



13 July 2022

Scouts
NSW

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Dear Councillors,

The Financial year 2021 -2022 was not the snap back recovery from the COVID-19 pandemic Scouts NSW had planned for in June 2021. As with many organisations, Scouts NSW was caught off guard by the return to lockdown in July 2021, the duration of the restrictions, and the hesitant return to face-to-face contact in 2022 once a sufficient quantity of the population had been inoculated against the virus.

Scouts NSW had planned on the basis of an increase in member numbers through the financial year. Despite this not being achieved, we have returned a surplus in the 12 months to 31 March 2022 of \$403,912.

To support our return to surplus we:

- Achieved the cost reductions in Region Offices and State Service Centre expenditure budgeted for
- Adjusted our annual membership fee to \$250
- Centralised our billing process, directly invoicing our members for the first time
- Continued to dispose of our underutilised properties to both generate revenue and reduce overhead cost.

Where we sold freehold property, our specialist team have been able to extract excellent prices for assets (\$7.1M excluding GST) for assets with a book value at 31 March 2021 of \$4.2M.

We were very grateful to the NSW State Government for its financial support through the worst of the lockdown through its JobSaver program. In addition, we were awarded a grant from Crown Lands for \$7,758m excluding GST. This grant will go a long way towards addressing deficiencies with our property asset base on 74 Scout buildings.

In 2020 /2021, the timing of the COVID-19 lockdown was particularly unfortunate for Scouts NSW as Easter is a traditionally busy time in our community for regional Scouting events. In 2022, the Regions were able to deliver significant Corroborees, a Scout Rally and Jamborette events in line with the State Government restrictions. The success of these events was particularly important for maintaining a positive morale, but they also contributed to the welcome increase in Scouting activity revenue in comparison to the previous financial year.

Scouts across the State, but particularly in the North Coast, Hume and South Coast & Tableland Regions have been severely impacted by the catastrophic flooding towards the end of the financial year. Scouts NSW is fortunate to be well insured



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Scout Movement

against these weather events, but we acknowledge the distress caused to Scouting communities by the destruction of some much-loved Scout Halls.

You will find the details of our full financial position in the Financial Report for the year ended 31 March 2022 which has been audited by our independent auditors who have issued an unqualified audit opinion. In the opinion of our independent auditors, the Financial Report is accepted without qualifications.

Scouts NSW recognises that our financial future is not assured. We restate these here as these remain our most significant challenges:

- The long-term trend of membership decline
- A structural operational budget deficit, once investment income is excluded
- Significant costs expected in future years to pay for Historic Child Sexual Abuse via civil litigation and seven more years of the National Redress Scheme
- A historical reliance on one-off events such as Jamborees to counter operational deficits and support the balance sheet
- An old and rapidly ageing property asset base which is visibly below community expectations and standards
- Underperforming, underutilised, and arguably uncompetitive commercial assets
- Increasing operational costs.

The State Finance Committee and I welcome the appointment of Carolyn Campbell as CEO. She is a high-profile leader in our sector with the skills, energy and experience to drive the changes we need to implement. We would like to thank her management team, together with the many budget owners who have demonstrated considerable budget discipline over this most challenging of financial years.

On behalf of the State Finance Committee, I provide our sincere thanks to all those who have worked so hard during the year to help this important organisation deliver its essential services to the young people across NSW.

Yours sincerely,



Richard Hodge
Acting Treasurer
Scouts NSW



Scouts
NSW

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Financial Statements

For the Year Ended 31 March 2022

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

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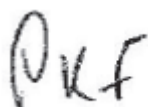
The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Responsible Entities of The Scout Association of Australia - New South Wales Branch

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of 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.



PKF



KYM REILLY
PARTNER

14 JULY 2022
SYDNEY, NSW

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Statement of Profit and Loss For the Year Ended 31 March 2022

