Reconciliation Australia Limited

ABN 76 092 919 769

Annual Financial Report

For the year ended 30 June 2014

Contents to financial report

Directors' report

Your directors present this report to the members of Reconciliation Australia Limited for the year ended 30 June 2014.

Directors

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

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

Name	***Particulars***
Mr W. S. Jeffries	A proud Murawarri man from north-west NSW and southern Queensland. Mr Jeffries is Chairman of the Murdi Paaki Regional Assembly and has previously held board appointments with the National Centre for Indigenous Excellence and the Indigenous Land Corporation. Mr Jeffries resigned from the Board on 22 November 2013.
Ms D. Mununggirritj	A Yolgnu elder from North East Arnhem, Ms Munumggirritj is currently an Indigenous Liaison Officer with the Department of Prime Minister and Cabinet. She is member of the Board of Miwatj Health and is heavily involved in the Yothu Yindi Foundation including the Garma Festival. Ms Munumggirritj was instrumental in establishing the Yirrkala Women's Patrol and received the Northern Territory Local Hero Award in 2011.
Mr P. S. Nash *BComm, CA*	Australian Chairman of KPMG and holds positions on KPMG's Global and Asia Pacific boards. With over 25 years' experience Mr Nash was previously National Managing Partner, Head of Audit in Australia and the Asia Pacific region and Head of People, Performance and Culture. Mr Nash is also a board member of the Koorie Heritage Trust and Schools Connect Australia.
Ms K. M. Parker	A Yuwallarai woman from northwest NSW, Ms Parker is Co-Chair of the National Congress of Australia's First Peoples and the Close the Gap Coalition. With 25 years' experience in journalism and the management of Indigenous organisations, including over six years as the Editor of the Koori Mail. Ms Parker is also a board member of the Australian Indigenous Communications Association (AICA) and a member of the Deadly Awards Executive Academy.
Ms J. Thomas	Ms Thomas comes from a background in federal politics, serving for many years as an adviser and chief of staff to Ministers in the Howard Government. She previously held senior management positions with the Australian Medicare Local Alliance (AML Alliance) and Australian General Practice Network (AGPN). Her early life began in rural Australia, followed by several years working in remote areas of Papua New Guinea. 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 W.S. Jeffries who resigned from the Board on 22 November 2013.

Company secretary

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

Short and long term objectives and strategy

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

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

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

Principal activities

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

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

Review of operations

The result of Reconciliation Australia's consolidated operations in the current year was a surplus of $258,118 (surplus of $300,082 in 2013).

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 the Department of Employment, 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

Reconciliation Australia's Chief Executive Officer since August 2010, Ms Leah Armstrong, will conclude her role with the organisation on 31 October 2014. After a thorough external search and recruitment process, Mr Justin Mohamed has been appointed as the new Chief Executive Officer and will commence duties on 17 November 2014.

There have been no other 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 4 board meetings and 4 audit and risk committee meetings were held.

Director	Board of directors		Audit and risk committee	
	Held	Attended	Held	Attended
Dr T. E. Calma AO	4	4	4	2
Ms M. A. Cilento	4	4	4	4
Mr K. R. Bedford	4	4	4	2
The Hon F. M. Chaney AO	4	4	2	1
Mr J. C. Glanville	4	2	-	-
Dr K. R. Henry AC	4	3	4	2
Mr W. S. Jeffries	2	2	-	-
Ms D. Mununggirritj	4	4	-	-
Mr P. S. Nash	4	4	4	4
Ms K. M. Parker	4	4	-	-
Ms J. Thomas	4	3	-	-

Members' guarantee

In accordance with Reconciliation Australia's constitution, each member is liable to contribute $1 in the event that the company is wound up. The total amount members would contribute is $10.

Auditor's independence declaration

The auditor's independence declaration is included on page 8 of this financial report.

The directors' report is signed in accordance with a resolution of directors.

On behalf of the directors:

Ms Melinda Ann Cilento Director	Dr Thomas Edwin Calma AO Director

22 October 2014

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

22 October 2014

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 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Alexandra Spark
Partner
Chartered Accountants

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that Reconciliation Australia will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes there to, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and consolidated entity.

