



**FIGHTING HUNGER  
IN AUSTRALIA**

# **Foodbank NSW & ACT Limited**

ABN 22 056 422 407

**Financial Report**  
for the year ended 30 June 2021

# Foodbank NSW & ACT Limited

ABN 22 056 422 407

## Financial report - 30 June 2021

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## Introduction to the financial report

The year under review has seen the continuing evolution of Foodbank NSW & ACT (FBNA) as we expand our capacity to assist those in need. It has also been a year of unprecedented and extreme challenges to the people of NSW and the ACT, and FBNA's operations, which has required significant adjustment to the way we provide relief.

In recognition of our ability to serve the community during the most challenging of times, FBNA has gratefully seen both an increase in generosity from the Australian public as well as strengthened support from the NSW and Commonwealth Government. At the same time, our operating costs have increased considerably as we've adjusted to the circumstances around us. Our responsibility is to ensure we can continue to meet the continued and rising demand for food relief and grocery relief into the future. The accounts should therefore be viewed in this context.

Overall, in the year ended 30 June 2021, FBNA distributed 11,917,000 kilograms of food and grocery items to NSW and ACT's charity partners and schools and 887,000 kilograms to interstate Foodbanks, making a total of 12,804,000 kilograms. This equates to approximately some 23 million meals or \$77 million of food relief. In addition, FBNA distributed over 88,000 ready-made hampers of both food and personal hygiene products to our charity partners and schools.

The COVID-19 pandemic has continued to prolong FBNA's operational challenges. Supply shortages have made it difficult to source donated product resulting in the increased need to buy food to support the growing number of people now living with food insecurity. This year FBNA received 10,621,000 kilograms of food donations, 15% less than the 12,449,000 kilograms donated last year. This equates to a supply reduction valued at approximately \$10.97 million.

In summary, throughout the financial year, some of the major costs, required to meet the above-mentioned challenges include:

- The need to provide more ready-made hampers of both pantry staples and personal hygiene products to service the increase in demand;
- The slow return of corporate volunteers due to the COVID pandemic has resulted in the continued need to hire additional labour to cover the shortfall;
- The need to employ more casual staff to help service both increases in supply and demand;
- Continued regular health checks and increased cleaning across our operations;
- The build-up of stock and associated storage and warehouse leasing costs as our distribution capacity has been impacted by the slow return of school and charity partner operations.

Despite all the challenges FBNA continues to provide food to help the increasing number of Australians who face food insecurity. We are focused on continuing to build our operational and financial capacity to meet growing demand into the future.

## Directors' report

Your directors present the annual financial report of Foodbank NSW & ACT Limited ("FBNA") for the year ended 30 June 2021.

### 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 <sup>1</sup>	1 May 2018
Stephen Schofield <sup>2</sup>	9 March 2011

<sup>1</sup> Dan Peters was a Director from the beginning of the financial year until his resignation on 23 March 2021.

<sup>2</sup> Stephen Schofield was a Director from the beginning of the financial year until his resignation on 31 May 2021.

### Principal activities

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

- sourcing by donation or purchasing food and related products from manufacturers, farmers/primary producers, retailers and distributors and encourage partnerships with these suppliers;
- distribution of food and grocery items to people in need, via a broad range of charitable and service organisations without regard to denomination; and
- securing funds via donation and grants to acquire 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 our charity partners and schools for supply to individuals and children in need.

As a member of the Foodbank Federation covering Australia (delivering 70% of all food distributed to charities by food rescue organisations), we continue to feed the ongoing and increasing number of Australians who face food insecurity.

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

- FBNA aims to provide over 12,500,000 kg (22.6 million meals) of product in 2021-22
- FBNA aims to supply a core range of staple products 365 days a year while minimising handling fees.
- FBNA aims to have this core range of staple products always available.
- FBNA will expand the ways that it funds these operations to broaden the support of FBNA making FBNA more sustainable, resilient and less dependent upon a single source of funding.
- 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.
- 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 charity partners and through them to people in need.
- (c) Maintain, improve and innovate the supply cycle from farmers, manufacturers, retailers, importers to charity partners and schools 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 2021, FBNA received a total of 10.62 million kilos (2020: 12.44 million) of donated food and grocery items from national and state manufacturers, farmers/primary producers, retailers and distributors. Out of total kilos received, less than 1% ended up in landfill.

FBNA distributed a total of 11.92 million kilos (2020: 12.24 million) of food and grocery items to charity partners and schools in the year ended 30 June 2021. Of the total volume, 5.42 million kilos (2020: 5.29 million kilos) was distributed free-of-charge with no handling fee.

