

Variety – the Children’s Charity (NSW/ACT)

ABN 38 003 354 934



# Financial Report

For the year ended  
30 September 2020



**variety**  
the children's charity



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## Directors' Report

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Your directors submit their report of Variety - the Children's Charity (NSW/ACT) for the year ended 30 September 2020.

### DIRECTORS

The names and details of the Company’s directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

#### Qualifications, experience and special responsibilities

##### John Dennis Chair

John has been a Director of NFP/ DGR status Charities and Foundations since 2001. He has been involved with Variety NSW/ACT since 2007 as a major donor and Bash participant; as a Board member since 2012; Deputy Chair since 2015 and Chair since 2017. John has been a Director of Variety Australia Limited since 2017 and of Variety – the Children’s Charity International since 2019. John holds Bachelor of Commerce (Accounting, Finance & Systems) and Master of Commerce (Finance) degrees.

In 1984, he established the Australian Structured Finance Group - a leading corporate finance business. As CEO since inception, John’s experience extends to all aspects of business networking, revenue generation, management, compliance and corporate governance. In 2003, John was elected to the governing Council of the Australian Equipment Lessors Association (AELA) becoming Deputy Chairman in 2006/07 and Chairman in 2007/08. In 2017 as the longest serving Councillor of an organisation whose members fund over \$90 Billion of assets across Australia, he represented AELA in its restructure into the Equipment Finance Division of the Australian Finance Industry Association.

John offers strong fundraising experience – both at micro and macro level; he has sound financial management and compliance skills; he has long term experience at Committee/Board/Council level within charitable foundations and industry lobby groups; he is an active networker and has a strong affinity with Variety NSW and the work we undertake.

##### Dr Greg Levenston Deputy Chair

Board Member 2012 – 2017, reappointed in February 2019, Greg has served on the Granting, Kids Support Governance and Scholarship committees since 2011. Previous Basher (2014) and 4WD Adventurer (2018 Medics)

Past Grand Master of Freemasonry  
Former Deputy Mayor of Woollahra (2012 – 2017)  
Currently appointed to the South East Sydney Local Health District Board

Long term medical director of Bronte Medical Centre, with specific interests in paediatrics and men’s health. In conjunction



with Jeff Kennett and Beyond Blue, Greg developed the Australian Men’s Health program “No More Secrets”, which evolved into the current Men’s Health Research Foundation based at the University of Adelaide, where Greg serves on the Board of Patrons.

Greg’s medical background and his advocacy for children in our community assisting them to reach their potential is ideally suited to the goals of Variety.

## Vanessa Beggs

Vanessa joined the Variety NSW/ACT Board in 2019 and brings over 20 years’ experience across the corporate, government and not for profit sectors. Vanessa is a strong leader, who uses a collaborative approach to transform businesses, catalyse change and motivate others to achieve outstanding results.

Vanessa is the COO for the Australian Banking Association and has previously held the position of CEO for the YWCA NSW – leading the organisation from a federated model to a united national organisation. Vanessa has also held a number of executive roles in strategy, change management, cultural transformation and organisational development, predominately with the Commonwealth Bank of Australia.

Vanessa is a judge of the Eureka Prize, a Non-Executive Director of Driveabout World – an Edutech start up improving driver knowledge to achieve road safety, is Faculty at the School of Life and an ardent advocate of children, women and STEM education.

## Jack Cannons AM

With a long history of involvement with Variety locally, nationally and internationally, Jack re-joined the Variety NSW/ACT Board in December 2016 after a hiatus.

He’s previously held the following roles within the organisation:

- Board Member – Variety – the Children’s Charity (NSW) – 1992 – 2011
- Chair – Variety – the Children’s Charity (NSW) - 2004 – 2006
- Deputy Chair – Variety Australia – 2006 – 2009
- Vice President / Board Member – Variety International - 2006 – 2012
- Chair – Variety Australia – 2009 – 2011
- CEO – Variety International – 2012 – 2013

Jack is currently Chair of the NSW Motoring Events Committee.

## Peter Hebbes AM

Peter has been an active member of Variety NSW/ACT since 1987 and in 2003 was awarded a Lifetime Membership. In the past Peter has chaired a number of events, organising and management Committees, in 1990 he was elected Chairman of Variety NSW, and in 2000/2001 he was appointed as Chief Barker of Variety NSW. Peter has also served as the NSW



Motoring Events Chairman for 15 years and the National Chair for two years. In 2012, Peter was again elected as the Chief Barker of Variety NSW and also appointed to the National Board Variety Australia.

By profession, Peter has his own Music Publishing Company and acts as a Consultant and Music Business Manager to the Theatrical, Film, Television and Music industry. In addition, Peter is on the Music Industry Boards of the Australasian Music Publishers Association Ltd. (AMPAL), the Australasian Mechanical Copyright Owners Society (AMCOS), and he is also a Trustee of The Golden Stave Foundation and a past Director of the Nordoff-Robbins Music Therapy Association of Australia.

In 2006, Peter was awarded The Order of Australia (AM) for his services to the community as a fundraiser, particularly on behalf of the Golden Stave Foundation, Variety, the Nordoff-Robbins Music Therapy Association of Australia and the Music Industry.

## John Hoffman

John joined the Variety NSW Board in 2015 after serving a year on the Revenue Committee. John brings extensive experience in technology, innovation, leadership and human resources. John spent the last 11 years as the Chief Executive of Altis Consulting which is Australia’s largest independent Data & Analytics consultancy with over 115 team members across three countries.

Altis is one of only 4 companies recognized by BRW as a Top 50 places to work in Australia for 10 or more years. Prior to Altis, John led two different digital agencies and moved to Australia from Silicon Valley in 2000.

John has an MBA from the Australian Graduate School of Management, a Bachelor of Arts in economics from the University of California, San Diego, became a member of the Australian Institute of Company Directors in 2007 and is a Pay Equity Ambassador for Australian Government Workplace Gender Equality Agency.

*“It is fantastic to see the positive impact Variety has on children and their families. I originally became involved with Variety through its corporate partnership function and I think there is a great opportunity for other companies to enable their staff to have a direct impact on their local community and kids and families that need support.”*

## Greg Lewis

Greg has been associated with Variety NSW/ACT since 1995 when he was provided support with a laptop. The laptop enabled Greg, who has Cerebral Palsy, to attend mainstream high school and complete subjects that interested Greg and ultimately assisted in him carrying out a career in the IT Industry.

