



**RECONCILIATION**  
AUSTRALIA

**Reconciliation Australia Limited**

**ABN 76 092 919 769**

## **Annual Financial Report**

**For the year ended 30 June 2016**



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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 2016.

### 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>
Professor Tom E. Calma AO (Co Chair) <i>Hon DLitt, Hon DSc, Hon DUniv</i>	Professor Calma is an Aboriginal elder from the Kungarakana 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 Melinda A. Cilento (Co Chair) <i>BA, BEc (Hons), MEc</i>	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 Kenny R. Bedford <i>BAppHSc, DipYW</i>	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.
Mr Jason 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. Mr Glanville resigned from the Board on 29 August 2016.
Dr Ken R. Henry AC FASSA <i>BCom (Hons), PhD, DB h.c</i>	Dr Henry is the Chairman and a non-executive director of National Australia Bank Ltd and a non-executive director of the Australian Stock Exchange. He is also Chairman of the Sir Ronald Wilson Foundation and Governor of the Committee of Economic Development of Australia (CEDA). For a decade commencing in 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. Dr Henry resigned from the Board on 14 September 2016.
Mr Glen A. Kelly <i>BEnvSc, MAICD</i>	Mr Kelly is a Noongar man and served as the CEO of the South West Aboriginal Land and Sea Council from 2006 to 2015. In this capacity he was the Chief Negotiator of the Noongar Native Title Settlement. Mr Kelly has 21 years of experience in Native Title and Indigenous land related issues and has held a number of senior positions in community organisations and within government agencies. He is also a director of the Museum of Freedom and Tolerance WA and Native Title Enterprises. Mr Kelly was appointed to the Board on 24 September 2015.

<b>Name</b>	<b>Particulars</b>
Mr Bill D. Lawson AM <i>BEng</i>	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.
Ms Djapirri 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 Peter S. Nash <i>BComm, CA</i>	Australian Chairman of KPMG and holds positions on KPMG's Global and Asia Pacific boards. With over 30 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 Kirstie M. Parker	A Yuwallarai woman from northwest NSW, Ms Parker is currently the CEO of the National Centre of Indigenous Excellence (NCIE). She was previously the Co-Chair of the National Congress of Australia's First Peoples. Ms Parker has over 25 years' experience in journalism and the 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 except for:

- Mr Glen A. Kelly who was appointed to the Board on 24 September 2015.
- Mr Jason C. Glanville who resigned from the Board on 29 August 2016
- Mr Ken R Henry who resigned from the Board on 14 September 2016

#### **Company secretary**

Mr Justin Mohamed (Chief Executive Officer) has been the Company Secretary of Reconciliation Australia since 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. Mr Mohamed holds an Advanced Diploma of Business Management and a Certificate IV in Managing Social and Community Services.

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

Reconciliation Australia is an independent, non-government, 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 ambition is to enable all Australians to contribute to the reconciliation of our nation. Our vision of reconciliation is based on five inter-related dimensions: race relations, equality and equity, unity, institutional integrity and historical acceptance. We believe that Australia can only achieve full reconciliation if Australia progresses all five dimensions, weaving them together to become a whole.

### **Principal activities**

During the year, Reconciliation Australia was involved in a range of programs and projects aimed at building better relationships, respect and trust 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

### **Review of operations**

The result of Reconciliation Australia's consolidated operations in the current year was a surplus of \$236,990 (surplus of \$799,930 in 2015).

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 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	4	5	4
Ms M. A. Cilento	4	4	5	4
Mr K. R. Bedford	4	3	5	3
Mr J. C. Glanville	4	-	-	-
Dr K. R. Henry AC	4	1	5	2
Mr G. A Kelly	3	3	-	-
Mr W. D. Lawson AM	4	4	-	-
Ms D. Mununggirritj	4	4	-	-
Mr P. S. Nash	4	2	5	4
Ms K. M. Parker	4	3	-	-
Ms J. Thomas	4	4	-	-

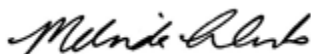
### Members' guarantee

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 \$11.