The net surplus for the year ended 30 June 2021 was \$3,431,899 (2020: \$3,507,800).

The underlying operating deficit after excluding non-operating items for the year ended 30 June 2021 was \$1,139,296 (2020: \$1,108,461).

Non-operating items include all donations and grants net of direct fundraising and other non-operating expenses \$4,549,969 (2020: \$4,600,743) and net interest income \$21,226 (2020: \$15,518).

## Significant changes in the state of affairs

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 July 2021, FBNA experienced unprecedented demand for its services as greater Sydney went into lock down. Due to this, FBNA was required to expand its operating hours and run two shifts to keep up with the demand, increase the production of emergency relief hampers as well as ensuring the safety of our employees and contractors by segregating the shifts (morning and afternoon). Additional staff have been put on to cover volunteer shortages as well as demand increases.

Except as mentioned above, no other matter or circumstance has arisen since 30 June 2021 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 natural disasters and other needs in the community and will support the management team in making operational decisions that ensure FBNA is assisting as many charity partners 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 OmniBridgeway Ltd, Hunter Water Corporation and Rabobank Australia 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 primarily related to property.

## Information on Directors (continued)

**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 has worked for over 25 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 developing innovative community programs and collaborative partnerships nationally for The Salvation Army. 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.

**Emma Peacock** BA (Comm), GAICD. *Director.*

Appointed a director in November 2015. Emma brings 20 years of experience across Sustainability/ESG, Corporate Affairs, Stakeholder Engagement and Advocacy, working with some of the world's most recognised brands. She has recently joined the public service as Head of Net Zero Economy for Investment NSW, helping NSW to capture the jobs and growth generated by the State's transition to net zero emissions. Prior to this, she spent a decade leading Sustainable Business & Communications for Unilever Australia & New Zealand, where she built trust, drove change and managed risk to support Unilever's sustainable growth agenda. She is also an Advisory Board Member for ag-tech start-up Wollemi.io, a Market Advisory Panel Member for the Business Renewables Centre Australia and a Graduate of the Australian Institute of Company Directors.

## 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, 9 board meetings were held.

	Attended	Held
Peter Kelly (Chairman)	8	9
Christine Feldmanis	8	9
John Hudson	8	9
Larry Kavanagh	8	9
Paul Moulds <sup>1</sup>	3	9
Dan Peters	5	6
Emma Peacock	9	9
Stephen Schofield	8	9

<sup>1</sup> Paul Moulds was granted leave of absence until 31 December 2020.

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 2021 and 2020 are:

	2021	2020
Primary members (Directors)	6	8
Charity partners	722	757
School members	466	353
<b>Total members</b>	<b>1,194</b>	<b>1,118</b>


### 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  
19 October 2021





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

To: the members 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 2021 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

19 October 2021

# Foodbank NSW & ACT Limited

ABN 22 056 422 407

## Financial report - 30 June 2021

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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 19 October 2021.

## Statement of comprehensive income

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Revenue from continuing operations</b>			
Revenue from service fees	3	7,717,688	8,164,054
Cost of supply - purchased stock items only	4	(3,673,800)	(2,463,960)
		<b>4,043,888</b>	<b>5,700,094</b>
<b>Government specific grants</b>	5	<b>5,836,763</b>	<b>2,180,677</b>
<b>Other operating income</b>	6	<b>523,172</b>	<b>420,427</b>
		<b>10,403,823</b>	<b>8,301,198</b>
<b>Less expenses from operating activities</b>			
Distribution and warehouse		4,466,756	3,961,366
Marketing		101,284	102,494
Administration		604,520	528,062
Wages and employee entitlements		4,824,652	3,520,575
Depreciation and amortisation		922,188	864,952
Other		623,719	432,210
	7	<b>11,543,119</b>	<b>9,409,659</b>
<b>Results from operating activities</b>		<b>(1,139,296)</b>	<b>(1,108,461)</b>
<b>Other income and expenses</b>			
Other income - recurring		6,534,907	6,498,544
Other income - non-recurring		217,544	628,915
Other expenses		(2,202,482)	(2,526,716)
	8	<b>4,549,969</b>	<b>4,600,743</b>
<b>Finance income</b>	9	<b>21,226</b>	<b>15,518</b>
<b>Net surplus</b>		<b>3,431,899</b>	<b>3,507,800</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>3,431,899</b>	<b>3,507,800</b>

