Volunteering Australia Incorporated

ABN: 23 062 806 464

Financial Statements

For the Year Ended 30 June 2017

Volunteering Australia Incorporated

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Contents

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Directors' Report

For the Year Ended 30 June 2017

The Directors submit the financial report of Volunteering Australia Incorporated for the financial year ended 30 June 2017.

1. **General information**

Directors

The names of the Directors throughout the year and at the date of this report are:

Names	**Date Appointed / Resigned**
Beverly East	31 October 2016 / 23 January 2017
Michelle Ewington	25 October 2013
Matt Franklin	26 May 2016
Valerie Hoogstad	23 November 2012
Tim Jackson	23 November 2012
Amit Jois	23 May 2014
Peter Lucas	24 July 2014
Ross Morgan	5 December 2016
David Morrison	26 June 2014 / 31 October 2016
Megan Paull	23 January 2017
Robyn Rose	23 November 2012 / 24 November 2016
Angela Seach	24 November 2016
Ross Wiseman AM	26 July 2012 / 5 December 2016

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of Volunteering Australia Incorporated during the financial year were to represent the diverse views and needs of the volunteer sector while promoting the activity volunteering as one of enduring social, cultural and economic value.

Significant changes

No significant change in the nature of these activities occurred during the year.

2. **Operating results and review of operations for the year**

Operating result

The deficit of Volunteering Australia for the financial year was $48,789 (2016: Surplus $49,018).

Signed in accordance with a resolution of the Directors of Volunteering Australia:

Director: ………………………………………….
Tim Jackson (Chair)

Director: ………………………………………….
Peter Lucas CA

Dated 31 August 2017

Volunteering Australia Incorporated

ABN: 23 062 806 464

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	2017 $	2016 $
Grant income		**242,453**	347,556
Project and sponsorship income		**35,000**	303,417
Merchandise sales		**110,538**	114,076
Donations		**9,500**	-
Interest		**5,569**	6,872
Other income		**2,382**	17,843
Total income		**405,442**	789,764
Less Cost of Goods Sold		(38,821)	(60,027)
Gross Profit		**366,621**	729,737
Depreciation and amortisation	3, 8	**(2,676)**	(371)
Employee benefits expense		**(270,987)**	(243,093)
Marketing expense		**(14,704)**	(16,544)
Other expenses from ordinary activities		**(46,838)**	(77,012)
Professional expenses		**(4,836)**	(1,550)
Project expenses		**(46,382)**	(291,055)
Remuneration of auditor		**(4,500)**	(12,800)
Travel and accommodation expense		**(24,487)**	(38,294)
Total expenses		**(415,410)**	(680,719)
Current year (deficit)/surplus before income tax		**(48,789)**	49,018
Income tax expense	1(a)	**-**	-
Current year (deficit)/surplus		**(48,789)**	49,018
Other comprehensive income			
Total comprehensive income for the year		**(48,789)**	49,018

The accompanying notes form part of these financial statements.

Volunteering Australia Incorporated

ABN: 23 062 806 464

Statement of Financial Position

As at 30 June 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**463,184**	377,931
Accounts receivable and other debtors	6	**298,675**	31,915
Inventories on hand	7	**9,151**	11,402
Other assets	8	**33,562**	7,719
TOTAL CURRENT ASSETS		**804,572**	428,967
NON-CURRENT ASSETS			
Intangible assets	9	**-**	2,676
TOTAL NON-CURRENT ASSETS		**-**	2,676
TOTAL ASSETS		**804,572**	431,643
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	10	**477,914**	51,284
Employee Provisions	11	**10,535**	15,448
TOTAL CURRENT LIABILITIES		**488,449**	66,732
TOTAL LIABILITIES		**488,449**	66,732
NET ASSETS		**316,122**	364,911
EQUITY			
Retained earnings		**316,122**	364,911
TOTAL EQUITY		**316,122**	364,911

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2017

2017

	Retained Earnings $	Total $
Balance at 1 July 2016	**364,911**	**364,911**
Deficit attributable to members of the entity for the year	**(48,789)**	**(48,789)**
Balance at 30 June 2017	**316,122**	**316,122**

