

Watarrka Foundation Limited

Financial Statements

For the Year Ended 30 June 2018

Watarrka Foundation Limited

For the Year Ended 30 June 2018

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Watarrka Foundation Limited

Directors' Report

For the Year Ended 30 June 2018

The directors of the of the Watarrka Foundation Limited ("the Company" of "the Foundation") present the financial statements of the Company for the year ended 30 June 2018.

Directors

The following persons held office as directors of the Company during the period and up to the date of this report:

Mr Richard Ramsden
Mr Jonathan Trollip
Mr Paul Jensen
Mr Anslem Impu

Subsequent to the 30 June 2018, Ms Josie Gardiner joined the board on 20 November 2018. Josie is a Sydney based commercial practising lawyer specialising in intellectual property and technology. Josie has a combined Arts and Law degree from UTS and a Masters with Distinction from LSE. She has experience in the NGO sector including working as a teacher for a Peruvian NGO and with UNICEF Australia as an advocacy intern.

Advisory Group

The Board of the Foundation acknowledges that it does not possess the gender and ethnic diversity, range of expertise and skills sets to best carry out its vision, mission and objectives. Specialist expertise and skills are required or would be helpful in a range of areas including education, health, aboriginal issues, specific women issues, social media, IT, fund raising and project management.

The purpose of the Advisory Group is to:

- Provide for the Foundation an expanded leadership group more representative and better able to assist the community which the Foundation seeks to serve;
- Provide the Board to have access on an as and when needed basis to a wide range of expertise and skills sets not possessed by Directors; and
- Enable persons who are committed to assisting the Foundation to make a valuable contribution by volunteering to serve as an Advisory Group Member without the legal responsibilities and administrative duties and obligation incumbent upon directors under the Corporation Law

Foundation Advisory Group members:

Manny Bell, Manny is an Aboriginal person from Queensland, is a qualified solicitor and is currently working in Sydney with Dentons and joined the Advisory board during 2018. Manny has been instrumental in the running of the annual Sports and Story Telling Festival. Additionally, as a graduate of the Career Trackers program, he has been instrumental in connecting the Foundation to aboriginal graduates in Sydney to broaden awareness of the Foundation's activities, and he has also assisted with fund raising events in Sydney.

Campbell Hudson: Campbell is a senior partner in the Sydney office of international law firm Dentons. Working with Reg Ramsden, Campbell was responsible for the establishment of the Watarrka Foundation and he served as a Director until early 2017.

Aileen Keenan: Aileen is based in Melbourne and has an extensive background in communications, journalism and corporate proposals writing and management. Aileen's expertise is instrumental in assisting the Watarrka Foundation with its funding submissions and communication initiatives. Aileen is the Watarrka Primary School's Principal (Christine Munro's) sister.

Christine Munro: Christine Munro is the Principal of the Watarrka Primary School at Lilla since 2013. The Watarrka Primary School has become one of the Northern Territory's most successful remote primary schools.

Watarrka Foundation Limited

Directors' Report

For the Year Ended 30 June 2018

Chris Hakanson: Chris is the Primary Health Care Manager at the Kings Canyon medical centre and has extensive interaction with the local Watarrka community since moving his family to Kings Canyon in 2014.

Chris's commitment to transforming the health and well-being of the local aboriginal people is inspirational. Chris has been huge contributor and participant in assisting the Foundation with its initiatives in the region. Chris was the primary driver in the establishment of the Fat Bike program at the Watarrka Primary School at Lilla.

Principal Activities

The principal activity of the Company is to raise funds and deliver programs for the Aboriginal community in the Watarrka region of the Northern Territory. The Foundation supplies goods and services required by the Aboriginal communities which are funded by the donations received.

Focused on young people, we deliver programs that support a sustainable environment, education, healthy lifestyles and independent livelihoods for Aboriginal communities in the Watarrka region.

Our objectives are:

(a) To alleviate poverty, sickness, destitution and helplessness among the aboriginal community in the Watarrka region.

(b) To carry out projects to alleviate poverty, sickness, destitution and helplessness among the aboriginal community in the Watarrka region.

(c) To provide programs and projects to promote life skills, independence and resilience among the aboriginal community in the Watarrka region.

(d) To provide examples for other organisations to adopt of programs and projects that make a positive difference to Aboriginal communities in need.