### 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

25 October 2016

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

25 October 2016

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 2016, 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



Alexandra Spark  
Partner  
Chartered Accountants

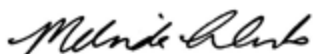
## Directors' declaration

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

25 October 2016



## Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2016

	Note	2016 \$	2015 \$
<b>Revenue</b>	3(a)	<b>10,885,826</b>	16,721,383
Employee benefits expense		(5,645,332)	(5,338,332)
Consultants and outside services expense		(425,267)	(565,062)
Communications and marketing expense		(2,624,771)	(7,695,357)
Workshops and events expense		(445,290)	(637,985)
Travel and accommodation expense		(733,393)	(878,470)
Office communications and supplies expense		(176,342)	(210,189)
Office facilities and utilities expense		(463,425)	(465,276)
Depreciation and amortisation expense	3(b)	(128,502)	(111,600)
Other expenses		(6,514)	(19,182)
<b>Surplus before tax</b>		<b>236,990</b>	799,930
Income tax expense	2.4	-	-
<b>Surplus for the year from continuing operations</b>		<b>236,990</b>	799,930
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>236,990</b>	799,930

*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 2016

	Note	2016 \$	2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,413,490	4,059,559
Investments	5	10,704,587	10,529,652
Trade and other receivables	6	441,348	714,476
Other assets	7	130,585	101,947
<b>Total current assets</b>		<b>12,690,010</b>	<b>15,405,634</b>
<b>Non current assets</b>			
Property, plant and equipment	8	215,077	285,272
<b>Total non current assets</b>		<b>215,077</b>	<b>285,272</b>
<b>Total assets</b>		<b>12,905,087</b>	<b>15,690,906</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	1,483,354	4,756,407
Provisions	10	287,043	237,588
Revenue received in advance	11	8,835,591	8,642,704
<b>Total current liabilities</b>		<b>10,605,988</b>	<b>13,636,699</b>
<b>Non current liabilities</b>			
Provisions	10	212,371	204,468
<b>Total non current liabilities</b>		<b>212,371</b>	<b>204,468</b>
<b>Total liabilities</b>		<b>10,818,359</b>	<b>13,841,167</b>
<b>Net assets</b>		<b>2,086,728</b>	<b>1,849,739</b>
<b>Equity</b>			
<b>Capital and reserves</b>			
Retained earnings	12	1,586,702	1,386,368
Reserves	13	500,026	463,371
<b>Total equity</b>		<b>2,086,728</b>	<b>1,849,739</b>

*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 2016

	Note	Constitutional Recognition Reserve \$	Retained earnings \$	Total \$
<b>Balance at 30 June 2014</b>		-	<b>1,049,809</b>	<b>1,049,809</b>
Surplus for the year		-	799,930	799,930
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year			<b>799,930</b>	<b>799,930</b>
Transferred to reserve	13(a)	463,371	(463,371)	-
<b>Balance at 30 June 2015</b>		463,371	1,386,368	1,849,739
Surplus for the year		-	236,990	236,990
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	<b>236,990</b>	<b>236,990</b>
Transferred to reserve	13(a)	36,656	(36,656)	-
<b>Balance at 30 June 2016</b>		<b>500,026</b>	<b>1,586,702</b>	<b>2,086,728</b>

*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 2016

	Note	2016 \$	2015 \$
<b>Cash flow from operating activities</b>			
Receipts from sponsors		164,680	264,220
Project funding received		7,349,642	16,485,990
Government grants received		3,243,253	5,470,862
Proceeds from donations and fundraising appeals		260,048	1,101,112
Payments to suppliers and employees		(11,628,474)	(9,540,255)
Net GST and employee taxes paid		(2,010,306)	(1,910,217)
Net cash provided by / (used in) in operating activities	4	(2,621,157)	11,871,712
<b>Cash flow from investing activities</b>			
Interest received		209,080	154,428
Purchase of investments		(174,935)	(8,234,652)
Purchase of property, plant and equipment		(59,057)	(305,978)
Net cash (used in) / generated by investing activities		(24,912)	(8,386,202)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(2,646,069)</b>	<b>3,485,510</b>
Cash and cash equivalents at the beginning of the year		4,059,559	574,049
<b>Cash and cash equivalents at the end of the year</b>		<b>1,413,490</b>	<b>4,059,559</b>

*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 2016

## 1. Corporate information

The financial statements of Reconciliation Australia Limited (the Company) for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 17 October 2016.

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 2015, and therefore relevant for the current year end.

AASB 2015-3: Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.
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The application of this amendment does not have any material impact on the disclosures or amounts recognised in the Group's consolidated financial statements.

### 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.

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.

### 2.3 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.

## 2.4 Basis of preparation (continued)

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.

## 2.3 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.

## 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 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

## 2.4 Significant accounting policies (continued)

### ***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.

### ***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).

## 2.4 Significant accounting policies (continued)

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.

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.

