

**COUNCIL OF SOCIAL SERVICE OF
NEW SOUTH WALES**

ABN 85 001 797 137

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137

TABLE OF CONTENTS

| | PAGE |
|------------------------------------|-------------|
| Directors' Report | 1 - 4 |
| Auditor's Independence Declaration | 5 |
| Statement of Comprehensive Income | 6 |
| Statement of Financial Position | 7 |
| Statement of Changes in Equity | 8 |
| Statement of Cash Flows | 9 |
| Notes to the Financial Statements | 10 - 21 |
| Responsible Entities' Declaration | 22 |
| Independent Auditor's Report | 23 - 25 |

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Your directors present this report on the Council of Social Service of New South Wales ("the Company") for the financial year ended 30 June 2019.

Directors

The names of each person who has been a director during the year and to the date of this report are:

| | |
|--------------------|--|
| Davies, Tony | |
| Farrar, Adam | Resigned as of 23/11/2018 |
| Michaels, Cecily | Resigned as of 23/11/2018 |
| Brungs, Marianna | |
| Carblis, Ben | |
| Fisher, David | |
| Kastel, Mendel | |
| McCaffrey, Suellen | |
| Simmons, Samantha | |
| Waterford, Eamon | |
| Zhang, Ying | Appointed 6/06/2018 and elected as of 23/11/2018 |
| Heath, Robin | Elected as of 23/11/2018 |
| Manley, Pauline | Elected as of 23/11/2018 |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

| | |
|----------------|--------------------------|
| Farrar, Adam | Resigned as of 3/12/2018 |
| van Nerum, Kim | Appointed on 3/12/2018 |

Objectives (Short-Term and Long-Term)

The Company advocates, collaborates and connects, as an independent public voice, to build inclusive communities where everyone can thrive, supported by a strong, diverse and effective community sector. The Company develops informed public opinion on matters relating to Social Welfare, promotes participation in Social Welfare and represents the non-government sector to a variety of stakeholders to ensure strong, diverse, effective organisations are accessible in local communities across NSW.

Principal Activities

The Company, during the course of the financial year, has worked towards the elimination of poverty in NSW by influencing social and economic policy through partnerships, research, education and strategy.

Key Performance Measures

The Company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the Directors to assess the financial sustainability of the Company and whether the Company's short-term and long-term objectives are being achieved.

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Information on Directors

| | |
|---------------------------|---|
| Tony Davies | President |
| Qualifications: | BA LLB (Hons 1st Class), Macquarie University, Diploma of Legal Practice, College of Law |
| Experience: | Elected 16 November 2016 |
| Special Responsibilities: | Member of Management and Finance Committee. Member of Human Resources Committee, Member of Board Management and Evaluation Committee, NCOSS representative to the ACOSS Board |
| | |
| David Fisher | Director |
| Qualifications: | BA HONS(Urban Geography), Goldsmiths University, London, UK MBA, Manchester Metropolitan University, UK Post Grad. Dip. In Housing, Glasgow University, UK. |
| Experience: | Elected 9 November 2017 |
| Special Responsibilities: | Member of the Management and Finance Committee |
| | |
| Mendel Kastel | Director |
| Qualifications: | Rabbinic Fellow The Great Synagogue, Sydney Commissioner National Mental Health Commission |
| Experience: | Elected 9 November 2017 |
| | |
| Adam Farrar | Director |
| Qualifications: | BA (hons); MA (qual), Drama, Philosophy, MA (hons), Philosophy |
| Experience: | Board member since November 2014, Resigned 23 November 2018 |
| Special Responsibilities: | Company Secretary and Chair of Risk and Compliance Subcommittee up to 23 November 2018 |
| | |
| Eamon Waterford | Director |
| Qualifications: | Bachelor, International Studies (Globalisation Studies); Masters of Political Economy |
| Experience: | Board member since November 2014 |
| Special Responsibilities: | Co-Chair of Board Management and Evaluation Committee, Member of Management and Finance Committee |
| | |
| Cecily Michaels | Vice President |
| Qualifications: | Bachelor of Music in Education, Masters of Arts (Development and Community Organisation), Masters of Public Health |
| Experience: | Board member since November 2014, Resigned 23 November 2018 |
| Special Responsibilities: | Member of Human Resources Subcommittee |
| | |
| Marianna Brungs | Director |
| Qualifications: | Bachelor of Science/Law (USYD), MPhil, Development Studies University of Cambridge |
| Experience: | Board member since November 2015 |
| Special Responsibilities: | Co-Chair of Board Management and Evaluation Committee, Member of Management and Finance Committee |

