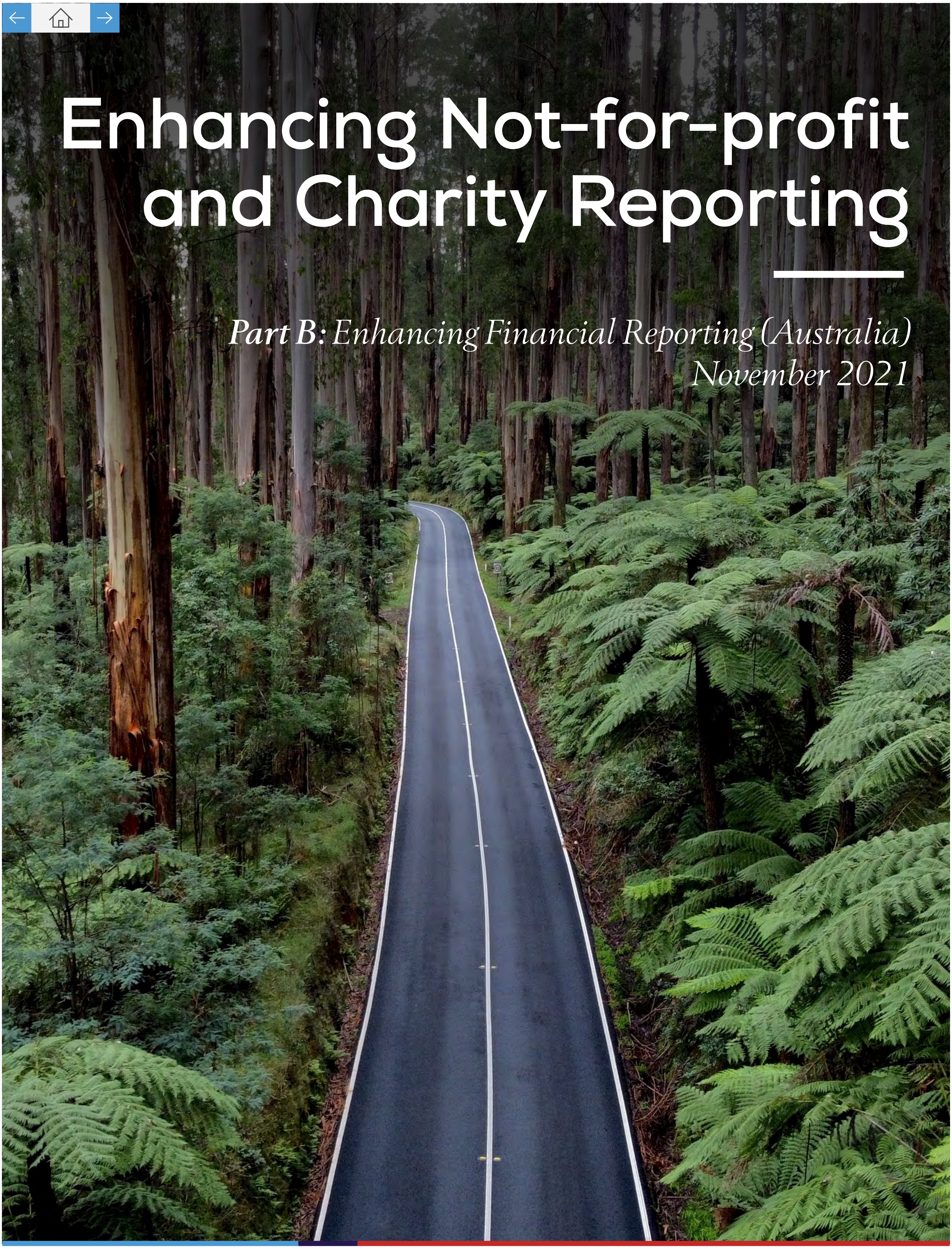
Enhancing Not-for-profit and Charity Reporting

Part B: Enhancing Financial Reporting (Australia)
November 2021



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Acknowledgements

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1. Introduction

This part of the publication 'Enhancing Not-for-profit and Charity Reporting' focusses on guidance and recommendations to enhance financial reporting for Australian Not-for-profits (NFPs).

Although financial reporting is largely dictated by legislation and accounting standards, many opportunities exist to enhance the clarity and usefulness of financial reports[1]. This part contains the following sections:

2. Recommendations to enhance NFP financial reporting
3. Guidance when producing a financial report: frequently asked questions
4. Example financial report – The Nonquestus Charity and Auditor's report

Appendix 1: Example disclosures for a company limited by guarantee that is not a charity and reports under the Corporations Act.

1.1 Key changes since the 2019 edition

Part B: Financial reporting Australia has been updated for the following:

- Recent findings from the Australian Charities and Not-for-profits Commission (ACNC) and Australian Securities & Investments Commission (ASIC)
- Latest changes in the ACNC reporting thresholds to commence from the 2021/2022 financial year[2]
- Incorporation of best practice guidance from the ACNC in relation to disclosure of government revenue by charities.
- Adoption of AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* in the illustrative financial statements.
- Changes to other accounting standards, including AASB 1054 *Australian Additional Disclosures.*

1.2 Future developments

Reforms are underway to the Australian financial reporting framework, designed to better match each type of entity to its reporting obligations. This section summarises these developments as at September 2021.

Changing the reporting entity assessment and financial reporting tiers for Not-for-profit entities

At the date of this publication, neither the AASB or the ACNC have proposed any changes to the ability of a NFP to prepare special purpose financial reports or the format and content of general purpose financial statements for NFPs.

The AASB is currently liaising with NFP regulators, including the ACNC, to identify appropriate and sector specific reform requirements for the NFP sector. Its initial discussions suggest that three or more tiers might be required to ensure reporting requirements are appropriate for the size and complexity of the entity and a discussion paper setting out proposed tiers of financial report for NFP entities is expected to be released by the AASB in late 2022.

1. 'Financial report' is terminology that is used within the Corporations Act and the ACNC Act, whereas the Australian Accounting Standards use 'financial statements'. As the illustrative example is a company limited by guarantee and a registered charity, the Corporations Act and ACNC Act terminology has been used throughout this section.
2. At the date of this publication, the relevant change to the regulations has not yet been published.

Learn more

- Read the Perspective article "The future of special purpose reporting by Amir Ghandar CA Reporting and Assurance Leader CA ANZ (June 2019)" at https://www.charteredaccountantsanz.com/news-and-analysis/insights/perspective-articles
- Read the Perspective article "NFPs and Simplified Disclosures" by Melissa Alexander CA and Kerry Hicks FCA from Pitcher Partners
- Refer to information about the Australian financial reporting framework reform at https://www.charteredaccountantsanz.com/member-services/technical/reporting/australian-financial-reporting-framework-reform
- Refer to the AASB website at aasb.gov.au for the latest developments on these initiatives, including the paper Not-for-Profit Private Sector Financial Reporting Framework.

Changes to ACNC reporting obligations

In response to recommendations made in the ACNC legislative review, there will be enhanced charity reporting obligations for related party transactions.[3]

From 1 July 2022, large charities with two or more key management personnel will be required to report remuneration paid to responsible persons (directors) and senior executives on an aggregated basis in their 2022 Annual Information Statement.

From 1 July 2023 all charities will be required to report related party transactions in their annual reporting to the ACNC. This will increase transparency of transactions with related people or organisations that pose a higher risk of conflicts of interest.

3. At the date of this publication, the relevant change to the regulations has not yet been published.

2. Recommendations to enhance NFP financial reporting

The following recommendations are designed to enhance the quality of financial reporting by NFPs. These recommendations are based on observations of NFP financial reports, ACNC recommendations, including those contained in their Annual Reviews of the Annual Information statement (including Focus areas), their Best Practice Annual Financial Report Disclosures, the Annual Information statement Checklist , their publication "Lessons on reporting to the Australian Charities and Not-for-profits Commission" and ASIC findings from review of financial reports.

DE-CLUTTER BY APPLYING THE 3 RS:

- **Remove** immaterial or irrelevant financial report disclosures that have built up over time. This helps to remove irrelevant or redundant disclosures, generally leading to a shorter report.
- **Re-order** and re-label accounting policies and detailed notes so that they better reflect the key financial measures and focus on areas of most relevance to the entity. This can include using section headers and call-out boxes to highlight key matters for the period, such as critical accounting judgements or estimates.
- **Re-write** technical wording into plain English, whilst still fully complying with relevant accounting standard and regulatory requirements.

CA ANZ Perspective report: De-cluttering financial reports
Bernie Szentirmay, CA, Partner KPMG and Simon Dubois, CA, Senior Manager KPMG, October 2015

2.1 Enhancing financial reporting: overall recommendations

General	
1. Streamline and de-clutter your financial report	At a time when NFPs are competing for donations and grants, de-cluttering your financial report can be an effective technique to increase stakeholder engagement by improving its structure and making it more concise.
2. Determine whether you have to lodge financial reports with a regulator	Whether or not you have to lodge a financial report with a regulator will depend on the relevant legislation and in many cases, the size of the entity. The ACNC publishes information relevant for charities indicating 'errors' identified by them as part of their financial reporting surveillance activities. They include charities incorrectly classifying their size based on their revenue, evident when the Annual Information Statement is inconsistent with the financial report. **Tip** Refer to Decision Tree 1 for guidance on the tiers Where financial statements are prepared in accordance with certain legislation requirements, that legislation must be referred to in the basis of preparation note within the financial statements. For example, common errors identified by the ACNC indicate that a number of charities do not reference the *Australian Charities and Not-for-profits Commission Act 2012* when disclosing the reporting framework.

Continued overleaf ›

2.1 Enhancing financial reporting: overall recommendations *continued*

General	
3. Ensure you adopt the appropriate reporting framework	In determining the appropriate reporting framework, i.e., whether to prepare a SPFR or GPFR, consider whether your NFP is a reporting entity and whether the report meets stakeholders' needs with regard to: • 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. **Tip** **Refer to Decision Tree 2 to determine whether your NFP is a reporting entity and therefore required to prepare a GPFR. If your NFP is not a reporting entity it may be appropriate to lodge special purpose financial reports.** The framework adopted should be clearly referred to in the basis of preparation note within the financial statements.
4. Choose whether the general purpose financial statements should be Tier 1 or Tier 2?	If your NFP is presenting a GPFR and seeking to reduce complexity, consider preparing Tier 2: Simplified Disclosure financial statements (AASB 1060) as illustrated in section 4 of the paper.
5. Ensure the financial report includes a complete set of financial statements	A complete set of financial statements includes: • Statement of profit or loss and other comprehensive income • Statement of financial position • Statement of changes in equity • Statement of cash flows and • Notes to the financial statements regardless of whether the financial report is general or special purpose.
6. Fully disclose the Basis of Accounting for special purpose financial reports	The basis of preparation note should clearly state compliance with accounting standards, refer to FAQ section for AASB 1054 disclosures. For charities reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001*, five minimum standards must be applied: • AASB 101 *Presentation of Financial Statements* • AASB 107 *Statement of Cashflows* • AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* • AASB 1048 *Interpretation of Standards* • AASB 1054 *Australian Additional Disclosures.* These standards identify the format of the financial report, the financial statements to be included, accounting policies, cash flow requirements and certain note disclosures.
7. Include comparatives	Ensure that comparatives have been included for all numbers presented in the financial report.
8. Presentation of appropriate line items	Review the line items presented in the statement of profit and loss and statement of financial position to ensure the: • Disclosure of material transactions and balances • Disclosure of certain balances and transactions separately • Consistent presentation of line items from period to period.

Continued overleaf ›

2.1 Enhancing financial reporting: overall recommendations *continued*

General	
9. Consider whether the going concern basis is appropriate	If your NFP is considering future changes in structure such as mergers or amalgamations, this may mean your organisation is no longer a going concern.
10. Assess whether there is an economic dependency on grants	If your NFP receives grants, consider the impact on your financial performance and position if the grants were not received. If the NFP's financial performance and/or financial position would be adversely affected, include a note in the financial report disclosing the economic dependence. **Tip** Refer to the FAQ section for ACNC best practice disclosures and note 2 of the illustrative financial report.
11. Disclose estimates and accounting policy judgements specific to your organisation	Estimates, judgements and accounting policy disclosed should be specific to your NFP – many NFPs appear to be using a generic note which is not recommended. The disclosure requirements are principles based and need to include all information necessary for your stakeholders to understand the estimates and judgements made and their effect on your NFP. This may include key assumptions, reasons for judgements, alternative treatments and appropriate quantification. **Tip** For financial reporting periods beginning on or after 1 January 2023 the requirement to disclose significant accounting policies has been replaced with disclosure of material accounting policy information only. This change is available for early adoption but has not been applied in these financial statements.
12. Include all associated declarations and reports with your financial report	Remember the financial report is generally not the only document that must be prepared and lodged. Ensure the appropriate responsible entity/director declaration, audit or review report are included too where relevant.
13. If you are considering merging, consider the accounting implications	If your NFP is considering a merger, ensure you are aware of the accounting implications of the transaction when negotiating terms. Australian Accounting Standards do not recognise mergers and require one organisation to be designated as the acquirer and account for the transaction as a business combination (see AASB 3 *Business Combinations*).
14. Disclose related-party transactions	If you are presenting a GPFR, both AASB 1060 and AASB 124 *Related Party Disclosures* require, at a minimum, key management personnel remuneration to be disclosed in total where the organisation pays salaries or wages.
Statement of financial position (assets and liabilities)	
15. Assess whether asset values are impaired	Impairment continues to be the most significant area of concern for regulators. Ensure the carrying value of your NFP's assets is not greater than their recoverable amount. Recoverable amount can be determined using the higher of fair value or value in use. Annually review impairment indicators in order to determine whether a recoverable amount calculation is necessary, and, if necessary, undertake and document a recoverable amount calculation following the requirements of AASB 136 *Impairment of Assets*.

