

WINDGAP FOUNDATION LIMITED
(A COMPANY LIMITED BY GUARANTEE)
ABN 14 050 095 077

Financial Report for the Year Ended 30 June 2020

DIRECTORS' REPORT

Your directors present this report on Windgap Foundation Limited (the "Company") for the financial year ended 30 June 2020.

Directors

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

Christopher Herbert Brown

Heather Anne Brown

Andrew James Simpson

Byron John Fitzgerald (Appointed on 26 November 2019)

Madelaine Tracey Inglis (Appointed on 26 November 2019)

Kathryn Santifort (Appointed on 26 November 2019)

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

Purpose

The purpose of the Company is to inspire, and create opportunities so that each member of the Windgap family is able to be the best version of herself or himself in the community, with individual choice and control in their life (**Purpose**).

Objectives

The objectives of the Company, consistent with the Purpose of the Company are:

- each Windgap participant is included in the community and achieves their goals and is independent; and
- the community is aware of the Company and the needs and aspirations of Windgap participants (collectively, **Objectives**).

Strategy

The strategy of the Company is to carry out the Purpose and achieve the Objectives of the Company by:

- (i) allocating resources to enable the provision of, and provide support services to people with intellectual disability in the community, in accordance with business plans, approved and overseen by the Board;
- (ii) recognising and managing risk, including physical, intangible and financial risks of execution of the business plans, as well as the strategic risks of, and risks to, the resource allocation choices which define the strategy;
- (iii) allocating and managing resources prudently.

Critical Success Factors

The Company has identified certain critical success factors to enable the Company to carry out the Purpose and achieve the Objectives, for measurement, in the course of operations of the Company (**Critical Success Factors**).

The Critical Success Factors are:

- on time delivery, every time;
- employees are empowered and engaged; and
- waste is eliminated.

DIRECTORS' REPORT

Principal Activities

The principal activities of the Company during the year were the provision of support services to people with an intellectual disability, including residential services, day programs and supported employment within an Australian Disability Enterprise, fundraising, and engagement with the community.

The principal activities described above were directly relevant to, and in accordance with, the Purpose, Objectives and Strategy set out above.

Operating Results

The profit of the Company amounted to \$1,518,483 (2019: profit of \$198,485).

Information on Directors

Christopher Herbert Brown OAM	—	Chairman, Board member since 1990
Qualifications	—	LLM, FAICD, CTA
Experience	—	Solicitor, Listed Public Company Director
Special Responsibilities	—	Chairman of Board, Remuneration Committee member, Audit and Risk Committee member, Nomination Committee member
Heather Anne Brown OAM	—	Board member since 1990
Experience	—	Personal Assistant
Special Responsibilities	—	Nomination Committee member
Andrew James Simpson	—	Board member since December 2013
Qualifications	—	Bachelor of Business (Accounting); Graduate Diploma (Chartered Accounting); Graduate Diploma of Applied Finance; MAICD
Experience	—	Partner at Gunderson Briggs Chartered Accountants
Special Responsibilities	—	Treasurer, Audit and Risk Committee Chairman, Nomination Committee member
	—	Remuneration Committee Chairman
Byron John Fitzgerald	—	Board member appointed 26 November 2019
Qualifications	—	Bachelor of Building
Experience	—	Professional in construction industry with experience in Building, Civil Engineering and project management, 25 year service in Surf Life Saving
Madelaine Tracey Inglis	—	Board member appointed 26 November 2019
Qualifications	—	Diploma of Law; Legal Profession Admission Board of NSW
Experience	—	Partner at Brown Wright Stein Lawyers
Kathryn Santifort	—	Board member appointed 26 November 2019
Qualifications	—	Bachelor in Nursing & Post Graduate in Anaesthetics
Experience	—	Registered nurse teaching within the clinical environment. Special focus in quality and improvement projects for ensuring national accreditation standards are evident in practice.

Windgap Foundation Limited ABN 14 050 095 077

Measures of Performance

The board of directors of the Company measures the performance of the Company by a combination of financial and non-financial performance indicators.

