Survivors of Torture and Trauma Assistance and Rehabilitation Service Inc.

Financial Report for the year ended 30 June 2020

Survivors of Torture and Trauma Assistance and Rehabilitation Service Inc.

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Survivors of Torture and Trauma Assistance and Rehabilitation Service Inc.
Financial report for the year ended 30 June 2020

BOARD OF MANAGEMENT REPORT

Your Board of Management submit the financial report of for the financial year ended 30 June 2020.

Board Members

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

John Oliphant (Chairperson)
Gay Gardner (Vice Chair)
Muhammad Akram (Appointed 19 February 2020)
Carol Irizarry
Sandra Gault
Bernadette McGrath
Kaz Eaton
Perla Soberon-Brittle
Janine Harrison
David Wild

Members of the Board have been in office since the start of the year unless otherwise stated. No other officer of the Association has received directly or indirectly from the association any payment or other benefit of a pecuniary value.

Apart from Note 11, at no time during the year ended 30 June 2020 has any officer or related firm or body corporate, received or become entitled to receive a benefit arising from a contract between the officer, firm or body corporate and the Association.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the entity.

Principal Activities

STTARS, Survivors of Torture and Trauma Assistance and Rehabilitation Services, has been providing services to torture and trauma survivors in SA since 1991. We have assisted thousands of people from a refugee and migrant background who have experienced torture or been traumatised as a result of persecution, violence, war or unlawful imprisonment prior to their arrival in Australia.

Significant Changes

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

Operating Results

The surplus for the year ending 30 June 2020 amounted to $162,927 (2019: $60,215)

Signed in accordance with a resolution of the members of the Board

K.J.O'C

Dated this 30 day of September 2020

Survivors of Torture and Trauma Assistance and Rehabilitation Service Inc.
Financial report for the year ended 30 June 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Revenue	2	4,311,120	4,020,073
Salaries, wages and employee costs		(3,244,736)	(3,008,000)
Audit and accounting fees		(9,013)	(8,000)
Client expenses		(350,098)	(445,729)
Depreciation		(23,380)	(19,204)
Insurance		(6,070)	(1,809)
Occupancy expenses		(39,388)	(39,468)
Rent		(165,413)	(170,609)
Other operating expenses	2	(310,095)	(267,039)
Current year surplus before income tax		**162,927**	**60,215**
Income tax expense		-	-
Net current year surplus		**162,927**	**60,215**
Other comprehensive income		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-
Net current year surplus attributable to members of the Association		**162,927**	**60,215**
Total comprehensive income attributable to members of the Association		**162,927**	**60,215**

The accompanying notes form part of these financial statements.

Survivors of Torture and Trauma Assistance and Rehabilitation Service Inc.
Financial report for the year ended 30 June 2020

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	2,533,038	2,201,222
Trade and other receivables	4	134,138	46,775
Prepayments		32,127	18,496
TOTAL CURRENT ASSETS		**2,699,303**	**2,266,493**
NON-CURRENT ASSETS			
Property, plant and equipment	5	42,227	65,607
TOTAL NON-CURRENT ASSETS		**42,227**	**65,607**
TOTAL ASSETS		**2,741,530**	**2,332,100**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	225,317	229,455
Contract liabilities		310,565	-
Grants received in advance		-	143,962
Employee provisions	7	388,561	330,210
TOTAL CURRENT LIABILITIES		**924,443**	**703,627**
NON-CURRENT LIABILITIES			
Employee provisions	7	62,608	36,921
TOTAL NON-CURRENT LIABILITIES		**62,608**	**36,921**
TOTAL LIABILITIES		**987,051**	**740,548**
NET ASSETS		**1,754,479**	**1,591,552**
EQUITY			
Retained Earnings		1,754,479	1,591,552
TOTAL EQUITY		**1,754,479**	**1,591,552**

The accompanying notes form part of these financial statements.

Survivors of Torture and Trauma Assistance and Rehabilitation Service Inc.
Financial report for the year ended 30 June 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Retained Surplus	Total
	$	$
Balance at 1 July 2018	**1,531,337**	**1,531,337**
Comprehensive income		
Net surplus for the year	60,215	60,215
Other comprehensive income for the year	-	-
Total comprehensive income attributable to members of the entity	**60,215**	**60,215**
Balance at 30 June 2019	**1,591,552**	**1,591,552**
Balance at 1 July 2020	**1,591,552**	**1,591,552**
Comprehensive income		
Net surplus for the year	162,927	162,927
Other comprehensive income for the year	-	-
Total comprehensive income attributable to members of the entity	**162,927**	**162,927**
Balance at 30 June 2020	**1,754,479**	**1,754,479**

The accompanying notes form part of these financial statements.

