FORGOTTEN AUSTRALIANS COMING TOGETHER INC

ABN 65 313 893 450

SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

CONTENTS

FORGOTTEN AUSTRALIANS COMING TOGETHER INC
ABN 65 313 893 450

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	$	$
Revenue from government grants	330,000	330,000
Laurie Humphrey Fund	207,000	229,000
Donations and fundraising	43,341	18,653
Interest income	17,359	7,644
Total revenue	**597,700**	**585,297**
Employee expenses	462,721	445,103
Bookkeeping and auditing	17,629	15,679
Food and catering costs	24,478	21,734
Tuart Times printing and postage	16,419	13,200
General IT and computer equipment	12,747	14,760
Program costs and equipment	5,689	9,495
Office rent	7,736	7,715
Photocopying	6,266	5,210
Internet expense	5,644	5,789
Events and gatherings	4,916	4,495
Other expenses	27,995	31,965
Total expenses	**592,240**	**575,145**
Surplus for the year	5,460	10,152
Other comprehensive income	-	-
Total comprehensive income for the year	**5,460**	**10,152**

FORGOTTEN AUSTRALIANS COMING TOGETHER INC
ABN 65 313 893 450

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	362,892	490,621
Other financial assets	3	250,000	100,000
Prepayments		6,279	4,940
TOTAL CURRENT ASSETS		**619,171**	**595,561**
TOTAL ASSETS		**619,171**	**595,561**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4	24,733	14,007
Other liabilities	5	300,000	211,725
Provisions	6	28,769	31,778
TOTAL CURRENT LIABILITIES		**353,502**	**257,510**
NON-CURRENT LIABILITIES			
Other liabilities	5	154,835	240,000
Provisions	6	33,348	26,025
TOTAL NON-CURRENT LIABILITIES		**188,183**	**266,025**
TOTAL LIABILITIES		**541,685**	**523,535**
NET ASSETS		**77,486**	**72,026**
EQUITY			
Retained earnings		77,486	72,026
TOTAL EQUITY		**77,486**	**72,026**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Retained earnings	Total equity
	$	$
At 1 July –2017	61,874	61,874
Comprehensive income		
Surplus for the year	10,152	10,152
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**10,152**	**10,152**
Balance at 30 June 2018	**72,026**	**72,026**

	Retained earnings	Total equity
	$	$
At 1 July 2018	72,026	72,026
Comprehensive income		
Surplus for the year	5,460	5,460
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**5,460**	**9,460**
Balance at 30 June 2019	**77,486**	**77,486**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from			
Government grants		355,339	363,562
Donations and contributions		253,451	258,652
Interest Income		17,359	7,645
Payments to suppliers and employees		(603,878)	(595,244)
Net cash generated by operating activities	**9**	**22,271**	**34,615**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of term deposits		-	150,000
Payments for investments in term deposits		(150,000)	0
Payments for purchase of equipment		-	0
Net cash generated/(used in) investing activities		**(150,000)**	**150,000**
Net increase/(decrease) in cash held		(127,729)	184,615
Cash at beginning of financial year		490,621	306,006
Cash at end of financial year	**2**	**362,892**	**490,621**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of Management of Forgotten Australians Coming Together Inc (the Association) have prepared the financial statements on the basis that the Association is a non-reporting entity, as defined by AASB 1053, because there are no users dependent on a general-purpose financial report. The financial report is therefore a special purpose financial report that has been prepared under Part 5 of the *Associations Incorporation Act 2015* (Associations Act), Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and related regulations. Accordingly, these special purpose financial statements comply with the Associations Act, the ACNC Act and related regulations.

Entity details

Forgotten Australians Coming Together Inc is an incorporated association and domiciled in Australia. The address of its registered office and its principal place of business is as follows:

24 High Street

Fremantle

WA 6160

Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical cost, except where otherwise stated and is presented in Australian Dollars.

Comparative amounts for 2018 current and non-current other liabilities have been restated.

