

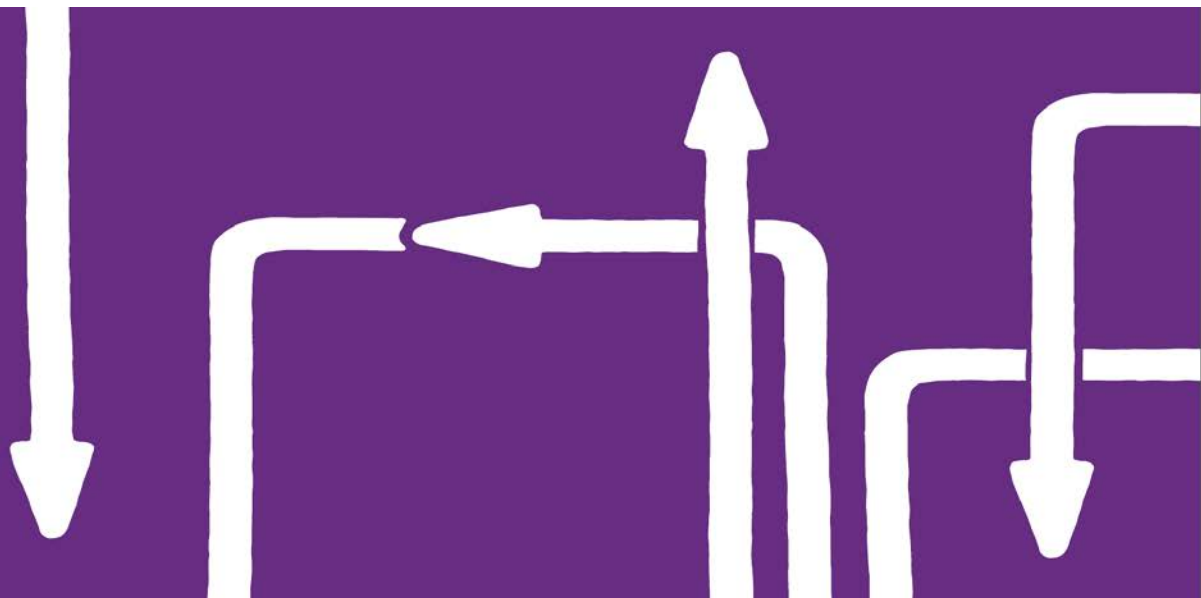


Foodbank Australia Limited

ABN 58 073 579 254

Financial Report

for the Financial Year Ended 30 June 2019



Foodbank Australia Limited

Annual Financial Report for the Financial Year Ended 30 June 2019

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Foodbank Australia Limited

Directors' Report

The directors of Foodbank Australia Limited submit herewith the annual financial report for the financial year ended 30 June 2019. In order to comply with the provisions of the Australian Charities and Not-for-profits Commission Act 2012, the directors report as follows:

The names and particulars of the directors of the Company during or since the end of the financial year are:

Name	Roles/Directorships	Special Responsibilities
<p>Tanya Barden Chief Executive Officer of AFGC. Significant experience at senior executive levels in both the public and private sectors, with a career spanning the public service and business. Experience in the food and grocery sector, working as AFGC Director of Economics, Trade and Sustainability. Also experience in competition, energy and economics policy and regulation having worked in various roles at the Australian Competition and Consumer Commission. Subsequent to this she worked for energy retailer ActewAGL and ran her own on-line food retail business.</p>	<p>Director Foodbank Australia Limited; Chief Executive Officer of AFGC.</p>	<p>Member - Remuneration and Membership Committee</p>
<p>Stuart Clutterbuck FCA, FTIA Over 30 years' professional experience with the last 19 years as a Partner in a chartered accountancy firm advising small to medium sized businesses on growth strategies, accounting and taxation advice.</p>	<p>Member-Appointed Non-Executive Director Foodbank Australia Limited (from 5.9.19); Chair Foodbank of Tasmania Limited (27.2.19); Director WLF Accounting & Advisory.</p>	
<p>Dorothy Coombe Significant experience in marketing including ownership of Coombe Telephone Marketing Pty Ltd. Former board member of the Australian Telemarketing Association. Appointed Chair of Foodbank Victoria in June 2015 following joining the board in 2013 as State President of the Country Women's Association of Victoria. Former National President of the Country Women's Association of Australia 2015-2018.</p>	<p>Member-Appointed Non-Executive Director Foodbank Australia Limited; Chair Foodbank Victoria Limited; Immediate Past National President Country Women's Association of Australia; Treasurer and Vice President National Rural Women's Coalition; Director - FarmSafe Australia; Co-opted Council and Member-Appointed Representative National Rural Health Alliance; Member Rural Consumer Expert Reference Group for the Rural Health Commissioner; Member Rural Regional Remote Communications Coalition; Consultant to the Australian Communications and Media</p>	<p>Member - Fundraising Committee</p>

