



**RECONCILIATION**  
AUSTRALIA

**Reconciliation Australia Limited**

**ABN 76 092 919 769**

**Annual Financial Report**

**For the year ended 30 June 2019**



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## Directors' report

Your directors present this report to the members of Reconciliation Australia Limited (Reconciliation Australia) for the year ended 30 June 2019.

### Directors

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

<b>Name</b>	<b>Particulars</b>
<p>Professor Thomas E. Calma AO (Co Chair) <i>Hon DLitt, Hon DSc, Hon DUniv</i></p>	<p>Professor Calma is an Aboriginal elder from the Kungarakan tribal group and a member of the Iwaidja tribal group in the NT. He is currently the Chancellor of the University of Canberra and the National Coordinator for Tackling Indigenous Smoking. Professor Calma holds board positions with Ninti One and the Australia Literacy and Numeracy Foundation. He previously served as the Aboriginal and Torres Strait Islander Social Justice Commissioner and the Race Discrimination Commissioner.</p>
<p>Ms Melinda A. Cilento (Co Chair) <i>BA, BEc (Hons), MEd</i></p>	<p>Ms Cilento is CEO of the Committee for Economic Development of Australia (CEDA) and a non-executive director of Australian Unity. She was previously a non-executive director of Woodside Petroleum and has held senior management and economist roles at the Productivity Commission, Business Council of Australia, International Monetary Fund and the Commonwealth Department of Treasury.</p>
<p>Mr Kenny R. Bedford <i>BAppHSc, DipYW</i></p>	<p>Mr Bedford is of the Meuram tribe of Erub Island in the Torres Strait. He is an Associate Director at My Pathway and a director of Debe Mekik Le Consultancy and the Indigenous Empowerment Network. Mr Bedford was previously the President of the Erub Fisheries Management Association and on the board of the Torres Strait Regional Authority.</p>
<p>Mr Glen A. Kelly <i>BEnvSc, MAICD</i></p>	<p>Mr Kelly is a Noongar man and is a Director at KPMG Arilla Indigenous Services. From 2006 to 2015 he served as CEO of the South West Aboriginal Land and Sea Council where he was the chief negotiator of the Noongar Native Title Settlement. Mr Kelly is also a director of the Museum of Freedom and Tolerance WA and a member of the Murdoch University Senate.</p>
<p>Mr Bill D. Lawson AM <i>BEng</i></p>	<p>Mr Lawson is Co-Chair of Reconciliation Tasmania and a retired engineer, most recently working as a Principal at Sinclair Knight Merz. From 2011 to 2012 Mr Lawson was the Tasmanian representative on the Prime Minister's Expert Panel for the Recognition of Indigenous Australians. He is also the founder of the Beacon Foundation.</p>
<p>Ms Djapirri Mununggirritj</p>	<p>A Yolgnu elder from North East Arnhem, Ms Mununggirritj is a member of the board of Miwatj Aboriginal Health, Gumatj Aboriginal Corporation and the Dhumurru Land Management Aboriginal Corporation. Ms Mununggirritj is also heavily involved in the Yothu Yindi Foundation including the Garma Festival.</p>
<p>Mr Peter S. Nash <i>BComm, FCA</i></p>	<p>A Chartered Accountant with over 30 years' experience, Mr Nash is the non-executive Chairman of Johns Lyng Group and a non-executive director of Westpac Banking Corporation, Mirvac and ASX Limited. He was previously the Australian Chairman of KPMG, where he held positions on KPMG's Global and Asia Pacific boards. Mr Nash is also a board member of the Koorie Heritage Trust, Golf Victoria and the Migration Council of Australia.</p>

<b>Name</b>	<b>Particulars</b>
Ms Kirstie M. Parker	A Yuwalarai woman from northwest NSW, Ms Parker is the Director of Aboriginal Affairs and Reconciliation with the Department of Premier and Cabinet (SA). She was previously the CEO of the National Centre of Indigenous Excellence and Co-Chair of the National Congress of Australia's First Peoples. Ms Parker has over 25 years' experience in journalism and management of Indigenous organisations, including as the Editor of the Koori Mail.
Ms Joy Thomas	Ms Thomas comes from a background in federal politics, serving for many years as an adviser and chief of staff to ministers in the Howard Government. She previously held senior management positions with the Australian Medicare Local Alliance (AML Alliance) and Australian General Practice Network (AGPN). Ms Thomas works as a private consultant to peak industry bodies and the primary health care sector.

