# Annual Financial Report

September 30

# 2021

ABN 27 075 428 787

ReachOut Australia

## Contents

## Corporation Information

### Directors

The following Directors (Responsible Entities) were in office at the date of this report.

| | |
|---|---|
| | Andrew Wilson (Chairperson)<br>Helen Conway<br>Aaron Green<br>Alison Hughes<br>Dianne James<br>Erica Stewart<br>Ian Thorpe<br>Michael Gonski |
| **Company Secretary** | Janina Jancu |
| **Chief Executive Officer** | Ashley de Silva |
| **Registered office and principal place of business** | Level 2<br>35 Saunders Street<br>Pyrmont NSW 2009 |
| **Company contact details** | PO Box 597<br>Pyrmont NSW 2009<br>P: +61 (0)2 8029 7777<br>E: info@reachout.com<br>W: www.reachout.com |
| **Auditor** | Grant Thornton Audit Pty Ltd<br>Level 17, 383 Kent Street<br>Sydney NSW 2000 |
| **ABN** | 27 075 428 787 |

## Directors' Report

The Directors present their report together with the financial statements of ReachOut Australia for the year ended 30 September 2021.

The financial year 2020/2021 was again a challenging one for the community as Australia and the world continued to be impacted by the global COVID-19 pandemic. Nowhere was this more evident than in the mental health sector, with ReachOut continuing to see higher utilisation of its services. In response, the company invested significantly to meet demand and to accelerate progress of ReachOut's strategy. This included undertaking a comprehensive assessment of the needs of young people and parents, and developing a strong roadmap of service enhancements, which are now being implemented.

The full future impact of the pandemic on the operations of the company continues to remain uncertain, however the company has taken reasonable steps to manage its response and consider appropriate methods to meet its contracted deliverables, vision and mission, protect income, manage risk and contain costs.

The company continues to make fiscally responsible decisions which include committing to retaining at least four months of operating expenses in an Operating Reserve ($5.1m). With the generous support of partners, and incredible support of the community response to Laps for Life, the financial year 2020/2021 closed with a surplus of $2.1m. As part of a three-year plan to deliver more impactful services, the Board has approved a deficit budget for the coming year and modelled deficit budgets for the following two years.

This approach ensures ReachOut can take significant steps to ensure that young people have access to effective services powered by the latest technology and research. Key milestones for the company in 2022 will be the development of a new one-on-one peer service, enhancing the arrival and guiding experience for young people who seek ReachOut's help, and improving the integration of the company's services to reach people where they are. ReachOut will also establish an accelerator lab to identify and test emerging service concepts, ensuring a pipeline of service innovation to meet the changing needs and preferences of the next generation. The company will also further invest in income generating activities, including its signature fundraising event Laps for Life, to ensure ongoing sustainability and ability to deliver on ReachOut's ambitious vision.

Signed on behalf of the Directors

**Andrew Wilson**
Chair

Sydney
29 November 2021

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# Auditor's Independence Declaration

## To the Responsible Entities of ReachOut Australia

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of ReachOut Australia for the year ended 30 September 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

James Winter

James Winter
Partner – Audit & Assurance

Sydney, 29 November 2021

## Statement of Profit or Loss and Other Comprehensive Income

**For the year ended 30 September 2021**

| | Notes | 30 Sep 2021<br>$ | 30 Sep 2020<br>$ |
|---|---|---|---|
| Revenue from operating activities | 3 | 12,517,859 | 10,945,795 |
| Other income | 3 | 115,770 | 979,823 |
| Employee expenses | | (5,209,755) | (4,631,192) |
| Marketing expenses | | (1,001,833) | (923,571) |
| Fundraising expenses | | (426,034) | (355,250) |
| Design and delivery of services | | (3,117,756) | (3,367,005) |
| Occupancy expenses | | (127,183) | (156,191) |
| Depreciation - right of use assets | | (208,553) | (150,020) |
| Finance charge | | (20,241) | (6,581) |
| Depreciation and amortisation expense | | (60,465) | (109,722) |
| Administration expenses | | (293,180) | (371,636) |
| **Surplus for the year** | | **2,168,629** | **1,854,450** |
| | | | |
| Other comprehensive income: | | | |
| Net fair value gain / (loss) of financial assets | | 45,838 | (61,532) |
| **Total comprehensive income for the year** | | **2,214,467** | **1,792,918** |