2016

	Retained Earnings $	Total $
Balance at 1 July 2015	315,893	315,893
Surplus attributable to members of the entity for the year	49,018	49,018
Balance at 30 June 2016	364,911	364,911

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**121,021**	127,899
Payments to suppliers and employees		**(602,061)**	(950,747)
Interest received		**5,382**	6,884
Grant Income		**412,170**	382,312
Cash receipts from other operating activities		**148,741**	324,236
Net cash provided by (used in) operating activities	12	**85,253**	(109,418)
Net increase (decrease) in cash and cash equivalents held		**85,253**	(109,418)
Cash and cash equivalents at beginning of year		**377,931**	487,349
Cash and cash equivalents at end of financial year	5	**463,184**	377,931

The accompanying notes form part of these financial statements.

The financial statements cover Volunteering Australia Incorporated as an individual entity. Volunteering Australia Incorporated is a not-for-profit association incorporated in the Australian Capital Territory under the *Associations Incorporation Act (ACT) 1991*.

The financial statements were authorised for issue on the 31 August 2017 by the directors.

1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Income Tax

The Association is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts.

(c) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the association commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using *effective interest method.*

1 Summary of Significant Accounting Policies continued

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets at fair value through profit or loss

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables
- Held-to-maturity investments

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line items respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Association's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

1 Summary of Significant Accounting Policies continued

The Association's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Association assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(d) Impairment of non-financial assets

At the end of each reporting period, the Association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

At the end of each reporting period the Association determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(e) Employee provisions

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits are presented as current liabilities in the statement of financial position if the Association does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

1 Summary of Significant Accounting Policies continued

(f) Cash and cash equivalent

Cash and cash equivalent includes cash on hand, short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from members as well as amounts from government's grants. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non current assets.

(h) Revenue and other income

All items of revenue are recognised in full at the earlier of the date of invoice or receipt, with exception of grant revenue and interest revenue as discussed below.

Grant revenue is recognised when the right to receive the grant has been established.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(i) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(j) Intangible assets

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life of 10 years.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

1 Summary of Significant Accounting Policies continued

(k) Comparative amounts and financial statement changes

The classification and allocation of expenses in the statement of cashflows have been changed to better reflect the operations of the entity.

No changes have been made to the prior year statement of cashflows in total.

(l) Accounts payable and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of the recognition of the liability.

(m) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) New accounting standards and interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Association has decided against early adoption of these Standards. **New Accounting Standards for Application in Future Periods**

An assessment of Accounting Standards issued by the AASB that are not yet mandatorily applicable and their potential impact on the association when adopted in future periods is discussed below:

– AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

  The key changes that may affect the association on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  Although members of the committee anticipate that the adoption of AASB 9 may have an impact on the association's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

1 Summary of Significant Accounting Policies continued

– AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although members of the committee anticipate that the adoption of AASB 16 will impact the association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

1 Summary of Significant Accounting Policies continued

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 *Contributions.*

Although members of the committee anticipate that the adoption of AASB 1058 may have an impact on the association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 2016-4: Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities (applicable to annual reporting periods beginning on or after 1 January 2017).

This Standard amends AASB 136 *Impairment of Assets* to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities; and clarify that AASB 136 does not apply to non-cash-generating specialised assets that are regularly revalued to fair value under the revaluation model in AASB 116 and AASB 138: *Intangible Assets*, but and applies to such assets accounted for under the cost model in those Standards.

AASB 2016-4 is not expected to have a significant impact on the association's financial statements.

2 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key judgments

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements

Notes to the Financial Statements

For the Year Ended 30 June 2017

3 Surplus for the Year

The result for the year includes the following specific expense:

Expense

	2017 $	2016 $
Amortisation	**2,676**	371
	2,676	371

4 Auditors' fees

	2017 $	2016 $
Remuneration of the auditor of the Association for:		
- auditing and reviewing the financial report	**4,500**	5,000
	4,500	5,000

5 Cash and cash equivalent

	2017 $	2016 $
Cash at bank and in hand	**456,525**	371,289
The Volunteer Trust	**6,659**	6,642
	463,184	377,931

6 Accounts receivable and other debtors

	2017 $	2016 $
CURRENT		
Accounts receivable and other debtors	**298,675**	31,915
	298,675	31,915

Credit risk

The Association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 6. The main source of credit risk to the Association is considered to relate to the class of assets described as 'Accounts receivable and other debtors'.

