software program.
- (iii) FBNA provides Foodbank Australia Limited funds to purchase additional key staple food under the Annual Purchasing Program (APP) and the Quarterly Purchasing Program (QPP). In 2019, FBNA paid \$562,815 (2018: \$149,656) to Foodbank Australia for the purchase and transportation of staple foods.
- (iv) On 23 May 2016, Foodbank Australia Limited entered into a service agreement with FBNA for the provision of accounting and finance services. In 2019, Foodbank Australia Limited paid \$62,127 (2018: \$60,900) to FBNA for assistance in general finance management, bookkeeping and financial reporting.

23 Related party transactions (continued)

(c) Other

Gerry Andersen is the CEO of FBNA and is also a Director of Pegasus Print Group. Pegasus Print Group provides FBNA with regular printing services throughout the financial year with a portion of printing services provided free of charge. During the year, FBNA paid \$24,284 (2018: \$11,959) to Pegasus Print Group.

(d) Directors remuneration

No remuneration was paid or is payable to any of the directors in respect of the financial year ended 30 June 2019 (2018: \$nil).

24 'In-kind' provision of services

Foodbank FNBA relies upon a network of organisations and individuals to enable it to achieve its objectives, some of which do not charge FBNA for their services, or part of their services. As detailed in note 1(n), FBNA does not record these 'in kind' services received as both revenue and expenditure.

In order to understand the level of expenditure that would be incurred if these organisations and individuals were to charge for their services, the following information on significant 'in kind' services received is provided.

Item	Provided by	Estimated value 2019 \$	Estimated value 2018 \$	If paid, would be an addition to the following expenses (refer Note 6)
Audit services	KPMG	50,000	45,000	Audit fees
Food safety consultancy	Correct Food Systems	5,000	5,000	Consultancy
Forklift maintenance	Crown Equipment/ Toyota Materials Handling	15,000	8,000	Warehouse expenses
Freight - intrastate	Toll Holdings	-	22,000	Freight
Legal fees	Holman Webb Lawyers	8,000	8,000	Legal fees
Pallet hire	Chep/Loscam	656,000	596,000	Warehouse expenses
Printing	Pegasus Print Group	2,500	3,000	Printing and stationery
Project Consultancy	Sandruck Pty Ltd	30,000	-	Consultancy
Storage	Swire Cold Storage	6,500	6,500	Storage - offsite
Volunteers/Directors	Individuals	1,618,000	1,280,000	Salaries, wages and fees
		2,391,000	1,973,500	

25 Additional information to be furnished under the Charitable Fundraising Act 1991

Throughout the financial year ending 30 June 2019, FBNA conducted various appeals aimed to raise funds and donated food and grocery items to support food programs. Monetary funds received from these appeals have been applied to the purchase of food or equipment to support these programs.

In 2018-2019, FBNA engaged a reputable fundraising consulting firm to increase FBNA's fundraising activities. The aim is to raise recurrent funds to support operations, improve services, provide more food and reduce the handling fees to agencies. Initial upfront fees and establishment costs for fundraising is disproportionately higher in the beginning years; however FBNA should see improved returns once the fundraising programs are fully established.

In accordance with section 20 of the *Charitable Fundraising (NSW) Act 1991*, proceeds received in the course of fundraising appeals are applied according to the objects or purposes of the appeal net of appropriate expenses.

	2019 \$	2018 \$
(1) Gross proceeds from food donations and fundraising appeals		
Donations, fundraising events, campaigns and other grants	1,943,116	2,040,691
Value of donated food received ¹	12,412,000	11,866,000
(Less) Direct fundraising costs	(1,229,882)	(941,103)
Net contributions from fundraising appeals	13,125,234	12,965,588
(2) These were applied to the following charitable purpose:		
Purchase of food for distribution	673,935	341,828
School breakfast program	39,299	459,760
Purchase of capital assets ²	-	298,000
Value of donated food distributed ¹	12,412,000	11,866,000
Total expenditure on direct services	13,125,234	12,965,588

While the *Charitable Fundraising Act 1991* primarily focuses on cash fundraising, given the nature of its business FBNA also undertakes extensive efforts to achieve food donations. The volume of food that was received by the company are:

	2019 Kilograms	2018 Kilograms
Food from National Donors ³	6,005,000	5,793,000
Food from State Donors	6,407,000	6,073,000
Food from Annual Purchasing Program ⁴	515,000	527,000
	12,927,000	12,393,000

¹ As the majority of FBNA's consolidated efforts are concentrated on sourcing donated food, the present value of food is captured to provide a more realistic valuation of FBNA's fundraising proceeds. Directors' adopted a notional value for donated food of \$1 per kilogram from FBNA's National and State donors.