Statement of compliance

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations and the disclosure requirements of AASB 101 *Presentation of Financial Statements,* AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors,* AASB 1054 *Australian Additional Disclosures and* AASB 9 *Financial Instruments.*

Revenue recognition

Revenue comprises revenue from government grants, unconditional grants, donations and fundraising activities, interest and miscellaneous, ancillary services.

Revenue is measured by reference to the fair value of consideration received or receivable by the Association.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the associated costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Association's different activities have been met. Details on the activity-specific criteria are described below.

Interest

Interest is recognised as the interest accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Government grants

Government grant revenue is initially recognised as a financial liability and revenue subsequently recognised as services are performed or conditions are fulfilled that meet the criteria for each of the Association's different activities. Such grants are reciprocal and are received as cash for zero value with a requirement for refund of unspent funds.

Unconditional grants

Unconditional grants are initially recognised as a financial liability. Revenue is subsequently recognised as and when the services these grants fund are performed and meet the criteria for each of the Association's different activities. Such grants are non-reciprocal and are received in the form of cash for zero value.

Donations

Donations collected are recognised as revenue when the Association gains control over the funds, which is generally at time of receipt.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Miscellaneous and ancillary services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer. In view of the amount being immaterial, it is grouped with and reported under Donations and fundraising.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand and short-term deposits, as defined above.

Other financial assets

Term deposits with fixed or determinable payments and fixed maturity dates that the Association has the positive intent and ability to hold to maturity are classified as other financial assets. Other financial assets continue to be measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flow consist solely of payment of principal and interest on the principal amount outstanding, using the effective interest method less any impairment.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except, where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The Statement of Cash Flows is prepared on a gross basis. The GST component of cash flows arising from investing and financing activities are included within the relevant categories.

Equipment

Equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis to write-off the net cost of equipment over their expected useful life as follows:

Office Equipment	1 year

Trade and other payables

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Association prior to the end of the financial year that are unpaid and arise when the entity becomes obliged to make future payments in respect of the purchase of these goods and services.

Other Liabilities

Other liabilities represent the unutilised amounts of unconditional grants received in advance to enable the Association to generally fulfill its charitable objectives. The Association may invest such funds received as it considers appropriate, benefiting from any interest received and retains substantially all the risks and rewards of ownership of the funds. Accordingly, the Association continues to recognise the unconditional grant funds as a financial asset and recognises an equal amount as a financial liability to expend such funds at its discretion, as required by paragraph 3.2.15 of AASB 9.

The services provided by such unconditional grants are usually provided within 17 to 25 months of receipt of the grant. The financial liability is reduced as and when revenue and corresponding expense is recognized in accordance with the Associations revenue recognition policy and when the criteria for each of the Association’s different activities have been met.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when:

- the entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that resources will be expensed to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

Employee leave benefits

Annual leave and long service leave

Liabilities arising in respect of annual leave, long service leave and any other employee benefits expected to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave- non-current

The liability for long service leave is measured as the present value of the expected future payments for the services provided by employees up to the reporting date. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service.

Critical accounting estimates and judgments

In the process of applying the Association's accounting policies, the Board of Management has made a number of judgements and applied estimates for future events. The key estimates and judgements which are material to the financial report are:

Useful Economic Life of Equipment

The Association's Board of Management determines the estimate of useful life and related depreciation charges for its equipment.

Long service leave

Assumptions are formulated when determining the Association's long service leave obligations. This requires estimation of the probability of current employees attaining the service period required to qualify for long service leave benefits as well as the usual pattern in which leave is taken once all service requirements have been met.

New and Amended Accounting Policies Adopted by the Association

Initial application of AASB 9: Financial Instruments

The Association has adopted AASB 9 with a date of initial application of 1 July 2018. As a result the Association has changed its financial instruments accounting policies as detailed in this note.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or the sale of the asset (i.e. trade date accounting is adopted).

