The Smith Family

everyone's family

A.C.N. 000 030 179

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

THE SMITH FAMILY (A.C.N. 000 030 179)
FINANCIAL REPORT
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CONTENTS

Registered Office
The Smith Family
Level 9, 117 Clarence Street
SYDNEY NSW 2000

DIRECTORS' REPORT

The directors of The Smith Family present their report for the year ended 30 June 2019.

1. The Directors

The following persons were directors of The Smith Family during the financial year and up to the date of this report unless otherwise stated:

A.K Abey
L.M. Armstrong
C.N. Bartlett
C. Cawsey
S.A. Davis
J.A. Harmer
R.M. Garnon
M.G. Johnson
A.J. Kloeden
J.C.R. Maycock
J.C. McLoughlin
L.J. O'Brien
P.J. Radoll
R. Storelli

R.M. Garnon was appointed as a director of the Company on 22 February 2019.

J.C. McLoughlin and P.J. Radoll were appointed as directors of the Company on 30 April 2019.

L.M. Armstrong was a director of the Company until her resignation on 14 September 2018.

R.Storelli was a director of the Company until her resignation on 19 November 2018.

2. Strategic Priorities

The Company's mission is to create opportunities for young Australians in need by providing long-term support for their participation in education.

Over the coming years, the Company's strategic priorities to support its mission are to:

(i) Grow our reach by 30% over five years while maintaining the effectiveness of our programs;

(ii) Develop a sustainable funding base to fund our scaling up and strategic initiatives;

(iii) Innovate to enable the children and young people we serve to thrive in a rapidly changing and increasingly challenging environment;

(iv) Amplify and accelerate our mission through digital and data;

(v) Be an authoritative and influential advocate with those who shape public policy on behalf of disadvantaged children and young people;

(vi) Be a destination employer in our sector, and ensure that our systems are scalable and fit for purpose.

3. Principal Activities

The Company undertakes a number of activities to achieve its objectives:

Policy and Programs

The Company provides long-term support to children and young people in need through financial scholarships to cover essential education costs as well as mentoring and other programs, to help keep them engaged with their education.

By working in multiple areas of influence the Company improves the likelihood of positive outcomes for them, their families and their wider communities, taking a 'whole of community' and evidence-informed approach to leverage and coordinate the skills and resources of parents, educational institutions, community organisations and businesses.

This year the Company's programs reached more than 206,000 young Australians and their parents or carers in 94 communities in every state and territory throughout Australia, which constitutes growth of an additional 32,000 program participants.

Fundraising

The Company increased its investment in fundraising in 2018-19 to support the implementation of its longer-term growth plans. This investment continued to focus particularly on the core areas of Individual and Major Donor fundraising, enhancing our expertise and our market value proposition, and continuing to promote new and improved fundraising channels and activities. This investment is directed at the sustainable generation of the funds required to support planned growth in the Company's work.

Multi-year partnerships with business, government and educational institutions contributed $48.9 million in 2019 (2018: $46.3 million), while financial support from individual donors and sponsors totalled $60.6 million (2018: $49.4 million).

During the year the Company continued to solicit contributions to the Children's Future Education Fund, donations to which are invested to generate revenue to support the education of disadvantaged students through the provision of *Learning for Life* scholarships and education-focussed support for communities in need. This year the Company received a total of $1.6 million into the fund through donations from individuals (2018: $0.4 million).

Volunteering

Volunteers have continued to be important contributors to the achievement of our vision and mission. In 2019 volunteer time contributed was estimated to be 362,000 hours provided by 8,972 volunteers.

Recycling Operations

Recycling Operations include the collection, recycling and sale of secondhand goods to generate profits which offset infrastructure costs of the Company. During the year, the company announced, via an Expression of Interest process, the proposed divestment of its Recycling Operation business. At the date of this report, the Company was in discussions with a number of interested parties.

4. Dividends

The Company is prohibited by its Constitution from declaring dividends to members.

5. Liability of Members

The membership of the Company is classified as follows:

(i)	Governing Members	31
(ii)	Life Members	24
(iii)	Family Members	92
	Total	**147**

Each member is liable to contribute a maximum of $1.00 towards the payment of the Company's debts and liabilities in the event that the Company is wound up while they are a member or within one year of their ceasing to be a member. The total liability of members is limited to $148 (2018: $157).

DIRECTORS' REPORT

6. Review of Operations

Revenue from continuing operations for the year increased by 11.2% to $127.1 million (2018: $114.3 million). During the year the Company continued to invest in the achievement of its five year strategy, increasing its expenditure on community programs in support of its mission to $82.9 million (2018: $74.6 million).

In the 2016 financial year, the Company entered into a multi-year funding agreement with the Commonwealth which will support the growth of the *Learning for Life* Program by an additional 24,000 student scholarships by December 2020. Approximately 16,000 of these scholarships were in place by 30 June 2019.

The net surplus of continuing operations for the year was $1.7 million (2018: $1.6 million).