	2022	2021
Note	\$	\$
Revenue from contracts with customers	4 8,206,475	6,531,522
Other income	4 6,244,643	8,249,830
Expenses		
Administration expenses	(8,950,665)	(9,393,659)
Communication and development expense	(436,204)	(274,527)
Camps and activity centres expenses	(2,244,384)	(2,189,131)
Scouting activities expenses	(661,134)	(810,343)
Leader's training expense	(303,224)	(181,511)
Property expenses	(713,826)	(711,602)
Movement in make good provision	(261,185)	2,950,474
Commercial activities expenses	(217,503)	(225,139)
Other expenses	5 (4,121,573)	(3,737,600)
Total expenses, excluding finance costs	(17,909,698)	(14,573,038)
Finance costs	5 (41,482)	(41,919)
(Deficit)/surplus from Scouting Activities	(3,500,062)	166,395
Investments		
Income from investments	4 2,199,071	1,349,068
Investment expenses	(31,980)	(29,969)
Net Profit/(Loss) on sale of financial assets	158,665	(487,412)
Net unrealised gains on financial assets	1,578,218	6,754,735
Surplus from investments	3,903,974	7,586,422
Surplus for the period	403,912	7,752,817
Other comprehensive income		
Net revaluation of freehold land	31,852,650	4,203,020
Net revaluation of buildings	1,602,891	-
Net revaluation of assets held for sale	(935,100)	-
Total comprehensive income	32,520,441	4,203,020
Total comprehensive surplus for the year	32,924,353	11,955,837

The accompanying notes form part of these financial statements.

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Statement of Financial Position

As At 31 March 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	15,427,374	6,966,295
Trade and other receivables	7	618,221	390,739
Inventories	8	104,179	104,430
Financial assets	9	477,460	422,259
Other assets	10	1,445,251	1,566,403
Assets held for sale	11	6,184,930	3,948,502
TOTAL CURRENT ASSETS		<u>24,257,415</u>	<u>13,398,628</u>
NON-CURRENT ASSETS			
Financial assets	9	34,239,866	27,639,908
Property, plant and equipment	12	161,809,149	136,541,654
Right-of-use assets	13	2,952,751	4,363,248
TOTAL NON-CURRENT ASSETS		<u>199,001,766</u>	<u>168,544,810</u>
TOTAL ASSETS		<u>223,259,181</u>	<u>181,943,438</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	7,145,536	5,807,007
Interest bearing liabilities	15	1,048,422	971,849
Contract liabilities	16	9,353,567	1,192,591
Provisions	17	864,907	706,795
Lease liabilities	13	497,594	669,035
TOTAL CURRENT LIABILITIES		<u>18,910,026</u>	<u>9,347,277</u>
NON-CURRENT LIABILITIES			
Provisions	17	13,672,109	13,632,575
Lease liabilities	13	2,823,841	4,034,620
TOTAL NON-CURRENT LIABILITIES		<u>16,495,950</u>	<u>17,667,195</u>
TOTAL LIABILITIES		<u>35,405,976</u>	<u>27,014,472</u>
NET ASSETS		<u>187,853,205</u>	<u>154,928,966</u>
EQUITY			
Accumulated surplus	18	10,927,461	10,549,463
Specific reserves	18	4,505,205	4,479,405
Reserves	18	172,420,539	139,900,098
TOTAL FUNDS		<u>187,853,205</u>	<u>154,928,966</u>

The accompanying notes form part of these financial statements.

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Statement of Changes in Equity

For the Year Ended 31 March 2022

	Retained Earnings	Specific Reserve	Asset Revaluation Reserve	Total
	\$	\$	\$	\$
Balance at 1 April 2021	10,549,463	4,479,405	139,900,098	154,928,966
Surplus for the year	403,912	-	-	403,912
Other movements:				
Net revaluation of freehold land and buildings	-	-	32,520,441	32,520,441
Transfers from accumulated surplus to specific reserve	(25,914)	25,800	-	(114)
Balance at 31 March 2022	10,927,461	4,505,205	172,420,539	187,853,205
Balance at 1 April 2020	3,181,307	4,096,064	135,697,078	142,974,449
Surplus for the year	7,752,817	-	-	7,752,817
Other movements:				
Net revaluation of freehold land and buildings	-	-	4,203,020	4,203,020
Transfers from accumulated surplus to specific reserve	(384,661)	383,341	-	(1,320)
Balance at 31 March 2021	10,549,463	4,479,405	139,900,098	154,928,966

The accompanying notes form part of these financial statements.