*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 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash assets	10	11,255,145	7,551,683
Receivables	11	289,015	216,617
Other current assets	12	1,254,591	793,113
<b>Total current assets</b>		<b>12,798,751</b>	<b>8,561,413</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	14,358,579	14,122,800
Intangible assets	14	9,534	27,197
<b>Total non-current assets</b>		<b>14,368,113</b>	<b>14,149,997</b>
<b>Total assets</b>		<b>27,166,864</b>	<b>22,711,410</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Deferred revenue	15	4,220,619	3,323,901
Payables	16	771,105	642,795
Lease liability	17	23,478	21,955
Provisions	18	302,825	269,017
<b>Total current liabilities</b>		<b>5,318,027</b>	<b>4,257,668</b>
<b>Non-current liabilities</b>			
Deferred revenue	19	3,000,000	3,000,000
Lease liability	20	22,521	45,998
Provisions	21	68,941	82,268
<b>Total non-current liabilities</b>		<b>3,091,462</b>	<b>3,128,266</b>
<b>Total liabilities</b>		<b>8,409,489</b>	<b>7,385,934</b>
<b>Net assets</b>		<b>18,757,375</b>	<b>15,325,476</b>
<b>EQUITY</b>			
Accumulated surplus	22	18,757,375	15,325,476
<b>Total equity</b>		<b>18,757,375</b>	<b>15,325,476</b>

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

## Statement of changes in equity

For the year ended 30 June 2021

	Notes	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2019</b>		11,817,676	11,817,676
Results for the year		3,507,800	3,507,800
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>3,507,800</b>	<b>3,507,800</b>
<b>Balance at 30 June 2020</b>		<b>15,325,476</b>	<b>15,325,476</b>
<b>Balance at 1 July 2020</b>		15,325,476	15,325,476
Results for the year		3,431,899	3,431,899
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>3,431,899</b>	<b>3,431,899</b>
<b>Balance at 30 June 2021</b>	22	<b>18,757,375</b>	<b>18,757,375</b>

*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 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from charity partners and schools		7,836,653	8,333,248
Receipts from Government		6,920,424	5,760,786
Receipts from donations		6,660,053	6,498,544
Receipts from other sources		187,940	231,138
Payments to suppliers and employees		(16,809,900)	(13,890,034)
<b>Net cash inflow from operating activities</b>	30	<b>4,795,170</b>	<b>6,933,682</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	13	(1,140,304)	(808,676)
Payments for intangible assets	14	-	-
Proceeds from sale of property, plant and equipment		45,455	8,000
<b>Net cash (outflow) from investing activities</b>		<b>(1,094,849)</b>	<b>(800,676)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		(21,954)	(31,086)
Interest received		29,447	16,004
Interest paid		(4,352)	(5,520)
<b>Net cash inflow (outflow) from financing activities</b>		<b>3,141</b>	<b>(20,602)</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,703,462</b>	<b>6,112,404</b>
Cash and cash equivalents at the beginning of the financial year		7,551,683	1,439,279
<b>Cash and cash equivalents at end of year</b>	10	<b>11,255,145</b>	<b>7,551,683</b>

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 its charitable partners, to people in need.

### (b) Basis of preparation

This Tier 2 general purpose financial report has been prepared in accordance with Australian Accounting Standards - reduced disclosure requirements adopted by the *Australian Accounting Standards Board (AASB)* and the *Australian Charities and Not-for-Profits Commission (ACNC) Act 2012*.

#### (i) Historical cost convention

This financial report has been prepared under the historical cost convention.

#### (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) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods. FBNA has not adopted these new standards and interpretations and it is not expected that their adoption will have a material impact on future financial statements.

#### Cloud computing: Software-as-a-Service (SaaS) arrangements

During the year ended 30 June 2021, the Company revised its accounting policy in relation to configuration and customisation costs incurred in implementing software-as-a-service (SaaS) arrangements with cloud providers. The change in accounting policy resulted from the implementation of agenda decisions issued by the IFRS Interpretations Committee (IFRIC) clarifying its interpretation of how current accounting standards apply to these types of arrangements.

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. This change has not impacted the financial statements in the current year.

### (d) 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 FBNA's charity and school partners. Service fee revenue is recognised in accordance with *AASB 15 Revenue from Contracts with Customers* when the performance obligations are satisfied, that is when products are picked up from FBNA's distribution centre or delivered to the recipient.

#### (ii) Donations/Contributions

Revenue from donations and contributions are recognised in accordance to *AASB 1058 Income for Not-for-profit entities*. Due to the nature of donations and contributions, such items can only be recognised when FBNA gains control of the asset. There are usually no enforceable or sufficiently specific performance obligations linked to this source of income.