	Authority; Consultant to the Consumer Consultation Forum; Consultant to the Australian Energy Regulator Consumer Consultative Group.	
John Debenham B.Comm, MBA, FCPA, GAICD, SF FIN, MDIA A career banker with diversified experience across many functions in finance at Suncorp, ANZ, Deloitte and NAB. In over 12 years with Suncorp, he has held various senior executive positions and is currently Head of Business Customers. Founding director of "K's4 Aussie Farmers" a charity bike ride raising funds to assist farmers doing it tough.	Member-Appointed Non-Executive Director Foodbank Australia Limited (till 22.11.18); Chair Foodbank Queensland Limited.	Member - Audit & Risk Committee
Anthony (Tony) Froggatt LLB Hons MBA Former Chief Executive of Scottish and Newcastle plc, a global brewing company based in Edinburgh UK. Prior to that he held various senior management positions in Seagram Spirits and Wine Group, Diageo plc, H J Heinz and the Gillette Company. He has been involved in global business and brand development in both mature and developing markets as well as having extensive marketing and distribution knowledge particularly in the international food and beverages sector. Bachelor of Law (LLB) degree from Queen Mary College, London University and an MBA from Columbia Business School, New York.	Independent Non-Executive Director of Foodbank Australia Limited; Director Brambles Ltd.	Chair - Board; Chair - Remuneration & Membership Committee; Chair - People & Culture Committee
Antonio (Anthony) Gregorio Over 25 years' experience in the UK and Australia in the business fields of advertising and marketing in agencies and with clients.	Independent Non-Executive Director Foodbank Australia Limited; CEO Saatchi & Saatchi.	Member - Fundraising Committee
Peter Kelly Over 40 years' senior executive experience in the food and beverage manufacturing industry at Nestle. Leader of the Corporate Affairs function and responsible for Nestle Oceania's External media, Government Relations and Consumer Services and legal team. Currently an independent management consultant.	Member-Appointed Non-Executive Director Foodbank Australia Limited; Chair Foodbank NSW & ACT.	Member - Remuneration & Membership Committee
Peter Mansell B.Com; LLB; and HDip Tax 36 years as partner in law firms practicing commercial and resources law and on the boards of directors of a number of ASX	Member-Appointed Non-Executive Director Foodbank Australia Limited; Chair Foodbank of Western Australia Inc; Chair CQ Select Pty Ltd; Chair Energy Resources of Australia Ltd;	Member - Remuneration & Membership Committee

listed public companies predominantly in the resources sector.	Chair DRA Global Limited; Chair ORA Banda Mining Limited; Chair Cancer Research Fund Pty Ltd; Director Z-Filter Pty Ltd.	
Robert Newey Over 35 years' experience in the food sector as a retail advisor with private equity investment firms and as a member of the senior management group with leadership of a national retail division within Woolworths Ltd.	Member-Appointed Non-Executive Director Foodbank Australia Limited (from 22.11.18); Chair Foodbank Queensland Limited; Director of Bakers Delight Holdings Ltd; Director of Capilano Honey Ltd.	Member - Audit & Risk Committee
Terrence O'Brien Over 40 years' experience in the food industry. Managing Director of Simplot Australia from 2001 till 2017 prior to which he was Deputy Managing Director and Chief Financial Officer. A qualified accountant with post graduate qualifications in banking and finance. Fellow of both CPA Australia and the Institute of Company Directors. Former Chair of the Australian Food & Grocery Council.	Independent Non-Executive Director Foodbank Australia Limited; Chair of AG Thompson Pty Ltd (trading as Kookaburra Sport); Chair Bundaberg Brewed Drinks Pty Limited; Chair Clean Seas Seafood Limited; Director Bega Cheese Limited; Member East Asia Review Commission (Advisory Board) of Société d'Oxygene et d'Acetylene d'Extreme-Orient.	Member - Audit & Risk Committee
Simon Schrapel Over 35 years working in the Social and Community Services field in the UK, Sri Lanka and Australia involving positions in local government, State Government and non-government organisations.	Member-Appointed Non-Executive Director Foodbank Australia Limited; Chair Foodbank of South Australia Inc; Chief Executive of Uniting Communities; Chair Accountable Income Management Network; Director Families Australia; Member - Premier's Suicide Prevention Council.	Member - Fundraising Committee
Geoffrey Starr BA Hons, GAIDC International & domestic experience in marketing and the food industry at Chair and CEO level.	Independent Non-Executive Director Foodbank Australia Limited (till 22.11.18); Chair Cannpal Therapeutics Ltd; Director Australian Pork Ltd; Director Birch & Waite; Director Food Innovations Australia Ltd; Director Fight Food Waste Cooperative Research Centre (from July 2018).	Chair - Fundraising Committee; Member - Audit & Risk Committee
Linda Venables BSc (Hons), FAICD Over 30 years' business experience across the UK, Europe and Australia in manufacturing, enterprise systems deployment and supply chain, driving large scale transformational programs, with a keen focus on safety, the customer and change management.	Independent Non-Executive Director Foodbank Australia Limited (from 4.6.19); Director GS1; Director Triathlon Australia; Committee member Australian Logistics Council.	Member - Audit & Risk Committee