Greg has been assisting Variety NSW/ACT by telling his story at a number of Variety and Corporate Sponsors events since 2005.



Greg was also awarded the 2014 Variety National Youth Hearts Award

Greg joined Young Variety in 2010 and the Grants committee in 2013, joining the board as a director in November 2013.

## **Dr Amanda Mead** *Board Member to December 2019*

Dr Amanda Mead B.Sc. (Hons), M.Com., Ph.D., GAICD, has been a Director of Variety NSW/ACT since 2004 and, in 2015 was elected the Chair of Variety NSW and a Director of Variety Australia.

She has been the Chair and Member of several Variety NSW/ACT committees, most notably the Grants and Programs Committee from 2008 to 2015 and the inaugural Co-Chair of the Risk and Governance Committee.

Amanda came to Variety with a wealth of senior-level marketing experience, both nationally and internationally. Since joining Variety, Amanda has been active as a Director and has supplemented her experience with formal qualifications from the Australian Institute of Company Directors, achieving Graduate Member status (GAICD) in 2011. In 2012 she was awarded a lifetime membership of Variety.

## **Paul Mullaly**

Paul’s introduction to Variety was by attending an event in late 1980s and then as an entrant in the 1991 B to B Bash. Since that time Paul has supported Variety in many ways including 24 B to B Bashes as either an Official or Entrant, an entrant in six Newcastle Splashes, volunteering at over 15 Variety Children’s Christmas Parties, attending numerous Variety NSW functions including the Heart Awards, lunches, dinners, events and fundraising events. Paul has also attended numerous Variety International Conventions, where, with other members of his family, was awarded an International Presidential Citation for their support of Variety.

In 2009, after almost 10 years on the Sunshine Coach Committee, Paul joined the Variety NSW Board and continues on the Board today. During his time on the Board, Paul has served as Deputy Chief Barker, Chief Barker and on numerous committees including Grants, Motoring, Events and Finance. Paul is the current Chair of the Variety Australia Board, having joined this Board in 2015. He is also a member of the Variety Asia Pacific Committee.

After a career of 30 years in the construction and engineering industry, working at times as a Site Engineer, Project Manager, Construction Manager and Managing Director, Paul is currently a director of his family owned business.

Paul holds a Bachelor of Engineering and a master’s degree in Engineering Management as well as a commercial pilot’s licence.



## Justine Perkins

Justine is originally from Queensland and a University of Queensland graduate in Arts/Law. In 1996, Justine’s career pursuits from solicitor to inhouse counsel specialising in telecommunications, led her from Brisbane to Sydney. After 15 years in practice, Justine took time out to start a family. Justine didn’t return to the law but instead found herself on a different course following the death of her second child Olivia in 2006.

In memory of their daughter, Justine and her husband John, co-founded the Touched by Olivia Foundation, to create inclusive playspaces across Australia. Through its work, the charity has redefined the state of play in Australia and has orchestrated a quantum shift in the design of playgrounds to cater for all, regardless of ability or background. Justine continues to advocate for inclusion through her work on the Variety Board and as a passionate mother to her 4 living children. In her spare time and to maintain her sanity, Justine runs marathons and swims.

## Michael Starkey *Appointed January 2020*

With a long history of supporting Variety since his first event in 2004, Michael (Mick) joined the Variety NSW/ACT Board in January 2020.

Mick brings his extensive experience and connections to the Hunter region from over 20 years in the Hotel business in that area.

He is a delegate to the council for the NSW Australian Hotels Association (AHA), has chaired numerous industry bodies including business chambers and tourism groups. Currently Mick chairs Variety’s Newcastle Regional Committee. He also chairs the Newcastle City liquor accord, and is the treasurer for the local AHA sub-branch

## Caoimhe Toouli

Caoimhe joined the Variety NSW/ACT Board and the Finance Committee in 2018. Caoimhe brings extensive experience in finance and governance as well as innovation and leadership.

Caoimhe is an Audit and Assurance Partner at KPMG, where she has worked for 20 years in the Sydney, Silicon Valley and Dublin offices.

Her experience with KPMG covers a broad range of domestic and global technology and media clients, recently including companies such as Canva, WiseTech Global, Enero and the ABC.

Caoimhe is a Member of the Institute of Chartered Accountants in Australia, and a Fellow of the of the Institute of Chartered Accountants Ireland, a Registered Company Auditor – Australia, and qualified as a CPA whilst in the US (2006).



## Directors' Report (continued)

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### INTERESTS IN THE CONTRACTS OR PROPOSED CONTRACTS

The Directors had no interests in contracts or proposed contracts with Variety during the course of the financial year other than noted in the statutory information of this report.

### COMPANY SECRETARY

Bryan Mattes BEc (Hons), CPA, Head of Finance & Corporate Services, has been the Company Secretary of Variety - the Children's Charity (NSW/ACT) for the whole of the 2020 Financial Year.

### DIVIDENDS

No dividends were paid out in the 2020 Financial Year.

### CORPORATE INFORMATION

Variety - the Children's Charity (NSW/ACT) is a public company limited by guarantee that is incorporated and domiciled in Australia.

The Company is a Member of Variety International, which incorporates 44 entities operating in 13 different countries across the globe. All Variety entities operate under the same mission to support children who are sick, disadvantaged or who have special needs. There are eight separate Variety offices around Australia that operate similar activities to Variety – the Children’s Charity (NSW/ACT), all work together to deliver national campaigns and achieve operational efficiencies. The seven Australian State and Territory Variety entities together own 100% of shares in the national entity of Variety Australia, who has been appointed the responsibility to review governance and the coordination of international reporting.

The registered office and principal place of business of the Company is 47 Herbert Street, Artarmon, NSW 2064. The Company employed 20 staff at 30 September 2020 (30 September 2019: 30).





Directors' Report (continued)

STRATEGY AND OBJECTIVES

Variety - the Children’s Charity (NSW/ACT) (‘Variety’) has the long-term objective of striving to meet unmet needs that empower children who have a disability, chronic illness, require critical care or are facing financial or geographic disadvantage to reach their full potential regardless of ability or background. Each year this long-term objective is translated into a yearly objective of fundraising and granting appeals.