## 1 Summary of significant accounting policies (continued)

### (d) Revenue recognition (continued)

#### (iii) Grants

Grants can be granted to FBNA with an enforceable, sufficiently specific obligation attached to the grant or without any enforceable, sufficiently specific obligation attached.

Where the grant has no enforceable or sufficiently specific performance obligations attached, AASB 1058 Income for Not-for-profit entities is applicable, and the grant is recognised when FBNA gains control of the asset.

Where there is an enforceable, sufficiently specific obligation attached to the grant, AASB 15 Revenue from Contracts with Customers is applicable. Revenue arising from the grant is recognised when performance obligations attached to the grant have been satisfied. Where funding has been received but performance obligations are not satisfied, the funding is recorded as deferred revenue in the balance sheet.

#### (iv) Interest income

Interest is recognised on an accrual basis, taking into account the effective yield on the financial asset.

### (e) Income tax

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

### (f) 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.

### (g) 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.

### (h) 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.

### (i) 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 2021, land and building is carried at \$11,046,324 (2020: \$11,242,509) 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 \$20,000, in property, plant & equipment at the date of acquisition, with a non-cash donation recognised for the same amount.

## 1 Summary of significant accounting policies (continued)

### (i) Property, plant and equipment (continued)

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.

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.

### (j) Leased assets

AASB 16 *Leases* requires all leases to be accounted for 'on-balance sheet' by 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.

At inception of a contract, an assessment is made on 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.
- there is the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use.
- there is 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.

At the lease commencement, FBNA recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where FBNA 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. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment. The right-of-use asset is assessed for impairment indicators at each reporting date.

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

In subsequent periods, the lease liability is accounted for similarly to a financial liability using the effective interest method. The lease liability is remeasured whether there is a lease modification or a change in the 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.

FBNA has elected to apply the exceptions to lease accounting for leases of low-value assets and short-term leases. For these leases, payments associated are expensed on a straight-line basis over the lease term.

## 1 Summary of significant accounting policies (continued)

### (k) 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.

### (l) 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.

### (m) 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.

### (n) 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.

### (o) 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.

### (p) '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. In addition, as an accounting policy choice, FBNA has elected not to recognise volunteer services in accordance with AASB 1058 *Income for Not-for-profit entities*. FBNA's major 'in-kind' services received are disclosed in note 27.

## 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	0.25% increase in interest rates		-0.25% decrease in interest rates	
	2021 \$	2020 \$	2021 \$	2020 \$
Cash and cash equivalents	2,798	1,503	(2,798)	(1,503)
Bank bills and term deposits	21,865	6,469	(21,865)	(6,469)
<b>Effect on surplus</b>	<b>24,663</b>	<b>7,972</b>	<b>(24,663)</b>	<b>(7,972)</b>

Carrying values of the assets are as follows:

	2021 \$	2020 \$
Cash and cash equivalents	1,332,297	1,257,574
Bank bills and term deposits	9,922,848	6,294,109
	<b>11,255,145</b>	<b>7,551,683</b>

### (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

	2021 \$	2020 \$
<b>From continuing operations</b>		
Revenue from service fees	7,717,688	8,164,054

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

	2021 Kilograms	2020 Kilograms
<b>Total kilograms distributed to:</b>		
Charity partners and schools - charged	6,496,000	6,949,000
Charity partners and schools - free	5,421,000	5,294,000
Interstate foodbanks	887,000	905,000
	<b>12,804,000</b>	<b>13,148,000</b>

In 2021, average service handling fee per kilo was \$0.60 (2020: \$0.62)

### 4 Cost of supply - purchased stock

	2021 \$	2020 \$
Cost of purchased items distributed to member agencies	3,673,800	2,463,960

	2021 Kilograms	2020 Kilograms
<b>Total kilograms distributed:</b>		
Purchased items	2,124,000	1,645,000
Donated items	10,680,000	11,503,000
	<b>12,804,000</b>	<b>13,148,000</b>

### 5 Government specific grants

	2021 \$	2020 \$
NSW Government: Transport Subsidy	558,942	1,188,942
NSW Government: School Breakfast 4 Health Program	367,204	148,689
NSW Government: COVID-19 Support	4,098,937	327,525
Australian Government: COVID-19 Support	811,680	515,521
	<b>5,836,763</b>	<b>2,180,677</b>

## 6 Other operating income

	2021 \$	2020 \$
Freight recovery fees	215,522	196,730
Rental Income	-	78,226
Other operating income	307,650	145,471
	<b>523,172</b>	<b>420,427</b>