*The accompanying notes form part of these financial statements*

## Statement of Financial Position

**As at year ended 30 September 2021**

| Assets | Notes | 30 Sep 2021 $ | 30 Sep 2020 $ |
|---|---|---|---|
| **Current** | | | |
| Cash and cash equivalents | 4 | 6,055,273 | 4,131,508 |
| Trade and other receivables | 5 | 41,924 | 221,475 |
| Prepayments | | 154,499 | 141,981 |
| Financial assets | 9 | 167,696 | 166,531 |
| Total current assets | | **6,419,392** | **4,661,495** |
| **Non-current** | | | |
| Plant and equipment | 6 | 20,181 | 67,062 |
| Right of use assets | 7 | 477,227 | 685,780 |
| Intangible assets | 8 | 436 | 13,392 |
| Financial assets | 9 | 3,751,913 | 2,710,634 |
| Total non-current assets | | **4,249,757** | **3,476,868** |
| **Total assets** | | **10,669,149** | **8,138,363** |
| Liabilities | | | |
| **Current** | | | |
| Trade and other payables | 10 | 513,196 | 313,754 |
| Contract liabilities | 11 | 1,992,456 | 1,800,510 |
| Provisions | 12 | 367,711 | 274,996 |
| Lease liabilities | 13 | 218,561 | 193,863 |
| Total current liabilities | | **3,091,924** | **2,583,123** |
| **Non-current** | | | |
| Provisions | 12 | 156,478 | 130,396 |
| Lease liabilities | 13 | 273,656 | 492,220 |
| Total non-current liabilities | | **430,134** | **622,616** |
| **Total liabilities** | | **3,522,058** | **3,205,739** |
| **Net assets** | | **7,147,091** | **4,932,624** |
| Funds | | | |
| Accumulated funds | | 1,984,855 | 4,243,930 |
| Reserves | 14 | 5,162,236 | 688,694 |
| **Total funds** | | **7,147,091** | **4,932,624** |

*The accompanying notes form part of these financial statements*

## Statement of Changes in Funds

**For the year ended 30 September 2021**

| | Innovation Reserve | Operating Reserve | FVOCI Reserve | Accumulated funds | Total funds |
|---|---|---|---|---|---|
| | $ | | $ | $ | $ |
| Balance at 1 October 2019 | **327,077** | **-** | **61,504** | **2,751,125** | **3,139,706** |
| Surplus for the year | - | - | - | 1,854,450 | 1,854,450 |
| Other comprehensive income for the year | - | - | (61,532) | - | (61,532) |
| Total comprehensive income for the year | | - | (61,532) | 1,854,450 | 1,792,918 |
| Transfers | 361,617 | - | 28 | (361,645) | - |
| **Balance at 30 September 2020** | **688,694** | **-** | **-** | **4,243,930** | **4,932,624** |
| Balance at 1 October 2020 | **688,694** | **-** | **-** | **4,243,930** | **4,932,624** |
| Surplus for the year | - | - | - | 2,168,629 | 2,168,629 |
| Other comprehensive income for the year | - | - | 45,838 | - | 45,838 |
| Total comprehensive income for the year | - | - | 45,838 | 2,168,629 | 2,214,467 |
| Transfers | (688,694) | 5,116,398 | - | (4,427,704) | - |
| **Balance at 30 September 2021** | **-** | **5,116,398** | **45,838** | **1,984,855** | **7,147,091** |