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

On behalf of the directors:

Ms Melinda Ann Cilento
Director

Dr Thomas Edwin Calma AO
Director

22 October 2014

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue	4(a)	**10,484,742**	10,714,193
Employee benefits expense		**(4,433,726)**	(3,755,521)
Consultants and outside services expense		**(662,083)**	(572,758)
Communications and marketing expense		**(3,409,738)**	(4,388,027)
Workshops and events expense		**(410,835)**	(433,013)
Travel and accommodation expense		**(715,051)**	(675,418)
Office communications and supplies expense		**(161,163)**	(172,151)
Office facilities and utilities expense		**(373,826)**	(339,360)
Depreciation and amortisation expense	4(b)	**(37,885)**	(51,109)
Other expenses		**(22,317)**	(26,754)
Surplus before tax		**258,118**	300,082
Income tax expense	3.4	**-**	-
Surplus for the year from continuing operations		**258,118**	300,082
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**258,118**	300,082

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 2014

	Note	2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents		**574,049**	604,764
Investments	5	**2,295,000**	1,587,564
Trade and other receivables	6	**571,873**	829,015
Other assets	7	**144,405**	74,244
Total current assets		**3,585,327**	3,095,587
Non current assets			
Property, plant and equipment	8	**103,802**	126,991
Total non current assets		**103,802**	126,991
Total assets		**3,689,129**	3,222,578
Liabilities			
Current liabilities			
Trade and other payables	9	**728,282**	1,224,601
Provisions	10	**201,679**	152,428
Revenue received in advance	11	**1,596,374**	984,560
Total current liabilities		**2,526,335**	2,361,589
Non current liabilities			
Provisions	10	**112,985**	69,298
Total non current liabilities		**112,985**	69,298
Total liabilities		**2,639,320**	2,430,887
Net assets		**1,049,809**	791,691
Equity			
Capital and reserves			
Retained earnings	12	**1,049,809**	791,691
Total equity		**1,049,809**	791,691

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 2014

	Note	Preserved capital amount reserve $	Retained earnings $	Total $
Balance at 30 June 2012		**188,995**	**491,609**	**680,604**
Surplus for the year		-	300,082	300,082
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	300,082	300,082
Recognised as revenue	13(a)	(188,995)	-	(188,995)
Balance at 30 June 2013		**-**	**791,691**	**791,691**
Surplus for the year		-	258,118	258,118
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	258,118	258,118
Balance at 30 June 2014		**-**	**1,049,809**	**1,049,809**

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 2014

	Note	2014 $	2013 $
Cash flow from operating activities			
Receipts from sponsors		**184,452**	99,564
Project funding received		**6,831,262**	6,543,225
Government grants received		**3,600,000**	3,600,000
Proceeds from fundraising appeals		**141,455**	286,128
Payments to suppliers and employees		**(8,832,205)**	(8,948,482)
Net GST and employee taxes paid		**(1,356,197)**	(1,325,122)
Net cash provided by / (used in) in operating activities		**568,767**	255,313
Cash flow from investing activities			
Interest received		**134,194**	152,142
Purchase of investments		**(707,436)**	(941,436)
Purchase of property, plant and equipment		**(26,240)**	(57,759)
Net cash (used in) / generated by investing activities		**(599,482)**	(847,053)
Net (decrease) / increase in cash and cash equivalents		**(30,715)**	(591,740)
Cash and cash equivalents at the beginning of the year		**604,764**	1,196,504
Cash and cash equivalents at the end of the year		**574,049**	604,764

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 2014

1. Corporate information

The financial statements of Reconciliation Australia Limited (the Company) for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 16 October 2014.

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

2. Application of new and revised accounting standards

2.1 Standards and interpretations affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of new and revised AASBs issued by the Australia Accounting Standards Board (AASB).

Standards affecting presentation and disclosure:

AASB 119: Employee Benefits (2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (2011)	In the current year, the Group has applied AASB 119 (as revised in 2011): Employee Benefits and the related consequential amendments for the first time. The revised AASB 119 changes the definition of short-term benefits only that are expected to be settled wholly within 12 months after the end of the annual reporting period in which employees render the services are classified as short-term employee benefits. Specific transitional provisions are applicable to first time application of AASB 119 (as revised in 2011). The Group has applied the relevant transitional provisions. The impact is not material.
AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13	The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurement and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, expect for share-based payment transactions that are within the scope of AASB 2: Share-based Payments, 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 (e.g. net realisable value for the purposes of measuring inventories or value in the use for impairment assessment purposes). AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

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

Standards affecting presentation and disclosure (continued):

AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (continued)	AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provision were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period. Other than the additional disclosures, the application of the AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.
AASB CR 2013-1: Amendments to the Australian Conceptual Framework and AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part A Conceptual Framework)	This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors. As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2: Objective of General Purpose Financial Reporting. The adoption of this amending standard does not have any material impact on the consolidated financial statements.
AASB 2012-65: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	The Annual Improvements to AASBs 2009-2011 have made a number of amendments to AASBs. Amendments made to AASB 1, AASB 101, AASB 116, AASB 132 and AASB 134. The application of these amendments does not have any material impact on the consolidated financial statements.