7. Information on Directors

Director	Experience	Special Responsibilities
A.K. Abey BEc, BA (Hons) FFSIA	Non-executive Director since 2007; Co-founder and Chairman of ipac securities limited and Walsh Bay Partners Pty Ltd; Strategy Consultant and former General Manager of Strategy and Corporate Social Responsibility for the AXA Asia Pacific Group; extensive experience in investment and economic market research; has written extensively on investment matters in both the media and academic journals, and is the co-author of a number of books relating to money and well-being.	Chairman of the Finance, Audit & Risk Committee and the Endowment Fund Committee
L. M. Armstrong Adv Dip in Community Management	Non-executive Director since 2016; Director of Wollatuka Institute; Chairperson of Supply Nation and member of the CSIRO Indigenous Advisory Council; Former member of the Prime Minister's Indigenous Advisory Council; Fellow of the University of Sydney Senate (2013-16); Chairperson of the Aboriginal Housing Office in NSW; former CEO of Reconciliation Australia (2010-14); Co-founder of Yarnteen Limited, a successful Indigenous enterprise operating several commercial and social ventures. She was recognised in the inaugural 2012 Australian Financial Review/Westpac 100 Influential Women Awards.	
C.N. Bartlett BSc, MAICD	Chairman since May 2016 and Non-executive Director since 2007; Non-executive Director, Mirvac Ltd, Sigma Healthcare, GBST Ltd, TAL Life Ltd, icare and Clayton Utz; Member, UNSW Australia Business School Advisory Council; former Director, PropertyLook and National Nominees Ltd and former Deputy Chairman of the Australian Custodial Services Association; extensive management experience with IBM, Jones Lang LaSalle and NAB.	Chairman of the Board; Member of the Corporate Governance, Finance, Audit & Risk, Endowment Fund and People & Culture Committees
C. Cawsey AM FACEL, BA Dip Ed, MEd Admin	Non-executive Director since 2013; Principal of Rooty Hill High School and a Past President of the NSW Secondary Principals' Council; former member of the Premier's Council for Women; member of GWS Giants board; member of ACEL board; co-author of *Learning for Leadership - Building a School of Professional Practice* (2009).	
S.A. Davis	Non-Executive Director since 2016; a Founding Director and Non-executive Chairman of Quantium, a global leader in applied data analytics and technology; background in large corporate and high growth enterprises, and a Non-Executive Director and Advisor to a range of blue chip and early-stage ventures; a former Chairman and Director of peak marketing industry body ADMA.	
Dr J.A. Harmer AO BA (Hons), Dip Ed, PhD, FAIM, FIPAA, FANZSOG	Non-executive Director since 2013; Chair of the Private Health Ministerial Advisory Committee; Director of Capital Health Network in the ACT; Director of the Australian Housing and Urban Research Unit; former Secretary of the Department of Families, Housing, Community Services and Indigenous Affairs (2004-2011) and of the Department of Education, Science and Training (2003-2004); former Managing Director of the Health Insurance Commission (1998-2003).	Member of the Corporate Governance Committee
R.M. Garnon BEc/LLB FCA CTA GAICD	Non-Executive Director since February 2019. Member of the Board of Taxation, Non-Executive Chair of Alexium International Group Limited, Non-Executive Director of Australian Rail Track Corporation Limited and Creative Partnerships Limited. Former member of KPMG's Australian Executive Leadership Team and Global Tax Executive Leadership Team. Previously Global Chair of KPMG's International Executive Services Practice, operating in 128 countries. 29 years' experience in professional services. Member of Chief Executive Women.	Member of the Finance, Audit & Risk Committee and the Endowment Fund Committee
M.G. Johnson BComm, FCA, CPA, FAICD	Non-executive Director since 2012; Non-executive Director, Coca-Cola Amatil Ltd; The Hospital Contribution Fund of Australia Ltd; Aurecon Group Pty Ltd; and Corrs Chambers Westgarth; Chairman, G8 Education Ltd and MH Premium Farm Holdings Ltd; former Chief Executive Officer of PwC in Australia and a former Chairman of PwC Foundation, as well as filling senior roles over 15 years managing PwC's Assurance and Business Advisory Services, Consumer and Industrial Products team, and Audit, Technical, Risk and Quality groups; Member, UNSW Australia School of Business Advisory Council.	Member of the Finance, Audit & Risk Committee and the Endowment Fund Committee
A.J. Kloeden MSc (Business Studies), BSc (Hons - Forestry), Hon. Doctorate, FAICD	Non-executive Director since April 2016; Chairman, Hancock Victorian Plantations Holdings Pty Ltd, Aquasure Pty Ltd, Infrastructure Partnerships Australia Ltd and Serco Asia Pacific Advisory Board; extensive experience in senior management roles in a range of companies in Australia and overseas involved in agribusiness, manufacturing, distribution, retail, technology and transport.	Chairman of the People & Culture Committee
J.C.R. Maycock BEng (Hons), FAICD, FIPENZ	Non-executive Director since 2013; Chairman of NSW Electricity Operations Group (Transgrid) and Port of Brisbane Pty Ltd; former Chairman of AGL Energy Ltd ; former Non-executive Director, Nuplex Ltd; former Non-executive Director and Chairman, Arrium Ltd; former Managing Director and CEO of CSR Ltd (2007-10); Inaugural Chairman, Cement Australia Pty Ltd; former Member, UNSW Australia School of Business Advisory Council.	Chairman of the Corporate Governance Committee
J.C. McLoughlin M Ed Studies, B Ed ECE, Dip ID	Non-executive Director since April 2019. Executive Director of Our Place, an education initiative of the Colman Foundation in Victoria, and Non-Executive Director of Goodstart Early Learning Ltd. Former Policy Advisor in Children's and Family Services and Early Intervention in Community Services for Victoria. Extensive experience as an educator, manager and policy developer in both the public and private sectors dedicated to understanding issues relevant to the needs of families and their children, and developing projects aimed at refocusing community services and education to provide integrated support for families and vulnerable children.	
Dr L.J. O'Brien MBBS (Hons) MBA, MHR&C, FRACMA, GAICD	Executive Director since 2011; Non-executive Director, Community Council for Australia Ltd and BUPA Australia and New Zealand Board; Member of the Panel for the Review to Achieve Educational Excellence in Australian Schools (2017-18); a Medical Practitioner registered in New South Wales; former CEO of the Skin and Cancer Foundation of Australia; founding member of Lou's Place, a drop in centre providing respite and support for women in need; over 25 years' experience in health care, community services, bio-medical and information technology.	Chief Executive Officer; Member of the Corporate Governance Committee

DIRECTORS' REPORT

7. Information on Directors (continued)

Director	Experience	Special Responsibilities
P.J. Radoll BInfoTech, MInfoTech, PhD	Non-executive Director since April 2019; Professor and inaugural Dean of Aboriginal and Torres Strait Islander Leadership and Strategy, University of Canberra; former Dean of Aboriginal and Torres Strait Islander Education and Research with the Wollotuka Institute, University of Newcastle; former Assistant Professor in Information Systems, University of Canberra; extensive experience in senior management in Indigenous higher education, including in research, teaching, curriculum development, marketing, and policy formation and implementation.	
R. Storelli BEd Grad. Dip Stud Welf, M Ed Studies, AACE, FACEL, AFAIM, MAICD	Non-executive Director since April 2016; Adjunct Professor, School of Education, LaTrobe University; former Deputy Chancellor and Council Member, University of Melbourne; former Director, Ormond College and Invergowrie and Jean Chambers Foundations, former Vice-President of Girls Sport Australia; Educational Advisor at Cashtivity; an Independent Educational Consultant with extensive experience in the education sector over many years including 15 years as Principal of Methodist Ladies' College, and leadership roles at Wesley College and Geelong Church of England Grammar School.	Member of the People & Culture Committee

The Company Secretary is B.M. Watkinson (BA, CPA, FGIA, FCIS). Mr Watkinson was appointed to the position of Company Secretary in 1995. Before assuming this role he held a number of other positions within the Company for a further period of 19 years.

8. Directors' Meetings

The number of directors' meetings held in the period each director held office during the financial year and the number of meetings attended by each director are:

Director	Board of Directors		Corporate Governance		Finance and Audit		People and Culture		Endowment Fund	
	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
A.K Abey	7	7			3	3			1	1
L.M. Armstrong*	0	0								
C.N. Bartlett	7	6	4	4	3	3	2	2	1	1
C. Cawsey	7	4								
S.A. Davis	7	6								
J.A. Harmer	7	7	4	4						
R.M. Garnon	3	2			1	1			1	1
M.G. Johnson	7	5			3	3				
A.J. Kloeden	7	6					2	2		
J.C.R. Maycock	7	7	4	4						
J.C. McLoughlin	2	1								
L.J. O'Brien	7	7	4	4						
P.J. Radoll	2	2								
R. Storelli	3	2					1	0		

* L.M. Armstrong was granted leave of absence from 24 May until her resignation on 14 September 2018.

9. Events Subsequent to Balance Date

Other than disclosed elsewhere in this report, no matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

(a) the Company's operations in future financial years; or
(b) the results of those operations in future financial years; or
(c) the Company's state of affairs in future financial years.

10. Significant Changes in the State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year not otherwise disclosed in the financial report.