The above named directors held office during the whole of the financial year and since the end of the financial year.

### **Company secretary**

Ms Karen Mundine (Chief Executive Officer) has been the Company Secretary since 18 September 2017. She is from the Bundjalung Nation of northern NSW and has more than 20 years' experience leading community engagement, public advocacy, communications and social marketing campaigns. Ms Mundine holds a Bachelor of Arts in Communications and is a director of Gondwana Choirs and the Australian Indigenous Leadership Centre.

### **Short and long term objectives and strategy**

Reconciliation Australia is the lead body for reconciliation in the nation. The Company is an independent, not-for-profit organisation that promotes and facilitates reconciliation by building relationships, respect and trust between the wider Australian community and Aboriginal and Torres Strait Islander peoples.

Our purpose is to inspire and enable all Australians to contribute to the reconciliation of our nation. Our vision of a just, equitable and reconciled Australia and is based on five inter-related dimensions: race relations, equality and equity, unity, institutional integrity and historical acceptance. These five dimensions do not exist in isolation; they are inter-related and Australia can only achieve full reconciliation if we progress all five.

### **Principal activities**

During the year, Reconciliation Australia was involved in a range of programs and projects aimed at connecting people and promoting a greater understanding of Australia's First Nations' histories, cultures, identities and successes. This includes:

- Reconciliation Action Plan (RAP) program
- Indigenous Governance Program
- Constitutional Reform and Truth Telling
- Narragunnawali: Reconciliation in Education
- National Reconciliation Week
- Australian Reconciliation Barometer

## Review of operations

The result of Reconciliation Australia's operations in the current year was a deficit of \$214,116 (surplus of \$423,008 in 2018). The current year deficit was budgeted for by the directors and was funded out of retained earnings. It consists primarily of expenditure on an independent evaluation of the Reconciliation Action Plan (RAP) program.

Reconciliation Australia's general operational activities were primarily funded by the Commonwealth Government, through the National Indigenous Australians Agency. Funding was also received from the BHP Foundation, corporate supporters and private donors.

## Changes in the state of affairs

There were no significant changes in the state of affairs of Reconciliation Australia during the financial year.

## Subsequent events after the balance date

There have been no significant events occurring after balance date which may affect either the operations of Reconciliation Australia, or the results of those operations or the state of affairs of the organisation.

## Environmental regulation and performance

Reconciliation Australia is not subject to any particular or significant environmental regulation.

## Indemnification of officers and auditors

During the financial year, Reconciliation Australia paid a premium in respect of a contract insuring the directors of Reconciliation Australia (as named above), the company secretary, the Chief Executive Officer and all executive officers of Reconciliation Australia against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the amount of the premium.

Reconciliation Australia has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of Reconciliation Australia against a liability incurred as such an officer or auditor.

## Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year four board meetings and five audit and risk committee meetings were held.

Director	Board of directors		Audit and risk committee	
	Held	Attended	Held	Attended
Prof. T. E. Calma AO	4	2	5	2
Ms M. A. Cilento	4	3	5	4
Mr K. R. Bedford	4	4	5	4
Mr G. A Kelly	4	2	-	-
Mr W. D. Lawson AM	4	4	5	5
Ms D. Mununggirritj	4	4	-	-
Mr P. S. Nash	4	4	5	5
Ms K. M. Parker	4	4	-	-
Ms J. Thomas	4	4	-	-

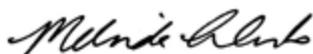
**Members' guarantee**

In accordance with Reconciliation Australia's constitution, each member is liable to contribute \$1 in the event that the company is wound up. The total amount members would contribute is \$9.