The diagram, titled 'Variety Kids Support Framework', is set against a red background. At the top center is the Variety logo. Below it, the title 'Variety Kids Support Framework' is written in white. The framework is divided into four vertical white columns, each with a header and a description:

- GRANTS:** Grant a range of things to provide practical support to kids & organisations. Includes icons for Equipment Grants, Therapy Grants, Technology Grants, Program Grants, Supplies Grants, and Sunshine Coach Grants.
- PROGRAMS:** Run programs that educate & empower kids in need & their communities. Includes logos for 'JUST LIKE YOU', 'Variety kids CHOIR', 'Variety Alopecia Australia ADVENTURE CAMP', and 'ACTIVATE INCLUSION SPORTS DAYS'.
- SCHOLARSHIPS:** Encouraging the talents of kids through scholarships. Includes the 'Variety HEART Scholarships' logo.
- EXPERIENCES:** Bringing joy to kids in need, their families & the community. Includes logos for 'Variety MUSICAL PICTURES', 'Variety KIDS XMAS PARTY', 'Variety Livvi's Place', and 'Variety FamilyFun Day'.

Variety strives to meet these objectives through the operation of core grants programs, with help of dedicated staff, volunteers and generous individual and corporate supporters.

Variety purchases all equipment granted directly to ensure that funds are always appropriately directed.

PRINCIPAL ACTIVITIES

The principal activities of Variety during the year was to undertake varied fundraising activities with a view to generate funds to enable the delivery of aid to children in Australia who are sick, disadvantaged or have special needs, through grants, services, programs, scholarships and kid’s events.

Variety’s principal fundraising activity involves the running of multiple large fundraising events including the Variety B-to-B Bash, Variety NSW Bash, Variety Postie Bike Dash, Variety 4WD Adventure and Variety of Chefs, as well as major corporate partnerships and campaigns. Each of these fundraising activities were severely impacted by Covid19 with all but one event cancelled and opportunities for Corporate Partnership engagement and activations severely curtailed. Variety also runs Hair with Heart, a national hair donation and fundraising campaign as well as raising funds from corporate and individual donors. A detailed breakdown of Variety NSW/ACT’s cost of fundraising can be found in Note 4 to the Accounts on page 25.



## Directors' Report (continued)

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### IMPACT OF COVID 19

COVID 19 related restrictions had a significant impact on the operations of Variety over the 2020 financial year. Cancelled events included the 4WD Adventure, NSW Bash and B to B Bash as well as a number of planned dining events.

In response to COVID 19 a number of measures were undertaken including standing down staff or placing staff on reduced hours between April and September 2020. A staffing restructure was also undertaken resulting in 8 staff redundancies.

Variety met the revenue reduction criteria to be eligible for the JobKeeper scheme (the federal Government’s subsidy in response to COVID 19) and this support began in April 2020 and continued through to the end of September 2020. Refer to Note 4b of the financial statements for details on the JobKeeper subsidies received during the period.

Other support received by Variety included the federal Government’s Boosting Cash Flow for employers, which has been received and recognised within the current period as well as rent reduction on leased property. Refer to Note 4b of the financial statements for details of this support received during the period.

In the opinion of the Directors there were no significant changes in the state of affairs of Variety, other than those disclosed that occurred during the financial year under review.

### OPERATING RESULTS FOR THE YEAR

#### *Net operating result*

The operating net surplus for the year ended 30 September 2020 was \$79,549 (2019 operating net surplus: \$91,051).

#### *Operating revenue*

Total revenues and other income for the year ended 30 September 2020 was \$5,766,394 (30 September 2019: \$10,067,230).

#### *Operating result before Kids Support Framework appeals and delivery*

The operating result before Kids Support Framework appeals granted and delivery costs for the year ended 30 September 2020 was \$2,217,391 (30 September 2019: \$4,135,090).

#### *Kids Support Framework appeals granted*

Appeals granted to sick, special needs and disadvantaged children for the year ended 30 September 2020 (excluding in-Kind grants) was \$1,444,094 (30 September 2019: \$3,299,660).

### SIGNIFICANT EVENTS AFTER THE BALANCE DATE

As at the date of this report, the future impact of COVID 19 on the domestic economy and the impact on Variety remains uncertain. Variety has and continues to monitor this situation.

Since the end of the financial year, the Directors have not become aware of any matter or circumstances not otherwise dealt with in the report or financial statements that has significantly, or may significantly, affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

### FUTURE DEVELOPMENTS

Variety will continue to pursue its charitable objectives described above.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is not subject to any particular or significant environmental regulation under either Commonwealth or State legislation.



## Directors' Report (continued)

### DIRECTORS' BENEFITS

No Director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit by reason of a contract made by the Company with the Director or with a firm of which they are a member, or with a Company in which they have substantial financial interest except for those items disclosed in the notes to this Annual Financial Report.

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Variety - the Children’s Charity (NSW) has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Directors and Executive Officers of Variety. The insurance is in the normal course of business and grants indemnity for liabilities permitted to be identified by Variety under Section 300 of the Corporations Act 2001. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

### DIRECTOR'S MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings Attended	Directors' Meetings Eligible to Attend
Vanessa Beggs	12	13
Jack Cannons AM	12	13
John Dennis	12	13
Peter Hebbes AM	12	13
John Hoffman	11	13
Dr Greg Levenston	13	13
Greg Lewis	13	13
Dr Amanda Mead ( <i>resigned 28 January 2020</i> )	0	2
Paul Mullaly	11	13
Justine Perkins	10	13
Michael Starkey ( <i>appointed 28 January 2020</i> )	10	11
Caoimhe Toouli	13	13

### MEMBERS GUARANTEE

In the event of the Company being wound up, member’s liability is limited to an amount of \$100. If the Company ceases to operate, assets are distributed to some other institution or institutions with similar objectives.



## Directors' Report (continued)

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### AUDITOR INDEPENDENCE

The auditor’s independence declaration is set out on page 11 and forms part of the Directors’ Report for the financial year ended 30 September 2020.

Signed in accordance with a resolution of the directors

A handwritten signature in blue ink that reads 'John Dennis'.

John Dennis  
Director/Chairperson

A handwritten signature in blue ink that reads 'Caoimhe Toouli'.