11. Likely Developments

The proposed divestment of the Recycling Operation business is expected to be completed within a year from reporting date. Other than this, in the opinion of the directors, there are no likely changes in the operations of the Company which will adversely affect the results of the Company in subsequent financial years.

12. Environmental Regulation

The Company has complied with all relevant environmental requirements.

13. Indemnification and Insurance of Directors and Officers

The Company has a Directors' and Officers' Liability policy covering each of the directors and certain executive officers for liabilities incurred in the performance of their duties. The premiums in respect of the policy are payable by the Company. The terms of the policy specifically prohibit the disclosure of any other details relating to the policy and therefore the directors do not intend disclosing further particulars relating thereto.

14. Auditors' Independence Declaration

A copy of the auditors' independence declaration is set out on Page 4.

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

For and on behalf of the Board

C.N. Bartlett
Chairman

Sydney
25 September 2019

Building a better working world

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Auditor's Independence Declaration to the Directors of The Smith Family

In relation to our audit of the financial report of The Smith Family for the financial year ended 30 June 2019, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Ernst & Young

YBarnikel

Yvonne Barnikel
Partner
25 September 2019

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

	Note	2019 $'000	2018 $'000 Restated - refer note 2(c)(i)
Revenue			
Fundraising	2(e)(i); 5	86,483	77,518
Government funding	2(e)(iv); 5	37,345	33,609
Revenue from sale of commercial goods	2(e)(ii); 5	62	92
Interest revenue	2(e)(iii); 5	719	776
	5	124,609	111,995
Other Income			
Other income	6	2,460	2,297
Net (loss)/gain on disposal of fixed assets	6	(1)	-
	6	2,459	2,297
Total		127,068	114,292
Expenses			
Community Programs	2(f)	82,918	74,559
Commercial expenses		24	46
Fundraising		32,004	28,529
Promotion		3,945	3,277
VIEW Clubs		3,865	3,878
Shared Services		2,569	2,440
Total Expenses		125,325	112,729
Surplus before income tax		1,743	1,563
Income tax expense	2(h)	-	-
Net surplus for the year		1,743	1,563
Discontinuing Operations			
Surplus from discontinuing operations	2(e)(vi),8(b)	138	422
Net surplus for the year		1,881	1,985
Other Comprehensive Income			
Net fair value gain		61	967
Income tax on items of other comprehensive income for the year		-	-
Total Comprehensive Income		1,942	2,952

The above statement should be read in conjunction with the accompanying notes.

THE SMITH FAMILY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 $'000	2018 $'000 Restated	As at 1 July 2017 $'000 Restated
Assets				
Current assets				
Cash and cash equivalents	2(k), 9	16,224	12,378	10,975
Other financial assets	2(k), 9	14,000	15,000	17,200
Receivables	2(l), 10	1,727	2,381	2,193
Inventories	2(m), 11	587	1,784	1,650
Assets classified as held for sale	8(c)	3,246	-	-
Total current assets		35,784	31,543	32,018
Non-current assets				
Financial assets	2(n)(iii), 12	29,115	28,510	26,730
Property, plant and equipment	2(o), 13	2,016	3,745	4,048
Intangible assets	2(p), 14	383	674	1,047
Total non-current assets		31,514	32,929	31,825
Total assets		67,298	64,472	63,843
Liabilities				
Current liabilities				
Payables	2(q), 15	4,519	6,582	6,785
Provisions	2(s, t), 16	5,242	6,073	5,631
Other	2(e)(iv), 17	9,260	7,920	10,553
Liabilities associated with the assets held for sale	8(c)	2,628	-	-
Total current liabilities		21,649	20,575	22,969
Non-current liabilities				
Provisions	2(s, t), 18	1,191	1,381	1,310
Total non-current liabilities		1,191	1,381	1,310
Total liabilities		22,840	21,956	24,279
Net assets		44,458	42,516	39,564
Accumulated funds				
Retained surplus	2(c)(i), 19(a)	36,905	36,532	35,029
Endowment fund reserve	19(b)	6,318	4,810	4,328
Investment revaluation reserve	2(c)(i), 19(c)	1,235	1,174	207
Total accumulated funds		44,458	42,516	39,564

The above statement should be read in conjunction with the accompanying notes.

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

		Retained Surplus $'000	Endowment Fund Reserve $'000 (Note 2(v))	Investment Revaluation Reserve $'000	Total Accumulated Funds $'000
As at 1 July 2017		34,634	4,328	602	39,564
Effect of adoption of new accounting standards	2(c)(i)	395		(395)	-
As at 1 July 2017 (restated)		35,029	4,328	207	39,564
Surplus for the year		1,503	482	-	1,985
Other comprehensive income/(loss)		-	-	967	967
Total comprehensive income/(loss)		1,503	482	967	2,952
As at 30 June 2018 (restated)		36,532	4,810	1,174	42,516
Year ended 30 June 2019					
As at 1 July 2018 (restated)		36,532	4,810	1,174	42,516
Surplus for the year		373	1,508	-	1,881
Other comprehensive income/(loss)		-	-	61	61
Total comprehensive income/(loss)		373	1,508	61	1,942
As at 30 June 2019		36,905	6,318	1,235	44,458

The above statement should be read in conjunction with the accompanying notes.

THE SMITH FAMILY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from fundraising and government funding		127,555	111,748
Receipts from sale of commercial goods		17,372	17,904
Payments to suppliers, employees and for client assistance		(144,273)	(131,410)
Net cash inflow / (outflow) from operating activities	24	654	(1,758)
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(1,407)	(866)
Proceeds from financial assets		3,158	496
Interest received		978	782
Purchase of financial assets		(1,803)	(654)
Dividends received		1,266	1,203
Net cash inflow / (outflow) from investing activities		2,192	961
Cash flows from financing activities			
Repayment of borrowings		-	-
Net cash inflow / (outflow) from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		2,846	(797)
Cash and cash equivalents at the beginning of the financial year	2(k)	27,378	28,175
Cash and cash equivalents at the end of the financial year	9(a)	30,224	27,378

The above statement should be read in conjunction with the accompanying notes.

1 Corporate information

The financial report of The Smith Family (the Company) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 25 September 2019.

The Smith Family is a company limited by guarantee, incorporated and domiciled in Australia.

The nature of the operations and principal activities of The Smith Family are described in the Directors' Report.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-Profits Commission. The financial report has also been prepared on an historical cost basis, except for financial assets and liabilities, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards. Some Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements, including Australian Accounting Standards AASB 102 *Inventories*, AASB 116 *Property, Plant and Equipment*, AASB 136 *Impairment of Assets* and AASB 1004 *Contributions*.

(c) New accounting standards and interpretations

(i) Changes in accounting policies, new and amended standards and interpretations

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement*. It makes significant changes to the previous guidance on the classification and measurement of financial assets and introduces an ‘expected credit loss’ model for impairment of financial assets.

When adopting AASB 9, the Company has adopted retrospectively with initial application date 1 July 2018 and adjusted comparatives for the year commencing 1 July 2017, and recognised differences arising from the adoption of AASB 9 in relation to classification and measurement in opening retained earnings as at 1 July 2017.

