



FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED
30 JUNE 2022



FINANCIAL REPORT

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General Information

The financial report covers Adopt Change Limited ("Company") as an individual entity. The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the Directors' Declaration.

Adopt Change Limited is a not-for-profit unlisted public Company Limited by Guarantee, a registered charity with the Australian Charities and Not-for-Profits Commission (ACNC), and incorporated and domiciled in Australia. Its registered office and principal place of business are:

**10/1 Cooks Ave
CANTERBURY, NSW 2193**

A description of the Company's principal activity is included in the Directors' Report, which is not part of the financial statements.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

The Directors present their report, together with the financial statements, on the Company for the year ended 30 June 2022 and the Independent Audit Report thereon.

DIRECTORS

The names of the Directors of the Company during or since the end of the financial year are:

Victoria Buchan

Catherine McDonnell

Kerry Chikarovski (resigned 16 June 2022)

Helen Baker

Thomas Bourdon

Mark Nixon

Paul Chandler

Tom Imbesi

PRINCIPAL ACTIVITY

The Company's purpose is to support vulnerable children in need, particularly those in government care, foster care, orphans or children without families, and their carers, families and guardians.

REVIEW OF OPERATIONS

Despite the challenges and the impact of the Covid environment on our work activities and staffing, we had a pleasing year in relation to achieving required activity outcomes, along with making a small surplus instead of the budgeted deficit.

Major activities include the work undertaken to deliver the NSW Government funded program My Forever Family NSW, which accounts for a significant portion of our current funding and expenditure. Other significant activities undertaken include the annual National Permanency Conference and some smaller grants for a range of programs to deliver supports to children, young people and their families including carers.

A \$150,000 deficit was budgeted for FY22, to access a portion of retained earnings to invest in our work with the knowledge there would still be sufficient retained earnings for the organisation's sustainability. This decision was made to invest in furthering our work according to our strategic objectives through investment by sustaining additional staffing and systems improvements. Rather than the budgeted deficit, we made a surplus of \$9,698 due primarily to the receipt of government Covid support funds and grants.

Based on the financial position and the available cash, the board has decided to further invest in our strategic priorities for FY23 and has forecast a small deficit for the year. These priorities include building our internal management capability and investing in our staffing and enhancing systems to allow us to deliver on our purposes of supporting more children and young people who have experienced displacement and trauma.

Information on Adopt Change's annual activities, program outcomes and non-financial achievements can be found in the Adopt Change Annual Reviews on the About Us section our website at www.adoptchange.org.au/about-us/

CONTRIBUTIONS ON WINDING UP

The amount that each member of the Company is liable to contribute if the Company is wound up is \$100. The Company had six members at the commencement of the financial year, and seven members at the end of the financial year.

DIRECTORS' REPORT (cont.)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 4.

This report is made in accordance with a resolution of the Directors.

On behalf of the Directors;



Victoria Buchan
Director

Date 28/10/22



Catherine McDonnell
Director

Date 28/10/22

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 AND DIVISION 60-40 OF THE ACNC ACT 2012 TO THE BOARD OF ADOPT CHANGE LTD

To the Directors of Adopt Change Ltd:

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I declare that, to the best of my knowledge and belief, in relation to the audit of Adopt Change Ltd for the year ended 30 June 2022, there have been:

- i) no contraventions of 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) no contraventions of any applicable code of professional conduct in relation to the audit.



Christopher Coote FCA

Christopher Coote & Co Pty Ltd, Chartered Accountants

Authorised Audit Company No 283027

Dated 5 October 2022

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		\$	\$
INCOME			
Donations Received		155,726	60,094
Grants		286,571	79,773
Funded Service Project		2,472,212	2,705,162
Fundraising Contributions		142,583	190,062
Interest Received		124	141
Other Revenue		150,936	-
		3,208,152	3,035,232
EXPENSES			
Audit, Legal and Accounting Fees		27,520	23,944
Consultancy Fees		50,824	118,086
Depreciation		11,674	14,172
Employee Benefits	3	2,237,509	1,912,948
Fundraising & Event Expenses		85,544	114,838
IT Expenses		26,917	56,459
Management & Board Expenses		1,179	14,381
Office Expenses		143,554	187,337
Travel & Accommodation		20,477	42,442
Program Delivery Expenses		572,928	623,720
Other Expenses		20,327	15,748
TOTAL EXPENSES		3,198,454	3,124,075
SURPLUS/(DEFICIT) FOR THE YEAR		9,698	(88,842)
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR		9,698	(88,842)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022	2021
		\$	\$
CURRENT ASSETS			
Cash & Cash Equivalents	4	1,286,761	840,687
Trade & Other Receivables	5	-	2,022
Other Current Assets	6	69,470	43,826
		1,356,231	886,535
NON-CURRENT ASSETS			
Property, Plant & Equipment	7	55,631	25,368
TOTAL ASSETS		1,411,862	911,902
CURRENT LIABILITIES			
Trade & Other Payables	8	222,719	154,118
Provisions	9	81,362	67,474
Lease Liability	10	50,294	24,963
Income Received in Advance	11	479,757	115,000
		834,133	361,555
NON-CURRENT LIABILITIES			
Provisions	12	34,719	17,035
TOTAL LIABILITIES		868,852	378,590
NET ASSETS		543,010	533,312
EQUITY			
Accumulated Funds		543,010	533,312
TOTAL EQUITY		543,010	533,312

