Reconciliation Australia Limited

ABN 76 092 919 769

Annual Financial Report

For the year ended 30 June 2015

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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 2015.

Directors

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

Name	*Particulars*
Professor T. E. Calma AO (Co Chair) *Hon DLitt, Hon DSc, Hon DUniv*	Professor Calma is an Aboriginal elder from the Kungarakan tribal group and a member of the Iwaidja tribal in the NT. He is currently the Chancellor of the University of Canberra and the National Coordinator for Tackling Indigenous Smoking. Professor Calma previously served as the Aboriginal and Torres Strait Islander Social Justice Commissioner and the Race Discrimination Commissioner.
Ms M. A. Cilento (Co Chair) *BA, BEc (Hons), MEc*	Ms Cilento is a non-executive director with Woodside Petroleum and Australian Unity and a Commissioner (part-time) with the Productivity Commission. She previously held senior management and economist roles at the Business Council of Australia, International Monetary Fund and the Commonwealth Department of Treasury.
Mr K.R. Bedford *BAppHSc, DipYW*	Mr Bedford lives on and represents the remote island of Erub (Darnley) on the Torres Strait Regional Authority (TSRA). Mr Bedford is President of the Erub Fisheries Management Association, a member of Erubam Le Traditional Land and Sea Owners (TSI) Corporation and the Abergowrie College Community Consultative Committee.
The Hon F. M. Chaney AO *LLB*	Formerly a lawyer, Mr Chaney served as a member of Federal Parliament from 1974 to 1993 during which time he held various Ministerial appointments, including Aboriginal Affairs. He has also been Chair of Desert Knowledge Australia, Chancellor of Murdoch University and deputy president of the National Native Title Tribunal. In 2014 Mr Chaney was awarded Senior Australian of the Year. Mr Chaney resigned from the Board on 31 December 2014.
Mr J. C. Glanville	A member of the Wiradjuri peoples from south-western New South Wales, Mr Glanville has worked in a range of community based Indigenous organisations and as a senior policy adviser in Commonwealth and State government departments. He was the inaugural CEO of the National Centre of Indigenous Excellence (NCIE) and now sits on the boards of the Australian Indigenous Governance Institute, National Australia Day Council, Carriageworks and the Australian Indigenous Leadership Centre.
Dr K. R. Henry AC FASSA *BCom (Hons), PhD, DB h.c*	Dr Henry is a non-executive director (and Chairman elect) of National Australia Bank Ltd and a non-executive director of the Australian Stock Exchange. He is Chairman of the Institute of Public Policy at the ANU, Chairman of the Advisory Council of the SMART Infrastructure Facility at the University of Wollongong and Chairman of the Sir Ronald Wilson Foundation. For a decade commencing in April 2001 Dr Henry was Secretary to the Treasury, a member of the Board of the Reserve Bank of Australia and a member of the Board of Taxation.

Name	***Particulars***
Mr W. D. Lawson AM *BEng*	Mr Lawson is a retired Engineer, most recently working as a Principal of Sinclair Knight Merz, where he was the Manager of the Indigenous Sector and Group Manager of the global Corporate Social Responsibility Program. 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. Mr Lawson was appointed to the Board on 25 June 2015.
Ms D. Mununggirritj	A Yolgnu elder from North East Arnhem, Ms Munumggirritj is currently an Indigenous Liaison Officer with the Department of Prime Minister and Cabinet. She is member of the Board of Miwatj Aboriginal Health, Gumatj Aboriginal Corporation and the Dhumurru Land Management Aboriginal Corporation. Ms Munumggirritj is also heavily involved in the Yothu Yindi Foundation including the Garma Festival.
Mr P. S. Nash *BComm, CA*	Australian Chairman of KPMG and holds positions on KPMG's Global and Asia Pacific boards. With over 25 years' experience Mr Nash was previously National Managing Partner, Head of Audit in Australia and the Asia Pacific region and Head of People, Performance and Culture. Mr Nash is also a board member of the Koorie Heritage Trust and Schools Connect Australia.
Ms K. M. Parker	A Yuwallarai woman from northwest NSW, Ms Parker is currently Co-Chair of the National Congress of Australia's First Peoples, the Close the Gap Coalition and the National Justice Coalition. In October 2015 she will commence as the CEO of the National Centre of Indigenous Excellence (NCIE). With 25 years' experience in journalism and the management of Indigenous organisations, including as the Editor of the Koori Mail. Ms Parker is also a board member of the Australian Indigenous Communications Association (AICA).
Ms J. 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 except for:

- The Hon. F. M. Chaney who resigned from the Board on 31 December 2014.
- Mr W. D. Lawson who was appointed to the Board on 25 June 2015.