*The accompanying notes form part of these financial statements*

## Statement of Cash Flows

**For the year ended 30 September 2021**

| | Notes | 30 Sep 2021 $ | 30 Sep 2020 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from donations, grants and other income | | 13,496,905 | 11,643,966 |
| Payments to suppliers and employees | | (10,477,568) | (10,527,947) |
| Interest and investment income received | | 115,770 | 152,323 |
| Finance charges | | (20,241) | (6,581) |
| **Net cash flows provided by operating activities** | 19 | **3,114,866** | **1,261,761** |
| | | | |
| **Cash flows from investing activities** | | | |
| Acquisition of plant and equipment and intangibles | | (627) | (18,863) |
| Acquisition of financial assets | | (996,607) | - |
| Proceeds from sale of financial assets | | - | 394,000 |
| **Net cash flows provided by/ (used in) investing activities** | | **(997,234)** | **375,137** |
| | | | |
| **Cash flows from financing activities** | | | |
| Net acquisition of bank guarantees | | - | 4,841 |
| Repayment of lease liabilities - principal | | (193,867) | (149,718) |
| **Net cash flows used in financing activities** | | **(193,867)** | **(144,877)** |
| | | | |
| **Net change in cash and cash equivalents** | | **1,923,765** | **1,492,021** |
| Cash and cash equivalents at the beginning of the year | | 4,131,508 | 2,639,487 |
| **Cash and cash equivalents at the end of the year** | 4 | **6,055,273** | **4,131,508** |

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

**For the year ended 30 September 2021**

## Note 1. Statement of significant accounting policies

ReachOut Australia (the "Company") is a not-for-profit company limited by guarantee, domiciled in Australia, and registered with the Australian Charities and Not-for-profits Commission (ACNC) and under the Charitable Fundraising Act 1991 (NSW).

The financial report for the year ended 30 September 2021 was authorised for issue by the Responsible Entities on 29 November 2021.

### Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the Australian Accounting Standards – Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012 and the Charitable Fundraising Act 1991 (NSW).

### Reporting basis and conventions

The financial report has been prepared on an accruals basis and is based on historical costs. The following material accounting policies, which are consistent with the previous period, have been adopted in the preparation of this report.

All amounts in the Financial Statements are in Australian dollars and are rounded to the nearest dollar.

### Significant accounting policies

#### (a) Revenue recognition

**i. 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 is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the fund provider.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

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.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

***Grants and project income***

Grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligation is satisfied.

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 recognised based on either cost or time incurred, whichever best reflects the transfer of control.

**ii. Revenue recognition for revenue that is 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, if received, are recognised at their fair value when the asset is received.

***Donations in kind***

The Company receives various pro-bono services and donations in kind. Revenue has not been brought to account in the financial statements for services as management are unable to reasonably estimate the value of these donations and services.

***Donations and fundraising income***

Donations and fundraising amounts collected are recognised as revenue when the Company gains control, economic benefits are probable and the amount of the donation can be measured reliably.

***Interest and investment income***

Interest revenue is recognised as interest accrues using the effective interest method.

The Company's investment strategy is to preserve capital whilst maximising income for its core purpose.

## (b) Financial instruments

**Recognition, initial measurement and de-recognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Classification and subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost; or
- fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

Trade and other receivables are initially measured and subsequently measured at amortised cost.

Investments in listed debt instruments are classified as FVOCI as they have contractual cash flows of principal and interest. For these investments, a gain or loss on a financial asset is measured at fair value through other comprehensive income and is recognised in other comprehensive income, except for impairment gains or losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Investment income from these investments continues to be recorded as other income within the profit or loss.

**Impairment of financial assets**

The Company assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. Impairment is assessed also on debt instruments classified at fair value through OCI.

**Classification and measurement of financial liabilities**

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

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

### (c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to known amounts of cash.

### (d) Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

#### *Depreciation and amortisation*

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

| Class of plant and equipment | Useful life |
|---|---|
| **Office Equipment** | 5 - 10 years |
| **Computer Hardware** | 3 years |
| **Leasehold Improvements** | Shorter of lease term and useful life |

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

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit and loss.