Continued overleaf ›

2.1 Enhancing financial reporting: overall recommendations *continued*

General	
16. Consider designating equity investments at fair value through other comprehensive income (FVOCI)	Under AASB 9 *Financial Instruments* investments must be carried at fair value. However, organisations can, on initial recognition, make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income (OCI). This category would generally not apply to investments in managed funds or similar that are not equity instruments. The ability to use the OCI category would protect NFPs from significant market downturns impacting the operating results of the NFP.
17. Review the classification of liabilities – current or non-current	Undertake a review of terms and conditions of liabilities, especially borrowings, to ensure the correct classification of liabilities. AASB 101 *Presentation of Financial Statements* requires a current classification when "the liability does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date". Any of the following scenarios may mean the unconditional right to defer settlement does not exist: • An annual review clause in the banking agreement. • Current facilities expiring within 12 months of the end of the financial year. • Breach of any terms/covenants. The IASB is currently reviewing this requirement to provide greater clarity on how the existence and terms of covenants impacts the current/non current classification. Revised requirements , including increased disclosure, are expected to be in place by 1 January 2024.
18. Disclose expenses by nature or function, and avoid classifying large amounts as 'other' or 'administration expenses'	Be consistent in the way you describe and disclose your expenses, either by nature OR function. Cost of sales is an example of an expense classified by function whereas employee benefits and depreciation are expenses classified as nature. For meaningful disclosure, avoid classifying large amounts as 'Other' or 'Administration expenses'.
19. Determine and disclose your accounting policy for all material revenue and income	Apply AASB 1058 *Income of Not-for-Profit Entities* when determining the nature and extent of goods and services donated or transferred for significantly less than fair value, including volunteer services. If these transfers are material, develop and disclose an appropriate accounting policy. **Tip** Example financial report – The Nonquestus Charity includes sample disclosures you could adapt to your NFP.
Statement of cash flows	
20. Classification of cash flows	Ensure the statement of cash flows been classified between operating, investing and financing activities.

3. Guidance when producing a financial report: frequently asked questions

This section answers a number of frequently asked questions in relation to NFP financial reports.

3.1 When is a financial report required?

Financial reporting by NFPs is generally governed by legislation which varies depending on the type of entity and whether the entity is a charity registered with the ACNC:

- NFPs that are registered charities:
  - the *Australian Charities and Not-for-profits Commission Act 2012* for registered charities and/or:
  - the state/territory incorporated associations legislation for incorporated associations (depending on particular State of Territory – refer to Part A 'Legislative Requirements'.
- NFPs that are not registered charities:
  - the *Corporations Act 2001* for companies limited by guarantee; or
  - the state/territory incorporated associations legislation for incorporated associations.

Refer to Decision Tree 1 (see page 12) which illustrates when a financial report is required.

3.2 What are the requirements for ACNC registered charities?

From the 2021/2022 financial year[4], the ACNC Act requires registered charities with revenue of $500,000 or more who are not basic religious entities to prepare and lodge a financial report with the ACNC.

If revenue is between $500,000 and $3 million, the charity can elect to have the financial report reviewed rather than audited, but if revenue is equal to or greater than $3 million, an audited financial report must be lodged.

Tip

For the most up to date information on reporting requirements for ACNC registered charities refer to www.acnc.gov.au. For a summary of the reporting requirements of each of the state/territory acts including interaction with the ACNC requirements refer to Part A "Legislative requirements".

4. At the date of this publication, the relevant change to the regulations has not yet been published.

Decision Tree 1: Do you have to prepare a financial report?

Start here → **What type of entity are you?**

Company limited by guarantee – a public company

Are you registered with the ACNC?
- YES → ACNC Registered Charity
- NO →

Comply with the reporting requirements of the *Corporations Act 2001* having regard to the "tiering"

Revenue tiers:

Small - ‹ $250k and not a tax deductible gift recipient – no statutory reporting

Medium – revenue between $250k and $1m – lodge financial report – choose to be reviewed rather than audited

Large – revenue greater than $1m – lodged an audited financial report

ACNC Registered Charity

Lodge financial statements if charity has revenue $500k or more and is not a basic religious charity.

Financial statements can be reviewed rather than audited if revenue is less than $3m.

If the Charity is subject to other legislation or governing document (except for the Corporations Act), then need to all consider those reporting requirements.

Refer to section 5 for transitional relief

Incorporated association

Are you registered with the ACNC?
- YES → ACNC Registered Charity
- NO →

Comply with the reporting requirements of the Associations Incorporations legislation – refer to section 5, overview of legislation for the financial reporting requirements of the Incorporated Associations Acts.

ACNC Charities
Consider ACNC requirements as well as state requirements.

Refer to section 5 for transitional relief

Other – royal charter, specific legislation trust deed

Comply with the reporting requirements of the trust deed, charter or legislation

ACNC Charities
Consider ACNC requirements as well as other requirements.

Refer to section 5 for transitional relief

Do you have to prepare a financial report due to legislation or other reasons?

- YES → Move to **Decision Tree 2** to determine the type of financial report
- NO → If you **choose** to prepare a financial report then determine and disclose an appropriate financial reporting framework for the needs of your stakeholders.

3.3 What are the requirements for companies limited by guarantee?

NFP entities that are structured as companies limited by guarantee and which are not registered with the ACNC are governed by the *Corporations Act 2001*. Section 285A of the Corporations Act 2001 sets out the reporting framework applicable to the three tiers of companies limited by guarantee:

> Companies with revenue of less than $250,000, do not need to prepare or lodge any financial reports. This exemption does not apply to deductible gift recipients within the meaning of the *Income Tax Assessment Act 1997*.
>
> Companies with revenue of more than $250,000 but less than $1 million are required to prepare and lodge a financial report but they may elect to have that report reviewed rather than audited.
>
> Companies with revenue of $1 million or more must lodge an audited financial report.

3.4 What are the requirements for incorporated associations?

The various state and territory association incorporations acts provide an alternative means of incorporation for NFPs. There are eight such acts and each has different financial reporting and auditing requirements and different criteria for applying differential reporting or audit requirements. Any NFP that is an incorporated association should be familiar with the financial reporting and auditing provisions of the legislation that applies to them.

A summary of the financial reporting and auditing provisions of each state and territory association incorporations acts is provided in Part A "Legislative requirements".

Incorporated associations that are also registered with the ACNC will need to lodge a financial report with the ACNC. Most states and territories have now harmonised their reporting requirements with the ACNC.At the time of writing (September 2021) incorporated associations in Queensland have not been harmonized.

> **Tip**
>
> For up to date information on the interaction between state legislation and the ACNC requirements refer to www.acnc.gov.au.

3.5 What type of financial report – general purpose or special purpose?

There are two types of financial report:

1. General purpose financial report (GPFR)
2. Special purpose financial report (SPFR)

Which type is appropriate for an NFP depends on whether it is a reporting entity, that is, an entity for whom it is reasonable to expect the existence of users who would rely on the general purpose financial statements for the purpose of allocating resources. Statement of Accounting Concept 1 *Definition of a Reporting Entity* (SAC 1) issued by the AASB sets out detailed considerations as to whether an entity has to prepare a GPFR or can prepare a SPFR.

The NFP's board or other governing body decides on the type of financial report to present to the NFP's stakeholders. When making that decision, the board must consider the needs of the users and relevant legislative requirements.

- A GPFR is intended to meet the needs of users not in a position to demand reports tailored to meet their particular information needs and include full compliance with all relevant Australian Accounting Standards. A GPFR includes financial statements that are presented separately or within another public document such as an annual report.
- The alternative, a SPFR, is defined as "a financial report other than a general-purpose financial report".

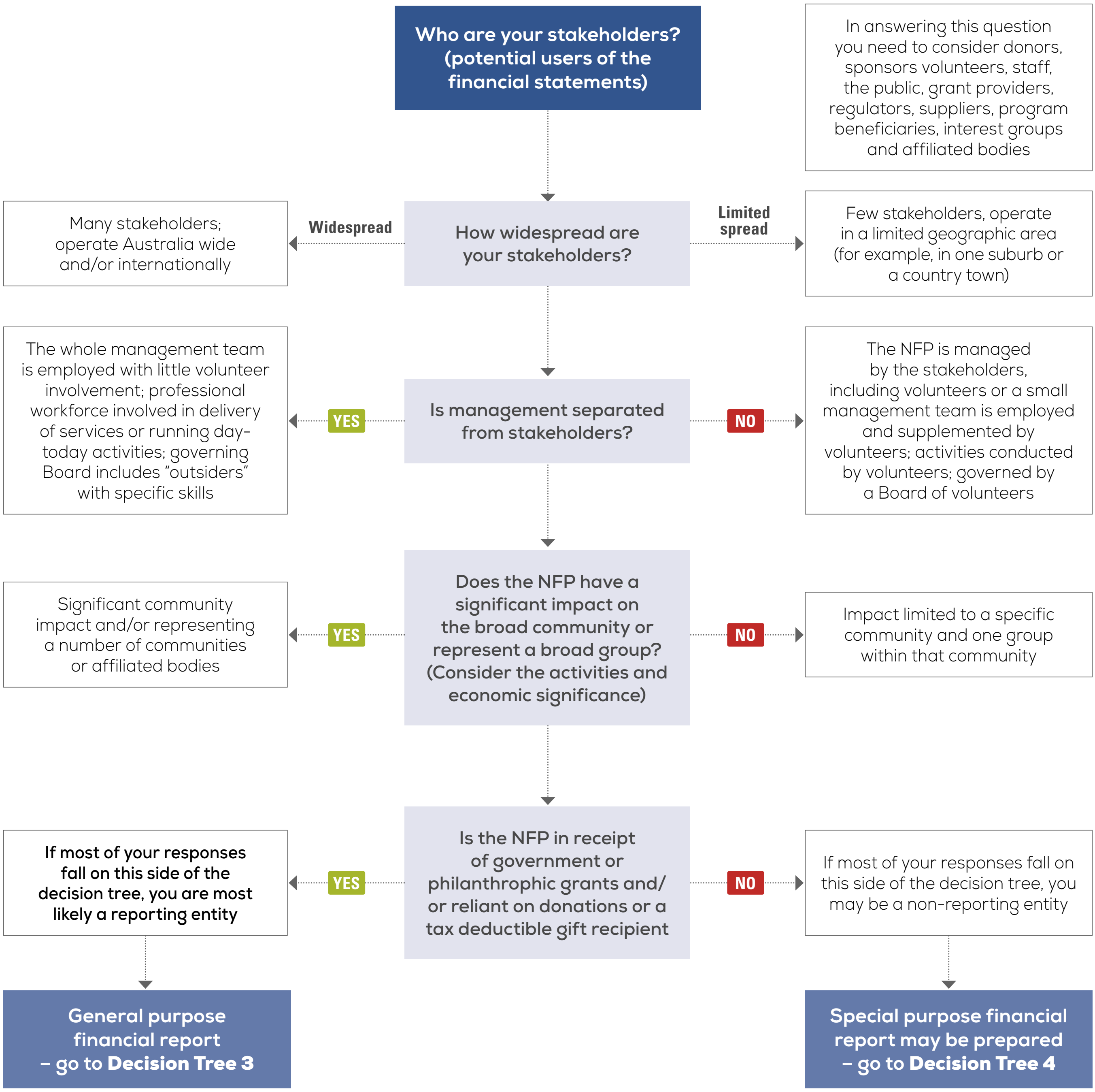
Decision Tree 2 (see page 14) will help the governing bodies of NFPs determine whether a GPFR or SPFR will meet their stakeholders' needs. We strongly recommend that boards, chief executives and the senior finance executives of NFPs discuss the financial reporting and auditing requirements for their organisations with their professional advisers.

If a decision is reached to prepare a SPFR, we recommend this decision is recorded in the governing body minutes, with appropriate rationale, and the decision is revisited on an annual basis.