Company secretary

Mr Justin Mohamed was appointed to the position of Chief Executive Officer and Company Secretary of Reconciliation Australia on 1 November 2014. He is a Gooreng Gooreng man from Bundaberg in Queensland and was previously the Chairperson of the National Aboriginal Community Controlled Health Organisation (NACCHO), after working with Victorian Aboriginal communities for twenty years.

Ms Leah Armstrong held the position of Chief Executive Officer and Company Secretary of Reconciliation Australia from 30 August 2010 until 31 October 2014. Ms Armstrong has worked with and led Indigenous businesses for more than two decades. She is a member of the Prime Minister's Indigenous Advisory Council, director of Career Trackers, Fellow of the Senate at University of Sydney and Chairperson of The Smith Family's Indigenous Advisory Group.

Short and long term objectives and strategy

Reconciliation Australia is an independent, non-government, not-for-profit organisation that promotes reconciliation by building relationships, respect and trust between the wider Australian community and Aboriginal and Torres Strait Islander peoples.

Our vision is for everyone to wake to a reconciled, just and equitable Australia. Our aim is to inspire and enable all Australians to contribute to reconciliation and break down stereotypes and discrimination. We do this by working with workplaces, schools and communities to:

- connect people and organisations
- provide a framework for action
- provide resources and toolkits
- monitor our national progress toward reconciliation
- provide policy advice
- promote success and engagement activities

Principal activities

During the year, Reconciliation Australia was involved in a range of programs and projects aimed at building better relationships between the wider Australian community and Aboriginal and Torres Strait Islander peoples including:

- Reconciliation Action Plan (RAP) program
- Indigenous Governance Awards
- Constitutional recognition of our nation's first peoples (Recognise Campaign)
- Narragunnawali: Reconciliation in Schools program
- National Reconciliation Week
- Australian Reconciliation Barometer
- Indigenous Financial Services Network

Review of operations

The result of Reconciliation Australia's consolidated operations in the current year was a surplus of $799,930 (surplus of $258,118 in 2014).

Reconciliation Australia's general operational activities and the constitutional recognition (Recognise) campaign were primarily funded by the Commonwealth Government, through the Department of Prime Minister and Cabinet. Funding was also received from BHP Billiton, corporate supporters and private donors.

Changes in the state of affairs

There was no significant change 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 four 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	4	4	3
Ms M. A. Cilento	4	4	4	4
Mr K. R. Bedford	4	4	4	2
The Hon F. M. Chaney AO	2	2	-	-
Mr J. C. Glanville	4	1	-	-
Dr K. R. Henry AC	4	4	4	3
Mr W. D. Lawson AM	1	1	-	-
Ms D. Mununggirritj	4	2	-	-
Mr P. S. Nash	4	4	4	4
Ms K. M. Parker	4	2	-	-
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 $10.

Auditor's independence declaration

The auditor's independence declaration is included on page 8 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

21 October 2015

Deloitte.

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

19 October 2015

Dear Directors

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 statements of Reconciliation Australia Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alexandra Spark
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 and consolidated entity.

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

21 October 2015

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2015

	Note	2015 $	2014 $
Revenue	4(a)	**16,721,383**	10,484,742
Employee benefits expense		**(5,338,332)**	(4,433,726)
Consultants and outside services expense		**(565,062)**	(662,083)
Communications and marketing expense		**(7,695,357)**	(3,409,738)
Workshops and events expense		**(637,985)**	(410,835)
Travel and accommodation expense		**(878,470)**	(715,051)
Office communications and supplies expense		**(210,189)**	(161,163)
Office facilities and utilities expense		**(465,276)**	(373,826)
Depreciation and amortisation expense	4(b)	**(111,600)**	(37,885)
Other expenses		**(19,182)**	(22,317)
Surplus before tax		**799,930**	258,118
Income tax expense	3.4	**-**	-
Surplus for the year from continuing operations		**799,930**	258,118
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**799,930**	258,118