## 7 Operating expenses

	2021 \$	2020 \$
<b><i>Distribution and warehouse expenses</i></b>		
Charity partners and schools program support	37,204	9,598
Contractor expenses	1,098,281	852,296
Electricity	130,959	123,431
Freight expenses	2,016,094	1,985,748
Motor vehicle, truck and forklift	336,224	371,778
Repairs and maintenance	203,708	129,340
Warehouse leasing fees	172,092	-
Other distribution related expenses	472,194	489,175
	<b>4,466,756</b>	<b>3,961,366</b>
<b><i>Marketing expenses</i></b>		
Advertising and marketing	101,284	102,494
<b><i>Administration expenses</i></b>		
General administration, IT and insurance expenses	604,520	528,062
<b><i>Wages and employee entitlements</i></b>		
Salaries and wages - includes superannuation \$391,321 (2020: \$282,922)	4,824,652	3,520,575
<b><i>Depreciation and Amortisation</i></b>		
Amortisation of intangible assets	17,663	22,592
Depreciation of plant and equipment	904,525	842,360
	<b>922,188</b>	<b>864,952</b>
<b><i>Other expenses</i></b>		
Bad Debts	-	31,885
Business Planning Reporting and Evaluation Costs	4,442	10,048
Consultancy - IT and business processes	112,991	103,505
Credit card merchant fees	46,339	27,555
Health and Safety	47,343	8,448
Security and Cleaning	216,940	77,682
Training & Development	40,819	26,336
Others	154,845	146,751
	<b>623,719</b>	<b>432,210</b>
	<b>11,543,119</b>	<b>9,409,659</b>

FBNA also receives "in-kind" services which are not recorded in the accounting records shown in note 27.

## 8 Other income and expenses

	2021 \$	2020 \$
<b>Other Income - Recurring</b>		
<i>Fundraising Income:</i>		
- Donations: Individuals, corporates, trusts, foundations	1,362,997	1,633,246
- Fundraising: Direct mail, digital integration and online campaigns	3,908,880	3,668,566
- Fundraising: Events	49,747	403,502
- Fundraising: Face to Face and telemarketing	1,213,283	793,230
	<b>6,534,907</b>	<b>6,498,544</b>
<b>Other Income - Non-recurring</b>		
<i>Fundraising Income:</i>		
- Bequests	125,146	-
<i>Government Grants (Capital):</i>		
- NSW Environmental Trust: for new equipment and mezzanine	46,943	422,470
- Department of Industry: for new mezzanine	-	198,445
Gain on Sale of Non-Current Assets	45,455	8,000
	<b>217,544</b>	<b>628,915</b>
<b>Total other income</b>	<b>6,752,451</b>	<b>7,127,459</b>
<b>Other Expenses</b>		
Expenses associated in securing grants, donations and other fundraising	(2,202,482)	(2,526,716)
	<b>4,549,969</b>	<b>4,600,743</b>

## 9 Finance income

	2021 \$	2020 \$
Interest income	25,578	21,038
(Less) interest expense on lease liabilities	(4,352)	(5,520)
	<b>21,226</b>	<b>15,518</b>

## 10 Current assets - Cash assets

	2021 \$	2020 \$
Cash on hand	1,500	1,550
Cash in bank - trading accounts	691,384	900,762
Cash in bank - PayPal	639,413	355,262
ANZ Call and Term Deposits	5,897,561	2,294,109
NAB Term Deposit	4,025,287	4,000,000
	<b>11,255,145</b>	<b>7,551,683</b>

Out of total cash assets, \$4,220,619 (2020: \$3,233,901) is considered "restricted cash" and relates to grant income received. Refer to note 15 - deferred revenue.

### (a) Cash in bank

These are bearing weighted average interest rate of 0.38% (2020: 1.10%).

### (b) Fair value

The carrying amount for cash assets equals the fair value.

## 11 Current assets - Receivables

	2021 \$	2020 \$
Service fees receivable	287,295	190,738
Interest receivable	1,720	5,589
Other debtors	-	20,290
	<b>289,105</b>	<b>216,617</b>

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

	2021 \$	2020 \$
Not past due	179,580	140,452
Past due 1 - 7 days	67,572	19,931
Past due over 7 days	40,143	30,355
	<b>287,295</b>	<b>190,738</b>

## 12 Current assets - Other current assets

	2021 \$	2020 \$
Inventory of purchased stock at cost	1,029,486	732,646
GST refundable	170,057	-
Prepayments	55,048	60,467
	<b>1,254,591</b>	<b>793,113</b>