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2022

	Note	Accumulated Funds	Total
		\$	\$
BALANCE AT 1 JULY 2020		622,154	622,154
Surplus/(Deficit) for the Year		(88,842)	(88,842)
BALANCE AT 30 JUNE 2021		533,312	533,312
BALANCE AT 1 JULY 2021		533,312	533,312
Surplus/ (Deficit) for the Year		9,698	9,698
BALANCE AT 30 JUNE 2022		543,010	543,010

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Donations & Appeals		333,074	307,912
Receipts from Grants		213,328	162,561
Receipts from Funded Service Project		2,897,212	2,364,480
Receipts from Other Income		151,904	0
Interest Received		124	141
Payments to Suppliers & Employees		(3,131,264)	(3,542,116)
NET CASH FLOWS FROM OPERATING ACTIVITIES		464,379	(707,022)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(18,306)	(13,936)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(18,306)	(13,936)
NET INCREASE/(DECREASE) IN CASH HELD		446,073	(720,958)
CASH AT BEGINNING OF THE FINANCIAL YEAR		840,687	1,561,645
CASH AT END OF THE FINANCIAL YEAR	4	1,286,761	840,687

The Cash Flows can vary significantly year on year as the major program My Forever Family NSW requires all grant funds allocated to the year to be spent in that year. This therefore sees a zero balance by the end of the year for the program, with the next tranche of quarterly funding being received in the month of July. With the current government program funding secured for a number of years, this pattern will remain fairly constant. Other cash flow items of note include that at times there are amounts that are carried forward to the following financial year.

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

1. CORPORATE INFORMATION

The financial statements of Adopt Change Ltd for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 20 October 2022.

The Company is a not-for-profit unlisted public Company Limited by Guarantee, a registered charity with the ACNC, and is incorporated and domiciled in Australia.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

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

The financial statements have been prepared on an accruals basis and are based on historical costs.

The financial statements are presented in Australian dollars which is the Company's functional and presentational currency.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b. Significant Accounting Judgements & Estimates

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

There are no estimates or judgements which have risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

c. Income

Income comprises revenue from grants, fundraising activities and funded service project revenue.

Income is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Income is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Grant Revenue

Grant revenue is recognised in the Statement of Comprehensive Income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the Statement of Financial Position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Funded Service Project Revenue

Funded Service Project revenue is recognised in the Statement of Comprehensive Income when the entity obtains control of the service funds, it is probable that the economic benefits gained from the service funds will flow to the entity and the amount of the service funds can be measured reliably.

When service funds are received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the funded service project revenue is recognised in the Statement of Financial Position as a liability until the service has been delivered to the contributor. Otherwise, the service funds are recognised as income on receipt.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

c. Income (cont.)

Fundraising Activities

Fundraising activities include the conducting of conferences, fundraising events, sale of merchandise and sponsorship for events. Funds collected from fundraising are recognised as revenue when the Company gains control, economic benefits are probable, and the amount of the fundraising monies can be measured reliably.

d. Income Tax

The Company is exempt from income tax pursuant to the Income Tax Assessment Act 1997. Accordingly, Australian Accounting Standard AASB 112 Income Taxes has not been applied and no provision for income tax has been included in the Accounts.

e. Goods & 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 cost of purchase of the asset or as part of the expense.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are classified as operating cash flows.

f. Cash & Cash Equivalents

Cash and Cash Equivalents includes Cash at Bank.

For the purposes of the Statement of Cash Flows, Cash and Cash Equivalents consist of Cash and Cash Equivalents as defined above.

g. Property, Plant & Equipment

Property, Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

The cost model is used. The asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset where applicable.

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a reducing balance basis over the assets useful life to Adopt Change Limited commencing from the time the asset is held ready for use. The useful lives used for each class of depreciable assets are shown below:

Office Equipment (purchased pre-1 July 2017)	6	Years
Office Equipment (purchased post 1 July 2017)	1	Year
Furniture	1	Year
Right-of-use Assets	over lease term	

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

h. Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

An impairment loss exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount. Impairment losses are recognised in the profit and loss section of the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

i. Employee Entitlements

Liabilities for employee benefits for wages, salaries that are expected to be settled within 12 months of the reporting date representing present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the association expects to pay as at reporting date including related on-costs.

Non-accumulating non-monetary benefits, such as sick leave, are expensed based on the net marginal cost to the Company as the benefits are taken up by the employees.