The company is a company limited by guarantee. At the date of this report the directors have no interest in any shares or other equity relating to the company.

During the year the company:

- Maintained a Remuneration and Membership Committee
 - To assist the Board to fulfil its responsibilities in relation to the following matters:
 - Oversight the employment and remuneration of the CEO and senior staff.
 - Overseeing the process and making recommendations on Foodbank Australia membership.
 - Selecting and making recommendation on Foodbank Australia directors.
- Maintained an Audit and Risk Committee
 - To assist the Board to fulfil its responsibilities in relation to the following matters:
 - The reliability and appropriateness in reporting of financial information to users of the Company's financial reports, including adequacy of disclosure and application of accounting policies
 - The relationship with the external auditor
 - The maintenance of an effective framework of business risk management including compliance and internal controls
 - The adequacy of the Company's insurance program.
- Maintained a Fundraising Committee
 - To assist the Board to fulfil its responsibilities to Foodbank Australia and the State & Territory Foodbanks in relation to the following matters:
 - Oversight of the development of a comprehensive strategy to achieve fundraising goals
 - Act as a point of escalation (post Marketing and Fundraising Committee and Leadership Team) on fundraising matters that require resolution.

Directors' Meetings

During the year the Company held a number of meetings of directors. The attendances of the directors were:

Meetings	Board		Remuneration & Membership		Audit & Risk	
	Attended	Of	Attended	Of	Attended	Of
Directors						
Tanya Barden	5	5				
Dorothy Coombe	4	5				
John Debenham	3	3			2	2
Tony Froggatt (Chair)	5	5	1	1		
Anthony Gregorio	4	5				
Peter Kelly	4	5	1	1		
Peter Mansell	5	5	1	1		
Robert Newey	2	2			1	1
Terrence O'Brien	5	5			1	3
Simon Schrapel	3	5				
Geoffrey Starr	3	3			2	2
Linda Venables	1	1				
In attendance						
Brianna Casey (CEO)	5	5	1	1	3	3
Peter Lucas (1)	4	5			3	3
Sarah Pennell (2)	5	5	1	1	3	3
Stephen Audsley (3)	1	1				

- (1) Chair of Audit & Risk Committee
 (2) Company Secretary
 (3) Alternate Queensland representative

Review of Operations

The operating surplus of the company for the 2019 financial year was \$228,991 (2018: deficit of \$317,857).

Principal Activities

Foodbank's mission is to deliver the most food to the most Australians in need in the most efficient and effective way.

During the year in review, over 4 million Australians experienced food insecurity with 76% of those categorised as having 'very low food security'. Foodbank is Australia's largest hunger relief organisation collecting and distributing food in all states and territories. During the year, Foodbank in Australia collected 42.8 million kilograms of product from the food and grocery sector for distribution to over 2,400 charities and 2,000 schools across Australia. This equates to over 77 million meals or more than 210,000 meals a day. The food and groceries were then distributed to people in need in local communities.

The principal activities of the company during the financial year were:

- Coordinating the sourcing of food and groceries from national producers, manufacturers and distributors and encouraging partnerships with these suppliers.
- Facilitating the distribution of donated food and grocery items to people in need, via member state Foodbanks, to a broad range of charitable and service organisations.
- Raising awareness of the issue of hunger amongst the general public.
- Facilitating the enhancement of underpinning business capability across member state Foodbanks.
- Coordinating fundraising activities, with member state Foodbanks, to contribute towards the cost of delivering these activities.

