

The essential tool for transparent reporting

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**Enhancing not-for-profit
annual and financial reporting**

Best practice reporting – March 2009



The Institute of
Chartered Accountants
in Australia

The Institute of Chartered Accountants in Australia

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About this report

This report has been prepared by Stewart Leslie, Director, Causeway Consulting Pty Ltd. The author would like to thank the Institute's Kerry Hicks, Karen McWilliams and Stephanie Kemp for their contribution to this paper. The report reflects the findings from the PricewaterhouseCoopers (PwCs) Transparency Awards. The author and the Institute thank PwC for allowing the findings to be reflected in the report.

About PwC Transparency Awards

The Institute of Chartered Accountants in Australia is a proud supporter of PricewaterhouseCoopers Transparency Awards. The Transparency Awards are designed to recognise the quality and transparency of reporting in the not-for-profit sector.

The winning organisation benefits from raising its profile as an organisation with a proven commitment to transparency reporting. It receives \$20,000 towards the training and development of its people. All submissions are reviewed by a panel of experts and receive an individual feedback report. The 2008/09 winner will be announced on Thursday, 23 April 2009.

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Enhancing not-for-profit annual and financial reporting

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Published by: The Institute of Chartered Accountants in Australia
33 Erskine Street, Sydney, New South Wales, 2000

Author: Mr Stewart Leslie, Causeway Consulting Pty Ltd.

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Foreword

Since the Institute of Chartered Accountants in Australia's (the Institute) published its February 2007 *Enhancing not-for-profit annual and financial reporting* thought leadership paper there have been changes in financial reporting best practice through the increased need for transparency among users of annual reports.

Financial reports continue to evolve, and due to the recent instability in the market place there are additional areas for a not-for-profit to consider when preparing their financial statements. Changes incorporated into the current edition of the publication include segment reporting, financial instrument disclosures, presentation of financial statements, and impairment considerations.

The changes to the annual report section of the paper stem from recommendations to enhance annual reporting in the not-for-profit sector from the PricewaterhouseCoopers Transparency Awards as well as research carried out by the Institute. These changes reflect the increasing momentum for reporting that provides stakeholders with an understanding of the key drivers of a business, through the use of key performance indicators and increasing disclosure on strategy and the key risks and drivers of the organisation, environmental and social reporting, investment and funding information, and presentation guidance. The paper expands on these areas of reporting, aligning them with the Institute's recent thought leadership publication *Broad Based Business Reporting: A complete reporting tool*.

The not-for-profit sector will continue to change as initiatives, such as the federal governments recent review of *Disclosure Regimes for Charities and Not-for-profit Organisations* are addressed. The Institute is significantly involved in such reviews, and through ongoing lobbying efforts is committed to changes to reduce regulatory burden and legislation complexity of the sector.

The report also provides practical guidance for not-for-profits in preparing both the annual and financial reports, and how to implement the suggested enhancements. It also includes an overview of the legislation relevant to the not-for-profit sector. The illustrative financial report provided is an essential tool for not-for-profits, and includes common disclosures relevant for entities in this sector.

This paper is one of the Institute's thought leadership initiatives, aimed at promoting best practice reporting for not-for-profits to positively influence the growth of our profession.



Richard Deutsch

President

The Institute of Chartered Accountants in Australia

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1. Introduction

This is the second edition of *Enhancing not-for-profit annual and financial reporting*. Its purpose is to assist not-for-profits (NFPs) in their efforts to attain best practice in their annual and financial reports. This guidance includes accounts prepared for the 30 June 2009 financial year, and may simplify the task of preparing and presenting NFP annual and financial reports. It comprises five sections:

- > Implications of the global economic downturn
- > Overall recommendations for the enhancement of NFP annual and financial reporting
- > Guidance when producing an annual report
- > Guidance when producing a financial report
- > Background information including an overview of legislation and resources.

The overall recommendations are presented based on two categories of NFP, a charity and a sporting club, but are applicable to all private sector NFPs.

The Institute supports the PricewaterhouseCoopers Transparency Awards, which are designed to recognise the quality and transparency of reporting in the NFP sector. The winning organisation benefits from raising its profile as an organisation with a proven commitment to transparent reporting and receives \$20,000 towards the training and development of its people.

The evaluation criteria for the PricewaterhouseCoopers Transparency Awards were based on PricewaterhouseCoopers' reporting framework, the Institute of Chartered Accountants in Australia's report *Enhancing not-for-profit annual and financial reporting*, and the Global Reporting Initiative's (GRI) reporting guidelines.

This update of the previous Institute publication reflects recommendations from the 2007 Awards and other Institute research to ensure it continually reflects best practice in NFP reporting.

2. Implications of the global economic downturn

The effects of the economic downturn are being felt across the globe in all sectors. The NFP sector is no exception. The combination of sharemarket volatility, a weak Australian dollar and economic uncertainty all mean that NFPs face increased costs and challenges in maintaining income levels and achieving their goals. At the time of writing (March 2009), these challenges are only just starting to emerge in some parts of the NFP sector (such as those that rely on corporate sponsorships and donations).

To successfully navigate through the current climate, NFPs will need to have:

- > Re-considered their objectives and strategies
- > Transparently communicated changes in objectives and strategies, using their annual and financial reporting processes where appropriate
- > Implemented good management practices
- > Secured strong cash resources and used reserves appropriately.

The overall recommendations appearing in section 3 will enhance the quality and transparency of annual reporting and financial reporting. Additionally, the Institute has identified five key areas that should be addressed by the leadership team of NFPs to display effective financial and strategic leadership in the current economic environment:

Understand key risks and impacts	<ul style="list-style-type: none">> Understand how the organisation is impacted by the downturn> Evaluate activities in relation to the organisation's goals and objectives (have activities been added during the good times that are not aligned with the NFP's goals and objectives; can planned activities be deferred?)> Plan for different scenarios reflecting the impact of the downturn and determine actions early.
Cash flow management	<ul style="list-style-type: none">> Ensure the organisation's working capital is healthy (if the NFP has a policy to hold cash reserves equal to a number of weeks' operating costs, will that be enough in light of reduced fundraising?)> Re-examine funding or financing exposures> Assess going concern and protect liquidity.
Reliable measurement of performance	Monitor performance against clearly defined financial and non-financial key performance indicators and report performance to staff, volunteers and external stakeholders.
Manage costs	Maintain the efficiency and effectiveness of activities and programs by focusing on enhancing performance, improving outcomes and reducing complexity.
Value resources	Clear communication with employees, volunteers and stakeholders.

For further information

The Institute has developed a dedicated online resource to help Chartered Accountants negotiate the global economic downturn. This is continually being updated with the latest news, guidance and analysis. It can be viewed at: charteredaccountants.com.au/global_economic_downturn

3. Overall recommendations

3.1 Recommendations to enhance NFP annual reporting

The following recommendations are designed to enhance the quality of annual reporting by NFPs. The recommendations are based on research carried out by the Institute and information gathered in the review of submissions to the 2007 PricewaterhouseCoopers Transparency Awards.

Objectives	Provide more information about what NFPs are trying to do (their mission), their objectives, explanations of activities to achieve those objectives, and how those activities are funded.
Strategy	Provide a summary of the strategy to assist readers reviewing an NFP's performance for the year. NFPs striving for best practice should consider the inclusion of measurable, quantified strategic targets and progress reporting against those targets.
	Make the strategic plan or, at a minimum, the strategic goals for the period available on the website. A link or cross reference to the website could be included in the annual report.
Future plans	Provide more information regarding future plans.
Governance structure and processes	<p>Greater transparency around governance structures and processes through inclusion of a comprehensive governance statement will:</p> <ul style="list-style-type: none"> > Initially, lead to improved governance reporting as the NFP strives to demonstrate best practice > Assist Board members in protecting their reputation > Potentially provide a competitive advantage. <p>Examples of governance statements can be found in section 4.2 in this publication. Additionally, specific guidance exists for sporting body NFPs.¹</p>
Risk management	Ideally readers of the annual report should be provided with sufficient information to understand the risks faced by the NFP and the ongoing management of those risks. This could be achieved by providing a summary of policies on risk oversight and management of material risks in the governance statement.
Stakeholder reporting	<p>Identify major stakeholders – people, groups or organisations who impact or could be impacted by the NFP's actions – and provide an overview of the relationship with each stakeholder.</p> <p>Specific attention should be paid to employees and volunteers. Consider disclosing employment policies, policies for engaging volunteers, an overview of the training provided to both employees and volunteers, and recognition of employee and volunteer achievements.</p>
Funding	<p>Provide more detail about sources of funds as well as fundraising activities. Although the quantum of funds raised and used by NFPs can be determined from their financial statements, additional information on the sources of funds would enhance transparency.</p> <p>Consideration should be given to providing information regarding:</p> <ul style="list-style-type: none"> > The processes to secure government funding > Policies for public fundraising > Which costs are included in fundraising costs > The revenue models and the NFP's approach to funding > The use of websites to generate donations.

1. Sporting body NFPs can achieve best practice in governance reporting by comparing their structure to the Australian Sporting Commission's *National Sporting Organisation Governance Principles of Best Practice*. If necessary, they can take remedial action to align their governance structure with this best practice.

Continued overleaf >

Investments	<p>Provide more insightful reporting of investments and investment policies, including:</p> <ul style="list-style-type: none"> > Management of investments, including the involvement of any third parties such as investment advisors or managers > Any limitations on investments > The performance of the investment portfolio against short- and long-term targets or performance objectives.
Reporting efficiency and effectiveness – charitable bodies	<p>Charitable NFPs should identify and include in their annual reports those process key performance indicators (KPIs) that are relevant to their mission, objectives and activities. At a minimum these should include, where applicable:</p> <ul style="list-style-type: none"> > The ratio of total costs of fundraising to gross income obtained from fundraising > The ratio of net surplus from fundraising to gross income obtained from fundraising > The ratio of total costs of services provided by the fundraiser to total expenditure > The ratio of total costs of services provided by the fundraiser to gross income received. <p>For as long as fundraising ratios remain the generally accepted means of reporting process efficiency, the ratios should be separately disclosed.</p> <p>Fluctuations in these ratios from reporting period to reporting period should be explained in the annual report, particularly where the NFP is investing in its funding coterie. Such transparency communicates to the broader community that this investment is required and necessary to support the ongoing operations of the charitable NFP.</p>
Reporting efficiency and effectiveness – sporting bodies	<p>Sporting body NFPs demonstrate the efficiency of their operations by determining the process KPIs that are relevant to their mission, objectives and activities, and disclosing them in their annual report. Where these KPIs are expressed as numbers or ratios, fluctuations from reporting period to reporting period should be explained.</p>
Outputs, outcomes and impacts	<p>NFPs enhance the effectiveness of their annual reports by portraying what the NFP has done (its outputs), what it has achieved (its outcomes), and what difference it has made (its impacts).</p> <p>The inclusion of measures of output, outcome and impact will improve completeness of reporting by demonstrating to the reader of the annual report what the NFP funding achieves rather than how it is spent.</p> <p>NFPs can improve their annual reports by including explanations of trends and movements in these measures. These explanations should not be limited to financial data. Where process KPIs and outputs, outcomes and impacts are presented in quantitative form, explanations of movements from year to year should be provided.</p> <p>Many NFPs run programs and mount activities that are designed to deliver outputs and achieve outcomes over the long term. Information regarding trends and movements in quantitative data and explanations of year-to-year movements would be enhanced by the inclusion of long-term trend data. Reporting would also benefit from the inclusion of performance targets and explanations for variations of actual performance from those targets.</p>
Structure and clarity of annual reports	<p>NFPs can improve annual reports through making better use of summaries, bullets, graphs, contents pages and tables to ensure the information presented is visually appealing.</p> <p>Increased use could be made of online reporting, provided there are adequate policies in place to ensure the information is regularly reviewed and updated. It is also recommended that NFPs have historical reports available for download from their website.</p>
Environmental reporting	<p>Environmental issues are of increasing interest to the community, and therefore NFPs could be more proactive in communicating with stakeholders about the impact of their operations on the environment and how this is being managed and measured.</p> <p>Commentary and data should also reflect the NFP’s resource use and activities that impact the environment, for example, activities that contribute to pollution levels and the efforts made to reduce those levels.</p>

3.2 Recommendations to enhance NFP financial reporting

The following recommendations are designed to enhance the quality of financial reporting by NFPs. The recommendations are based on research carried out by the Institute.

Special purpose or general purpose financial report	<p>NFPs that currently prepare a special purpose financial report (SPFR) for presentation to stakeholders should consider whether such a report meets stakeholders' needs, with regard to:</p> <ul style="list-style-type: none">> The number, diversity and location of stakeholders> The level of direct involvement by stakeholders in the day-to-day management of the NFP> The community impact of NFP activities> The extent to which the NFP is reliant on government or philanthropic grants and donations. <p>It is the author's and Institute's opinion that the preparation of a SPFR should be the exception rather than the rule.</p>
Segment reporting	<p>Until a NFP-specific segment reporting accounting standard is developed, NFPs should disclose segment information in their financial statements where it would enhance the information presented to the users of the statements by:</p> <ul style="list-style-type: none">> Enabling the user to better assess the achievements of a NFP with diversified activities> Enabling comparison of the NFP's performance with that of similar NFPs.
Recognition of grant revenue	<p>When considering the application of accounting standards, NFPs should take the opportunity to:</p> <ul style="list-style-type: none">> Differentiate between 'reciprocal' and 'non-reciprocal grants', and adopt appropriate revenue recognition policies for each> Revisit the wording of their current revenue recognition accounting policy notes and ensure they clearly explain the conditions that must be satisfied before grant revenue is recognised in profit or loss.
Goods and services for no consideration	<p>NFPs (in particular, charitable NFPs) should consider the nature and extent of non-reciprocal transfers they are involved in that result in the receipt of goods and services for no consideration. If these transfers are material, an appropriate accounting policy should be developed, and appropriate disclosures made in the NFP's financial statements describing these transactions.</p>
Inventories for distribution	<p>NFPs should consider the extent to which they are in receipt of inventories for distribution at no or nominal cost, and, if material, develop an appropriate accounting policy and make appropriate disclosures in the NFP's financial statements.</p>
Economic dependence	<p>Any NFP in receipt of grants should consider the impact on their financial performance and position if the grants were not received. If the NFP's financial performance and/or financial position would be adversely affected, the appropriate economic dependence disclosures should be made by way of a note to the financial statements.</p>
Investments	<p>NFPs with material investments need to consider the valuation and disclosure requirements of the financial instruments standards. In particular, the requirement to disclose the NFP's sensitivity to market price risks associated with these assets should be noted.</p>

4. Guidance when producing an annual report

The recommendations contained in section two are based on research by the Institute and the PricewaterhouseCoopers Transparency Awards. In this section we take the recommendations and provide guidance on the content of a NFP's annual report. This section commences with an annual report checklist, designed to assist a NFP assess whether its annual report reflects good reporting practice.

The checklist is followed by examples of output and outcome measures. NFPs can use these suggestions to develop their own measures.

Finally, we provide some information on GRI reporting principles and their application to the NFP sector. The GRI principles have been reflected in the guidance provided in the checklist.

4.1 The annual report checklist

The annual report checklist on the following pages is designed to assist a NFP assess whether its annual report meets good reporting practices. The checklist reflects the Institute's research into NFP annual reporting, matters noted in the review of submissions to the 2007 PricewaterhouseCoopers Transparency Awards, all of the annual reporting guidance noted in this publication, and certain legislative requirements. As noted in the recommendations, NFPs need to improve in the clarity and structure of annual reports. This can be achieved through making better use of summaries, bullets, graphs, contents pages and tables to ensure the information presented is more visually appealing.

The checklist comprises a series of 'tick the box' questions and some examples of governance statements that could be included in a NFP's annual report. We recommend printing out a copy of the checklist and completing it. When reviewing each of the questions, consider whether the recommended disclosures are relevant to your NFP and whether your NFP's annual report would be enhanced by the inclusion of information recommended in the questions. Please note that the checklist does not cover financial reporting requirements.

The annual report checklist (continued)

1. Do we explain what we are trying to achieve?

This section of the checklist asks a series of questions to ensure the annual report explains what the NFP is trying to achieve.

	Yes	No	Not applic.
1.1 Mission statement Does the annual report include our mission statement – a succinct statement of our core purpose and explaining why we exist?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.2 Objectives Does our annual report:			
a) Include a summary of our objectives as listed in our constitution or governing document?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Include a list of the specific objectives we set for the year covered by the annual report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.3 Strategy Does our annual report:			
a) Explain our approach to the development of our mission and strategic plan, including how we engage with stakeholders in developing our strategy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Include a summary of our strategy that sets the scene for readers and enables them to assess our performance in delivering that strategy?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Detail our strategic targets and our progress against those targets?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Include a link to the page on our website where our detailed strategic plan can be found?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.4 Activities Does our annual report:			
a) Explain the significant activities that we undertook to achieve our objectives? What programs did we run, what projects did we undertake, what services did we provide, and what grants did we make?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Explain the outcomes we expected from our activities? Does the annual report explain the impacts on or the consequences for, the community resulting from the existence of our organisation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.5 Future plans Does our annual report explain our plans for the future? Do we explain our long-term aims, the objectives we have set for next year, and the activities we have planned to achieve these objectives?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued overleaf >

4.1 The annual report checklist (continued)

2. Who are we and how are we governed?

This section of the checklist asks a series of questions to assess whether the annual report explains the structure of the NFP and how it is governed.

	Yes	No	Not applic.
2.1 Who are we?			
Does the annual report include:			
a) The name of our organisation, including any 'trading names'?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Our Australian Company Number (ACN) or Australian Business Number (ABN)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Details of any other registrations necessary to carry out our activities (eg. registrations under fundraising legislation)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) The address(es) of our office(s)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) An explanation of how we are constituted (Company limited by guarantee, Incorporated Association, Royal Charter or Act of Parliament)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) An explanation of our relationship with related international bodies, including the funding received from or provided to those bodies and the control we have over the expenditure of those funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2 Who are our Board members?			
Does our annual report include the following information regarding our Board members:			
a) Their names?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Their qualifications, skills and experience?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) The length of their involvement with our organisation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Their special responsibilities (eg. fundraising, Audit Committee)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.3 Who manages us on a day-to-day basis?			
Does the annual report disclose the following regarding our chief executive officer and other senior management team members:			
a) Their names?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Their qualifications, skills and experience?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Their length of service with the organisation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.4 Who else is involved in our organisation?			
Does the annual report disclose the names and addresses of other relevant organisations or individuals such as our:			
a) Bankers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Solicitors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Auditors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Investment advisors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Yes	No	Not applic.
2.5 Do we explain how we are governed and how we manage risk?			
Does our annual report include the following, either in a 'governance statement' or elsewhere in the report:			
a) The role of our Board?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) The processes of our Board?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) How we educate our Board members, on induction as well as an ongoing basis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) The composition of our Board?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Our Board Committees and their functions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Our approach to risk management?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Our ethical standards?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) How we ensure compliance with relevant legislation and regulation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Examples of governance statements can be found on pages 20 to 23.