The adoption of AASB 9 has impacted the following:

Classification and measurement of the Company’s financial assets

Available for sale financial assets under AASB 139 included $14.1m of unlisted equity investments and $12.6m of listed equity investments at 1 July 2017. All unlisted equity investments and $3.2m of listed equity investments have been reclassified to fair value through profit or loss (FVTPL) under AASB 9. $0.4m was transferred from the investment revaluation reserve to retained earnings on 1 July 2017.

Listed equity investments of $9.3m at 1 July 2017 continue to be classified as fair value through other comprehensive income (FVOCI) under AASB 9, because these are held as a long-term investment.

(ii) New standards and interpretations not yet adopted

Certain Australian Accounting Standards and AASB interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 30 June 2019. The directors have not early-adopted any of these new or amended standards or interpretations.

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and some revenue-related Interpretations. It establishes a new revenue recognition model, changes the basis for deciding whether revenue is to be recognised over time or at a point in time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. AASB 15 will become mandatory for the Company's 30 June 2020 financial statements. The Company is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the Company’s preliminary assessment, the likely impact on the first time adoption of the standard for the year ending 30 June 2020 includes a decrease in government revenue and expenses for the Communities for Children Program (2019: $9.3m and $9.3m respectively) and a decrease in government revenue and expenses for the Indigenous Young Leadership Program (2019: $4.5m and $4.5m respectively), as a result of applying the principal versus agent considerations contained within AASB 15, where the Company will present revenue on a ‘net’ basis, and only the fee retained for facilitating the transfer of services will be recorded as revenue. Other impacts are yet to be assessed and quantified.

AASB 16 *Leases* replaces AASB 117 *Leases* and some lease-related Interpretations. It requires all leases, other than short-term and low value asset leases, to be accounted for ‘on-balance sheet’ by lessees, and requires new and different disclosures about leases. The standard provides guidance on the application of the definition of a lease and on sale and lease-back accounting, but largely retains the existing lessor accounting requirements of AASB 117. AASB 16 will become mandatory for the Company's 30 June 2020 financial statements.

Based on the Company’s early assessment, it is expected that the first-time adoption of AASB 16 for the year ending 30 June 2020 will have a material impact on the transactions and balances recognised in the financial statements. In particular, leased assets and financial liabilities on the balance sheet will increase by $10.5m and $10.1m respectively (based on the facts at the date of the assessment). There will be a reduction in the reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities.

Finance costs within the notes to the statement of profit or loss and other comprehensive income will be higher as the implicit interest expense in lease payments for former "off balance sheet' leases will be presented as part of finance costs rather than being included in operating expenses.

In addition, operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest expenses will also be included within financing activities.

AASB 1058 *Income of Not-for-Profit Entities* replaces AASB 1004 *Contributions* (in part). Read in conjunction with AASB 15 *Revenue from Contracts with Customers*, AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities. These standards will supersede all current income recognition requirements relating to NFP entities. Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners related to an asset (such as cash or another asset) received by an entity. This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 *Property, Plant and Equipment*). AASB 1058 will become mandatory for the Company's 30 June 2020 financial statements. The Company is yet to undertake a detailed assessment of the impact of AASB 1058. However, based on a preliminary assessment, the standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* inserts Australian requirements and authoritative implementation guidance for NFP entities into AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*, and will assist NFP entities in applying these standards. NFP entities will generally apply AASB 15 where an agreement creates enforceable rights and obligations and includes sufficiently specific promises to transfer goods or services to the customer or third party beneficiaries. The Company is yet to undertake a detailed assessment of the impact of AASB 2016-8. However, based on the Company’s preliminary assessment, when these amendments are first adopted for the year ending 30 June 2020, the impact on the financial statements will be as described in relation to AASB 15 above.

AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material* principally amends AASB 101 and AASB 108, and clarifies the definition of material and its application by improving the wording, aligning the definition across Australian Accounting Standards and clarifies the explanation accompanying the definition of material. When these amendments are first adopted for the year ending 30 June 2021, there will be no material impact on the financial statements.

2 Summary of significant accounting policies (continued)

(c) New accounting standards and interpretations (continued)

(ii) New standards and interpretations not yet adopted (continued)

AASB 2018-8 *Amendments to Australian Accounting Standards - Right-of-Use Assets of Not-for-Profit Entities* amends AASB 1, AASB 16, AASB 117, AASB 1049 and AASB 1058 to provide a temporary option for NFP entities to not apply the fair value initial measurement requirements for lease assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives. The standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases. When these amendments are first adopted for the year ending 30 June 2020, there will be no material impact on the financial statements.

There are no new interpretations which are expected to have any impact on the Company's financial statements.

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

(e) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to The Smith Family and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Fundraising revenue

Fundraising revenue (with the exception of the value of donated goods and services and revenue from Government tied to future program expenditure) and revenue from VIEW Clubs is recognised generally when the cash is received. Bequests of shares and other securities are brought to account at their values on the date of receipt. Accruals are made for donations which are received before but banked after the year-end.

(ii) Sales revenue

Revenue from sales of commercial goods represents revenue earned from the sale of commercial products, net of returns, trade allowances and duties and taxes paid, arising from the recycling and sale of textiles and the retail sale of secondhand clothing, together with sales of general merchandise through point of sale and online outlets.

A sale is recorded when goods have been dispatched to a customer pursuant to a sales order and the associated risks have been passed to the carrier or customer.

(iii) Interest Revenue

Where the interest rate is fixed, revenue is recognised as interest accrues. Where the interest rate is variable and the amount of interest cannot reliably be estimated, revenue is recognised as interest is received.

(iv) Government Grants

Government grants are recognised as revenue where there is reasonable assurance that the grant will be received and all attached conditions complied with:
• the entity obtains control of the contribution or the right to receive the contribution;
• it is probable that the economic benefits comprising the contribution will flow to the entity; and
• the amount of the contribution can be measured reliably

Management judgement is required in determining when control of the funding received is obtained by the Company through compliance with the conditions attached to the funding, and by meeting the envisaged obligation to spend the funding on specific social and community projects.

(v) Dividends

Dividends on listed shares are recognised when funds are received.

(vi) Profit or loss from discontinued operations

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprises the profit or loss from discontinued operations and the gain or loss recognised on the measurement to fair value less costs to sell on the disposal group constituting the discontinued operation (see also note 2(o) and Note 8).

(f) Community Programs expenditure

Community Programs expenditure includes direct scholarship and other assistance to students and their families, the cost of personal support attributable to the programs, payments to community partners for contracted services, the cost of research and advocacy and an allocation of overhead costs by way of an administration charge. Total Community Programs expenditure for the year was $82.9 million (2018: $74.6 million).

(g) Repairs and maintenance

Certain plant of the Company is required to be overhauled on a regular basis. This is managed as part of an ongoing cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a key component of an asset, in which case the costs are capitalised and depreciated in accordance with note 2(p). Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

(h) Income tax

The Smith Family is a public benevolent institution and as such is exempt from the payment of income tax.

(i) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 22). Payments made under operating leases (net of any incentives received from lessors) are charged to the statement of profit or loss on a straight line basis over the period of the lease. Lease incentives received are recognised over the term of the lease as an integral part of the total lease expense.