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

Consolidated statement of financial position

as at 30 June 2015

	Note	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents		**4,059,559**	574,049
Investments	5	**10,529,652**	2,295,000
Trade and other receivables	6	**714,476**	571,873
Other assets	7	**101,947**	144,405
Total current assets		**15,405,634**	3,585,327
Non current assets			
Property, plant and equipment	8	**285,272**	103,802
Total non current assets		**285,272**	103,802
Total assets		**15,690,906**	3,689,129
Liabilities			
Current liabilities			
Trade and other payables	9	**4,756,407**	728,282
Provisions	10	**237,588**	201,679
Revenue received in advance	11	**8,642,704**	1,596,374
Total current liabilities		**13,636,699**	2,526,335
Non current liabilities			
Provisions	10	**204,468**	112,985
Total non current liabilities		**204,468**	112,985
Total liabilities		**13,841,167**	2,639,320
Net assets		**1,849,739**	1,049,809
Equity			
Capital and reserves			
Retained earnings	12	**1,386,368**	1,049,809
Reserves	13	**463,371**	-
Total equity		**1,849,739**	1,049,809

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

Consolidated statement of changes in equity
for the year ended 30 June 2015

	Note	Constitutional Recognition Reserve $	Retained earnings $	Total $
Balance at 30 June 2013		**-**	**791,691**	**791,691**
Surplus for the year		-	258,118	258,118
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	**1,049,809**	**1,049,809**
Balance at 30 June 2014			**1,049,809**	**1,049,809**
Surplus for the year			799,930	799,930
Other comprehensive income for the year			-	-
Total comprehensive income for the year			**799,930**	**799,930**
Transferred to reserve	13(a)	463,371	(463,371)	-
Balance at 30 June 2015		**463,371**	**1,386,368**	**1,849,739**

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

Consolidated statement of cash flows

for the year ended 30 June 2015

	Note	2015 $	2014 $
Cash flow from operating activities			
Receipts from sponsors		**264,220**	184,452
Project funding received		**16,485,990**	6,831,262
Government grants received		**5,470,862**	3,600,000
Proceeds from fundraising appeals		**1,101,112**	141,455
Payments to suppliers and employees		**(9,622,770)**	(8,832,205)
Net GST and employee taxes paid		**(1,910,217)**	(1,356,197)
Net cash provided by / (used in) in operating activities		**11,789,197**	568,767
Cash flow from investing activities			
Interest received		**154,428**	134,194
Purchase of investments		**(8,234,652)**	(707,436)
Purchase of property, plant and equipment		**(223,463)**	(26,240)
Net cash (used in) / generated by investing activities		**(8,303,687)**	(599,482)
Net (decrease) / increase in cash and cash equivalents		**3,485,510**	(30,715)
Cash and cash equivalents at the beginning of the year		**574,049**	604,764
Cash and cash equivalents at the end of the year		**4,059,559**	574,049

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 2015

1. Corporate information

The financial statements of Reconciliation Australia Limited (the Company) for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 12 October 2015.

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

In the current year, the Group has applied a number of new and revised AASBs and a new interpretation issued by the Australia Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014, and therefore relevant for the current year end.

AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments does not have any material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.
AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets and AASB 2013-6: Amendments to AASB 136 arising for Reduced Disclosure Requirements	The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarch, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13: Fair Value Measurements. AASB 2013-6 established reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements in relation to disclosure of recoverable amount. The application of these amendments does not have any material impact on the disclosures in the Group's consolidated financial statements.

2. Application of new and revised accounting standards (continued)

AASB 2014-1: Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2013 and 2011-2013 cycles)

The Annual Improvements 2010-2012 has made a number of amendments to various AASBs which are summarised below:

- The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial

- The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that the accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses

The Annual Improvements 2011-13 has made a number of amendments to various AASBs which are summarised below:

- The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities, on a net basis includes all contracts that are within the scope of, and accounting for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Group's consolidation financial statements.

AASB 1031: Materiality, AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality) AASB 2014-1: Amendments to Australian Accounting Standards (Part C: Materiality)

The revised AASB 1031 is an interim standard that cross references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all standards and interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the disclosures of the amounts recognised in the Group's consolidated financial statements.

3. Summary of accounting policies

3.1 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.

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

3.2 Basis of preparation

These consolidated 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 purposes in these consolidated 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:

- 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.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3.4 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 which expire within 3 to 12 months.

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, long service leave and sick 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.

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 net 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.

3.4 Significant accounting policies (continued)

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).

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 including community service advertising, meeting facilities and professional advice. These contributions are not recognised in the financial report as:

- the benefit to Reconciliation Australia cannot be reliably quantified; and
- 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.

3.4 Significant accounting policies (continued)

Deprecation 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.

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.

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. In order to match revenues and expenses for these projects, revenues are recognised in a financial year to the extent that they match the relevant project's outlay in that period. Funds to be spent in future periods are provided for as deferred revenue.

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, general sponsorships, 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.