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



## 2.4 Significant accounting policies (continued)

### ***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 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.

	Note	2016 \$	2015 \$
<b>3. Surplus from operations</b>			
<b>(a) Revenue</b>			
Government grants		<b>3,525,000</b>	3,675,000
Project funding		<b>6,727,019</b>	11,508,885
Charitable donations		<b>260,049</b>	371,886
Proceeds from fundraising appeals		-	729,226
Interest income		<b>210,453</b>	164,840
Other revenue		<b>163,305</b>	271,546
<b>Total revenue</b>		<b>10,885,826</b>	16,721,383
<b>(b) Surplus before income tax</b>			
<i>Surplus before tax has been arrived at after charging the following losses:</i>			
Loss from disposal of property, plant and equipment and intangible assets		<b>749</b>	11,999
<i>Surplus before tax has been arrived at after charging the following expenses:</i>			
Depreciation and amortisation expense:			
- Furniture and fittings		<b>4,725</b>	5,434
- Office equipment		<b>11,195</b>	9,174
- IT equipment		<b>37,707</b>	31,170
- Leasehold improvements		<b>74,875</b>	65,822
<b>Total depreciation and amortisation expense</b>		<b>128,502</b>	111,600
Post employment benefits:			
- Defined contribution plans		<b>461,763</b>	437,367
Charitable donations administrative costs		<b>7,461</b>	14,075

	2016 \$	2015 \$
<b>4. Cash and cash equivalents</b>		
<i><b>Reconciliation of profit for the year to net cash flows from operating activities</b></i>		
<b>Cash flows from operating activities</b>		
Profit for the year	<b>236,990</b>	799,930
Interest income recognised in profit and loss	<b>(210,453)</b>	(164,840)
Depreciation and amortisation of non current assets	<b>128,502</b>	111,600
Loss on disposal of property, plant and equipment	<b>749</b>	12,908
<i>Movements in working capital:</i>		
(Increase) / decrease in trade receivables	<b>274,501</b>	(119,109)
(Increase) / decrease in other financial assets	<b>(28,638)</b>	29,376
Increase / (decrease) in trade and other payables	<b>(3,273,053)</b>	4,028,125
Increase / (decrease) in provisions	<b>57,358</b>	127,392
Increase / (decrease) in revenue received in advance	<b>192,887</b>	7,046,330
<b>Cash flow generated from operating activities</b>	<b>(2,621,157)</b>	<b>11,871,712</b>

#### 5. Investments

Bank term deposits	<b>10,704,587</b>	10,529,652
Total investments	<b>10,704,587</b>	10,529,652

Bank term deposits earn interest at market rates. The average interest rate for the year was 2.56% (2015: 2.88%).

#### 6. Trade and other receivables

Trade receivables	<b>198,605</b>	49,241
Other receivables	<b>242,743</b>	665,235
Total trade and other receivables	<b>441,348</b>	714,476

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

	Note	2016 \$	2015 \$
<b>7. Other assets</b>			
Prepayments		72,585	43,947
Bonds		58,000	58,000
Total other assets		130,585	101,947

	Furniture and fittings \$	Artwork \$	Office equipment \$	IT equipment \$	Leasehold improvements \$	Total \$
<b>8. Property, plant and equipment</b>						
<i><b>Carrying amounts</b></i>						
Balance at the beginning of the year	35,594	5,026	27,554	87,044	130,054	285,272
Balance at the end of the year	34,550	5,026	20,249	98,155	57,097	215,077
<i><b>Cost or valuation</b></i>						
Balance at 1 July 2015	61,584	5,026	65,140	215,027	195,876	542,653
Additions	4,431	-	3,890	48,818	1,918	59,057
Disposals	(855)	-	-	-	-	(855)
Balance at 30 June 2016	65,160	5,026	69,030	263,845	197,794	600,855
<i><b>Accumulated depreciation</b></i>						
Balance at 1 July 2015	(25,990)	-	(37,586)	(127,983)	(65,822)	(257,381)
Charge for the year	(4,725)	-	(11,195)	(37,707)	(74,875)	(128,502)
Disposals	105	-	-	-	-	105
Balance at 30 June 2016	(30,610)	-	(48,781)	(165,690)	(140,697)	(385,778)
<i><b>Carrying amounts</b></i>						
Balance 1 July 2014	31,942	5,026	17,370	49,464	-	103,802
Balance at 30 June 2015	35,594	5,026	27,554	87,044	130,054	285,272
<i><b>Cost or valuation</b></i>						
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
<i><b>Accumulated depreciation</b></i>						
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	2016 \$	2015 \$
<b>9. Trade and other payables</b>			
Trade payables		<b>462,914</b>	3,273,838
Other payables		<b>1,020,440</b>	1,482,569
Total trade and other payables		<b>1,483,354</b>	4,756,407
No interest was charged on trade or other creditors.			
<b>10. Provisions</b>			
Employee entitlements – current		<b>257,454</b>	237,588
Employee entitlements – non current		<b>159,323</b>	121,958
Make good (leasehold office premises) - current		<b>29,589</b>	-
Make good (leasehold office premises) – non current		<b>53,048</b>	82,510
Total provisions		<b>499,414</b>	442,056
<b>11. Revenue received in advance</b>			
Project funding and government grants received in advance		<b>8,835,591</b>	8,642,704
Total revenue received in advance		<b>8,835,591</b>	8,642,704
<b>12. Retained earnings</b>			
Balance at beginning of the year		<b>1,386,368</b>	1,049,809
Total comprehensive income for the year		<b>236,990</b>	799,930
Total available for appropriation		<b>1,623,358</b>	1,849,739
Transferred to Constitutional Recognition Reserve		<b>(36,656)</b>	(463,371)
Balance at end of the year		<b>1,586,702</b>	1,386,368