(j) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that any asset or cash generating unit (collectively "asset") may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

2 Summary of significant accounting policies (continued)

(k) Cash and cash equivalents, other financial assets

The Company's cash and cash equivalents are measured at amortised cost, including long-term deposits that were previously classified as held-to-maturity under AASB 139, and comprise cash at banks and on hand, and short-term deposits with a maturity of three months or less.

Other financial assets in the statement of financial position comprise long-term deposits with a maturity of more than three months.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and long-term deposits as defined above, net of outstanding bank overdrafts.

(l) Trade receivables

Trade receivables are measured at amortised cost (and are not designated as FVTPL) as the objective is to hold them and collect contractual cash flows, and the contractual terms of the receivables give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Company makes use of a simplified approach in accounting for trade receivables, where the loss allowance is recorded at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. Impairment of trade receivables is presented within other expenses.

Trade receivables generally are intreset free and have 30-60 day terms.

(m) Inventories

Other than donated inventories held for distribution, inventories are valued at the lower of cost and current replacement cost.

Raw materials and stores, work in progress and finished goods

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of the first in first out method of stock costing. Replacement cost is the estimated cost of replacement in the ordinary course of business.

Donated inventories held for distribution

Donated goods held for distribution are stated at their estimated current replacement cost at the date of acquisition, adjusted when applicable for any loss of service potential.

(n) Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs and other income.

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition: fair value through profit or loss (FVTPL), or equity instruments at fair value through other comprehensive income (FVOCI).

(i) Financial assets at fair value through profit or loss (FVTPL)

Financial assets other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. These assets include both listed and unlisted equity investments that were previously classified as 'available-for-sale' under AASB 139.

(ii) Equity instruments at fair value through other comprehensive income (FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends from these investments continue to be recorded as other income within the profit or loss statement unless the dividend clearly represents return of capital. This category includes certain listed equity investments that were previously classified as 'available-for-sale' under AASB 139.

Recognition and de-recognition

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase or sell the asset. Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are de-recognised when the right to receive cash flows from the financial assets have expired or when the entity transfers substantially all the risks and rewards of the financial assets.

Impairment

The company assesses, on each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has had an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(o) Assets and liabilities classified as held for sale and discontinued operations

Assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any profit or loss arising from the sale of a discontinued operation or its re-measurement to fair value less costs to sell is presented as part of a single line item - profit or loss from discontinued operations.

(p) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation, subject to note 2(o). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

2 Summary of significant accounting policies (continued)

(p) Property, plant and equipment (continued)

Land is not depreciated. Except as noted below, depreciation on other assets is calculated using the straight line method to allocate their cost or revalue amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings	33.33 years
- Manufacturing plant and equipment	10 - 20 years
- Vehicles	5 years
- Furniture, fittings and other equipment	3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(j)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in the statement of profit or loss.

(q) Intangible assets

The Company has purchased computer software, and developed certain computer software to enhance its business using both internal and external resources. The costs of these purchases and developments are capitalised and amortised over the useful life of the software, which is normally taken to be 3 to 5 years.

(r) Financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Company's financial liabilities were not impacted by the adoption of AASB 9.

The Company's financial liabilities include trade and other payables.

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which were unpaid on the reporting date. The amounts are unsecured, interest free and usually paid within 30 days of recognition.

(s) Provisions

Provisions for legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Except as otherwise noted, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation on the reporting date. Subsequent adjustments to the provisions due to the passage of time are recognised as interest expenses.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(t) Employee benefits

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

The net amount of GST recoverable from or payable to the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority are presented as operating cash flow.

(v) Endowment Fund

The Children's Future Education Fund (referred to in the Financial Statements as the Endowment Fund) comprises monies donated or bequeathed to the Company for long-term investment which will generate revenue to support the education of disadvantaged students through the provision of *Learning for Life* scholarships and education-focussed support for individuals and communities in need. The Company may, at its discretion, transfer additional monies to the Fund from time to time. The balance of the Fund is separately invested in a specific investment portfolio. The revenue for the Fund for the year includes donations, bequests and income from investments, net of associated expenses. Gains or losses on revaluation of the investment portfolio are recorded in the profit and loss.

3 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by a central finance department (Finance) under policies approved by the Board of Directors. Finance identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

	Note	2019 $'000	2018 $'000
The Company holds the following financial instruments:			
Financial Assets			
Cash and cash equivalents	9	16,224	12,378
Other financial assets	9	14,000	15,000
Trade and other receivables	10	1,727	2,381
Financial assets	12	29,115	28,510
		61,066	58,269
Financial liabilities			
Trade and other payables	15	4,519	6,582
		4,519	6,582

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Company operates internationally and is exposed periodically to foreign exchange risk arising from currency exposures to the US dollar.

The Company's exposure to foreign currency risk at the reporting date was $nil (2018: $nil):

(ii) Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified on the statement of financial position either as FVTPL or FVOCI. The Company is not exposed to commodity price risk.

To manage the Company's price risk arising from investments in equity securities, Finance diversifies the Company's portfolio in accordance with limits set by the Company's Investment Policy and Mandate. The majority of the Company's equity investments are readily saleable.

At reporting date the Company had $29.1 million (2018: $28.5 million) in financial assets. Equity would further increase / decrease as a result of gains / losses on equity securities and managed funds classified as either FVTPL or FVOCI.

(iii) Interest rate risk

The Company's finance costs and operating cash flows are not materially exposed to changes in market interest rates. As at the reporting date the Company had no borrowings. The Company's investments in term deposits all pay fixed interest rates. Based on the balances held in interest bearing bank accounts on the reporting date, the Company's surplus for the year would have been $73,829 higher / $73,829 lower (2018: $55,328 higher / $55,328 lower) had the interest rates increased / decreased by 0.5%.

(b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and committed transactions. For banks and financial institutions only independently rated parties with a minimum Standard and Poor's rating of 'A-' are accepted. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Individual risk limits are set based on internal ratings and these are regularly monitored by management.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised above. Under certain circumstances the Company may retain title over goods sold until full payment is received. The Company may obtain security in the form of letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. The Company may also take trade finance insurance cover for transactions in certain export markets.

(c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding from its fundraising activities and its operating expenditure.

3 Financial risk management objectives and policies (continued)

(d) Derivative financial liabilities

The Company uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 - the fair value is calculated using quoted prices in active markets.

Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Year ended 30 June 2019			Total	Year ended 30 June 2018			Total
	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)		Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets								
Investments								
Listed investments	15,076	-	-	15,076	13,278	-	-	13,278
Unlisted investments	-	14,039	-	14,039	-	15,232	-	15,232
	15,076	14,039	-	29,115	13,278	15,232	-	28,510

Quoted market price presents fair value based on quoted prices in active markets as at the reporting date, without any deduction for transaction costs.

4 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Estimates and judgements are continually evaluated in relation to assets, liabilities, contingent liabilities, revenue and expenses, and are based on historical experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances. The estimates and judgements form the basis of the carrying values of assets and liabilities which are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions. There are no estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Significant accounting judgements

Impairment of non-financial assets

The Company assesses at each reporting date whether there is objective evidence that any significant non-financial asset or group of non-financial assets is impaired by evaluating conditions specific to the Company and to the particular asset or group of assets which may lead to impairment. These include product and manufacturing performance, technology, the economic environment and future product expectations. Certain manufacturing assets have been tested for impairment and management considers that there are no impairment triggers which might require the value of those assets to be determined.