**Auditor's independence declaration**

The auditor's independence declaration is included on page 7 of this financial report. The directors' report is signed in accordance with a resolution of directors.

On behalf of the directors:



Ms Melinda Ann Cilento  
Director



Professor Thomas Edwin Calma AO  
Director

29 October 2019

The Board of Directors  
Reconciliation Australia Limited  
Old Parliament House  
King Georges Terrace  
Parkes ACT 2600

29 October 2019

Dear Directors

### Auditor's Independence Declaration to Reconciliation Australia Limited

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Reconciliation Australia Limited.

As lead audit partner for the audit of the financial report of Reconciliation Australia Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

*DELOITTE TOUCHE TOHMATSU*

DELOITTE TOUCHE TOHMATSU

*David Salmon*

David Salmon  
Partner  
Chartered Accountants

## Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that Reconciliation Australia will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes there to, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s. 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013.

On behalf of the directors:



Ms Melinda Ann Cilento  
Director



Professor Thomas Edwin Calma AO  
Director

29 October 2019

## Statement of profit or loss and other comprehensive income

for the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>Revenue</b>	3(a)	<b>6,275,626</b>	7,477,327
Employee benefits expense		<b>(3,084,170)</b>	(3,388,487)
Consultants and outside services expense		<b>(361,555)</b>	(309,244)
Communications and marketing expense		<b>(1,988,717)</b>	(2,235,521)
Workshops and events expense		<b>(143,662)</b>	(262,115)
Travel and accommodation expense		<b>(517,781)</b>	(411,006)
Office communications and supplies expense		<b>(86,028)</b>	(87,725)
Office facilities and utilities expense		<b>(269,322)</b>	(301,847)
Depreciation and amortisation expense	3(b)	<b>(29,158)</b>	(31,915)
Other expenses		<b>(9,399)</b>	(26,459)
<b>(Deficit) / surplus before tax</b>		<b>(214,166)</b>	423,008
Income tax expense	2.4	-	-
<b>(Deficit) / surplus for the year from continuing operations</b>		<b>(214,166)</b>	423,008
Other comprehensive income for the year		-	-
<b>Total comprehensive (loss) / income for the year</b>		<b>(214,166)</b>	423,008

*This statement of profit or loss and other comprehensive income is to read in conjunction with the attached notes.*

## Statement of financial position

as at 30 June 2019

	Note	2019 \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		674,152	505,548
Investments	5	2,338,284	2,723,446
Trade and other receivables	6	161,997	180,514
Other assets	7	74,678	70,111
<b>Total current assets</b>		<b>3,249,111</b>	3,479,619
<b>Non current assets</b>			
Property, plant and equipment	8	141,927	107,093
<b>Total non current assets</b>		<b>141,927</b>	107,093
<b>Total assets</b>		<b>3,391,038</b>	3,586,712
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	289,988	423,553
Provisions	10	246,496	212,604
Revenue received in advance	11	235,000	70,000
<b>Total current liabilities</b>		<b>771,484</b>	706,157
<b>Non current liabilities</b>			
Provisions	10	52,739	99,574
<b>Total non current liabilities</b>		<b>52,739</b>	99,574
<b>Total liabilities</b>		<b>824,223</b>	805,731
<b>Net assets</b>		<b>2,566,815</b>	2,780,981
<b>Equity</b>			
<b>Capital and reserves</b>			
Retained earnings	12	2,087,763	2,216,714
Reserves	13	479,052	564,267
<b>Total equity</b>		<b>2,566,815</b>	2,780,981

*This statement of financial position is to read in conjunction with the attached notes.*

## Statement of changes in equity

for the year ended 30 June 2019

	Note	Constitutional Reform Reserve \$	Retained earnings \$	Total \$
<b>Balance at 30 June 2017</b>		<b>622,111</b>	<b>1,735,862</b>	<b>2,357,973</b>
Surplus for the year		-	423,008	423,008
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	<b>423,008</b>	<b>423,008</b>
Transferred to / (from) reserve	13(a)	(57,844)	57,844	-
<b>Balance at 30 June 2018</b>		<b>564,267</b>	<b>2,216,714</b>	<b>2,780,981</b>
(Deficit) for the year		-	(214,166)	(214,166)
Other comprehensive income for the year		-	-	-
Total comprehensive (loss) for the year		-	<b>(214,166)</b>	<b>(214,166)</b>
Transferred to / (from) reserve	13(a)	(85,215)	85,215	-
<b>Balance at 30 June 2019</b>		<b>479,052</b>	<b>2,087,763</b>	<b>2,566,815</b>