3. Our stakeholders

This section of the checklist asks a series of questions to assess whether the annual report adequately identifies the NFP's stakeholders and explains how it has responded to their expectations and interests.

	Yes	No	Not applic.
3.1 Who are our stakeholders?			
Does the annual report identify our major stakeholder groups? Consider:			
a) Donors or sponsors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Volunteers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) The beneficiaries of our programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Participants in our sport	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Affiliated sporting bodies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) The broader community	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) State and federal governments as funders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i) State and federal governments as regulators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j) Partners, including strategic partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k) Suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l) The media	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued overleaf >

4.1 The annual report checklist (continued)

	Yes	No	Not applic.
3.2 Stakeholder engagement			
Does our annual report explain our approach to stakeholder engagement and reporting of sources of funds and fundraising activities? Consider:			
a) Donors and sponsors			
Do we explain:			
> How we contact our donors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
> If we have any policies regarding acceptability of sponsors or major donors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
> How many donors were contacted?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
> The number of enquiries we receive from potential donors and the mode of enquiry – telephone, email, website, blog?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
> How we communicate with donors about the choice of projects and the results of expenditure on those projects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
> How we deal with donor complaints?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) The beneficiaries of our programs			
For example, if the organisation is engaged in the provision of support for sufferers of a disease, do they explain how they liaise with sufferers or their carers regarding the manner in which that care is delivered?			
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
c) The broader community			
For example, if we survey our community or conduct focus groups to engage the community, have we included the results of the survey or outcomes of the focus group and how we have recognised those results or outcomes in our strategy? If we have a community advisory board or panel, do we explain the role of the group, its membership and its contribution to our strategy and activities?			
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
d) The state and federal governments as funders			
Do we explain:			
> Our processes for securing government funding?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
> The extent of our reliance on government funding?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
> Our potential commitments arising from the receipt and use of government funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) The state and federal governments as regulators			
Do we explain:			
> The regulatory environment in which we operate?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
> Our efforts to ensure the regulatory environment does not disadvantage us or the community we serve (eg. advocacy and lobbying activities)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Partners, including strategic partners			
Do we explain what strategic partnerships or alliances we have entered into?			
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
g) Suppliers			
Do we explain how we engage with our suppliers, for example payment terms and any conditions we impose on our suppliers (eg. ethical employers, environmentally conscious)?			
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
h) The media			
Do we explain our interactions with the media, for example, how many times we have been quoted in the press, appeared on television, used other forms of media, website, blog?			
<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			

4. Our staff

This section of the checklist asks a series of questions to assess whether the annual report adequately explains how the NFP has engaged with its staff and how it responds to their expectations and interests.

	Yes	No	Not applic.
4.1 Employment policies			
Does the annual report explain our employment policies? Consider:			
a) Equal opportunity employer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Flexible work arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Maternity and paternity leave	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Benefits provided to staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Training provided and professional development supported	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Occupational health and safety policies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.2 Statistical data			
Does our annual report include the following data, including explanations of trends, relating to our staff? Consider:			
a) The number of employees and their deployment across the organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Total number and rate of employee turnover by age group, gender, and region	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Measures of employee engagement or satisfaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Employee retention rates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Rates of injury, occupational diseases, lost days, and number of work-related fatalities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Rates of unplanned absenteeism	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Average hours of training per year per employee by employee category	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) Percentage of employees receiving regular performance and career development reviews.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.3 Our leadership			
Does our annual report disclose the following information regarding our key executives:			
a) Qualifications and experience?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Length of service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Remuneration, including any incentive arrangements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) KPIs and performance against these?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) The performance assessment process for key executives?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Succession planning for key executives?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.4 Recognising our staff			
Should our annual report recognise our staff's achievements? Consider:			
a) Length of service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Outstanding client service or engagement with stakeholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Qualifications attained and training hours completed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Publications, including contributions to peer reviewed publications	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) External awards received.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued overleaf >

4.1 The annual report checklist (continued)

5. Our volunteers

This section of the checklist asks a series of questions to assess whether the annual report adequately explains how the NFP has engaged with its volunteers and how it responds to their expectations and interests.

	Yes	No	Not applic.
5.1 Volunteer policies			
Does the annual report explain our policies regarding the involvement of volunteers? Consider:			
a) Screening policies and processes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Volunteer activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Volunteer induction processes.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2 Statistical data			
Does our annual report include the following data, including explanations of trends, relating to our volunteers? Consider:			
a) The number of volunteers and their deployment across the organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) A measure of volunteer contribution, expressed in hours, staff equivalents or by assigning a \$ value to their contribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Measures of volunteer engagement or satisfaction – the outcome of any surveys of volunteers to determine their level of satisfaction with the organisation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.3 Recognising our volunteers			
Should our annual report recognise our volunteers' achievements? Consider:			
a) Length of service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Outstanding client service or engagement with stakeholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Qualifications attained and training hours completed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Publications, including contributions to peer reviewed publications	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) External awards received.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. Reporting performance and achievements

This section of the checklist asks a series of questions to assess whether the annual report explains the results of the NFP's performance and its achievements during the year covered by the annual report. The questions are designed so that the user can reach a conclusion on the completeness and clarity of the annual report.

	Yes	No	Not applic.
<p>6.1 How have we met our objectives?</p> <p>Does the annual report explain our actual performance against the objectives detailed in last year's annual report? Have we:</p>			
<p>a) Detailed the output indicators we use to measure our performance and disclosed actual and planned performance, and explained any significant variances?</p> <p>Output indicators are measures of the goods or services produced or provided by the NFP. Pages 24 – 25 provide some examples. Each NFP needs to define its own output measures.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>b) Detailed the outcome indicators we use to measure our performance and disclose actual and planned performance, and explained any significant variances?</p> <p>Outcomes are the impacts on or the consequences for the community resulting from the NFP's activities. Pages 26 – 27 provide some examples. Each NFP needs to define its own outcome indicators. The following question will assist you in this task:</p> <p>'How will the participant's or community's knowledge, attitude, value, skill, behaviour, condition or status change as a result of our activity?'</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Included examples to illustrate our outcomes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Used graphs, tables and photographs where necessary to summarise and highlight our performance and achievements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>e) Commented on matters we are able to control and those that are outside our control?</p> <p>Consider a commentary on relationships with employees, users or beneficiaries of services, significant funders, occupational health and safety, and training. Other commentary might include factors impacting on fundraising and government policy that affects or may in future impact the organisation's operations.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>6.2 Have we explained the results of our fundraising?</p> <p>Does our annual report include and explain the following information:</p>			
<p>a) Actual fundraising against fundraising targets?</p> <p>Consider separate disclosure of fundraising through public appeals, regular giving programs, legacies and bequests, philanthropic grants, government grants, and government funding for delivery of services.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) The costs of our fundraising efforts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) The costs of our fundraising efforts as a percentage of funds raised?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>d) A commentary on our 'investment in fundraising'?</p> <p>Where the NFP has incurred significant expenditure relating to future fundraising, comment should be included. Commentary should include an explanation of the impact on the current year's return from fundraising and future years' fundraising income.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Continued overleaf >

4.1 The annual report checklist (continued)

		Yes	No	Not applic.
6.3	Do we show how efficiently we have used our resources?			
6.3.1	Does our annual report include and explain the following information regarding the use of our funds:			
	a) The ratio of funds spent on our primary purpose(s) to total expenditure?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	b) The ratio of funds spent on our primary purpose(s) to total funds received during the year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	c) The performance of our investments during the year compared with the investment objectives that were set for the year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.3.2	Does our annual report detail and explain the following information regarding the services we provide?			
	a) The 'outputs' we have delivered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	b) The outputs delivered per employee or volunteer?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	c) The cost per unit of output?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.3.3	Does our annual report detail and explain the following information regarding our commercial activity?			
	a) Gross profit margin?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	b) The commercial activity's cash contribution to our core activity?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	c) The cash contribution per person employed in the commercial activity?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	d) The hours of employment provided by the commercial activity to those served by our core activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.4	Do we explain our financial performance and position?			
6.4.1	Do we include a financial discussion and analysis?			
	Does our annual report include a discussion and analysis of the factors affecting our financial performance, financial position, and financing and investing activities? For example, does the annual report include commentary on:			
	a) Trends in revenues?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	b) The effects of significant economic or other events on our operations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	c) The main influences on costs of our operations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	d) Appropriate measures of our financial performance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	e) Changes in the composition of our assets?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	f) Significant movements in our assets, liabilities and reserves?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	g) Changes in our cash flows?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	h) The financing of our capital expenditure programs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	i) The purpose of our reserves and any restrictions on the use of our assets?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.4.2	Have we considered a five-year summary?			
	Have we included a summary depicting our financial and operational performance over the past five years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. Our environmental performance

This section of the checklist asks a series of questions to assess whether the annual report adequately explains the NFP's approach to minimising its impact on the environment and reporting the outcomes of its environmental policies.

	Yes	No	Not applic.
7.1 Environmental policies			
Does the annual report explain the policies we have adopted to minimise our impact on the environment? Consider:			
a) Initiatives to mitigate the environmental impacts of our programs or fundraising projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Initiatives to reduce usage of resources such as paper and energy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Recycling initiatives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.2 Statistical data			
Does our annual report include the following data relating to our environmental performance? Consider:			
a) Energy consumption – by source and also amount per staff member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Greenhouse gas emissions (tonnes of carbon dioxide or equivalent) and emissions per staff member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Paper used in tonnes and per staff member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Weight of waste generated by type, net of waste recycled.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.3 Distributing our annual report			
Have we considered making our annual report available on our website rather than producing and distributing hard copies of our report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4.2 Examples of governance statements

NFPs can enhance the transparency of their organisation by including a governance statement in their annual report. In broad terms, the governance statement should explain the processes that are in place to ensure the NFP's mission is achieved, direct strategy, sustain the organisation, and maintain accountability throughout the organisation. The examples of governance statements that follow are for two fictional NFPs which can be adapted to suit any NFP. The background for each of these NFPs provides some context for the disclosures in the governance statements.

Nonquestus

Nonquestus is a significant NFP involved in the raising of funds for research to find a cure for a particular disease and the provision of long-term and respite care for sufferers of the disease. It is funded by a mixture of government grants, philanthropic grants, funds raised through annual appeals and regular giving programs, and the profits of volunteer staffed 'op-shops'. Nonquestus operates three long-term/respite care facilities and 10 op-shops in Victoria, and is centrally managed from Melbourne.

The long-term and respite care facilities are run in a 'self-funding' model for operations. Capital expenditure for these operations comes from grants and fundraising. Nonquestus employs 200 people and has the assistance of the same number of volunteers. Turnover is in excess of \$35 million.

Nonquestus is a company limited by guarantee. The company's constitution makes membership of the company available to those who have undertaken to contribute to the company's debts in the event of it winding up, or individuals who have contributed more than \$1,000 to the organisation, or individuals who have made a significant contribution as volunteers. These groups are known as guarantor, donor and volunteer members, respectively.

Ludus Inc.

Ludus Inc. is a suburban sporting club that fields one senior and three junior teams in a suburban amateur league. In addition to all the activities associated with the fielding of these teams, it is a participant in a program that provides non-competitive recreational activities for teenagers and children within the suburb. This program is funded by a \$10,000 grant from the national sporting body. Other than this grant, its activities are funded by sponsorship from local businesses, membership subscriptions from players and others, and a grant from the local council. Total turnover is \$50,000.

Ludus is incorporated under the *Associations Incorporation Act*. Its members are its registered players, participants in the recreational program, and other involved members of the community. Total membership is 200. Ludus has no employees – it relies on volunteers to carry out all functions relating to its activities.

Nonquestus

(A company limited by guarantee)

Governance statement

Nonquestus is a company limited by guarantee, incorporated under the *Corporations Act 2001*. Ultimate responsibility for the governance of the company rests with the Board of Directors. This governance statement outlines how the Board meets that responsibility.

Achieving the mission

The Board's primary role is to ensure that Nonquestus' activities are directed towards achieving its mission of finding a cure for 'the disease' and providing the best possible care for sufferers until that cure is found. The Board must ensure that this mission is achieved in the most efficient and effective way possible.

Specific responsibilities of the Board

The Board fulfils its primary role by:

- > Selecting, appointing, guiding and monitoring the performance of the chief executive
- > Formulating Nonquestus' strategic plan in conjunction with the chief executive and senior management
- > Approving operating and capital budgets formulated by the chief executive and management
- > Monitoring management's progress in achieving the strategic plan
- > Monitoring management's adherence to operating and capital budgets
- > Ensuring the integrity of internal control, risk management and management information systems
- > Putting in place a suite of delegations, policies and procedures
- > Ensuring Nonquestus' financial viability, solvency and sustainability
- > Ensuring stakeholders receive regular reports, including financial reports
- > Ensuring the company complies with relevant legislation and regulations
- > Acting as an advocate for Nonquestus whenever and wherever necessary.

These responsibilities are set out in the Board's charter, which can be viewed on the company's website, www.nonquestus.com.au

Management's responsibility

The Board has formally delegated responsibility for Nonquestus' day-to-day operations and administration to the chief executive and executive management.

Board oversight

The Board oversees and monitors management's performance by:

- > Meeting at least 10 times during the year
- > Receiving detailed financial and other reports from management at these meetings
- > Receiving additional information and input from management when necessary
- > Assigning to the Finance, Audit & Risk, Nominations & Remuneration, Research, and Quality of Care Committees of the Board responsibility to oversee particular aspects of Nonquestus' operations and administration.

Each Board Committee operates under a charter approved by the Board. These charters are reviewed annually and updated as necessary. Copies of the charters can be viewed on the company's website

www.nonquestus.com.au

Continued overleaf >

4.2 Examples of governance statements (continued)

Nonquestus

(A company limited by guarantee)

Governance statement

Board members

All Board members are non-executive directors and receive no remuneration for their services.

The company's constitution specifies:

- > There must be no less than five and no more than 11 directors
- > No employees of the company, including the chief executive, can be a director of the company
- > Directors are appointed for a maximum of two terms of four years each.

The Nominations & Remuneration Committee oversees the appointment and induction process for Board and Committee members. Recommendations for appointment are made to ensure the Board has the right mix of skills, experience and expertise. Board members are elected by the company's guarantor, donor and volunteer members.

Board and Committee members receive written advice of the terms and conditions of their appointment and complete a structured induction program when first appointed. Board and Committee members' knowledge of the business is maintained by regular visits to Nonquestus' operations, management presentation and access to continuing education programs as necessary.

The performance of individual Board and Committee members and the Board and Board Committees is assessed annually.

Risk management

The Board oversees the establishment, implementation and annual review of Nonquestus' risk management system, which is designed to protect the organisation's reputation and manage those risks that might preclude it from achieving its goals.

Management is responsible for establishing and implementing the risk management system which assesses, monitors and manages operational, financial reporting and compliance risks. The Audit & Risk Committee is responsible for monitoring the effectiveness of the risk management system between annual reviews.

Independent advice

The Board and Board Committees have access to advice on legal, investment and taxation matters. In particular, the Board has engaged Fiducia Investments to advise on the management of its investment portfolio. The Board has approved risk and return parameters for investment in available-for-sale investments, and receives reports from management and Fiducia regarding the performance of the investment portfolio.

Ethical standards and code of conduct

Board members, senior executives and staff are expected to comply with relevant laws and the codes of conduct of relevant professional bodies, and to act with integrity, compassion, fairness and honesty at all times when dealing with colleagues, sufferers and others who are stakeholders in our mission. Board and Committee members and staff are made aware of Nonquestus' ethical standards and code of conduct during their induction to the organisation and are provided with a copy of both documents at that time.

Involving stakeholders

Nonquestus has many stakeholders, including those we care for and their families, those we provide with grant funds, our donors and benefactors, our staff and volunteers, the broader community, the government agencies who provide us funds and regulate our operations, and our suppliers.

We adopt a consultative approach in dealing with our stakeholders. Community committees have been established at each of our long-term and respite care facilities, volunteer forums have been established, and staff can provide feedback via forums and regular surveys. Grant recipients report regularly to the Research Committee. We get involved in industry forums to ensure governments at all levels are aware of our concerns and our achievements and to remain abreast of industry developments.

Ludus Incorporated

(Incorporated under the *Associations Incorporation Act*)

Governance statement

Ludus Inc. is incorporated under the *Associations Incorporation Act*, and operates under the rules of association adopted by the members on 20 July 1998. Under these rules, Ludus' affairs are managed by the Committee of Management (the Committee). This governance statement outlines how the Committee discharges that responsibility.

The Committee's primary role is to ensure Ludus achieves its objective of providing an enjoyable, safe and (where applicable) competitively successful recreational experience for both competitor and non-competitor participants in 'the sport'. Ludus is reliant on its members' subscriptions, grants and sponsorship, and volunteers, in providing this experience to its members.

The Committee, which comprises the president, the vice-president, treasurer, secretary and two ordinary members, is elected each year at the annual general meeting. In fulfilling its primary role, the Committee meets at least six times per year. At these meetings it considers:

- > The treasurer's report, which details our income, expenditure and financial position
- > Membership matters
- > Competitive results and team matters
- > The outcomes of the non-competitive recreational program
- > Sponsorship and fundraising matters
- > Community relationships, including league matters and local government liaison
- > Risk management including insurance matters.

The Committee is assisted by the Team & Selection, Finance, Fundraising & Audit, and Community Committees. Each of these committees has a charter that defines their roles and responsibilities.

The proceedings at each meeting are minuted and summarised in our quarterly newsletter. Minutes are available for inspection by members at any time.

The Committee reports to members at the annual general meeting. At the annual general meeting the annual report, which includes the audited financial report for the year just ended, is presented to members, together with the budget and plan for the forthcoming year. A summary of performance against budget and plan is provided in the quarterly newsletter.

4.3 Examples of outputs

Output measures – charitable NFPs

This table details some output indicators that might be used by charitable NFPs to illustrate performance during a year or over an extended period (for example, in a five-year summary). Output indicators measure the activities undertaken or the goods or services produced or provided to users by the NFP. The list provided is not exhaustive and will not cover all NFPs. Each NFP needs to define its own output measures based on the activities it conducts or the products and services it delivers to the community.