Meeting of Directors

During the financial year, 23 meetings of directors (including committees of directors) were held. Attendances by each director were as follows:

	Directors' Meetings		Audit/Risk Committee		Remuneration Committee		Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Christopher Herbert Brown	10	10	9	8	2	2	2	2
Heather Anne Brown	10	10	-	-	-	-	2	2
Andrew James Simpson	10	10	9	9	2	2	2	2
Byron John Fitzgerald	6	6	-	-	-	-	-	-
Kathryn Santifort	6	5	-	-	-	-	-	-
Madelaine Tracey Inglis	6	6	-	-	-	-	-	-

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the constitution states that each member, or within one year after they cease to be a member, is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the Company. At 30 June 2020, the total amount that members of the Company are liable to contribute if the Company is wound up is \$8,800 (2019: \$10,300).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 4.

Signed in accordance with a resolution of the Board of Directors.


Directors Christopher Herbert Brown


Andrew James Simpson

Dated this 30th October 2020

Windgap Foundation Limited ABN 14 050 095 077

Auditor's Independence Declaration under s60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* to the directors of Windgap Foundation Limited

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements of s60-40 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.



Felsers

Chartered Accountants

Steven H Zabeti
Partner

Dated: 30th October 2020

Windgap Foundation Limited ABN 14 050 095 077**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
Revenue	4	13,217,037	13,379,885
Finance income	5	61,126	109,072
Other income	4	2,849,489	1,526,375
Employee benefits expense	6b	(11,834,706)	(11,968,593)
Depreciation and amortisation expense	6a	(866,578)	(268,683)
Repairs, maintenance and vehicle running expense		(268,535)	(167,396)
Fuel, light and power expense		(74,208)	(108,099)
Rental expense	6a	-	(746,716)
Finance expense	5, 16	(88,211)	-
Training expense		(48,377)	(56,167)
Audit expense		(27,900)	(24,000)
Consultancy expense		(371,114)	(464,558)
Administration expense		(1,023,797)	(894,945)
Fundraising expense	23	(5,743)	(117,690)
Profit before income tax		1,518,483	198,485
Income tax expense	3i	-	-
Profit for the year		1,518,483	198,485
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to members of the company		1,518,483	198,485

In line with the 2019 financial year, the profit for the 2020 financial year stated above contain items which do not relate to the operating activities of the Company. These are outlined below:

Profit for the year		1,518,483	198,485
ATO JobKeeper Reimbursement	4	1,434,000	-
Government Cash Flow Boost	4	50,000	-
Unexpended funds approved by NSW government for retention by the Company			
2017/18 Acquittals	4	-	164,286
2018/19 Acquittals	4	-	17,477
Underlying profit from operating activities		34,483	16,722

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020	2019
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	5,754,949	1,530,922
Trade and other receivables	8	309,185	300,602
Financial assets	9	792,793	3,192,793
Other assets	10	504,481	106,319
Contract assets	13	17,245	-
TOTAL CURRENT ASSETS		7,378,653	5,130,636
NON-CURRENT ASSETS			
Property, plant and equipment	11	4,098,539	4,114,601
Right-of-use assets	16	1,555,766	-
TOTAL NON-CURRENT ASSETS		5,654,305	4,114,601
TOTAL ASSETS		13,032,958	9,245,237
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	657,324	955,385
Short-term provisions	14	889,460	767,324
Lease liabilities	16	407,135	-
Contract liabilities	13	866,444	49,151
TOTAL CURRENT LIABILITIES		2,820,363	1,771,860
NON-CURRENT LIABILITIES			
Long-term provisions	14	310,619	296,978
Lease liabilities	16	1,207,094	-
TOTAL NON-CURRENT LIABILITIES		1,517,713	296,978
TOTAL LIABILITIES		4,338,076	2,068,838
NET ASSETS		8,694,882	7,176,399
EQUITY			
Retained earnings		7,821,163	6,302,680
Reserves	24	873,719	873,719
TOTAL EQUITY		8,694,882	7,176,399

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

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Windgap Foundation Limited ABN 14 050 095 077

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Retained Earnings	Reserves	Total
	\$	\$	\$
Balance at 30 June 2019	6,302,680	873,719	7,176,399
Profit attributable to the entity	1,518,483	-	1,518,483
Transfer from reserves	-	-	-
Balance at 30 June 2020	7,821,163	873,719	8,694,882
	\$	\$	\$
Balance at 30 June 2018	6,104,195	873,719	6,977,914
Profit attributable to the entity	198,485	-	198,485
Transfer from reserves	-	-	-
Balance at 30 June 2019	6,302,680	873,719	7,176,399

For a description of each reserve, refer to Note 24.