*This statement of changes in equity is to read in conjunction with the attached notes.*

## Statement of cash flows

for the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>Cash flow from operating activities</b>			
Receipts from sponsors		130,038	90,838
Project funding received		2,544,632	873,310
Government grants received		3,600,000	1,800,000
Proceeds from donations and fundraising appeals		65,977	475,939
Payments to suppliers and employees		(5,812,938)	(6,712,810)
Net GST and employee taxes paid		(772,197)	(1,007,933)
Net cash (used in) in operating activities	4	<u>(244,488)</u>	<u>(4,480,656)</u>
<b>Cash flow from investing activities</b>			
Interest received		100,047	88,656
Proceeds from investments		385,162	3,310,730
Purchase of property, plant and equipment		(72,117)	(43,687)
Net cash generated by investing activities		<u>413,092</u>	<u>3,355,699</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>168,604</b>	<b>(1,124,957)</b>
Cash and cash equivalents at the beginning of the year		<u>505,548</u>	<u>1,630,505</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><b>674,152</b></u>	<u><b>505,548</b></u>

*This statement of cash flows is to read in conjunction with the attached notes.*

## Notes to the financial statements

for the year ended 30 June 2019

### 1. Corporate information

The financial statements of Reconciliation Australia Limited (the Company) for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 16 October 2019.

Reconciliation Australia is a company limited by guarantee, incorporated and domiciled in Australia.

### 2. Application of new and revised accounting standards

#### 2.1 Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

The Company has adopted all of the new and revised standards and interpretations issued by the Australia Accounting Standards board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 July 2018.

New and revised standards and amendments thereof and interpretations that are relevant to the Company include:

- AASB 9: Financial Instruments

#### *Impact of the application of AASB 9: Financial Instruments*

With the implementation of AASB 9 Financial instruments for the first time in 2019, the entity classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

All of Reconciliation Australia's financial assets are classed as financial assets measured at amortised cost. The adoption of AASB 9 has not led to any change in measurement or recognition of these financial assets.

Comparatives have not been restated on initial application.

#### *Financial assets at amortised cost*

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

#### *Effective interest method*

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

## 2.1 Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year (continued)

### *Impairment of financial assets*

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

As of 30 June 2019 there is no impairment recognised on any financial assets held by Reconciliation Australia.

### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon "trade date".

All of Reconciliation Australia's financial liabilities are recognised at amortised cost. The adoption of AASB 9 has not led to any change in the measurement or recognition of these financial liabilities.

### *Financial liabilities at amortised cost*

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

## 2.2 Statement of compliance

These financial statements are general purpose financial statements have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements, and comply with other requirements of the law.

For the purpose of preparing the financial statements, the Company is a not-for-profit entity.

## 2.3 Basis of preparation

These financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurement and/or disclosure in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117: Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102: Inventories or value in use in AASB 136: Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

## 2.3 Basis of preparation (continued)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices including within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are observable inputs for the asset or liability.

## 2.4 Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and cash in bank.

### ***Investments***

Investments comprise of short-term bank deposits and are measured at amortised cost using the effective interest method less any impairment.

### ***Financial assets***

Investments are measured on the cost basis which is considered to be at fair value. As fair value assets any resultant gain or loss is recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Trade receivables and other receivables are measured at amortised cost using the effective interest rate method, less any impairment.

### ***Financial liabilities***

Trade and other payables are initially measured at fair value, net of transaction costs.