Type of NFP	Suggested output indicators
Drug advice centre	<ul style="list-style-type: none"> > Information sessions delivered to schools or community groups > Number of addicts assisted > Number of people assisted by outreach programs > Number of people assisted by training programs as part of rehabilitation.
Grant-making trust	<ul style="list-style-type: none"> > Number of grants made during the year > \$ value of grants made during the year.
Disease-focused charity	<ul style="list-style-type: none"> > Number and \$ value of grants made for research > Number of sufferers assisted with equipment or subsidies for medication > Number of sufferers transported for treatment > Number of sufferers cared for in facilities > Information packs provided to sufferers and sufferers' families > Volunteer hours provided to assist families of sufferers > Number of contacts with policy makers.
Overseas aid organisation	<ul style="list-style-type: none"> > Number of people assisted > Number of programs delivered during the year, analysed by the nature of program and location of delivery of program > The number of volunteers placed in overseas locations to deliver aid > Value of aid provided (including the value of in-kind donations distributed) > Number of people trained by programs.
Organisations providing assistance to homeless or needy	<ul style="list-style-type: none"> > Accommodation available (number of beds) > Number of people sheltered > Number of meals provided or delivered > Number of children provided with educational assistance > Value of clothing provided > Number of families assisted with food and clothing vouchers.
Organisations promoting sustainable living and climate change	<ul style="list-style-type: none"> > Information sessions delivered to schools or community groups > Number of low emission light bulbs, water saving taps or shower heads distributed > Advocacy activities undertaken such as submissions to government enquiries.

Output measures – sporting NFPs

This table details some output indicators that might be used by sporting NFPs to illustrate performance during a year or over an extended period (for example, in a five-year summary). Output indicators measure the activities undertaken or the goods or services produced or provided to users by the NFP. The list in this table is not exhaustive and will not cover all NFPs. Each NFP needs to define its own output measures based on the activities it conducts or the products and services it delivers to the community. The suggested indicators will need to be modified for the specific circumstances of the NFP (local club, regional or state league or association, or national body).

Nature of output	Suggested output indicators
Promotion and development	<ul style="list-style-type: none"> > Number of promotion events conducted > Number of promotion kits distributed > Media coverage > Number of contacts with relevant local, state or national government politicians or officers > Number of coaching clinics conducted.
Competition	<ul style="list-style-type: none"> > Number of events mounted > Number of events participated in > Teams fielded.
Participation	<ul style="list-style-type: none"> > Number of members registered with the NFP > Number of members participating during the season.
Encouragement and talent development	<ul style="list-style-type: none"> > Number of development squads conducted > Number of members selected for regional, state or national training squads.
Coaching development	<ul style="list-style-type: none"> > Number of coaching information sessions conducted > Number of enrolments for coaching education programs > Number attending accreditation sessions > Number of new coaches accredited during the year > Number of coaches retaining accreditation.
Official development	<ul style="list-style-type: none"> > Number of 'officials' information sessions conducted > Number of update sessions conducted > Number of enrolments for official education programs > Number attending accreditation sessions > Number of new officials accredited during the year > Number of officials retaining accreditation.
Compliance	<ul style="list-style-type: none"> > Number of player education (including anti-doping) workshops conducted > Number of players subjected to drug tests > Number of drug tests conducted.

4.4 Examples of outcomes

Outcomes – charitable NFPs

This table details some outcome indicators that might be used by charitable NFPs to illustrate performance during a year or over an extended period (for example, in a five-year summary). Outcomes are the impacts on or the consequences for the community resulting from the NFP's activities. They could be expressed as changes, benefits learning or other effects. The list is not exhaustive and will not cover all NFPs. Each NFP needs to define its own outcome indicators based on the activities conducted or the products and services it delivers to the community. In certain circumstances outcomes may be best illustrated by individual examples.

Type of NFP	Suggested outcome indicators
Drug advice centre	<ul style="list-style-type: none"> > The penetration of drug use in the community served by the centre > Number of program participants who re-present > Number of people assisted by training programs as part of rehabilitation who find full-time employment.
Grant-making trust	<ul style="list-style-type: none"> > Expected and actual outcomes of activity funded by the grant (for example, research results, students who complete education).
Disease-focused charity	<ul style="list-style-type: none"> > Outcome of research funded by the organisation (for example, changes in the approach to care) > Feedback from sufferers or their families (survey results) > Advocacy outcomes – changes in legislation or regulation; funding provided for research or facilities.
Overseas aid organisation	<ul style="list-style-type: none"> > Economic benefits to the community – the number of micro businesses started, and their progress, livestock purchased, agricultural improvements and their progress, etc. > Educational benefits to the community – number of children completing primary school.
Organisations providing assistance to homeless or needy	<ul style="list-style-type: none"> > Utilisation of care – number of bed nights provided as a percentage of bed nights available > Advocacy outcomes – changes in legislation or regulation; funding provided for facilities > Number of children completing education to a certain level as a result of assistance provided.
Organisations promoting sustainable living and climate change	<ul style="list-style-type: none"> > Changes in water consumption in the community served by the organisation > Changes in emissions by the community served by the organisation > Changes in legislation as a result of advocacy activities.

Outcomes – sporting NFPs

This table details some outcome indicators that might be used by sporting NFPs to illustrate performance during a year or over an extended period (for example, in a five-year summary). Outcomes are the impacts on or the consequences for the community resulting from the NFP's activities. They could be expressed as changes, benefits learned or other effects. The list is not exhaustive and will not cover all NFPs. Each NFP needs to define its own outcome indicators based on the activities conducted or the products and services it delivers to the community. In certain circumstances outcomes may be best illustrated by individual examples.

Nature of output	Suggested outcome indicators
Promotion and development	<ul style="list-style-type: none"> > Number of new participants recruited > Growth in number of participants > Percentage of young people in the 'catchment area' who participate in the sport > New facilities made available or funded.
Competition	<ul style="list-style-type: none"> > Competition results (team and individual) > Improvement in results compared to previous seasons.
Participation	<ul style="list-style-type: none"> > Percentage of registered members who participated in competitive or recreational activities during the year > Number of members participating in the sport during the season.
Encouragement and talent development	<ul style="list-style-type: none"> > Number of members selected for training squads who are selected for regional, state or national teams.
Coaching development	<ul style="list-style-type: none"> > Number of new coaches accredited.
Official development	<ul style="list-style-type: none"> > Number of new officials accredited.
Compliance	<ul style="list-style-type: none"> > Outcomes of drug tests > Outcomes of tribunals.

4.5 GRI reporting principles and the not-for-profit sector

What are GRI reporting principles?

The Global Reporting Initiative (GRI) has pioneered the development of the world's most widely used environmental, social and governance (ESG) reporting framework and is committed to its continuous improvement and application worldwide. The GRI framework sets out the principles and indicators that businesses can use to measure and report their economic, environmental, and social performance. This is considered the global best practice reporting of corporate social responsibility, and includes 49 core and 30 additional indicators, as well as some industry supplements.

The following principles were identified by the GRI for defining report content and quality. The current Australian Accounting Standards Board (AASB) Framework defines the four principal qualitative characteristics of financial reports as understandability, relevance, reliability (including completeness and neutrality), and comparability. The Framework also covers constraints such as timeliness, and true and fair presentation, demonstrating clear similarities between good practice principles for reporting financial and ESG information.

Defining report content

In order to ensure a balanced and reasonable presentation of the NFP's performance, the content in the annual report should be well planned by considering both the NFP's purpose and experience, and the reasonable expectations and interests of the NFP's stakeholders.

NFPs enjoy the trust of the broad community on the assumption that NFPs will spend their funds wisely and effectively. NFPs must transparently communicate what they are trying to do and how they are trying to achieve their goals. Reports by the NFP must show whether it has achieved its objectives during the year and explain its plans for the future.

Principle		Application to NFPs
Materiality	The information included in the report should cover topics and indicators that reflect the organisation's significant economic, environmental and social impacts or that would substantively influence the assessments and decisions of stakeholders. Other information can be included but the emphasis should be on the most material topics.	NFPs will need to evaluate the importance of information included in their annual reports to ensure the information reflects the significant impacts of <i>what they are trying to do and how they are going about it</i> . Consideration also needs to be given to the inclusion of information that is fundamental to stakeholder decision making.
Inclusiveness	The reporting organisation should identify its stakeholders and explain in the report how it has responded to their reasonable expectations and interests.	The NFP should engage its stakeholders in preparing and enhancing the quality of reports. Engaging NFP stakeholders involves acknowledging the involvement and contribution of volunteers and other supporters, and the receipt of funding from governments, the public, philanthropic trusts and foundations. In certain situations it is important to demonstrate how the NFP takes account of the views of the beneficiaries of (or participants in) the NFP's program or services or the sports offered.
Sustainability	The report should present the organisation's performance in the wider context of sustainability, by disclosing how the organisation contributes or aims to contribute in the future to the improvement of economic, environmental and social conditions, and developments and trends at the local, regional, or global level.	The annual report could include commentary and quantitative data on the NFP's approach to ensuring its activities are sustainable in the broader sense. The World Business Council for Sustainable Development defines sustainable development as forms of progress that 'meet the needs of the present without compromising the ability of future generations to meet their needs'. In many instances the NFP's activities will be contributing to the sustainability of, for example, the local community.
Completeness	Coverage of the material topics and indicators and definition of the range of entities whose performance is represented by the report (report boundary) should be sufficient to reflect significant economic, environmental and social impacts, and enable stakeholders to assess the reporting organisation's performance in the reporting period.	All material information should be disclosed in the report. The interpretation of financial information is enhanced by the inclusion of output and outcome measures in NFP reports. This provides stakeholders with evidence of what the NFP funding achieves rather than simply how it has been spent.

Defining report quality

The quality of information enables stakeholders to make sound and reasonable assessments of performance, and take appropriate action. These principles guide choices on ensuring the quality of reported information, including its proper presentation. Decisions related to the process of preparing information in a report should be consistent with these principles, as shown below, which are fundamental for effective transparency.

Principle		Application to NFPs
Balance	The report should reflect positive and negative aspects of the organisation's performance to enable a reasoned assessment of overall performance.	Reports should be neutral and avoid bias. NFPs should report honestly on the events, activities or strategies that have impacted on their performance. The same approach should be taken with both satisfactory and unsatisfactory performance. NFPs should avoid presenting their reports as public relations documents designed to elicit donations.
Comparability	Issues and information should be selected, compiled, and reported consistently. Reported information should be presented in a manner that enables stakeholders to analyse changes in the organisation's performance over time, and could support analysis relative to other organisations.	Reports should be consistent and allow comparison to earlier reports and to other comparable organisations. The provision of comparative information allows comparisons with published plans and the outcomes of previous periods.
Accuracy	The reported information should be sufficiently accurate and detailed for stakeholders to assess the reporting organisation's performance.	Reports should be accurate to enable users to make decisions with confidence. The provision of audit reports enhances users' confidence in the NFP's reports.
Timeliness	Reporting occurs on a regular schedule and information is available in time for stakeholders to make informed decisions.	In addition to issuing their reports on a timely basis, NFPs need to ensure their reports provide an opportunity to explain future plans and developments in the environment in which the NFPs operate.
Clarity	Information should be made available in a manner that is understandable and accessible to stakeholders using the report.	The interpretation of quantitative information will be enhanced by narrative explanations. Consideration should also be given to the use of colour, pictures, charts and tables to further enhance the reader's understanding of the information presented in the report.
Reliability	Information and processes used in the preparation of a report should be gathered, recorded, compiled, analysed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.	The provision of audit reports enhances the confidence that can be placed in the information included in the NFP's reports. The external audit and reporting of the results of that audit (whether financial or, for example, quality or compliance) is encouraged.

5. Guidance when producing a financial report

The decision as to the style of financial report to present to stakeholders must be made by a NFP's Board or governing body. The majority of NFPs prepare a general purpose financial report (GPFR) for presentation to their stakeholders.

GPFRs are those intended to meet the needs of users who are not in a position to demand reports tailored to meet their particular information needs. GPFRs include those that are presented separately or within another public document such as an annual report or prospectus.

The alternative, a special purpose financial report (SPFR), is defined as 'a financial report other than a general purpose financial report'.

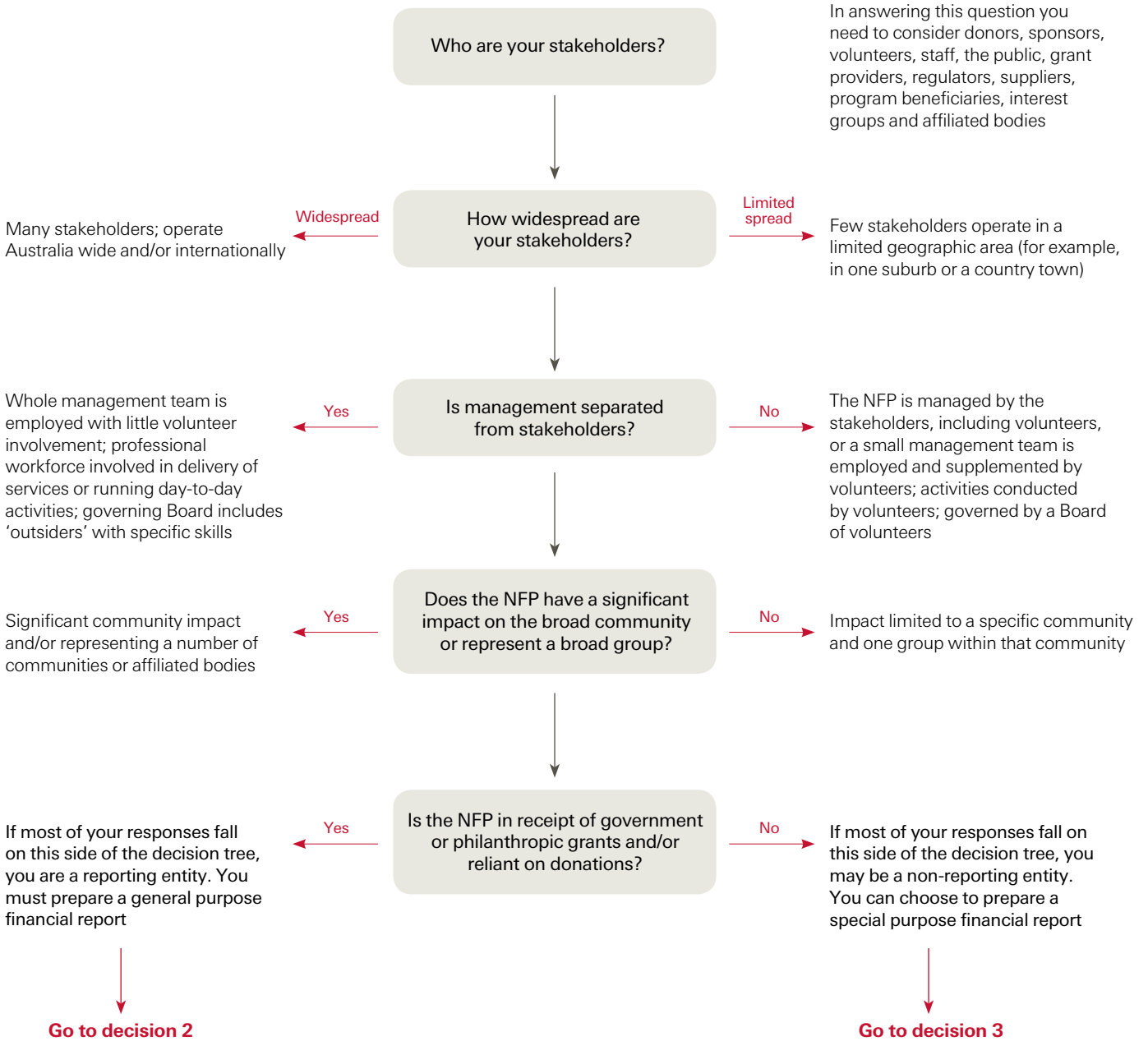
On the following pages we provide decision trees to assist NFPs in deciding what style of financial report to present to their stakeholders.

These are followed by an example annual financial report for a fictional NFP. We emphasise that this report has been provided for guidance to disclosures only. It is not meant to provide definitive guidance as to the application of Accounting Standards in particular circumstances.

We strongly recommend that Boards, chief executives and the senior finance executives of NFPs discuss the disclosure requirement of Accounting Standards and the application of those standards to their organisation with their professional advisers.

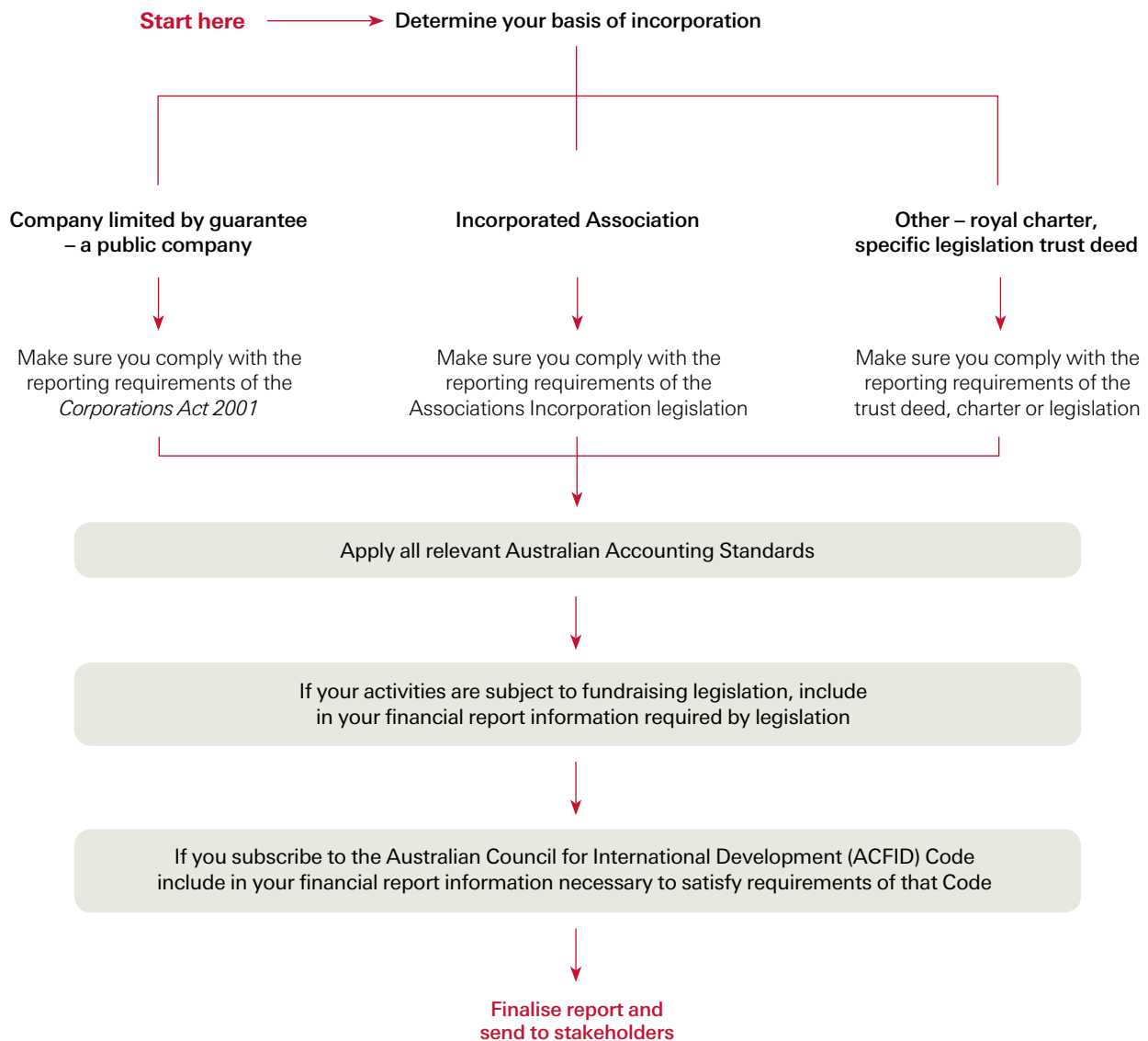
5.1 Decision trees

Decision 1: Are you a reporting entity?