Considering the initial application of AASB 9 during the financial period, there were no financial statement line items that were affected for the current and prior period.

There were no financial assets/liabilities which the Association had previously designated as at fair value through profit or loss under AASB 139: *Financial Instruments: Recognition and Measurement* that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the Association has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and Amended Accounting Policies Adopted by the Association (continued)

Initial application of AASB 9: Financial Instruments (continued)

The Association has applied AASB 9 (as revised in July 2014) and the related consequential amendments to other Accounting Standards. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting.

The date of initial application was 1 July 2018. The Association has applied AASB 9 to instruments that have not been derecognised as at 1 July 2018 and has not applied AASB 9 to instruments that have already been derecognised as at 1 July 2018. There has been no requirement to restate comparative amounts in relation to instruments that have not been derecognised as at 1 July 2018.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the Association's business model and the cash flow characteristics of the financial assets. The only financial assets that the Association holds at 30 June 2019 and held at 30 June 2018, are cash and cash equivalents including term deposits held-to-maturity.

The directors of the Association have determined, based on the facts and circumstances that were present, that the initial application of AASB 9 has had no effect on the cash and cash equivalents at 1 July 2018. Moreover, the initial application of AASB 9 has had no impact on the cash and cash equivalents' carrying amounts.

Impairment

Under AASB 9, an expected credit loss model is applied to financial assets, not an incurred credit loss model which applied under the previous standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the Association to account for expected credit losses since initial recognition.

If the credit risk on a financial instrument has not shown significant change since initial recognition, an expected credit loss amount equal to 12-month expected credit losses is used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.

A simplified impairment model is followed in relation to trade receivables, with maturities of 12 months or less, as the loss allowance is measured at lifetime expected credit loss. For trade receivables longer than 12 months, there is an option to apply the simplified model or a three-stage approach. Under the 'simplified' model, the impact of AASB 9 will be as follows:

- An increase in the credit loss allowance account because credit losses are provided for on Day 1 instead of waiting until the receivable is overdue
- Loss rates will have to be updated to reflect expectations about future credit losses.

The Association reviewed and assessed the existing financial assets on 1 July 2018. The assessment was done to test the impairment of these financial assets using reasonable and supportable information that is available to determine the credit risk of the respective items at the date they were initially recognised. The assessment was compared to the credit risk as at 1 July 2017 and 1 July 2018. The assessment was done without undue cost or effort in accordance with AASB 9. As indicated above, the only financial assets held at 30 June 2019 and at 30 June 2018, were cash and cash equivalents.

Whilst the Association does occasionally engage in transactions that give rise to trade receivables, the amounts involved are immaterial and are settled within 2 days of invoice generation. Moreover, given that the Association did not have any trade receivables at 30 June 2019 or at 30 June 2018, no expected credit loss allowance at either of these dates has been recognised.

In relation to term deposits with fixed or determinable payments and fixed maturity dates, these are assessed by the directors at no credit risk. Therefore, it has been determined that the credit risk on these financial instruments has not increased significantly since initial recognition as permitted by AASB 9 and no 12-month expected credit loss for these assets has been recognised.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and Amended Accounting Policies Adopted by the Association (continued)

Initial application of AASB 9: Financial Instruments (continued)

In view of there being no provision for impairment in the absence of trade receivables, debt and equity investments, or other impaired financial assets, no reconciliation is provided that would otherwise be required in accordance with AASB 139 and AASB 137, to opening loss allowances determined in accordance with AASB 9.

Classification and measurement of financial liabilities

The classification and measurement requirements for financial liabilities have been carried forward largely unchanged from AASB 139.

Financial liabilities remain subsequently measured at amortised cost. However, AASB 9 states that any movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained surplus when the financial liability is derecognised and not reclassified through profit or loss. AASB 139 required the fair value amount of the change of the financial liability designated as at fair value through profit or loss to be presented in profit or loss.

A financial liability cannot be reclassified.