(e) To secure funds from the public and other available funding sources to further the objects of the Watarrka Foundation.

We are committed to the creation of thriving, independent and self-reliant aboriginal communities living on their ancestral land. We aim to achieve this by working directly and collaboratively with like minded organisations.

Major initiatives and projects undertaken during the year:

(a) 2017 Sports and Story Telling Festival: 24,25 & 26 August 2017

The 2017 Festival brought together three neighbouring remote primary Schools (Watarrka, Finke and Utju Areyonga primary Schools for 2 days of drama and sporting activities.

(b) Maintenance and provision of new Fat Bikes at the Watarrka School:

What better way to make school fun, thereby increasing student enrolments, and provide significant health benefits for students, than to have Fat Bikes? Working with the school principal Christine Munro and the Foundation, in early 2016 the Foundation delivered 22 bikes for the Watarrka Primary School and local community. The program has been an outstanding success, and continues to depend upon the selfless very extensive ongoing commitment of time and expertise by Chris Hankanson.

(c) Maintenance and development of the Community fruit and vegetable gardens at Lilla, Wanmarra, Ulpanyali and the Watarrka School:

With the assistance of Slow Food Hunter Valley and many of the visiting metropolitan school children the ongoing maintenance, plant replacement and development of these gardens are undertaken.

Watarrka Foundation Limited

Directors' Report

For the Year Ended 30 June 2018

(d) Provision of Secondary School education in the Watarrka region:

The Foundation's objective is to facilitate the provision of the secondary school education in the Watarrka region. During the year the Foundation worked with the NT Government, Watarrka Traditional Owners, the Central Land Council and metropolitan secondary schools on this project.

The immediate project is facilitating a new classroom at the Watarrka Primary School which will allow students to continue their education past Year 7. As the principal Christine Munro has approval from the NT Department of Education to teach children up to Year 10. The Foundation facilitated the construction of a new classroom on the Watarrka Primary School site and undertook a major fundraising campaign to raise funds for this building.

We are thrilled that after 30 June 2018 the fundraising was completed, the classroom was built on time and according to budget and is now being used to provide secondary school education currently for 5 students and we hope in the fullness of time for many more.

Partners & Donors

The Foundation acknowledges the support and commitment that the below organisations have provided during the year to 30 June 2018. Without their support many of our projects would not have been possible.

Alkoa Community; Alpiyte Art Studio; Career Trackers; CBA Centenary Grant; Centercorp Foundation; Dentons; Engraphics; IAG; Lend Lease; NT Department of Education; Poetry In Action; Remote Tours; Restore Hope Australia Foundation; RSM Australia; The Bulk Source Food Group; and Westpac

The Watarrka Foundation acknowledges the support and commitment of the following schools. The schools have visited the Watarrka region during the year, many participated in implementing the community projects undertaken and have raised funds for the Foundation during the year.

Ascham School; Berwick College; Braemar College; Canberra Grammar; Cranbrook School; Georgina Molloy Anglican School; Mentone Grammar; Moama Anglican Grammar; St Helena Secondary School and Sylvania High School.

The Foundation also acknowledges the support and commitment of our many private donors.

Operations

The Company does not have any paid employees. The Directors of the Company and Advisory Group members provide their services on a pro-bono basis. Several of the Company's service providers also provide their services on a pro-bono basis. The directors also thank these organisations.

During the course of the year Engraphics Pty Ltd, assumed the responsibility for hosting and maintenance of the Foundation's website and email communications. These services are being provided on pro bono.

All initiatives and projects undertaken by the Foundation are budgeted and the actual expenditures incurred are reported against the budget to the board.

Review of Operations

The net surplus of the company for the year ended 30 June 2018 was \$70,243 (2017: \$45,141).

The Foundation's total expenditure on community projects for the year ended 30 June 2018 was \$115,640 (2017: \$77,101).

The activities of the Company during the year can be found on the company's website www.watarrkafoundation.org.au

Watarrka Foundation Limited

Directors' Report

For the Year Ended 30 June 2018

Matters Subsequent to the End of the Period

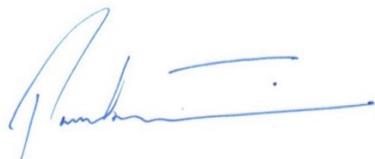
The principal event which occurred was the construction and opening of the new classroom at the Watarrka school. Extensive information on this is available on the Company's website and more detailed report will be provided in the Directors' report for FY 2019.