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

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Windgap Foundation Limited ABN 14 050 095 077**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts of payments for support services provided by the Company funded by the NDIS		11,363,595	11,439,814
Receipt of government grants		2,014,432	1,819,496
Other receipts		3,282,140	1,696,490
Payments to suppliers and employees		(14,016,410)	(14,648,234)
Interest received		61,126	109,072
Interest paid		(88,211)	-
Net cash generated from operating activities		2,616,672	416,638
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		500	8,147
Payment for property, plant and equipment		(295,618)	(573,716)
Proceeds for held-to-maturity investments		2,400,000	897,207
Net cash generated from investing activities		2,104,882	331,638
CASH FLOW FROM FINANCING ACTIVITIES			
Payment for lease liabilities		(497,527)	-
Net cash (used in) financing activities		(497,527)	-
Net increase in cash held		4,224,027	748,276
Cash and cash equivalents at beginning of the financial year		1,530,922	782,646
Cash and cash equivalents at the end of the financial year	7	5,754,949	1,530,922

The Company has initially applied AASB 15 and AASB 1058 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The financial statements are for Windgap Foundation Limited as an individual company, incorporated and domiciled in Australia. Windgap Foundation Limited is a company limited by guarantee.

NOTE 1: BASIS OF PREPARATION

The Company applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (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.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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 the nearest dollar.

The financial statements were authorised for issue on 30th October 2020 by the directors of the Company.

Coronavirus (COVID-19) Impact

Within Australia and globally, unprecedented measures have been introduced to control the spread of the COVID-19 outbreak, including travel and trade restrictions, restrictions on public gatherings and temporary business closures. These significant measures have had a sudden and substantial negative impact on global economic activity, with certain industry sectors experiencing unforeseen financial difficulties. Consequently, the functioning of global capital markets has been impaired by increased volatility and negative investor sentiment.

The expected duration and magnitude of the COVID-19 global pandemic and its potential implications on the global economy and financial markets remains unclear. Should these circumstances become severe or prolonged, it is expected to have a material adverse impact on the global and Australian economies, which in turn may have a material adverse impact on the Company's financial performance and position.

NOTE 2: CHANGE IN ACCOUNTING POLICY

Revenue from Contracts with Customers - Adoption of AASB 15

The Company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below.

NOTE 2: CHANGE IN ACCOUNTING POLICY

Specific change in accounting policy

Grants - operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 1058 and AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed or recognised at the point in time that the control of the services pass to the customer.

Having reviewed the terms and conditions of grants received by the Company, some of them are within the scope of AASB 1058 and others within AASB 15 which has resulted in deferral of revenue for these monies.

Leases - Adoption of AASB 16

The Company has adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTE 2: CHANGE IN ACCOUNTING POLICY

Financial statement impact of adoption of AASB 16

The Company has recognised right-of-use assets of \$1,982,809 and lease liabilities of \$1,982,809 at 1 July 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 5%.

	\$
Operating lease commitments at 30 June 2019 financial statements	2,194,960
Discounted using the incremental borrowing rate at 1 July 2019	<u>(212,151)</u>
Lease liabilities recognised at 1 July 2019	<u>1,982,809</u>

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Revenue and other income

For comparative year

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Company obtains control of the grant, 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.

For current year

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

AASB 1058 Income of Not for Profit Entities

The Company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not for profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where:

1. An asset is received in a transaction, such as by way of grant, bequest or donation;
2. There has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and
3. Where the intention is to principally enable the entity to further its objectives.

For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately.