#### *Impairment of non-financial assets*

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

## (e) Intangible assets

**Recognition of intangible assets**
Acquired computer software is capitalised on the basis of the costs incurred to acquire and install the specific software.

***Subsequent measurement***
All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 1(d).

The following useful lives are applied:

| Class of intangible assets | Useful life |
|---|---|
| Computer software | 3 - 5 years |

Amortisation has been included within depreciation and amortisation.

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

## (f) Provision for employee benefits

***Short-term employee benefits***

Liabilities for wages and salaries, annual and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs.

***Other long-term employee benefits***

The liability for long service leave not expected to be settled within 12 months of the reporting date is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Company's obligations.

## (g) Leases

AASB 16 requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. AASB 16 defines the lease as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". Subject to the exemptions, the lessee is recognised on the balance sheet. This involves recognising a 'right-of-use' asset and a lease liability.

Lease payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

The lease liability is initially measured as the present value of future lease payments. The initial measurement of the right-of-use asset is based on the lease liability, with adjustments for any prepaid rents, lease incentives received and initial direct costs incurred. In subsequent periods, the lease liability is accounted for similarly to a financial liability using the effective interest method. The right-of-use asset is accounted for similarly to a purchased asset and depreciated.

### (h) Fair value measurement

When a financial asset is measured at fair value for recognition purposes, the fair value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, and assumes that the transaction will take place either in the principal market or in the absence of a principal market, in the most advantageous market.

Fair value is measured on financial assets at FVOCI using the quoted market rate at balance date.

### (i) Contract liabilities

Contract liabilities is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within twelve months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds twelve months after the reporting date or the conditions will only be satisfied more than twelve months after the reporting date, the liability is discounted and presented as non-current.

### (j) Taxation

The company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended; it is therefore exempt from income tax.

### (k) Goods and Services Tax (GST)

Revenue, expenses and plant and equipment are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### (l) Reserves

***Innovation Reserve***

The Innovation Reserve was an amount of funds set aside by the entity for its use in assisting to fund the investigation, validation and execution of Board approved strategic initiatives in the reporting year.

***Operating Reserve***

The Operating Reserve is funds set aside by the entity equivalent to an estimated portion of annual operating expenses. Should significant operating disruption occur at any time in the future, and there is an inability for the entity to utilise or access other funds, the operating reserve would be accessed.

***Fair Value through Other Comprehensive Income ("FVOCI") Reserve***

The FVOCI Reserve includes unrealised fair value movements in the Financial Assets designated as FVOCI as disclosed in Note 10, and represents the fair value increase against the cost of these held investments.

### (m) Critical accounting estimates and judgements

The Responsible Entities evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

*Significant judgements in applying the entity's accounting policies*

1. Impairment of financial assets – refer Note 1 (b).
2. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 Revenue from Contracts with Customers and/or AASB 1058 Income of Not-for-Profit Entities – refer to Note 1 (a).

## Note 2. Members' guarantee

The Company is a company limited by guarantee under the Australian Charities and Not-for-profits Commission Act 2012. If the Company is wound up, the Constitution of the Company states that each member undertakes to contribute an amount not exceeding $10 towards the meeting of any outstanding obligations of the Company.

At 30 September 2021, the number of members was 8 (2020: 9).