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Information on Directors (Continued)

| | |
|---------------------------|--|
| Ben Carblis | Director |
| Qualifications: | Master of Adult Education, Diploma of Education, Bachelor of Arts |
| Experience: | Elected 16 November 2016 |
| Special Responsibilities: | Chair of Risk and Compliance Committee from 23 November 2018 |
| Suellen McCaffrey | Director |
| Qualifications: | Bachelor of Science (Psychology, Hons), Registered Psychologist, CAHRI |
| Experience: | Elected 16 November 2016 |
| Special Responsibilities: | Chair of Human Resources Committee, Member of Risk and Compliance Committee |
| Samantha Simmons | Director |
| Qualifications: | BA, Sydney University Graduate Certificate in Public Policy, APSC (Australian Public Service Commission) |
| Experience: | Master of Cultural Heritage, Deakin University Elected 9 November 2017 |
| Special Responsibilities: | Member of Human Resources Committee, Member of Risk and Compliance Committee |
| Ying Zhang | Director |
| Qualifications: | Master of Management, Master of Taxation, Master of Commerce, Fellow of CPA Australia, Graduate member of Australian Institute of Company Directors. |
| Experience: | Elected 6 June 2018 |
| Special Responsibilities: | Treasurer, Chair of Management and Finance Committee |
| Robin Heath | Director |
| Qualifications: | CEO of Dorrigo Plateau Local Aboriginal Land Council, Member of the National Parks and Wildlife Advisory Council, Member of the Aboriginal Culture Heritage Advisory Council |
| Experience: | Elected 23 November 2018 |
| Special Responsibilities: | Member of Risk and Compliance Committee |
| Pauline Manley | Director |
| Qualifications: | Doctor of Philosophy, PhD in Creative Writing, Director of the Older Women's Network |
| Experience: | Elected 23 November 2018 |
| Special Responsibilities: | Member of Human Resources Committee |

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Meetings of Directors

During the financial year, 8 meetings of directors were held. Attendances by each director were as follows :

| | No. Eligible to attend | No. Attended |
|--------------------|-----------------------------------|---------------------|
| Davies, Tony | 8 | 8 |
| Farrar, Adam | 4 | 4 |
| Michaels, Cecily | 4 | 4 |
| Brungs, Marianna | 8 | 7 |
| Carblis, Ben | 8 | 6 |
| Fisher, David | 8 | 6 |
| Kastel, Mendel | 8 | 7 |
| McCaffrey, Suellen | 8 | 6 |
| Simmons, Samantha | 8 | 8 |
| Waterford, Eamon | 8 | 7 |
| Ying Zhang | 8 | 6 |
| Robin Heath | 4 | 1 |
| Pauline Manley | 4 | 3 |

Member Contributions

The Company is incorporated under the Corporations Act 2001 and is limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the Company.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 5 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.



Tony Davies

President

Dated in Sydney, this 25th day of September 2019

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE RESPONSIBLE ENTITIES' OF COUNCIL OF SOCIAL SERVICE OF NEW SOUTH
WALES
ABN 85 001 797 137**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