Trade and other payables are subsequently measured at amortised costs using the effective interest rate method, with interest expense recognised on an effective yield basis. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

### ***Employee benefits***

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provision made in respect of employee benefits expected to be settled within twelve months are measured at their nominal amounts using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits that are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

## 2.4 Significant accounting policies (continued)

### ***Going concern***

The financial statements have been prepared on the going concern basis. The directors note that the current core funding agreement with the National Indigenous Australians Agency is due to expire on 30 June 2020. This funding represents 57% of the funding received in 2018-19 (refer to Note 3). Reconciliation Australia Limited is currently negotiating a new agreement with the National Indigenous Australians Agency to secure funding post 30 June 2020. The directors are of the view that the core funding for the operations of Reconciliation Australia will continue.

### ***Goods and services tax***

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 taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item or expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. 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.

### ***Impairment of assets***

At each reporting date the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and depreciated replacement cost. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which the impairment loss is treated as a revaluation decrease (refer Property, plant and equipment).

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit and loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase (refer Property, plant and equipment).

## 2.4 Significant accounting policies (continued)

### ***Income tax***

The Company is a charitable institution and has been endorsed by the Australian Taxation Office to access income tax exemptions under Subdivision 50-B of the Income Tax Assessment Act 1997. This endorsement applies from 1 July 2000 and there have been no changes to the Company's status to warrant a change to this endorsement.

### ***In-kind contributions***

From time to time Reconciliation Australia receives donated services and facilities. These contributions are not considered to be material and are not recognised in the financial report as the related transaction would be recorded as revenue and disbursement in the same financial year and therefore has no effect on the results of the Company.

### ***Leased assets***

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### ***Property, plant and equipment***

Plant and equipment are stated at cost less accumulated depreciation and impairment (except artwork). Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment (except artwork). Depreciation is calculated on a diminishing balance method so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

The following estimated useful lives are used in the calculation of depreciation:

- Furniture and fitting                      5 to 20 years
- Office equipment                            3 to 10 years
- IT equipment                                 2 to 4 years
- Leasehold improvements                2 to 3 years

Artwork is stated at cost and is not depreciated. The cost of the artwork approximates the fair value of this asset.

There have been no changes to the estimated useful lives of property, plant and equipment since the prior year.

### ***Provisions***

Provisions are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

## **2.4 Significant accounting policies (continued)**

### ***Revenue recognition***

The Company receives funding by way of grants and sponsorships for specific projects. Funding received in one year may be expected to fund the costs of that project over the course of more than one financial year. Revenues are recognised in a financial year to the extent of the relevant project's outlay in that period. Funds to be spent in future periods are provided for as revenue received in advance.

In addition, the Company receives funding in the form of government grants for the purpose of general reconciliation activities. Reconciliation Australia recognises this grant funding over the course of the term within the Commonwealth Deed of Grant. In this respect, the Board will be recognising revenue to the extent of eligible expenditure incurred in each financial year.

All other revenue including registration fees, donations and interest are recognised when the right to receive the income has been established.

### ***Comparative figures***

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

## **2.5 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2.4, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

	Note	2019 \$	2018 \$
<b>3. (Deficit) / surplus from operations</b>			
<b>(a) Revenue</b>			
Government grants		3,600,000	3,600,000
Project funding		2,379,632	3,269,488
Charitable donations		65,977	423,689
Interest income		99,979	93,941
Other revenue		130,038	90,209
<b>Total revenue</b>		<b>6,275,626</b>	<b>7,477,327</b>
<b>(b) (Deficit) / surplus before income tax</b>			
<i>(Deficit) / surplus before tax has been arrived at after charging the following losses:</i>			
Loss from disposal of property, plant and equipment and intangible assets		8,244	24,252
<i>(Deficit) / surplus before tax has been arrived at after charging the following expenses:</i>			
Depreciation and amortisation expense:			
- Furniture and fittings		3,983	3,616
- Office equipment		481	999
- IT equipment		24,090	14,091
- Leasehold improvements		604	13,209
<b>Total depreciation and amortisation expense</b>		<b>29,158</b>	<b>31,915</b>
Post employment benefits:			
- Defined contribution plans		247,928	276,891
Charitable donations administration costs		482	1,387