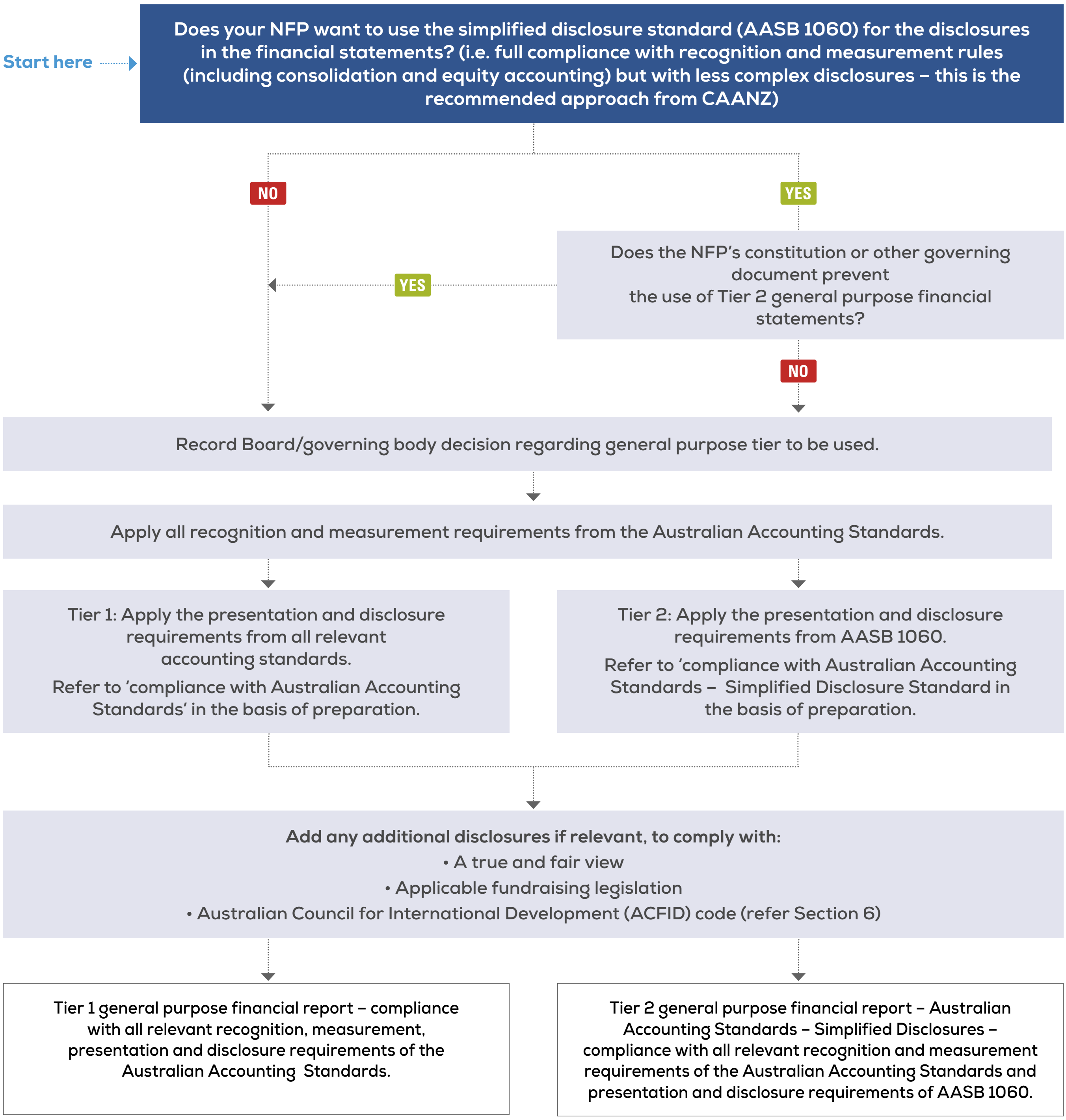
If the governing body determines a GPFR is appropriate, then they and management should consider whether Tier 1 or Tier 2 GPFR are to be prepared. Tier 2 Simplified Disclosure financial statements are prepared using the same accounting basis (recognition and measurement requirements) as Tier 1. However, the disclosures are less which means the financial statements are likely to be more meaningful and less cluttered for users.

Decision Tree 2: Special or general purpose financial report

The financial statements prepared by NFP entities in accordance with legislative requirements must be in compliance with the accounting standards and Statement of Accounting Concept 1 *Definition of a Reporting Entity* (SAC 1) issued by the Australian Accounting Standards Board which set out the detailed consideration as to whether an entity have to prepare general purpose financial statements or can prepare special purpose financial statements. The decision depends on whether the entity is a reporting entity (i.e. an entity for whom it is reasonable to expect the existence of users who would rely on the general purpose financial statements for the purpose of allocating resources). While this is a judgmental area, the factors below can help the Board/governing body in their determination.



Decision Tree 3: Contents of the general purpose financial statements



3.6 What happened to the reduced disclosure regime (RDR) in Australia?

The RDR was the second tier of general purpose financial statements for annual reporting periods commencing prior to 1 July 2021. From this date, RDR was replaced with the Simplified Disclosure Standard, AASB 1060 which is a standalone standard providing all presentation and disclosure requirements for all entities preparing tier 2 general purpose financial statements.

For financial years commencing on or after 1 July 2021, entities can no longer prepare RDR financial statements.

3.7 What is the Simplified Disclosure Standard for Tier 2 general purpose financial statements?

From 1 July 2021, the second tier of general purpose financial reporting is the Australian Accounting Standards - Simplified Disclosures. These GPFR comply with all recognition and measurement requirements of the Australian Accounting Standards and the presentation and disclosure requirements of AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 entities*.

The presentation and disclosure requirements in AASB 1060 are structured into sections based on the balance or transaction and are minimum disclosures to be included in general purpose financial statements.

We encourage NFP entities to consider this option for their general purpose financial statements since whilst the reported numbers are the same for both tiers of general purpose financial statements, the presentation and disclosure requirements are less complex under simplified disclosures than Tier 1 and therefore, likely to provide more meaningful disclosures to users of the financial statements.

3.8 What needs to go into special-purpose financial reports (SPFR)?

Where an entity has determined they are not a reporting entity (in accordance with decision tree 2) and can prepare special purpose financial statements, the content of these should be determined in accordance with legislative and other best practice requirements.

SPFRs are prepared to meet the needs of the intended users. However, there are some best practices around the contents of these financial reports as well as mandatory standards and disclosures.

Requirements for NFP entities preparing financial statements under ACNC Act

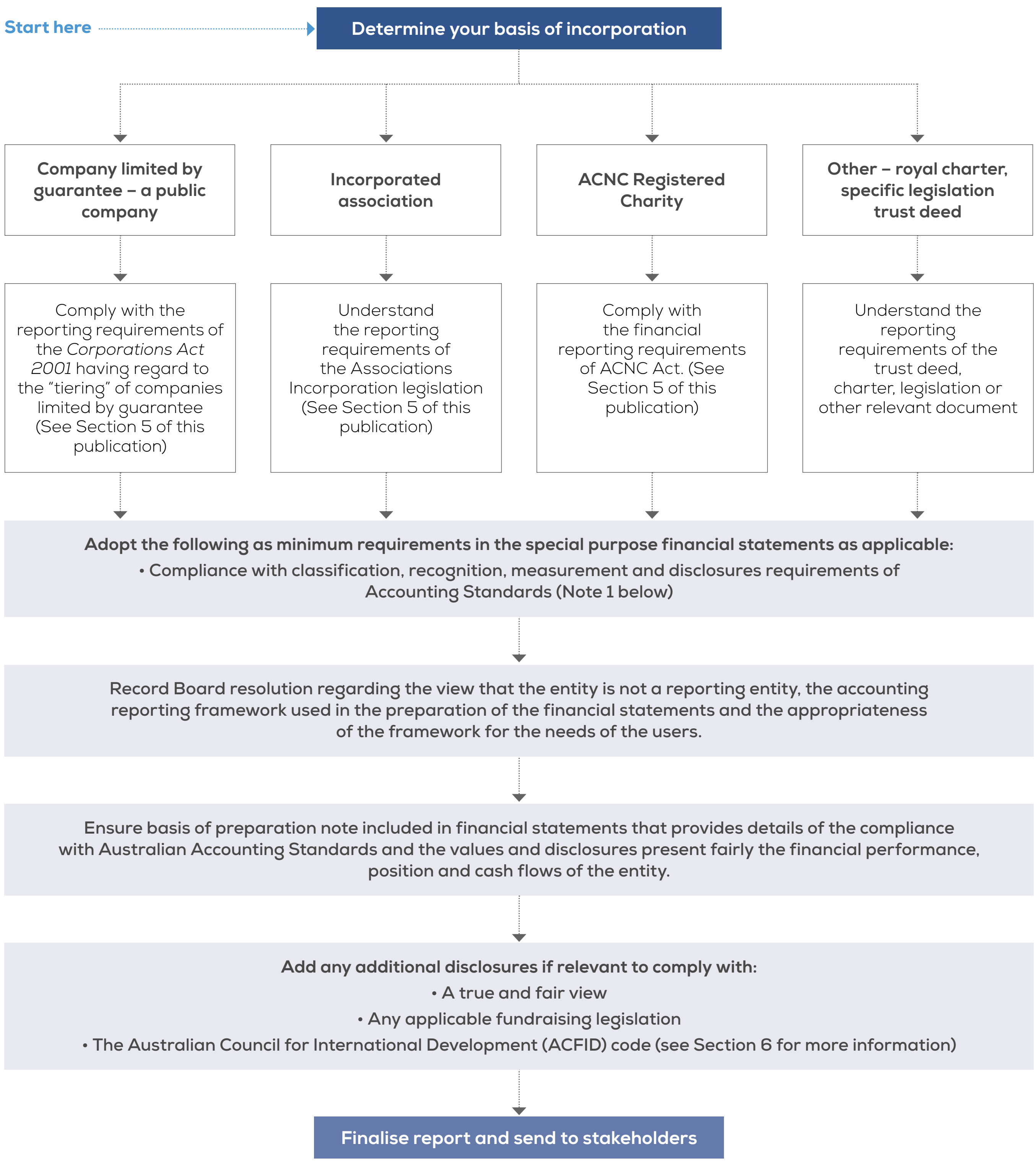
The ACNC mandates compliance with the following standards (refer to Appendix 2 for required disclosures under these standards):

- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 1048 *Interpretation of Standards*
- AASB 1054 *Australian Additional Disclosures*

The ACNC does not specify that all recognition and measurement criteria be applied, however, a 'true and fair' determination is required by the board or governing body both by the ACNC Act. The Board / governing body should document how the framework adopted in the financial statements presents a true and fair determination if the accounting standards are not followed.

Refer to Decision Tree 4 (see page 17) for guidance on the contents of special-purpose financial reports.

Decision Tree 4: What do you include in a special purpose financial report?



3.8 What needs to go into special-purpose financial reports (SPFR)? *continued*

Requirements for NFP entities preparing financial statements under the Corporations Act

NFP Entities required to prepare a financial report under the *Corporations Act 2001* (e.g., company limited by guarantee not registered with ACNC) should be aware of the requirements of ASIC Regulatory Guide 85 (RG85) *Reporting requirements for non-reporting entities*, and other NFP entities may wish to use this document as reference for best practice.

RG 85 requires entities preparing special-purpose financial reports to comply with all recognition and measurement requirements in the Australian Accounting Standards as well as the following standards in their entirety (refer to Appendix 2 for required disclosures under these standards):

- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB *108 Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB *1048 Interpretation of Standards*
- AASB *1054 Australian Additional Disclosures*

This means the numbers reported for the financial performance, financial position and cash flow of the entity will be the same as those reported for entities preparing general-purpose financial reports. However, preparers of special-purpose financial reports have some discretion about the disclosures included.

Note

At the time of writing (September 2021), changes may be made to RG85 due to the removal of the ability of certain for-profit entities to prepare special purpose financial statements, although we expect RG85 to remain in place for NFP entities until changes to their financial reporting framework are finalized.

Disclosure of compliance with recognition and measurement and consolidation and equity accounting requirements

For years ending on or after 30 June 2020, NFP entities complying with AASB 1054 (at a minimum this will be entities reporting under either the ACNC Act or Corporations Act 2001) are required to include disclosures in their special purpose financial statements about compliance with recognition and measurement requirements as well as consolidation and equity accounting information as noted below.

The special purpose financial statements need to disclose

a) The basis on which the decision to prepare such statements was made;

b) Where the entity has subsidiaries, investments in associates or investments in joint ventures disclose whether or not (and the reasons why if they have not) they have been consolidated or equity accounted in accordance with the relevant standards OR if the assessment has not been made as to whether any interests in entities give rise to subsidiaries, investments in associates or joint ventures the entity should state this fact;

c) For each material accounting policy that doesn't apply with recognition and measurement requirements, provide information as to how it doesn't comply OR if such an assessment has not been made then disclose that fact and

d) Disclose an explicit statement as to whether or not the accounting policies applied overall comply with all the recognition and measurement requirements of accounting standards OR that such an assessment has not been made.

Note

The illustrative financial statements in section 4 do not include these disclosures since the Nonquestus Charity prepares general purpose financial statements, however AASB 1054 includes a number of example disclosures for a range of scenarios.

3.9 What are the ACNC best practice disclosures in relation to government revenue?

The ACNC has released best practice disclosures for charities who receive revenue from government (e.g. grants, revenue from a contract with government, rebates, subsidies). The disclosures and further information can be found on the ACNC website and has been summarized below.

i. **Information about the sources of government revenue**
Where a charity receives 10% or more of its total revenue from government sources (including grants), government revenue should be disclosed separately from other sources of revenue.

This revenue should be disclosed by level of government (e.g. Federal, State and Local) and should include the names of the top ten sources of revenue. If the charity receives government funding from more than ten sources, then the details should be included in an appendix outside the financial report or on the Annual Information Statement.

ii. **Economic dependency on government revenue**
Where a charity is reliant on government funding (for example the programs and services offered would reduce without the funding or a significant source of government funding is expiring in the next 12 months) then the disclosures in the financial statements should set out:

- An economic dependency note setting out the reliance
- Assessment from management of the likelihood that the economic support will continue
- The judgements and assumptions made by management in considering the economic dependency.

iii. **Government funding not yet recognized as revenue**
Charities should disclose funding which has been received from government but not yet recognized as revenue.