The following table details the Association's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Association and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Association. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

6 Accounts receivable and other debtors continued

			Past due but not impaired (days overdue)				
	Gross amount	Past due and impaired	< 30	31-60	61-90	> 90	Within initial trade terms
	$	$	$	$	$	$	$
2017							
Accounts receivable and other debtors	**298,675**	**-**	**-**	**6,050**	**-**	**-**	**292,625**
Total	**298,675**	**-**	**-**	**6,050**	**-**	**-**	**292,625**
2016							
Accounts receivable and other debtors	31,915	-	-	-	-	-	31,915
Total	31,915	-	-	-	-	-	31,915

Collateral held as security

The Association does not hold any collateral over any receivables balances.

7 Inventories

	2017	2016
	$	$
CURRENT		
Inventories	**9,151**	11,402
	9,151	11,402

8 Other current assets

	2017	2016
	$	$
Prepayments	**33,562**	7,719
	33,562	7,719

9 Intangible Assets

	2017	2016
	$	$
Trademark		
Cost	**3,714**	3,714
Accumulated amortisation and impairment	**(3,714)**	(1,038)
Net carrying value	**-**	2,676
Total Intangibles	**-**	2,676

Intangible assets, other than goodwill have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the statement of profit or loss and other comprehensive income.

10 Accounts payable and other payables

	2017 $	2016 $
CURRENT		
GST payable	**41,938**	-
Accounts payable	**8,649**	32,800
Amounts held in The Volunteer Trust Account	**6,659**	6,642
Accrued expenses	**11,921**	11,842
Income in advance	**408,747**	-
	477,914	51,284

(a) Financial liabilities at amortised cost classified as accounts payable and other payables

	Note	2017 $	2016 $
Accounts payable and other payables:			
- Total current		**477,914**	51,284
Amounts received in advance		**(408,747)**	-
Amounts held in The Volunteer Trust		**(6,659)**	(6,642)
GST Payable		**(41,938)**	-
Financial liabilities as accounts payable and other payables	14	**20,570**	44,642

11 Employee Provisions

	2017 $	2016 $
Current liabilities		
Employee provisions – annual leave entitlements	**10,535**	15,448

Analysis of employee provisions – annual leave entitlements

	$
Opening balance at 1 July 2016	**15,448**
Additional provisions	**11,796**
Amounts used	**(16,709)**
Balance as at 30 June 2017	**10,535**

Notes to the Financial Statements

For the Year Ended 30 June 2017

12 Cash Flow Information

Reconciliation of result for the year to cash flows from operating activities

	2017 $	2016 $
(Deficit)/Surplus for the year	**(48,789)**	49,018
Non-cash flows in profit:		
- amortisation	**2,676**	371
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	**(266,760)**	7,894
- (increase)/decrease in other assets	**(25,842)**	2,483
- (increase)/decrease in inventories	**2,251**	(1,849)
- increase/(decrease) in trade and other payables	**426,630**	(175,116)
- increase/(decrease) in employee provisions	**(4,912)**	7,781
Cashflow from operations	**85,253**	(109,418)

13 Economic Dependence

The Association is largely assisted in its activities by operating grants provided by the Federal Government and sponsors. At the date of this report, the Directors had no reason to believe that the member organisations and the Federal Government would not continue to provide support to Volunteering Australia Incorporated.

14 Financial Risk Management

The Association's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2017 $	2016 $
Financial Assets			
Cash and cash equivalent	5	**463,184**	377,931
Accounts receivable and other debtors	6	**298,675**	31,915
Total financial assets		**761,859**	409,846
Financial Liabilities			
Trade and other payables	10	**20,570**	44,642
Total financial liabilities		**20,570**	44,642

Financial risk management policies

The committee has overall responsibility for the establishment of Volunteering Australia Incorporated’s financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Volunteering Australia Incorporated’s activities.