### 13 Non-current assets - Property, plant and equipment

	Freehold land and buildings \$	Plant and equipment \$	Right-of-use assets \$	Capital work in progress \$	Total \$
<b>At 1 July 2019</b>					
Cost or fair value	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
<b>Year ended 30 June 2020</b>					
Opening net book amount	11,439,232	2,617,674	-	10,350	14,067,256
Recognition of right-of-use asset on initial application of AASB 16	-	-	40,362	-	40,362
Additions	-	587,499	48,866	221,177	857,542
Disposals <sup>1</sup>	-	-	-	-	-
Transfers from capital work in progress to plant and equipment	-	10,350	-	(10,350)	-
Depreciation charge	(196,723)	(622,826)	(22,811)	-	(842,360)
Closing net book amount	11,242,509	2,592,697	66,417	221,177	14,122,800
<b>At 30 June 2020</b>					
Cost or fair value	12,161,623	5,285,335	89,228	221,177	17,757,363
Accumulated depreciation	(919,114)	(2,692,638)	(22,811)	-	(3,634,563)
Net book amount	11,242,509	2,592,697	66,417	221,177	14,122,800
<b>Year ended 30 June 2021</b>					
Opening net book amount	11,242,509	2,592,697	66,417	221,177	14,122,800
Additions	-	1,140,304	-	-	1,140,304
Disposals <sup>2</sup>	-	-	-	-	-
Transfers from capital work in progress to plant and equipment	-	221,177	-	(221,177)	-
Depreciation charge	(196,185)	(685,210)	(23,130)	-	(904,525)
Closing net book amount	11,046,324	3,268,968	43,287	-	14,358,579
<b>At 30 June 2021</b>					
Cost	12,161,623	6,456,928	89,228	-	18,707,779
Accumulated depreciation	(1,115,299)	(3,187,960)	(45,941)	-	(4,349,200)
Net book amount	11,046,324	3,268,968	43,287	-	14,358,579

<sup>1</sup> Does not include fully written down plant and equipment disposals of \$33,055.

<sup>2</sup> Does not include fully written down plant and equipment disposals of \$189,888.

#### Land and buildings

As at 30 June 2021, land and building is carried at \$11,046,324 (2020: \$11,242,509) 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 \$15,920,600 - \$17,371,200. This market opinion was provided by LJ Hooker Commercial in June 2020 and utilises recent market transactions to reach an estimate.

#### Capital work in progress

Amounts transferred out of capital work in progress represent progress payments for a new truck which was delivered in September 2020.

## 14 Non-current assets - Intangible assets

	Software \$
<b>At 1 July 2019</b>	
Cost	117,985
Accumulation amortisation and impairment	(68,196)
Net book amount	49,789
<b>Year ended 30 June 2020</b>	
Opening net book amount	49,789
Additions	-
Disposals <sup>1</sup>	-
Amortisation charge	(22,592)
Closing net book amount	27,197
<b>At 30 June 2020</b>	
Cost	112,735
Accumulated amortisation	(85,538)
Net book amount	27,197
<b>Year ended 30 June 2021</b>	
Opening net book amount	27,197
Additions	-
Disposals	-
Amortisation charge	(17,663)
Closing net book amount	9,534
<b>At 30 June 2021</b>	
Cost	112,735
Accumulated amortisation	(103,201)
Net book amount	9,534

<sup>1</sup> Does not include fully written down software disposals of \$5,250.

## 15 Current liabilities - Deferred revenue

	2021 \$	2020 \$
Grants received in advance <sup>1</sup>	4,220,619	3,233,901
Revenue received in advance	-	90,000
	4,220,619	3,323,901

<sup>1</sup> Total grants received in advance include:

- (a) Remaining grant funding of \$2,244,107 from NSW Department of Education to expand the School Breakfast 4 Health Program.
- (b) Funding from NSW Department of Communities & Justice of \$1,700,227 for COVID-19 support. The remaining COVID-19 funding will be spent on buying additional food and groceries for hampers allocated to NSW International Students and Aboriginal communities. FBNA anticipates that the remaining grant funding for COVID-19 support will be expended by 31 December 2021.
- (c) \$80,000 grant from Aboriginal Affairs NSW to hold pop-up marketplaces and remaining funding of \$196,286 to provide fresh produce boxes to remote and rural Aboriginal communities.