	2016 \$	2015 \$
<b>13. Reserves</b>		
Constitutional Recognition reserve	500,026	463,371
Total reserves	500,026	463,371
<b>(a) Constitutional Recognition reserve</b>		
<b><i>Nature and purpose of reserve:</i></b>		
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.		
<b><i>Movements in reserve:</i></b>		
Balance at beginning of the year	463,371	-
Transferred to reserve	36,656	463,371
Balance at end of year	500,026	463,371

#### 14. Key management personnel compensation

Aggregate compensation to key management personnel and directors of the company	1,106,775	1,142,859
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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 for reimbursement of lost wages due to time spent on Reconciliation Australia business.

## **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 2016, the following transactions (ex. GST) occurred between the Company and its other related parties:

- Income of \$13,600 (2015: \$13,918) 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 until 29 August 2016, is Chair of AIGI Limited.
- A payment of \$227 (2015: \$5,277) was made to the National Centre of Indigenous Excellence (NCIE) for venue hire and other event costs. Ms K.M. Parker, a director of the Company, is Chief Executive Officer of the NCIE.
- Payments totalling \$172,721 (2015: \$225,000) 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 until 29 August 2016, is Chair of AIGI Limited.
- Payments totalling \$31,200 (2015: \$12,000) was made to Mr J.C. Glanville for consulting services provided to the Recognise Campaign. Mr Glanville was a director of the Company until 29 August 2016.
- Payments totalling of \$6,500 (2015: \$3,000) was made to Mr K.R. Bedford for consulting services provided to the Journey to Recognition. Mr Bedford is a director of the Company.

	2016 \$	2015 \$
<b>16. Parent entity information</b>		
The accounting policies of the parent entity are the same as those applied in the consolidated financial statements.		
<b>Financial position</b>		
<b>Assets</b>		
Current assets	12,690,009	15,405,634
Non current assets	215,078	285,272
Total assets	12,905,087	15,690,906
<b>Liabilities</b>		
Current liabilities	10,605,988	13,636,699
Non current liabilities	212,371	204,468
Total liabilities	10,818,359	13,841,167
<b>Equity</b>		
Reserves	500,026	463,371
Accumulated funds	1,586,702	1,386,368
Total equity	2,086,728	1,849,739
<b>Financial performance</b>		
Net surplus for the year	236,990	799,930
Other comprehensive income	-	-
Total comprehensive income	236,990	799,930
<b>Other parent entity information</b>		
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	2016 \$	2015 \$
<b>17. Operating lease arrangements</b>			
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.			
<b>(a) Payments recognised as an expense</b>			
Lease payments recognised as an expense		<b>400,041</b>	389,925
<b>(b) Non cancellable operating lease commitments</b>			
Not longer than 1 year		<b>276,967</b>	396,937
Longer than 1 year and not longer than 5 years		<b>11,427</b>	288,393
Longer than 5 years		-	-
Total commitments under operating leases		<b>288,394</b>	685,330

## 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 2016 the number of members was 11.

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

Old Parliament House  
King George Terrace  
Parkes ACT 2600

## **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 2016, 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 8 to 25.

### **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 2016 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



Alexandra Spark  
Partner  
Chartered Accountants  
Canberra, 28 October 2016