14 Financial risk management policies continued

The day to day risk management is carried out by Volunteering Australia Incorporated's finance function under policies and objectives which have been approved by the board. The Chief Executive Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate.

The Association receives quarterly reports which provide details of the effectiveness of the processes and policies in place.

Volunteering Australia Incorporated does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Specific financial risk exposure and management

The main risks Volunteering Australia Incorporated is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

There have been no substantive changes in the types of risk the association is exposed to, how these risks arise, or the committee's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to Volunteering Australia Incorporated and arises principally from Volunteering Australia Incorporated's receivables.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Association has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 6.

Accounts receivable and other debtors that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 6.

(b) Liquidity risk

Liquidity risk arises from the possibility that Volunteering Australia Incorporated might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and

Typically, Volunteering Australia Incorporated ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

14 Financial risk management policies continued

The available funds to the Association are discussed in note 5.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Financial guarantee liabilities are treated as payable on demand since Volunteering Australia Incorporated has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

		Within 1 Year		Total	
		2017	2016	2017	2016
	Note	$	$	$	$
Financial liabilities due for payment					
Accounts payable and other payables	10	**20,570**	44,642	**20,570**	44,642
Total expected outflows		**20,570**	44,642	**20,570**	44,642
Financial assets - cash flows realisable					
Cash and cash equivalent	5	**463,184**	377,931	**463,184**	377,931
Accounts receivable	6	**298,675**	31,915	**298,675**	31,915
Total anticipated inflows		**761,859**	409,846	**761,859**	409,846
Net inflow on financial instruments		**741,289**	365,204	**741,289**	365,204

The timing of expected outflows is not expected to be materially different from contracted cash flows.

(c) **Market risk**

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The financial instruments that expose the Association to interest rate risk are limited to cash and cash equivalents.

14 Financial risk management policies continued

Sensitivity analysis

The following table illustrates sensitivities to Volunteering Australia Incorporated's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting year would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $	Equity $
Year ended 30 June 2017		
+/- 2% in interest rates	**9,264**	**9,264**

	Profit $	Equity $
Year ended 30 June 2016		
+/- 2% in interest rates	7,559	7,559

No sensitivity has been performed on foreign exchange risk as the association has no exposure to currency risk.

Fair values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

14 Financial risk management policies continued

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

		2017		2016	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		$	$	$	$
Financial assets					
Cash and cash equivalents	5	**463,184**	**463,184**	377,931	377,931
Accounts receivable	6	**298,675**	**298,675**	31,915	31,915
Total financial assets		**761,859**	**761,859**	409,846	409,846
Financial liabilities					
Accounts payable and other payables	10	**20,570**	**20,570**	44,642	44,642
Total financial liabilities		**20,570**	**20,570**	44,642	44,642

15 Events Occurring After the Reporting Date

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

16 Related party transactions

	2017	2016
	$	$

a. Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including its committee members, is considered key management personnel.

Key management personnel compensation:

	2017	2016
– short-term employee benefits	**141,536**	149,770
– post-employment benefits	**12,101**	14,053
	153,637	163,823

b. Other Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

17 Association Details

The registered office and principal place of business of the Association is:

Volunteering Australia Incorporated

Level 2, 202 City Walk

CANBERRA ACT 2601

Volunteering Australia Incorporated
ABN: 23 062 806 464
Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- 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; and
- The financial statements 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 *Australia Charities and Not-for-profit Commission Regulation 2013*.

....
Tim Jackson (Chair) Peter Lucas CA

Dated 31 August 2017

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Independent Audit Report to the members of Volunteering Australia Incorporated

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Volunteering Australia Incorporated (the Association), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

(i) giving a true and fair view of the Association's financial position as at 30 June 2017 and of its financial performance for the year ended; and

(ii) complying with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*.

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 Association in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the the Association'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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

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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.

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 Association'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 Association'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 Association 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 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hardwickes
Chartered Accountants
Hardwicke

R Johnson

Robert Johnson FCA
Partner

Canberra

31 August 2017

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AUSTRALIA + NEW ZEALAND