	Note	2015 $	2014 $
4. Surplus from operations			
(a) Revenue			
Project funding		**11,508,885**	6,590,663
Government grants		**3,675,000**	3,475,000
Charitable donations		**371,886**	141,455
Proceeds from fundraising appeals		**729,226**	-
Interest income		**164,840**	132,918
Other revenue		**271,546**	144,706
Total revenue		**16,721,383**	10,484,742
(b) Surplus before income tax			
Surplus before tax has been arrived at after charging the following losses:			
Loss from disposal of property, plant and equipment and intangible assets		**11,999**	11,543
Surplus before tax has been arrived at after charging the following expenses:			
Depreciation and amortisation expense:			
- Furniture and fittings		**5,434**	4,277
- Office equipment		**9,174**	6,880
- IT equipment		**31,170**	26,728
- Leasehold improvements		**65,822**	-
Total depreciation and amortisation expense		**111,600**	37,885
Post employment benefits:			
- Defined contribution plans		**437,367**	343,049
Charitable donations administrative costs		**14,075**	9,788

5. Investments

	2015 $	2014 $
Bank term deposits	**10,529,652**	2,295,000
Total investments	**10,529,652**	2,295,000

Bank term deposits earn interest at market rates. The average interest rate for the year was 2.88% (2014: 3.52%).

	Note	2015 $	2014 $
6. Trade and other receivables			
Trade receivables		**49,241**	**329,930**
Other receivables		**665,235**	**241,943**
Total trade and other receivables		**714,476**	**571,873**

The average credit period on trade receivables is 14 days. No interest is charged on trade and other receivables.

	Note	2015 $	2014 $
7. Other assets			
Prepayments		**43,947**	**56,145**
Bonds		**58,000**	**88,260**
Total other assets		**101,947**	**144,405**

8. Property, plant and equipment

	Furniture and fittings $	Artwork $	Office equipment $	IT equipment $	Leasehold improvements $	Total $
Carrying amounts						
Balance at the beginning of the year	31,942	5,026	17,370	49,464	-	**103,802**
Balance at the end of the year	35,594	5,026	27,554	87,044	130,054	**285,272**
Cost or valuation						
Balance at 1 July 2014	64,202	5,026	54,113	154,056	-	**277,397**
Additions	15,261	-	22,807	72,034	195,876	**305,978**
Disposals	(17,879)	-	(11,780)	(11,063)	-	**(40,722)**
Balance at 30 June 2015	61,584	5,026	65,140	215,027	195,876	**542,653**
Accumulated depreciation						
Balance at 1 July 2014	(32,260)	-	(36,743)	(104,592)		**(173,595)**
Charge for the year	(5,434)	-	(9,174)	(31,170)	(65,822)	**(111,600)**
Disposals	11,704	-	8,331	7,779	-	**27,814**
Balance at 30 June 2015	(25,990)	-	(37,586)	(127,983)	(65,822)	**(257,381)**

	Note	2015 $	2014 $
9. Trade and other payables			
Trade payables		**3,273,838**	382,682
Other payables		**1,482,569**	345,600
Total trade and other payables		**4,756,407**	728,282

No interest was charged on trade or other creditors.

		2015 $	2014 $
10. Provisions			
Employee entitlements – current		**237,588**	201,679
Employee entitlements – non current		**121,958**	112,985
Make good (leasehold office premises) – non current		**82,510**	-
Total provisions		**442,056**	314,664
11. Revenue received in advance			
Project funding and government grants received in advance		**8,642,704**	1,596,374
Total revenue received in advance		**8,642,704**	1,596,374
12. Retained earnings			
Balance at beginning of the year		**1,049,809**	791,691
Total comprehensive income for the year		**799,930**	258,118
Total available for appropriation		**1,849,739**	1,049,809
Transferred to Constitutional Recognition Reserve		**(463,371)**	-
Balance at end of the year		**1,386,368**	1,049,809

	2015 $	2014 $
13. Reserves (continued)		
Constitutional Recognition reserve	**463,371**	-
Total reserves	**463,371**	-

(a) Constitutional Recognition reserve

Nature and purpose of reserve:
The Constitutional Recognition reserve represents the proceeds of fundraising and will be specifically used to support the ongoing movement to recognise Aboriginal and Torres Strait Islander peoples in Australia's Constitution.

	2015 $	2014 $
Movements in reserve:		
Balance at beginning of the year	**-**	-
Recognised as revenue	**463,371**	-
Balance at end of year	**463,371**	**-**

14. Key management personnel compensation

The directors of Reconciliation Australia are volunteers. They are not paid to perform their roles and responsibilities but are entitled to claim for reimbursement of lost wages due to time spent on Reconciliation Australia business.