The revenue recognition policies for the principal revenue streams of the Company are:

Grant revenue

Government grants that contain specific conditions on the use of those funds are recognised as and when the Company satisfies its performance obligations by providing those goods and services. A contract liability is recognised for unspent grant funds for which a refund obligation exists in relation to the funding period. General grants that do not impose specific performance obligations on the Company are recognised as income when the Company obtains control of those funds, which is usually on receipt.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the company gains control, economic benefits are probable and the amount of the donation can be measured reliably. Voluntary donations, by their nature of being received prior to entry into the accounting records, may be subject to inherent limitations regarding the completeness of revenue from such sources.

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

b. Property, plant and equipment

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

Property

Freehold land and buildings are shown at cost less accumulated building depreciation.

Plant and equipment

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 the 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 the recoverable amount is made when impairment indicators are present (refer to Note 3(c) for details of impairment).

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

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the Company commencing from the time the asset is held ready 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 fixed asset	Depreciation rate
Buildings	2% - 30%
Plant and equipment	10% – 40%
Motor vehicles	10% – 22.5%

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 in profit and 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 earnings.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c. Financial Instruments

Financial instruments are recognised initially on the date that the Company 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 Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

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

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and other financial assets 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.

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.

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
- debt investments measured at FVOCI

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment and including forward looking information.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Credit losses are measured as the present value of the difference between the cash flows due to the Company 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 has been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

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

Where the Company 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 a significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company 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 Company comprise trade payables.

d. *Impairment of non-financial assets*

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

e. *Employee benefits*

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled plus any related on costs.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

f. *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at-call with banks, and other short-term highly liquid investments with original maturities of three months or less and bank

overdrafts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. Leases

For comparative year

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases.

Finance leases are capitalised, recording 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 Company 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 charged 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.

For current year

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

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

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

h. Good 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). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST. 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 in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i. Income tax

The Company

(a) is exempt from income tax under section 50-B of the *Income Tax Assessment Act 1997*, and consequently no income tax expense has been reflected in the financial statements.

(b) has been granted Deductible Gift Recipient status under section 30-15 of that Act.

(c) has a Fringe Benefits Tax concession.

j. Provisions

Provisions are recognised when the Company 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 the reporting period.

k. Comparative figures

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

l. 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.

m. Key judgements

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The Company expects most employees will take their annual leave entitlements within 12 months of the reporting period in which they were earned.

n. Economic dependence

The National Disability Insurance Scheme (NDIS) has been rolled out in our region as from 1st July

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2017. During the year ended 30 June 2020, the dependence on Federal and State government grants has decreased.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Economic dependence (continued)

The Company is economically dependent upon the National Disability Insurance Agency providing NDIS funding to individual clients of the Company to enable those clients to acquire support services from the Company.

o. Fair value of assets and liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the Company at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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.

The fair value of liabilities and the Company's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such a financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 4: REVENUE AND OTHER INCOME

	Note	2020	2019	2020
Revenue		\$	\$	\$
<i>Revenue from government grants and NDIS Income</i>				
— Income from clients with respect to support services provided by the Company funded by the NDIS		11,363,595	11,439,814	
— State/federal government grants		1,831,302	1,654,087	
— Unexpended funds approved by NSW government for retention by the Company				
2017/18 Acquittals		-	164,286	
2018/19 Acquittals		-	17,477	
— Other organisations		22,140	104,221	
		13,217,037	13,379,885	
Other income				
— Net gain/(loss) on disposal of property, plant and equipment		(592)	2,928	
— charitable income and fundraising	23	9,955	227,761	
— Bequests/donations received	23	88,716	76,639	
— Sales		163,932	205,000	
— Client fees		846,863	901,218	
— Administration fees		55,131	47,535	
— Trust reimbursement		192,523	-	
— ATO JobKeeper reimbursement		1,434,000	-	
— Government cash flow boost		50,000	-	
— Other		8,961	65,294	
Total Other Income		2,849,489	1,526,375	

NOTE 5: FINANCE INCOME AND EXPENSES

Finance income	2020	2019
<i>Interest income</i>	\$	\$
— Assets measured at amortised cost	61,126	109,072
	61,126	109,072
Finance expenses		
<i>Lease Liability</i>	\$	\$
— Interest expense	88,211	-
	88,211	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTE 6: RESULT FOR THE YEAR