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Statement of Cash Flows For the Year Ended 31 March 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	3,626,776	7,831,659
Payments to suppliers and employees	(17,049,699)	(18,133,079)
Affiliation fees	4,323,116	3,349,338
Dividends received	1,238,006	616,334
Interest received	11,500	3,070
Income distribution	414,927	306,884
Fund raising receipts	58,694	153,689
Government grants	11,092,793	2,752,843
Rental income	749,883	553,880
Interest and other finance costs paid	(18,754)	(21,654)
Net cash provided by/ (used in) operating activities	<u>4,447,242</u>	<u>(2,587,036)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in property, plant and equipment	(129,287)	(493,030)
Proceeds from sale of property, plant and equipment	7,394,578	4,537,391
Proceeds from sale of investment	12,219,425	7,135,877
Purchase of investments	(15,219,724)	(6,712,560)
Net cash provided by investing activities	<u>4,264,992</u>	<u>4,467,678</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Receipt of formation deposits and bank loans	(39,896)	299,348
Repayment of bank loans and formations deposits	76,573	(634,773)
Repayment of principal on lease liabilities	(287,832)	(332,466)
Net cash used in financing activities	<u>(251,155)</u>	<u>(667,891)</u>
Net increase in cash and cash equivalents held	8,461,079	1,212,751
Cash and cash equivalents at beginning of year	6,966,295	5,753,544
Cash and cash equivalents at end of financial year	6 <u>15,427,374</u>	<u>6,966,295</u>

The accompanying notes form part of these financial statements.

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Notes to the Financial Statements For the Year Ended 31 March 2022

The Scout Association of Australia, New South Wales Branch ("the Association") is incorporated by NSW Act of Parliament (Act No. 26 of 1928 and amended in Act No. 145, 1968 and updated in Act No. 148, 1986) and is a Branch of The Scout Association of Australia (incorporated by Royal Charter).

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the directors' opinion the Association is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012, the Charitable Fundraising Act 1991 and the Association's constitution. The directors have determined that the accounting policies adopted are appropriate for this purpose.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') as appropriate for not-for-profit oriented entities.

The financial report has been authorised for issue by the Board of Directors on 11 July 2022.

The financial report, except for the cash flow information, has been prepared on an accruals basis and is based on historical costs, except for the measurement at fair value of selected non-current assets, financial asset and financial liabilities. The amounts presented on the financial statements have been recorded to the nearest Australian dollar.

2 Summary of Significant Accounting Policies

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997* and is a registered deductible gift recipient Type 1.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value.

(c) Impairment of assets

At each reporting date, the Association 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 cost 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 expensed in profit or loss.

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Notes to the Financial Statements For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (cont'd)

(d) Property, plant and equipment

Land and buildings

Land is held at fair value, valued based on Valuer General Valuations, updated annually.

Buildings are held at fair value, based on the latest depreciated replacement cost of these assets, based on independent valuation, at least every 3 years.

Increases in the carrying amounts arising on revaluation of these assets is credited in other comprehensive income through to the asset revaluation reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the asset revaluation reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to the statement of comprehensive income.

Plant and equipment

Plant and equipment are measured on a cost basis, less depreciation, amortisation and any impairment losses.

Depreciation

Depreciation is calculated on a diminishing-balance or straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Buildings	60 years (diminishing balance)
Leasehold improvements	3 – 50 years (straight-line)
Plant and Equipment	3 – 10 years (straight-line)
Plant & Equipment under lease	2 – 10 years (straight-line)

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Leasehold improvements and plant and equipment under lease are depreciated over the period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(e) Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (cont'd)

(f) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and long service leave which will be settled after one year and other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Association to employee superannuation funds and are charged as expenses when incurred.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Revenue and other income

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Subscription revenue

Revenue from membership subscriptions is recognised proportionately over the period to which it relates.

Grants, bequests and donation revenue

Revenue is recognised immediately where a financial asset is received, such as by way of grant, bequest or donation, and where intention is to principally enable the Association to further its objectives.

Where a financial asset is received, such as by way of grant, bequest or donation, and where the performance obligation is enforceable and is sufficiently defined, the amounts are brought to account as income over the period in which the Association satisfies its performance obligation. The unmet portions of the grant are held as a liability in the Statement of Financial Position until the performance obligation is satisfied.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (cont'd)

(h) Revenue and other income (cont'd)

Sale of goods

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend and distribution revenues are recognised when the right to receive them has been established.

Other income

Other income is recognised when the right to receive the same has been established. Revenue from the sale of goods is recognised upon the delivery of goods to customers.

(i) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(j) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities

The Association has elected not to recognise a right-of-use asset and corresponding lease liability for short term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit and loss as incurred.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (cont'd)

(k) Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index of a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(l) Financial instruments

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss – FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

Amortised cost

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (cont'd)

(I) Financial instruments (cont'd)

Financial assets (cont'd)

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment and including forward looking information.

The Association uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Association uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Association in full, without recourse to the Association to actions such as realising security (if any is held); or
- the financial assets are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Association in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (cont'd)

(l) Financial instruments (cont'd)

Financial assets (cont'd)

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Association renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise trade payables and other loans and lease liabilities.