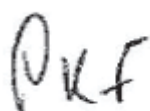
Caoimhe Toouli  
Director/Chair Finance & Audit Committee

Sydney, 19 November 2020

## Auditor's Independence Declaration Under Section 60-40 Of The Charities And Not-For-Profits Commission Act 2012 To The Directors Of Variety – the Children's Charity (NSW/ACT)

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2020, there have been:

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



PKF



KYM REILLY  
PARTNER

19 NOVEMBER 2020  
SYDNEY, NSW



## Statement of Comprehensive Income

For the year ended 30 September 2020

	Note	2020 \$	2019 \$
<b>Revenues</b>			
Fundraising income	4(a)	4,535,355	8,937,660
Contributions towards appeals granted		96,762	404,118
Contributions towards appeals granted (in-Kind)		409,991	428,757
		5,042,108	9,770,535
Other income	4(b)	724,286	296,695
<b>Total income</b>		<b>5,766,394</b>	<b>10,067,230</b>
<b>Costs</b>			
Event Production Costs		(1,054,610)	(2,121,095)
Merchandise Costs		(25,124)	(143,515)
Fundraising Costs		(1,047,474)	(1,880,382)
Freedom House Project Costs		-	(150,990)
<b>Total Cost of Fundraising</b>		<b>(2,127,208)</b>	<b>(4,295,982)</b>
<b>Gross Profit</b>		<b>3,639,186</b>	<b>5,771,248</b>
<b>Administration Expenses</b>			
Employee expense	5(a)	(454,365)	(597,715)
Restructuring Expenses		(261,915)	-
Advertising & promotion		(118,354)	(191,596)
Bank Charges		(7,202)	(18,623)
Occupancy Costs		(49,237)	(154,324)
Other Operating Costs		(118,377)	(195,535)
Travel & Accommodation		(22,667)	(55,896)
Depreciation - owned assets	5(b) / 10(a)	(77,026)	(103,770)
Amortisation	10(b)	(37,739)	(39,369)
Depreciation – right of use asset	11	(76,743)	-
International and National Dues		(66,797)	(112,089)
Insurance		(56,143)	(60,263)
Consultants		(75,230)	(106,978)
<b>Total administration expenses</b>		<b>(1,421,795)</b>	<b>(1,636,158)</b>
<b>Surplus before Kids Support Framework appeals and delivery</b>		<b>2,217,391</b>	<b>4,135,090</b>
Kids Support Framework - granted		(1,444,094)	(3,299,660)
Kids Support Framework - (in-Kind)		(409,991)	(428,757)
Kids Support Framework - delivery		(283,757)	(315,622)
	4	(2,137,842)	(4,044,039)
<b>Net surplus / (deficit) for the year before Income Tax</b>		<b>79,549</b>	<b>91,051</b>
Other comprehensive income – revaluation of land and buildings		<b>1,221,851</b>	-
<b>Total comprehensive income / (deficit) for the year</b>		<b>1,301,400</b>	<b>91,051</b>

*The Company has initially applied AASB 16 Leases at 1 October 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and right of use assets are equated with lease liabilities relating to those assets at 1 October 2019. See Note 11 for further information.*

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*



## Statement of Financial Position

As at 30 September 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	3,321,004	2,349,434
Trade and other receivables	7	148,039	717,069
Other current assets	8	191,053	2,091,278
<b>Total current assets</b>		<b>3,660,096</b>	<b>5,157,781</b>
<b>Non-current assets</b>			
Investments	9	85,200	85,200
Property, plant and equipment	10(a)	5,201,985	3,905,644
Intangibles	10(b)	61,329	94,268
Right of use asset	11	51,162	-
<b>Total non-current assets</b>		<b>5,399,676</b>	<b>4,085,112</b>
<b>TOTAL ASSETS</b>		<b>9,059,772</b>	<b>9,242,893</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Grants payable	12(a)	1,012,708	2,262,133
Trade and other payables	12(b)	350,268	432,884
Provisions	13	249,894	347,885
Lease liabilities	11	51,694	-
Contract liabilities	15	219,355	325,538
<b>Total current liabilities</b>		<b>1,883,919</b>	<b>3,368,440</b>
<b>TOTAL LIABILITIES</b>		<b>1,883,919</b>	<b>3,368,440</b>
<b>NET ASSETS</b>		<b>7,175,853</b>	<b>5,874,453</b>
<b>EQUITY</b>			
Accumulated surplus	16	4,659,908	4,580,359
Revaluation reserve		2,515,945	1,294,094
<b>TOTAL EQUITY</b>		<b>7,175,853</b>	<b>5,874,453</b>

*The Company has initially applied AASB 16 Leases at 1 October 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and right of use assets are equated with lease liabilities relating to those assets at 1 October 2019. See Note 11 for further information.*

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*



## Statement of Changes in Equity

For the year ended 30 September 2020

	<i>Accumulated surplus</i> \$	<i>Revaluation Reserve</i> \$	<i>Total equity</i> \$
<b>At 1 October 2018</b>	4,489,308	1,294,094	5,783,402
Surplus for the year	91,051	-	91,051
<b>Total comprehensive deficit for the year</b>	(193,475)	-	(193,475)
<b>At 30 September 2019</b>	<b>4,580,359</b>	<b>1,294,094</b>	<b>5,874,453</b>
Surplus for the year	79,549	-	79,549
Revaluation of Land and Buildings	-	1,221,851	1,221,851
<b>Total comprehensive income for the year</b>	<b>79,549</b>	<b>1,221,851</b>	<b>1,301,400</b>
<b>At 30 September 2020</b>	<b>4,659,908</b>	<b>2,515,945</b>	<b>7,175,853</b>

*The Company has initially applied AASB 16 Leases at 1 October 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and right of use assets are equated with lease liabilities relating to those assets at 1 October 2019. See Note 11 for further information.*

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*





## Statement of Cash Flows

For the year ended 30 September 2020

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Receipts from donors, sponsors, members and functions		5,194,038	9,169,026
Payments to suppliers and employees		(3,730,271)	(5,773,956)
Rent received		6,000	12,000
Cash receipts – JobKeeper	4(b)	448,500	-
Cash receipts – other COVID 19 support	4(b)	87,500	-
Interest received		40,678	63,936
Interest paid		(2,059)	-
Appeals paid		(2,693,519)	(2,455,136)
<b>Net cash flows provided by / (used in) operating activities</b>		<b>(649,132)</b>	<b>1,015,870</b>
<b>Cash flows from investing activities</b>			
Funds transfer to term deposits with maturity >3 months		-	(311,716)
Funds transfer from term deposits with maturity < 3 months		1,885,507	-
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(191,519)	(94,264)
Purchase of intangibles		(4,800)	(4,218)
<b>Net cash flows provided by / (used) in investing activities</b>		<b>1,689,188</b>	<b>(410,198)</b>
<b>Cash flows from financing activities</b>			
Payment for right of use assets		(68,486)	-
<b>Net cash flows provided by / (used) in financing activities</b>		<b>(68,486)</b>	<b>-</b>
Net increase in cash and cash equivalents		971,570	605,672
Cash and cash equivalents at beginning of year		2,349,434	1,743,762
<b>Cash and cash equivalents at end of year</b>	<b>6</b>	<b>3,321,004</b>	<b>2,349,434</b>