This disclosure will vary depending whether the charity has complied with the recognition and measurement requirements of AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers*.

Compliance with AASB 15 and AASB 1058 – the level of funds received not yet recognized will be less since only revenue streams in the scope of AASB 15 or certain capital grant revenue under AASB 1058, will be able to be deferred – this would be recorded on the balance sheet (statement of financial position) as a contract liability (or income received in advance).

Non-compliance with AASB 15 and AASB 1058 – the level of funds received not yet recognized as revenue will be more since the charity is likely to have deferred all funds to 'match' them with future expenses. The accounting policy for this should be clearly disclosed as not being compliant with the Australian Accounting Standards for transparency and understanding of the information presented.

Is any additional information required in the financial report in addition to the disclosure requirements of the Australian Accounting Standards?

If your NFP's activities are subject to fundraising legislation, there may be additional information required by that legislation that should be included in the financial report. These vary by state/territory.

Tip: Not-for-Profit Law has a range of resources available to assist organisations navigate the fundraising laws, available at www.nfplaw.org.au

If your NFP subscribes to the Australian Council for International Development (ACFID) Code, the information necessary to satisfy the requirements of the ACFID Code should be included in the financial report.

Tip: refer to Part A "ACFID Codes of Conduct" for more information on the ACFID Code.

If your funding agreements require certain disclosures, these should be included in the financial report.

Where can I find out more about implementation issues for new accounting standards and other reporting changes?

- Refer to the Reporting section of the CA ANZ website at www.charteredaccountantsanz.com for more information and articles on new standards and other financial reporting changes. Specific publications include June 2021 Reporting Essentials and our Fact Sheets dealing with NFP financial Reporting framework reform and Continuing special purpose reporting
- View the AASB website for AASB Staff FAQs for Not-for-Profit Entities

4. Example financial report – The Nonquestus Charity

The following example financial report for the year ended 30 June 2022 is for a fictional charitable NFP, The Nonquestus Charity.

IMPORTANT INFORMATION

The example financial report is provided for illustrative purposes only, dealing with the most likely disclosure requirements of an NFP charity. 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 relation to AASB 1060.

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 example financial report is based on Australian Accounting Standards that were on issue at 1 September 2021 and that apply to annual reporting periods beginning on or after 1 July 2021.

4.1 Background to example financial report

Nonquestus is a company limited by guarantee and is registered with the ACNC. Its activities involve:

- the provision of residential, day and respite care to sufferers of the disease 'malaise'
- the provision of emergency aid to children who are suffering from 'malaise'
- advocacy and information including prevention and education programs for 'malaise'.

Funding and income

Nonquestus' activities are funded by grants and donations, legacies from deceased estates and charitable foundations. Health care activities are supported by grants from the federal, state and local governments and patient fees. The entity has no borrowings.

A building appeal has been active for the last two years to raise funds for a new health care facility. The appeal has raised $1.3 million over the 2021 and 2022 years specifically for this purpose.

In addition to its fundraising activities, Nonquestus operates a trading enterprise that employs several people it assists. This enterprise is conducted through an online platform and shops that sell both donated goods and goods purchased for sale.

Nonquestus' investment funds (which are not held directly) are managed by an investment manager under a mandate that includes a risk profile and target return.

Based on the terms and conditions of the grants and other funding arrangements of Nonquestus, some of the revenue streams are within AASB 15 *Revenue from Contracts with Customers* and others are within AASB 1058 *Income of NFP Entities*.

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, cost of goods sold (cost of sales) and investment management fees. Nonquestus pays close attention to the ratio of fundraising costs to funds raised. The charity has been investing in its fundraising activities and considers there is a time lag between this investment and increased income from donations and grants.

Expenditure on charitable activities includes costs associated with the provision of health care, childcare and emergency costs and costs incurred in providing programs and education about malaise.

Nonquestus is provided with the use of office buildings in two capital cities at significantly below market value rent.

Reporting requirements

Nonquestus is a company limited by guarantee, registered with the ACNC. Therefore, it is required to comply with the reporting provisions of the *Australian Charities and Not-for-profits Commission Act 2012* and not the financial reporting requirements of the *Corporations Act 2001.*

Entities registered with the ACNC are not required to prepare a directors' report unless it is required by their constitution. If the responsible persons want to include a report, the content should be tailored to their requirements based on information considered useful to the user. We suggest that the report is called the Responsible Persons' Report rather than referring to a Directors' Report, which has Corporations Act connotations.

> ***Part A Enhancing performance reporting*** **provides guidance on the non-financial information your NFP may choose to include in your annual report.**

General purpose financial report

The example GPFR that follows complies with AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities*. AASB 1060 this standard applies to NFPs that are preparing a general purpose financial report and are applying the relevant Tier 2 reporting framework. The previous Tier 2 reporting framework was called RDR (Reduced Disclosure Regime) and this is no longer applicable for entities with financial years commencing on or after 1 July 2021.

These illustrative financial statements are not applicable to GPFRs that want to, or are required to, adopt Tier 1 disclosures because they are reporting entities with public accountability. These entities may still find it useful to refer to the accounting policies that outline the recognition and measurement requirements of GPFSs, but will need to consult other Tier 1 specimen financial statements for the relevant disclosures.

Format of Statement of Profit or Loss and Other Comprehensive Income

Nonquestus presents its Statement of Profit or Loss and Other Comprehensive Income as one statement. AASB 1060.25 gives a choice as to whether the statement of profit or loss or other comprehensive income for a period is presented in a single statement or in two statements. If an entity elects to follow the two statement approach:

- the first statement is a "Statement of profit or loss", including all line items from "Revenue" to "Net profit/surplus or loss/deficit for the year".
- the second statement is a "Statement of other comprehensive income", beginning with "Net profit/surplus or loss/deficit for the year" and including all line items to "Other comprehensive income for the year".

Format of statement of changes in equity/funds and statement of profit and loss and other comprehensive income

Nonquestus Charity presents a statement of changes in equity/funds separate to the statement of profit and loss and other comprehensive income. They are required to present these two separate statements since the charity has fair value movements through equity relating to its investment portfolio.

However, under certain circumstances a NFP may combine these two statements into one statement called a 'Statement of income and retained earnings' (illustrated below). These circumstances are where an entity's only changes to equity during the year relate to:

- Profit or loss
- Payments of dividends (unlikely to be relevant for NFP entities)
- Correction of prior period errors and
- Changes to accounting policy.

Figure: Statement of Income and Retained Earnings

Revenue	$xx	This is a normal income statement
Expenses	$xx	
Operating result	$xx	
Tax	$xx	
Operating result after tax	$xx	
Retained earnings at the beginning of the reporting period	$yy	This information is presented in this section rather than a separate statement of changes in equity
Restatements of the retained earnings for:		
Corrections of prior period errors	$yy	
Changes in accounting policy	$yy	
Retained earnings at the end of the reporting period	$yy	

Transition to AASB 1060 – Tier 2 reporting

The Nonquestus financial report is presented as if all accounting standards effective up to 30 June 2022 have been adopted. It has been assumed that 2022 is not a transition year and therefore there is no comment about first-time adoption

When an entity that has previously prepared general purpose Tier 1 or Tier 2 – RDR financial statements chooses to move to Tier 2- Simplified Disclosures, then a note should be included, for example:

> 'The financial statements have been prepared under the simplified disclosure standard for the first time. There is no change to reported numbers, however some disclosures have been changed.'

If an entity chooses to adopt AASB 1060 early (i.e., for a reporting period prior to 30 June 2022), then there is transition relief from preparing comparatives disclosures for those not previously presented.

ABBREVIATIONS

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

AASB 7	Australian Accounting Standard AASB 7 *Financial Instruments: Disclosures*
ACNC Reg s60.15	Australian Charities and Not-for-profits Commission Regulation 2013, section 60.15
Corp 300B	*Corporations Act 2001*, section 300B
Int 1031	Australian Accounting Interpretation 1031 *Accounting for the Goods and Services Tax (GST)*
Note	An explanation of how the accounting standards have been interpreted in arriving at the illustrative disclosure. These can be found at the end of the financial report.

The Nonquestus Charity

(A company limited by guarantee and registered with the ACNC)

Annual financial report

For the year ended 30 June 2022

Contents to financial report

The Nonquestus Charity
(A company limited by guarantee and registered with the ACNC)
Financial report for the year ended 30 June 2022

Note 1

Corporate information

ABN 00 000 000 000

Directors

The following directors were in office during the year and at the date of this report.

A Borodin (Chair)
B Britten
M Bruch
W Byrd
J Cage
E Elgar
E Greig
H Purcell
F Schubert

Company Secretary

Fiona Summersun LLB

Registered office and principal place of business

Charity House
132 Charybyle Street
elbourne, VIC 3000

Banker

Helpful Bank
Collins Street
Melbourne, VIC 3000

Auditor

Auditor & Co
Chartered Accountants
Melbourne VIC 3000

The Nonquestus Charity
(A company limited by guarantee and registered with the ACNC)
Financial report for the year ended 30 June 2022

AASB 1060.25(b), 49,52

Statement of profit or loss and other comprehensive income[2,3]

Reference		Note	2022 $000	2021 $000
AASB 1060.20, 28, 31(e)				
AASB 1060.52(a)	**Revenue from continuing operations**			
	Donations and gifts		4,820	4,676
	Capital grants		350	-
	Operating grant revenue		4,078	3,951
	Healthcare revenue		3,323	1,879
	Sales of goods		540	340
	Total revenue from continuing operations	2.1	**13,111**	**10,846**
	Other income			
AASB 1060.119a(iii), (v))	Investment income			
	Interest		250	300
	Dividends		130	175
	Net gain on foreign exchange		20	–
	Net gain on financial investments carried at fair value through profit or loss		150	–
	Net gain on disposal of fixed assets		20	30
AASB 1060.52(a)	**Total revenue and other income**		**13,681**	**11,351**
AASB 1060.58 Note 4	**Expenditure**	2.2		
	Fundraising and appeal costs		235	360
	Cost of sales		270	155
	Health care expenses		3,010	3,159
	Research grants		1,500	750
	Child support and emergency costs		2,629	2,575
	Program costs		3,910	3,510
	Management and administration		311	269
AASB 1060. 52(b)	Finance costs	6.4	25	28
	Total expenditure		**11,890**	**10,806**
AASB 1060.52(f)	**Net surplus for the year**		**1,791**	**545**
	Other comprehensive income			
AASB 1060.52(g)	**Items that will not be reclassified subsequently to profit or loss**			
	Revaluation of property, plant and equipment	5.1	240	670
AASB 1060.119(a)(v)	Net fair value changes in equity instruments classified as Fair Value through Other Comprehensive Income		260	20
	Other comprehensive income for the year		**500**	**690**
AASB 1060.52(i)	**Total comprehensive income for the year**		**2,291**	**1,235**

The statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

The Nonquestus Charity
(A company limited by guarantee and registered with the ACNC)

Financial report for the year ended 30 June 2022

AASB 1060.25(a), 35

Statement of financial position

AASB 1060.20, 28, 31(e)

Reference		Note	2022 $000	2021 $000
	Assets			
	Current assets			
AASB 1060.35(a)	Cash and cash equivalents	4.1	4,940	3,200
AASB 1060.35(b)	Receivables	4.2	1,465	1,750
Note 5	Contract assets	2.3a	300	250
AASB 1060.35(d)	Inventories	2.4	300	400
	Other current assets	2.3b	203	160
	Total current assets		**7,208**	**5,760**
	Non-current assets			
AASB 1060.35(e)	Property, plant and equipment	5.1	5,500	4,000
AASB 1060.35(c)	Financial investments	4.3	2,615	3,115
Note 5	Right of use assets	6.2	328	381
	Total non-current assets		**8,443**	**7,496**
	Total assets		**15,651**	**13,256**
	Liabilities			
	Current liabilities			
AASB 1060.35(k)	Trade creditors and other payables	4.4	965	905
Note 5	Contract liabilities and other revenue received in advance	2.3a	596	834
Note 5	Lease liabilities	6.3	49	46
Note 5	Employee provisions	3.1	155	115
	Other current liabilities	2.3c	70	60
	Total current liabilities		**1,835**	**1,960**
	Non-current liabilities			
Note 5	Contract liabilities and other revenue received in advance	2.3a	425	147
Note 5	Lease liabilities	6.3	305	354
Note 5	Employee provisions	3.1	25	20
AASB 1060.35(o)	Other provisions	7.1	175	180
	Total non-current liabilities		**930**	**701**
	Total liabilities		**2,765**	**2,661**
	Net assets		**12,886**	**10,595**
	Funds			
Note 4	Accumulated funds		10,676	8,885
Note 4	Asset revaluation reserve		1,910	1,670
Note 4	Fair value through OCI reserve		300	40
AASB 1060.35(q)	**Total funds**		**12,886**	**10,595**

The statement of financial position is to be read in conjunction with the attached notes

The Nonquestus Charity

(A company limited by guarantee and registered with the ACNC)

Financial report for the year ended 30 June 2022

AASB 1060.25(c), Note 6

Statement of changes in funds

AASB 1060.31(e), Note 7.4

		Accumulated funds $000	Asset revaluation reserve $000	Fair value through OCI reserve $000	Total funds $000
AASB 1060.20,28	**Balance at 30 June 2020**	**8,340**	**1,000**	**20**	**9,360**
AASB 1060.61(c)	Net surplus	545	-	-	545
AASB 1060.61(c)	Other comprehensive income	-	670	20	690
AASB 1060.61(a)	Total comprehensive income				
	Balance at 30 June 2021	**8,885**	**1,670**	**40**	**10,595**
AASB 1060.61(c)	Net surplus	1,791	-	-	1,791
AASB 1060.61(c)	Other comprehensive income	-	240	260	500
AASB 1060.61(c)	Total comprehensive income				
	Balance at 30 June 2022	**10,676**	**1,910**	**300**	**12,886**

AASB 1060.45(b)

Details of reserves included in Statement of Changes in Funds

Fair value through other comprehensive income reserve

This reserve records fair value changes on equity instruments classified at fair value through other comprehensive income.