- i. the auditor's independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



M A ALEXANDER
Partner

PITCHER PARTNERS
Sydney

25 September 2019

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019 \$ | 2018 \$ |
|--|------|--------------|---------------|
| Revenue | 2 | 2,566,976 | 3,456,946 |
| Other income | 2 | 120,922 | 93,890 |
| Interest revenue calculated using the effective interest rate method | | 29,445 | 32,310 |
| Net realised / unrealised (losses) / gains on financial assets held at fair value through profit or loss | | (11,529) | 13,599 |
| Expenses: | | | |
| Administration expenses | | (120,476) | (131,497) |
| Brokerage and sponsorships expense | | (36,518) | (355,891) |
| Conference expenses | | (183,793) | (203,866) |
| Consultants expense | | (252,151) | (307,004) |
| Depreciation and amortisation expense | | (160,366) | (177,316) |
| Employee benefits expenses | | (1,492,564) | (1,820,395) |
| Insurance expense | | (21,830) | (18,241) |
| Office overheads expense | | (15,405) | (20,271) |
| Premises expenses | | (65,810) | (46,553) |
| Rental expenses | 3 | (179,840) | (169,822) |
| Travel expenses | | (47,705) | (144,192) |
| Other expenses | | (124,694) | (182,903) |
| Surplus for the year | | 4,662 | 18,794 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 4,662 | 18,794 |

The accompanying notes form part of these financial statements.

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

| | Note | 2019 \$ | 2018 \$ |
|--------------------------------------|------|-------------------------|-------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 742,473 | 1,488,427 |
| Trade and other receivables | 5 | 95,349 | 271,786 |
| Financial assets | 7 | 1,538,316 | 1,364,650 |
| Other current assets | 6 | 50,640 | 26,981 |
| TOTAL CURRENT ASSETS | | <u>2,426,778</u> | <u>3,151,844</u> |
| NON-CURRENT ASSETS | | | |
| Financial assets | 7 | 20,000 | 20,000 |
| Plant and equipment | 8 | 67,193 | 224,290 |
| Other assets | 6 | 51,270 | 49,133 |
| TOTAL NON-CURRENT ASSETS | | <u>138,463</u> | <u>293,423</u> |
| TOTAL ASSETS | | <u>2,565,241</u> | <u>3,445,267</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 622,769 | 1,501,238 |
| TOTAL CURRENT LIABILITIES | | <u>622,769</u> | <u>1,501,238</u> |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 10 | 107,443 | 113,662 |
| TOTAL NON-CURRENT LIABILITIES | | <u>107,443</u> | <u>113,662</u> |
| TOTAL LIABILITIES | | <u>730,212</u> | <u>1,614,900</u> |
| NET ASSETS | | <u>1,835,029</u> | <u>1,830,367</u> |
| EQUITY | | | |
| Accumulated surplus | | 1,835,029 | 1,830,367 |
| TOTAL EQUITY | | <u>1,835,029</u> | <u>1,830,367</u> |

The accompanying notes form part of these financial statements.

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

| | Accumulated Surplus \$ | Total \$ |
|--------------------------------|---------------------------------------|--------------------------------|
| Balance at 1 July 2017 | 1,811,573 | 1,811,573 |
| Comprehensive income: | | |
| Surplus for the year | 18,794 | 18,794 |
| Other comprehensive income | - | - |
| | <u>18,794</u> | <u>18,794</u> |
| Balance at 30 June 2018 | 1,830,367 | 1,830,367 |
| Comprehensive income: | | |
| Surplus for the year | 4,662 | 4,662 |
| Other comprehensive income | - | - |
| | <u>4,662</u> | <u>4,662</u> |
| Balance at 30 June 2019 | <u><u>1,835,029</u></u> | <u><u>1,835,029</u></u> |

The accompanying notes form part of these financial statements.

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019 \$ | 2018 \$ |
|---|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from grants | | 1,351,259 | 2,135,169 |
| Membership, services and other receipts | | 781,110 | 1,219,069 |
| Payments to suppliers and employees | | (2,823,949) | (3,489,685) |
| Net cash (used in) operating activities | | (691,580) | (135,447) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 29,445 | 32,310 |
| Dividends received | | 106,781 | 90,185 |
| Purchases of financial assets | | (228,611) | (445,953) |
| Proceeds from sale of financial assets | | 43,416 | 43,416 |
| Payment for plant and equipment | | (3,268) | (8,813) |
| Increase in other non-current assets | | (2,137) | (2,046) |
| Net cash (used in) investing activities | | (54,374) | (290,901) |
| Net (decrease) in cash held | | (745,954) | (426,348) |
| Cash and cash equivalents at the beginning of the year | | 1,488,427 | 1,914,775 |
| Cash and cash equivalents at the end of the year | 4 | 742,473 | 1,488,427 |

The accompanying notes form part of these financial statements.