*The Company has initially applied AASB 16 Leases at 1 October 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and right of use assets are equated with lease liabilities relating to those assets at 1 October 2019. See Note 11 for further information.*

*The application of AASB 16 Leases has led to operating lease payments previously included in net cash flows provided by operating activities now being included as payments for lease liabilities within net cash flow from financing activities.*

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*



## Notes to the Financial Statements

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### 1 CORPORATE INFORMATION

The financial report of Variety - the Children's Charity (NSW/ACT) (the "Company") for the year ended 30 September 2020 was authorised for issue in accordance with a resolution of the directors on 18 November 2020.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial report is a Tier 2 general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, the *Australian Charities and Not-for-Profits Commission Act 2012*, Australian Accounting Standards Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

#### (b) Functional and presentation currency

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar (\$) unless otherwise stated.

#### (c) Basis of measurement

The financial statements have been prepared on a going concern basis. The financial statements have been prepared on the historical cost basis except for land and buildings which are measured at fair value.

#### (d) New accounting standards and interpretations

##### *(i) New accounting standards and interpretations adopted*

#### **Lease - Adoption of AASB 16**

The Company has adopted AASB 16 Leases using the modified retrospective method from 1 October 2019 and therefore the comparative information for the year ended 30 September 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 October 2019.

#### *Impact of adoption of AASB 16*

On adoption of AASB 16, the entity recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019.

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss and other comprehensive income on a straight line basis.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Practical expedients used on transition*

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 October 2019;
- right-of-use assets at 1 October 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- excluded leases with an expiry date prior to 30 September 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;

### *Financial statement impact of adoption of AASB 16*

The Company has recognised right-of-use assets of \$127,905, lease liabilities of \$127,905 at 1 October 2019, for leases previously classified as operating leases.

When measuring lease liabilities for leases that were previously classified as operating leases, the Company discounted lease payments using its incremental borrowing rate of 2.5% which applied at the date of initial application, 1 October 2019.

### **Revenue from Contracts with Customers - Adoption of AASB 15**

The Company has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time in the current year with a date of initial application of 1 October 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 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. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue.

Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has applied AASB 15 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118 and related interpretations. There was no impact on opening retained profits as at 1 October 2019.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### (f) Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

### Financial Assets

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

- Amortised cost
- Fair value through profit or loss – FVTPL

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

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

### Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents and other current assets in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

### Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL. Net gains or losses, including any interest or dividend income are recognised in profit or loss.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- The other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

### (g) Trade and other receivables

Trade and other receivables, which generally have 30-day terms, are recognised and carried at original invoice amount less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable.

### (h) Property, plant, and equipment

Plant, and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. The land and building were revalued by an accredited valuer on 17 November 2020.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Buildings – 50 years
- Property improvements – 4 years
- Plant and equipment – 3-5 years
- Motor vehicles – 4 years



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

### *Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

### **(i) Intangibles**

Intangibles are stated at historical cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated on a straight-line basis over the estimated useful life of the specific intangible assets as follows:

Software and systems – 4 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

### *Derecognition*

An intangible item is derecognised when no further future economic benefits are expected from its use or disposal.

### **(j) Impairment of non-financial assets**

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate. Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. No indicators for impairment have been identified by Management and as such no specific impairment testing has been done.

### **(k) Trade and other payables**

#### **Financial liabilities**

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

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



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Grants payable

Grants payable are approved by the board resulting in a constructive obligation to make a further payment to the applicant. The grant payable is recognised at the nominal value approved by the board.

### (m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### (n) Employee leave benefits

#### *(i) Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

#### *(ii) Long service leave*

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national high-quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

### (o) Leases

For current year

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision-making rights in relation to changing how and for what purpose the asset is used.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Exceptions to lease accounting*

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

### **(p) Revenue and other income**

#### **Revenue from contracts with customers**

The core principal of AASB 15 is that revenue is recognised on the basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. identify the contract with the customer
2. identify the performance obligations
3. determine the transaction price
4. allocate the transaction price to the performance obligations
5. recognise revenue as and when control of the performance obligations is transferred

The revenue recognition policies for the principal revenue streams of the Company are:

#### *(i) Events revenue*

Events revenue relating to the fundraising events are recognised when events occurs.

In some cases, revenue is received in respect of an event that falls into the following financial year, in such cases, the revenue and any associated costs are deferred and recognised as a contract liability.

#### *(ii) Corporate Partnerships revenue*

Corporate Partnership revenue is recognised as received.

#### *(iii) Grant income*

Grant income is recognised as revenue and it is expended on programs to which it relates in accordance with the terms of the grant agreements. The revenue is recognised in line with the service provided.

#### *(iv) Community Fundraising*

Revenue from fundraising includes all funds raised for the activities under the fundraising authority of the Company which is in compliance with *Charitable Fundraising Act 1991 (NSW)*. The revenue of sponsorship, registration and ticketing relating to the fundraising events are recognised when these events occur.

#### *(v) Individual Giving and Philanthropy and other donations*

Revenue from individual giving and philanthropy without any considerations or the consideration paid is significantly less than the assets' fair value are recognised in the statement of comprehensive income as income when the company gains control of the contribution or the right to receive the contribution.

Goods are donated to be sold at auctions, or to be used in events or functions. In both cases, they are recognised as revenue at their replacement cost, and expensed when the goods are sold, or otherwise used.

Donated services, such as the use of a conference centre to host an event, are recognised as revenue at their replacement cost. An equivalent amount is recognised as an expense, relating to the type of service donated.

The pledges received are not recognised as income until received in cash or till a firm commitment has been received.



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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *(vi) Government grants – JobKeeper and Cash Flow Boost*

Government grants include amounts received or receivable under the Federal Government's JobKeeper Payment Scheme and Cash Flow Boost Scheme, which provide temporary subsidies to eligible businesses significantly affected by COVID-19. These grants are recognised when there is reasonable certainty that the grant will be received, and all grant conditions are met.

### *(vii) Interest*

Interest revenue is recognised as interest accrues using the effective interest method.

### *(viii) Other revenue*

All other revenue is recognised when performance obligations have been satisfied.

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

### *(ix) Contract Liabilities*

Contract liabilities include event sponsorship and grant revenue received in advance and are carried at the original amount for goods and services to be provided after the year end.