Impairment of financial assets

The Company holds a number of financial assets and follows the requirements of AASB 9*: Financial Instruments* in determining when a financial asset is impaired. In determining the amount of impairment, judgements are made in identifying financial assets whose decline in fair value below cost is considered significant and prolonged. A significant decline is based on the historical volatility of the share price. A prolonged decline is based on the length of time over which the share price has been depressed below cost. For the year ended 30 June 2019 the Company has determined that there are no financial assets considered impaired (2018: no impairment loss).

(ii) Significant accounting estimates and assumptions

Make-good provisions

A provision has been made for the present value of anticipated costs of future restoration of leased premises. Principally these estimated costs relate to the removal of office fitouts and repair and redecoration of office premises. The provision recognised for each site is reviewed periodically and changes are recognised through the statement of financial position by adjusting both the expense and provision. The related carrying amounts are disclosed in Note 16 and Note 18.

Employee benefits

The liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured as the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Deferred government funding

The liability for deferred government funding is recognised on cash receipts from government funders and released to revenue in subsequent accounting periods based on the different conditions specified in each agreement. In determining the value of deferred government funding, expected costs based on best estimate have been taken into account.

	Note	2019 $'000	2018 $'000

5 Revenue

	Note	2019 $'000	2018 $'000
Fundraising	2(e)(i)		
Individuals - donations and sponsorships		60,632	49,368
Bequests		5,898	7,110
Organisations		11,536	12,721
Communities		2,702	2,403
Value of donated goods		418	397
VIEW Clubs		5,297	5,519
		86,483	77,518
Government funding	2(e)(iv)	37,345	33,609
Revenue from sale of commercial goods	2(e)(ii)	62	92
Interest received	2(e)(iii)	719	776
Total revenue		124,609	111,995

6 Other Income

		2019 $'000	2018 $'000
Rental income, dividends and third party contributions to programs		2,114	2,073
Gain/(loss) from financial assets at FVTPL		346	224
Net (loss)/gain on disposal of property, plant and equipment		(1)	-
Total other income		2,459	2,297

7 Expenses

Surplus before income tax includes the following specific expenses:

		2019 $'000	2018 $'000
Continuing Operations:			
Depreciation			
Buildings		38	38
Plant and equipment		431	404
Leasehold improvements and make-good provision		112	63
Total depreciation		581	505
Amortisation			
Intangibles		291	522
Total amortisation		291	522
Rental expense relating to operating leases			
Lease payments		2,475	2,341
Total rental expense relating to operating leases		2,475	2,341
Employee expenses			
Gross employee expenses		48,070	42,062
Total employee expenses recognised in the surplus before income tax for the year		48,070	42,062
Discountinuing Operations:			
Depreciation			
Buildings		175	194
Plant and equipment		212	202
Leasehold improvements and make-good provision		58	119
Total depreciation		445	515
Rental expense relating to operating leases			
Lease payments		1,396	1,285
Total rental expense relating to operating leases		1,396	1,285
Employee expenses			
Gross employee expenses		6,591	7,306
Total employee expenses recognised in the surplus before income tax for the year		6,591	7,306

8 Discontinuing Operations

(a) Details of operations held for sale

During the year, the Company conducted a strategic review of its Recycling Operation and, through an Expression of Interest process, announced the proposed divestment of the Operation, and initiated an active program to identify potential buyers. As at 30 April 2019, the associated assets and liabilities were consequently classified as held for sale in the financial statements. The sale of the Recycling Operation is expected to be completed by within a year from the reporting date. As at 30 June 2019, it was classified as a held for sale operation and is reported as a discontinuing operation. Financial information relating to the discontinuing operation for the year is set out below:

(b) Financial performance of held for sale operations

The results for the disposal group for the year are presented below:

	Note	2019 $'000	2018 $'000
Revenue from sale of commercial goods	2(e)(ii)	17,111	17,873
Other income		169	72
Expenses		(17,142)	(17,523)
Gross Surplus/(Deficit)		138	422
Surplus/(Deficit) for the year from held for sale operations		138	422

		Note	2019 $'000	2018 $'000
8	**Discontinuing Operations (continued)**			
(c)	**Assets and liabilities - held for sale operations**			
	Assets			
	Trade receivables (net)		326	
	Other receivables		230	
	Inventory		581	
	Property, plant and equipment		2,109	
	Assets classified as held for sale		3,246	
	Liabilities			
	Trade creditors		135	
	Other creditors		858	
	Employee benefits		1,549	
	Makegood provision		86	
	Liabilities associated with the assets held for sale		2,628	
	Net assets classified as held for sale		618	
(d)	**Cash flow information - held for sale operations**			
	The net cash flow of held for sale operations is as follows:			
	Operating activities		84	671
	Investing activities		-	-
	Net cash inflow		84	671

9 Current assets - Cash, cash equivalents and other financial assets

	Note	2019 $'000	2018 $'000
Cash at bank and on hand	9(b)	8,206	5,822
Deposits at call	9(c)	8,018	6,556
Total cash and cash equivalents		16,224	12,378
Term deposits	9(c)	14,000	15,000
Total other financial assets		14,000	15,000
	2(k)	30,224	27,378

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Note	2019 $'000	2018 $'000
Balances as above		30,224	27,378
Balances per statement of cash flows	2(k)	30,224	27,378

(b) Cash at bank and on hand

Cash at bank is held at prevailing bank interest rates. Cash on hand is non interest bearing.

(c) Deposits at call and term deposits

The deposits are bearing fixed interest rates between 2.34% and 2.38% (2018: 2.51% and 2.58%). Fixed term deposits have an average maturity of 194 days (2018: 108 days).

(d) Interest rate exposure

The Company's exposure to interest rate risk is discussed in Note 3.

10 Current assets - Receivables

	Note	2019 $'000	2018 $'000
Trade receivables		-	507
Expected credit loss		-	-
		-	507
Other receivables	10(c)	891	843
GST receivable	10(d)	405	535
		1,296	1,378
Interest receivable		18	277
Prepayments		413	219
	2(l)	1,727	2,381

The significant changes in the balance of receivables are disclosed in Note 8.

(a) Expected credit losses from trade receivables

As at 30 June 2019 current trade receivables with a nominal value of $nil (2018: $nil) had no expected credit losses.

The Company had no material losses in respect of expected credit losses from trade receivables during the year ended 30 June 2019.

(b) Past due but no expected credit losses

As of 30 June 2019, trade debtors with a nominal value of $nil (2018: $nil) were past due but had no expected credit losses.

(c) Other debtors

These amounts include transactions relating to donations received but not receipted by year-end.

(d) GST receivable/(payable)

These amounts relate to the GST receivable/(payable) at the balance date.

	Note	2019 $'000	2018 $'000

11 Current assets - Inventories

	Note	2019 $'000	2018 $'000
Raw materials and stores at cost		-	85
Finished goods at cost		103	1,100
Donated inventories held for distribution at replacement cost		484	599
	2(m)	587	1,784

The significant changes in the balance of inventories are disclosed in Note 8.