## Note 3. Revenue and other income

| Revenue from operating activities: | 30 Sep 2021 $ | 30 Sep 2020 $ |
|---|---|---|
| **Revenue from contracts with customers – AASB 15** | | |
| Government grants | | |
| - Commonwealth Department of Health | 2,574,730 | 2,094,241 |
| - Commonwealth Department of Social Services | 2,502,717 | 2,365,761 |
| - NSW Department of Communities and Justice | - | 354,561 |
| Non-government grants | 998,061 | 1,375,660 |
| | **6,075,508** | **6,190,223** |
| **Income recognised under AASB 1058:** | | |
| Donations and fundraising | 6,401,750 | 4,742,157 |
| Commonwealth Government COVID-19 stimulus funding income | - | 827,500 |
| Consulting revenue | 20,833 | - |
| Sundry income | 19,768 | 13,415 |
| | **6,442,351** | **5,583,072** |
| Other income | | |
| Interest and investment income | 115,770 | 152,323 |
| **Total revenue and other income** | **12,633,629** | **11,925,618** |
| Total revenue and other income comprise: | | |
| Revenue from continuing activities | 12,517,859 | 10,945,795 |
| Other income | 115,770 | 979,823 |

## Note 4. Cash and cash equivalents

| | 30 Sep 2021 $ | 30 Sep 2020 $ |
|---|---|---|
| Cash at bank and on hand | 820,314 | 754,052 |
| Term deposits | 5,234,959 | 3,377,456 |
| | **6,055,273** | **4,131,508** |

## Note 5. Trade and other receivables

| | 30 Sep 2021 $ | 30 Sep 2020 $ |
|---|---|---|
| Trade Receivables | 9,287 | 50,405 |
| Other debtors | 32,637 | 171,070 |
| | **41,924** | **221,475** |

## Note 6. Plant and equipment

| | Leasehold Improvements $ | Plant and Equipment $ | TOTAL $ |
|---|---|---|---|
| Cost | | | |
| Balance as at 1 October 2020 | 288,035 | 225,326 | 513,361 |
| Additions | 8,970 | 19,179 | 28,149 |
| Disposals | - | (61,815) | (61,815) |
| **Balance as at 30 September 2021** | **297,005** | **182,690** | **479,695** |
| Depreciation | | | |
| Balance as at 1 October 2020 | (272,944) | (173,355) | (466,299) |
| Depreciation | (16,433) | (31,076) | (47,509) |
| Disposals | - | 34,294 | 32,292 |
| **Balance as at 30 September 2021** | **(289,377)** | **(170,137)** | **(459,514)** |
| Carrying amount | | | |
| **Balance as at 30 September 2020** | **15,091** | **51,971** | **67,062** |
| **Balance as at 30 September 2021** | **7,628** | **12,553** | **20,181** |

## Note 7. Right of use assets

| | Buildings $ | TOTAL $ |
|---|---|---|
| Balance as at 1 October 2020 | 685,780 | 685,780 |
| Additions | - | - |
| Depreciation charge | (208,553) | (208,553) |
| **Balance as at 30 September 2021** | **477,227** | **477,227** |

## Note 8. Intangible assets

| | Computer Software $ |
|---|---|
| Cost | |
| Balance as at 1 October 2020 | 187,160 |
| Additions | - |
| Disposals | - |
| **Balance as at 30 September 2021** | **187,160** |
| | |
| Amortisation | |
| Balance as at 1 October 2020 | (173,768) |
| Amortisation charge | (12,956) |
| Disposals | - |
| **Balance as at 30 September 2021** | **(186,724)** |
| | |
| Carrying amount | |
| **Balance as at 30 September 2020** | **13,392** |
| **Balance as at 30 September 2021** | **436** |

## Note 9. Financial assets

| Current | 30 Sep 2021 $ | 30 Sep 2020 $ |
|---|---|---|
| Short term bank deposits | 167,696 | 166,531 |
| | | |
| Non-Current | | |
| Fair Value Through Other Comprehensive Income (FVOCI) financial assets | | |
| - Australian listed securities including notes | 3,751,913 | 2,710,634 |

The financial instruments are quoted on the Australian Securities Exchange.