Changes in the State of Affairs

During the financial year covered by this report, Foodbank Australia was advised by the Commonwealth Department of Social Services (DSS) that its existing grant under the Financial Wellbeing and Capability Programme for Financial Crisis and Material Aid: Food Relief, which was due to end on 30 June 2018, would be extended for a further six months at a pro rata rate equalling \$375,000. This extension was to allow for a new DSS grant round.

In November 2018, Foodbank Australia was advised that it had been successful in securing a new grant under the Financial Wellbeing and Capability Programme for Financial Crisis and Material Aid: Food Relief for \$3.375 million (excluding GST) over 4.5 years (to June 2023). This new funding commenced 1 January 2019.

Dividends

As the company is a charitable organisation and a company limited by guarantee, it is prohibited by its constitution from distributing any of its income to its members by way of dividends or otherwise. Consequently, no dividend was paid for the year ended 30 June 2019.

Subsequent Events

There are no subsequent events to report.

Likely Developments

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the company.

Indemnification of Officers and Auditor

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such an officer or auditor.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is included on page 8 of the financial report and forms part of the directors' report for financial year 2019.

Signed in accordance with a resolution of the directors:



.....
Anthony Froggatt
Chair

Sydney, 11 October 2019



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Directors of Foodbank Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Trent Duvall
Partner

Sydney 11 October 2019



Independent Auditor's Report

To the members of Foodbank Australia Limited:

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Foodbank Australia Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2019
- Statement of comprehensive income, Statement of changes in equity, and Statement of Cash flows for the year ended.
- Notes including a summary of significant accounting policies.
- Directors' declaration of the Company.
- Declaration by the directors in respect of fundraising appeals of the company.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the ACNC 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 fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Foodbank Australia Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements ACNC*.
- Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations.
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- Assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operation, or have no realistic alternative but to do so

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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 Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.



We also:

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

We communicate with the Directors of the Company 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.

In addition we have:

- Obtained an understanding of the internal control structure for fundraising appeal activities.
- Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulation.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.



Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- the Financial Report gives a true and fair view of the Company's financial results of fundraising appeal activities for the financial year ended 30 June 2019;
- the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2018 to 30 June 2019, in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations;
- money received as a result of fundraising appeal activities conducted during the period from 1 July 2018 to 30 June 2019 has been properly accounted for and applied in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulation; and
- there are reasonable ground to believe that the Company will be able to pay its debts as and when they fall due.

KPMG

Trent Duvall

Partner

Sydney

11 October 2019

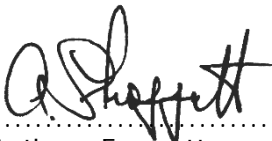
Foodbank Australia Limited

Directors' Declaration

In the opinion of the directors of Foodbank Australia Limited:

- (a) The Company is not publicly accountable.
- (b) The financial statements and notes that are set out on pages 16 to 29 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) Giving a true and fair view in all material respects of the Company's financial position as at 30 June 2019 and of its performance, for the financial year ended on that date.
 - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission 2012.
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



.....
Anthony Froggatt
Chair

Sydney, 11 October 2019

Foodbank Australia Limited

Directors' Declaration in respect of fundraising appeals

The directors declare that:

- (a) The financial report gives a true and fair view of all income and expenditure and the state of affairs of Foodbank Australia Limited with respect to fundraising appeal activities for the financial year ended 30 June 2019.
- (b) The provisions of the Charitable Fundraising Act 1991 and Regulations and the conditions attached to the authority have been complied with for the financial year ended 30 June 2019.
- (c) The internal controls exercised by Foodbank Australia Limited are appropriate and effective in accounting for all income received and applied by Foodbank Australia Limited for any of its fundraising appeals.

Signed in accordance with a resolution of the directors.

On behalf of the directors



.....
Anthony Froggatt
Chair

Sydney, 11 October 2019

Foodbank Australia Limited

Statement of comprehensive income for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue			
Government grants	2(l)	800,150	844,565
Member contributions to IT		300,308	293,711
Profile raising		6,336	237,953
Donations		1,688,038	1,222,314
Interest received		20,982	21,741
Member levies		597,477	585,762
Recoupment from members - food and other		2,516,756	778,748
Member Program Recoupment		35,842	38,720
Other Income		4,040	-
	3	<u>5,969,929</u>	<u>4,023,514</u>
Expenses			
Key staple food supply expense	2(l)	(3,781,463)	(2,168,924)
National IT infrastructure expense		(302,243)	(280,243)
Profile raising expense		(172,542)	(510,634)
Employee, board and meeting expense		(1,199,614)	(1,145,970)
Depreciation expense		-	(3,173)
Administration expense		(272,294)	(201,977)
Doubtful debts		(12,782)	(30,450)
	4	<u>(5,740,938)</u>	<u>(4,341,371)</u>
<i>Net Surplus (deficit)</i>		228,991	(317,857)
<i>Other comprehensive income for the year</i>		-	-
<i>Total comprehensive income (expenses) for the year</i>		<u><u>228,991</u></u>	<u><u>(317,857)</u></u>

The above statement of other comprehensive income should be read in conjunction with the accompanying notes set out on pages 20 to 29.