	2020	2019
	\$	\$
a. Expenses		
Employee benefits expense:		
— contributions to defined superannuation funds	(934,625)	(1,049,146)
Depreciation and amortisation		
— land and buildings	(170,296)	(120,639)
— motor vehicle	(9,134)	(9,143)
— plant and equipment	(111,268)	(116,143)
— equipment	(19,890)	(22,758)
— right-of-use asset depreciation	(555,990)	-
Total depreciation and amortisation	<u>(866,578)</u>	<u>(268,683)</u>
Cost of sales	<u>(58,165)</u>	<u>(66,175)</u>
Rental expense on operating leases		
— minimum lease payments	-	(746,716)
Total rental expense	<u>-</u>	<u>(746,716)</u>
b. Results include the following significant expenses;		
Employee Benefits including Superannuation Contributions	<u>(11,834,706)</u>	<u>(11,968,593)</u>

NOTE 7: CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
CURRENT		
Cash at bank	5,740,797	1,526,452
Cash on hand	14,152	4,470
Total cash and cash equivalents	<u><u>5,754,949</u></u>	<u><u>1,530,922</u></u>

NOTE 8: TRADE AND OTHER RECEIVABLES

	2020	2019
	\$	\$
CURRENT		
Trade receivables	323,892	186,474
Provision for impairment	(18,205)	(20,000)
	<u>305,687</u>	<u>166,474</u>
Other receivables	3,498	134,128
Total current trade and other receivables	<u><u>309,185</u></u>	<u><u>300,602</u></u>

Trade and other receivables

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

a. Impairment of receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2020 is determined as follows, the expected credit losses incorporate forward looking information.

30 June 2020	Current	< 30 days Overdue	< 90 days Overdue	> 90 days Overdue	Total
Gross Carrying amount (\$)	279,185	11,076	2,950	30,681	323,892
ECL provision	-	-	-	18,205	18,205

NOTE 9: FINANCIAL ASSETS

	2020	2019
	\$	\$
CURRENT		
Term deposits	792,793	3,192,793
	<u>792,793</u>	<u>3,192,793</u>

NOTE 10: OTHER ASSETS

	2020	2019
	\$	\$
CURRENT		
Prepayments	22,981	106,319
JobKeeper accrued income	481,500	-
	<u>504,481</u>	<u>106,319</u>

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	\$	\$
CAPITAL WORK IN PROGRESS		
Capital Work in Progress	168,020	-
	<u>168,020</u>	<u>-</u>
LAND AND BUILDINGS		
Residential land & buildings at cost	11a 3,508,457	3,508,457
Less accumulated depreciation	(501,454)	(455,898)
	<u>3,007,003</u>	<u>3,052,559</u>
Residential building improvement at cost	433,705	436,095
Less accumulated depreciation	(186,137)	(167,810)

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Windgap Foundation Limited ABN 14 050 095 077

	247,568	268,285
Leasehold improvements at cost	900,420	826,020
Less accumulated depreciation	(422,624)	(318,984)
	477,796	507,036
Total land and buildings	3,732,367	3,827,880

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**NOTE 11: PROPERTY, PLANT AND EQUIPMENT****Note 11: Property, Plant and Equipment**

Plant at cost	372,155	373,482
Less accumulated depreciation	(306,119)	(282,106)
	66,036	91,376
Office Equipment at cost	204,159	194,391
Less accumulated depreciation	(172,687)	(152,797)
	31,472	41,594
Furniture & Fixtures at cost	268,737	244,405
Less accumulated depreciation	(245,420)	(214,744)
	23,317	29,661
Computer Equipment at cost	285,132	277,035
Less accumulated depreciation	(234,090)	(188,364)
	51,042	88,671
Motor vehicles at cost	78,032	108,032
Accumulated depreciation	(51,747)	(72,613)
	26,285	35,419
Total plant and equipment	198,152	286,721
Total property, plant and equipment	4,098,539	4,114,601