Asset revaluation reserve

This reserve is used to record movements in the fair value of freehold land and buildings.

The statement of changes in funds is to be read in conjunction with the attached notes.

The Nonquestus Charity

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Financial report for the year ended 30 June 2022

AASB 1060.25(d), 66
Note 7

Statement of cash flows

AASB 1060.20, 28, 31(e)

		Note	2022 $000	2021 $000
AASB 1060.66,67, 70-73	**Cash flows from operating activities**			
	Cash receipts in the course of operations		13,541	10,893
AASB 1060.82	Dividend income		130	175
AASB 1060.82	Interest income		250	300
	Payments to suppliers and employees		(11,400)	(9,867)
	Net cash flows from operating activities		**2,521**	**1,501**
AASB 1060.66,68,74	**Cash flows from investing activities**			
	Proceeds from sales of property, plant and equipment		130	170
	Purchase of property, plant and equipment		(1,750)	(1,000)
	Purchase of investments		–	(200)
	Proceeds from disposal of investments		910	–
	Net cash flows used in investing activities		**(710)**	**(1,030)**
AASB 1060.66,69,74	**Cash flows from financing activities**			
Note 7	Lease payments (principal and interest)		(71)	(71)
	Net cash flows used in financing activities		**(71)**	**(71)**
	Net increase (decrease) in cash and cash equivalents		1,740	400
	Cash and cash equivalents at beginning of year		3,200	2,800
	Cash and cash equivalents at end of year	4.1	**4,940**	**3,200**

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

The Nonquestus Charity

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Financial report for the year ended 30 June 2022

Index to notes to and forming part of the financial report

AASB 1060.91-94

The Nonquestus Charity
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Notes to and forming part of the financial report

Section 1: About Nonquestus

1.1 Corporate information

AASB 1060.32(a) Note 8
The Nonquestus Charity is a company limited by guarantee, incorporated and domiciled in Australia.

AASB 1060.32(b) Note 8
The principal activities of the Company include:

- the provision of residential, day and respite care to sufferers of the disease 'malaise'
- the provision of emergency overseas aid to children in areas experiencing famine or war who are suffering from 'malaise'
- advocacy and information including prevention and education programs for malaise.
- advocacy and information on causes supported by Nonquestus.

Note 9
The company is a registered charity with the Australian Charities and Not-for-Profit Commission which holds deductible gift recipient status and is exempt from income tax.

AASB 1060.11(b) AASB 1060.186
The financial report of the not-for-profit company The Nonquestus Charity (the company) for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 23 September 2022.

AASB 1060.32(a)
The registered office of the company and its principal place of business is:

Charity House
132 Charybyle Street
Melbourne, VIC 3000

Note 10

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 2022, the number of members was 125 (2021: 120).

AASB 1060.11

1.2 Basis of preparation

AASB 1060.10,11(a),91(a),94
The general-purpose financial report has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, Australian Accounting Standards – Simplified Disclosures, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

AASB 1060.95(a)

Historical cost convention

The financial report has been prepared on the basis of historical cost (based on the fair value of the consideration given in exchange for assets) except for the following.

- Land and buildings are measured at fair value less accumulated depreciation on buildings and any impairment losses.
- Equity instruments are measured at fair value.

AASB 1060.31(d),31(e), 181

Currency and rounding of amounts

The financial report is presented in Australian dollars, which is the company's functional and presentation currency.

All values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

The Nonquestus Charity
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Financial report for the year ended 30 June 2022

Notes to and forming part of the financial report *continued*

1.3 Significant accounting policies

AASB 1060.91(a), 95
Note 11

The significant accounting policies documenting the measurement basis used in preparing the financial information and other accounting information relevant to an understanding of the financial report are discussed in the relevant note.

Goods and services tax (GST)

Int 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.

Int 1031.8

Receivables and payables are recognised inclusive of GST.

Int 1031.9

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

Int 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 that is recoverable from or payable to the Australian Taxation Office is classified as operating cash flows.

AASB 1060.96,97
Note 12

1.4 Significant accounting judgements, estimates and assumptions

The preparation of financial information requires management to make judgements, 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 factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Specific accounting judgements and estimates are discussed in the relevant note.

The Nonquestus Charity
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Financial report for the year ended 30 June 2022

Notes to and forming part of the financial report *continued*

Section 2: Programs, Goods and Services

Note 13

2.1 Revenue

AASB 1060.157(b)

(a) Disaggregation of revenue

Note 14

Revenue has been disaggregated based on type of goods or services provided and source of funds.

AASB 1060.20,28,31(e)

	2022 $000	2021 $000
Type of good or service		
Health care services	5,323	5,879
Information, education and advocacy programs	4,651	4,268
Sale of goods	540	340
Emergency care	2,597	1,986
Revenue from continuing operations	**13,111**	**10,846**

Source of funds

AASB 1060.31(e)

2022	Revenue from contracts with customers (AASB 15) $000	Revenue under AASB 1058 $000	Total $000
Government (refer 2.1b)	3,823	1,024	4,847
Philanthropic organisations	1,056	4,554	5,610
Corporates	259	1,050	1,309
Patients	1,200	-	1,200
Other	145	-	145
	6,483	**6,628**	**13,111**

AASB 1060.31(e)

2021	Revenue from contracts with customers (AASB 15) $000	Revenue under AASB 1058 $000	Total $000
Government (refer 2.1b)	2,879	1,258	5,081
Philanthropic organisations	998	3,912	4,968
Corporates	157	-	259
Patients	1,000	-	1,200
Other	80	562	707
	5,114	**5,732**	**10,846**

The Nonquestus Charity
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Financial report for the year ended 30 June 2022

Notes to and forming part of the financial report *continued*

Note 15

(b) Revenue from Government sources

AASB 1060.20,28,31(e)

	2022 $000	2021 $000
Commonwealth government		
Department of Health	2,152	2,305
State government		
Department of Human Service VIC	1,582	1,591
NSW Communities and Justice	1,035	1,167
Local government		
City of Melbourne Council	78	18
	4,847	**5,081**

Economic dependency
The company is dependent upon the ongoing receipt of grants from the Federal Department of Health and State Departments shown in the table above to ensure the continuance of its health care and education services.

The contracts in place with these departments expire in 2025.

Government funding not yet recognised as revenue – refer to note 2.3.

(c) Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service (performance obligations) is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is usually the fund provider.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

AASB 1060.157(a)

Revenue from healthcare / emergency care
Where the consideration for healthcare services and emergency care consists of a recurring fixed amount over the term of the contract (e.g., monthly or annual payment) and the patient receives and consumes the benefits of the services as the Company provides them then revenue is recognised on a straight line basis over the term of the contract.

Where the Company charges initial admission fees on receipt, these fees do not relate to a performance obligation, and they are combined with other goods and services transferred to the customer. The revenue is recognised over the expected life of the contract with the patient (i.e., the time that the patient is expected to remain at the facility).

The Nonquestus Charity
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Financial report for the year ended 30 June 2022

Notes to and forming part of the financial report *continued*

AASB 1060.157(a), 158

Information, education and advocacy – Grant income
Grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied. This is generally the case for the monies received for information, education and advocacy.

The performance obligations vary based on the agreement but may include management of education events, vaccinations, presentations at symposiums.

Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the revenue is recognition based on either cost or time incurred.

AASB 1060.157(a)

Sales of goods
Revenue from sales of goods is earned 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 which is at the time that the goods are physically transferred.

The company offers a 14 days money back guarantee on sales of goods.

None of the items sold have any warranty attached to them.

(d) Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Grant income
Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the company at significantly below its fair value.

Once the asset has been recognised, the Company recognises any related liability amounts (e.g., provisions, financial liabilities).

Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

AASB 1060.234,236,237

Capital grants
Capital grants received under an enforceable agreement to enable the company to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the company (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the company.

The Nonquestus Charity

(A company limited by guarantee and registered with the ACNC)

Financial report for the year ended 30 June 2022

Notes to and forming part of the financial report *continued*

Revenue from fundraising

AASB 1060.229

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the company gains control of the asset.

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 is 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 as revenue on receipt.

In-kind donations

Facilities donated for occupancy by patients 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 16

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

AASB 1060.96,97, 235, 236,237

Significant estimates and judgements relating to revenue

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with several parties at the company, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by the company have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

Admission fees are initially recognised over the expected time that the patient is in hospital, if the actual time is significantly different from the estimated then the revenue recognition for the admission fees may be recognised earlier or later than initially expected.

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Notes to and forming part of the financial report *continued*

AASB 1060.58
Note 17

AASB 1060.20,28,31(e)

2.2 Expenses

	Note	2022 $000	2021 $000
Impairment loss on trade receivables	4.2	30	-
Costs of sales includes the following items recognised as an expense			
Goods for sale		200	113
Goods for distribution		70	42
Auditor's remuneration			
Amounts paid to Auditor & Co for:			
Audit of the financial report		25	23
Other services - Grant acquittal audits		6	9

AASB 1060.98, 99

Expenses accounting policy

Note 18
AASB 1060.91(a), 95

All expenditure is accounted for on an accruals basis and has been classified under headings reflecting the relevant function of the company which incurred the cost. 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, for example, premises overheads have been allocated on a floor area basis, and other overheads have been allocated on the basis of the head count

Fundraising and appeal costs are those incurred in seeking voluntary contributions through donation and do not include costs of disseminating information relating to the activities carried out by the company.

Cost of sales relates to the cost to the company of inventory items sold during the year.

Health care costs are those costs directly incurred to provide care to those in health facilities.

Research grants are amounts granted to institutions in Australia that specialise in research into the causes and treatment of 'malaise'. Grant expense is recognised when paid to the institution or when there is an obligation to make payment under a contract.

Child support and emergency costs comprise amounts paid to overseas and Australian aid organisations chosen by the company to assist in the provision of emergency aid to children who are suffering from 'malaise'.

Program costs are those costs directly incurred in providing programs to support the objectives of the company other than those specified.

Management and administration costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements including investment management fees.

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2.3 Contract balances

AASB 1060.159

(a) Contract assets and liabilities

The Company has recognised the following contract assets and liabilities from contracts with customers:

AASB 1060.20,28,31(e)

	2022 $000	2021 $000
Contract assets		
Work performed on programs not yet invoiced	300	250
	300	**250**
Contract liabilities		
Grant monies received in advance	725	580
Capital grants received to acquire or construct an asset to be controlled by the company (AASB 1060.233)	218	375
Payments for healthcare received prior to treatment	78	26
	1,021	**981**

Contract asset and liabilities accounting policy

Contract assets

AASB 1060.91(a), 95 Contract assets arise when work has been performed on a particular program and goods or services have been transferred to the customer, but the invoicing milestone has not been reached and the rights to the consideration are not unconditional.

If the rights to the consideration are unconditional then a receivable is recognised.

The counterparties to the agreements are Government departments or large philanthropic organisations, the credit risk of these organisations is deemed to be low and therefore the expected credit loss is nil. No impairment losses were recognised in relation to these assets during the year (2020: $nil).

Contract liabilities

AASB 1060.91(a), 95 Contract liabilities generally represent the unspent grants or other fees 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/fees.

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 presented as non-current.

Where the monies are received for the entity to acquire or construct an item of property, plant and equipment which will be controlled by Nonquestus then the funds are recognised as a contract liability and amortised to revenue as and when the obligation is satisfied.

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Notes to and forming part of the financial report *continued*

AASB 1060.20,28,31(e)

AASB 1060.23a

	2022 $000	2021 $000
Revenue recognised during the year that was included in the contract liability balance at the beginning of the period		
– Grant monies received in advance	480	460
– Capital grants received to acquire or construct an asset to be controlled by the company	350	-
– Payments for healthcare received prior to treatment	26	42
	856	**502**

(b) Other current assets – arising under contracts with customers

AASB 1060.20,28,31(e)

AASB 1060.159

	2022 $000	2021 $000
Return asset	45	35
Contract cost asset – Costs to fulfil a contract	158	125
	203	**160**

Other current assets – arising under contracts with customers accounting policy

AASB 1060.91(a), 95

Return asset

The right to return goods asset represents the Company's right to recover products from customers where customers exercise their right of return under the Company's 14 day returns policy and the goods are in a saleable condition.