12 Non-current assets - Financial assets

	Note	2019 $'000	2018 $'000
Equity securities - listed		15,076	13,278
Unlisted securities in investment funds		14,039	15,232
	3(d)	29,115	28,510

Financial Assets

	2019 $'000	2018 $'000
Financial assets at fair value through other comprehensive income (FVOCI)	11,267	9,957
Financial assets at fair value through profit or loss (FVTPL)	17,848	18,553
	29,115	28,510

Impairment and risk exposure

None of the financial assets are impaired.

All financial assets are denominated in Australian currency. An analysis of the sensitivity of these assets to price and interest rate risk is provided in Note 3.

The above assets were allocated as follows:

	2019 $'000	2018 $'000
Restricted funds	6,742	4,917
Unrestricted funds	22,373	23,593
	29,115	28,510

Restricted funds are to be used for specific activities and initiatives of the Endowment Fund as prescribed by the donors and the granters of the funds, and cannot be used for any other purpose.

13 Non-current assets - Property, plant and equipment

	Lease Make Good $'000	Work in progress $'000	Freehold land $'000	Freehold buildings $'000	Plant and equipment $'000	Leasehold improve-ments $'000	Total $'000
At 1 July 2017							
Cost	425	382	291	8,020	7,040	962	17,120
Accumulated depreciation	(425)	-	-	(6,322)	(5,615)	(710)	(13,072)
Net carrying amount	-	382	291	1,698	1,425	252	4,048
Year ended 30 June 2018							
Opening net book amount	-	382	291	1,698	1,425	252	4,048
Additions	33	-	-	183	378	123	717
Disposals	-	-	-	-	-	-	-
Transfers	-	(193)	-	-	193	-	-
Depreciation charge	(33)	-	-	(232)	(606)	(149)	(1,020)
Closing net carrying amount	-	189	291	1,649	1,390	226	3,745
At 30 June 2018							
Cost	457	189	291	8,205	6,821	833	16,796
Accumulated depreciation	(457)	-	-	(6,556)	(5,431)	(607)	(13,051)
Net carrying amount	-	189	291	1,649	1,390	226	3,745
Year ended 30 June 2019							
Opening net book amount	-	189	291	1,649	1,390	226	3,745
Additions	49	862	-	-	437	59	1,407
Disposals	-	-	-	-	(1)	-	(1)
Transfers	-	(189)	-	-	189	-	-
Transferred to Assets held for sale	-	-	(291)	(928)	(820)	(70)	(2,109)
Depreciation charge	(49)	-	-	(213)	(644)	(120)	(1,026)
Closing net carrying amount	-	862	-	508	551	95	2,016
At 30 June 2019							
Cost	506	862	291	8,205	6,772	657	17,293
Accumulated depreciation	(506)	-	-	(6,769)	(5,401)	(492)	(13,168)
Transferred to Assets held for sale	-	-	(291)	(928)	(820)	(70)	(2,109)
Net carrying amount	-	862	-	508	551	95	2,016

14 Non-current assets - Intangible assets

Software purchase and development costs

	$'000
At 1 July 2017	
Cost	4,189
Accumulated amortisation	(3,142)
Net carrying amount	1,047
Year ended 30 June 2018	
Opening net book amount	1,047
Additions	149
Disposals	-
Amortisation charge	(522)
Closing net carrying amount	674
At 30 June 2018	
Cost	4,338
Accumulated amortisation	(3,664)
Net carrying amount	674
Year ended 30 June 2019	
Opening net book amount	674
Additions	-
Disposals	-
Amortisation charge	(291)
Closing net carrying amount	383
At 30 June 2019	
Cost	3,684
Accumulated amortisation	(3,301)
Net carrying amount	383

15 Current liabilities - Payables

	Note	2019 $'000	2018 $'000
Trade creditors		139	1,532
Other creditors		4,380	5,050
	2(r)	4,519	6,582

The significant changes in the balance of trade creditors and other creditors are disclosed in Note 8.

16 Current liabilities - Provisions

	Note	2019 $'000	2018 $'000
Employee benefits	2(s,t)	5,041	5,942
Make-good provision	2(s)	201	131
		5,242	6,073

(a) Make-good provision

The Company has entered into leases of property, the terms of which include restoration requirements at the end of the lease periods. The costs of restoration have been estimated by management and to the extent that they relate to leases which expire in the next financial year the costs are recognised as current liabilities.

(b) Movements in provisions

Movements in each class of provision during the financial year other than employee benefits are set out below:

Make-good provision

	2019 $'000	2018 $'000
Carrying amount at the start of the year	131	101
Transferred to liabilities associated with assets held for sale	(33)	-
Additional provisions recognised	103	30
Carrying amount at the end of the year	201	131

(c) Amounts not expected to be settled within the next 12 months

The current provisions for annual and long service leave include all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current since the Company does not have a right to defer settlement.

Under present Company policy it is a requirement that individual annual leave balances remain at or below one year's accrued entitlement. As a result, the annual leave provision is treated as current. However, based on past experience the Company does not expect all employees to take the full amount accrued for long service leave within the next 12 months. The following amounts reflect long service leave which is not expected to be taken or paid within the next 12 months.

	2019 $'000	2018 $'000
Long service leave obligation expected to be settled after 12 months	1,272	1,503

17 Current liabilities - Other

Unexpended funding has been carried forward as follows:

	Note	2019 $'000	2018 $'000
Current (unsecured)			
Program funding received in advance		350	229
Deferred government funding		8,910	7,691
	2(e)(iv)	9,260	7,920

18 Non-current liabilities - Provisions

	Note	2019 $'000	2018 $'000
Employee benefits	2(t,u)	972	1,010
Make-good provision		219	371
		1,191	1,381

(a) Make-good provision

The Company has entered into leases of property, the terms of which include restoration requirements at the end of the lease periods. The costs of restoration have been estimated by management and to the extent that they relate to leases which expire after the next financial year the costs are recognised as non-current liabilities.

(b) Movements in provisions

Movements in each class of provision during the financial year other than employee benefits are set out below:

Make-good provision

	2019 $'000	2018 $'000
Carrying amount at the start of the year	371	410
Transferred to liabilities associated with assets held for sale	(54)	-
(Reduced)/additional provisions recognised	(98)	(39)
Carrying amount at the end of the year	219	371

19 Reserves and retained surplus

(a) Movements in the retained surplus were as follows:

	Note	2019 $'000	2018 $'000
Balance at the beginning of the year		36,532	35,029
Surplus for the year		373	1,503
Balance at the end of the year		36,905	36,532

(b) Movements in the Endowment Fund reserve were as follows:

	Note	2019 $'000	2018 $'000
Balance at the beginning of the year		4,810	4,328
Increase/(decrease) in value of the Endowment Fund reserve for the year		1,508	482
Balance at the end of the year	2(v)	6,318	4,810

(c) Movements in the investment revaluation reserve were as follows:

	Note	2019 $'000	2018 $'000
Balance at the beginning of the year		1,174	207
Increase/(decrease) in value of the investment revaluation reserve for the year		61	967
Balance at the end of the year		1,235	1,174

20 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company, and its related practices:

Assurance services

Audit services

Ernst & Young Australia	**2019 $**	**2018 $**
Audit	98,256	98,177
Audit of regulatory returns	2,781	8,802
Total remuneration for audit services	101,037	106,979

21 Contingent liabilities

Contingent liabilities

The Company had no contingent liabilities at 30 June 2019 and at the date of this report.