The Directors donated an amount to the company at least equal to the regulatory, administration, marketing, insurance and other expenses of the Company during the year ended 30 June 2018, being \$2,313 (\$1,263 + \$1,050 as shown in note 4 to the Financial Statements).

Apart from the direct expenses of the Foundation's 'Right 2 the Heart' crowd funding campaign (a special campaign that raised \$44,782 for the new classroom at the Watarrka Primary School), every dollar donated during 2018 was available to be spent on the charitable activities of the Company without any amount needed to be applied for administration costs.

There have been no events occurring subsequent to the end of the period which would have a material impact on the financial position of the Company as at year end.

This report is made in accordance with a resolution of the directors of the Company.



Paul Jensen

Director

Sydney, NSW

Dated: 27 May 2019

Watarrka Foundation Limited

Statement of Comprehensive Income

For the Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
Revenue	2	209,805	126,551
Cost of Sales: Community Project Expenses		<u>(115,640)</u>	<u>(77,101)</u>
Gross Profit		94,165	49,450
Operational and Administration Expenses	4	<u>(23,922)</u>	<u>(4,309)</u>
Net surplus for the year		<u><u>70,243</u></u>	<u><u>45,141</u></u>

The accompanying notes form part of these financial statements.

Watarrka Foundation Limited

Statement of Financial Position

As at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	150,852	75,225
Trade and other receivables		18,471	19,472
Total Current Assets		169,323	94,697
TOTAL ASSETS		169,323	94,697
CURRENT LIABILITIES			
Trade and other payables	7	7,013	2,630
Total Current Liabilities		7,013	2,630
TOTAL LIABILITIES		7,013	2,630
NET ASSETS		162,310	92,067
EQUITY			
Retained earnings		162,310	92,067
TOTAL EQUITY		162,310	92,067

The accompanying notes form part of these financial statements.

Watarrka Foundation Limited

Statement of Cash Flows

For the Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from donors		210,191	116,589
Payments for procurement of goods and services		(135,179)	(81,494)
Interest received		615	357
Net cash provided by operating activities	10	<u>75,627</u>	<u>35,452</u>
Net increase in cash held		75,627	35,452
Cash at beginning of the year		75,225	39,773
Cash and cash equivalents at end of the year	6	<u>150,852</u>	<u>75,225</u>

The accompanying notes form part of these financial statements.

Watarrka Foundation Limited

Statement of Changes in Equity For the Year Ended 30 June 2018

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2016	46,926	46,926
Surplus for the year	45,141	45,141
Balance at 30 June 2017	<u>92,067</u>	<u>92,067</u>
Balance at 1 July 2017	92,067	92,067
Surplus for the year	70,243	70,243
Balance at 30 June 2018	<u>162,310</u>	<u>162,310</u>

The accompanying notes form part of these financial statements.

Watarrka Foundation Limited

Notes to the Financial Statements

For the Year Ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of the statements are as follows:

Accounting Policies

a. Revenue

Revenue arising from grants and donations is recognised on a cash receipts basis.

All revenue is stated net of GST.

b. Income Tax

The Company is exempt from income tax as a charitable entity under subdivision 30-B of The Income Tax Assessment Act 1997 (Cth). This exemption is to be reviewed annually.

c. Other Creditors

These amounts represent liabilities for goods and services provided to Watarrka Foundation Limited prior to the end of the period and which are unpaid.

d. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

e. Financial Instruments

Recognition

Financial instruments and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately.

f. Critical Accounting Estimates and Judgements

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

There were no estimates incorporated into the financial statements at 30 June 2018.

Watarrka Foundation Limited

Notes to the Financial Statements

For the Year Ended 30 June 2018

NOTE 2: REVENUE

	2018	2017
	\$	\$
Cash revenue from Operating Activities:		
— Grants & Donations	165,454	113,794
— Sales	43,736	12,400
— Other income	615	357
Total Revenue	209,805	126,551

Sales arise from the Foundation charging for people to attend the 2017 Sports and Story Telling Festival.