(m) Impairment of non-financial assets

At the end of each reporting period the Association determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use.

Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Notes to the Financial Statements

For the Year Ended 31 March 2022

2 Summary of Significant Accounting Policies (cont'd)

(n) Provisions

Provisions are recognised when the Association 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 are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period.

(o) Reserves

The Asset Revaluation Reserve records revaluations of non-current assets.

The Specific Reserve is an overarching reserve comprising of individually allocated reserves for specifically identified purposes.

The Designated Reserve is a reserve comprising unexpended grant and donation income from funders with unenforceable contracts so that these funds can be accessed in future financial years.

(p) Adoption of new and revised accounting standards

The Association has adopted all standards which became effective for the first time at 1 April 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Association.

(q) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Association has decided not to early adopt these Standards.

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Notes to the Financial Statements For the Year Ended 31 March 2022

3 Critical Accounting Estimates and Judgments

The Association evaluates estimates and judgements incorporated into the financial report 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 Association.

(i) Impairment

The Association assesses impairment at each reporting date by evaluating conditions specific to the Association that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Allowance for Expected Credit Loss

The allowance for expected credit losses assessment 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 recent sales experience and historical collection rates.

(iii) Valuation of freehold land and buildings

Land is held at fair value, valued based on Valuer General Valuations, updated annually.

Buildings are held at fair value, based on the latest depreciated replacement cost of these assets. This valuation is considered representative of the amount required to replace the service potential of these assets to the Association.

(iv) Lease Make Good Provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of comprehensive income by adjusting the provision.

(v) Estimation of useful lives of assets

The Association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or where technically obsolete or non-strategic assets that have been abandoned or sold, are written off or written down.

Notes to the Financial Statements

For the Year Ended 31 March 2022

3 Critical Accounting Estimates and Judgments (cont'd)

(vi) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term.

In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date.

Factors considered may include the importance of the asset to the Association's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Association reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(vii) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Association estimates it would have to pay a third party to borrow funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(viii) Coronavirus (COVID-19) pandemic

The World Health Organisation declared Coronavirus (COVID-19) as a pandemic on the 11th of March 2020. Judgement has been exercised in considering the impact of COVID-19 as part of year-end impairment assessments of the Association's assets, the determination of the carrying value of the Association's liabilities and the assessment of the Association's ability to continue as a going concern.

The Scout Association of Australia - New South Wales Branch

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Notes to the Financial Statements For the Year Ended 31 March 2022

4 Revenue and Other Income

(a) Revenue from contracts with customers

	2022	2021
	\$	\$
Fees - Scouts		
- Affiliation	4,323,116	3,464,290
- Scouting activities and special events	644,739	94,929
- Activity centres and camps	645,861	484,216
- Training	72,185	79,076
Fees - non-Scouts	656,464	525,493
Revenue from sale of goods	33,872	30,868
Revenue from commercial activities	220,457	260,941
Rental of properties	725,709	825,652
Asset management fees	884,072	766,057
Total Revenue from contracts with customers	8,206,475	6,531,522

Other revenue

Fundraising income	58,694	153,689
Grant income	2,480,424	3,299,459
Donations and bequests	194,462	1,160,361
Profit on sale of fixed assets	2,935,471	1,212,895
Government subsidy	423,833	1,902,150
Sundry income	151,759	521,276
	6,244,643	8,249,830

(b) Grant income

NSW Sports & Recreation - Community Building Partnership	949,248	727,725
Economic stimulus	7,758,000	1,000,000
Other grants	1,377,109	1,924,874
Total received and receivable this year	10,084,357	3,652,599
Unspent at beginning of financial year	1,043,152	690,012
Unspent at end of financial year	(8,647,085)	(1,043,152)
Grant income	2,480,424	3,299,459

(c) Income from investments

Interest on cash deposits	11,500	21,654
Dividends received	1,269,983	756,825
Other investment income	917,588	570,589
	2,199,071	1,349,068

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Notes to the Financial Statements For the Year Ended 31 March 2022

5 Result for the Year

The result for the year includes the following specific expenses:

	2022	2021
	\$	\$
Other expenses:		
Asset management expenses	901,826	747,193
Property development/maintenance expenses	300,350	62,044
Fundraising expenses	28,440	9,903
Provision for bad and doubtful debts	437,076	7,310
Expenses from government grants	2,389,016	2,798,624
Net other expenses in specific funds	64,865	112,526
	<u>4,121,573</u>	<u>3,737,600</u>
Finance costs		
Interest on formation deposits and specific funds	18,754	25,718
Interest paid on financing of insurance premiums	22,728	16,201
	<u>41,482</u>	<u>41,919</u>
6 Cash and Cash Equivalents		
Cash management account	854,398	1,071,935
Cash at bank – Unrestricted	6,552,659	5,890,640
Cash at bank – Restricted	8,016,597	-
Petty cash on hand	3,720	3,720
	<u>15,427,374</u>	<u>6,966,295</u>
7 Trade and Other Receivables		
CURRENT		
Affiliation fees and asset management fees	1,299,744	610,707
Less: Allowance for expected credit loss	(681,523)	(219,968)
	<u>618,221</u>	<u>390,739</u>
8 Inventories		
CURRENT		
Finished goods	104,179	104,430

The Scout Association of Australia - New South Wales Branch

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Notes to the Financial Statements For the Year Ended 31 March 2022

9 Financial Assets

(a) Financial assets at amortised cost

	2022	2021
	\$	\$
CURRENT		
Term deposits	442,220	385,352
Loans to formations - unsecured and non-interest bearing	35,240	36,907
	<u>477,460</u>	<u>422,259</u>
NON-CURRENT		
Loans to formations - unsecured and non-interest bearing	195,887	226,498
Less: Allowance for expected credit loss	(97,943)	(113,249)
	<u>97,944</u>	<u>113,249</u>

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

NON-CURRENT		
Managed funds	14,408,327	10,308,620
Shares in listed investments	19,733,595	17,218,339
	<u>34,141,922</u>	<u>27,526,959</u>

10 Other Assets

CURRENT		
Interest receivable on term deposits	1,433	1,435
Due from Australian Taxation Office	479,107	205,287
Sundry debtors	133,168	571,340
Prepayments	831,543	788,341
	<u>1,445,251</u>	<u>1,566,403</u>

11 Assets held for sale

CURRENT		
Properties held for sale	6,184,930	3,948,502

(a) Movements in assets held for sale

	2022
	\$
Balance at the beginning of year	3,948,502
Assets sold during the year	(2,604,502)
Revaluation on assets held	(935,100)
Transfers in from property, plant and equipment	5,776,030
Closing balance 31 March 2022	<u>6,184,930</u>

The Scout Association of Australia - New South Wales Branch

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Notes to the Financial Statements For the Year Ended 31 March 2022

12 Property, plant and equipment

	2022	2021
	\$	\$
Freehold land		
At Valuer General valuation	<u>157,133,440</u>	132,681,421
Buildings on freehold land		
At depreciated fair value	123,177,263	94,071,218
Accumulated depreciation	<u>(120,850,881)</u>	(93,233,429)
	<u>2,326,382</u>	837,789
Plant and equipment		
At cost	7,714,681	7,671,269
Accumulated depreciation	<u>(6,503,789)</u>	(6,329,763)
	<u>1,210,892</u>	1,341,506
Leasehold Improvements		
At cost	4,312,556	4,446,511
Accumulated amortisation	<u>(3,174,121)</u>	(2,765,573)
	<u>1,138,435</u>	1,680,938
Total property, plant and equipment	<u><u>161,809,149</u></u>	<u>136,541,654</u>

(a) Movements in carrying amounts of property, plant and equipment

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

	Freehold Land	Buildings	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Year ended 31 March 2022					
Balance at the beginning of year	132,681,421	837,789	1,341,506	1,680,938	136,541,654
Additions	-	-	129,287	-	129,287
Disposals - written down value	(1,624,601)	(10,172)	(85,876)	(133,956)	(1,854,605)
Transfers to assets held for sale	(5,776,030)	-	-	-	(5,776,030)
Depreciation expense	-	(104,126)	(174,025)	(408,547)	(686,698)
Revaluation increase (b)	31,852,650	1,602,891	-	-	33,455,541
Balance at the end of the year	<u>157,133,440</u>	<u>2,326,382</u>	<u>1,210,892</u>	<u>1,138,435</u>	<u>161,809,149</u>

(b) Grossed up breakdown of Buildings revaluation increase applying the replacement cost method

Revaluation increase on Buildings – at depreciated cost	30,266,545
Revaluation impact on accumulated depreciation	<u>(28,663,654)</u>
	<u>1,602,891</u>

The Scout Association of Australia - New South Wales Branch

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Notes to the Financial Statements