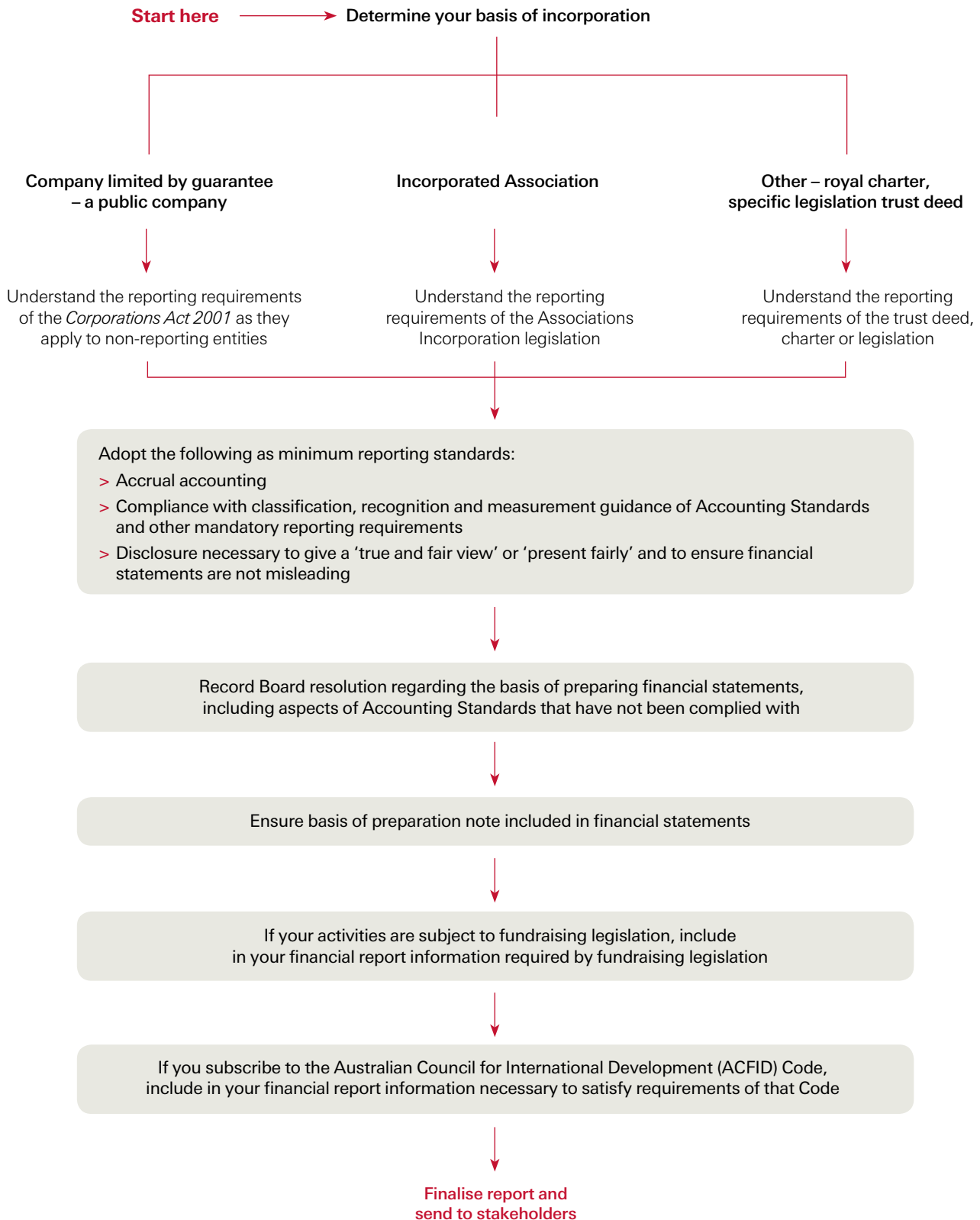


5.1 Decision trees (continued)

Decision 2: What do you include in a general purpose financial report?



Decision 3: What do you include in a special purpose financial report?



5.2 Illustrative financial statements

Example annual financial report – The Nonquestus Charity

The following example financial report for the year ended 30 June 2009 is that of a fictional charitable NFP, 'The Nonquestus Charity'. This background information is provided to assist in the interpretation of the report.

Nonquestus is incorporated under the *Corporations Act 2001* as a company limited by guarantee. Its activities involve:

- > The provision of residential, day and respite care to the sufferers of a disease, 'malaise'
- > The provision of emergency overseas aid to children in areas experiencing famine or war who are suffering from 'malaise'
- > Advocacy and information on causes supported by Nonquestus.

Funding and income

Nonquestus' activities are funded by gifts and donations, legacies from deceased estates and charitable foundations. Over the 2007 and 2008 years, Nonquestus has been investing in its fundraising activities, the results of which can be seen in the 20 per cent increase in donation income during 2009. Particular emphasis has been placed on developing a corporate giving program, which has contributed \$1.1m to Nonquestus' funding in 2009, up from \$800,000 in 2008.

Residential, day and respite care activities are supported by grants from the federal, state and local governments. Fees charged to residents and users of day and respite care facilities are based on their capacity to pay.

A building appeal has been active for the last two years to raise funds for a new residential care facility. The appeal has raised \$1.3m over the 2008 and 2009 years specifically for this purpose.

In addition to its fundraising activities, Nonquestus operates a trading enterprise which employs a number of the people it assists. This enterprise is conducted through a mail order operation and shops that sell both donated goods and goods purchased for sale.

Nonquestus' investment funds are managed by an investment manager under a mandate that includes a risk profile and target return.

Expenditure on activities

Nonquestus dissects its expenditure into costs associated with the generation of funds, expenditure on its charitable activities, and support and administration costs.

Costs of generating funds include fundraising and building appeal costs, costs of goods sold (cost of sales) and investment management fees. Nonquestus pays close attention to the ratio of fundraising costs to funds raised. As noted above, the charity has been investing in its fundraising activities and considers that there is a time lag between this investment and increased income from donations and gifts. Note 4 to the financial statements discloses ratios to demonstrate the effectiveness of fundraising activities.

Expenditure on charitable activities includes costs associated with the provision of residential, day and respite care, childcare and emergency costs, and costs incurred in providing information and education on causes supported by Nonquestus.

As a company limited by guarantee, Nonquestus is required to comply with the reporting provisions of the *Corporations Act 2001*. The example report therefore includes a directors' report, directors' declaration, and auditor's report.

Notes to example annual financial report

The following example financial report is based on Australian Accounting Standards that were on issue at 1 July 2008 and which apply to annual reporting periods beginning on or after 1 January 2008. Other than as noted below, this financial report does not include changes arising from new and amending standards and interpretations effective for periods commencing after 1 July 2008.

The example financial report is provided for illustrative purposes only, dealing with the most likely disclosure requirements of a NFP entity. It does not purport to show all possible accounting and disclosure requirements and should not be regarded as a comprehensive checklist of accounting and disclosure requirements. In particular, it should be noted that the example financial report has been prepared in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements* issued in October 2006 and updated through compilations effective on or after 1 July 2008 but before 1 January 2009. This Accounting Standard was revised in September 2007, with the revisions to take effect in respect of annual reporting periods beginning on or after 1 January 2009 (although early adoption is permitted). The attachment to this example report illustrates the impact of the revised standard on the income statement and statement of changes in equity. It should also be noted that there are no defined benefit fund note disclosures included in the example financial report. Any NFP entity contributing to a defined benefit fund should be aware that substantial, additional disclosures are required in respect of the fund. Refer to AASB 119 *Employee Benefits* for further guidance.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular NFP entity. Although every attempt has been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No-one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

The following abbreviations have been used in the explanatory notes and citations included in the report:

AASB 136.9	Australian Accounting Standard AASB 136, paragraph 9
AASB 101R	Australian Accounting Standard AASB 101, revised 2007 and applicable for reporting periods commencing on or after 1 January 2009
Int 1031.7	AASB & UIG Interpretation No. 1031, paragraph 7
Corp 300A	<i>Corporations Act 2001</i> , section 300A

An explanation of how the Accounting Standards have been interpreted in arriving at the illustrative disclosure can be found at the end of the financial report on page 73.

The Nonquestos Charity

(A company limited by guarantee)

Annual financial report

For the year ended 30 June 2009

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The Nonquestus Charity
(A company limited by guarantee)

Corporate information

ABN 00 000 000 000

Directors	A Borodin (Chair) M Bruch W Byrd B Britten J Cage E Elgar E Greig H Purcell F Schubert
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Company Secretary	Fiona Summersun LLB
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Registered office and principal place of business	Charity House 132 Charybyle Street Melbourne VIC 3000
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Bankers	Helpful Bank Collins Street Melbourne, Australia
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Auditors	ProBono & Co Chartered Accountants
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The Nonquestus Charity
(A company limited by guarantee)

Directors' report for the year ended 30 June 2009

Corp 298(1) Your directors present this report to the members of The Nonquestus Charity (the company) for the year ended 30 June 2009

Directors

Corp 300(1)(c)
Corp 300 (10)(b)
and (c) The names of each person who has been a director during the year and to the date of this report are:

	Date appointed	Date of cessation	Board		Finance		Remun'n*		Audit		Q of C**	
			A	B	A	B	A	B	A	B	A	B
A Borodin (Chair)	15 Dec 01	–	11	11	3	11	2	2	2	5	1	4
M Bruch	19 Jun 02	–	11	11	11	11	2	2	5	5		
W Byrd	19 Jun 02	–	8	11								
B Britten	31 Oct 03	–	10	11					5	5	4	4
J Cage	30 May 04	–	9	11	8	11	2	2				
E Elgar	10 Dec 04	–	9	11							4	4
E Greig	31 May 05	–	7	11								
H Purcell	27 Jul 08	–	9	10								
F Schubert	27 Oct 08	–	8	8								
R Wagner	16 Feb 00	27 Jul 08	–	1								
R V Williams	17 May 99	27 Jul 08	–	1								

A Number of meetings attended

B Number of meetings held during the time the director held office during the year

* Nominations and Remuneration Committee

** Quality of Care Committee

Corp 300 (10)(a) Details of directors' qualifications, experience and special responsibilities can be found on page 41 of this report.

Company secretary

Corp 300 (10)(d) Ms Fiona Summersun LLB has been the company secretary since July 2001. Prior to joining the company Ms Summersun was an associate with a major legal practice.

Principal activities

Corp 299(1)(c) The company's principal activities during the year were:
The raising of funds for research to find a cure for 'malaise'
The provision of long-term residential and day and respite care for sufferers of the disease
The provision of emergency overseas aid to children in areas experiencing famine or war who are suffering from 'malaise'
The raising of funds for these activities through government grants, philanthropic grants, annual appeals, and regular giving programs
Operating a trading enterprise that comprises a mail order operation which employs some 'malaise' sufferers and a number of 'op-shops' which are staffed by volunteers.
There were no significant changes in the nature of the company's activities during the year.

Operating result and review of operations

Corp 299(1)(a) The operating result for the year was a surplus of \$2,655,000 (2008 – \$265,000). The company is exempt from income tax.

A detailed review of operations can be found in the annual report which accompanies this financial report.

The Nonquestus Charity

(A company limited by guarantee)

Corp 300(1)9a) and (b) **Dividends**

The company's constitution precludes the payment of dividends.

Corp 299(1)(b) **Significant changes in 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 under review not otherwise disclosed in this report.

Corp 299(1)(d) **After balance date events**

There has not arisen in the interval between the end of the financial year and the date of the report any item, transaction or event of a material and unusual nature that in the opinion of the directors is likely to substantially affect the operations of the company, the results of those operations, or the company's state of affairs in future financial years.

Corp 299(1)(e) **Future developments**

The company will continue to carry on the principal activities noted above. There are no likely developments in the activities in future years which will affect the results and therefore require disclosure.

Corp 299(1)(f) **Environmental regulations**

The company's long-term residential and day and respite care activities and its 'op-shop' operations are subject to environmental regulations under both Commonwealth and state legislation. The company aims to achieve a high standard in environmental matters. During this financial year licences were renewed and taken out as and when required by environmental authorities. The directors have not received notification nor are they aware of any breaches of environmental laws by the company.

Corp 307C **Auditor's independence**

The auditor's declaration of independence appears on page 40 and forms part of the Directors' report for the year ended 30 June 2009.

Rounding

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Corp 300(8)(b) **Indemnification and insurance of officers and auditors**

Corp 300(9)(a), (c), (d) and (f)
Corp 199B

Since the end of the previous financial year the company has paid insurance premiums of \$18,000 in respect of directors' and officers' liability and legal expenses' insurance contracts for current and former directors and officers, including senior executives of the company.

The insurance premiums relate to:

- > Costs and expenses incurred by the relevant officers in defending proceedings whether civil or criminal and whatever the outcome
- > Other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information or position to gain a personal advantage.

Premiums totalling \$11,000 were paid in respect of the current and former directors named in this report, and former directors Mr L J Winston, Mr R Starkey, Ms L McPaull and Ms H George. Premiums totalling \$7,000 were paid in respect of those officers of the company holding the positions of chief executive, company secretary, chief finance officer and executive director. The company has not otherwise indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such an officer or auditor.

Corp 298(2) Signed in accordance with a resolution of the directors made pursuant to s. 298(2) of the *Corporations Act 2001*.
On behalf of the directors:

A Borodin

Melbourne, 23 September 2009

The Nonquestus Charity

(A company limited by guarantee)

Auditor's declaration of independence

Corp 307C(c)

To the directors of Nonquestus Limited

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

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (ii) Any applicable code of professional conduct in relation to the audit.

ProBono & Co

Chartered Accountants

Gary Goodfellow

Partner

Melbourne, 23 September 2009

Directors' qualifications, experience and special responsibilities

Corp 300(10)(a)

Name	Qualifications	Experience	Special responsibilities
Albert Borodin	BSc, FAICD	Chairman of MultiNatio Limited; Director of Tabula Arts Limited and Pecunia Bank Limited. Board member for over eight years.	Chairman
Maxine Bruch	BComm, FCA	Partner, Propter Chartered Accountants for 10 years. Board member for seven years.	Finance Committee, Nominations & Remuneration Committee, Audit & Risk Committee
Wayne Byrd	BBus (Marketing)	Director, Mancipo Advertising Limited. Board member for seven years.	Marketing & Communications
Brenda Britten	BA, Grad Dip Health Services Management	Executive Director of the Federal Department of Communities. Board member for over five years.	Audit & Risk Committee, Quality of Care Committee
James Cage	BComm LLB, Solicitor	Partner, LexLegis Lawyers specialising in corporate and contract law. Board member for five years.	Finance Committee, Nominations & Remuneration Committee
Elaine Elgar	BA	Malaise survivor. Board member for over four years.	Quality of Care Committee
Eric Greig	MD, FRACS	Retired medical practitioner specialising in the care of malaise sufferers. Board member for over four years.	
Herbert Purcell		Retired Director of Externus Care UK, an organisation that delivered care to children in Bosnia Herzegovina during the conflict in that country. Joined the Board during the year after returning to Australia in early 2008.	
Francis Schubert	BA, Grad Dip Marketing	Founding Director of FrigusVestis Apparel. Joined the Board during the current year.	Marketing & Communications

The Nonquestus Charity
(A company limited by guarantee)

Financial report for the year ended 30 June 2009

AASB 101.8(b), .88

Income statement

AASB 101.46

AASB 101.83, .86, .104

AASB 101.81(a)

AASB 101.81(a)

AASB 101.86, .88

AASB 101.81(f)

AASB 101.5

	Note	2009 \$'000	2008 \$'000
Continuing operations			
Fundraising:	2(c), 3(a)		
Donations and gifts		7,330	6,000
Legacies		2,150	1,330
Building appeal		400	900
Residential care:			
Government funding		700	400
Fees from residents		1,200	1,000
Sales of goods		1,140	900
Investment income	2(c)	380	475
Net gain on foreign exchange	2(o)	20	–
Net gain on disposal of available-for-sale financial investments	2(c)	500	115
Net gain on disposal of fixed assets	2(c)	20	30
Revenue and other income	3(a), (b)	13,840	11,150
Fundraising costs	2(d)	690	550
Building appeal costs		45	110
Costs of sales		870	710
Residential care costs		2,430	2,545
Research grants	2(d)	1,500	1,250
Childcare and emergency costs	2(d)	5,000	4,900
Support costs	2(d)	190	180
Management and administration	2(d)	258	216
Other	2(d)	190	410
Expenditure	3(c), (d)	11,185	10,885
Net surplus for the year		2,655	265

The income statement is to be read in conjunction with the attached notes.

'This standard uses terminology that is suitable for profit-oriented entities, including public sector business entities. Entities with not-for-profit activities in the private sector ... applying this standard may need to amend the descriptions used for particular line items in the financial statements and for the financial statements themselves.'

The Nonquestus Charity
(A company limited by guarantee)

Financial report for the year ended 30 June 2009

Balance sheet

AASB 101.8(a) .32, .69, .Aus1.8, .74, .104	Note	2009 \$'000	2008 \$'000
Assets			
Current assets			
AASB 101.68(i)	5	4,490	3,200
AASB 101.68(h)	6	1,765	1,000
AASB 101.68(g)	7	300	400
		6,555	4,600
Non-current assets			
AASB 101.68(a)	8	5,500	4,000
AASB 101.68(d)	9	2,615	3,115
		8,115	7,115
		14,670	11,715
Liabilities			
Current liabilities			
AASB 101.68(j)	10	1,105	905
AASB 101.68(l)	11	40	40
AASB 101.68(k)	12(a)	155	115
		1,300	1,060
Non-current liabilities			
AASB 101.68(l)	11	100	140
AASB 101.68(k)	12(b)	200	200
		300	340
		1,600	1,400
		13,070	10,315
Funds			
AASB 101.5 – refer previous page		7,845	4,425
		350	300
		3,065	3,880
		1,670	1,670
		140	40
	13	13,070	10,315

The balance sheet is to be read in conjunction with the attached notes.