Standards and interpretations affecting the reported results or financial position

There are no new and revised standards and interpretations adopted in these financial statements affecting the reporting results of financial position.

3. Summary of accounting policies

3.1 Statement of compliance

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

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

3. Summary of accounting policies (continued)

3.2 Basis of preparation

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

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

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

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

3.3 Basis of consolidation

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

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

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

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

3.4 Significant accounting policies

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

Cash and cash equivalents

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

3.4 Significant accounting policies (continued)

Investments

Investments comprise of short-term bank deposits.

Financial assets

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

Financial liabilities

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

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

Employee benefits

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

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

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

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item or expense; or
- for receivables and payables which are recognised inclusive of GST.

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

Cash flows are included in the Statement of Cash Flows on a net basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

3.4 Significant accounting policies (continued)

Impairment of assets

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

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

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

Income tax

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

In-kind contributions

From time to time Reconciliation Australia receives donated services and facilities including community service advertising, meeting facilities and professional advice. These contributions are not recognised in the financial report as:

- the benefit to Reconciliation Australia cannot be reliably quantified; and
- the related transaction would be recorded as revenue and disbursement in the same financial year and therefore has no effect on the results of the Company.

Leased assets

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

3.4 Significant accounting policies (continued)

Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. 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.

Deprecation is provided on property, plant and equipment. 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

Provisions

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

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

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

Revenue recognition

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

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

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

Comparative figures

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

	Note	2014 $	2013 $
4. Surplus from operations			
(a) Revenue			
Project funding		**6,590,663**	6,573,541
Proceeds from fundraising appeals		**141,455**	286,128
Government grants		**3,475,000**	3,600,000
Interest income		**132,918**	156,303
Other revenue		**144,706**	98,221
Total revenue		**10,484,742**	10,714,193
(b) Surplus before income tax			
Surplus before tax has been arrived at after charging the following losses:			
Loss from disposal of property, plant and equipment and intangible assets		**11,543**	17,965
Surplus before tax has been arrived at after charging the following expenses:			
Depreciation and amortisation expense:			
- Furniture and fittings		**4,277**	4,985
- Office equipment		**6,880**	8,689
- IT equipment		**26,728**	34,596
- Intangible assets		**-**	2,839
Total depreciation and amortisation expense		**37,885**	51,109
Post employment benefits:			
- Defined contribution plans		**343,049**	286,886
Fundraising expenses		**9,788**	9,291

5. Investments

	2014 $	2013 $
Bank term deposits	**2,295,000**	1,587,564
Total investments	**2,295,000**	1,587,564

Bank term deposits earn interest at market rates. The average interest rate for the year was 3.52% (2013: 4.4%).

	Note	2014 $	2013 $
6. Trade and other receivables			
Trade receivables		**329,930**	536,981
Other receivables		**241,943**	292,034
Total trade and other receivables		**571,873**	829,015

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

	Note	2014 $	2013 $
7. Other assets			
Prepayments		**56,145**	43,984
Bonds		**88,260**	30,260
Total other assets		**144,405**	74,244

	Furniture and fittings $	Artwork $	Office equipment $	IT equipment $	Total $
8. Property, plant and equipment					
Carrying amounts					
Balance at the beginning of the year	40,749	5,026	24,829	56,387	**126,991**
Balance at the end of the year	31,942	5,026	17,370	49,464	**103,802**
Cost or valuation					
Balance at 1 July 2013	79,087	5,026	57,877	147,421	**289,411**
Additions	564	-	615	25,061	**26,240**
Disposals	(15,449)	-	(4,379)	(18,426)	**(38,254)**
Balance at 30 June 2014	64,202	5,026	54,113	154,056	**277,397**
Accumulated depreciation					
Balance at 1 July 2013	(38,338)	-	(33,048)	(91,034)	**(162,420)**
Charge for the year	(4,277)	-	(6,880)	(26,728)	**(37,885)**
Disposals	10,355	-	3,185	13,170	**26,710**
Balance at 30 June 2014	(32,260)	-	(36,743)	(104,592)	**(173,595)**

	Note	2014 $	2013 $

9. Trade and other payables

Trade payables	**382,682**	755,245
Other payables	**345,600**	469,356
Total trade and other payables	**728,282**	1,224,601

No interest was charged on trade or other creditors.