For the Year Ended 31 March 2022

13 Leases

Right-of-use assets

Scouts NSW has a number of leases and licences over buildings and land. Information relating to the leases in place and transactions is provided below:

Commercial leases:

Scouts NSW leases corporate office premises and car parking at 102 Bennelong Parkway, Sydney Olympic Park. The purpose of the premises is to enable the provision of technical and administrative support for volunteer members in the conduct of Scouting operational programs and activity. The existing lease term was due to expire 6 June 2020 however consequent to a Variation of Lease executed in 2019, the term was extended to 6 June 2025. An option term of a further five years was included in the Variation. The Variation was arranged as a consequence of end-of-lease requirements, favourable terms being negotiated and to avoid the costs of relocation, make good and a new fit out.

Concessionary lease:

Scouts NSW has tenure over some 418 non-freehold sites in NSW at an annual cost of approximately \$168k per annum. The sites are used for the purpose of Scouting operational activities. Most are improved with a simple Scout Hall. The typical duration of a site lease is 30 years. The Association has elected to measure the lease asset arising from the concessionary lease at cost, which is based on the associated lease liability.

Approximately 41% of the non-freehold portfolio is under tenure from Crown Land NSW, with the remainder of the non-freeholds being under various forms of tenure, mostly from local councils, and to a lesser extent from other government entities.

	Buildings
	\$
Year ended 31 March 2022	
Right of use - land and buildings	3,425,777
Accumulated depreciation	(473,026)
Balance at end of year	<u>2,952,751</u>

Lease liabilities

	2022	2021
	\$	\$
CURRENT		
Lease liability	497,594	669,035
	<u>497,594</u>	<u>669,035</u>
NON-CURRENT		
Lease liability	2,823,841	4,034,620
	<u>2,823,841</u>	<u>4,034,620</u>

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Notes to the Financial Statements For the Year Ended 31 March 2022

14 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Trade payables	974,991	1,281,728
Other creditors and accruals	4,915,175	3,712,558
Insurance claims	1,255,370	812,721
	<u>7,145,536</u>	<u>5,807,007</u>

15 Interest bearing liabilities

CURRENT		
Unsecured liabilities:		
Deposits from formations	1,048,422	971,849
	<u>1,048,422</u>	<u>971,849</u>

16 Contract Liabilities

CURRENT		
Unspent grants	8,016,597	-
Other unspent grants	630,488	1,043,152
Advance payments - Scouting events	706,482	149,439
	<u>9,353,567</u>	<u>1,192,591</u>

17 Provisions

CURRENT		
Employee benefits	314,907	336,795
Make good provision	550,000	370,000
	<u>864,907</u>	<u>706,795</u>
NON-CURRENT		
Employee benefits	134,815	175,866
Make good provision	13,537,294	13,456,709
	<u>13,672,109</u>	<u>13,632,575</u>

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Notes to the Financial Statements For the Year Ended 31 March 2022

18 Funds and Reserves

	2022	2021
	\$	\$
1. Accumulated surplus		
Balance at beginning of the year	10,549,463	3,181,307
Surplus for the year	403,912	7,752,817
Other movements:		
Transfers from/(to) specific funds of distribution of bequests	(82,034)	(90,501)
Transfer to specific reserves:		
- Interest	(18,755)	(20,676)
- Insurance reserve	-	499,149
- Designated reserve (grants)	-	(898,169)
- Grants and expenses	74,875	125,536
Total other movements	(25,914)	(384,661)
Balance at the end of the year	10,927,461	10,549,463
2. Specific Reserves		
Balance at beginning of the year	4,479,405	4,096,064
Net movements during the year	25,800	383,341
Balance at end of the year	4,505,205	4,479,405
Specific Reserves include:		
(a) Tony Balthasar Jamboree Fund		
Balance at the beginning of the year	111,863	112,084
Transfers from/(to) accumulated funds	-	(1,320)
Interest earned	1,011	1,099
Balance at end of the year	112,874	111,863
Balances comprises:		
- Corpus	111,863	112,084
Transfers (to) from accumulated funds	-	(1,320)
- Corpus accumulated income	1,011	1,099
	112,874	111,863

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Notes to the Financial Statements For the Year Ended 31 March 2022