## Note 10. Trade and other payables

| Current | 30 Sep 2021 $ | 30 Sep 2020 $ |
|---|---|---|
| Trade creditors | - | - |
| Sundry creditors and accruals | 332,521 | 181,984 |
| GST payable | 93,879 | 50,680 |
| PAYG withheld | 86,796 | 78,827 |
| Other | - | 2,263 |
| | **513,196** | **313,754** |

## Note 11. Contract liabilities

| Current | 30 Sep 2021<br>$ | 30 Sep 2020<br>$ |
|---|---|---|
| Unspent grants - government | 1,893,954 | 1,215,104 |
| Unspent grants - non-government | - | 445,785 |
| Other service liabilities | 98,502 | 139,621 |
| | **1,992,456** | **1,800,510** |

## Note 12. Provisions

| Current | 30 Sep 2021<br>$ | 30 Sep 2020<br>$ |
|---|---|---|
| Employee benefits | | |
| - Annual leave | 335,779 | 226,720 |
| - Long service leave | 31,932 | 48,276 |
| | **367,711** | **274,996** |

| Non-Current | 30 Sep 2021<br>$ | 30 Sep 2020<br>$ |
|---|---|---|
| Employee benefits | | |
| - Long service leave | 47,239 | 25,058 |
| Office lease make good provision | 109,239 | 105,338 |
| | **156,478** | **130,396** |

## Note 13. Lease liabilities

| Current | 30 Sep 2021<br>$ | 30 Sep 2020<br>$ |
|---|---|---|
| Lease liabilities – buildings | 218,561 | 193,863 |
| | **218,561** | **193,863** |

| Non-Current | 30 Sep 2021<br>$ | 30 Sep 2020<br>$ |
|---|---|---|
| Lease liabilities - buildings | 273,656 | 492,220 |
| | **273,656** | **492,220** |

## Note 14. Reserves

| | Innovation Reserve $ | Operating Reserve | FVOCI Reserve $ | Total Reserves $ |
|---|---|---|---|---|
| Balance 1 October 2019 | 327,077 | - | 61,504 | 388,581 |
| Fair value revaluation of investments | - | - | (61,532) | (61,532) |
| Transfer from accumulated funds | 361,617 | - | 28 | 361,645 |
| **Balance 30 September 2020** | **688,694** | **-** | **-** | **688,694** |
| Balance 1 October 2020 | 688,694 | - | - | 688,694 |
| Fair value movement of investments | - | - | 45,838 | 45,838 |
| Transfer from accumulated funds | (688,694) | 5,116,398 | - | 4,427,704 |
| **Balance 30 September 2021** | **-** | **5,116,398** | **45,838** | **5,162,236** |

## Note 15. Commitments

Nil.

## Note 16. Contingent liabilities

As per Note 9 there is a bank guarantee in relation to the lease of $167,696 (2020: $166,531) secured against the term deposits held with Westpac Banking Corporation.

## Note 17. Related party transactions

### Key management personnel disclosures

Key management personnel include the Directors, Chief Executive Officer and the Leadership Team. The prior year figure has been restated to include the extra positions for consistency.

The aggregate compensation made to key management personnel of the Company is set out below:

| | 30 Sep 2021 $ | 30 Sep 2020 $ |
|---|---|---|
| Key management personnel remuneration | **1,239,406** | **1,289,582** |

### Other related party transactions

The Directors act in an honorary capacity and receive no paid compensation for their services.

Donations may be received from related parties.

## Note 18. Events subsequent to reporting date

There are no subsequent events to report.

## Note 19. Reconciliation of cash flows from operating activities

| | 30 Sep 2021<br>$ | 30 Sep 2020<br>$ |
|---|---|---|
| **Net surplus for the year** | 2,168,629 | 1,854,450 |
| | | |
| Non-cash flows in net surplus for the year: | | |
| Depreciation and amortisation | 60,465 | 109,722 |
| Depreciation of right-of-use asset | 208,553 | 150,020 |
| | | |
| **Changes in operating assets and liabilities** | | |
| Increase in trade and other receivables and prepayments | 167,033 | (86,227) |
| (Decrease) / increase in trade and other creditors | 199,442 | (166,592) |
| Increase / (decrease) in contract liabilities | 191,945 | (690,321) |
| (Decrease) / increase in provisions | 118,799 | 90,709 |
| **Net cash provided by operating activities** | **3,114,866** | **1,261,761** |