² In 2018, \$298,000 was received from Sargents Pies Charitable Foundation to fund a new truck for food collection and distribution.

^{3,4} Food received from the liaison and coordination of Foodbank Australia.

26 Events occurring after the reporting period

In June 2019, it was announced in the NSW State Government budget that the Government will partner with FBNA with \$8 million over four years to expand the School Breakfast 4 Health Program to a further 500 schools. This will enable FBNA to further its objective by providing additional nutritious breakfasts to children in need, especially those in lower socioeconomic areas.

27 Reconciliation of surplus after income tax to net cash flow from operating activities

	2019 \$	2018 \$
(Deficit) Surplus for the year	(1,350,845)	118,410
Depreciation and amortisation	800,709	733,077
Net (gain) on disposal of property, plant and equipment	-	-
Interest income	(36,337)	(28,689)
Net loss on disposal of PPE	4,751	-
Change in operating assets and liabilities:		
(Increase) in current receivables (excluding interest)	(50,923)	(91,929)
(Increase) in other current assets	(63,848)	(229,292)
Increase in current payables	342,064	81,585
Increase in current deferred revenue	319,053	16,033
Increase in provisions	20,226	16,990
Net cash (outflow) inflow from operating activities¹	(15,150)	616,185

¹ Net cash flow from operating activities includes cash flows associated with grant income and other donation activities as set out in Note 7.

In the directors' opinion:

- (a) the financial report and notes set out on pages 8 to 29 are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (i) complying with Accounting Standards, the *Australian Charities and Not-for-Profits Commission Regulation 2013* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the company 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 directors.

Peter Kelly
Chair

Sydney
29 October 2019

A handwritten signature in black ink, appearing to read 'P. Kelly', with a large, stylized flourish at the end.

The directors declare that:

- (a) the financial report gives a true and fair view of all income and expenditure of Foodbank NSW & ACT Limited with respect to fundraising appeal activities for the financial year ended 30 June 2019;
- (b) the provisions of the *Charitable Fundraising Act 1991* and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2019; and
- (c) the internal controls exercised by Foodbank NSW & ACT Limited are appropriate and effective in accounting for all income received and applied by Foodbank NSW & ACT Limited from any of its fundraising appeals.

Signed in accordance with a resolution of the directors.

On behalf of the directors

Peter Kelly
Chair

Sydney
29 October 2019

A handwritten signature in black ink, appearing to read 'P. Kelly', with a large, stylized flourish at the end.



Independent Auditor's Report

To the members of Foodbank NSW & ACT Limited:

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Foodbank NSW & ACT Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2019
- Statement of comprehensive income, Statement of changes in equity, and Statement of Cash flows for the year ended.
- Notes including a summary of significant accounting policies.
- Directors declaration of the Company.
- Declaration by the directors in respect of fundraising appeals of the company

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company in accordance with the auditor independence requirements of the ACNC Act 2012 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Foodbank NSW & ACT Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements ACNC*.
- Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations.
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- Assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operation, or have no realistic alternative but to do so

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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 the Financial Report.

As part of an audit in accordance with 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors 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 Company'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 Company 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 the Directors of the Company 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.

In addition we have:

- Obtained an understanding of the internal control structure for fundraising appeal activities.
- Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulation.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- the Financial Report gives a true and fair view of the Company's financial results of fundraising appeal activities for the financial year ended 30 June 2019;
- the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2018 to 30 June 2019, in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations;
- money received as a result of fundraising appeal activities conducted during the period from 1 July 2018 to 30 June 2019 has been properly accounted for and applied in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulation; and
- there are reasonable ground to believe that the Company will be able to pay its debts as and when they fall due.



KPMG



Trent Duvall

Partner

Sydney

29 October 2019