Contributions made by the company to employee superannuation funds are charged as expenses when incurred.

j. Leases

Where the Company is a lessee, the rights of use and obligations are initially recognised as assets and liabilities. The lease liability is initially measured at the present value of the lease payments over the lease term. The right-of-use asset is initially measured at the amount of the lease liability plus any direct costs incurred and are depreciated over the lease term.

k. Income Received in Advance

The liability for deferred income is the unutilised amounts of service funds received on the condition that specified services are delivered or conditions are fulfilled.

l. Economic Dependence

The Company is dependent upon the ongoing receipt of Federal and State Government grants and community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report, management has no reason to believe that this financial support will not continue.

m. Provisions

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

n. Reclassification of Prior Year Figures

In order to categorise the expenses accurately, a new expense categorisation was created called 'Program Delivery'. Program Delivery Expenses are for running the major program My Forever Family NSW and other smaller programs such as MyPacks including systems and resources costs and service delivery costs such as training sessions for carers and associated event costs.

We have also reclassified expenses in the prior year from Fundraising & Events Expenses to Program Delivery Expenses which is necessary for a more accurate comparison of expenses.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
3. EMPLOYEE BENEFITS		
Salaries & Wages	1,940,519	1,690,709
Superannuation	190,323	158,820
Employee Benefit Provisions	31,572	25,470
Other Employee Benefits	75,096	37,948
	2,237,509	1,912,948

4. CASH & CASH EQUIVALENTS

Cash at Bank	1,286,761	840,687
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5. TRADE & OTHER RECEIVABLES

Trade & Other Receivables	-	-
GST Receivable	-	2,022
	-	2,022

The carrying value of Trade Receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

6. OTHER ASSETS

Current

Prepaid Expenses	62,463	24,252
Lease Deposit Paid	7,007	19,574
	69,470	43,826

7. PROPERTY, PLANT & EQUIPMENT

Office Equipment At Cost	65,098	48,492
Less Accumulated Depreciation	(59,761)	(48,087)
Furniture At Cost	6,675	6,675
Less Accumulated Depreciation	(6,675)	(6,675)
Right-of-use Asset	50,294	155,014
Less Accumulated Depreciation	-	(130,051)
	55,631	25,368

NOTES TO THE FINANCIAL STATEMENTS (cont.)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
8. TRADE & OTHER PAYABLES		
Trade Creditors	22,682	35,941
Sundry Creditors & Accruals	66,405	39,461
GST Payable	52,245	-
Payroll Liabilities	81,386	78,717
	222,719	154,118

9. PROVISIONS

Current

Provision for Annual Leave	81,362	67,474
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10. LEASE LIABILITY

Lease Liability	50,294	24,963
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11. INCOME RECEIVED IN ADVANCE

Funded Service Project Funds Received in Advance	425,000	-
Other Grants Received in Advance	54,757	115,000
	479,757	115,000

12. PROVISIONS

Non-Current

Long Service Leave	34,719	17,035
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13. RELATED PARTY TRANSACTIONS

The Directors act in an honorary capacity and receive no compensation for their services other than reimbursement of expenses incurred in relation to their capacity as Directors.

14. CONTINGENT LIABILITIES

There are no contingent liabilities that have been incurred by the Company in relation to 2022 or 2021.

15. MEMBERS' GUARANTEE

Adopt Change Ltd is a Company Limited by Guarantee and by its Constitution, the liability is restricted to \$100 per member. The Company has 7 members at 30 June 2022, the total amount that members of the Company are liable to contribute if the Company wound up is \$700 (2021: \$600).

DIRECTORS' DECLARATION

In the Directors' opinion:

1. The attached financial statements and notes thereto comply with the Australian Accounting Standards - Reduced Disclosure Requirements and give a true and fair view of the financial position of the Company on 30 June 2022 and of its performance for the financial year ended on that date.
2. The attached financial statements and notes thereto are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
3. There are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 60.15 (2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*;

On behalf of the directors;



Victoria Buchan
Director

28/10/22
Date

INDEPENDENT AUDITOR'S REPORT



CHRISTOPHER COOTE & CO.

CHARTERED ACCOUNTANTS

The Screen Industry Specialists

- Auditing
- Taxation
- Xero/MYOB Accounting
- Business Development

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial report of Adopt Change Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Adopt Change Limited, is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as 30 June 2022, and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the same time of this auditor's report.

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

Liability limited by a scheme approved under Professional Standards Legislation
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chris@chriscoote.com.au • www.chriscoote.com.au • Principal: Christopher Coote FCA



INDEPENDENT AUDITOR'S REPORT (cont.)

Responsibilities of the Directors 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 and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 the users taken on the basis of this financial report.



Christopher Coote & Co Pty Ltd, Chartered Accountants, Authorised Audit Company

Christopher Coote FCA Director

2 Kochia Lane, Lindfield, NSW 2070

5 October 2022



#A HOME FOR EVERY CHILD



ADOPT CHANGE LTD

(a Company Limited by Guarantee)

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