AASB 1060.91(a), 95

Costs to fulfil a contract

Where costs are incurred to fulfil a contract, they are accounted for under the applicable accounting standard), otherwise if the costs:

- relate directly to a contract;
- generate or enhance resources that will be used to satisfy performance obligations in the future and
- are expected to be recovered

then they are capitalised as contract costs assets. The contract cost asset is released to expenses on the same basis as the associated revenue is recognised.

These costs would include items such as expenses to set up programs, employ relevant staff, prepare and print materials and information portals.

(c) Other current liabilities – arising under contract with customers

AASB 1060.20,28,31(e)

	2022 $000	2021 $000
Refund liability	70	60
	70	**60**

The refund liability relates to the right of return offered to retail sales customers under the Company's 14 day returns policy and is based on historical returns at their retail price.

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AASB 1060.123, 124

2.4 Inventories

AASB 1060.20,28,31(e)

AASB 1060.c (i)

	2022 $000	2021 $000
Goods purchased for resale	240	320
Donated goods held for distribution	60	80
	300	**400**

Inventories accounting policy

Inventories comprise goods for resale, and goods for distribution at nil or nominal consideration as part of the company's charitable activities. Inventories may be purchased or received by way of donation.

AASB 1060.123(a)

Goods for resale

Inventories of goods purchased for resale are carried at the lower of cost or net realisable value. No value is ascribed to goods for resale that have been donated to the company where the fair value is individually immaterial. 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.

AASB 1060.124

Goods held for distribution

Donated goods and goods purchased for significant below fair value which are held for distribution are initially recognised at their current replacement cost at date of acquisition. Current replacement cost is the cost the company would incur to acquire the goods held for distribution at reporting date.

Inventories of goods purchased at fair value 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.

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Notes to and forming part of the financial report *continued*

Section 3: Governing body, employees and other related parties

AASB 1060.44(e)
Note 19

3.1 Employee provisions

AASB 1060.20,28,31(e)

	Note	2022 $000	2021 $000
Annual leave – current		110	80
Long-service leave – current		45	35
Long-service leave – non-current		25	20
Total employee provisions		**180**	**135**

AASB 1060.43

A portion of long service leave, and the entire annual leave balance have been classified as a current liability since the company does not have an unconditional right to defer settlement of these liabilities for at least 12 months after the end of the reporting period. The company expects that 50% of the annual leave liability and 70% of the long-service liability will be paid after 12 months following the end of the reporting period.

3.2 Defined contribution expense

Defined contribution plans expense	**37**	**34**

Employee benefits accounting policy

AASB 1060.91(a), 95

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

Liabilities for short-term employee benefits expected to be wholly settled within 12 months of the reporting date in respect of employees' services up to the reporting date are recognised 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.

The liability for long-term benefits is 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 corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Note 20

The company pays contributions to certain defined contribution superannuation plans. Contributions are recognised in the statement of profit or loss and other comprehensive income 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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Notes to and forming part of the financial report *continued*

Note 21

3.3 Related parties and related-party transactions

(a) Directors' compensation

The directors act in an honorary capacity and receive no compensation for their services. During the year, travel expenses totalling $6,233 (2021: $5,500) incurred by the directors in fulfilling their role were reimbursed.

AASB 1060.198

(b) Transactions with director-related entities

During the year, payments of $8,000 (2018: $7,500) were made to Leviculus Printers for printing works. 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.

No amounts are payable to or receivable from directors or director-related entities at the reporting date.

AASB 1060.194
Note 22

(c) Key management personnel compensation

The compensation paid to key management personnel during the year was $406k (2021: $365k).

Section 4: Financial assets and liabilities (excluding lease liabilities)

AASB 1060.88

4.1 Cash and cash equivalents

AASB 1060.20,28,31(e)

	Note	2022 $000	2021 $000
Cash at bank and in hand		1,540	200
Short-term deposits		3,400	3,000
		4,940	**3,200**

Cash accounting policy

AASB 1060.91(a), 95

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less where the investment is convertible to known amounts of cash and is subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

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.

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AASB 1060.44(b)
AASB 1060.20,28,31(e)

4.2 Trade and other receivables

	2022 $000	2021 $000
Trade receivables	1,095	1,442
Less: Provision for impairment	(40)	(17)
	1,055	1,425
Other debtors	225	205
Prepayments and other accrued income	185	120
	1,465	**1,750**

AASB 1060.114

Trade receivables, which comprise amounts due from sales of merchandise and from services provided to residents and unconditional amounts owed for work performed under grant agreements are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Normal terms of settlement vary from seven to 90 days.

No collateral is held in respect of these receivables.

AASB 1060.113
AASB 1060.20,28,31(e)

4.3 Financial investments

	2022 $000	2021 $000
Investment in managed funds	850	1,600
Shares – listed entities	1,765	1,515
	2,615	**3,115**
Classified as:		
Fair value through profit or loss (FVTPL)	850	1,600
Fair value through other comprehensive income (FVOCI)	1,765	1,515
	2,615	**3,115**

AASB 1060.115 The fair value of financial investments is determined by reference to quoted market bid prices at the close of business on the reporting date. The fair value of the investment in managed funds is provided by the fund manager at each reporting date.

AASB 1060.114 Shares have no fixed maturity date or coupon rate.

AASB 1060.114 Investment in managed funds include units held in fixed interest funds, property funds and equity funds. The market value of these securities fluctuates from time to time.

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Notes to and forming part of the financial report *continued*

AASB 1060.20,28,31(e)

4.4 Trade creditors and other payables

	Note	2022 $000	2021 $000
Trade creditors		525	665
Other creditors		150	100
Accruals and deferred income		290	140
		965	**905**

Trade creditors 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.

4.5. Financial risk management

AASB 1060. 91(a), 95,112

Financial instruments accounting policies

Financial instruments are recognised initially on the date that the company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs except for financial assets through profit or loss.

Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the company classifies its financial assets into the following categories, instruments measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income – equity instrument (FVOCI – equity).

Classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised cost

The company measures receivables, cash and cash equivalents at amortised cost.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

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Fair value through other comprehensive income (FVOCI) – Equity

The company holds investments directly in listed shares and the company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These equity investments are carried at fair value with changes in fair value recognised in other comprehensive income – FVOCI reserve. On disposal any balance in the reserve is transferred to accumulated funds and is not reclassified to profit or loss.

Dividends relating to these investments are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Fair value through profit or loss

The investment in managed funds is measured at fair value through profit and loss with changes in fair value at each reporting period being recognised directly in surplus for the year.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets measured at amortised cost

Impairment of financial assets is determined on an expected credit loss (ECL) basis for financial assets measured at amortised cost and contract assets arising under AASB 15.

The company has used the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

When estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the company's historical experience and informed credit assessment and including forward looking information.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in the result for the year. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Financial liabilities

The company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the company comprise trade creditors, other payables and lease liabilities.

Investment income

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

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

None of the other receivables are past due at the reporting date.

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Notes to and forming part of the financial report *continued*

Section 5: Long-term non-financial assets (excluding leases)

AASB 1060.134-136

5.1. Property, plant and equipment

AASB 1060.31(e),		Freehold land and buildings $000	Plant and equipment $000	Computer equipment $000	Motor vehicles $000	Total $000
	Cost or fair value					
AASB 1060.134(d)	At 1 July 2020	3,010	390	110	220	3,730
AASB 1060.134(e)(i)	Additions	770	60	140	30	1,000
AASB 1060.134(e)(iv)	Revaluation increment	670	–	–	–	670
AASB 1060.134(e)(ii)	Disposals	(100)	(50)	–	(50)	(200)
AASB 1060.134(d)	**At 30 June 2021**	**4,350**	**400**	**250**	**200**	**5,200**
AASB 1060.134(e)(i))	Additions	1,460	180	100	10	1,750
AASB 1060.134(e)(iv)	Revaluation increment	240	–	–	–	240
AASB 1060.134(e)(ii)	Disposals	(300)	–	–	–	(300)
AASB 1060.134(d)	**At 30 June 2022**	**5,750**	**580**	**350**	**210**	**6,890**
	Accumulated depreciation					
AASB 1060.134(d)	At 1 July 2020	660	165	125	40	990
AASB 1060.134(e)(vii)	Charge for year	170	50	25	25	270
AASB 1060.134(e)(ii)	Disposals	(30)	(15)		(15)	(60)
AASB 1060.134(d)	At 30 June 2021	800	200	150	50	1,200
AASB 1060.134(e)(vii)	Charge for year	90	150	88	52	380
AASB 1060.134(e)(ii))	Disposals	(190)	–	–	–	(190)
AASB 1060.134(d)	**At 30 June 2022**	**700**	**350**	**238**	**102**	**1,390**
	Net carrying amount					
	At 30 June 2021	**5,050**	**230**	**112**	**108**	**5,500**
	At 30 June 2022	**3,550**	**200**	**100**	**150**	**4,000**

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Property, plant and equipment accounting policies

AASB 1060.134(a) 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.

All other classes are measured at cost less accumulated depreciation and any accumulated impairment losses.

AASB 1060.226 Any property, plant and equipment donated to the company or acquired for significantly below market value is recognised at fair value at the date the company obtains control of the assets.

AASB 1060.136 Fair value of land and buildings is confirmed by independent valuations that are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date. Director valuations are used if an independent valuation does not take place during an annual reporting period.

AASB 1060.134(a) 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 statement of profit or loss and comprehensive income, in which case it is credited to that statement.

AASB 1060.134(a) When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the statement of profit or loss and other comprehensive income, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

Depreciation

AASB 1060.134(b) Items of property, plant and equipment (other than freehold 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 in the current and prior year:

AASB 1060.134(c)

Freehold buildings	2%
Plant and equipment	20%
Computer equipment	33⅓%
Motor vehicles	25%

AASB 1060.91(a), 95

Impairment

Impairment indicators over property, plant and equipment and right of use assets are considered at each reporting date. If indicators exist, then the recoverable amount of the relevant asset / cash-generating unit is determined.

The recoverable amount of property, plant and equipment is the higher of fair value less costs of disposal and value in use.

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

For plant and equipment and right of use assets, impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Impairment losses on land and buildings are treated as a revaluation decrement.

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AASB 1060.91(a), 95

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when the item is no longer used in the operations of the company.

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 the result for the year when the asset is derecognised.

Note 23

Fair value disclosures – freehold land and buildings

AASB 1060.136(a),(b),(c)

Valuation techniques

Fair values of freehold land and buildings are determined by an independent valuer every 3 years and a director's valuation in the intervening years.

The company engages Perlustro & Co, independent accredited valuers, to determine the fair value of its land and buildings. The methodology used was the direct comparison approach whereby evidence derived from the analysis of recent sales of similar properties is adjusted for character differences between the comparable and subject property. The highest and best use of the land and buildings are considered in determining the valuation. The effective date of the revaluation was 30 June 2021.

Based on updated information provided by Perlustro & Co at the reporting date, the Directors assessed the current carrying amount of the land and buildings using indexation factors and comparable market sales.

There is no change in the valuation technique since the prior year.

There is no evidence to indicate that the current use of the freehold land and buildings is not the highest and best use.

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Notes to and forming part of the financial report *continued*

Section 6: Leases

Note 24

The Company has leases over buildings, vehicles and office equipment.

The Company has chosen not to apply AASB 16 Leases to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

AASB 1060.114, 144(c),

6.1 Terms and conditions of leases

Buildings

Commercial lease

The Company leases office buildings in Melbourne and Geelong for the corporate offices, the leases are between 6 and 10 years and one of the leases includes a renewal option to allow the company to renew for up to twice the non-cancellable lease term at Nonquestus' discretion.

The Company includes options in the leases to provide flexibility and certainty to its operations and reduce costs of moving premises.

At commencement date and each subsequent reporting date, the Company assesses whether it is reasonably certain that the extension options will be exercised.

There are $312,000 in potential future lease payments which are not included in lease liabilities as the Company has assessed that the exercise of the option is not reasonably certain.

The corporate office leases contain annual CPI pricing where the lease payments are adjusted at each anniversary date and undergo a market rent review on renewal of an option.

Concessionary leases

AASB 1060.151-152

The company has the right to use two buildings in regional Victoria for $1 per year, these buildings are required to be used for consulting with patients and providing educational and counselling sessions and other services for sufferers of malaise. The term of the leases is 20 years with a 20-year option.

The company has elected to measure the right of use asset arising from the concessionary leases at cost, which is based on the associated lease liability.

Vehicles

The company leases vehicles which are used by medical staff to visit patients in regional and metropolitan areas, the lease terms vary from 2 – 5 years and the lease payments are fixed during the lease term.

Office equipment

Leases for office equipment, such as laptops and printers are generally for a 3-year term and are treated as leases of low value assets.

Leases over significant office equipment, such as photocopiers have a lease term of between 3 and 5 years and the lease payments have a fixed component and a variable component based on the number of photocopies made during the year.

The variable payments made during the year were $2,250, which resulted in total payments on the photocopier leases of approximately $6,000.

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Notes to and forming part of the financial report *continued*

AASB 1060.145

6.2 Right of use assets

AASB1060.31(e)
Note 25

AASB 1060.144, 145; AASB 1060.144,145

	Buildings $000	Vehicles $000	Office equipment $000	Tota $000
Balance at 30 June 2021	**354**	**17**	**9**	**381**
Depreciation charge	(44)	(6)	(3)	(53)
Additions to right-of-use assets	-	-	-	-
Reductions in right-of-use assets due to changes in lease liability	-	-	-	-
Impairment of right-of-use assets	-	-	-	-
Balance at 30 June 2022	**310**	**11**	**6**	**328**

6.3 Lease liabilities

AASB 1060.144(b)

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below.