The application of AASB 9 has had no impact on the classification and measurement of the Association's financial liabilities for their carrying amounts.

Impact of Standards Issued But Not Yet Applied by the Association

- ***AASB 1058: Income of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019) and AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2019).***

  The Association derives its income primarily from government grants, unconditional grants from religious and educational institutions and general donations.

  A core change of AASB 1058 and AASB 15 is that they shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations.

  AASB 1058 is applicable when an association enters into transactions where the consideration to acquire the asset is significantly less than the fair value of the asset or, by election, when accounting for volunteer services it receives principally to enable the association to further its objectives. The objective of the AASB 1058 is to establish principles for recognising such income. Its requirements must be applied to each transaction based on its substance rather than its legal form, or any random description given to it (e.g. grant or donation).

  The significant accounting requirements of AASB 1058 are as follows:

  – Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.

  – Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the association satisfies its obligations under the transfer.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of Standards Issued But Not Yet Applied by the Association (continued)

This means that AASB 1058 does not deal with situations where either consideration is not significantly less than fair value, or it is significantly less than fair value, but the difference is not principally to enable the association to further its objectives.

Under AASB 1058.8 when recognising an asset as a grant or donation an association must apply the requirements of other Australian Accounting Standards (as relevant)). For example:

- Cash donations or grants must be recognised as a financial asset under AASB 9 *Financial Instruments*
- Leased assets must be recognised as right-of-use assets under AASB 16 *Leases*

Further, AASB 1058.9 requires that the 'credit entry' is recognised in accordance with other Australian Accounting Standards if or when it meets the criteria to be recognised in accordance with these standards. For example:

- Credit entry for cash donations or grants must be recognised as a financial liability under AASB 9 *Financial Instruments* paragraph 3.1.1
- Credit entry for leased assets must be recognised as lease liabilities under AASB 16 *Leases*

AASB 15 applies where there is an "enforceable" contract with a customer with "sufficiently specific" performance obligations that results in income being recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058. AASB 15 introduced a five-step approach to revenue recognition that is far more prescriptive than AASB 118: *Revenue*. The five steps are:

- identify the contract with a customer;
- identify the separate performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to performance obligations in the contract; and
- recognise revenue as and when each performance obligation is satisfied.

Appendix F has been added to AASB 15 by AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* and includes implementation guidance on identifying contracts from a not-for-profit perspective.

This guidance requires the following criteria to be met when determining whether AASB 15 should be applied to grants or donations:

- There must be a contract with a customer to provide goods or services, but these need not be provided to the customer directly. Instead they can be provided to third party beneficiaries on the customer's behalf
- The contract must create enforceable rights and obligations, and
- The contract must include promises to deliver goods and services that are 'sufficiently specific', which requires judgement.

Under this Appendix F guidance grant or donation income is not necessarily recognised immediately. In some cases it may be deferred with the credit entry recognised as a liability under AASB 9.3.2.15 which states that if a transfer does not result in derecognition because the association has retained substantially all the risks and rewards of ownership of the transferred asset, the entity shall continue to recognise the transferred asset in its entirety and shall recognise a financial liability for the consideration received. In subsequent periods, the entity shall recognise any income on the transferred asset and any expense incurred on the financial liability.

On transition, an association can choose to either fully retrospectively restate comparatives from 1 July 2017, or apply the modified retrospective restatement method (with practical expedients), or the cumulative effective method with adjustments made via retained earnings on 1 July 2018.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of Standards Issued But Not Yet Applied by the Association (continued)

Basis of preparation

AASB 15 and AASB 1058 will be applied by the Association from their mandatory adoption date of 1 July 2019.

The Association has chosen not to early-adopt AASB 1058 and AASB 15. However, the Association has conducted a high-level assessment of the impact of these new Standards, as follows.

The Association derives its income primarily from government grants, unconditional grants from religious and educational institutions and general donations. Minor income is also derived from interest and miscellaneous ancillary services.