Note 11a – Please refer to Note 18 for additional information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

a. Movements In Carrying Amounts

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

	Land and Buildings \$	Leasehold Building Improvements \$	Capital Work in Progress \$	Motor vehicles, Furniture, Plant and Equipment \$	Total \$
2019					
Balance at the beginning of the year	3,366,438	81,072	-	367,817	3,815,327
Additions at cost	21,600	479,408	-	72,708	573,716
Net disposals at written down value	-	-	-	(5,759)	(5,759)
Depreciation expense	(67,194)	(53,444)	-	(148,045)	(268,683)
Carrying amount at end of year	3,320,844	507,036	-	286,721	4,114,601
2020					
Balance at the beginning of the year	3,320,844	507,036	-	286,721	4,114,601
Additions at cost	1,410	74,400	168,020	51,788	295,618
Net disposals at written down value	(1,027)	-	-	(65)	(1,092)
Depreciation expense	(66,656)	(103,640)	-	(140,292)	(310,588)
Carrying amount at end of year	3,254,571	477,796	168,020	198,152	4,098,539

Asset revaluations

The freehold land and buildings were not independently valued at 30 June 2020.

NOTE 12: TRADE AND OTHER PAYABLES

	2020 \$	2019 \$
Analysis of total provisions		
Trade payables	24,294	120,115
Other current payables	633,030	835,270
	657,324	955,385

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 13: CONTRACT BALANCES

Contract assets and liabilities

The Company has recognised the following contract assets and liabilities from contracts with customers:

	2020	2019
	\$	\$
CURRENT ASSETS		
Contract assets	17,245	-
Balance at 30 June 2020	17,245	-
CURRENT LIABILITIES		
Contract liabilities	866,444	49,151
Total	866,444	49,151

NOTE 14: PROVISIONS

	2020	2019
	\$	\$
Employee benefits		
Opening balance at 1 July 2019	1,064,302	939,098
Additional provisions raised during year	135,777	125,204
Balance at 30 June 2020	1,200,079	1,064,302

Analysis of total provisions

	2020	2019
	\$	\$
Current	889,460	767,324
Non-current	310,619	296,978
	1,200,079	1,064,302

Provision for employee benefits

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

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. 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 not yet vested in relation to those employees who have not yet completed the required period of service.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 15: CAPITAL AND LEASING COMMITMENT

Operating lease commitments	\$	\$
	2020	2019
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months – Property	-	328,400
— not later than 12 months - Motor vehicles/copiers	-	232,331
— later than 12 months but not later than 5 years – Property	-	1,256,808
— later than 12 months but not later than 5 years – Motor vehicles/copiers	-	377,421
— greater than 5 years	-	
	-	2,194,960

NOTE 16: LEASES

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Company as a lessee

The Company has leases over a range of assets including buildings, motor vehicles, and office equipment.

The Company has chosen not to apply AASB 16 to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Buildings

The Company leases a building for use as office facilities as well as the provision of services. The lease has a term of 5 years and includes an option to renew for a further 5 year period.

The leases contain an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

Motor Vehicles & Office Equipment

The Company leases a number of vehicles and photocopiers with lease terms of 3 - 6 years, the lease payments are fixed during the lease terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
NOTE 16: LEASES

Right-of-use assets

	Buildings \$	Motor Vehicles \$	Office Equipment \$	Total \$
Year ended 30 June 2020				
Balance at beginning of year	1,421,527	511,020	50,262	1,982,809
Depreciation charge	(315,895)	(226,387)	(13,708)	(555,990)
Additions to right-of-use assets	-	128,947	-	128,947
Balance at end of year	1,105,632	413,580	36,554	1,555,766

Lease liabilities

	2020 \$	2019 \$
Current	407,135	-
Non-current	1,207,094	-
Total	1,614,229	-

Extension options

The building lease contains an extension option which allow the Company to extend the lease term by 5 years, depending on the lease agreement, once the original non-cancellable period of the lease expires.

At commencement date and each subsequent reporting date, the Company assesses where it is reasonably certain that the extension options will be exercised.

There are \$2,190,965 in potential future lease payments which are not included in lease liabilities as the Company has assessed that the exercise of the option is not reasonably certain.