AASB 1060.31(e)

	< 1 year ($'000)	1 – 5 years ($'000)	> 5 years ($'000)	Total undiscounted lease liabilities ($'000)	Lease liabilities included in the Statement of Financial Position ($'000)
2022	71	311	60	442	354
2021	71	321	120	512	400

6.4 Statement of profit and loss and other comprehensive income

Note 26

The amounts recognised in the statement of profit and loss and other comprehensive income relating to leases where the company is a lessee are shown below.

AASB 1060.31(e)

	2022 ($'000)	2021 ($'000)
AASB 1060.119(iv) Interest on lease liabilities	25	28
AASB 1060.146(b) Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets	60	75

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AASB 1060.91(a), 95

Leases accounting policies

At inception of a contract, the company assesses whether a lease exists – i.e., does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e., decision-making rights in relation to changing how and for what purpose the asset is used.

The company has elected not to separate non-lease components from lease components have accounted for all leases as a single component.

At the lease commencement, the company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy. The right-of-use asset is assessed for impairment indicators at each reporting date.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g., CPI) or a change in the company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

AASB 1060.96,97

Significant estimates and judgements

Lease term – the Directors considered the extension option on the commercial buildings and have determined that due to the market rent reviews and the remaining term of the non-cancellable lease term, it is not reasonably certain that the company will choose to exercise the option and therefore the lease payments that would arise during the optional extension periods have not been included in the lease liability.

The Nonquestus Charity
(A company limited by guarantee and registered with the ACNC)
Financial report for the year ended 30 June 2022

Notes to and forming part of the financial report *continued*

Section 7: Future obligations and outlook

7.1. Other provisions

AASB 1060.20,28,31(e)

	Note	2022 $000	2021 $000
Make-good provision under leases	2(p)	175	180
		175	**180**

AASB 1060.153(a)

(a) Movements in provisions

		Make-good provision under lease
AASB 1060.153(a)(i)	**Balance at 1 July 2021**	**180**
AASB 1060.153(a)(ii)	Charge for the year	10
AASB 1060.153(a)(iii)	Utilised during the year	(15)
AASB 1060.153(a)	Adjustments	-
AASB 1060.153a(i)	**Balance at 30 June 2022**	**175**

Provisions accounting policy and significant estimates and judgements

AASB 1060.91(a), 95,153(b), 153(c)

Make-good provisions

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 report. The provision has been calculated as an estimate of future costs and discounted to a present value and is revised on an annual basis.

AASB 1060.96,97

Since these future costs 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.

The Nonquestus Charity
(A company limited by guarantee and registered with the ACNC)
Financial report for the year ended 30 June 2022

Notes to and forming part of the financial report *continued*

7.2 Commitments

AASB 1060.135(b)

(a) Capital expenditure commitments

At reporting date, the company has entered into contracts for capital expenditure of $250,000 (2021: $190,000), which have not been provided for in the financial report.

(b) Committed funds

The company has the following commitments in relation to funds received. These amounts have not been recognised as liabilities since there is no enforceable obligation and the company can direct the funds elsewhere.

Note 27

	2022 $000	2021 $000
Building appeal Funds raised for the construction of new facilities in Heathcote.	1,270	900
Health care Unspent funds relating to Government grants received in respect of the health care operation and recognised on receipt under AASB 1058.	315	475
Child support In 2019, a gift was received from the Liberalis Foundation to be used solely for child support projects. Since that date, additional gifts have been received for the same purpose.	1,480	2,505

(c) Overseas aid commitments

Note 27

The company has entered undertakings to provide US$1 million (2021: 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 the 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 the exchange rate ruling on the date the undertaking is settled.

Note 28

7.3 Contingencies

AASB 1060.155

Legacies with a probate value of $1,600,000 (2021: Nil) have not been included in the financial report, as the probate process is still ongoing and final confirmation of funds has not been received.

AASB 1060.154

Directors are not aware of any contingent liabilities which could affect future results.

AASB 1060.187

7.4 Events after the reporting period

No matters or circumstances have arisen since the end of the financial year which significant affect the operations of the Company, the results of those operations or the state of affairs in future financial years.

The Nonquestus Charity
(A company limited by guarantee and registered with the ACNC)
Responsible Persons' declaration for the year ended 30 June 2022

Responsible Persons' declaration

ACNC Reg s60.15

The Responsible Persons declare that, in the Responsible Persons' opinion:

(a) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable

(b) the financial report and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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

A Borodin
Responsible Person

Note 29

23 September 2022

The Nonquestus Charity

(A company limited by guarantee and registered with the ACNC)

Independent Auditor's Report

To the members of The Nonquestus Charity

Note 30

Note 31

Opinion

We have audited the financial report of The Nonquestus Charity, a company limited by guarantee (the Company) which comprises the statement of financial position as at 30 June 2022, the statement of profit and loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended and notes to the financial report, including significant accounting policies, and the Responsible Persons' declaration.

In our opinion, the financial report of The Nonquestus Charity has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), including:

- giving a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance and cash flows for the year ended on that date.
- complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

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

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

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

The responsible persons are responsible for other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsible Persons Responsibility for the Financial Report

The Responsible Persons of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosure Requirements and the ACNC Act and for such internal control as the responsible persons determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible persons are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible persons either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The responsible persons are responsible for overseeing the Company's financial reporting process.

The Nonquestus Charity
(A company limited by guarantee and registered with the ACNC)

Independent Auditor's Report *continued*

Auditor's Responsibilities for the Audit of the Financial Report

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

Note 32

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

- Identify and assess the risks of material misstatement of the financial report whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible persons.
- Conclude on the appropriateness of the responsible persons' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

[Signature required]

Note 33

Auditor & Co
Chartered Accountants

Gary Goodfellow
Partner

Melbourne, 23 September 2022

The Nonquestus Charity
(A company limited by guarantee and registered with the ACNC)

Independent Auditor's Report *continued*

Explanatory notes

1. The corporate information is not mandatory, but provides useful background information to the users of the financial report.
2. Instead of this presentation an entity may present a separate statement of profit or loss immediately preceding comprehensive income, which shall begin with profit/surplus or loss/deficit (AASB 1060.54).
3. If an entity has no items of other comprehensive income in any of the periods for which financial statements are presented, it may present only a statement of profit or loss or it may present a statement of comprehensive income in which the 'bottom line' is labelled 'profit or loss' or 'surplus or deficit' (AASB 1060.27).
4. An entity shall present an analysis of expenses using a classification on either the nature of expenses (for example, depreciation, purchases of materials, employee benefits, etc) or the function of expenses within the entity (for example, cost of sales, costs of distribution or administrative activities), whichever provides information that is reliable and more relevant. This can be presented in the statement of profit or loss and other comprehensive income or in the notes (AASB 1060.58). Nonquestus has chosen to disclose expenses by function.
5. An entity shall present additional line items, headings and sub-totals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position (AASB 1060.36).
6. If the only changes to equity during the periods for which the financial statements are presented arise from profit or loss, correction of prior period errors, and changes in accounting policy, an entity may present a single 'statement of income and retained earnings' in place of the statement of comprehensive income and statement of changes in equity.
7. Principal repayments for leases are classified as financing activities.

   The interest component of the lease payment may be classified as operating or financing cash flows.

   Nonquestus has chosen to disclose the interest components of the lease payment within financing cash flows.
8. The disclosure of information under paragraph 32 of AASB 1060 is only required where such information is not disclosed elsewhere in information published with the financial statements (AASB 1060.32).
9. 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 that 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.

   Some NFPs may not be tax exempt but operate for the mutual benefit of members. This fact should be disclosed fully, along with a relevant tax disclosure note. An income tax expense line item should be included on the face of the profit or loss in such circumstances with a Surplus disclosed after tax.
10. Disclosures regarding the amount members have undertaken to contribute in the event of a company limited by guarantee being wound up assist the users of the financial report in understanding the financial position of the company.

The Nonquestus Charity
(A company limited by guarantee and registered with the ACNC)

Independent Auditor's Report *continued*

Explanatory notes *continued*

11. An entity shall, as far as practicable, present the notes in a systematic manner. An entity shall cross-reference each item in the financial statements to any related information in the notes (AASB 1060.92).

    Nonquestus has decided to present the accounting policies as part of each relevant disclosure note in the financial report. Alternatively, the significant accounting policies can be disclosed combined into one note, which is normally done at the beginning of the notes sections of the accounts after the basis of preparation.

12. AASB 1060.96 and 97 requires the disclosure of significant estimates and assumptions made and judgement applied in preparing the financial report. This disclosure should be specific to the entity and may include areas such as:
    - useful life of property, plant and equipment
    - bad debt provisions
    - recognition of grant revenue or potential repayments.

    Nonquestus has decided to present the relevant estimates and judgements in each relevant disclosure note in the financial report. Alternatively, the significant estimates and assumptions made and judgements applied can be disclosed combined into one note.

13. Revenue contracts will need to be assessed to determine whether they are in the scope of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of NFP Entities* or both.

    A contract is within the scope of AASB 15 if and only if it is:
    - enforceable (e.g., can the fund provider require a refund if the funds aren't spent correctly or completely or can they compel the NFP entities to provide the services) and
    - contains sufficiently specific performance obligations, i.e., a transfer of goods or services external to the NFP entity and it is clear what the goods and services to be provided are. The more discretion that the NFP has over the funds received, the less likely the performance obligations will be sufficiently specific.

    Once the relevant standard has been determined the appropriate accounting policy for revenue can be applied.

14. In relation to AASB 15 revenue, an entity shall disclose the amount of each category of revenue recognised during the period, disaggregated into categories that depict how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors. An entity applies the guidance in paragraphs B87 – B89 of AASB 15 when selecting the categories to use to disaggregate revenue (AASB 1060.157(b)).

    In relation to AASB 1058 revenue/income, an entity shall disclose income recognised during the period disaggregated into categories that reflect how the nature and amount of income (and the resultant cash flows) are affected by economic factors. An entity considers disclosing separately the following categories of income: grants, bequests and donations of cash, other financial assets and goods and recognised volunteer services (AASB 1060.229).

    In relation to income derived by an entity arising from the transfers of financial assets to enable an entity to acquire or construct recognisable non-financial assets to be controlled by the entity (eg buildings for own use, etc) an entity shall disclose income recognised during the reporting period arising from the reduction of a liability associated with such transfers (AASB 1060.233).

15. These disclosures are not mandatory, however are recommended in the ACNC Annual Financial Report Disclosures – Best practice.

16. It can be difficult to reliably measure the value of volunteer services and therefore most NFPs choose not to record volunteer services in the financial report.

    NFPs should consider disclose information about volunteers in the narrative section of the annual report to provide the reader with a better understanding of the NFP's activities.

    The value of volunteer contributions could be expressed in terms of staff equivalents and an indicative value of the hours provided.

The Nonquestus Charity
(A company limited by guarantee and registered with the ACNC)

Independent Auditor's Report *continued*

Explanatory notes *continued*

17. The following expenses are required to be separately disclosed if relevant:
    - Auditor remuneration (note 2.2.)
    - Defined contribution expense (note 3.2)
    - Impairment expense (AASB 1060.170)
    - Inventory write-down(AASB 1060.123(c), (d))
    - Research and development expense (AASB 1060.139)
18. 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 way costs are apportioned (for example, the Australian Council for International Development), this should be disclosed with an appropriate explanation.
19. For each category of termination benefits that an entity provides to its employees, the entity shall disclose the nature of the benefit, the amount of the obligation and the extent of funding at the reporting date (AASB 1060.174).
20. This example financial report does not deal with the situation where an 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 (AASB 119) and substantial additional disclosure requirements of AASB 1060.173 applicable to such a fund.
21. A related party transaction is a transfer of resources, services or obligations between an entity and a related party, regardless of whether a price is charged (AASB 1060.197). If an entity has related party transactions, it shall disclose the nature of the related party relationship as well as information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements (AASB 1060.198). An entity may disclose items of a similar nature in the aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity (AASB 1060.203).
22. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity. Compensation includes all employee benefits which include all forms of consideration paid, payable or provided by the entity or on behalf of the entity. (AASB 1060.193)
23. AASB 13 and fair value disclosures in AASB 1060.136 are applicable only where an entity holds assets or liabilities at fair value, and the disclosures should be shown separately for each type of asset. Assets assessed as level 3 fair value in the hierarchy, like the unobservable inputs, have significant levels of disclosure.
24. Where an NFP is a lessor (including a sub-lessor) then refer to AASB 16 for the relevant disclosures.
25. The right of use asset can be presented on the face of the Statement of Financial Position (as illustrated by Nonquestus) or as a separate class of assets within the underlying asset (likely to be property, plant and equipment)
26. In relation to short-term leases not recognised as right-of-use assets the amount of its lease commitment should be disclosed if the commitment is dissimilar to the portfolio of short-term leases, to which the lease payment disclosure in paragraph 146(b) relates (AASB 1060.146(a)).
27. This disclosure is not mandatory, but is recommended as best practice as many NFP entities believe that this disclosure is useful to users to highlight committed funds. Committed funds include funds raised for a specific purpose, as well as unspent grants that have been taken directly into revenue as they are non-reciprocal in nature.
28. In extremely rare cases disclosure of the information required in the provisions and contingencies sections can be expected to prejudice seriously the position of the entity in a dispute with other parties. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed (AASB 1060.156).

