



newDemocracy Foundation

ABN: 28 349 680 213

Trustee: NewDemocracy Foundation Limited

ACN: 125 161 720

Financial report

For the year ended 30 September 2020

TABLE OF CONTENTS

Financial report

Statement of profit or loss and other comprehensive income	1
Statement of financial position	2
Statement of changes in trust funds	3
Statement of cash flows	4
Notes to financial statements	5 - 12
Directors' declaration of the trustee company	13
Independent auditor's report	14 - 17

NEWDEMOCRACY FOUNDATION
ABN: 28 349 680 213

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

	Note	2020 \$	2019 \$
Revenue and other income			
Other revenue		922,771	1,230,700
Other income		<u>15,000</u>	<u>-</u>
	2	<u>937,771</u>	<u>1,230,700</u>
Less: expenses			
Advertising expense		(5,628)	(3,282)
Depreciation and amortisation expense		-	(768)
Employee benefits expense		(76,383)	(66,095)
Project costs		(1,004,183)	(291,117)
Other expenses	3	<u>(211,908)</u>	<u>(354,529)</u>
		<u>(1,298,102)</u>	<u>(715,791)</u>
Profit / (loss) before income tax expense		(360,331)	514,909
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income		<u>(360,331)</u>	<u>514,909</u>

The accompanying notes form part of these financial statements.

NEWDEMOCRACY FOUNDATION
ABN: 28 349 680 213

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	4	236,399	478,022
Receivables	5	25,225	213,858
Other assets	8	<u>2,574</u>	<u>2,788</u>
Total current assets		<u>264,198</u>	<u>694,668</u>
Total assets		<u>264,198</u>	<u>694,668</u>
Current liabilities			
Payables	9	<u>41,929</u>	<u>112,067</u>
Total current liabilities		<u>41,929</u>	<u>112,067</u>
Total liabilities		<u>41,929</u>	<u>112,067</u>
Net assets		<u>222,269</u>	<u>582,601</u>
Trust funds			
Settlement capital		10	10
Retained earnings		<u>222,259</u>	<u>582,591</u>
Total trust funds		<u>222,269</u>	<u>582,601</u>

The accompanying notes form part of these financial statements.

NEWDEMOCRACY FOUNDATION
ABN: 28 349 680 213

STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Contributed equity \$	Reserves \$	Retained earnings \$	Total equity \$
Balance as at 1 October 2018	10	-	67,682	67,692
Profit for the year	-	-	514,909	514,909
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>514,909</u>	<u>514,909</u>
Balance as at 1 October 2019	10	-	582,590	582,600
Profit/(loss) for the year	-	-	(360,331)	(360,331)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(360,331)</u>	<u>(360,331)</u>
Balance as at 30 September 2020	<u>10</u>	<u>-</u>	<u>222,259</u>	<u>222,269</u>

The accompanying notes form part of these financial statements.

NEWDEMOCRACY FOUNDATION
ABN: 28 349 680 213

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 \$	2019 \$
Cash flow from operating activities			
Receipts from customers		1,013,000	1,410,699
Payments to suppliers and employees		(1,270,526)	(1,048,119)
Interest received		903	1,405
Other income		<u>15,000</u>	<u>-</u>
Net cash provided by / (used in) operating activities	10	<u>(241,623)</u>	<u>363,985</u>
Reconciliation of cash			
Cash at beginning of the financial year		478,022	114,037
Net increase / (decrease) in cash held		<u>(241,623)</u>	<u>363,985</u>
Cash at end of financial year		<u><u>236,399</u></u>	<u><u>478,022</u></u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The trustee has determined that the foundation is not a reporting entity on the basis that, in the opinion of the trustee, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial report covers newDemocracy Foundation as an individual entity. newDemocracy Foundation is a foundation, formed and domiciled in Australia. newDemocracy Foundation is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the accounting policies set out below.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

The financial statements comply with all the recognition and measurement requirements of Australian Accounting Standards and Interpretations, and the disclosure requirements of:

- a. AASB 101 Presentation of Financial Statements
- b. AASB 107 Statement of Cash Flows
- c. AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- d. AASB 1054 Australian Additional Disclosures

(b) Revenue

Donation income and research fees are recognised in accordance with AASB 1058. Project income is recognised in accordance with AASB 15.

Interest revenue is measured in accordance with the effective interest method.

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

(c) Income tax

No provision for income tax has been raised as the foundation is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(e) Foreign currency transactions and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the foundation's functional and presentation currency.

Transactions and Balances

Transactions undertaken in foreign currencies are recognised in the foundation's functional currency, using the spot rate at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are restated to the spot rate at the reporting date.

Except for certain foreign currency hedges, all exchange gains or losses are recognised in profit or loss for the period in which they arise.

(f) Financial instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Trade and other receivables

Trade and other receivables arise from the foundation's transactions with its customers and are normally settled within 30 days.

Consistent with both the foundation's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangibles

Intangible assets

Intangible assets are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset.

(h) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Research holding account

The research holding account tracks the research expense component that is charged to clients and offset against their research income.

(j) Significant accounting estimates and judgements

Accounting estimates and judgements are 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.

(k) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(l) Rounding

The financial information presented is rounded to the nearest dollar.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) New or amended Accounting Standards adopted

The entity has adopted all of the new or amended Accounting standards issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The following new Accounting Standards are most relevant to the entity and were adopted from 1 July 2019:

AASB 15 Revenue from contracts with customers

The Foundation has adopted AASB15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers or beneficiaries at an amount that reflects the consideration to which the entity 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. AASB15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration.