	2015 $	2014 $
Aggregate compensation to directors and other members of key management personnel of the company	**1,142,859**	1,048,398

15. Related parties

(a) Subsidiaries

The immediate parent of the group is Reconciliation Australia Limited.

Reconciliation Australia Limited acts as trustee for the Reconciliation Australia Fund and holds a 100% beneficial interest in the trust. The fund was established to enable the receipt of tax deductible donations from the public. There has been no change to the relationship between the company and the trust.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

(b) Transactions with other related parties

During the financial year ended 30 June 2015, the following transactions (ex. GST) occurred between the Company and its other related parties:

- Funding of $35,000 (2014: nil) was received from KPMG for sponsorship of, and attendance at, the Recognise Gala Fundraising Dinner. Mr P.S. Nash, a director of the Company, is Chairman of KPMG.

- Funding of $79,500 (2014: nil) was received from NAB Limited for sponsorship of the Journey to Recognition, attendance at the Recognise Gala Fundraising Dinner and attendance at the Garma Festival 2015. Mr K.R. Henry, a director of the Company, is a director (and Chairman elect) of NAB Limited.

- Funding of $3,500 (2014: nil) was received from Woodside Energy Limited for attendance at the Garma Festival 2014. Ms M.A. Cilento, a director of the Company, is a director of Woodside Petroleum Limited.

- Income of $13,918 (2014: $10,192) was received from the Australian Indigenous Governance Institute (AIGI) for the provision of accounting and payroll services. Mr J.C. Glanville, a director of the Company, is Chair of AIGI Limited.

- Payments totally $5,277 (2014: $6,086) were made to the National Centre of Indigenous Excellence (NCIE) for venue hire and other event costs. Mr J.C. Glanville, a director of the Company, was Chief Executive Officer for the NCIE until March 2015.

- Payments totalling $225,000 (2014: nil) were made to the Australian Indigenous Governance Institute (AIGI) in relationship to donations received from the Annamila Foundation (through the Australian Communities Foundation). Mr J.C. Glanville, a director of the Company, is Chair of AIGI Limited.

- A payment of $12,000 (2014: nil) was made to Mr J.C. Glanville for consulting services provided to the Recognise Campaign. Mr Glanville is a director of the Company.

- A payment of $3,000 (2014: nil) was made to Mr K.R. Bedford for consulting services provided to the Journey to Recognition. Mr Bedford is a director of the Company.

16. Parent entity information

The accounting policies of the parent entity are the same as those applied in the consolidated financial statements.

	2015 $	2014 $
Financial position		
Assets		
Current assets	**15,405,634**	3,585,327
Non current assets	**285,272**	103,802
Total assets	**15,690,906**	3,689,129
Liabilities		
Current liabilities	**13,636,699**	2,526,335
Non current liabilities	**204,468**	112,985
Total liabilities	**13,841,167**	2,639,320
Equity		
Reserves	**463,371**	-
Accumulated funds	**1,386,368**	1,049,809
Total equity	**1,849,739**	1,049,809
Financial performance		
Net surplus for the year	**799,930**	258,118
Other comprehensive income	**-**	-
Total comprehensive income	**799,930**	258,118
Other parent entity information		
Guarantees entered into by the parent entity in relation to the debts of its subsidiary	**-**	-
Contingent liabilities of the parent entity	**-**	-
Commitments for the acquisition of property, plant and equipment by the parent entity	**-**	-

	Note	2015 $	2014 $

17. 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

	Note	2015 $	2014 $
Lease payments recognised as an expense		**389,925**	296,508

(b) Non cancellable operating lease commitments

	Note	2015 $	2014 $
Not longer than 1 year		**396,937**	364,601
Longer than 1 year and not longer than 5 years		**288,393**	685,330
Longer than 5 years		**-**	-
Total commitments under operating leases		**685,330**	1,049,931

18. 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 2015 the number of members was 10.

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

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King George Terrace
Parkes ACT 2600

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Independent Auditor's Report to the Members of Reconciliation Australia Limited

We have audited the accompanying financial report of Reconciliation Australia Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit and loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising Reconciliation Australia Limited and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 9 to 27.

Directors' Responsibility for the Financial Report

The directors of the company 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 Australian Charities and Not-for-profits Commission Act 2012 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Opinion

In our opinion, the financial report of Reconciliation Australia Limited is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance and cash flows for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A J Spark

Alexandra Spark
Partner
Chartered Accountants
Canberra, 21 October 2015