18 Funds and Reserves (cont'd)

	2022	2021
	\$	\$
(b) Chapman Gosford Area Fund		
This represents a bequest from the Estate of the late Chapman family to assist Scout Groups within the Gosford area.		
Balance at the beginning of the year	458,210	488,337
Distributions received	82,034	90,501
Transfer from/(to) accumulated funds		
- Grants made	(79,949)	(125,219)
- Interest earned	3,966	4,591
	<u>464,261</u>	<u>458,210</u>
(c) Benjamin Perry Thomson Bequest		
This represents a bequest from the Estate of the late Benjamin Perry Thomson for the benefit and promotion of the Association and to assist with the training of leaders in or for rural (as opposed to the city metropolitan) areas in New South Wales and specifically - where possible - for communities which have a town or district population of five thousand (5,000) people or less.		
Balance at the beginning of the year	1,525,813	1,511,144
Transfers from/(to) accumulated funds		
- Grants made	(1,790)	(317)
- Interest earned	13,778	14,986
Balance at end of the year	<u>1,537,801</u>	<u>1,525,813</u>
Balance comprises:		
- Corpus	1,525,813	1,002,733
- Corpus accumulated income	11,988	523,080
	<u>1,537,801</u>	<u>1,525,813</u>
(d) Designated Reserve		
Established in the financial year 2020 to facilitate designating unexpended donations and unenforceable grants through the year in response to the adoption of AASB16 and AASB1058		
Balance at the beginning of the year	1,383,519	485,350
Transfers from accumulated funds	6,750	898,169
Balance at end of the year	<u>1,390,269</u>	<u>1,383,519</u>
(e) Insurance Claims Reserve (ICR)		
This represents the balance of aggregate deductible on public liability insurance and old property insurance claims transferred from accruals and provisions.		
Balance at the beginning of the year	1,000,000	1,499,149
Transfers from/(to) accumulated funds	-	(499,149)
Balance at end of the year	<u>1,000,000</u>	<u>1,000,000</u>

The Scout Association of Australia - New South Wales Branch

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Notes to the Financial Statements For the Year Ended 31 March 2022

18 Funds and Reserves (cont'd)

	2022	2021
	\$	\$
3. Asset Revaluation Reserve (ARR)		
Balance at the beginning of the year	139,900,098	135,697,078
Net revaluation of freehold land and buildings	32,520,441	4,203,020
Balance at end of the year	<u>172,420,539</u>	<u>139,900,098</u>

19 Events Occurring After the Reporting Date

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

20 Auditors' Remuneration

Remuneration of the auditor for:

- Auditing the financial statements	<u>55,700</u>	70,000
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21 Contingencies

The Association has received claims from third parties alleging misconduct and/or negligence, which may take several years to be finalised. Where there are reasonable grounds for doing so, the Association seeks to agree upon settlement of these claims. In certain situations, the claims may be covered by insurance which would reduce any financial liability that may arise for the Association. The Association is liaising with its insurers in respect of coverage for these claims.

Scouts NSW joined the National Redress Scheme (NRS) which started on 1 July 2018 and estimates of the liabilities arising from the claims presently in the Scheme as at the 31 March 2022 have been included in these financial statements.

Apart from known claims with the National Redress Scheme, there is a risk that future claims may be received from third parties alleging misconduct and/or negligence. The extent and ultimate outcome of claims, litigation and any other requirements cannot presently be determined. Hence it is not practicable to make a reliable estimate of any liabilities that have a likelihood of arising in the future other than those claims within the NRS. In certain situations, these claims and requirements may be covered by insurance which would reduce any financial liability that may arise for the Association.

Apart from the above, the Association is not aware of any other contingent liability as at the end of the financial year.

The Scout Association of Australia - New South Wales Branch

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Notes to the Financial Statements For the Year Ended 31 March 2022

22 Related Parties

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Names of Members of the Board of Directors are the following:

Mr Kerry McGoldrick, Chair
Mr Neville R B Tomkins OAM, Chief Commissioner
Mr Ronald (Anthony) Pritchard
Dr Matthew W Phillips, Treasurer (left Board on 27 June 2022)
Ms Claire J Geary
Ms Janet Hale
Mr David W Hassan
Ms Kerry Boland
Mr Anthony Keenan
Mr Richard Hodge (elected to the Board 17 July 2021)
Ms Belinda Francis (elected to the Board 17 July 2021)
Mr Steve Fernie (joined the Board 11 October 2021)
Mr Luke Saunders (left Board on 17 July 2021)
Mrs Susan Bartlett (left Board on 23 June 2021)

There were no other contracts where the Association has entered into with its Board members and no Board members have received any remuneration, superannuation or retirement payments from the Association.