	2019 \$	2018 \$
<b>4. Cash and cash equivalents</b>		
<b><i>Reconciliation of (loss) / profit for the year to net cash flows from operating activities</i></b>		
<b>Cash flows from operating activities</b>		
(Loss) / profit for the year	<b>(214,166)</b>	423,008
Interest income recognised in profit and loss	<b>(99,979)</b>	(93,941)
Depreciation and amortisation of non current assets	<b>29,158</b>	31,915
Loss on disposal of property, plant and equipment	<b>8,246</b>	24,433
Writeback of make good provision not required	<b>(121)</b>	314
 <i>Movements in working capital:</i>		
(Increase) / decrease in trade receivables	<b>18,449</b>	251,371
(Increase) / decrease in other financial assets	<b>(4,567)</b>	23,554
Increase / (decrease) in trade and other payables	<b>(133,565)</b>	(754,984)
Increase / (decrease) in provisions	<b>(12,943)</b>	(190,148)
Increase / (decrease) in revenue received in advance	<b>165,000</b>	(4,196,178)
<b>Cash flow (used in) operating activities</b>	<b>(244,488)</b>	(4,480,656)
 <b>5. Investments</b>		
Bank term deposits	<b>2,338,284</b>	2,723,446
Total investments	<b>2,338,284</b>	2,723,446
 Bank term deposits earn interest at market rates. The average interest rate for the year was 2.28% (2018: 2.00%).		
 <b>6. Trade and other receivables</b>		
Trade receivables	-	-
Other receivables	<b>161,997</b>	180,514
Total trade and other receivables	<b>161,997</b>	180,514
 The average credit period on trade receivables is 14 days. No interest is charged on trade and other receivables.		

	2019 \$	2018 \$
<b>7. Other assets</b>		
Prepayments	56,678	52,111
Bonds	18,000	18,000
Total other assets	<b>74,678</b>	70,111

**8. Property, plant and equipment**

	Furniture and fittings \$	Artwork \$	Office equipment \$	IT equipment \$	Leasehold improvements \$	Total \$
<b>Carrying amounts</b>						
Balance at the beginning of the year	28,209	4,483	8,403	65,515	483	107,093
Balance at the end of the year	31,016	4,483	32,517	73,911	-	141,927
<b>Cost or valuation</b>						
Balance at 1 July 2018	42,550	4,483	33,985	168,118	109,818	358,954
Additions	8,111	-	28,640	35,366	-	72,117
Disposals	(3,041)	-	(24,100)	(13,351)	121	(40,371)
Balance at 30 June 2019	47,620	4,483	38,525	190,133	109,939	390,700
<b>Accumulated depreciation</b>						
Balance at 1 July 2018	(14,341)		(25,582)	(102,603)	(109,335)	(251,861)
Charge for the year	(3,983)		(481)	(24,090)	(604)	(29,158)
Disposals	1,720		20,055	10,471	-	32,246
Balance at 30 June 2019	(16,604)		(6,008)	(116,222)	(109,939)	(248,773)
					2019 \$	2018 \$

**9. Trade and other payables**

Trade payables	197,529	319,035
Other payables	92,459	104,518
Total trade and other payables	<b>289,988</b>	423,553

No interest was charged on trade or other creditors.

	2019 \$	2018 \$
<b>10. Provisions</b>		
Employee entitlements – current	193,222	212,604
Employee entitlements – non current	52,739	46,421
Make good (leasehold office premises) – current	53,274	-
Make good (leasehold office premises) – non current	-	53,153
	<hr/>	<hr/>
Total provisions	<b>299,235</b>	312,178
	<hr/>	<hr/>
<b>11. Revenue received in advance</b>		
Project funding and government grants received in advance	235,000	70,000
	<hr/>	<hr/>
Total revenue received in advance	<b>235,000</b>	70,000
	<hr/>	<hr/>
<b>12. Retained earnings</b>		
Balance at beginning of the year	2,216,714	1,735,862
Total comprehensive income for the year	(214,166)	423,008
	<hr/>	<hr/>
Total available for appropriation	<b>2,002,548</b>	2,158,870
Transferred to / (from) Constitutional Reform Reserve	85,215	57,844
	<hr/>	<hr/>
Balance at end of the year	<b>2,087,763</b>	2,216,714
	<hr/>	<hr/>