## Note 20. Charitable fundraising and donations disclosures

Statement of Income and Expenditure of Fundraising Appeals

| | 30 Sep 2021<br>$ | 30 Sep 2020<br>$ |
|---|---|---|
| General donations | 3,770,315 | 3,475,702 |
| Fundraising events and appeals | 2,631,435 | 1,266,455 |
| Corporate and non-government grants received | 988,061 | 1,375,660 |
| | | |
| *Less allocation of fundraising funds*: | | |
| Direct costs of fundraising appeals | (426,034) | (355,250) |
| | | |
| **Net surplus obtained from fundraising appeals** | **6,973,777** | **5,762,567** |

## Note 20. Charitable fundraising and donations disclosures (continued)

Statement of Income and Expenditure of Fundraising Appeals

| | 30 Sep 2021<br>$ | 30 Sep 2020<br>$ |
|---|---|---|
| Assets and liabilities resulting from fundraising | | |
| Amounts recognised as unspent grants and committed to future projects (carried as contract liabilities – refer Note 11) | - | 445,785 |
| Other service liabilities – amounts received in advance for future fundraising activities | 98,502 | 89,217 |

Funds received for specific purposes or programs are applied in accordance with the intention of the donation or grant.
Other than other service liabilities disclosed as a liability in Note 11, fundraising balances are not separately disclosed in the assets and liabilities and are applied to the charitable purposes of the company through accumulated funds.

## Responsible Entities' Declaration

**For the year ended 30 September 2021**

In the Responsible Entities' opinion:

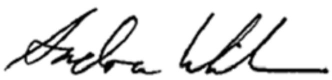
1 The attached financial statements and notes are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 including:

a. giving a true and fair view of the financial position of the Company as at 30 September 2021 and of its performance and its cash flows, for the year ended on that date; and

b. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013;

2 There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors (the Responsible Entities):



**Andrew Wilson**
Chair

Sydney
29 November 2021

## Declaration in accordance with Charitable Fundraising Act 1991 (NSW)

I, Ashley de Silva, Principal Officer of ReachOut Australia declare that in my opinion:

1. The Company is able to pay all of its debts as and when the debts become due and payable;
2. The 30 September 2021 financial statements of the Company satisfy the requirements of the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulation 2021;
3. The contents of the 30 September 2021 financial statement of the Company are true and fair; and
4. The Company has appropriate and effective internal controls.

**Ashley de Silva**
CEO and Principal Officer

29 November 2021

Grant Thornton

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# Independent Auditor's Report

## To the Members of ReachOut Australia

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of ReachOut Australia (the "Registered Entity"), which comprises the statement of financial position as at 30 September 2021, the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and the Responsible Entities' declaration.

In our opinion the financial report of ReachOut Australia has been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012 ("ACNC Act"), including:

1. giving a true and fair view of the Registered Entity's financial position as at 30 September 2021 and of its financial performance for the year then ended; and
2. complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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 opinion.

### Information other than the financial report and auditor's report thereon

Those charged with governance are responsible for the other information. The other information comprises the Declaration by the Principal Officer in accordance with the Charitable Fundraising Act 1991 (NSW) and the Directors' Report.

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

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

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

### Responsibilities of the Responsible Entities for the financial report

The Responsible Entities of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the ACNC Act, the Charitable Fundraising Act 1991 (NSW) and the Charitable Fundraising Regulation 2021 (NSW), and for such internal control as the Responsible Entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

### Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional 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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Responsible Entities.

- Conclude on the appropriateness of the Responsible Entities' 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 Registered Entity'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 Registered Entity 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 those charged with governance 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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

James Winter

James Winter
Partner – Audit & Assurance

Sydney, 29 November 2021