### *(q) Income tax*

The Company is exempt from income tax. It is a Deductible Gift Recipient (DGR) and an Income Tax Exempt Corporation (ITEC).

### *(r) Other taxes*

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

## 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the bases of the carrying values of assets and liabilities that are not readily apparent from other sources.



## 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

### *(i) Significant accounting judgements*

#### *Impairment of non-financial assets*

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include technology, economic and political environments and future expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period.

### *(ii) Significant accounting estimates and assumptions*

#### *Estimation of useful lives of assets*

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Depreciation and amortisation charges are included in note 5.

#### *Assessment of fair value for donated goods and services*

The assessment of fair value of goods and services donated to the Company is based on an estimation of their replacement cost. The replacement costs is determined mainly by reference to invoiced amounts prepared by suppliers based on their market rates of services or supplying cost of goods. The condition of any goods not used during the year is assessed at each balance date to determine whether any adjustments are necessary to the carrying value.

#### *Assessment of fair value of land and buildings*

The Company carries its land and buildings at fair value with changes in fair value recognised in the asset revaluation reserve. Independent valuations are obtained every 3-5 years and at the end of each reporting period the Directors update their assessment of the fair value, taking into consideration the most recent valuations and movements in the market.

The Company's land and buildings were revalued on 17 November 2020 by independent valuers at \$5,100,000. The critical assumption adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

The Directors have considered the key assumptions adopted by the independent valuer at 17 November 2020 and concluded that the market conditions at the date of the valuation are indicative of the market as at 30 September 2020. A net gain of \$1,221,851 has been recorded in the asset revaluation reserve and recognised as other comprehensive income at 30 September 2020.

No other significant judgements, estimates and assumptions were made during the financial year.

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## 4a FUNDRAISING INFORMATION AND ADMINISTRATION COSTS

Details of aggregate income and expenditure of fundraising are as follows:

	2020 Total Income \$	2020 Direct Expenses \$	2020 Net Income \$	2019 Net Income \$
<b>Fundraising information</b>				
Events	1,590,891	239,364	1,351,527	3,212,478
Corporate Partnerships	1,712,205	40,573	1,671,632	1,665,644
Freedom House Project	-	-	-	429,010
Individual Giving & Philanthropy	315,123	33,374	281,749	675,716
Community Fundraising	917,136	150,061	767,075	800,678
Fundraising and Event Staff Costs	-	1,537,507	(1,537,507)	(1,994,464)
Unallocated Costs	-	126,329	(126,329)	(147,384)
	<b>4,535,355</b>	<b>2,127,208</b>	<b>2,408,147</b>	<b>4,641,678</b>
Contributions towards grants			96,762	404,118
Donations towards grants (in-Kind)			409,991	428,757
Other income			724,286	296,695
Administration costs			(1,421,795)	(1,636,158)
<b>Net surplus before Kids Support Framework</b>			<b>2,217,391</b>	<b>4,135,090</b>
Kids Support Framework Expenses (Grants / Delivery / in-Kind)			(2,137,842)	(4,044,039)
<b>Net surplus / (deficit)</b>			<b>79,549</b>	<b>91,051</b>

The costs of events staff salaries and other costs directly attributable to fundraising events are included in the cost of fundraising and excluded from administration expenses.

Unallocated costs relate to Customer Relationship Management costs (software and related expenses) used for fundraising across all revenue generating activities.

Goods and services in kind received of \$442,741 (2019: \$722,101) and goods and services in kind expended of \$442,741 (2019: \$722,101) are included in the relevant revenue or expense category.

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## 4a FUNDRAISING INFORMATION AND ADMINISTRATION COSTS (continued)

	<i>2020</i>		<i>2019</i>	
	\$		\$	
<b>Comparison of monetary figures and percentages</b>				
Total income received	5,766,394		10,067,230	
Total costs of fundraising & donations	2,127,208	2.71	4,295,982	2.34
Every dollar spent as Cost of Fundraising raised \$2.71 in 2020FY (\$2.34 in 2019FY)				
Total cost of administration	1,421,795		1,636,158	
Total income received	5,766,394	25%	10,067,230	16%
Net surplus from fundraising & donations	3,639,186		5,771,248	
Gross income from fundraising & donations	5,042,108	72%	9,770,535	59%

## 4b OTHER INCOME

	<i>2020</i>	<i>2019</i>
	\$	\$
<b>Other income</b>		
Funds received on merger	-	187,906
Rent received	6,000	12,000
Fees received for professional services	40,000	14,659
Interest received	40,678	63,936
Rent relief	9,784	-
JobKeeper payments	523,500	-
Federal Government Cash Boost payments	100,000	-
Insurance payout	-	10,125
Other	4,324	8,069
Total other income	724,286	296,695

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## 5 EXPENSES

	<i>2020</i>	<i>2019</i>
	\$	\$
<b>(a) Employee expense</b>		
Wages and salaries	400,601	445,092
Other employee benefit expense	9,295	94,364
Staff training and development	26,019	32,862
Recruitment	18,450	25,397
<b>Total employee expense</b>	<b>454,365</b>	<b>597,715</b>
<b>(b) Depreciation expense fixed assets</b>		
Buildings	40,407	36,576
Plant and equipment	36,619	46,532
Motor vehicles – in Overheads	-	20,662
<b>Deprecation in overheads</b>	<b>77,026</b>	<b>103,770</b>
<b>Motor vehicles – in Cost of Fundraising</b>	<b>40,003</b>	<b>60,323</b>
<b>Total depreciation expense fixed assets</b>	<b>117,029</b>	<b>164,093</b>

## 6 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 September 2020:

	<i>2020</i>	<i>2019</i>
	\$	\$
Cash in hand	349	7,000
Cash at bank	3,320,655	2,342,434
	<b>3,321,004</b>	<b>2,349,434</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

## 7 TRADE AND OTHER RECEIVABLES (CURRENT)

	<i>2020</i>	<i>2019</i>
	\$	\$
Trade Receivables	429	12,708
Accrued income	147,610	704,361
<b>Carrying amount other receivables</b>	<b>148,039</b>	<b>717,069</b>

# Variety – the Children’s Charity (NSW) Financial Report



## 7 TRADE AND OTHER RECEIVABLES (CURRENT) (continued)

All other assets noted above are non-interest bearing and generally on indefinite terms. However, they are expected to be paid in the next 12 months and therefore are recorded as current assets.