AASB 1058 Income of Not-for-Profit entities

The Foundation has adopted AASB 1058 from 1 July 2019. The standard replaces the income recognition requirements in 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 entity to further its objectives.

The new standards have not materially impacted the foundation's recognition and measurement of revenue and income.

These standards have been adopted using the modified retrospective method which means the comparative information has not been restated and continues to be reported under the previous standards. The accounting policies have been amended accordingly for the new standards.

The adoption of the new standards has not had any material impact on the entity.

NEWDEMOCRACY FOUNDATION
ABN: 28 349 680 213

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 \$	2019 \$
NOTE 2: REVENUE AND OTHER INCOME		
Other revenue		
Interest income	903	1,405
Project income	65,882	121,258
Donations income	841,986	845,857
Research fee	14,000	36,986
Overseas grant	-	223,728
Foreign currency translation gains	-	1,466
	<u>922,771</u>	<u>1,230,700</u>
Other Income		
Cash Flow Boost	<u>15,000</u>	-
	<u>15,000</u>	-
	<u>937,771</u>	<u>1,230,700</u>

Revenue recognition for project income and research fee is in accordance with AASB 15.
Donations income and cash flow boost income is recognised in accordance with AASB 1058. Note that interest income and foreign currency translation gains is not recognised with either AASB 15 or AASB 1058.

NOTE 3: EXPENSES

Other expenses		
- Consultancy fees	131,716	132,716
- Donations	-	178,725
- Other expenses	<u>80,192</u>	<u>43,008</u>
	<u>211,908</u>	<u>354,449</u>
Remuneration of the auditors of the trust for		
- auditing the financial report	<u>8,000</u>	<u>8,000</u>

NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand	10	10
Cash at bank	<u>236,389</u>	<u>478,012</u>
	<u>236,399</u>	<u>478,022</u>

NEWDEMOCRACY FOUNDATION
ABN: 28 349 680 213

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 \$	2019 \$
NOTE 5: RECEIVABLES		
CURRENT		
Trade receivables	-	203,931
Other receivables		
GST Paid	<u>25,225</u>	<u>9,927</u>
	<u>25,225</u>	<u>213,858</u>
NOTE 6: PROPERTY, PLANT AND EQUIPMENT		
Office furniture and equipment	7,832	7,832
Accumulated depreciation	<u>(7,832)</u>	<u>(7,832)</u>
	<u>-</u>	<u>-</u>
NOTE 7: INTANGIBLE ASSETS		
Website development	9,020	9,020
Accumulated amortisation and impairment	<u>(9,020)</u>	<u>(9,020)</u>
	<u>-</u>	<u>-</u>
(a) Reconciliations		
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year		
<i>Website development</i>		
Opening balance	-	768
Depreciation expense	<u>-</u>	<u>(768)</u>
Closing balance	<u>-</u>	<u>-</u>
NOTE 8: OTHER ASSETS		
CURRENT		
Prepayments	<u>2,574</u>	<u>2,788</u>

NEWDEMOCRACY FOUNDATION
ABN: 28 349 680 213

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020	2019
	\$	\$
NOTE 9: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	29,149	100,569
Accruals	6,000	6,000
Super payable	1,918	1,520
PAYG withholding payable	4,862	3,978
	<u>41,929</u>	<u>112,067</u>

NOTE 10: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit after income tax

Profit / (loss) from ordinary activities after income tax	(360,331)	514,909
---	-----------	---------

Adjustments and non-cash items

Depreciation and amortisation	-	768
-------------------------------	---	-----

Changes in operating assets and liabilities

(Increase) / decrease in receivables	188,633	(201,780)
(Increase) / decrease in other assets	214	-
Increase / (decrease) in payables	(70,139)	66,543
Increase / (decrease) in other liabilities	-	(16,455)
Cash flows from operating activities	<u>(241,623)</u>	<u>363,985</u>

NOTE 11: RELATED PARTY TRANSACTIONS

Transactions with entities with joint control or significant influence over the entity

During the year, the Foundation has received total donations of \$250,000 from Anita and Luca Belgiorno-Nettis Foundation. Luca Belgiorno-Nettis is a Responsible Person for both entities.

Donations from Anita and Luca Belgiorno-Nettis Foundation	<u>250,000</u>	<u>350,000</u>
	<u>250,000</u>	<u>350,000</u>

NOTE 12: CONTINGENT LIABILITIES

There are no contingent liabilities to be disclosed in this financial report.

NEWDemOCRACY FOUNDATION
ABN: 28 349 680 213

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

NOTE 13: FOUNDATION DETAILS

The registered office of the foundation is:

newDemocracy Foundation
23 Hickson Road
Sydney NSW 2000

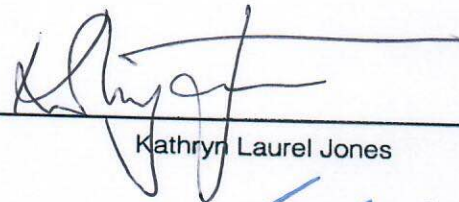
NEWDEMOCRACY FOUNDATION
ABN: 28 349 680 213

DIRECTORS' DECLARATION OF THE TRUSTEE COMPANY

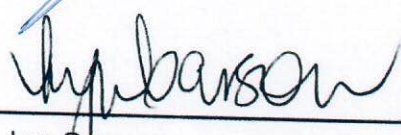
The directors declare that:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director: 
Kathryn Laurel Jones

Director: 
Luca Belgiorno-Nettis

Director: 
Lyn Carson

Dated this 19th day of January 2020-2021