The income recognition for each grant has been assessed on a high-level basis to determine whether it is enforceable and whether its performance obligations are sufficiently specific. For those grant contracts that are not enforceable or the performance obligations are not sufficiently specific, this will result in immediate income recognition under AASB 1058, except for those financial assets identified under AASB1058.8 and financial liabilities identified under AASB1058.9 which are recognised and accounted for in accordance with AASB 9. Income will otherwise be deferred under AASB 15.

As at the reporting date, the directors have concluded that there will be no material impact of AASB 1058 and AASB 15 on the financial statements (although from 2020, additional disclosures will be required under AASB 15 and AASB 1058 and items previously branded as 'revenue' such as interest will need to be rebranded as 'other Income'). This is due to the fact that income derived from:

- government grants and which is subject to specific performance obligations, is provided in advance in six monthly segments, within a financial year, and is fully recognised within each financial year. Historically such grants have been insufficient to fund related expenses with the residue having to be funded by unconditional grants and donations. Consequently there are no unspent funds at year end.

- unconditional grants, whilst provided under informal letter agreements, is and will continue to be recognised and accounted for in accordance with AASB 1058 as a financial asset under AASB 9.3.1.1 with an equal amount recognised as a financial liability under AASB 9.3.2.15.

  This situation arises because the letter agreements do not:

  - create any enforceable rights and obligations other than a broad requirement to apply funds to meet the Association's broad objectives. There is no requirement to: refund unspent or misapplied grants; provide progress, evaluation or acquittal reports, budgets or annual financial statements; publicise outcomes of such grant funding. In some instances the grants are provided expressly on an unconditional basis.
  - include any promises to deliver goods and services that are 'sufficiently specific', and which requires judgement.

  Moreover, while the grants are cash grants and are acquired for no consideration (which would otherwise result in immediate income recognition), in order to further its objectives, the Association has complete discretion to invest the funds it holds as it considers appropriate, benefiting from any interest received. Under AASB 9.3.2.15 if a transfer does not result in derecognition because the association has retained substantially all the risks and rewards of ownership of the transferred asset, the entity shall continue to recognise the transferred asset in its entirety.

  In subsequent periods generally ranging from 17 to 25 months, the Association has historically recognised, and will continue to recognize, income on the transferred asset, and expense incurred on the financial liability, in accordance with the Association's revenue recognition policy and when the criteria for each of the Association's different activities have been met.

- general donations is not provided under contract and there are thus no enforceable or sufficiently specific performance obligations. This has resulted in and will continue to result in immediate income recognition under AASB 1058.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of Standards Issued But Not Yet Applied by the Association (continued)

Basis of preparation (continued)

– rendering miscellaneous and minor ancillary services relates principally to services that are consumed and performance obligations satisfied on the day of service. Revenue from such services is currently recognised on the day of the delivery of the service to the customer. Under the AASB 15 five step revenue recognition process such revenue will ultimately be recognised when each performance obligation is satisfied which again is on the day of service. Consequently there will be no impact from the adoption of AASB 15. Such income principally relates to a professional service provider's use of the Associations facilities for client liaison, copying and provision of documentation and supply of premises/private meeting room, as well as reimbursement of expenses incurred by various organisations including government agencies.

Given that, as at the reporting date, the directors have concluded that there will be no material impact of AASB 1058 and AASB 15 on the financial statements, there will consequently be no requirement on the date of initial application (1 July 2019) to retrospectively restate comparatives from 1 July 2017, or apply the modified retrospective restatement method, or the cumulative effective method with adjustments made via retained earnings on 1 July 2018.

- ***AASB 2018-8: Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019)***

For leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives (commonly known as "peppercorn"/concessionary leases), AASB 2018-8 provides a temporary option for not-for-profit lessees to elect to measure a class (or classes) of right-of-use assets arising at initial recognition either at fair value or cost.