The Nonquestus Charity
(A company limited by guarantee)

Financial report for the year ended 30 June 2009

Statement of recognised income and expense

			2009	2008
		Note	\$'000	\$'000
AASB 101.8(c)(ii)				
AASB 101.96(b)				
AASB 139.55(b)				
AASB 7.20(a)(ii)	Net gains on available-for-sale financial investments	13	100	20
AASB 101.96(b)	Fair value revaluation of land and buildings	13	–	670
AASB 101.96(b)	Net income recognised directly in equity		100	690
AASB 101.96(a)	Net surplus for the year		2,655	265
AASB 101.96(c)	Total recognised income and expense for the year		2,755	955

The statement of recognised income and expense is to be read in conjunction with the attached notes.

The Nonquestus Charity
(A company limited by guarantee)

Financial report for the year ended 30 June 2009

AASB 101.8(d), .102

Cash flow statement

	Note	2009 \$'000	2008 \$'000
AASB 107.6, .10, .18, .20.2			
Cash flows from operating activities			
Receipts from:			
Donations and gifts		7,330	6,000
Legacies		1,565	1,160
Building appeal		400	900
Residential fees received		1,200	1,000
Government grants		700	400
Merchandise sales		1,085	610
AASB 107.31		100	120
AASB 107.31		175	235
Payments to suppliers and employees		(10,465)	(9,830)
Net cash flows from operating activities	15	2,090	595
AASB107.6, .10			
Cash flows from investing activities			
AASB 107.16(b)		130	170
AASB 107.16(a)		(1,990)	(1,000)
AASB 107.16(c)		(1,200)	(865)
AASB 107.16(d)		2,300	915
Net cash flows used in investing activities		(760)	(760)
AASB107.6, .17			
Cash flows from financing activities			
AASB 107.17(e)		(40)	(40)
Net cash flows used in financing activities		(40)	(40)
AASB 107.6, .10			
Net increase (decrease) in cash and cash equivalents		1,290	(225)
Cash and cash equivalents at beginning of year		3,200	3,425
Cash and cash equivalents at end of year	2(e), 5	4,490	3,200

The cash flow statement is to be read in conjunction with the attached notes.

The Nonquestus Charity

(A company limited by guarantee)

Financial report for the year ended 30 June 2009

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The Nonquestus Charity

(A company limited by guarantee)

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Notes to and forming part of the financial statements

1. Corporate information

AASB 110.17	The financial report of The Nonquestus Charity (the company) for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 23 September 2009.
AASB 101.126(a)	<i>The Nonquestus Charity</i> is a company limited by guarantee, incorporated and domiciled in Australia.
AASB 101.126(b)	The nature of the operations and principal activities of the company are described in the Note 4.

2. Summary of accounting policies

(a) Basis of preparation

AASB 101.103, .108(a),
.Aus13.4, .Aus14.3
Note 1

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on the basis of historical cost except for the following:

- > Land and buildings are measured at fair value less accumulated depreciation on buildings and any impairment losses
- > Available-for-sale financial assets are measured at fair value.

The methods used to measure the fair values of these assets are discussed in Notes 2(h) and 2(i). Cost is based on the fair values of the consideration given in exchange for assets.

The company has chosen to adopt AASB 8 *Operating Segments* applicable to annual reporting periods beginning on or after 1 January 2009, which introduces the 'management approach' to segment reporting. This decision has resulted in a change in the presentation and disclosure of segment information based on internal reports reviewed by the company's 'Chief Operating Decision Maker' (the chief executive officer) in order to assess each segment's performance and to allocate resources to them. Previously the company presented segment information in respect of its business and geographical segments. Under the 'management approach' the company has presented segment information in respect of its fundraising, commercial, care, emergency aid, and investment and administration segments. Comparative segment information presented in Note 4 has been restated to conform to the requirements of the revised Accounting Standard.

AASB 101.46(d), .46(e)
ASIC Class Order 98/100

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

(b) Significant accounting judgments, estimates and assumptions

AASB 101.113, .116

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting judgments

The company has entered into leases of premises and office equipment as disclosed in Note 16(b). Management has determined that all of the risks and rewards of ownership of these premises and equipment remain with the lessor and has therefore classified the leases as operating leases.

Significant accounting estimates and assumptions

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Make good provisions

Provisions for future costs to return certain leased premises to their original condition are based on the company's past experience with similar premises and estimates of likely restoration costs determined by the company's property manager. These estimates may vary from the actual costs incurred as a result of conditions existing at the date the premises are vacated.

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Provisions for employee benefits

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures, and periods of service, as discussed in Note 2(l). The amount of these provisions would change should any of these factors change in the next 12 months.

Note 2

Valuation of investments

The company has decided to classify investments in listed securities as 'available-for-sale' financial investments and movements in fair value are recognised directly in equity. The fair value of listed securities has been determined by reference to published price quotations in an active market.

(c) Revenue recognition

AASB 118.35(a)

Revenue is recognised when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

Revenue from fundraising

Donations

Donations are recognised when received.

Legacies

Legacies are recognised when the company is notified of an impending distribution or the legacy is received, whichever occurs earlier.

Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the company becomes legally entitled to the shares or property.

Building Appeal

Donations to the Building Appeal are recognised when received.

Revenue from residential care

Government funding

AASB 1004.12
Note 3

The company's residential care activity is supported by grants received from the federal, state and local governments. Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability, and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when received.

Fees from residents

Fees charged for care provided to residents are recognised when the service is provided.

AASB 118.14(a) and (c)

Sales of goods

Revenue from sales of goods comprises revenue earned (net of returns, discounts and allowances) from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer.

AASB 118.30(a)

Investment income

Investment income comprises interest and dividends. Interest income is recognised as it accrues, using the effective interest method.

AASB 118.30(c)

Dividends from listed entities are recognised when the right to receive a dividend has been established.

Asset sales

The gain or loss on disposal of all non-current assets and available-for-sale financial investments is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

In-kind donations

Facilities donated for occupancy by residents or children in care are included at the fair value to the company where this can be quantified and a third party is bearing the cost.

Note 4

No amounts are included in the financial statements for services donated by volunteers.

AASB 1004.12

Goods donated for resale are included as income when they are sold.

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Note 5	<p>(d) Expenditure</p> <p>All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources. Premises overheads have been allocated on a floor area basis, and other overheads have been allocated on the basis of the head count.</p> <p>Fundraising costs are those incurred in seeking voluntary contributions by donation and do not include costs of disseminating information relating to the activities carried on by the company.</p> <p>Support costs are those costs directly incurred in supporting the objects of the company and include project management carried out by central administration.</p> <p>Management and administration costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.</p> <p>Research grants are amounts granted to institutions in Australia that specialise in research into the causes and treatment of 'malaise'. Grants are recognised when paid to the institution.</p> <p>Childcare and emergency costs comprise amounts paid to overseas aid organisations to assist in the provision of emergency overseas aid to children in areas experiencing famine or war and who are suffering from 'malaise'.</p> <p>Other costs comprise investment management fees, information and education costs.</p>
AASB 107.6, .46	<p>(e) Cash and cash equivalents</p> <p>Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.</p>
AASB 139.46(a) AASB 7.29(a)	<p>(f) Trade and other receivables</p> <p>Trade receivables, which comprise amounts due from sales of merchandise and from services provided to residents, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Normal terms of settlement vary from seven to 90 days. The notional amount of the receivable is deemed to reflect fair value.</p>
AASB 139.58, .63	<p>An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.</p>
AASB 102.9, .36(a).	<p>(g) Inventories</p> <p>Inventories comprise goods for resale and goods for distribution at no or nominal consideration as part of the company's charitable activities. Inventories may be purchased or received by way of donation.</p> <p>Goods for resale</p> <p>Inventories of goods purchased for resale are valued at the lower of cost and net realisable value. No value is ascribed to goods for resale that have been donated to the company. The cost of bringing each item to its present location and condition is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.</p>
AASB 102.Aus9.1, .Aus10.1, .Aus36.1(a)	<p>Goods held for distribution</p> <p>Donated goods and goods purchased for nominal consideration held for distribution are initially recognised at their current replacement cost at date of acquisition. Inventories of goods purchased and held for distribution are initially recognised at cost. The cost of bringing each product to its present location and condition is determined on a first-in, first-out basis. Cost is adjusted when applicable for any loss of service potential. Loss of service potential may be indicated by a current replacement cost lower than the original acquisition cost or obsolescence of goods held for distribution. Current replacement cost is the cost the company would incur to acquire the goods held for distribution at balance date.</p>

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(h) Property, plant and equipment

AASB 116.30, .31, .73(a)

Bases of measurement of carrying amount

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

AASB 116.Aus15.1

Any property, plant and equipment donated to the company or acquired for nominal cost is recognised at fair value at the date the company obtains control of the assets.

Revaluation of land and buildings

AASB 116.31

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

AASB 116.6, .32

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair values are confirmed by independent valuations which are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the balance sheet date.

AASB 116.Aus39.1, .Aus40.1, .Aus40.2

Land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the revaluation reserve, except where it reverses a revaluation decrement previously recognised in the profit and loss, in which case it is credited to the income statement.

AASB 116.Aus77.1

When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the income statement, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

Depreciation

AASB 116.73(b)

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the company commencing from the time the asset is held ready for use. Depreciation is calculated on a straight line basis over the expected useful economic lives of the assets as follows:

AASB 116.73(c)

	2009 % pa	2008 % pa
Freehold buildings	2	2
Project and office equipment	20	20
Computer equipment	33 ¹ / ₃	33 ¹ / ₃
Motor vehicles	25	25
Equipment held under finance leases	Life of lease	Life of lease

Impairment

AASB 136.9

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

AASB 136.Aus6.1, .Aus32.1

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

AASB 136.59

Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

AASB 136.60

For plant and equipment, impairment losses are recognised in the income statement. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

AASB 116.67, .68, .70

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal, when the item is no longer used in the operations of the company or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Any part of the asset revaluation reserve attributable to the asset disposed of or derecognised is transferred to general funds at the date of disposal.

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(i) Available-for-sale financial investments

AASB 139.9 Available-for-sale investments are those financial assets that are designated as available-for-sale. When available-for-sale financial investments are recognised initially, they are measured at fair value. Any available-for-sale financial investments donated to the company are recognised at fair value at the date the company obtains control of the asset.

AASB 139.55(b), .67 to .70 After initial recognition available-for-sale financial investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

AASB 139.48 The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models.

(j) Trade creditors and other payables

AASB 7.29(a) Trade payables and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid. These amounts are usually settled in 30 days. The notional amount of the creditors and payables is deemed to reflect fair value.

(k) Deferred income

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date, or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted.

(l) Employee benefits

AASB 119.4 Employee benefits comprise wages and salaries, annual, non-accumulating sick and long service leave, and contributions to superannuation plans.

AASB 119.10, .11 Liabilities for wages and salaries expected to be settled within 12 months of balance date are recognised in other payables in respect of employees' services up to the reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within 12 months of balance date are recognised in the provision for annual leave. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

AASB 119.129 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 using the projected unit credit method. Consideration is given to anticipated 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 currencies that match, as closely as possible, the estimated future cash outflows.

AASB 119.43, .44
Note 6 The company pays contributions to certain defined contribution superannuation plans. Contributions are recognised in the income statement when they are due. The company has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

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(m) Leased assets and liabilities

Operating leases

AASB 117.33 Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Finance leases

AASB 117.8, .20, .25 Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement. The fair value of the leases is estimated as the present value of future cash flows, discounted at market interest rates. The carrying value of the leases is considered a reasonable reflection of fair value.

AASB 117.27 Capitalised leased assets are depreciated over the estimated useful life of the asset.

(n) Taxation

Income tax

Note 7 The company is a charitable institution for the purposes of Australian taxation legislation and is therefore exempt from income tax. This exemption has been confirmed by the Australian Taxation Office. The company holds deductible gift recipient status.

Goods and services tax (GST)

UIG 1031.7 Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office, in which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

UIG 1031.8 Receivables and payables are recognised inclusive of GST.

UIG 1031.9 The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

UIG 1031.10, .11 Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the Australian Taxation Office is classified as operating cash flows.

(o) Foreign currency translation

Transactions in foreign currencies are initially recorded by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

(p) Make good provisions

AASB 137.85 Costs required to return certain leased premises to their original condition as set out in the lease agreements are recognised as a provision in the financial statements. The provision has been calculated as an estimate of future costs and discounted to a present value.

(q) New standards and interpretations not yet adopted

Note 8 The following standards, amendments to standards and interpretations have been identified as those which may impact the company in the period of initial application.

Revised AASB 101 *Presentation of Financial Statements (2007)* becomes mandatory for the company's financial report for the year ending 30 June 2010. Revised AASB 101:

- > Introduces the term 'total comprehensive income' which is defined as the change in equity during a period resulting from transactions other than those changes resulting from transactions with owners in their capacity as owners
- > Allows for the presentation of total comprehensive income in either a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income.

Revised AASB 101 is expected to have a significant impact on the presentation of the company's financial statements. The company intends to provide total comprehensive income in a single statement of comprehensive income for its 2010 financial statements.

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3. Revenue, other income and expenses

	Note	2009 \$'000	2008 \$'000
AASB 101.86	(a) Revenue		
AASB 118.35(b)(i)	Sale of goods	1,140	900
AASB 118.35(b)(ii)	Rendering of services	1,200	1,000
	Sales revenue	2,340	1,900
	Government grants	700	400
	Donations and gifts		
	Individuals	2,106	1,678
	Charitable foundations	4,100	3,500
	Corporate donors	1,100	800
	Gifts in kind	24	22
		7,330	6,000
	Building appeal	400	900
	Legacies	2,150	1,330
	(b) Other income		
	Investment income		
AASB 118.35(b)(iii)	Interest	250	300
AASB 118.35(b)(v)	Dividends	130	175
AASB 121.52(a)	Net gain on foreign exchange	20	0
AASB 7.20(a)(ii)	Net gain on available-for-sale financial investments	500	115
AASB 101.87(c)	Net gain on disposal of property, plant and equipment	20	30
AASB 101.86	(c) Expenses		
AASB 7.20(b)	Finance charges included in finance lease payments	12	14
AASB 101.93	Depreciation	380	270
	Impairment loss on trade receivables	3	–
	Cost of sales includes the following items recognised as an expense		
AASB 102.36(d)	Goods for sale	550	480
AASB 102.Aus36.1(c)	Goods for distribution	150	140
AASB 117.35(c)	Operating lease payments		
	Land and buildings	110	110
	Plant and equipment	70	70
AASB 101.Aus126.1	Auditor's remuneration		
	Amounts paid to ProBono & Co for:		
	The audit of the financial report	14	13
	Taxation compliance services	6	9
AASB 101.93	(d) Employee benefits expense	2(l)	
	Wages and salaries	6,050	5,820
	Workers compensation insurance and payroll taxes	700	650
AASB 119.46	Defined contribution superannuation plan expense	500	480
	Movements in employee benefits provisions	35	22
	Total employee benefits expense	7,285	6,972

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Note 9

AASB 8.20 – 22

4. Segment reporting

The company has five operating segments, as described below. The operating segments reflect the four significant activities undertaken by the company to achieve its mission of providing care for the sufferers of 'malaise' and the provision of emergency overseas aid to children in areas experiencing famine or war who are suffering from 'malaise'. The following summary describes the operations in each of the company's reportable segments.

Fundraising

Fundraising involves the collection of voluntary donations from individuals, charitable foundations and corporate donors for the company's general activities or specific purposes. Fundraising also involves seeking legacies and bequests to support general activities or specific purposes.

Commercial

Commercial operations involve the sale through the company's shops and mail order business of donated and purchased goods.

Care

The company's care activities involve the provision of residential, day and respite care to sufferers of malaise. The difference between government funding and cost incurred in providing this care is sourced from the fundraising and commercial segments.

Care activities also include the provision of grants to support research into the causes and treatment of 'malaise'.

Emergency Aid

The company's emergency aid activities involve the provision of emergency overseas aid to children in areas experiencing famine or war who are suffering from 'malaise'. During the current and previous year the company provided aid to children in communities in Africa. Funding for this activity is sourced from the fundraising and commercial segments.

Investment and administration

The investment and administration segment provides treasury management and administrative services to the company's other segments. Revenue and costs that are not considered part of the core operations of the other segments are allocated to this segment.

Information regarding each of these operating segments is detailed below. The financial performance of the fundraising and commercial segments is measured by the surplus generated from the segments' activities. The financial performance of the care, emergency aid and investment and administration segments is measured by adherence to budgeted and forecast results.

Major sources of funds

The company receives a significant part of its funding for its residential, day and respite care services from the Federal Department of Health and Ageing, and State Departments of Human Services.

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4. Segment reporting (continued)

		Fundraising		Commercial	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
(a) Segment result					
Revenue					
AASB 8.23(f)	Donations and gifts	9,880	8,230		
AASB 8.23(a)	Sales to external customers			1,140	900
AASB 8.23(f)	Government grants				
AASB 8.23(c)	Interest				
AASB 8.23(f)	Dividends				
	Net gain on foreign exchange				
	Net gain on available-for-sale financial investments				
	Net gain on disposal of property, plant and equipment				
AASB 8.28(a)	Total segment revenue	9,880	8,230	1,140	900
AASB 8.23(d)	Interest expense	–	–	–	–
AASB 8.23(e)	Depreciation	–	–	–	–
AASB 8.23, .28(b)	Segment surplus (deficit)	9,145	7,570	270	190
(b) Segment assets and liabilities					
AASB 8.28(c)	Segment assets	5,245	3,770	860	905
AASB 8.24(b)	Capital expenditure	–	–	–	–
AASB 8.28(d)	Segment liabilities	–	–	315	380
		2009	2008	2009	2008
		%	%	%	%
Note 10	(c) Ratio analysis				
	Costs as a percentage of segment revenue	7.4	8.0	76.3	78.9
	Surplus as a percentage of segment revenue	92.6	92.0	23.7	21.1
	Funds applied for activities as a percentage of total expenditure	6.6	6.1	7.8	6.5
	Funds applied for administrative and other costs as a percentage of total expenditure	–	–	–	–
	Funds applied for activities as a percentage of total income	–	–	–	–

Care		Emergency Aid		Investment and Administration		Total	
2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
						9,880	8,230
1,200	1,000					2,340	1,900
700	400					700	400
				250	300	250	300
				130	175	130	175
20	0					20	0
				500	115	500	115
				20	30	20	30
1,920	1,400			900	620	13,840	11,150
–	–	–	–	12	14	12	14
280	180	100	90	–	–	380	270
(2,030)	(2,395)	(5,000)	(4,900)	270	(200)	2,655	265
4,319	3,120	873	633	3,373	3,287	14,670	11,715
1,600	1,000	390	–	–	–	1,990	1,000
844	552		–	441	468	1,600	1,400
2009 %	2008 %	2009 %	2008 %	2009 %	2008 %	2009 %	2008 %
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
35.1	34.8	44.7	45.0	–	–	94.2	92.3
–	–	–	–	5.8	7.5	5.8	7.5
58.4	34.0	36.1	44.0	–	–	64.5	78.0

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AASB 107.45

5. Cash and cash equivalents

Note 11

	Note	2009 \$'000	2008 \$'000
Cash at bank and in hand		1,090	200
Short-term deposits		3,400	3,000
	2(e)	4,490	3,200

AASB 7.40, .41

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the company's cash requirements. These deposits earn interest at market rates.