	2022	2021
	\$	\$
(b) Owing to various Scout Formations at the end of the financial year being deposits held on their behalf on which interest at commercial rates is payable.	1,044,490	971,849
(c) Affiliation fees were paid to The Scout Association of Australia, National Headquarters	307,752	106,732
(d) Asset management fees were recharged to the various Scout Formations for their respective share of the costs.	884,072	766,057
(e) The balance of unpaid accounts representing affiliation fees and other accounts due from various Scout Formations amounted to:	241,380	251,918
(f) Outstanding loans provided to some Scout Formations to finance their hall improvements	231,127	263,404

23 Statutory Information

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

The Scout Association of Australia - New South Wales Branch
Quad 3, Level 1, 102 Bennelong Parkway, Sydney Olympic Park NSW 2127

The Scout Association of Australia - New South Wales Branch

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Notes to the Financial Statements For the Year Ended 31 March 2022

24 Fundraising Statement

	2022	2021
	\$	\$
Income:		
Other donations	6,912	74,989
Fundraising	51,782	78,700
Total fundraising income (a) (Note 4)	<u>58,694</u>	<u>153,689</u>
Expenses:		
Direct expenses paid and incurred	28,440	9,903
Total fundraising expense (b) (Note 5)	<u>28,440</u>	<u>9,903</u>
Net fundraising income (c)	<u>30,254</u>	<u>143,786</u>
Additional information:		
Direct cost of scouting activities and leader training (d)	13,570,622	10,610,299
Total expenditure (e)	17,951,178	14,614,957
Total income (f)	14,451,118	14,781,351
	<u>%</u>	<u>%</u>
Percentages:		
i) Total cost of fundraising (b)/Gross income from fundraising (a)	48.45	6.40
ii) Net surplus from fundraising (c)/Gross income from fundraising (a)	51.55	93.60
iii) Total cost of services (d)/Total Expenditure (e)	75.60	72.60
iv) Total cost of services (d)/Total Income Received (f)	93.91	71.80

The Scout Association of Australia - New South Wales Branch

ABN 42 460 434 054

Statement as to Fundraising

In accordance with a resolution of the Board of Directors of The Scout Association of Australia, New South Wales Branch, we state that:

In the opinion of the Board of Directors:

- (a) the Statement of Comprehensive Income is drawn up so as to give a true and fair view of all the income and expenditure of the Branch with respect to fundraising activities for the year ended 31 March 2022;
- (b) the Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Branch with respect to fundraising activities as at 31 March 2022; and
- (c) the internal controls exercised by the Branch are appropriate and effective in accounting for all fundraising income and expenditures.

Further, the surplus from fundraising, together with other revenues, were applied in the provision of direct services and administrative works to achieve the aims of The Scout Association of Australia, New South Wales Branch.

Under the terms of the authority issued to this Branch by the Office of Charities, each of the sections of the Branch is required to report on its fundraising activities at its Annual General Meeting. The Branch has established procedures to enable each of the fundraising sections to properly report on its activities within the requirements of the Charitable Fundraising Act.

On behalf of the Board of Directors



Kerry McGoldrick
Board Chair



Richard Hodge
Acting Treasurer

Dated: 14 July 2022

The Scout Association of Australia - New South Wales Branch

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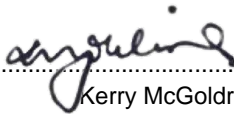
Responsible Entities' Declaration

The Responsible Entities declare that in their opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

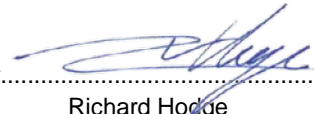
Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Board Chair



Kerry McGoldrick

Acting Treasurer.....



Richard Hodge

Dated 14 July 2022

The Scout Association of Australia - New South Wales Branch

Independent Audit Report to the members of The Scout Association of Australia - New South Wales Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Scout Association of Australia - New South Wales Branch ("the Registered Entity"), which comprises the statement of financial position as at 31 March 2022, the statement of profit and loss, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 31 March 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, 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 Registered Entity 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

We draw attention to **Note 1** to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Registered Entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Responsible Entities for the Financial Report

The responsible persons of the Registered Entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary 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.

Responsibilities of Responsible Entities for the Financial Report (cont'd)

In preparing the financial report, the responsible persons are responsible for assessing the Group'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 intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

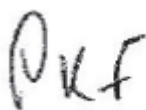
Auditor's Responsibilities for the Audit of the Financial Report

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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities' 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 Group'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 Group 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.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.



PKF



KYM REILLY
PARTNER

14 JULY 2022
SYDNEY, NSW