Survivors of Torture and Trauma Assistance and Rehabilitation Service Inc.
Financial report for the year ended 30 June 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating grants		4,709,841	4,100,677
Receipts from services		26,716	16,817
Other receipts		40,889	30,891
Interest received		31,931	43,125
Payments to suppliers and employees		(4,130,965)	(3,955,106)
Net GST paid		(346,596)	(255,179)
Net cash provided by/ (used) in operating activities	12	**331,816**	**(18,775)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		-	(1,529)
Net cash provided by/ (used) in investing activities		-	**(1,529)**
Net increase in cash held		**331,816**	**(20,304)**
Cash and cash equivalents at the beginning of the year		2,201,222	2,221,526
Cash and Cash Equivalents at the end of the financial year	3	**2,533,038**	**2,201,222**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the *Associations Incorporation Act 1985* and the *Australian Charities Not-For-Profit Commission Act 2012* . The Board has determined that the Association is not a reporting entity.

These special purpose financial statements do not comply with all the recognition and measurement requirements in Australian Accounting Standards. Specifically, the Association has elected to not comply with the recognition and measurement requirements of the new Australian Accounting Standard AASB 16 *Leases* and continues to treat its property lease as an operating lease with monthly rental expenses recorded as its incurred in the profit and loss and other comprehensive income statement. Refer to Note 8 for the Operating Lease Commitments as at 30 June 2020.

In order to satisfy Division 60 of the *Australian Charities Not-For-Profit Commission Act 2012* the financial report has been prepared in accordance with the following Australian Accounting 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 financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Income Tax

The Association is exempt from income tax pursuant to section 50-40 of the *Income Tax Assessment Act 1997* .

b. Plant and Equipment

Plant and equipment is measured on the cost basis and are therefore carried at cost less accumulated depreciation.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use.

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are recognised in profit or loss when the item is derecognised.

c. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

d. Trade and Other Payables

Trade 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 which remain unpaid and arise when the Association becomes obligated to make future payments in respect of the purchase of these goods and services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

e. **Contract Liabilities**

Contract liabilities represent the Association's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Association recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Association has transferred the goods or services to the customer.

f. **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 periods. Employee Benefits have been measured at the amounts expected to be paid when the liability is settled.

The Association provides for long service leave once an employee reaches five years' service.

g. **Other Provisions**

Other provisions are recognised by the Association when there is a significant expenditure outlay to be made within the next 12 months.

h. **Cash on Hand**

Cash on hand includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less.

i. **Trade and Other Receivables**

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. 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.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

j. **Contract Assets**

Contract assets are recognised when the Association has transferred goods or services to the customer but where the Association is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

k. **Revenue and Other Income**

Revenue from contracts with customers is recognised at an amount that reflects the consideration to which the Association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the expected value' or most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

k. Revenue and Other Income (cont.)

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Association satisfies the performance obligations stated within the funding agreement.

If conditions are attached to the grant which must be satisfied before the Association is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue is recognised when it is received or when the right to receive payment is established.

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

l. Goods and Services Tax (GST)

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 (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable, to the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

m. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Association retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period is presented in addition to the minimum comparative financial statements.

n. Economic Dependency

The Association receives significant funding from government grants, community grants, donations and fundraising. The extent to which to Association will be able to continue the provision of services at current levels is dependent on the continuation of appropriate levels of government funding, community grants, fundraising activities and donations and the achievement of operating surpluses and positive operating cash flow.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

o. **New and amended Accounting Standards adopted by the Association**

Initial application of AASB 15: *Revenue from Contracts with Customers*

The Association has adopted AASB 15 with a date of initial application of 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an Association shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Association expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies note 1(k). Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an Association's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Association's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Initial application of AASB 1058: *Income of Not-for-Profit Entities*

The Association has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the Association to further its objectives. For transfers of financial assets to the Association which enable it to acquire or construct a recognisable non-financial asset, the Association must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the Association satisfies its performance obligation. If the transaction does not enable the Association to acquire or construct a recognisable non-financial asset to be controlled by the Association, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit Association can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption

AASB 15 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019.

The impact of the new Accounting Standards compared with the previous Accounting Standards on the current reporting period is as follows:

		AASB 15	
	Previous	New	Difference
Contract assets	-	-	-
Other current assets	-	-	-
Total current assets	-	-	-
Contract liabilities	-	310,565	(310,565)
Other current liabilities	310,565	-	310,565
Total current liabilities	310,565	310,565	-
Net assets	1,754,479	1,754,479	-