The company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 14.

AASB 101.75(b)

6. Trade and other receivables

AASB 139.63

	Note	2009 \$'000	2008 \$'000
Trade debtors	2(f)	580	522
Less: Provision for doubtful debts	14	(20)	(17)
		560	505
Legacies	2(c)	755	170
Other debtors		225	205
Prepayments and other accrued income	2(c)	225	120
		1,765	1,000

The company's exposure to credit risk and impairment losses related to trade debtors and other receivables is disclosed in Note 14.

AASB 102.36(b)

7. Inventories

AASB 101.75(b)

	Note	2009 \$'000	2008 \$'000
Goods purchased for resale	2(g)	240	320
Donated goods held for distribution	2(g)	60	80
		300	400

AASB 102.Aus36.1(b)

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AASB 116.73

8. Property, plant and equipment

	Freehold land and buildings	Project and office equipment	Computer equipment	Motor vehicles	Total
Cost or fair value					
At 1 July 2007	3,010	390	110	220	3,730
Additions	770	60	140	30	1,000
Revaluation increment	670	–	–	–	670
Disposals	(100)	(50)	–	(50)	(200)
AASB 116.73(d) At 30 June 2008	4,350	400	250	200	5,200
AASB 116.73(e)(i) Additions	1,700	180	100	10	1,990
AASB 116.73(e)(ix) Disposals	(300)	–	–	–	(300)
AASB 116.73(d) At 30 June 2009	5,750	580	350	210	6,890
Accumulated depreciation					
At 1 July 2007	660	165	125	40	990
Charge for year	170	50	25	25	270
Disposals	(30)	(15)	–	(15)	(60)
AASB 116.73(d) At 30 June 2008	800	200	150	50	1,200
AASB 116.73(e)(vii) Charge for year	90	150	88	52	380
AASB 116.73(e)(ix) Disposals	(190)	–	–	–	(190)
AASB 116.73(d) At 30 June 2009	700	350	238	102	1,390
Net carrying amount					
at 30 June 2009	5,050	230	112	108	5,500
at 30 June 2008	3,550	200	100	150	4,000

AASB 116.77(a) to (d);
Aus77.1

Revaluation of land and buildings

The company engages Perlustro & Co, independent accredited valuers, to determine the fair value of its land and buildings. Fair value is determined directly by reference to market-based evidence, which is the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. The effective date of the revaluation was 1 October 2007. Based on updated information provided by Perlustro & Co. in the current year, the directors have determined that the carrying amount does not differ materially from that which would be determined using fair value at reporting date.

AASB 117.31(a)

Leased plant and equipment

AASB 116.74(a)

The company leases computer equipment and motor vehicles under finance lease agreements. At the end of each of the leases the company can, at its option, purchase the equipment at a favourable price. At 30 June 2009 the net carrying amount of the leased computer equipment and motor vehicles was \$140,000 (2008 – \$180,000). The leased equipment secures the obligations under the leases. Refer to Note 11.

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AASB 7.8(d)

9. Available-for-sale financial investments

	Note	2009 \$'000	2008 \$'000
Listed investments at fair value in:	2(i)		
Fixed interest securities		900	1,600
Shares		1,235	695
Investment trusts		480	820
		2,615	3,115

AASB 7.7

All available-for-sale financial investments are quoted on the Australian Stock Exchange.

Note 12

Shares have no fixed maturity date or coupon rate.

Fixed interest securities include corporate bonds, convertible notes and hybrid securities which have coupon rates varying from five per cent to seven per cent and maturity dates ranging from September 2009 to October 2011. The market value of these securities fluctuates from time to time.

Investment trusts are managed by third parties on behalf of the company and other investors. The trusts hold a variety of investments which generate a return based on income from those investments and changes in the market value of the investments. The company's investments in trusts can be redeemed on an at-call basis at the market value of the investment at the date of redemption less certain fees and charges.

The company's exposure to credit, currency and market price risks related to available-for-sale investments is disclosed in Note 14.

AASB 101.60, .74

10. Trade creditors and other payables

	Note	2009 \$'000	2008 \$'000
Trade creditors	2(j)	525	580
Other creditors		190	125
Accruals and deferred income	2(d), (k)	390	200
		1,105	905

The company's exposure to currency and liquidity risks related to trade creditors and other payables is disclosed in Note 14.

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11. Interest bearing loans

	Note	2009 \$'000	2008 \$'000
AASB 117.31(a), .31(e)(ii)	(a) Obligations under finance leases – secured	2(m)	
	Current	40	40
	Non-current	100	140
		140	180

The company leases computer equipment and motor vehicles under finance lease agreements. At the end of each of the leases the company can, at its option, purchase the equipment at a favourable price. At 30 June 2009 the net carrying amount of the leased computer equipment and motor vehicles was \$140,000 (2008 – \$180,000). The leased equipment secures the obligations under the leases.

Future minimum lease payments and the present value of the minimum lease payments are:

AASB 117.31(b)(i)	Due within one year	52	54
AASB 117.31(a)(ii)	Due after one year but not more than five years	125	177
	Total minimum lease payments	177	231
	Less: Future finance charges	(37)	(51)
AASB 117.31(b)	Present value of minimum lease payments	140	180

For more information about the company's exposure to interest rate and liquidity risk, refer to Note 14.

(b) Bank facilities

AASB107.50 The company has in place an unsecured bank overdraft facility of \$500,000. The facility was not utilised during 2008 and 2009, and remains unutilised at the reporting date.

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12. Provisions

	Note	2009 \$'000	2008 \$'000
(a) Current			
Long service leave	2(l)	45	35
Annual leave		110	80
Total current provisions		155	115
(b) Non-current			
Long service leave	2(l)	175	180
Make good provision under leases	2(p)	25	20
Total non-current provisions		200	200
(c) Movements in provisions			
			Make Good Provision Under Lease \$'000
AASB 137.84(a)	Balance at 1 July 2008		20
AASB 137.84(b)	Charge for the year		5
AASB 137.84(c)	Utilised during the year		–
AASB 137.84(d), (e)	Adjustments		–
AASB 137.84(a)	Balance at 30 June 2009		25

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13. Total funds

AASB 101.97

(a) Movements in funds – 2009

	At 1 July 2008 \$'000	Income \$'000	Expenditure \$'000	Revaluation gains \$'000	Transfers \$'000	At 30 June 2009 \$'000
General reserve	4,425	9,590	(6,090)	–	(80)	7,845
Designated funds						
Cyclical repair fund	300	–	(45)	–	95	350
Net unrealised gains reserve	40	–	–	100	140	–
Asset revaluation reserve	1,670	–	–	–	–	1,670
Total unrestricted funds	6,435	9,590	(6,135)	100	15	10,005
Restricted funds						
Building appeal	900	400	(30)	–	–	1,270
Residential care	475	975	(1,135)	–	–	315
Childcare	2,505	2,875	(3,885)	–	(15)	1,480
Total restricted funds	3,880	4,250	(5,050)	–	(15)	3,065
Total funds	10,315	13,840	(11,185)	100	–	13,070

AASB 101.97

(b) Movements in funds – 2008

	At 1 July 2007 \$'000	Income \$'000	Expenditure \$'000	Revaluation gains \$'000	Transfers \$'000	At 30 June 2008 \$'000
General reserve	6,045	6,870	(8,490)	–	–	4,425
Designated funds						
Cyclical repair fund	300	–	–	–	–	300
Net unrealised gains reserve	20	–	–	20	–	40
Asset revaluation reserve	1,000	–	–	670	–	1,670
Total unrestricted funds	7,365	6,870	(8,490)	690	–	6,435
Restricted funds						
Building appeal	110	900	(110)	–	–	900
Residential care	310	800	(635)	–	–	475
Childcare	1,575	2,580	(1,650)	–	–	2,505
Total restricted funds	1,995	4,280	(2,395)	–	–	3,880
Total funds	9,360	11,150	(10,885)	690	–	10,315

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AASB 101.76(b)

(c) Details of funds

General reserve

The general reserve represents the funds of the charity that are not designated for particular purposes.

Net unrealised gains reserve

This reserve records fair value changes in available-for-sale investments.

AASB 116.Aus39.1,
.Aus40.1, .Aus40.2

Asset revaluation reserve

This reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases relate to an increase in the value of that class of assets previously recognised in the reserve.

Cyclical repair fund

The Cyclical Repair Fund has been established to meet the costs of major refurbishments and repairs at residential care properties. It is expected that these will be carried out in 2010 and 2011.

Building appeal

The Building Appeal Fund comprises those amounts collected for the construction of new residential care facilities in Heathcote.

Residential care

The Residential Care Fund comprises funds raised by the Friends of Nonquestus for use at the company's residential care facilities.

Childcare

The Childcare Fund was established in 1994 by a gift from the Liberalis Foundation to be used solely for childcare projects. Since then sundry restricted gifts for childcare have been added to the Fund. During the year an unexpended balance of \$15,000 was transferred to the General Reserve with the permission of the donor.

Note 13

(d) Members guarantee

The company is limited by guarantee. In the event of the company being wound up, the constitution states that each member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of the company. At 30 June 2009 the number of members was 125 (2008 – 120).

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14. Financial instruments

AASB 7.31, .33

(a) Financial risk management – objectives and policies

The company's financial instruments comprise cash and cash equivalents, available-for-sale financial investments, and finance lease liabilities. In addition the company has various financial assets and liabilities including amounts receivable in respect of residents at its long-term residential and day and respite care centres and amounts payable to trade and other creditors. Certain trade creditors arising from the provision of overseas aid are denominated in foreign currencies, principally USD.

The main risks arising from the company's financial instruments are liquidity risk, credit risk and market price risk. The company does not use derivative instruments to manage risks associated with its financial instruments.

The directors have overall responsibility for risk management, including risks associated with financial instruments. Risk management policies are established to identify and analyse the risks associated with the company's financial instruments, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits. The Board Audit Committee is responsible for monitoring the effectiveness of the company's risk management policies and processes and regularly reviewing risk management policies and systems, taking into account changes in market conditions and the company's activities. The Board Finance Committee is responsible for developing and monitoring investment policies.

AASB 7.33

This note presents information about the company's exposure to liquidity, credit and market price risk, and its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

AASB 7.33

Liquidity risk

Liquidity risk is the risk that the company will not be able to fund its obligations as they fall due.

AASB 7.39(b)

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds or unused overdraft facilities are available to meet normal operating expenses for 120 days. When necessary, cash for unforeseen events such as relief activities following natural disasters is sourced from liquidation of available-for-sale financial investments.

AASB 7.39(a)

The following are the contractual maturities of financial liabilities including estimated interest payments:

	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
At 30 June 2009							
(\$'000)							
Finance lease liabilities (Note 11)	140	180	25	25	52	78	–
Trade and other payables (Note 10)	1,105	1,105	910	195	–	–	–
Total financial liabilities	1,245	1,285	935	220	52	78	–
At 30 June 2008							
(\$'000)							
Finance lease liabilities (Note 11)	180	235	26	26	52	105	26
Trade and other payables (Note 10)	905	905	805	100	–	–	–
Total financial liabilities	1,085	1,140	831	126	52	105	26

AASB 7.33

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to two sources of credit risk – amounts receivable in respect of residents at its long-term residential and day and respite care centres, and counterparty risk in respect of funds deposited with banks and other financial institutions.

AASB 7.39(b)

The majority of amounts receivable in respect of residents at long-term residential and day and respite care centres are due from government departments or health insurance providers. All arrangements to provide residential care are subject to contractual arrangements, which include settlement terms. Any amounts outstanding beyond the contracted period are followed up. Credit is only extended to residents not covered by these arrangements after credit evaluations are carried out.

AASB 7.39(b)

Funds are deposited only with those banks and financial institutions approved by the Board. Such approval is only given in respect of banks that hold a AA rating from Standard & Poor's or an equivalent rating from another reputable ratings agency. At the reporting date, the company did not have any material credit risk exposures to any single receivable or group of receivables or any bank or financial institution.

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AASB 7.36(a)

Exposure to credit risk

The carrying amount of the company's financial assets best represents its maximum credit risk exposure. The company's maximum exposure to credit risk at the reporting date was:

AASB 7.34(a)

	Note	Carrying amount \$'000	
		2009	2008
Cash and cash equivalents	5	4,490	3,200
Trade debtors	6	580	522
Other current receivables	6	1,205	495
Available-for-sale financial investments	9	2,615	3,115
		8,890	7,332

Other current receivables are analysed in Note 6. None of the amounts comprising this total is 'past due' at the reporting date. Trade debtors comprise amounts due in respect of residents at long-term residential and day and respite care centres, all of which are located in Australia. The ageing of these debtors at reporting date was:

AASB 7.37(a)

	2009		2008	
	Gross \$'000	Impairment \$'000	Gross \$'000	Impairment \$'000
Not past due	348	–	340	–
Past due 0 – 30 days	180	–	104	–
Past due 31 – 120 days	52	20	78	17
Past due 121 days to one year	–	–	–	–
	580	20	522	17

AASB 7.37(b)
and (c)

Past experience indicates that no impairment allowance is necessary in respect of trade debtors 'not past due' and 'past due 0 – 30 days'. Impairment allowances recognised at the reporting dates have been determined after a review of amounts outstanding at those dates and comprise amounts due from individual residents at the company's residential care facilities. No individual balance due exceeds \$1,000 and no collateral is held as security for these amounts. The movement in the allowance for impairment in respect of trade debtors during the year was as follows:

AASB 7.16

	Note	2009 \$'000	2008 \$'000
Balance at 1 July		17	17
Impairment losses recognised		3	–
Balance at 30 June	6	20	17

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AASB 7.33

Market price risk

Market price risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The company is exposed to three sources of market price risk – fluctuations in interest and foreign exchange rates applicable to liabilities designated in foreign currencies and fluctuations in the value of its available-for-sale financial investments.

AASB 7.33

Interest rate risk

Interest rate risk refers to the risk that the value of financial instruments or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The company is exposed to interest rate fluctuations on its cash at bank and cash on deposit and on fixed interest securities included in its available-for-sale financial investments. It does not have a material risk in relation to its interest bearing loans. The company actively monitors interest rates for cash at bank and on deposit to maximise interest income. The company accepts the risk in relation to fixed interest securities as they are held to generate income on surplus funds.

AASB 7.40

The following table summarises the interest rate profile of the company's interest bearing financial instruments:

	Note	Carrying amount \$'000	
		2009	2008
Fixed rate instruments			
Fixed interest securities	9	900	1,600
Finance lease liabilities	11	(140)	(180)
		760	1,420
Variable rate instruments			
Cash at bank and in hand	5	1,090	200
Short-term deposits	5	3,400	3,000
		4,490	3,200

Sensitivity analysis

A change of 100 basis points or one per cent in interest rates at the reporting date would, with all other variables held constant, have increased or decreased the company's surplus and funds by the amounts shown below. The one per cent assumption has been determined to be a reasonably possible movement in interest rates over a 12-month period based on information from various financial institutions, review of movements over the last two years, and economic forecasters' expectations.

	Surplus		Funds	
	1% increase	1% (decrease)	1% increase	1% (decrease)
Variable rate instruments	45	(45)	45	(45)

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AASB 7.34

Currency risks

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company is exposed to currency risks in respect of its undertakings to support emergency overseas aid to children suffering 'malaise' in areas experiencing famine or war. At reporting date, trade creditors and other payables include an amount of US\$250,000 which has been converted to AUD at rates ruling at reporting date (2008 – Nil). At the reporting date the AUD equivalent of this liability was AU\$367,647.

A 10 per cent strengthening of the AUD against the USD at reporting date would have increased the surplus for the year and the funds at reporting date by \$33,422. A 10 per cent weakening in the AUD against the USD at reporting date would have decreased the surplus for the year and the funds at reporting date by \$40,850. The 10 per cent assumption has been determined to be a reasonably possible movement in exchange rates over a 12-month period based on the review of the last two years' historical movements and economic forecasters' expectations.

In addition, as disclosed in Note 16(c), the company has entered into undertakings to provide US\$1 million to support care to be provided to children in the Democratic Republic of Congo suffering 'malaise'. As explained in Note 16(c), these amounts have not been recognised in the financial report, as payment is conditional on the aid agency providing the care meeting certain conditions. The ultimate amount to be paid in respect of these undertakings is dependent on exchange rate ruling on the date the undertaking is settled.

AASB 7.33

The company has adopted a policy not to hedge against any fluctuations in foreign currency exchange rates.

Equity price risk

Equity price risk arises from fluctuations in the market values of available-for-sale securities.

It is company policy to hold only those investments quoted on the Australian Stock Exchange. The company has engaged Fiducia Investments to advise on the management of its investment portfolio. The Board has approved risk and return parameters for investment in available-for-sale financial investments, and receives reports from management and Fiducia on a bi-monthly basis regarding the performance of the investment portfolio. Buy, sell and portfolio re-balancing decisions are based on recommendations from Fiducia Investments and approved by the Finance Committee and/or the Board.

At the reporting date the market value of available-for-sale financial investments and the impact of a 10 per cent movement in the market value of the investments was:

	Market value \$'000	+10% Impact \$'000	-10% Impact \$'000
Fixed interest securities	900	90	(90)
Shares	1,235	124	(124)
Investment trusts	480	48	(48)
	2,615	262	(262)

It should be noted that the full impact of movements in market value would not necessarily be immediately reflected in the income statement and the company's funds as these investments are deemed to be 'available-for-sale' investments. The impact of market movements would only be recognised in the income statement and company funds if the investments were sold or if an impairment loss was recognised.

AASB 7.25

(b) Fair values

Carrying amounts of financial assets and liabilities recorded in the financial statements represent their net fair values, as determined in accordance with the accounting policies disclosed in Notes 2(f), 2(h), 2(i) and 2(j) to the financial statements.

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AASB 107.Aus20.1,
.Aus20.2
Note 14

15. Cash flow information

Reconciliation of net surplus for the year to net cash flows from operations

Note	2009 \$'000	2008 \$'000
Net surplus for the year	2,655	265
Profit from sale of available-for-sale financial investments	(500)	(115)
Profit on sale of property, plant and equipment	(20)	(30)
Depreciation of property, plant and equipment	3(b) 380	270
(Increase)/decrease in assets		
Inventories	100	450
Trade and other receivables	(765)	(725)
Increase/(decrease) in liabilities		
Trade creditors	(55)	(20)
Provisions for employee benefits and make good costs	40	60
Other liabilities	255	440
Net cash flow from operations	2,090	595

16. Commitments and contingencies

(a) Finance leases

AASB 117.31

The company has entered into finance leases for various items of equipment. Details can be found at Note 11.