Where an entity elects to measure the class of right-of-use assets at cost, additional qualitative and quantitative disclosures are required and this shall include:

- the entity's dependence on these peppercorn/concessionary leases; and
- the nature and terms of the leases.

The Association has performed a high-level impact assessment and notes that all leases are at-market terms and conditions. Accordingly, AASB 2018-8 does not apply and AASB 16: Leases will apply instead.

- ***AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).***

As at the reporting date, the directors have concluded that there will be no impact of AASB 16 on the financial statements.

The Association has chosen not to early-adopt AASB 16. However, the Association has conducted a preliminary assessment of the impact of this new Standard, as follows.

A core change resulting from applying AASB 16 standard is that most leases will be recognised on the statement of financial position by lessees, as the Standard no longer differentiates between operating and finance leases. A right-of-use asset and a financial liability are measured and recognised at the present value of the obligation in accordance to this new Standard. There are, however, two exceptions optionally allowed on a lease-by-lease and individual asset basis: short-term (12 months or less) and low-value leases (the appropriate limit being a policy decision for the directors but laptops and personal computers, office equipment and furniture are expected to qualify for the exemption).

At inception of a new contract, an association will need to assess whether the contract contains a lease. It will only need to reassess whether an existing contract contains a lease if the terms of the contract are changed.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of Standards Issued But Not Yet Applied by the Association (continued)

Where the lease is for a period of 12 months or less, or is for a low value asset, then an election can be made to apply a recognition exemption to this lease. Under this exemption an association can recognise the lease payments as an expense in profit or loss on either a straight-line basis, or another systematic basis that represents the pattern of expected benefits. The full recognition and measurement requirements of AASB 16 must be applied to all other leases.

After initial recognition, an association will generally measure the right-of-use asset classified as property, plant and equipment using the depreciated or amortised cost model or the revaluation/fair value model. It will also need to remeasure the lease liability to reflect interest expense and lease payments made during the period.

Under the new standard the repayment of the principal portion of lease liabilities will be classified as cash flows from financing activities, thus increasing operating cash flows and decreasing financing cash flows compared to the current situation under AASB 117 *Leases.*

On transition, an association can choose to either retrospectively restate comparatives for each reporting period presented, or apply a modified retrospective restatement method, with adjustments to retained earnings on 1 July 2019.

Basis of preparation

The current accounting for the Association operating leases will not be affected by this new Standard, which will be applied by the Association from its mandatory adoption date of 1 July 2019.

However, the Association has performed a preliminary impact assessment on its non-cancellable operating lease commitments as at the reporting date which amount to $18,084. This entire amount comprised low-value leases of which $5,192 related to office equipment (with 25 months unexpired) and $12,892 related to a property lease (with 18 months unexpired). Both leases will therefore be recognised as expense in profit or loss on a straight-line basis.

Accordingly there is no need to restate comparative amounts for the year prior to first adoption.

NOTES TO THE FINANCIAL STATEMENTS

	2019 $	2018 $
NOTE 2: CASH AND CASH EQUIVALENTS		
Cheque Account	10,506	7,453
Keycard Bank Account	498	1,563
Savings Bank Account	8	8
Term Deposit Credit Card	5,000	5,000
ING Savings Account	146,621	276,473
Term Deposit	200,000	200,000
Petty Cash	259	124
	362,892	**490,621**
NOTE 3: OTHER FINANCIAL ASSETS		
ING Term Deposits	250,000	100,000
	250,000	**100,000**
NOTE 4: TRADE AND OTHER PAYABLES		
Trade payables	3,881	2,253
GST receivable	-	(90)
ATO Liability Clearing Account	10,369	2,087
Superannuation Payable	10,420	9,574
Credit Card	63	183
	24,733	**14,007**
NOTE 5: OTHER LIABILITIES		
CURRENT		
Laurie Humphreys Fund	300,000	211,725
NON-CURRENT		
Laurie Humphreys Fund	154,835	240,000
	454,835	**451,725**

Other liabilities have been allocated between current and non-current liabilities, to reflect the actual historical timing of expensing of funds in relation to the year of their receipt, as well as budget expectation in relation to application in the 2019/20 financial year. Comparative amounts have been restated accordingly.