NOTE 3: SURPLUS FOR THE YEAR

a. Significant Revenue and Expense

The following significant revenue and expense item is relevant in explaining the financial performance:

Grants and Donations	209,190	126,194
Total Revenue	209,190	126,194
Cost of Sales: Community Project Expenses	(115,640)	(77,101)

NOTE 4: OPERATIONAL AND ADMINISTRATION EXPENSES

Regulatory, Accounting and CRM software fees	1,263	421
Insurance	1,050	1,180
Website and email expenses	-	1,040
Direct Fundraising expenses	11,359	1,668
Donations	10,250	-
Total	23,922	4,309

The Right 2 the Heart crowd funding campaign was to raise funds for the construction of the new classroom at the Watarrka School. The Right 2 the Heart crowd funding campaign raised \$44,782.

The Direct Fundraising Expense of \$11,358 is the expenses of setting up and running the Right to the Heart crowd funding campaign.

The Donations Expense of \$10,250 relates to the movement of a donation made directly to the Foundation, into the Right 2 the Heart crowd funding campaign.

Watarrka Foundation Limited

Notes to the Financial Statements

For the Year Ended 30 June 2018

NOTE 5: AUDITOR'S REMUNERATION

The audit of the financial statements has been conducted by RSM Australia Pty Ltd.

RSM Australia Pty Ltd have not charged a fee for this service.

RSM Australia Pty Ltd provided no other services during the period.

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank	<u>150,852</u>	<u>75,225</u>
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NOTE 7: TRADE AND OTHER PAYABLES

Accounts payable	<u>7,013</u>	<u>2,630</u>
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Watarrka Foundation Limited

Notes to the Financial Statements

For the Year Ended 30 June 2018

NOTE 8: SEGMENT REPORTING

The Company operates in one business and geographical segment, being a charitable institution to raise funds for goods and services for the Aboriginal communities in the Northern Territory.

NOTE 9: DIRECTORS' REMUNERATION

The constitution of Watarrka Foundation Limited does not permit the payment of any fees to a Director for performing that person's duties and responsibilities as a Director. Accordingly, no director of the company received, or was due to receive remuneration directly or indirectly for the year ended 30 June 2018.

NOTE 10: CASH FLOW INFORMATION

	2018	2017
	\$	\$
Reconciliation of Cash Flow from Operations with Surplus		
Surplus for the year	70,243	45,141
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	1,001	(9,605)
(Decrease)/Increase in trade and other payables	4,383	(84)
Net cash provided by operating activities	75,627	35,452

NOTE 11: EVENTS AFTER THE REPORTING DATE

There have been no events occurring subsequent to the end of the period which would have a material impact on the financial position of the Company as at year end.

NOTE 12: COMPANY DETAILS

The registered office of the company is 12 Village High Road, Vaucluse NSW 2030 and principal place of business of the company is 43 Spicer Crescent, Araluen NT 0870. Its principal activities are to raise funds to purchase and distribute goods and services for the Aboriginal community in the Northern Territory.

NOTE 13: RELATED PARTY TRANSACTIONS

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

Cost of Sales paid to a Director related entity - Remote Tours Pty Limited	23,472	21,256
	23,472	21,256

Watarrka Foundation Limited

Directors' Declaration

For the Year Ended 30 June 2018

The directors have determined that the company 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.

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 7 to 14, present fairly the company's financial position as at 30 June 2018 and its performance for the period ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Paul Jensen

Director

Sydney, NSW

Dated: 27 May 2019

RSM Australia Pty Ltd

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATARRKA FOUNDATION LIMITED

Qualified Opinion

We have audited the financial report of Watarrka Foundation Limited, which comprises the statement of financial position as at 30 June 2018, the statement of 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.

In our opinion, except for the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report is in accordance with the accounting policies described in Note 1 to the financial statements.

Basis for Qualified Opinion

Cash donations are a significant source of fundraising income for Watarrka Foundation Limited. The company has determined that it is not practical to establish control over the collection of cash donations prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to cash donations had to be restricted to the amounts recorded in the financial records. We therefore are unable to express a conclusion as to whether cash donations of the company recorded are complete.

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 Watarrka Foundation Limited in accordance with the auditor independence 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 obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Watarrka Foundation Limited to meet the requirements of the members. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.


RSM AUSTRALIA PTY LTD
C J Hume
Director

Sydney, NSW
Dated: 27 May 2019