(b) Operating leases

AASB 117.35

The company has entered into commercial leases of land and buildings and office equipment. These leases have an average life of between three and seven years with no renewal option included in the contracts. There are no restrictions placed upon the lessee upon entering into these leases. Future minimum rentals payable under non-cancellable operating leases as at the reporting date are:

	2009 \$'000	2008 \$'000
Within one year	110	110
After one year but not more than five years	300	400
More than five years	–	–
Total commitments under operating leases	410	510

(c) Capital expenditure commitments

AASB 116.74(c)

AASB 101.Aus126.7

At reporting date the company has entered into contracts for capital expenditure of \$250,000 (2008 – \$190,000) which have not been provided for in the financial statements. The amounts are payable:

	2009 \$'000	2008 \$'000
Within one year	110	90
One year or later and no later than five years	140	100
Later than five years	–	–
	250	190

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(d) Overseas aid commitments

The company has entered into undertakings to provide US\$1 million (2008 – Nil) to support care to be provided to children suffering 'malaise' in the Democratic Republic of Congo by another not-for-profit aid agency. These amounts have not been recognised in this financial report, as payment is conditional on that aid agency meeting certain terms and conditions. The ultimate amount to be paid in respect of these undertakings is dependent on exchange rate ruling on the date the undertaking is settled.

AASB 137.89

(e) Contingent assets

Legacies with a probate value of \$1,600,000 (2008 – Nil) have not been included in the financial statements, as no notification of impending distribution has been received.

AASB 124.Aus16.1

17. Related parties and related party transactions

(a) Directors

Directors of the company in office during the year are disclosed in the directors' report that accompanies these financial statements.

AASB 124.16

(b) Directors' compensation

The directors act in an honorary capacity and receive no compensation for their services. During the year travel expenses totalling \$6,233 (2008 – \$5,500) incurred by the directors in fulfilling their role were reimbursed.

AASB 124.17

(c) Transactions with director-related entities

During the year payments of \$8,000 (2008 – \$7,500) were made to Leviculus Printers for the printing of the annual report. Mrs R Wagner, a director of the company, is also a director of Leviculus Printers. This service was provided under normal commercial terms and conditions. There are no amounts payable to or receivable from directors or director-related entities at the reporting date.

AASB 124.16
Note 15

(d) Key management personnel compensation

Those persons having authority for planning, directing and controlling the company's activities, directly or indirectly, are:

	2009 \$'000	2008 \$'000
Cheryl Watson, Chief Executive Officer		
Ian W Smith, Fundraising Director		
Stella Judkins, Director of Residential Care		
Norma Ware, Director of Childcare		
Mark Whelan, Chief Finance Officer		
Short-term employee benefits	676,086	635,782
Post-employment benefits	60,000	60,000
Total compensation	736,086	695,782

18. Economic dependency

The company is dependent upon the ongoing receipt of grants from the Federal Department of Health and Ageing and State Departments of Human Services to ensure the continuance of its residential, day and respite care services.

AASB 101.126(a)–(c)

19. Additional company information

The Nonquestus Charity is a company limited by guarantee, incorporated and operating in Australia.

The registered office of the company and its principal place of business is:

Charity House
132 Charybyle Street
Melbourne VIC 3000

The Nonquestus Charity

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Financial report for the year ended 30 June 2009

Directors' declaration

The directors declare that in their opinion:

- | | |
|------------------|--|
| Corp 295(1), (4) | a) The attached financial statements and notes thereto comply with Accounting Standards |
| Corp 295(4)(d) | b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company |
| Corp 295(4)(d) | c) The attached financial statements and notes thereto are in accordance with the <i>Corporations Act 2001</i> and the Corporations Regulations 2001 |
| Corp 295(4)(c) | d) There are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable. |

Corp 295(5)(a) Signed in accordance with a resolution of the directors made pursuant to s. 295(5) of the *Corporations Act 2001*.

On behalf of the directors

A Borodin

Melbourne, 23 September 2009

The Nonquestus Charity

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Financial report for the year ended 30 June 2009

Independent auditor's report

To the members of The Nonquestus Charity

Report on the Financial Report

We have audited the accompanying financial report of The Nonquestus Charity, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity, and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes: establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Except as discussed in the qualification paragraph, we conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance that the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of The Nonquestus Charity on 23 September 2009, would be in the same terms if provided to the directors as at the date of this auditor's report.

Basis for qualified auditor's opinion

Proceeds from appeals are a significant source of revenue for the company. The company has determined that it is impracticable to establish control over the collection of proceeds from appeals prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to proceeds from appeals had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether proceeds of appeals the company obtained are complete.

Qualified auditor's opinion

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitation on our audit procedures referred to in the qualification paragraph not existed, the financial report of The Nonquestus Charity is in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date
- (b) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

ProBono & Co

Chartered Accountants

Gary Goodfellow

Partner

Melbourne, 23 September 2009

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Explanatory notes

1. Aus Para 14.3 of AASB 101 *Presentation of Financial Statements* specifies 'not-for-profit entities need not comply with the paragraph 14 requirement to make an explicit and unreserved statement of compliance with IFRSs'.
2. The following note should be included in circumstances where a decline in the fair value of available-for-sale financial investments has occurred but an impairment loss has not been recognised in the income statement.

The company holds a number of available-for-sale financial instruments and follows the requirements of AASB 139 *Financial Instruments: Recognition and Measurement* in determining when an available-for-sale asset is impaired. For the year ended 30 June 2009 the company has determined that the decline in value of the available-for-sale financial investments was not considered significant or prolonged. In making this judgment the company assessed the duration and extent to which the fair value is less than cost. If the decline in fair value below cost was considered significant or prolonged the company would have incurred a loss of \$XXX being the transfer of the accumulated fair value adjustments recognised in equity on the impaired available-for-sale financial investments to the income statement.
3. AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* does not apply to NFP entities. NFPs should apply paragraphs 11 to 18 of AASB 1004 *Contributions* when recognising income from contributions.
4. Difficulties in the reliable measurement of the value of hours contributed by volunteers preclude the inclusion of such amounts in the financial statements. However NFPs should disclose such information in annual reports to provide the reader with a better understanding of the NFPs' activities. The value of volunteer contributions could be expressed in terms of staff equivalents and an indicative value of the hours provided.
5. In the interests of transparency, it is recommended the notes explain the basis of apportionment of costs between activities. Where the organisation operates under the auspices of any organisation that mandates the manner in which costs are apportioned (eg. the Australian Council for International Development) this should be disclosed with an appropriate explanation.
6. These example financial statements do not deal with the situation where a NFP contributes to a defined benefit superannuation fund on behalf of its employees. Any NFP contributing to a defined benefit fund should seek specific advice on the recognition and substantial additional disclosure requirements of AASB 119 *Employee Benefits* applicable to such a fund.
7. The taxation status of the organisation should be disclosed. The example financial report is that of a charity. It is recommended that the financial report of a charity disclose whether:
 - > The charity is a charitable institution or a charitable fund for the purposes of Australian taxation legislation
 - > The charity holds deductible gift recipient status.Australian taxation legislation provides tax exempt status to a number of different types of organisations, including community service, cultural, educational, employment, health, religious, resource development, scientific and sporting organisations, and friendly societies. Such organisations which are not also charities can self-assess their tax status.

It is recommended that organisations other than charities disclose their taxation status, whether that status is self-assessed or endorsed by the Australian Taxation Office and whether the organisation holds deductible recipient gift status.
8. For the most up-to-date table of new standards recently issued or amended but not yet effective, refer to Table 2 contained on the Institute website using the following link www.charteredaccountants.com.au/A121512367
9. AASB 8 *Operating Segments* specifies that 'the Standard does not apply to not-for-profit entities'. Furthermore, the Standard specifies (at paragraph 3): 'If an entity that is not required to apply this Standard chooses to disclose information about segments that does not comply with this Standard, it shall not describe the information as segment information'.

The Institute recommends that NFPs adopt AASB 8. The adoption of the Standard, together with the ratio analysis included in Note 4 to the financial statements, should satisfy the requirements of the various fundraising legislation that applies in Australia.

AASB 107 *Cash Flow Statements* encourages but does not require the amount of cash flows arising from the operating, investing and financing activities of each reported segment. Such cash flows have not been disclosed in the example financial report.

Continued overleaf >

The Nonquestus Charity

(A company limited by guarantee)

10. The inclusion of the suggested ratio analysis serves a twofold purpose – to provide the reader with further insight into the NFPs' activities and to satisfy the requirements of Australian fundraising legislation. In particular, the suggested disclosures should satisfy the requirements of the *Charitable Fundraising Act 1991* (NSW) which requires the following information to be disclosed:
- > Comparisons in monetary terms and ratios or percentages of:
 - Total costs of fundraising to gross income obtained from fundraising
 - Net surplus from fundraising to gross income obtained from fundraising
 - Total costs of services provided by the fundraiser to total expenditure
 - Total costs of services provided by the fundraiser to gross income received
 - > The financial performance for fundraising appeals, showing:
 - The aggregate gross income received
 - The total expenditure associated with all fundraising appeals
 - The net operating surplus or deficit.
11. AASB 107.48 requires an entity to disclose, together with commentary by management, the amount of significant cash and cash equivalents balances held by the entity that are not available for use by the company. This is not applicable to The Nonquestus Charity.
12. The following disclosure is not illustrated as it is not applicable to The Nonquestus Charity, since an impairment of available-for-sale assets has not been identified (AASB 7.20(d), 7.20(e))
- When financial assets are impaired the following should be disclosed:
- > The amount of any impairment loss recognised in profit or loss separately for each significant class of financial asset
 - > The amount of interest income accrued on impaired financial assets, in accordance with AASB 139.AG93.
13. Disclosures regarding the amount members have undertaken to contribute in the event of a company limited by guarantee being wound up assist the user of the financial report in understanding the financial position of the company.
14. AASB107. Aus20.2 requires NFPs that highlight the net cost of services in their income statement to include a reconciliation of cash flows arising from operating activities to the net cost of services as reported in the income statement.
15. This form of disclosure is recommended as best practice and is not mandatory. Paragraph Aus25.2 of AASB 124 *Related Party Disclosures* requires this disclosure in respect of disclosing entities only. Disclosing entities are defined by the *Corporations Act 2001* and include those entities whose securities are included in the official list of a prescribed Australian financial market and those which have securities to which a lodged or deemed prospectus relates. NFPs are not disclosing entities. However, the disclosure of the names and positions of each key management person enhances the transparency of reporting.

The Nonquestus Charity

(A company limited by guarantee)

Attachment – revised presentation 1 January 2009

This attachment illustrates the impact on the income statement and statement of changes in equity as a result of the issue of the revised AASB 101 *Presentation of Financial Statements* in September 2007. The revised standard is applicable to annual reporting periods beginning on or after 1 January 2009, although early adoption is permitted.

Revised AASB 101 (referred to as AASB 101R in the references included) requires the preparation of a *complete set of financial statements* comprising:

- > A statement of financial position at the end of the period
- > A statement of comprehensive income for a period
- > A statement of changes in equity for a period
- > Notes, comprising a summary of significant accounting policies and other explanatory notes
- > When an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements – a statement of financial position as at the beginning of the earliest comparative period.

The most significant change to this example report will be the requirement to include a statement of comprehensive income. The following pages provide an illustration of the two options for the presentation of this statement. A single statement approach (combining the income statement and comprehensive income information) can be selected as the preferred presentation or, alternatively, a two statement approach (presenting both an income statement and a statement of comprehensive income) can be selected.

It should be noted:

- > Entities can choose to use statement titles other than those prescribed in revised AASB 101
- > Not-for-profit entities are permitted to amend descriptions used for particular line items in the financial statements and for the financial statements themselves.

The Nonquestus Charity
(A company limited by guarantee)

AASB 101R.10(b), .81(a)

Statement of comprehensive income
(Single statement approach)

	Note	2010 \$'000	2009 \$'000
Continuing operations			
AASB 101R.85	Fundraising: 2(c), 3(a)		
	Donations and gifts	7,330	6,000
	Legacies	2,150	1,330
	Building appeal	400	900
	Residential care:		
	Government funding	700	400
	Fees from residents	1,200	1,000
	Sales of goods	1,140	900
	Investment income 2(c)	380	475
	Net gain on foreign exchange 2(o)	20	–
	Net gain on disposal of available-for-sale financial investments 2(c)	500	115
	Net gain on disposal of fixed assets 2(c)	20	30
AASB 101R.82(a)	Revenue and other income 3(a), (b)	13,840	11,150
AASB 101R.99, .103	Fundraising costs 2(d)	690	550
	Building appeal costs	45	110
	Costs of sales	870	710
	Residential care costs	2,430	2,545
	Research grants 2(d)	1,500	1,250
	Childcare and emergency costs 2(d)	5,000	4,900
	Support costs 2(d)	190	180
	Management and administration 2(d)	258	216
	Other 2(d)	190	410
	Expenditure 3(c), (d)	11,185	10,885
AASB 101R.82(f)	Net surplus for the year from continuing operations	2,655	265
AASB 101R.82(g)	Other comprehensive income		
	Revaluation of property, plant and equipment	–	670
AASB 7.20(a)(iii)	Net change in fair value of available-for-sale financial investments	100	20
	Other comprehensive income for the year	100	690
AASB 101R.82(i)	Total comprehensive income for the year	2,755	955

The statement of comprehensive income is to be read in conjunction with the attached notes.

The Nonquestus Charity
(A company limited by guarantee)

AASB 101R.10(b), .81(a)

Income statement

(Two statement approach)

	Note	2010 \$'000	2009 \$'000
Continuing operations			
AASB 101R.85	Fundraising: 2(c), 3(a)		
	Donations and gifts	7,330	6,000
	Legacies	2,150	1,330
	Building appeal	400	900
	Residential care:		
	Government funding	700	400
	Fees from residents	1,200	1,000
	Sales of goods	1,140	900
	Investment income 2(c)	380	475
	Net gain on foreign exchange 2(o)	20	–
	Net gain on disposal of available-for-sale financial investments 2(c)	500	115
	Net gain on disposal of fixed assets 2(c)	20	30
AASB 101R.82(a)	Revenue and other income 3(a), (b)	13,840	11,150
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	Residential care costs	2,430	2,545
	Research grants 2(d)	1,500	1,250
	Childcare and emergency costs 2(d)	5,000	4,900
	Support costs 2(d)	190	180
	Management and administration 2(d)	258	216
	Other 2(d)	190	410
	Expenditure 3(c), (d)	11,185	10,885
AASB 101R.82(f)	Net surplus for the year from continuing operations	2,655	265

The income statement is to be read in conjunction with the attached notes.

The Nonquestus Charity
(A company limited by guarantee)

Statement of comprehensive income

(Two statement approach)

	Note	2010 \$'000	2009 \$'000
		2,655	265
		–	670
AASB 7.20(a)(ii)		100	20
		100	690
AASB 101R.82(i)		2,755	955

The statement of comprehensive income is to be read in conjunction with the attached notes.

6. Background Information

6.1 Overview of legislation

Australia's NFPs are subject to a myriad of legislation. This includes all the legislation a business is expected to understand and comply with – the various taxation legislation, occupational health and safety legislation, environmental legislation, and so on. In this section of the guidance we provide an overview of the legislated financial reporting provisions applicable to the NFP sector.

The legal form of the NFP and the activities it undertakes determine the legislation under which a NFP reports. Reporting by companies limited by guarantee is governed by the *Corporations Act 2001*, and incorporated associations are governed by the Associations Incorporation Act in their state of incorporation, while others that are constituted under Royal Charters or Acts of Parliament must comply with the reporting requirements of their constituting document.

On the following page we provide an overview of the record-keeping, reporting and auditing provisions of the *Corporations Act 2001* that apply to all companies limited by guarantee, no matter in which state or territory they operate.

This is followed by a summary of those requirements applicable to incorporated associations under their relevant state legislation.

The record-keeping, reporting and auditing requirements of the Corporations Act 2001

Record-keeping

Those NFPs that are companies limited by guarantee are required to comply with the financial records provisions of the *Corporations Act 2001*, which requires companies to keep written financial records that:

- > Correctly record and explain its transactions and financial position and performance
- > Enable true and fair financial statements to be prepared and audited.

The financial records can be kept:

- > In any language, but must be capable of translation into English if required
- > In electronic form, but must be convertible into hard copy
- > At any place, including outside Australia, as long as sufficient information is available in Australia to enable true and fair financial statements to be prepared.

Financial report

Companies limited by guarantee are public companies and must prepare 'a financial report and directors' report for each financial year'. The financial report consists of:

- > The financial statements for the year
- > The notes to the financial statements
- > The directors' declaration about the statements and notes.

The financial report must comply with Accounting Standards. The financial statements and notes for a financial year must give a true and fair view of the financial position and performance of the company. (If consolidated financial statements are required, they must give a true and fair view of the financial position and performance of the consolidated entity.)

Auditing

Companies limited by guarantee must comply with the provisions of the *Corporations Act 2001* dealing with the appointment and removal of auditors. These provisions, which cover almost 70 pages of this Act, are too extensive to be covered in detail in this guidance. It should be noted that the person, firm or company appointed as auditor of a company limited by guarantee must (among other things):

- > Be a registered company auditor
- > Comply with the auditor independence provisions of the *Corporations Act 2001*.

Table 1: Incorporated associations legislation

State or territory	Title of legislation	Regulations	Supporting material
Australian Capital Territory	<i>Associations Incorporation Act 1991</i>	Associations Incorporation Regulation 1991	www.ors.act.gov.au/BIL/WebPages/Assocns/associations.html
Northern Territory	<i>Associations Act</i>	Associations Regulation Associations (Model Constitution) Regulations	www.nt.gov.au/justice/licenreg/baal/club_assoc.shtml
New South Wales	<i>Associations Incorporation Act 1984</i>	Associations Incorporation Regulation 1999	www.fairtrading.nsw.gov.au/Cooperatives_and_associations/Associations.html
Queensland	<i>Associations Incorporation Act 1981</i>	Associations Incorporation Regulation 1999	www.fairtrading.qld.gov.au/incorporated-associations.htm
South Australia	<i>Associations Incorporation Act 1985</i>	Associations Incorporation Regulations 2008	www.ocba.sa.gov.au/Associations
Tasmania	<i>Associations Incorporation Act 1964</i>	Associations Incorporation Regulations 1965 Associations Incorporation (Model Rules) Regulations 1997 Associations Incorporation Direction 1999	www.consumer.tas.gov.au/business_affairs/incorporated_associations
Victoria	<i>Associations Incorporation Act 1981</i>	Associations Incorporation Regulations 1998	www.consumer.vic.gov.au > Associations Clubs & Fundraising > Incorporated Associations
Western Australia	<i>Associations Incorporation Act 1987</i>	Associations Incorporation Regulations 1988	www.commerce.wa.gov.au/ConsumerProtection/Content/Business/Associations/index.htm www.commerce.wa.gov.au/associationsguide

Note: All links current at January 2009. Changes may have occurred since publication.