As a consequence of applying AASB 15 and AASB 1058, the treatment of income in advance was reviewed for circumstances where the following year's revenue is invoiced in advance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 $	2019 $
NOTE 2: INCOME AND EXPENSES		
INCOME:		
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Operating grants	4,124,221	3,906,558
SRSS services	16,921	39,499
	4,141,142	**3,946,057**
OTHER REVENUE		
Interest	31,931	43,125
Cash flow boost	100,000	-
Other income	38,047	30,891
	169,978	**74,016**
Total Income	**4,311,120**	**4,020,073**
OTHER OPERATING EXPENSES:		
Advertising and promotion	15,553	5,910
Bank charges	(1,146)	(337)
Board expenses	8,836	3,960
Computer expenses	12,732	21,202
Consultants	27,539	9,388
Diversity program	3,603	3,975
Doubtful debts expense	435	43,975
Employment supervision costs	12,745	10,538
Equipment hire	4,606	5,160
Legal fees	6,861	4,368
Membership fees	18,464	20,026
Minor capital expenditure	35,124	2,952
Parking	6,173	6,795
Postage	2,537	2,238
Printing and stationery	14,133	11,574
Publications	342	56
Repairs and maintenance	8,549	6,276
Staff amenities	5,310	6,319
Staff training	40,131	46,709
Staff travel	8,926	4,735
Sundry expenses	22,480	(3,939)
Telephone	42,176	49,830
WHS Expenses	13,986	5,329
Total Expenses	**310,095**	**267,039**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 $	2019 $
NOTE 3: CASH AND CASH EQUIVALENTS		
Operating cash account	68,836	101,842
Other Westpac accounts	54,662	2,079,182
Commonwealth bank accounts	-	19,264
Petty cash	359	934
Term deposits	2,409,181	-
	2,533,038	**2,201,222**
NOTE 4: TRADE AND OTHER RECEIVABLES		
Trade Debtors	2,720	94,532
Provision for Doubtful Debts	-	(82,017)
Other Debtors	131,418	34,260
	134,138	**46,775**
NOTE 5: PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment		
At cost	102,408	114,854
Accumulated depreciation	(66,023)	(55,738)
	36,385	**59,116**
Furniture and Fittings		
At cost	22,192	22,192
Accumulated depreciation	(16,350)	(15,701)
	5,842	**6,491**
Total property, plant and equipment	**42,227**	**65,607**
NOTE 6: TRADE AND OTHER PAYABLES		
Accounts payable	26,572	22,008
Accrued expenses	11,967	10,648
Payroll related	119,743	125,476
Other payables	67,035	71,323
	225,317	**229,455**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 $	2019 $
NOTE 7: EMPLOYEE PROVISIONS		
CURRENT		
Annual leave	276,316	252,817
Long service leave	112,245	77,393
TOTAL CURRENT	**388,561**	**330,210**
NON-CURRENT		
Long service leave	62,608	36,921
TOTAL NON-CURRENT	**62,608**	**36,921**
Total employee provisions	**451,169**	**367,131**

NOTE 8: CAPITAL AND LEASING COMMITMENTS

The Association has no finance lease commitments or capital commitments at 30 June 2020.

Operating Lease Commitments

The Association has non-cancellable operating commitments. The primary item is in respect of a rental of the property located at 81 Angas Street but not capitalised in the financial statements as follows:

not later than 12 months	170,455	179,903
between 12 months and 5 years	58,500	124,665
	228,955	**304,568**

The lease agreement is for a ten-year term with payments indexed for CPI year for the term of the lease. The lease expires on the 1st of July 2021. There are also some small rolling leases for rental accommodation and equipment.

NOTE 9: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Association has no contingent liabilities at 30 June 2020.

NOTE 10: EVENTS AFTER THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

NOTE 11: RELATED PARTY TRANSACTIONS

During the year, Sandra Gault (who is a Board Member of the Association) provided clinical supervision services to the staff at the Association. Sandra Gault was paid a total of $7,440 for her services to the Association in the financial year ended 30 June 2020 and the transactions were at arms length.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 $	2019 $
NOTE 12: CASH FLOW INFORMATION		
Reconciliation of cash flow from operating activities with net current year surplus		
Current year surplus after income tax	162,927	60,215
Non-cash flows in current year surplus		
- Depreciation	23,380	19,204
Changes in assets and liabilities		
- (increase)/ decrease in trade receivables	9,795	39,726
- (increase) / decrease in other receivables	(97,158)	47,515
- (increase) / decrease in prepayments	(13,631)	15,778
- increase/ (decrease) in trade and other payables	(4,138)	(124,456)
- increase/ (decrease) in contract liabilities	310,565	-
- increase/ (decrease) in employee benefits	84,038	79,782
- increase/(decrease) in grants in advance	(143,962)	(138,106)
- increase/(decrease) in income in advance	-	(18,433)
Cash flow from operations	**331,816**	**(18,775)**

NOTE 13: ASSOCIATION DETAILS

The registered office and principal place of business of the Association is:
81 Angas Street
ADELAIDE SA 5000

Survivors of Torture and Trauma Assistance and Rehabilitation Service Inc.

STATEMENT BY MEMBERS OF THE BOARD OF MANAGEMENT

The Board of Management has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Board of Management the financial report as set out on pages 3 to 15:

1. There are reasonable grounds to believe the registered entity is able to pay all its debts, as and when they become due and payable.

2. The attached financial statements and notes thereto satisfy the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*; including giving a true and fair view of the financial position and performance of the registered entity in accordance with Australian Accounting Standards.

3. There are no subsidiary body corporates related to the Association.

4. The Association does not act in any capacity as Trustee.

This statement is made in accordance with a resolution of the Board of Management and is signed for and on behalf of the Board by:

Chairperson K.J.O'L

Treasurer

Dated this 30 day of September 2020