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

## 16 Current liabilities - Payables

	2021 \$	2020 \$
Creditors	568,055	290,187
GST Payable	-	167,616
PAYG withholding payable	111,862	103,438
Accrued expenses	26,580	20,000
Retentions Payable	18,951	23,302
Superannuation payable	45,657	38,252
	<b>771,105</b>	<b>642,795</b>

## 17 Current liabilities - Lease liability

	2021 \$	2020 \$
Lease liability	23,478	21,955

## 18 Current liabilities - Provisions

	2021 \$	2020 \$
Employee benefits	302,825	269,017

FBNA has 60 employees (52.7 full time equivalents) as at 30 June 2021 (2020: 53 (45.8 full time equivalents)).

## 19 Non-current liabilities - Deferred revenue

	2021 \$	2020 \$
Grants received in advance <sup>1</sup>	3,000,000	3,000,000

<sup>1</sup> 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.

## 20 Non-current liabilities - Lease liability

	2021 \$	2020 \$
Lease liability	22,521	45,998

## 21 Non-current liabilities - Provisions

	2021 \$	2020 \$
Employee benefits	68,941	82,268

## 22 Accumulated funds

Movements in accumulated funds were as follows:

	2021 \$	2020 \$
Balance 1 July	15,325,476	11,817,676
Surplus (deficit) for the year	3,431,899	3,507,800
Balance 30 June	18,757,375	15,325,476

## 23 Remuneration of auditors

KPMG's audit fees for the year ended 30 June 2021 will be \$12,600 (2020: \$12,000).

## 24 Contingencies

FBNA had no contingent assets or liabilities at 30 June 2021 (2020: \$nil).

## 25 Commitments

Commitments contracted at the reporting date but not recognised as liabilities is as follows:

### Capital commitments

	2021 \$	2020 \$
Property, plant and equipment Payable: Within one year	-	1,170,290

Capital commitments in 2020 relate to amounts contracted to expand the capacity of FBNA's Distribution Centre, this will involve installing additional pallet racking and cool rooms. This amount also includes amounts for electrical work, communication, security, amenities and fire systems.

### Purchase commitments

	2021 \$	2020 \$
Inventory Payable: Within one year	278,071	442,105

Purchase commitments relates to food purchases which are due to be delivered in the second half of the 2021 calendar year.

## 26 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	(Ceased 23 March 2021)
Stephen Schofield	(Ceased 31 May 2021)

### (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 \$191,945 (2020: \$188,922) 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 \$130,253 (2020: \$121,023) 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 2021, FBNA paid \$2,196,896 (2020: \$1,379,689) 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 2021, Foodbank Australia Limited paid \$69,000 (2020: \$63,982) to FBNA for assistance in general finance management, bookkeeping and financial reporting.

### (c) Other

John Robertson the CEO of FBNA was appointed the Chair of icare from 25 September 2020. FBNA's Workers Insurance is held with icare.

Gerry Andersen the former CEO of FBNA is also a Director of Pegasus Print Group. Pegasus Print Group provides FBNA with regular printing services throughout the financial year. During the year, FBNA paid \$15,734 (2020: \$10,439) 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 2021 (2020: \$nil).

## 27 'In-kind' provision of services

FBNA 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.

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 is an estimation on the value of significant 'in kind' services provided:

Item	Provided by	Estimated value 2021 \$	Estimated value 2020 \$	If paid, would be an addition to the following expenses (refer Note 7)
Audit services	KPMG	42,000	40,000	Other
Food safety consultancy	Correct Food Systems	5,000	5,000	Consultancy
Forklift maintenance and repairs	Crown Equipment/ Toyota Materials Handling	20,000	20,000	Motor vehicle, truck and forklift
Forklift Rental	NTP Forklifts	16,000	8,000	Motor vehicle, truck and forklift
Freight	Metcash	-	25,900	Freight expenses
Freight	Cameron Transport	20,000	18,800	Freight expenses
Freight and Storage	AHG Transport	8,400	40,000	Freight expenses
Legal fees	Holman Webb Lawyers	-	5,000	General administration expenses
Bins and Pallet hire	Chep/Loscam	1,259,000	675,700	Other distribution related expenses
Printing	Pegasus Print Group	-	7,900	General administration expenses
Project Consultancy	Sandrick Pty Ltd	13,000	30,000	Consultancy
Rental Property	Centuria Property Services	86,000	157,800	Other
Storage	Lineage Logistics/ Emergent Cold	18,200	9,100	Other distribution related expenses
Motor Vehicle Hire	Penske Commercial Leasing	-	3,200	Motor vehicle, truck and forklift
Volunteers/Directors <sup>1</sup>	Individuals	1,482,000	1,698,000	Salaries, wages and fees
		<b>2,969,600</b>	<b>2,744,400</b>	

<sup>1</sup> Due to the impact of COVID restrictions during 2020-2021, FBNA's volunteer workforce curtailed resulting in the need to employ more casual staff to offset this reduction.