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover the Council of Social Service of New South Wales ("the Company") as an individual entity incorporated and domiciled in Australia. The Company is limited by guarantee.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), other authoritative pronouncements of the AASB and the *Australian Charities and Not-for-profits Commission Act 2012*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to nearest dollar.

The financial statements were authorised for issue on **25 September 2019** by the directors of the Company.

Accounting Policies

(a) Revenue

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied (grants in advance).

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability (unearned grants) until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

When grant revenue is received and all obligations to which it relates have been completed and a surplus exists which under the term of the grant is refundable pending approval for other use the surplus revenue is recognised in the statement of financial position as a liability (grant in trust).

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Membership revenue is recognised when the membership is purchased.

All revenue is stated net of the amount of goods and services tax (GST).

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Plant and Equipment

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

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost, or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of Asset | Useful Life |
|--------------------------|--------------------|
| Computers | 11.25%-50% |
| Administration equipment | 11.25%-50% |
| Office furniture | 7.5%-15% |
| Lease improvements | 20% |

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised as income in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial assets

Recognition / derecognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date). Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Classification of financial assets

Financial assets recognised by the company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9. Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the company's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

(i) Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

(ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments (continued)

(iii) Financial assets at amortised cost

Term deposits are classified (and measured) at amortised cost on the basis that:

- (a) they are held within a business model whose objective is achieved by the company holding the financial asset to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(e) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of Assets (continued)

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(f) Employee Provisions

Short-term employee provisions

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be wholly settled within 12 months after the end of the annual reporting period are measured at the (undiscounted) amounts expected to be paid when the liabilities are settled. The Company's provision for annual leave is recognised as part of trade and other payables in the statement of financial position.

Other long-term employee provisions

The liabilities for annual leave and long service leave not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality Australian corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss in the period of the remeasurement. The Company's provision for long service leave is recognised as provisions in the statement of financial position.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

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 included in receipts from customers or payments to suppliers.

(j) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under *Div 50 of the Income Tax Assessment Act 1997*.

(k) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(l) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(n) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Allowance for expected credit losses

The allowance for expected credit losses assessment in relation to trade receivables requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include historical collection rates.

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) New, Revised or Amending Accounting Standards and Interpretations Adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting year.

Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

| | 2019 | 2018 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| NOTE 2: REVENUE AND OTHER INCOME | | |
| (a) Revenue | | |
| State/Federal government grants | 1,625,285 | 2,441,328 |
| Membership | 254,757 | 260,181 |
| Service | 686,934 | 755,437 |
| Total revenue | <u>2,566,976</u> | <u>3,456,946</u> |
| (b) Other Income | | |
| Dividends | 106,781 | 90,185 |
| Other income | 14,141 | 3,705 |
| Total other income | <u>120,922</u> | <u>93,890</u> |
| Total revenue and other income | <u>2,687,898</u> | <u>3,550,836</u> |

NOTE 3: EXPENSES

(a) Expenses

Rental expense on operating leases:

- Minimum office lease payments 179,840 169,822

Superannuation:

- Defined contribution superannuation expense 137,143 144,563

Bad debts:

- Trade receivables 17,023 -

NOTE 4: CASH AND CASH EQUIVALENTS

| | | |
|---|-----------------------|-------------------------|
| Cash at bank - unrestricted | 741,961 | 1,487,462 |
| Cash float | 512 | 965 |
| Total cash and cash equivalents as stated in the statement of financial position | <u>742,473</u> | <u>1,488,427</u> |
| Total cash and cash equivalents as stated in the statement of cash flows | <u>742,473</u> | <u>1,488,427</u> |