Table 2: Record-keeping requirements of incorporated associations

Provision	ACT	NT	NSW ²	Qld	SA ³	Tas	Vic	WA
An incorporated association shall:								
Keep accounting records that correctly record and explain the transactions (including any transactions as trustee) and the financial position of the association.	71(a)	41(a)	28(1)(a) ⁴	Regulation 9(5)(a)	35(1)	23A(1)(a)	30A	25(a)
Keep its accounting records in such a way that:								
> True and fair accounts of the association can be prepared from time to time	71(b)(i)	41(b)(i)	–	Regulation 9(5)(B) ⁵	35(1)(a)	23A(1)(b)(i)	–	25(b)
> A statement of the accounts of the association can conveniently and properly be audited in accordance with the legislation.	71(b)(ii)	41(b)(ii)	–	Regulation 9(5)(c)	35(1)(b)	23A(1)(b)(ii)	–	25(c)
Retain its accounting records for at least seven years after the transactions to which they relate were completed.	71(c)	41(c)	–	Regulation Schedule 5, Para. 8	Regulation 7	23A(3)	30B(3) ⁶	–

2. The website of the Office of Liquor Gaming and Racing indicates that requirements regarding financial reporting, audit and auditor qualifications are under review at the time of publication.

3. Applies to a prescribed association only.

4. The NSW legislation requires 'an incorporated association [to] ensure ... that proper accounting records are kept which correctly record and explain the transactions of the association and its financial position'. Where the incorporated association is a fundraiser within the meaning of the *Charitable Fundraising Act 1991*, there are additional requirements.

5. Queensland's *Associations Incorporation Regulations 1999* does not specify that the 'statement' be true and fair.

6. Applies to a prescribed association only

Table 3: What is a 'prescribed association'?

The term 'prescribed association' is used in four jurisdictions. The following table provides a summary of the relevant provisions of the incorporated associations legislation in those jurisdictions.

Jurisdiction	Section(s) of legislation	Summary	Criteria/Definition																
ACT	76	This section of the ACT <i>Associations Incorporation Act 1991</i> specifies who can be appointed auditor of a 'prescribed association' and the duties and responsibilities of the auditor.	Regulation 13 of the Associations Incorporation Regulation 1991 specifies '[a]n incorporated association that has gross receipts exceeding \$500,000 for a financial year of that association is prescribed for the Act, section 76'.																
SA	Part 4, Division 2 (ss. 35 and 36)	This division of the <i>Associations Incorporation Act 1985</i> deals with: <ul style="list-style-type: none"> > The manner in which a prescribed association must keep its accounting records > The preparation and recording of accounts > The lodgement of periodic returns. 	Section 3 of the Act defines a 'prescribed association' as 'an incorporated association – (a) that had gross receipts in that association's previous financial year in excess of – (i) \$200,000; or (ii) such greater amount as is prescribed by regulation; or (b) that is prescribed or of a class prescribed by regulation'.																
	39	This section deals with the annual general meeting of a prescribed association.	The current regulations specify that 'for the purposes of paragraph (a) (ii) of the definition of prescribed in section 3(1) of the Act, the amount prescribed is \$500,000'.																
Vic	30B	Section 30B of the <i>Associations Incorporation Act 1981</i> deals with the auditing of the accounts of a prescribed association and the retention of the association's accounting records.	Section 3 of the Act defines a 'prescribed association' as an 'incorporated association – (a) that has gross receipts in that association's previous financial year in excess of \$200,000 or such other amount as is prescribed by regulation; or (b) that has gross assets in excess of \$500,000 or such other amount as is prescribed by regulation; or (c) that is prescribed or of a class prescribed by regulation'.																
		Regulation 7 of the Associations Incorporations Regulations 1998 requires that 'a "prescribed association" must prepare its financial statements in accordance with – (a) The Australian Accounting Standards prescribed in Part 1 of Schedule 1 which have been issued by the Australian Accounting Research Foundation ... (b) The Accounting Standards specified in Part 2 of Schedule 1 which have been issued by the Australian Accounting Standards Board'.																	
		This regulation was last amended in 2004. The accounting standards in Schedule 1 are no longer current. Equivalent current accounting standards are AASB 101, 107, 108, 110, 116, 117, 118, and 1031.																	
NT	46, 47, 48	The Northern Territory's 'Association Act' has adopted a tiering of associations, based on the gross annual receipts, gross assets and activities of the association. Note that only one of the criteria needs to be satisfied for an association to be classified in a tier.	<table border="1"> <thead> <tr> <th>Tier</th> <th>Annual Gross Receipts</th> <th>Gross Assets</th> <th>Activity</th> </tr> </thead> <tbody> <tr> <td>One</td> <td>< \$25,000</td> <td>< \$50,000</td> <td>n/a</td> </tr> <tr> <td>Two</td> <td>\$25,000 – \$250,000</td> <td>\$50,000 – \$500,000</td> <td>Gaming machine licence</td> </tr> <tr> <td>Three</td> <td>> \$250,000</td> <td>> \$500,000</td> <td>Performing local government functions</td> </tr> </tbody> </table>	Tier	Annual Gross Receipts	Gross Assets	Activity	One	< \$25,000	< \$50,000	n/a	Two	\$25,000 – \$250,000	\$50,000 – \$500,000	Gaming machine licence	Three	> \$250,000	> \$500,000	Performing local government functions
Tier	Annual Gross Receipts	Gross Assets	Activity																
One	< \$25,000	< \$50,000	n/a																
Two	\$25,000 – \$250,000	\$50,000 – \$500,000	Gaming machine licence																
Three	> \$250,000	> \$500,000	Performing local government functions																

Table 4: Auditing incorporated associations

With the exception of those established under the NSW and WA⁷ legislation, the financial reports of incorporated associations must be audited. The following table summarises the relevant provision of the incorporated associations legislation.

Jurisdiction	Section(s) of legislation	Provision																
ACT	74(1)	The committee of an incorporated association shall take reasonable steps to ensure that the audit of the association's accounts is completed at least 14 days before the audited statement of the accounts is required to be presented at the annual general meeting of the association under s. 73.																
NT	43(1)	At each annual general meeting of an incorporated association, the committee must present the following documents for the consideration of the meeting: <ol style="list-style-type: none"> The audited statement of the association's accounts in relation to the last financial year of the association A copy of the auditor's report to the association in relation to the association's accounts for that financial year. 																
Qld	59(1) and (2)	Associations incorporated under Queensland's <i>Associations Incorporations Act 1981</i> are required to have their financial statement audited if they satisfy any of the criteria specified in the table below. The members of the management committee of the incorporated association must ensure the association, within six months after the end of each financial year, prepares a financial statement for its last reportable financial year and has the statement audited. <table border="1" data-bbox="446 952 1452 1108"> <thead> <tr> <th>Level</th> <th>Current assets</th> <th>Revenue</th> <th>Audit requirement under</th> </tr> </thead> <tbody> <tr> <td>Level 1</td> <td>> \$100,000</td> <td>> \$100,000</td> <td>n/a</td> </tr> <tr> <td>Level 2</td> <td>\$20,001 – \$100,000</td> <td>\$20,001 – \$100,000</td> <td><i>Collections Act 1966</i></td> </tr> <tr> <td>Level 3</td> <td>< \$20,000</td> <td>< \$20,000</td> <td><i>Gaming Machine Act 1991</i></td> </tr> </tbody> </table>	Level	Current assets	Revenue	Audit requirement under	Level 1	> \$100,000	> \$100,000	n/a	Level 2	\$20,001 – \$100,000	\$20,001 – \$100,000	<i>Collections Act 1966</i>	Level 3	< \$20,000	< \$20,000	<i>Gaming Machine Act 1991</i>
Level	Current assets	Revenue	Audit requirement under															
Level 1	> \$100,000	> \$100,000	n/a															
Level 2	\$20,001 – \$100,000	\$20,001 – \$100,000	<i>Collections Act 1966</i>															
Level 3	< \$20,000	< \$20,000	<i>Gaming Machine Act 1991</i>															
SA	35(2) and (6)	A prescribed association must, after the end of a financial year of the association: <ol style="list-style-type: none"> Cause accounts in respect of the financial year to be prepared Cause the accounts to be audited. 																
Tas	24(1) and 24B	The Tasmanian <i>Associations Incorporation Act 1964</i> specifies that, unless an incorporated association is exempted, the Committee of an incorporated association shall, as soon as practicable after the end of its financial year cause the financial affairs of the association to be audited. Section 24B of the Act deals with associations' annual returns. This section of the Act requires the lodgement of an annual return within six months of the end of the financial year that includes (inter alia) 'such statements as in the opinion of the auditor are adequate to explain its financial transactions for the financial year and its financial position at the end of that financial year'.																
Vic	30B(1)	A prescribed association must, after the end of each financial year of the incorporated association, cause its accounts to be audited.																

7. The WA Department of Consumer & Employment Protection publication *INC – a Guide for Incorporated Associations in Western Australia* advises, 'Consideration is being given to requiring certain associations to have their annual financial statements audited or examined by a bookkeeper. The extent of the audit requirement would probably depend upon the extent of the association's financial transactions and assets. There would also be some flexibility given in regard to the qualifications required of an auditor'.

Continued overleaf >

Table 4: Auditing incorporated associations (continued)

The appointment of auditors varies from jurisdiction to jurisdiction. The ACT, SA and Victorian legislation, which includes the concept of a *prescribed association*, and the Northern Territory and Queensland legislation, which provides for a tiering of incorporated associations, allows for a range of persons who might accept appointment as auditor of an incorporated association. Auditors of incorporated associations which are not *prescribed associations* may have a lower level of qualifications and experience than the auditors of prescribed associations. The relevant provisions are summarised in the following table.

Jurisdiction	Section(s) of legislation	Provision
ACT	74(2) An association that is not a <i>prescribed association</i>	The accounts of an incorporated association shall be audited by a person who: <ul style="list-style-type: none"> a) Is not an officer of the association b) Has not prepared or assisted with the preparation of those accounts.
	74(3) An association that is a <i>prescribed association</i>	The association's accounts shall be audited by a person who is a member of The Institute of Chartered Accountants in Australia, the National Institute of Accountants, or CPA Australia, or who is registered as an auditor under the <i>Corporations Act 2001</i> , being a person who is not: <ul style="list-style-type: none"> d) An officer of the association e) A partner, employer or employee of an officer of the association f) A partner or employee of an employee of an officer of the association.
NT	46(1) Tier 1	A tier 1 incorporated association must ensure its accounts are audited by a person who: <ul style="list-style-type: none"> a) Is not a member of the association b) Is not the spouse or de facto partner or a business partner, employer or employee of a member of the association c) Is not the spouse or de facto partner or a business partner of an employee of a member of the association.
	47(2) Tier 2	The association must ensure its accounts are audited by: <ul style="list-style-type: none"> a) A person who is a member of an accountants body b) A person who holds qualifications in a prescribed class of qualifications c) A person who is, or is a member of a class of persons, approved by the Commissioner.
	48(2) Tier 3	The association must ensure its accounts are audited by: <ul style="list-style-type: none"> a) For an incorporated association described in subs. (1)(a), (b) or (c) – a person who holds a public practice certificate issued by an accountants body b) For an incorporated association described in subs. (1)(a), (b) or (c) – a person who is, or is a member of a class of persons, approved by the Commissioner c) For an incorporated association described in subs. (1)(d) – a person who is registered as an auditor under the <i>Corporations Act 2001</i>.
Qld	59(2)(b)	The members of the management committee of the incorporated association must ensure the financial statement prepared under s.59(2)(a) is audited by an auditor or an accountant (in the case of a level 1 incorporated association) or an auditor, an accountant, or an approved person (in the case of a level 2 or level 3 incorporated association).
	58	Queensland's <i>Associations Incorporations Act 1981</i> defines the terms 'accountant' and 'auditor' as follows: 'Accountant' means: <ul style="list-style-type: none"> a) A member of CPA Australia who is entitled to use the letters 'CPA' or 'FCPA' b) A member of the Institute of Chartered Accountants in Australia who is entitled to use the letters 'CA' or 'FCA' c) A member of the National Institute of Accountants who is entitled to use the letters 'MNIA', 'FNIA', 'PNA' or 'FPNA'. 'Auditor' means a person registered as an auditor under the <i>Corporations Act</i> .

Jurisdiction	Section(s) of legislation	Provision
SA	35(2)(b)	The accounts are to be audited by a registered company auditor, a firm of registered company auditors, a person who is a member of the Australian Society of Certified Practising Accountants or the Institute of Chartered Accountants in Australia or such other person who may be approved by the Commission as an auditor of the accounts of the association for the purposes of the Act.
Tas	24(1)	<p>Unless an incorporated association is exempted under subs. (1B), the committee of an incorporated association shall, as soon as practicable after the end of its financial year, and at such other times (if any) as the rules of the association provide, cause the financial affairs of the association to be audited by:</p> <p>a) A person who is a registered company auditor within the meaning of the <i>Corporations Act 2001</i></p> <p>b) Such other person as the Commissioner, having regard to the complexity of the financial affairs of the association, may approve.</p>
Vic	30B(1)	<p>The accounts of a <i>prescribed association</i> can be audited by:</p> <p>a) A registered company auditor</p> <p>b) A firm of registered company auditors</p> <p>c) A person who is a member of CPA Australia or the Institute of Chartered Accountants in Australia</p> <p>d) Any other person who is approved by the Registrar as an auditor of the accounts of the incorporated association for the purposes of this section.</p>

6.2 Resources

There are extensive resources available to NFP entities to assist them through the complexity of legislation and regulation and to adopt best practice. In the following table we have provided a selection of links to government and other organisations that make resources available to NFPs.

Organisation	Website	Resources available and comments
Australian Accounting Standards Board	www.aasb.gov.au	Look for the document 'Not-for-profit entity requirements in Australian Accounting Standards (Updated December 2008)'. Follow the link Publications > technical articles and publications
Australian Sports Commission	www.ausport.gov.au	Follow the links to: Supporting Sport > National Sporting Organisations for a link to the ASC's Governance Principles Supporting Sport > Club Administration for links to the Club Development Resource Library and the Club Management Online Course.
Australian Taxation Office	www.ato.gov.au	Follow the link to the Non-Profit homepage www.ato.gov.au/nonprofit/ for a comprehensive overview of the application of taxation legislation to NFPs. This link also provides further links to state and territory government websites that deal with fundraising.
Fundraising Institute of Australia	www.fia.org.au	FIA provides career development opportunities for professional fundraisers and advocates on behalf of the fundraising industry.
Our Community	www.ourcommunity.com.au	Our Community provides extensive links to information and resources that can be used by all NFPs.
Philanthropy Australia	www.philanthropy.org.au	Follow the links to: Community Foundations > Community Foundations Gateway for access to fact sheets, FAQs, Papers and Presentations Some of the information is provided free of charge, while some is available on a subscription-only basis.
PricewaterhouseCoopers	www.pwc.com/au/transparencyawards	The PricewaterhouseCoopers Transparency Awards are designed to recognise the quality and transparency of reporting in the NFP sector.
Social Ventures Australia	www.socialventures.com.au	SVA offers training courses in areas such as 'Social Return on Investment', a community mentoring program, and a series of workshops that showcase 'best practice' in social ventures.
The Institute of Chartered Accountants in Australia	www.charteredaccountants.com.au	Follow the link to the not-for-profit issues page charteredaccountants.com.au/financial_reporting/current_issues/notforprofits_nfps

Organisation	Website	Resources available and comments
Victoria Department of Justice Consumer and Business Affairs Victoria	www.consumer.vic.gov.au	Refer to Associations Clubs & Fundraising > Incorporated Associations for extensive guidance regarding incorporated associations in Victoria, including an <i>Incorporated Association Fact Sheets Kit</i> which provides an overview of the operation of the Victorian legislation. Refer to Associations Clubs & Fundraising > Fundraising for information about who should register and obligations that arise when raising funds.
Queensland Department of Justice & Attorney General Office of Fair Trading	www.fairtrading.qld.gov.au	Refer to Associations and non-profits > Charities for information about the governing legislation, registering a charity, and rules for fundraising in Queensland.
South Australia Office of the Liquor and Gambling Commissioner Lottery Licensing	www.olgc.sa.gov.au	Refer to About the Office > Lottery > Collections for Charitable Purposes for information about fundraising within South Australia. This includes information about licences required, forms to be completed, and contacts within the department.
Western Australia Department of Commerce	www.commerce.wa.gov.au	Refer to Consumer Protection > Business > Charities for information about codes of practice, links to legislation, forms and running a commercial fundraiser.
New South Wales Office of Liquor Gaming & Racing	www.olgr.nsw.gov.au	Refer to Charitable Fundraising link for information about the <i>Fundraising Act</i> , obtaining authority to fundraise, and controls that exist over charities including expenses, record-keeping, disclosure, financial reporting, and audit and lodgement of returns.
Australian Capital Territory Department of Justice and Community Services Office of Regulatory Services	www.ors.act.gov.au	Refer to Business & Industry Licensing > Charitable Collections for information about the <i>Fundraising Act</i> , <i>Charitable Collection Practice Manual</i> and other information.
Tasmania Office of Consumer Affairs and Fair Trading	www.justice.tas.gov.au	Refer to Consumer Affairs and Fair Trading > Business Affairs > Charities for an explanatory booklet and information about the Act, forms to be filled out, requirements of various forms of fundraising, and being allocated a fundraising day within the state.
Northern Territory Department of Justice	www.nt.gov.au/justice/licenreg	Refer to gaming > legislation and regulation > community gaming regulation for information regarding the Gaming Control (Community Gaming) Regulations.

Information current at January 2009

Contact details

Customer Service Centre 1300 137 322

National Office / New South Wales

33 Erskine Street
Sydney NSW 2000
GPO Box 9985, Sydney NSW 2001
Phone 02 9290 1344
Fax 02 9262 1512

Australian Capital Territory

Level 10, 60 Marcus Clarke Street
Canberra ACT 2601
GPO Box 9985, Canberra ACT 2601
Phone 02 6122 6100
Fax 02 6122 6122

Queensland

Level 32, Central Plaza One
345 Queen Street, Brisbane Qld 4000
GPO Box 9985, Brisbane Qld 4001
Phone 07 3233 6500
Fax 07 3233 6555

South Australia / Northern Territory

Level 11, 1 King William Street
Adelaide SA 5000
GPO Box 9985, Adelaide SA 5001
Phone 08 8113 5500
Fax 08 8231 1982

Victoria / Tasmania

Level 3, 600 Bourke Street
Melbourne Vic 3000
GPO Box 9985, Melbourne Vic 3001
Phone 03 9641 7400
Fax 03 9670 3143

Western Australia

Ground Floor BGC Centre
28 The Esplanade, Perth WA 6000
GPO Box 9985, Perth WA 6848
Phone 08 9420 0400
Fax 08 9321 5141



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