Guarantees

The Company had provided the following guarantees at 30 June 2019:

- bank guarantees to a total amount of $836,247 (2017: $901,422)

22 Commitments

(a) Lease commitments: Company as lessee

	Note	2019 $'000	2018 $'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:			
Within one year		2,636	3,153
Later than one year but not later than five years		2,788	3,733
Later than five years		-	-
		5,424	6,886
Representing:			
Non-cancellable operating leases		5,424	6,886
	2(i)	5,424	6,886

The Company leases certain offices and retail outlets under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Company also leases certain plant and machinery under operating leases.

(b) Property, plant and equipment commitments

Commitments in relation to capital expenditure contracted for the year ended 30 June 2019: $nil (2018: $nil)

23 Related party transactions

(a) Directors

The names of persons who were directors of the Company at any time during the financial year and up until the date of this report are as follows: A.K Abey, L.M. Armstrong, C.N. Bartlett, C. Cawsey, S.A. Davis, J.A. Harmer, R.M. Garnon, M.G. Johnson, A.J. Kloeden, J.C.R. Maycock, J.C. McLoughlin, L.J. O'Brien, P.J. Radoll, R. Storelli.

R.M. Garnon was appointed as a director of the Company on 22 February 2019.

J.C. McLoughlin and P. Radoll were appointed as directors of the Company on 30 April 2019.

L.M. Armstrong was a director of the Company until her resignation on 14 September 2018.

R.Storelli was a director of the Company until her resignation on 19 November 2018.

(b) Key management and personnel compensation

Key management personnel compensation for the years ended 30 June 2019 and 2018 is set out below. The key management personnel are:

- all the directors of the Company (none of whom is paid with the exception of L.J. O'Brien, who holds office as a director in her role as Chief Executive Officer), and
- eight (2018: nine*) other executives with the greatest authority for the strategic direction and management of the Company.

	Short term benefits $	Post employ-ment benefits $	Other long term benefits $	Termin-ation benefits $	Total $
2019	2,028,899	175,289	-	-	2,204,188
2018	1,982,191	170,595	-	-	2,152,786

* In 2018 there were two individuals who filled the role of Head of People and Culture.

24 Reconciliation of surplus after income tax to net cash inflow/(outflow) from operating activities

	2019 $'000	2018 $'000
Surplus for the year	1,881	1,632
Depreciation and amortisation	1,317	1,542
Loss/(gain) on disposal of property, plant and equipment	1	-
Shares received from bequests	(1,304)	(167)
Shares transferred during the year	(64)	(104)
Realised (gain)/loss from share investments	12	(31)
Interest income	(719)	(776)
Dividends and distributions	(1,266)	(1,203)
(Increase)/decrease in receivables	(160)	(194)
(Increase)/decrease in inventories	616	(134)
(Increase)/decrease in financial assets at FVTPL and FVOCI	(544)	-
Increase/(decrease) in trade and other creditors	(1,069)	(203)
Increase/(decrease) in other operating liabilities	1,339	(2,633)
Increase/(decrease) in provisions	614	513
Net cash inflow/(outflow) from operating activities	654	(1,758)

25 Events after balance date

There have been no significant events occurring after balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

	Note	2019 $'000	2018 $'000

26 Income and expenditure - Fundraising Appeals

This disclosure is made under the NSW Charitable Fundraising Act (1991).

(i) Details of aggregate gross income and total expenses of Fundraising Appeals

	2019 $'000	2018 $'000
Gross proceeds of Fundraising Appeals (as defined in the Act)	75,288	64,887
Costs of Fundraising Appeals	(32,004)	(28,529)
Net surplus obtained from Fundraising Appeals	43,284	36,358

(ii) Statement showing how funds and goods received were applied to charitable purposes

	2019 $'000	2018 $'000
Net surplus obtained from Fundraising Appeals	43,284	36,358
This was applied to the charitable purposes in the following manner:		
Cash payments to beneficiaries	27,615	23,648
Personal support to beneficiaries	51,748	45,637
Christmas toys, books and other goods distributed to clients	601	374
Community Programs research, development and administration	2,978	4,946
	82,942	74,605

(iii) Fundraising Appeals conducted during the financial year

	2019 $'000	2018 $'000
Donations from individuals	60,632	49,368
Corporate, trust and university donations	11,536	12,721
Events	2,702	2,401
Donated goods and services	418	397
	75,288	64,887

(iv) Comparisons of certain monetary figures and percentages

The following figures and percentages exclude sales revenue and expenditure on commercial activities.

	2019 $'000	2018 $'000	2019 %	2018 %
Total cost of fundraising appeals /	32,004	28,529	42.5%	44.0%
Gross income from fundraising appeals	75,288	64,887		
Net surplus from fundraising appeals /	43,284	36,358	57.5%	56.0%
Gross income from fundraising appeals	75,288	64,887		
Total cost of assistance to clients /	82,942	74,605	66.2%	66.2%
Total expenditure	125,301	112,683		
Total cost of assistance to clients /	82,942	74,605	65.3%	65.5%
Total income received	127,006	113,919		

THE SMITH FAMILY
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of The Smith Family, I state that in the opinion of the directors:

(a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012,* including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013;*

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

C.N. Bartlett
Chairman

Sydney
25 September 2019

THE SMITH FAMILY
DECLARATION UNDER THE CHARITABLE FUNDRAISING ACT 1991

In accordance with a resolution of the directors of The Smith Family I state that:

(i) the Statement of Comprehensive Income gives a true and fair view of the all income and expenditure of the organisation with respect to fundraising appeals;

(ii) the Statement of Financial Position gives a true and fair view of the state of affairs of the organisation with respect to fundraising appeals;

(iii) the financial report and associated records of the Company have been properly kept during the year ended 30 June 2019 in accordance with the provisions of the *Charitable Fundraising Act 1991,* the regulations under the Act and the conditions attached to organisation's authority; and

(iv) the internal controls exercised by the organisation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

On behalf of the Board

C.N. Bartlett
Chairman

Sydney
25 September 2019

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Independent Auditor's Report to the Members of The Smith Family

Opinion

We have audited the financial report of The Smith Family (the Company), 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, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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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 *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.

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 relating 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulations 2015 and the requirements of the WA Charitable Collections Act (1946) and the WA Charitable Collections Regulations (1947)

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

a) the financial report of The Smith Family has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2019, in all material respects, in accordance with:

   i. sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;

   ii. sections 10(6) and 11 of the *NSW Charitable Fundraising Regulations 2015*;

   iii. the *WA Charitable Collections Act (1946)*; and

   iv. the *WA Charitable Collections Regulations (1947)*.

b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 June 2019 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

Ernst & Young

Ernst & Young

YBarnikel

Yvonne Barnikel
Partner
Sydney
25 September 2019

The Smith Family

everyone's family