	2019 $	2018 $
NOTE 6: PROVISIONS		
CURRENT		
Annual leave accrued	28,769	31,778
NON-CURRENT		
Long service leave accrued	33,348	26,025
	62,117	**57,803**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: EVENTS AFTER THE REPORTING DATE

There have been no events subsequent to 30 June 2019 which have had a material impact on the financial position of Forgotten Australians Coming Together Inc.

NOTE 8: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingencies

There were no commitments or contingencies at the reporting date.

NOTE 9: RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2019	2018
	$	**$**
Surplus for the year	5,460	10,152
Depreciation	-	0
	5,460	**10,152**
(INCREASE)/DECREASE IN ASSETS		
Prepayments	(1,339)	211
INCREASE/(DECREASE) IN LIABILITIES		
Trade and other payables	10,726	(288)
Donations received in advance	3,110	11,000
Provisions	4,314	13,540
Net cash generated by operating activities	**22,271**	**34,615**

NOTE 10: LEASE COMMITMENTS

Operating Leases

Payable – minimum lease payments		
Not later than 12 months	11,087	10,979
Between 12 months and five years	6,997	17,922
	18,084	**28,901**

FORGOTTEN AUSTRALIANS COMING TOGETHER INC
ABN 65 313 893 450

BOARD OF MANAGEMENT'S DECLARATION

Board of Management's declaration - *per section 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013*

The Board of Management declares that in the Board of Management's opinion:

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

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

P. White
____
Director
Philippa White

Dated this 30th day of August 2019

Forgotten Australians Coming Together Inc.

Independent auditor's report to members

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial report of Forgotten Australians Coming Together Inc. (the Association), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the board of management's declaration.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial report of Forgotten Australians Coming Together Inc. has been prepared 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 Association's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Qualified Opinion

Cash receipts consisting of donations and fundraising activities are material sources of revenue for the Association. Although the Association has established certain internal control procedures over the collection of cash from donations and fundraising activities prior to entry into its financial records, there are no procedures that we could perform to ensure that all cash from donations and fundraising activities are banked. Accordingly, as the evidence available to us regarding cash from donations and fundraising activities was limited, our audit procedures with respect to donations and fundraising activities had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion on whether donations and fundraising activities of the Association as recorded are complete.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Association in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit

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of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

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

Responsibilities of the Board of Management for the Financial Report

The Board of Management of the Association is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The Board of Managememt's responsibility also includes such internal control as the Board of Management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board of Management is responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at: *http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx*

This description forms part of our independent auditor's report.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 134

CM

Conley Manifis
Director
Dated this 30th day of August, 2019

FORGOTTEN AUSTRALIANS COMING TOGETHER INC
ABN 65 313 893 450

COMPILATION REPORT

TO FORGOTTEN AUSTRALIANS COMING TOGETHER INC

We have compiled the accompanying special purpose financial statements of Forgotten Australians Coming Together Inc, which comprise the statement of financial position as at 30 June 2019, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Board of Management's declaration. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1 to the financial statements.

The Responsibility of the Board of Management

The Board of Management of Forgotten Australians Coming Together Inc is solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is appropriate to meet its needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the Board of Management, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting as described in Note 1 to the financial statements and APES 315: *Compilation of Financial Information*.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the basis of accounting described in Note 1 to the financial statements. We have complied with the relevant ethical requirements of APES 110: *Code of Ethics for Professional Accountants*.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled exclusively for the benefit of the Board of Management who is responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose financial statements.

Gavin S Doig
Principal
CFO Pro Pty Ltd ATF GSD Professional
Accounting Trust T/A CFO Pro

19 Craighall Turn
Madeley WA 6065

Signed

Date: 30 August 2019