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

| | 2019 | 2018 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| NOTE 5: TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Trade receivables | 61,298 | 254,935 |
| Less: Allowance for expected credit losses (2018: Provision for impairment of receivables) | (1,200) | - |
| | <u>60,098</u> | <u>254,935</u> |
| Other receivables | <u>35,251</u> | <u>16,851</u> |
| Total trade and other receivables | <u>95,349</u> | <u>271,786</u> |
| NOTE 6: OTHER ASSETS | | |
| CURRENT | | |
| Prepayments | 50,640 | 26,981 |
| Total Other Current Assets | <u>50,640</u> | <u>26,981</u> |
| NON-CURRENT | | |
| Lease guarantee deposit | 51,270 | 49,133 |
| Total Other Non-Current Assets | <u>51,270</u> | <u>49,133</u> |
| NOTE 7: FINANCIAL ASSETS | | |
| CURRENT | | |
| <i>Financial assets at fair value through profit or loss</i> | | |
| - Listed hybrids | (a) 444,379 | 424,179 |
| - Equity securities | (b) 625,194 | 679,211 |
| | <u>1,069,573</u> | <u>1,103,390</u> |
| <i>Financial assets measured at amortised cost</i> | | |
| - Term deposits | (c) 468,743 | 261,260 |
| | <u>468,743</u> | <u>261,260</u> |
| NON-CURRENT | | |
| <i>Financial assets at fair value through other comprehensive income</i> | | |
| - Unlisted equity securities | (d) 20,000 | 20,000 |
| | <u>20,000</u> | <u>20,000</u> |
| Total Financial Assets | <u>1,558,316</u> | <u>1,384,650</u> |

(a) Listed hybrids

These financial assets are represented by investments in fixed income instruments listed on the Australian Securities Exchange.

(b) Equity securities

These financial assets are represented by investments in Australian managed funds and international exchange traded funds.

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7: FINANCIAL ASSETS (Continued)

(c) Held to maturity investment

These financial assets are represented by investments in term deposit accounts that have original maturities of more than three months.

(d) Unlisted equity securities

The financial asset is represented by Shares in Community 21 Limited which have been recorded at cost. Community 21 Limited was formed to fund the establishment of a community sector bank which would provide lower cost banking services and other financing opportunities to community based organisations. The investment represents an ultimate 2.5% share of Community Sector Banking. Bendigo Bank Ltd is a 50% shareholder in Community Sector Banking.

Based on a prospectus dated 14 August 2014, the investment in Community 21 Ltd was valued at \$100,000. Given the non liquid nature (non listed) and purpose of the original investment, the directors have elected to carry the investment at cost.

| | 2019 | 2018 |
|------------------------------------|----------------------|-----------------------|
| | \$ | \$ |
| NOTE 8: PLANT AND EQUIPMENT | | |
| Leasehold Improvements | | |
| At cost | 569,994 | 569,994 |
| Accumulated depreciation | <u>(541,261)</u> | <u>(427,262)</u> |
| | <u>28,733</u> | <u>142,732</u> |
| Plant and Equipment | | |
| At cost | 318,860 | 315,592 |
| Accumulated depreciation | <u>(297,500)</u> | <u>(268,234)</u> |
| | <u>21,360</u> | <u>47,358</u> |
| Make Good Asset | | |
| At cost | 85,499 | 85,499 |
| Accumulated depreciation | <u>(68,399)</u> | <u>(51,299)</u> |
| | <u>17,100</u> | <u>34,200</u> |
| Total Plant and Equipment | <u>67,193</u> | <u>224,290</u> |

Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

| | Leasehold Improvements | Plant and Equipment | Make Good Asset | Total |
|---------------------------------------|-----------------------------------|--------------------------------|----------------------------|----------------------|
| | \$ | \$ | \$ | \$ |
| 2019 | | | | |
| Balance at the beginning of the year | 142,732 | 47,358 | 34,200 | 224,290 |
| Additions at cost | - | 3,268 | - | 3,268 |
| Depreciation expense | <u>(113,999)</u> | <u>(29,266)</u> | <u>(17,100)</u> | <u>(160,365)</u> |
| Carrying amount at end of year | <u>28,733</u> | <u>21,360</u> | <u>17,100</u> | <u>67,193</u> |