	2019 \$	2018 \$
<b>13. Reserves</b>		
Constitutional Reform reserve	479,052	564,267
Total reserves	479,052	564,267

**(a) Constitutional Reform reserve**

***Nature and purpose of reserve:***

The Constitutional Reform reserve represents the proceeds of fundraising and is being specifically used to progress the establishment of a First Nation's Voice to Parliament and facilitate truth telling and agreement making measures.

***Movements in reserve:***

Balance at beginning of the year	564,267	622,111
Transferred to / (from) reserve	(85,215)	(57,844)
Balance at end of year	479,052	564,267

**14. Key management personnel compensation**

Aggregate compensation to key management personnel and directors of the company	389,847	564,041
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The directors of Reconciliation Australia are volunteers. They are not paid to perform their roles and responsibilities but are entitled to claim a set amount, in lieu of forgone income due to time spent on Reconciliation Australia business.

## 15. Related parties

### (a) Transactions with other related parties

During the financial year ended 30 June 2019, the following transaction (ex. GST) occurred between the Company and its other related parties:

- Payments totalling \$33,942 (2018: \$15,000) were made to Reconciliation Tasmania to support National Reconciliation Week and Narragunnawali: Reconciliation in Education activities. Mr W. D. Lawson, a director of the Company is also the Co-Chair of Reconciliation Tasmania.

During the financial year ended 30 June 2018, the following transactions (ex. GST) occurred between the Company and its other related parties:

- Income of \$1,650 (2017: nil) was received from Woodside Petroleum Limited for attendance at the Garma Festival. Ms M. A. Cilento, a director of the Company is also a director of Woodside Petroleum Limited.
- Payments totalling \$15,000 (2017: nil) were made to Reconciliation Tasmania for Constitutional Reform and National Reconciliation Week activities. Mr W. D Lawson, a director of the Company is the Co-Chair of Reconciliation Tasmania.

	2019	2018
	\$	\$

## 16. Operating lease arrangements

Operating leases relate to office premises with lease terms of up to three years. Several of the leases include an option to extend for a further three years, with a market review clause in the event that the Company exercises the option to review. The Company does not have the option to purchase the leased asset at the expiry of the lease period.

### (a) Payments recognised as an expense

Lease payments recognised as an expense	222,845	225,802
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### (b) Non cancellable operating lease commitments

Not longer than 1 year	230,769	226,530
Longer than 1 year and not longer than 5 years	154,662	99,901
Longer than 5 years	-	-
Total commitments under operating leases	<u>385,431</u>	<u>326,431</u>

**17. Additional company information**

Reconciliation Australia is a company limited by guarantee, incorporated and operating in Australia. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations. As at 30 June 2019 the number of members was 9.

The registered office and principal business address of Reconciliation Australia is:

Old Parliament House  
King George Terrace  
Parkes ACT 2600

**18. Subsequent events**

There have been no significant events occurring after balance date which may affect either the operations of Reconciliation Australia, or the results of those operations or the state of affairs of the organisation.

## Independent Auditor's Report to the members of Reconciliation Australia Limited

### *Opinion*

We have audited the financial report of Reconciliation Australia Limited (the "Entity") which comprises the statement of financial position as at 30 June 2019, statement of profit or loss and other comprehensive income, 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 other explanatory information, and the declaration by the directors.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Entity's financial position as at 30 June 2019 and of its financial performance for the year then 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 in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors for the Financial Report*

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

In preparing the financial report, the directors are responsible for assessing the ability of the Entity 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 Entity or to cease operations, or has 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 the 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 this 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 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 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 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 the directors 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.

*DELOITTE TOUCHE TOHMATSU*

DELOITTE TOUCHE TOHMATSU

*David Salmon*

David Salmon  
Partner  
Chartered Accountants  
Canberra, 29 October 2019