Statement of Surplus or Deficit and Other Comprehensive Income

The amounts recognised in the statement of surplus or deficit and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2020 \$	2019 \$
Interest expense on lease liabilities	(88,211)	-
Depreciation of right-of-use assets	(555,990)	-
	(644,201)	-

Statement of Cash Flows

	2020 \$	2019 \$
Total cash outflow for leases	(585,738)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17: OTHER FINANCIAL LIABILITIES

Bendigo and Adelaide Bank Limited ABN 11 068 049 178 of The Bendigo Centre, has provided an unconditional guarantee to The Trust Company Limited (ACN 004 027 749) (Lessor) in respect of obligations of the Company to the Lessor under a lease and the Incentive Deed in respect of Tenancy 2, Unit 1, Botany Grove Business Park, 21-23 Green Street Banksmeadow (Lease) and any Licensed area or other rights ancillary to the Lease, for any sum or sums to an aggregate amount not exceeding \$292,793.24.

NOTE 18: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are presently no contingent assets and liabilities that need to be disclosed in the accounts, apart from the matters disclosed below.

NSW Department of Family and Community Services ("Department") has a beneficial interest in the property known as 3 Bega Avenue Little Bay ("Property") equivalent to the proportion that the capital funding provided by the Department bears to the final development cost of the Property.

NSW Department of Family and Community Services ("Department") has a beneficial interest in the property known as 19 Carlton Street Kensington ("Property") equivalent to the proportion that the capital funding provided by the Department bears to the final development cost of the Property.

NOTE 19: EVENTS AFTER THE REPORTING PERIOD

The Directors are unaware of any matter or circumstances not otherwise dealt with in the Directors' report or the accompanying financial statements, that has arisen since the end of the financial year, that has 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 subsequent financial years.

NOTE 20: KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company. The Directors received no remuneration.


The totals of remuneration paid to the key management personnel of the Company during the year are as follows:

	2020	2019
	\$	\$
Short-term employees benefits	471,606	425,296
Post-employment benefits	33,654	40,345
	<u>505,260</u>	<u>465,641</u>

NOTE 21: RELATED PARTY TRANSACTIONS

(i) Each transaction between the Company and a director was on terms that:

- (a) would be reasonable in the circumstances if the Company and the director were dealing at arm's length; or
- (b) were less favourable to the director than the terms referred to in paragraph (a).

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Windgap Foundation Limited ABN 14 050 095 077

- (ii) Christopher Brown, Andrew Simpson and Heather Brown are all Directors of the Company and are also Directors of Windgap Pty Limited ACN 100 824 388 (Trustee). The Trustee acts as Trustee of the Windgap No.1 Charitable Trust (Trust).

During the year ended 30 June 2020, the Trustee acting in its capacity as Trustee of the Trust paid \$208,038 to the Company as consideration for maintenance and administration services provided by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 21: RELATED PARTY TRANSACTIONS

Charges made from the Company to the Trustee acting in its capacity as Trustee of the Trust were made at a commercial rate not greater than the rate that would otherwise have been charged to an unrelated third party acting at arm's length.

Charges made by the Trustee acting in its capacity as Trustee of the Trust to the Company were made at a rate less than the rate that would have otherwise been charged to an unrelated party acting at arm's length.

NOTE 22: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, accounts receivables and payables.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: "Financial Instruments, Recognition and Measurement", as detailed in the accounting policies to these financial statements are as follows:

		2020	2019
		\$	\$
Financial assets			
Cash and cash equivalent	7	5,754,949	1,530,922
Trade and other receivables	8	309,185	300,602
Held-to-maturity investments	9	792,793	3,192,793
Total financial assets		6,856,927	5,024,317
Financial liabilities			
Financial liabilities at amortised costs:			
trade and other payables	12	657,324	1,004,536
Total financial liabilities		657,324	1,004,536

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 23: CHARITABLE FUNDRAISING ACT 1991

The Company is an Authority Holder under the above Act.