Foodbank Australia Limited

Statement of financial position as at 30 June 2019

	Note	2019 \$	2018 \$
<i>Current Assets</i>			
Cash	6	1,364,375	1,202,039
Receivables	7	463,429	315,475
Other	8	65,528	28,620
<i>Total Current Assets</i>		1,893,332	1,546,134
<i>Non-Current Assets</i>			
Plant and equipment	9	-	-
<i>Total Non-Current Assets</i>		-	-
<i>Total Assets</i>		1,893,332	1,546,134
<i>Current Liabilities</i>			
Payables	10	357,850	526,011
Provisions	11	66,029	38,069
Unearned revenue	12	37,610	-
Contributions received in advance	13	412,146	194,957
<i>Total Current Liabilities</i>		873,635	759,037
<i>Non-Current Liabilities</i>			
Provisions	14	24,224	20,615
<i>Total Non-Current Liabilities</i>		24,224	20,615
<i>Total Liabilities</i>		897,859	779,652
<i>Net Assets</i>		995,473	766,482
<i>Equity</i>			
Retained surplus	15	995,473	766,482
<i>Total Equity</i>		995,473	766,482

The above statement of financial position should be read in conjunction with the accompanying notes set out on pages 20 to 29.

Foodbank Australia Limited

Statement of changes in equity for year ended 30 June 2019

	<u>Note</u>	<u>Accumulated Surplus and Total Equity \$</u>
Balance at 1 July 2017		1,084,339
Deficit for the year		<u>(317,857)</u>
Balance at 30 June 2018	15	<u>766,482</u>
Balance at 1 July 2018		766,482
Surplus for the year		<u>228,991</u>
Balance at 30 June 2019	15	<u>995,473</u>

The above statement of statement of changes in equity should be read in conjunction with the accompanying notes set out on pages 20 to 29.

Foodbank Australia Limited

Statement of cash flows for the financial year ended 30 June 2019

	Note	2019 \$	2018 \$
<i>Cash Flows From Operating Activities</i>			
Receipts from operations		6,573,763	3,998,349
Payments to suppliers and employees		(6,432,806)	(4,460,489)
Interest received		21,379	21,741
Net cash generated/used in operating activities	20	162,336	(440,399)
<i>Cash Flows From Investing Activities</i>			
Fixed asset purchases		-	-
Proceeds from sale of property, plant and equipment		-	-
Net cash outflow from investing activities		-	-
<i>Net Increase / (Decrease) in Cash Held</i>		162,336	(440,399)
<i>Cash At Beginning Of Year</i>		1,202,039	1,624,438
<i>Cash At End Of Year</i>	6	1,364,375	1,202,039

The above statement of cash flows should be read in conjunction with the accompanying notes set out on pages 20 to 29.

Foodbank Australia Limited

Notes to the Financial Statements for the Financial Year Ended 30 June 2019

1. Reporting Entity

The financial report as at and for the year ended 30 June 2019 comprises Foodbank Australia Limited ("the Company"). Foodbank Australia Limited is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

2. Summary of Accounting Policies

(a) Statement of compliance

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission (ACNC) 2012.

(b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis.

Non-current assets are stated at the lower of cost and fair value less costs to sell.

(i) Use of estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the company.

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

The accounting policies set out below have been applied consistently to all periods presented in the company's financial report.

(c) Financial Instruments

(i) Non-derivative financial assets

Financial assets are recognised initially on the trade date at which the company becomes a party to the contractual provisions of the instrument.

The company has the following non-derivative financial assets: trade and other receivables, cash and cash equivalents.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits held at call with financial institutions.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the company becomes party to the contractual provisions of the instrument. The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The company's non-derivative financial liabilities are trade and other payables. Trade and other payables are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services. These amounts are carried at their amortised cost.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation is provided on plant and equipment on a straight line basis so as to write-off the depreciable amount over the estimated useful life of the asset to the company. The following estimated useful lives are used in the calculation of depreciation:

- Motor vehicles 8 years
- Computers 4 years

(e) Impairment

(i) Non-derivative financial assets

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or adverse changes in the payment status of borrowers or issuers.