## 8 OTHER CURRENT ASSETS

	2020 \$	2019 \$
Prepayments	110,892	95,455
Inventory on Hand	-	-
GST Receivable	54,227	65,036
Credit Cards Prepaid	4,484	23,829
Funds on Term Deposit >3 months	21,450	1,906,958
	191,053	2,091,278

## 9 INVESTMENTS

	2020 \$	2019 \$
Investments in Variety Australia Limited - at cost	85,200	85,200
	85,200	85,200

# Variety – the Children’s Charity (NSW) Financial Report



## 10 FIXED ASSETS

### (a) Property, plant and equipment

Reconciliation of carrying amounts at the beginning and end of the year:

	Land	Building	Plant & Equipment	Motor Vehicles	Total
<b>At 1 October 2019 at Fair Value:</b>	<b>1,950,000</b>	<b>1,858,517</b>	<b>568,493</b>	<b>342,087</b>	<b>4,719,097</b>
Accumulated Depreciation:	-	(72,577)	(485,489)	(255,387)	(813,453)
<b>Net carrying Amount at 1 October 2019:</b>	<b>1,950,000</b>	<b>1,785,940</b>	<b>83,004</b>	<b>86,700</b>	<b>3,905,644</b>
Additions:	-	182,616	8,903	-	191,519
Disposals (WDV):	-	-	-	-	-
Depreciation charge:	-	(40,407)	(36,619)	(40,003)	(117,029)
Revaluation:	950,000	271,851	-	-	1,221,851
<b>End of Year – net carrying amount:</b>	<b>2,900,000</b>	<b>2,200,000</b>	<b>55,288</b>	<b>46,697</b>	<b>5,201,985</b>

### (b) Intangibles

Reconciliation of carrying amounts at the beginning and end of the year

	Capitalised Software
<b>At 1 October 2019 at Cost:</b>	<b>147,564</b>
Accumulated Amortisation	(53,296)
<b>Net carrying Amount at 1 October 2019:</b>	<b>94,268</b>
Additions:	4,800
Disposals (WDV):	-
Amortisation charge:	(37,739)
<b>End of Year – net carrying amount:</b>	<b>61,329</b>

## 11 LEASES

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related interpretations.

The Company has a lease over the building in Newcastle. The lease terms are 5 years, with a 5-year renewal option.

# Variety – the Children’s Charity (NSW) Financial Report



## 11 LEASES (continued)

The Company includes options in the leases to provide flexibility and certainty to the Company’s operations and reduce the costs of moving premises and the extension options are at the Company’s discretion.

At commencement date and each subsequent reporting date, the Company assess where it is reasonably certain that the extension options will be exercised.

Lease liabilities are secured by the related assets. The financial assets pledged as collateral represent a floating charge and cannot be disposed of without consent of the financier.

### (a) Right of use assets

	2020 \$	2019 \$
Right of use assets	127,905	-
Less Accumulated depreciation	(76,743)	-
	51,162	

### (b) Lease liabilities

	2020 \$	2019 \$
<b>Current</b>		
Lease liabilities	51,694	-
	51,694	-

### (c) Statement of Comprehensive Income

The amounts recognised in the statement of comprehensive income relating to leases where the Company is a lessee are shown below:

	2020 \$
Interest expense on lease liabilities	2,059
Depreciation expense – right of use assets	76,743
	78,802

### (d) Capital and Leasing Commitments

	2020 \$	2019 \$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	78,000
- between one and five years	-	390,000
- greater than 5 years	-	52,356
	-	520,356

Operating leases have been reclassified as lease liabilities from 1 October 2019 in accordance with AASB 16 Leases. Refer to 11(b) above.



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## 12 PAYABLES (CURRENT)

	2020 \$	2019 \$
<i>(a)</i>		
Grants payable at 1 October	2,262,133	1,417,609
Appeals granted	1,444,094	3,299,660
Grants paid	(2,693,519)	(2,455,136)
Grants payable	1,012,708	2,262,133

*(b)*

	2020 \$	2019 \$
Trade payables	247,604	294,179
Other payables and accruals	102,664	138,705
Carrying amount of trade and other payables	350,268	432,884

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

(ii) Other payables and accruals are non-interest bearing and have an average term of 30 days.

(iii) Appeals payable are non-interest bearing and are recognised at the nominal amounts approved by the board of directors. They are generally paid within 6 months of their approval.

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

## 13 PROVISIONS

	2020 \$	2019 \$
<b>Current</b>		
Employee benefits	249,894	347,885
	249,894	347,885

### *Employee benefits*

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include long service leave and annual leave.

# Variety – the Children’s Charity (NSW) Financial Report



## 14 INTEREST-BEARING LOANS AND BORROWINGS

### (a) Financing facilities available

At reporting date, the following bank financing facilities had been negotiated and were available:

	2020 \$	2019 \$
<i>Total facilities available</i>		
- Business credit card facility	50,000	50,000
	50,000	50,000
<i>Facilities used at balance date</i>		
- Business credit card facility	-	-
	-	-
<i>Facilities unused at balance date</i>		
- Business credit card facility	50,000	50,000
	50,000	50,000

Credit card facility used does not attract interest, with all payables settled by the due date, taking full advantage of the interest-free period on offer.

## 15 CONTRACT LIABILITIES

	2020 \$	2019 \$
Contract liabilities	219,355	325,538
	219,355	325,538

## 16 ACCUMULATED SURPLUS

	2020 \$	2019 \$
Movements in accumulated surplus were as follows:		
Balance 1 October	4,580,359	4,489,308
Net surplus/(deficit) for the year	79,549	91,051
Balance 30 September	4,659,908	4,580,359

## 17 STATEMENT OF CASH FLOWS RECONCILIATION

### (a) Non-cash financing and investing activities

#### *Credit card facility*

At balance date, The Westpac Banking Corporation provided the organisation with a business credit card facility with a limit of \$50,000 (2019: \$50,000). The balance owing at 30 September 2020 is reflected in the liabilities. Credit card facility used does not attract interest, with all payables settled by the due date, taking full advantage of the interest-free period on offer.

# Variety – the Children’s Charity (NSW) Financial Report



## 17 STATEMENT OF CASH FLOWS RECONCILIATION (continued)

### *Donated goods*

During the year, the organisation received donated goods and services to the value of \$442,741 (2019: \$722,101). As these were acquired for no consideration, the goods and services were valued at current replacement cost.

## 18 CONTINGENCIES

There are no contingent liabilities that exist at, or after, the balance date and as at the date of this financial report.