The Nonquestus Charity
(A company limited by guarantee and registered with the ACNC)

Independent Auditor's Report *continued*

Explanatory notes *continued*

29. The term '"responsible person" could be replaced with "director" or "trustee(s) of the trust" or, if the trustee is a body corporate, "director(s) of the trustee".
30. The format and content of the Auditors Report is based on the Australian Auditing Standards at September 2021. Entities should obtain the auditor's report from their auditors.

    The purpose of this document is not to provide guidance to the auditors on the Auditors Report, however we note that GS019 *Auditing Fundraising Revenue of Not-for-Profit Entities* may be useful to auditors when forming their opinion.
31. The auditor's opinion is shown as unqualified as Nonquestus receives an immaterial portion of its fundraising revenue as cash donations. Controls over cash donations can be difficult to implement. Therefore, in performing engagements for charities that receive cash donations as part of fundraising revenue, the assurance practitioner needs to assess the risk that fundraising revenue may be materially understated and obtain sufficient appropriate audit evidence, in order to conclude whether cash donations are complete. Guidance statement GS 019 *Auditing Fundraising Revenue of Not-for-Profit Entities* provides guidance for auditors performing such engagements, including guidance on when it may be appropriate to include an emphasis of matter in, or to modify, the auditor's opinion on the financial report.
32. The information that is shaded is able to be omitted and referenced to the Australian Auditing and Assurance Standards Board website (https://auasb.gov.au/Home.aspx) which includes a specific responsibility statement relevant to a single non-listed entity as statement 4. If this is the chosen format option, the auditor should replace the shaded wording and replace it with:

    "A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report."
33. The auditor's report needs to be signed in one or more or the following ways as appropriate:
    - Name of the audit firm.
    - Name of the audit company.
    - Personal name of the registered company auditor. (In this case, the author of the report should be referred to in singular form, i.e. I/my rather than we/our.)

The Nonquestus Charity
(A company limited by guarantee)

Appendix 1: Example disclosures for a company limited by guarantee that is not a charity and reports under the Corporations Act

This section outlines the different disclosures that would be required in the Nonquestus financial report assuming it is a company limited by guarantee and **not** registered with the ACNC. This differs from the example financial report above which assumes it is registered with the ACNC. For the purpose of this example, we refer to Nonquestus NFP (rather than Charity).

If an entity is under different legislation, they should confirm the required format of the declaration required by the specific legislation under which they operate.

Directors' report

A Directors' report must be prepared in accordance with the Corporations Act 2001, s300B. This applies for all companies limited by guarantee, regardless of size. An example Directors' report for Nonquestus NFP under the Corporations Act is included below.

Notes to the financial statements

Note 1 Corporate information

The Directors' report in accordance with the Corporations Act describes the principal activities of the NFP. Therefore, this information does not need to be repeated in the financial report, and the principal activity information within Note 1 Corporate Information can be deleted.

Summary of significant accounting policies

- The basis of preparation needs to refer to the specific legislation under which the accounts are prepared – in this case, the *Corporations Act 2001*.
- The rounding legislative instrument under the *Corporations Act 2001* requires particular disclosures to be made in the notes to the financial report, where the financial report is rounded. These disclosures are also in the example below.

Directors' declaration

A Directors' declaration required by the *Corporations Act 2001* must be prepared: an example is illustrated on the following pages.

Auditor's report

The Auditors' report for entities will vary depending on the relevant legislation. The illustration below is for a company limited by guarantee in accordance with the *Corporations Act 2001*.

The Nonquestus Charity

(A company limited by guarantee)

Director's report for the year ended 30 June 2022

Corp 300B(2)

Your directors present this report to the members of The Nonquestus NFP (the Company) for the year ended 30 June 2022

Corp 300B(3)(a)

Directors

Corp 300B (3)(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 A	Board B
A Borodin (Chair)	15 Dec 12	–	11	11
B Britten	31 Oct 14	–	10	11
M Bruch	19 Jun 13	–	11	11
W Byrd	19 Jun 11	–	8	11
J Cage	30 May 15	–	9	11
E Elgar	10 Dec 16	–	9	11
E Greig	31 May 14	–	7	11
H Purcell	27 Jul 17	–	9	10
F Schubert	27 Sep 17	–	8	8
R Wagner	16 Feb 14	27 Jul 17	–	1
R V Williams	17 May 15	27 Jul 17	–	1

A – Number of meetings attended

Corp 300B (3)(b)

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

Details of directors' qualifications, experience and special responsibilities can be found on page x of this report.

The Nonquestus Charity

(A company limited by guarantee)

Director's report for the year ended 30 June 2022

Corp 300B (1)(a) & (b)

Short-term and long-term objectives and strategy

The Company's short-term and long-term objectives are to:

- alleviate the disease 'malaise' in Australia
- alleviate 'malaise' in children experiencing famine or war overseas
- find a cure for 'malaise'.

The Company's strategy for achieving these objectives includes:

- the provision of residential, day and respite care to sufferers of 'malaise' in Australia
- the provision of emergency overseas aid to children suffering malaise' in areas experiencing famine or war funding of disease research
- providing an advocacy and information service to improve outcomes for Australian
- 'malaise' sufferers and for child 'malaise' sufferers' subject to famine or war overseas.

Corp 300B(1)(c) & (d)

Principal activities

The Company's principal activities during the year were:

- fundraising through gifts, donations, legacies, philanthropic grants, annual appeals and regular giving programmes
- the provision of long-term residential, day and respite facilities partly funded by the government and partly on a fee per resident and user basis
- the provision of emergency overseas aid
- operating a trading enterprise (commercial) that comprises a mail order operation and a number of'op- shops' which are staffed by volunteers

These activities have assisted the Company in achieving its objectives by enabling it to:

- fund research into a cure for 'malaise')
- provide specialised long-term residential, day and respite care to sufferers of 'malaise'
- raise $1.3 million over the 2022 and 2021 years for the building fund that has allowed planning and design to commence for a new residential care facility for Australian 'malaise' sufferers
- target its overseas aid to 'malaise' suffering children in areas experiencing famine or war
- maintain a website providing information about 'malaise' and support to sufferers of 'malaise'
- advocate on behalf of the sufferers of 'malaise'
- provide employment to some 'malaise' sufferers through the trading enterprise.

Corp 300B(1)(e)

Performance measures

The Company measures performance through the establishment and monitoring of benchmarks:

- to assess the cost effectiveness of fundraising activities
- to assess control over the company's administrative and other indirect costs
- to ensure that revenue derived is effectively being directed towards assisting 'malaise' patients' treatment in Australia and towards aiding child 'malaise' sufferers in famine and war zones overseas to assess the effectiveness of overseas emergency aid
- to assess the effectiveness of Australian residential care.

The Nonquestus Charity

(A company limited by guarantee)

Director's report for the year ended 30 June 2022

The performance against these key performance indicators is as follows:

	2022		2021	
	Benchmark	Actual	Benchmark	Actual
Cost as % of activity revenues: Fundraising	8.0%	8.4%	8.0%	9.8%
Commercial	25.0%	31.5%	25.0%	27.5%
Care	110%	116%	105%	105%
Childcare and emergency aid	100%	103%	110%	137%
Overhead (support, management, administration and other) cost as % of total expenditure	8.0%	8.39%	9.0%	10.16%
Expenditure on activities as % of total income:				
Care	25%	22.6%	25%	28.0%
Childcare and emergency aid	50.0%	36.1%	50.0%	44.0%
Number of overseas aid projects:				
Initiated	100	95	100	75
Completed	100	110	100	80
Number of Australian care patients:				
New admissions	60	60	50	45
Long-term residencies	50	55	60	60
Successful discharges	70	65	60	65

Corp 300B(3)(d) & (e)

Members' guarantee

In accordance with the Company's constitution, each member is liable to contribute $20 in the event that the Company is wound up. The total amount members would contribute is $2,500.

Corp 307C

Auditors' independence

The auditors' declaration of independence appears on page x and forms part of the Director's report for the year ended 30 June 2022.

Rounding

ASIC LI 2016/191

The company is of a kind referred to in ASIC Legislative Instrument 2016/191 dated 1 April 2016 and, in accordance with that Legislative Instrument, amounts in the financial report and director's report have been rounded to the nearest thousand dollars, unless otherwise stated.

Corp 298(2)

Signed in accordance with a resolution of the directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the directors:

A Borodin

Melbourne, 23 September 2022

The Nonquestus Charity

(A company limited by guarantee)

Auditor's Declaration of Independence

Corp 307C(3)(c)

To the directors of The Nonquestus NFP Limited

I declare that, to the best of my knowledge and belief, for the year ended 30 June 2022, 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.

Auditor & Co
Chartered Accountants

Gary Goodfellow
Partner

Melbourne, 23 September 2022

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Directors' Qualifications, Experience and Special Responsibilities

Corp. 300B(3)(b)

Name	Qualifications	Experience	Special responsibilities
Albert Borodin	BSc	Chairman of MultiNatio Limited; Director of Tabula Arts Limited and Pecunia Bank Limited. Albert has worked with a number of organisations in many industries and is able to apply this commercial knowledge to the company.	Chair
Maxine Bruch	BComm, FCA	Partner, Propter Chartered Accountants for 10 years. Maxine has spent many years preparing and auditing financial statements of not-for-profit entities.	Finance, Audit and Risk Committee
Wayne Byrd	BBus (Marketing)	Director, Mancipo Advertising Limited. Wayne has significant experience in marketing and promotional campaigns for not-for-profit entities.	Marketing and communications
Brenda Britten	BArts, Grad Dip Health Services Management	Executive Director of the Federal Department of Communities. Brenda has experience in analysing grant applications and identifying grant opportunities.	Finance and Audit Committee, Quality of Care Committee
James Cage	BComm LLB, Solicitor	Partner, LexLegis Lawyers. Specialising in corporate and contract law, James has worked with not-for- profit entities for a number of years and is aware of the legal issues faced by the industry.	Finance and Audit Committee
Elaine Elgar	BArts	Malaise survivor. Elaine is one of the community members on the Board and has experience of dealing with the medical system and improvements that need to be made.	Quality of Care Committee
Eric Greig	MD, FRACS	Retired medical practitioner specialising in the care of 'malaise; sufferers. Eric has great knowledge of the medical issues and related services in the industries in which we operate.	
Herbert Purcell		Retired Director of Externus Care UK, an organisation that delivered care to children in Bosnia-Herzegovina during the conflict in that country.	
Francis Schubert	BArts, Grad Dip Marketing	Founding Director of FrigusVestis Apparel. Francis has significant experience in media liaison and effective communication tools.	Marketing and communications
Richard Wagner	BSc	Richard is a research scientist and has provided information and guidance to the medical centre operations through his prior employment at a number of medical research centres.	
Renae Williams	Grad Dip Marketing	Renae has worked as a marketing executive at Exp Limited for 20 years and applied this experience to assist the company in attracting additional government funding.	

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Notes to and forming part of the financial report

Notes to the financial report
Summary of significant accounting policies

Basis of preparation

(a) This general purpose financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards – Simplified Disclosures, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Rounding of amounts

ASIC LI 2016/191

The financial statements are presented in Australian dollars, which is the company's functional and presentation currency. The company is an entity to which ASIC Legislative Instrument 2016/191 applies. Under the option available to the company under that Instrument, all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

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Directors' Declaration for the year ended 30 June 2022

The directors declare that, in their opinion:

Corp 295(1), (4) a) the attached financial statements and notes thereto comply with Australian Accounting Standards – Simplified Disclosures

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 *Corporations Act 2001* 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 section 295(5) of the *Corporations Act 2001*.

On behalf of the directors:

A Borodin

Melbourne, 23 September 2022

The Nonquestus Charity

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Independent Auditor's Report

To the members of The Nonquestus NFP

Opinion

We have audited the financial report of The Nonquestus NFP, a company limited by guarantee (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit and loss and other comprehensive income[1], statement of changes in funds and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of The Nonquestus NFP 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 2022 and of its financial performance and cash flows for the year then ended and

b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

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

Other information

The Directors are responsible for other information. The other information comprises the information included in the Company's annual report[2] for the year ended 30 June 2022 but does not include the financial statement and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* for such internal control as the Directors determine is necessary to enable the preparation of the financial report free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible persons' are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible persons' either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- Identify and assess the risks of material misstatement of the financial report whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

[Signature required]

Auditor & Co
Chartered Accountants

Gary Goodfellow
Partner

Melbourne, 23 September 2022

Notes:

1. The titles of the primary statements should be consistent with those used in the financial statements.
2. This should be edited as appropriate to the document. For reference, "other information" is described in AUASB 720 A3.
3. The information that is shaded is able to be omitted and referenced to the Australian Auditing and Assurance Standards Board website (auasb.gov.au/Home.aspx) which includes a specific responsibility statement relevant to a single non-listed entity as statement 4. If this is the chosen option, the auditor should replace the shaded wording and replace it with:

   "A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report."