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and provision or impairment. Losses are recognised in profit or loss and reflected in an allowance account against receivables.

(f) Employee Benefits

Provision is made for benefits accruing in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

(i) Short-term employee benefits

Provisions made in respect of wages and salaries, annual leave and long service leave expected to be settled within 12 months, are calculated at undiscounted amounts based on the remuneration rates expected to apply at the time of settlement, including related on-costs such as workers' compensation insurance and superannuation.

(ii) Other long term employee benefits

Provisions to be made in respect of annual leave and long service leave which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to the reporting date.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(h) Income Tax

The Deputy Commissioner of Taxation has recognised the company as a public benevolent institution for taxation purposes and has exempted the company from income tax pursuant to the Income Tax Assessment Act. Accordingly, no provision has been made for income tax.

(i) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have been discounted to their present value.

(j) Revenue Recognition

Levies, IT contributions and interest received are brought to account on an accrual basis.

Profile Raising Revenue, Donations and Product-Tied contributions, due to their nature, can only be recognised as income when they have been received and recorded in the company's accounting records.

Foodbank Australia Limited, in association with member State Foodbanks, undertook ongoing fundraising appeals for food and financial donations during the financial year ended 30 June 2019.

(k) "In Kind" Provision of Services to Foodbank Australia Limited

Foodbank Australia Limited receives "in kind" services from a number of individuals and organisations. Foodbank Australia does not recognise an expense or associated revenue for these "in kind" services in the financial report. The major "in kind" services received include:

- Advertising services
- Airline travel
- Audit and accounting services
- Freight and food transport services
- IT & website consulting and maintenance
- Legal services
- Media services
- Office lease and other accommodation

(l) Revenue Recognition of Government Grants

Government Grants can be granted to Foodbank Australia with conditions attached or for specific purposes. These granted are called 'reciprocal transfers'. If no conditions and no specific purposes are attached, they are called 'non-reciprocal' transfers.

Contributions that meet the definition of a non-reciprocal transfer are subject to AASB 1004 Contributions. Income arising from the contribution is recognised when Foodbank Australia Limited receives the contribution or has the right to receive the contribution, the contribution is reliably measured, and it is probable the economic benefits associated with the contribution will flow to Foodbank Australia Limited.

Where the contribution is a reciprocal transfer, AASB 118 Revenue is applicable. Income arising from the contribution is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The state of completion is assessed by reference to the level of related Collaborative Food Supply expenditure in the current period.

Where funding has been received but does not meet the revenue recognition criteria of AASB 118 *Revenue*, the funding is recorded as unearned revenue in the statement of financial position.

(m) Finance income

Finance income comprises interest income on cash and cash equivalents. Interest income is recognised as it accrues in the surplus/deficit for the year, using the effective interest method.

(n) New Accounting Standards and Interpretations adopted by the Company

Early adoption of standards

Foodbank Australia has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2018.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements.

AASB 15 Revenue from Contracts with Customers & AASB 1058 - Income of Not-for-Profit Entities.

AASB 15 and AASB 1058 establish a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and IFRIC 13 *Customer Royalty Programmes*.

Foodbank Australia have completed a review of its revenue streams against the requirements of AASB 15 and AASB 1058 and currently recognise revenue in accordance with the associated contracts and performance obligations. No material change is anticipated on adoption of these standards from 1 July 2019. Revenue from Grants and Donations for Food programs are deferred until expensed.

AASB 16 Leases

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items.

Foodbank Australia have completed has completed an assessment of the impact of AASB 16 and it is anticipated that no material change would occur on adoption of these standards from 1 July 2019.

	2019	2018
	\$	\$
3. Operating Revenue		
Government grants	800,150	844,565
Member contributions to IT	300,308	293,711
Profile raising	6,336	237,953
Donations	1,688,038	1,222,314
Interest received	20,982	21,741
Member levies	597,477	585,762
Recoupment from members food and other	2,516,756	778,748
Member Program Recoupment	35,842	38,720
Other Income	4,040	-
	5,969,929	4,023,514

Government grants

Government grant funds are applied to the Key Staples Program which seeks to arrange the manufacture of key staple foods that are not received in sufficient quantities through food rescue and surplus donations to improve access to a consistent and cost effective supply of staple foods. Reciprocal funding revenue is recognised as the cost of purchases is expensed.