As detailed in note 1(o), FBNA has elected not to recognise volunteer services in accordance to AASB 1058 and does not record these 'in kind' services received as both revenue and expenditure.

## 28 Additional information to be furnished under the Charitable Fundraising Act 1991

Throughout the financial year ending 30 June 2021, 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 2020-2021, 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.

	2021 \$	2020 \$
(1) Gross proceeds from food donations and fundraising appeals		
Donations, fundraising events, campaigns and other grants	6,534,907	6,498,544
Value of donated food <sup>1</sup>	63,726,000	74,694,000
(Less) Direct fundraising costs	<u>(2,202,482)</u>	<u>(2,526,716)</u>
Net contributions from food donations and fundraising appeals	<b>68,058,425</b>	<b>78,665,828</b>
(2) These were applied to the following charitable purpose:		
Purchase of food for distribution	2,087,389	2,237,858
Distribution and operations	2,160,000	1,541,642
School breakfast 4 Health program	85,036	192,328
Value of donated food <sup>1</sup>	<u>63,726,000</u>	<u>74,694,000</u>
Total expenditure on direct services	<b>68,058,425</b>	<b>78,665,828</b>

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:

	2021 Kilograms	2020 Kilograms
Food from National Donors <sup>2</sup>	5,101,000	5,782,000
Food from State Donors	5,520,000	6,667,000
Food from Annual Purchasing Program <sup>3</sup>	<u>1,591,000</u>	<u>1,290,000</u>
	<b>12,212,000</b>	<b>13,739,000</b>

<sup>1</sup> 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 \$6 per kilogram from FBNA's National and State donors.

<sup>2,3</sup> Food received from the liaison and coordination of Foodbank Australia.

## 29 Events occurring after the reporting period

In July 2021, FBNA experienced unprecedented demand for its services as greater Sydney went into lock down. Due to this, FBNA was required to expand its operating hours and run two shifts to keep up with the demand, increase the production of emergency relief hampers as well as ensuring the safety of our employees and contractors by segregating the shifts (morning and afternoon). Additional staff have been put on to cover volunteer shortages as well as demand increases.

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

	2021 \$	2020 \$
Surplus for the year	3,431,899	3,507,800
Depreciation and amortisation	922,188	864,952
Net (gain) on disposal of property, plant and equipment	(45,455)	(8,000)
Net Interest income	(21,226)	(15,518)
Right of use-asset initial recognition and additions	-	(89,228)
Payment of lease liabilities	21,954	31,086
Change in operating assets and liabilities:		
(Increase) decrease in current receivables (excluding interest)	(76,267)	29,905
(Increase) in other current assets	(461,478)	(312,642)
Increase (decrease) in current payables	128,310	(145,607)
Increase in current deferred revenue	896,718	2,909,194
(Decrease) Increase in lease liabilities	(21,954)	67,953
Increase in provisions	20,481	93,787
<b>Net cash inflow from operating activities<sup>1</sup></b>	<b>4,795,170</b>	<b>6,933,682</b>

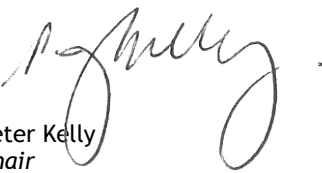
<sup>1</sup> Net cash flow from operating activities includes cash flows associated with grant income and other donation activities as set out in Note 8.



In the directors' opinion:

- (a) the financial report and notes set out on pages 8 to 30 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 2021 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

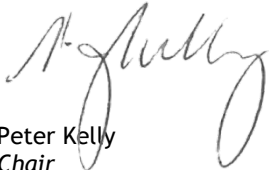
Sydney  
19 October 2021

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 2021;
- (b) the financial report gives a true and fair view of the financial position of Foodbank NSW & ACT Limited with respect to fundraising appeal activities as at 30 June 2021;
- (c) 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 2021; and
- (d) 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  
19 October 2021



# 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 Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2021, and of its financial performance and its cash flows 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:

- Balance sheet as at 30 June 2021.
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then 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 (including Independence Standards)* (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 Disclosures Requirements and the 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 and whether the use of the going concern basis of accounting is appropriate. 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 operations, 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 this 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.

## Report on other legal and regulatory requirements

### 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 result of fundraising appeal activities for the financial year ended 30 June 2021;
- the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2020 to 30 June 2021, 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 2020 to 30 June 2021 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.



KPMG



Trent Duvall

Partner

Sydney

19 October 2021