The Act and its supporting Regulations require additional information to be disclosed in the Financial Reports as follows:-

	2020	2019
	\$	\$
(a) Gross proceeds from donations	88,716	76,639
Specific Fundraising Activities		
– St Patrick's Day	9,955	10,730
– Windgap Gala Ball	-	217,031
	9,955	227,761
Total fundraising and donation proceeds	98,671	304,400
 (b) Total costs of fundraising		
Specific fundraising activities		
– St Patrick's Day	(5,743)	(5,369)
– Windgap Gala Ball	-	(112,321)
Total fundraising costs	(5,743)	(117,690)
 (c) Net Surplus from fundraising and donations		
Gross proceeds above	98,671	304,400
Less total costs above	(5,743)	(117,690)
Net Surplus from fundraising and donations	92,928	186,710

(d) Manner in which net surplus from fundraising was applied

The Company generated an operating profit of \$1,518,483. Net proceeds from fundraising and donations were \$92,928. The net proceeds were exclusively applied in the provision of services for clients.

	2020		2019
	\$		\$
(e) An analysis of fundraising /donation activities is as follows:			
(Percentage relates to total funds raised)	\$	%	\$ %

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Windgap Foundation Limited ABN 14 050 095 077

	2020		2019	
	\$		\$	
Total cost of fundraising and donations	5,743	6	117,690	39
Gross income from fundraising and donations	98,671		304,400	
Net surplus from fundraising and donations	92,928	94	186,710	61

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 24: RESERVES

	2020	2019
	\$	\$
General reserve	873,719	873,719
Total reserves	873,719	873,719

NOTE 25: ENTITY DETAILS

The registered office and the principal place of business is:

Tenancy 2, Unit 1, 14A Baker Street, Banksmeadow, NSW, 2019

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Windgap Foundation Limited ABN 14 060 095 077

DIRECTORS' DECLARATION

The directors of the Company declare that, in the directors' opinion:

1. The financial statements and notes, as set out on pages 5 to 30, 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 as at 30 June 2020 and of the performance for the year ended on that date of the Company.
2. There are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

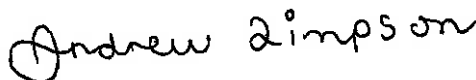
This declaration is signed in accordance with Subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.



Christopher Herbert Brown

Dated

this 30th October 2020



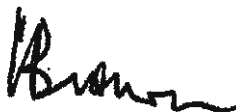
Andrew James Simpson

DECLARATION BY CHAIRMAN IN RESPECT OF FUNDRAISING APPEALS

I, Christopher Herbert Brown, Chairman of Windgap Foundation Limited, declare that, in my opinion:

- (a) The financial report gives a true and fair view of all income and expenditure of the Company with respect to fundraising appeals activities for the financial year ended 30 June 2020;
- (b) The statement of financial position gives a true and fair view of all the state of affairs with respect to fundraising appeals activities as at 30 June 2020;
- (c) The provisions of the Charitable Fundraising Act (NSW) 1991 and the regulations under the Act and the conditions attached to the authority have been complied with, and
- (d) The internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Chairman



CHRISTOPHER HERBERT BROWN

Dated this 30th October 2020

Windgap Foundation Limited
ABN 14 050 095 077

Independent Audit Report to the members of Windgap Foundation Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Windgap Foundation Limited, which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the financial report of Windgap Foundation Limited 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 Registered Entity's financial position as at 30 June 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements 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 as 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 Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have 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.

Responsibilities of Directors for the Financial Report

The directors of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act and for such internal control as the directors 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, the directors are responsible for assessing the Registered Entity'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 directors either intend to liquidate the Registered Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Entity'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 Registered Entity 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.

Charitable Fundraising Act 1991

In accordance with the requirements of the *Charitable Fundraising Act 1991*, we hereby report that in our opinion:

- (i) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 June 2020;
- (ii) the financial report and association records of Windgap Foundation Limited have been properly kept during the year ended 30 June 2020 in accordance with the *Charitable Fundraising Act 1991*;
- (iii) money received as a result of fundraising appeals conducted during the year ended 30 June 2020, has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991*; and
- (iv) there are reasonable grounds to believe that Windgap Foundation Limited will be able to pay its debt as and when they fall due.



Felsers

Chartered Accountants



Steven H Zabetti

Partner

Dated: 30 October 2020

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