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

| | 2019 | 2018 |
|--|--------------------------|-------------------------|
| | \$ | \$ |
| NOTE 9: TRADE AND OTHER PAYABLES | | |
| CURRENT | | |
| Trade payables | 164,812 | 250,676 |
| Deferred rent liability | - | 8,524 |
| Employee entitlements | 82,575 | 119,830 |
| Grants in advance | 374,000 | 716,130 |
| Grants in trust | - | 54,737 |
| Revenue received in advance | 1,382 | 351,341 |
| Total Trade and Other Payables | <u>622,769</u> | <u>1,501,238</u> |
| NOTE 10: PROVISIONS | | |
| NON-CURRENT | | |
| Long-Term Employee Benefits | | |
| Opening balance at 1 July | 28,163 | 34,971 |
| Additional provision raised during the year / amounts written back | (6,219) | 23,004 |
| Amount used | - | (29,812) |
| Balance at 30 June 2019 | (a) <u>21,944</u> | <u>28,163</u> |
| Provision for Make Good | | |
| Opening balance at 1 July | 85,499 | 85,499 |
| Additional provision raised during the year | - | - |
| | <u>85,499</u> | <u>85,499</u> |
| Total Provisions | <u>107,443</u> | <u>113,662</u> |

(a) Long-Term Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave, long service leave and other leave.

The current portion of employee benefits includes the total amount accrued for annual leave entitlements and the amounts accrued for other leave entitlements that have vested due to employees having completed the required period of service (included in Note 9). Based on past experience the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have vested but are not expected to be settled in the next 12 months. It also includes provisions for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

| | 2019 | 2018 |
|--|----------------|----------------|
| | \$ | \$ |
| NOTE 11: CAPITAL AND LEASING COMMITMENTS | | |
| (a) Operating Lease Commitments | | |
| Non-cancellable operating leases contracted for but not capitalised in the financial statements: | | |
| Payable – minimum lease payments | | |
| - not later than one year | 183,166 | 161,790 |
| - between two and five years | 366,332 | - |
| - over five years | - | - |
| | 549,498 | 161,790 |
| | 549,498 | 161,790 |

NOTE 12: EVENTS AFTER REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 13: RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

Key Management Personnel Compensation

| | Short-term benefits | Post employ- ment benefits | Total |
|--------------------|--------------------------------|---|----------------|
| | \$ | \$ | \$ |
| 2019 | | | |
| Total compensation | 194,498 | 16,490 | 210,988 |
| 2018 | | | |
| Total compensation | 214,610 | 20,131 | 234,741 |
| | 214,610 | 20,131 | 234,741 |

NOTE 14: CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 30 June 2019 (2018: nil).

NOTE 15: MEMBER CONTRIBUTIONS

The Company is incorporated under the *Corporations Act 2001* and is limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the Company.

**COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 16: COMPANY DETAILS

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

Council of Social Service of New South Wales
Level 3, 52-56 William Street
Woolloomooloo NSW 2011

COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137
OPERATING AS NCOSS

RESPONSIBLE ENTITIES' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2019

- 1) The financial statements and notes, as set out on pages 6 to 21, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a) comply with Australian Accounting Standards - Reduced Disclosure Requirements;
and
 - b) give a true and fair view of the financial position of the Company as at 30 June 2019
and of its performance for the year ended on that date.
2. 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 the Board of Directors, and is signed in accordance with subsection 60.15(2) of *Australian Charities and Not-for-profit Commission Regulation 2013*.



Tony Davies

President

Dated in Sydney, this 25th day of September 2019

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF COUNCIL OF SOCIAL SERVICE OF NEW SOUTH WALES
ABN 85 001 797 137**

Report on the Financial Report

Opinion

We have audited the financial report of Council of Social Service New South Wales ("the Company"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities declaration.

In our opinion the financial report of Council of Social Service New South Wales has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* ("ACNC Act") 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors Report, but does not include the financial report and our auditor's report thereon.

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 and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Responsible Entities for the Financial Report.

The Responsible Entities are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Responsible Entities are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

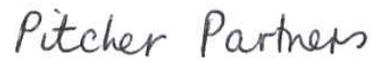
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Responsible Entities.
- Conclude on the appropriateness of the Responsible Entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



M A ALEXANDER
Partner



PITCHER PARTNERS
Sydney

25 September 2019