10. Provisions

Employee entitlements – current	**201,679**	152,428
Employee entitlements – non current	**112,985**	69,298
Total provisions	**314,664**	221,726

11. Revenue received in advance

Project funding received in advance	**1,596,374**	984,560
Total revenue received in advance	**1,596,374**	984,560

12. Retained earnings

Balance at beginning of the year	**791,691**	491,609
Total comprehensive income for the year	**258,118**	300,082
Total available for appropriation	**1,049,809**	791,691
Balance at end of the year	**1,049,809**	791,691

	2014 $	2013 $
13. Reserves (continued)		
Preserved capital amount reserve	**-**	-
Total reserves	**-**	-

(a) Preserved capital amount reserve

Nature and purpose of reserve:
The preserved capital amount reserve represents funds required under the deed of grant entered into by Reconciliation Australia and the Commonwealth of Australia.

Movements in reserve:

	2014 $	2013 $
Balance at beginning of the year	-	188,995
Recognised as revenue	-	(188,995)
Balance at end of year	-	**-**

14. Key management personnel compensation

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

	2014 $	2013 $
Aggregate compensation to directors and other members of key management personnel of the company	**1,048,398**	1,053,519

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 2014, the following transactions occurred between the Company and its other related parties:

- Funding of $3,500 (2013: nil) was received from Woodside Energy Limited for attendance at the Garma Festival. Ms M. A. Cilento, a director of the Company, is a director of Woodside Petroleum Limited.

- Funding of $3,500 (2013: nil) was received from the National Centre for Indigenous Excellence (NCIE) for attendance at the Garma Festival. Mr J.C. Glanville, a director of the company is Chief Executive Office of the NCIE.

- Income of $10,192 (2013: nil) was received from the Australian Indigenous Governance Institute Limited (AIGI) for the provision of accounting services. Mr J. C. Glanville, a director of the Company, is the Chair of AIGI Limited

- A payment of $6,086 (2013: nil) was made to the National Centre of Indigenous Excellence (NCIE) for venue hire and reimbursement of travel expenses. Mr J. C. Glanville, a director of the Company, is CEO of the NCIE.

- Payments totalling $28,723 (2013: $20,192) were made to Koori Mail for newspaper advertisements and inserts. Ms K. M. Parker, a director of the company was Managing Editor of Koori Mail until August 2013.

- Payments totalling $354 (2013: nil) were made to the National Congress of Australia's First Peoples (Congress) for venue hire and reimbursement of travel expenses. Ms K. M. Parker, a director of the company is Co-Chair of Congress.

- The Company acted as an auspice for the Australian Indigenous Governance Institute (AIGI) Limited which involved the payment of $27,137 of expenses (2013: $161,194). The balance of the auspiced funds being held on behalf of the AIGI ($186,134) were paid over to the AIGI in March 2014, Mr J. C. Glanville, a director of the Company, is Chair of AIGI Limited.

	2014 $	2013 $

16. Parent entity information

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

Financial position

	2014 $	2013 $
Assets		
Current assets	**3,585,327**	3,095,587
Non current assets	**103,802**	126,991
Total assets	**3,689,129**	3,222,578
Liabilities		
Current liabilities	**2,526,335**	2,361,589
Non current liabilities	**112,985**	69,298
Total liabilities	**2,639,320**	2,430,887
Equity		
Reserves	**-**	-
Accumulated funds	**1,049,809**	791,691
Total equity	**1,049,809**	791,691

Financial performance

	2014 $	2013 $
Net surplus for the year	**258,118**	300,082
Other comprehensive income	**-**	-
Total comprehensive income	**258,118**	300,082

Other parent entity information

	2014 $	2013 $
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	2014 $	2013 $

17. Operating lease arrangements

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

(a) Payments recognised as an expense

	Note	2014 $	2013 $
Lease payments recognised as an expense		**296,508**	288,730

(b) Non cancellable operating lease commitments

	Note	2014 $	2013 $
Not longer than 1 year		**364,601**	104,379
Longer than 1 year and not longer than 5 years		**685,330**	3,436
Longer than 5 years		**-**	-
Total commitments under operating leases		**1,049,931**	107,815

18. Commitments for expenditure

(a) Other expenditure commitments

	Note	2014 $	2013 $
Community grants for Constitutional Recognition activities		**-**	284,000

19 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 2014 the number of members was 10.

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

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

We have audited the accompanying financial report of Reconciliation Australia Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit and loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising Reconciliation Australia Limited and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 9 to 26.

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 *ACNC Act 2012*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 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, 22 October 2014