Profile raising

A principal company activity is to raise awareness of the issue of hunger within the community. In 2019, \$6,336 (2018: \$237,953) was raised from food & grocery industry partner companies and then expensed on profile raising activities in the reporting period. The reduction in this area is due to the fact that Foodbank Australia did not conduct the *Shop & Share* campaign in 2019.

Donations

Donations are sought from trust and foundations, the corporate sector and the general public to augment the Member levies and Federal Government grant. In 2019, \$1,688,038 (2018: \$1,222,314) was donated to help fund the running of Foodbank Australia and its programs.

	2019 \$	2018 \$
4. Expenses		
Key staples program	<u>3,781,463</u>	<u>2,168,924</u>
National IT infrastructure	<u>302,243</u>	<u>280,243</u>
Profile raising	<u>172,542</u>	<u>510,634</u>
Employee, board and meeting		
<i>Personnel expenses</i>	1,181,628	1,116,889
<i>Training & Development</i>	3,916	12,800
<i>Board/Governance</i>	10,548	11,161
<i>Meeting expenses</i>	3,522	5,120
	<u>1,199,614</u>	<u>1,145,970</u>
Depreciation	<u>-</u>	<u>3,173</u>
Administration		
<i>Travel & Accommodation</i>	79,475	62,594
<i>Accountancy banking and legal</i>	71,292	61,796
<i>Insurance</i>	20,096	16,668
<i>Telephone</i>	16,363	20,700
<i>Rent</i>	9,638	9,347
<i>Printing and Stationery</i>	7,639	4,272
<i>Computer Expenses</i>	50,342	11,806
<i>Other</i>	17,449	14,794
	<u>272,294</u>	<u>201,977</u>
Doubtful debts	<u>12,782</u>	<u>30,450</u>
	<u>5,740,938</u>	<u>4,341,371</u>

5. Remuneration of Auditors

KPMG performed the audit on an honorary basis and accordingly did not receive any payment for services rendered during the financial year (2018: \$nil).

	2019	2018
	\$	\$
6. Cash		
On call - interest bearing	801,643	652,039
Interest bearing deposit	562,732	550,000
	<u>1,364,375</u>	<u>1,202,039</u>

	2019	2018
	\$	\$
7. Current Receivables		
State & Territory-based Foodbanks	461,128	299,455
Other debtors	2,301	46,470
(Less) Provision for Doubtful Debts ¹	-	(30,450)
	<u>463,429</u>	<u>315,475</u>

¹ The Provision for Doubtful Debts as at 30 June 2018 was fully utilised to write down an outstanding debt. A remaining \$12,782 debt outstanding was written off in the financial year (Note 4). The Board consider all amounts at 30 June 2019 are recoverable at the stated amount.

	2019	2018
	\$	\$
8. Other Current Assets		
GST receivable	24,855	23,325
Prepayments	37,313	1,538
Interest receivable	3,360	3,757
	<u>65,528</u>	<u>28,620</u>

	2019	2018
	\$	\$
9. Plant And Equipment		
<i>Computer equipment:</i>		
At cost	31,423	31,423
Accumulated depreciation	(31,423)	(31,423)
	<u>-</u>	<u>-</u>

	2019	2018
	\$	\$
Movements		
<i>Computer equipment:</i>		
Opening net book amount	-	3,173
Additions	-	-
Disposals	-	-
Depreciation	-	(3,173)
Closing net book amount	<u>-</u>	<u>-</u>

	2019	2018
	\$	\$
10. Payables		
Accounts payable	123,123	296,083
Accrued expenses	230,000	229,928
Other Payables	6	-
GST Payable	4,721	-
	<u>357,850</u>	<u>526,011</u>

	2019	2018
	\$	\$
11. Current provisions		
Annual leave	66,029	38,069
	<u>66,029</u>	<u>38,069</u>

	2019	2018
	\$	\$
12. Unearned Revenue		
<i>Government grants:</i>		
Commonwealth one-off specific funding	37,610	-
	<u>37,610</u>	<u>-</u>

	2019	2018
	\$	\$
13. Contributions received in advance		
Key Staples Program tied funding	412,146	71,844
State contributions:		
<i>Reciprocal funding for additional food procurement</i>	-	123,113
	<u>412,146</u>	<u>194,957</u>

	2019	2018
	\$	\$
14. Non-Current provisions		
Long Service leave	24,224	20,615
	<u>24,224</u>	<u>20,615</u>

	2019	2018
	\$	\$
15. Retained Earnings		
Balance - 1 July	766,482	1,084,339
Surplus (Deficit) for the year	228,991	(317,857)
Balance - 30 June	<u>995,473</u>	<u>766,482</u>

16. Related party transactions

Foodbank Australia Limited acts as a national liaison and coordination point for the activities of Foodbank Queensland Limited, Foodbank NSW & ACT Limited, Foodbank Victoria Limited, Food Bank of South Australia Incorporated, Foodbank of Western Australia Incorporated, Foodbank of Tasmania Incorporated and Foodbank Northern Territory. Foodbank Australia Limited's costs of operation and national IT activities are met in part by levies paid by

mainland State Foodbanks to the amount of \$597,477 (2018: \$585,762) for operations and \$300,308 (2018: \$293,711) in IT contributions.