## 19 RELATED PARTY DISCLOSURES

### (a) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in Note 20.

Variety NSW/ACT has engaged in commercial transactions with parties related to key management personnel as outlined below:

		<i>Payments from related parties</i>	<i>Payments to related parties</i>	<i>Amounts owed by related parties</i>	<i>Amounts owed to related parties</i>
		\$	\$	\$	\$
Staff related to key management personnel	2020FY	-	125,588	-	-
	2019FY	-	8,536	-	-

Payments in 2019 and 2020 financial years are related to minor office refit and construction of accessible facilities. The work was carried out under standard building contract conditions by a related party. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-KMP related companies on an arms' length basis.

# Variety – the Children’s Charity (NSW) Financial Report



## 19 RELATED PARTY DISCLOSURES (continued)

### (b) Transactions with related parties

The entity is a member or “Tent” of Variety – the Children’s Charity (International). Other entities also members of this body are “Tents” from each State and Territory in Australia, considered related parties to the Company.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

<i>Related party</i>		<i>Payments from related parties</i>	<i>Payments to related parties</i>	<i>Amounts owed by related parties</i>	<i>Amounts owed to related parties</i>
<b>Related body:</b>		\$	\$	\$	\$
Variety Tasmania	<b>2020</b>	-	-	-	-
	<b>2019</b>	7,410	1,613	-	7,359
Variety Australia	<b>2020</b>	43,389	31,605	-	8,565
	<b>2019</b>	111,970	149,622	12,477	17,590
Variety Northern Territory	<b>2020</b>	499	18,892	-	2,484
	<b>2019</b>	485	8,811	-	5,120
Variety Queensland	<b>2020</b>	12,758	113,962	390	50,463
	<b>2019</b>	10,095	109,822	1,442	63,654
Variety South Australia	<b>2020</b>	10,906	75,896	-	37,658
	<b>2019</b>	10,695	62,218	-	20,814
Variety Victoria	<b>2020</b>	8,424	133,093	-	50,370
	<b>2019</b>	6,695	180,208	3,224	37,163
Variety Western Australia	<b>2020</b>	12,442	47,180	-	42,860
	<b>2019</b>	9,695	101,845	2,381	18,796
Variety International	<b>2020</b>	-	42,865	-	-
	<b>2019</b>	-	33,724	-	6,922

### *Terms and conditions of transactions with related parties*

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

# Variety – the Children’s Charity (NSW) Financial Report



## 20 KEY MANAGEMENT PERSONNEL

### (a) Details of Key Management Personnel as at 30 September 2020

#### (i) Directors

John Dennis	Chairperson
Dr Greg Levenston	Deputy Chairperson
Vanessa Beggs	Director
Jack Cannons, AM	Director
Peter Hebbes AM	Director
John Hoffman	Director
Greg Lewis	Director
Paul Mullaly	Director
Justine Perkins	Director
Michael Starkey	Director (appointed 28 January 2020)
Caoimhe Toouli	Director

#### (ii) Employees

David Small	Acting General Manager
Bryan Mattes	Head of Finance & Corporate Services / Company Secretary
David Sexton (until 03 July 2020)	Chief Executive Officer
Scott Williams (until 20 August 2020)	Head of Marketing & Communications
Marisa Turcinskis (until 13 August 2020)	Head of Kids Support
Penelope Sinton (until 30 June 2020)	Head of Philanthropy & Strategic Partnerships
Jason Bourke (until 29 November 2019)	Head of Regional Development & Inclusive Play

### (b) Compensation of Key Management Personnel

	2020 \$	2019 \$
Short-term employee benefits – Salary and fees	734,805	916,591
Short-term employee benefits – Non-monetary benefits	3,558	5,040
Post-employment benefits - Superannuation	67,583	87,076
Termination Benefits	191,679	-
<b>Total benefits</b>	<b>997,624</b>	<b>1,008,707</b>

## 21 EVENTS AFTER THE BALANCE DATE

As at the date of this report, the future impact of COVID 19 on the domestic economy and the impact on Variety remains uncertain. Variety has and continues to monitor this situation.

Since the end of the financial year, the Directors have not become aware of any matter or circumstances not otherwise dealt with in the report or financial statements that has significantly, or may significantly, affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## 22 AUDITORS REMUNERATION

Audit fees of \$23,500 (2019: \$23,000) have been billed, with a corresponding in-Kind donation of \$13,500 (2019: \$12,000) received or to be received.



## **Directors’ Declaration**

In accordance with a resolution of the directors of Variety - the Children's Charity (NSW/ACT), we state that in the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
  - (i) giving a true and fair view of the Company's financial positions as at 30 September 2020 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements, and the *Australian Charities and Not-for-Profits Commission Regulation 2013*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

### **Declaration under the Charitable Fundraising Act 1991 (the "Act")**

- (i) the Statement of Comprehensive Income gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals;
- (ii) the Statement of Financial Position gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals;
- (iii) the provisions and regulations of the NSW Charitable Fundraising Act 1991 and the conditions attached to the authority to fundraise have been complied with by the Company; and
- (iv) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

Signed in accordance with a resolution of the Board of Directors

A handwritten signature in blue ink that reads 'John Dennis'.

**John Dennis**  
Director/Chairperson

A handwritten signature in blue ink that reads 'Caoimhe Toouli'.

**Caoimhe Toouli**  
Director/Chair Finance & Audit  
Committee

Sydney, 19 November 2020

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF VARIETY – THE CHILDREN'S CHARITY (NSW/ACT)

#### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Variety – the Children's Charity (NSW/ACT) (the Company), which comprises the statement of financial position as at 30 September 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Variety – the Children's Charity (NSW/ACT), has been prepared in accordance with *Division 60 of the Australian Charities and Not-for-profits Commission Act 2012*, including:

- i. giving a true and fair view of the Company's financial position as at 30 September 2020 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.
- iii. the financial report gives a true and fair view of the financial result of fundraising appeals for the year;
- iv. the financial report and associated records of Variety – the Children's Charity (NSW/ACT) have been properly kept during the year in accordance with the New South Wales Charitable Fundraising Act 1991 and the regulations;
- v. money received as a result of fundraising appeals conducted during the year has been properly accounted for in accordance with the New South Wales Charitable Fundraising Act 1991 and the regulations; and
- vi. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

#### Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standard) (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.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 September 2020, but does not include the financial report and our 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 Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

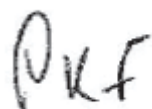


## Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- 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 regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



PKF



KYM REILLY  
PARTNER

19 NOVEMBER 2020  
SYDNEY, NSW