State and Territory Foodbanks contributed additional funds to the Key Staples Program, Member quarterly purchasing program and other state shared services in 2019. Foodbank NSW & ACT Limited contributed a total of \$569,082 (2018: \$173,069). Foodbank Queensland Limited contributed \$839,811 (2018: \$482,886). Foodbank of South Australia Incorporated contributed \$357,400 (2018: \$111,491) in additional food products. Foodbank WA contributed \$457,875 (2018: \$0). Foodbank Victoria contributed \$292,588 (2018: \$0). Foodbank Northern Territory contributed \$0 (2018: \$11,280) in additional food products.

On 23 May 2016, Foodbank entered into a service agreement with Foodbank NSW & ACT Limited for the provision of accounting and finance services. In 2019, Foodbank Australia paid \$62,154 (2018: \$60,900) to Foodbank NSW & ACT for assistance in general finance management, bookkeeping and financial reporting.

17. Limitation of Liability

Foodbank Australia Limited is a company limited by guarantee. If the company is wound up, the articles of association state that each member is to contribute a maximum of \$10 each towards meeting any outstanding liabilities. As at the date of signing of this financial report the Company has six members (2018 - six members).

18. Directors' Remuneration

Directors did not receive remuneration for services rendered as directors during the year.

19. Additional Company Information

Principal Registered Office and Principal Place of Business

Level 3
11 Julius Avenue
North Ryde NSW 2113

The company had 10 employees at the end of the financial year (2018: 8).

20. Notes To The Statement Of Cash Flows

	2019	2018
	\$	\$
<i>Reconciliation Of Cash Flows From Operating Activities</i>		
Surplus (Deficit) for the year	228,991	(317,857)
Depreciation	-	3,173
Net (Gain) on disposal of Property, Plant & Equipment		
Adjustments for:		
<i>(Increase) in receivables</i>	(147,954)	93,382
<i>(Increase)/decrease in other assets</i>	(36,908)	21,693
<i>(Decrease) in payables</i>	(168,160)	(147,409)
<i>Increase/(decrease) in unearned revenue</i>	37,610	(62,434)
<i>Increase/(decrease) in contributions received in advance</i>	217,189	(34,373)
<i>Increase/(decrease) in provisions</i>	31,568	3,426
Net cash flows (used in)/provided by operating activities	162,336	(440,399)

21. Contingencies

Foodbank Australia had no contingent assets or liabilities at 30 June 2019 (2018: nil).

22. Commitments

Foodbank Australia had no commitments at 30 June 2019 (2018: nil).

23. Subsequent Events

There are no subsequent events to report.

24. Fundraising appeals conducted during the year

Foodbank Australia Limited has received proceeds from the public in relation to the collaborative food supply program, profile raising events and ongoing fundraising appeals conducted throughout the financial year ending 30 June 2019.

In accordance with section 20 of the Charitable Fundraising (NSW) Act 1991, monies received in the course of fundraising appeals are applied according to the objects or purposes of the appeal net of proper and appropriate expenses. Surplus funds from fundraising appeals are to be expensed as part of the Key Staples Program in the next financial year.

	2019	2018
	\$	\$
<i>Result of fundraising appeals</i>		
Gross proceeds from fundraising appeals (includes donations & product-tied contributions)	1,688,038	1,222,314
Less: Direct fundraising costs	(2,926)	(243)
Net surplus - public fundraising appeals	<u>1,685,112</u>	<u>1,222,071</u>
Application of net surplus obtained from fundraising appeals		
Distributions (largely expenditures on food supply)	1,685,112	1,222,071
Administration expenses	-	-
	<u>1,685,112</u>	<u>1,222,071</u>
Surplus from fundraising appeals	<u>-</u>	<u>-</u>

In addition to the cash donations received above, Foodbank Australia has received food contributions from its national food industry partners throughout the year; this is in addition to the food collected by State & Territory Foodbanks at the local level. The volume of food received by the company from national donors was 19,365,812 kilograms (2018: 17,941,952 kilograms).